

Local Communities & Neighborhood Development

Understanding the Topic

We seek to align our commercial interests with the creation of long-term, socio-economic benefit in the communities where we operate. From the very beginning of our asset repositioning process, we aim to understand the specific needs of local stakeholders, and identify opportunities to integrate these into our long-term plans for each asset. By contributing to the wellbeing and economic growth of the communities surrounding our assets, we can help build prosperous communities from which our assets can benefit, in turn, allowing us to deliver superior performance for our company and our tenants.

Community involvement and development is an integral part of all our activities, from construction to refurbishment and operation. As Europe's third-largest real estate company, we have a unique opportunity to enhance the quality of life in our communities. Our approach is based on the collaboration of our people to respond quickly to concerns and maximize the benefits to our tenants and local stakeholders. Whether through the Aroundtown Foundation, community events at our shopping centers or our corporate volunteering days, we want to bring people together through a sense of belonging, promote good relations between neighbors and establish our assets as focal points within their communities.

Managing the Topic

Our approach is underpinned by our Community Involvement and Development Policy which sets out our commitment to make a positive impact in the local communities where we operate and improve the wellbeing of our tenants and local stakeholders. In addition to outlining reporting, responsibility, and planning requirements for active community relationship management, the policy highlights the importance of key activities for addressing local communities' needs including the Aroundtown Foundation, and engagement and consultation with external stakeholders.

Community involvement begins during the property acquisition phase, with acquisition teams preparing a checklist-based, community due diligence assessment prior to asset takeover. Once an asset has been acquired, we establish dialogue with existing tenants and residents, and open discussions with local authorities to understand community needs and concerns. We

can then determine how these can be integrated into our refurbishment and upgrade plans and be reflected within the long-term asset strategy. Community consultation, usually in the form of meetings and workshops, is a prerequisite to securing license to proceed with building improvement works. With our overarching aim of combining economic growth with positive social impact, we rely on input from stakeholders to identify the potential contributions-- that an asset can make to its surrounding community. Stakeholder engagement is always based on open, transparent communication, to build relationships based on cooperation and trust.

The opportunities for community engagement programs differ greatly across the sectors represented by our asset types. Shopping centers across our portfolio, for instance, hold regular community events, host liaison activities with schools, and provide support to local charities, for example by providing spaces free of charge to promote and raise funds for their cause.

Our subsidiary Grand City Properties S.A (GCP) take a proactive approach to social engagement in the communities surrounding the residential properties they invest in. They run community events in and around our assets to bring neighbors together, which this year have included sponsoring a charity run, parties for tenants at various sites, and a youth café being sponsored in Lünen, North Rhine-Westphalia. They also invest in improvement of social areas and green spaces, including four playgrounds at various East German assets and a new wildflower area in Dortmund with a bee hotel.

In an important example of the Group's cooperation with local authorities throughout the life cycle of our assets, GCP apartments across Germany were rented to local municipalities to provide accommodation for refugees from Ukraine after the outbreak of the war. After 6 months, these refugees were able to move out and rent their own apartments, some within the GCP portfolio.

Charitable Contributions

The Aroundtown Foundation exists to channel funding into projects which enrich the communities in which the Group operates. This includes charitable organisation, and initiatives which support youth and elderly welfare, education, national and vocational training including student aid, development coordination, sports, art and culture.

We have a robust governance structure in place for the Foundation, which includes a Committee comprised of staff from Aroundtown's management team, overseen by the Foundation

Board. Each department and all employees are empowered to propose projects in their region, and the Committee ensures that funding focuses on the projects which will deliver the highest positive impact for our local communities and their residents.

In 2022, the Foundation supported a total of 90 projects and donated €670,000 to charitable organizations. One such donation went to the non-profit association HORIZONT e.V, which provides care and accommodation for homeless mothers and their children, as well as for socially disadvantaged families without a permanent residence. Our donation supported the planned introduction of a children's theatre series, and the expansion of a podcast series for socially disadvantaged young people. We also donated to wünschdirwas e.V., a charity which fulfils wishes for chronically ill children and young people, and supported two young people at the Gymnasium Langenhagen to participate in the world championship of RoboCup Junior held in Bangkok. To our great delight, the students we supported won the World Championship in July 2022, for which we send our congratulations!

The projects funded by the Grand City Properties Foundation included the support of a local day-care center in Kaiserslautern, Kita Mobile, in providing plants and seeds for their vegetable academy project, giving children the opportunity to learn in the fresh air and grow their own vegetables. The foundation also donated to fund a new computer-based football skills training system for the youth teams of Talentsportverein Mainz e.V., and a program of dance lessons culminating in a competition for the 300 pupils of Grundschule West am See in Neubrandenburg.



Credit: Horizont e.V



Credit: Thorsten Behrens



Credit: Horizont e.V



Credit: Horizont e.V

Social Day

Following the pause of our Social Day during the Corona pandemic, it could finally be offered again to our employees located in Berlin. As in the past it was organized together with the non-profit association, Lebenshilfe e.V., which sees itself as a self-help and support association for people with intellectual disabilities and their families in particular. Lebenshilfe helps people with disabilities to participate in society on an equal footing.

Aroundtown employees at our Berlin headquarter could volunteer to participate in a range of projects taking place between May and September 2022. They included helping out at a summer party for Ukrainian refugees, assisting Lebenshilfe clients in a wheelchair during a visit to the Berlin Zoo, as well as the renovation of common and individual rooms at several of Lebenshilfe's residential homes.

Following the great success of the 2022 Social Day, it is the goal of Aroundtown and Lebenshilfe to offer this engagement opportunity to employees across Germany in 2023.

Affordable Housing

Much of our community impact comes from our residential properties, owned through our subsidiary GCP. GCP's tenants represent a range of social, economic and cultural backgrounds, including a high proportion of households with below-average incomes. To offer properties which serve these communities, we are committed to providing affordable housing. In order to monitor our performance in this, the group has developed a "rental cost burden" metric modeled on Eurostat's housing cost overburden rate. This metric compares GCP's median rent for residential units against the net minimum wage salary after taxes and social security contributions, which we believe is a conservative benchmark focusing on those most sensitive to rent affordability. The housing cost burden based on

the median warm rent of GCP residential properties in Germany in 2022 was 38% of the net minimum wage income. The warm rent incorporates various costs of living, including energy costs, housing services et cetera, which GCP has no control over. The rental cost burden based on median cold rent for our German residential properties, excluding these factors, was 24% of the net minimum wage salary. This figure is a testament to the Group's commitment to ensuring that our high-quality residential properties are priced affordably for all our tenants.

Modernization Rent Increases

In the same vein, launched its modernization program for its residential properties in 2021. As part of our commitment to providing affordable housing, GCP works to ensure that modernization cost allocation to tenants are done in a way that keeps housing affordable.

To determine these cost allocations, the rent control and increase department analyses the current market situation and relevant regulations on cost allocations, to decide whether to enact rental increase waivers on the modernization costs. The average modernization cost allocation for German residential properties in 2022 was €0.49/sqm, which is 28% lower than the legally possible cost allocation set out in German regulations.

In cases of significant rent increases, tenants can object to the cost allocation, known as a financial hardship case. These can be resolved through a complete or partial waiver of the entitled rent increase for a given number of years. In 2022, 6 hardship case objections were received by GCP, out of which all 6 ended in positive decisions to waive or reduce the cost allocation. We believe this low number of hardship case applications reflects GCP's targeted approach to conducting modernization projects, and the careful consideration the Company puts into rent increases and waivers.

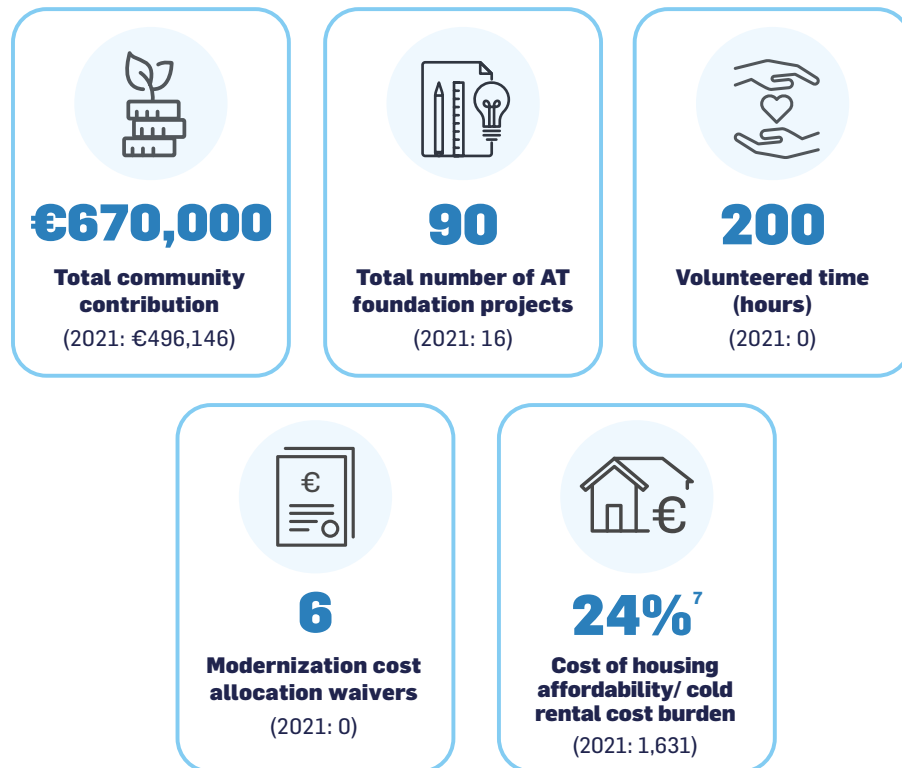
Performance

To guide the implementation of our sustainability strategy and track our progress, we have developed several long-term goals that we are continuing to work towards:

- Invest up to €1 million p.a. in community projects via the Arountown and GCP Foundations
- Build partnerships with local stakeholders to achieve targeted impact with communities around group assets
- Support measures that aim to achieve several of the United Nations Sustainable Development Goals (UN SDGs)

There are several key figures which we track on a yearly basis to monitor our performance and contribute to our long term goals:

Key performance indicator ⁶



6. Our 2022 figures include data from the GCP Foundation.

7. Of the German net minimum wage salary

2022 Goals	Status	Progress
Maintain the amount of community investment at €500,000 p.a.	Achieved	In 2022, we provided €670,000 of funding to 90 projects aimed at creating a positive impact within our local communities.
Hold employee Social Days	Ongoing	Our employee Social Days were once again held at our Berlin offices, with employees participating in a range of volunteering projects. Following the success of this initiative, Arountown aims to offer this opportunity to employees across Germany in 2023

Priorities for 2023

In line with our long-term goals, we will uphold the level of our contributions to the Foundations, and continue to support relevant projects and organization in our local communities. We will continue our contribution to the global agenda of sustainable development through a variety of community-focused projects.

In 2023, we will organize our employee Social Day again at our Berlin office and expand this to across Germany, giving more employees the opportunity to volunteer for a good cause and contribute positively to communities and society.