



NON-FINANCIAL REPORT 2021

CONTENT

Introduction	2
About us	3
Message from our Board of Directors	4
Our Business Model	6
Using Materiality to inform our ESG Strategy	8
Material Environmental Matters	15
Material Customer Matters	20
Material Governance Matters	25
EU Taxonomy	31
Glossary	35
Assurance Statement	36

1. INTRODUCTION

Aroundtown SA is an entity incorporated in Luxembourg. The Company has prepared this report in accordance with the Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity. The Law transposes into the Luxembourg legislation EU Directive 2014/95/EU that obliges qualifying companies to provide a non-financial statement containing information relating to material environmental, employee and social, human rights and anti-corruption and bribery matters.

This report complements Aroundtown's annual **Consolidated Financial Statements** for the year ending 31 December 2021, and our detailed **Sustainability Insights**.

The contents of this report and selected key performance indicators (marked as "reviewed" on pages 9-11), have been reviewed with a limited assurance according to the International Standard on Assurance Engagements (ISAE) 3000 (Revised) and a statement from the auditors can be found on page 36.

The primary audience for this report is our stakeholders, who require information on how we manage material environmental, social and governance matters in order to understand our development, performance and position and our impact on these matters.

A more detailed account of our management approach and performance in relation to the aspects identified in this report can be found in our Sustainability Insights. These also cover additional topics considered important by our stakeholders and the main investor-oriented benchmarks in which we participate and can be downloaded from the sustainability section of our [website](#). The site also includes our EPRA Sustainability Best Practices Recommendations' report, GRI content index and SASB mapping¹.

Our **Sustainability: In Focus** report summarizes our sustainability activities and is aimed at our wider stakeholders including our tenants, employees and the communities in which our assets are located.

1. The EPRA Sustainability Best Practice Recommendations' report, the GRI content index and SASB mapping are outside the scope of assurance that is described on page 36.

2. ABOUT US

Aroundtown is among the top three largest listed real estate companies in Europe and among the largest publicly listed office landlord in Berlin, Frankfurt and Munich.² We invest in quality income-generating properties with value-add potential in top tier European cities, primarily in Germany and The Netherlands, as well as in London. In 2021 we undertook accounting consolidation of Grand City Properties S.A. (“GCP”), the German residential real estate specialist. The holding rate in GCP is 45.7% as of 31 December 2021 and the effective holding rate which reflects the voting rights in GCP is 49%³. Through a 50/50 joint venture with CPI Property Group, we together hold 61% of Globalworth Real Estate Investments (“GWI”), a leading listed office real estate company in Poland and Romania. In addition, we completed the delisting of TLG IMMOBILIEN AG (“TLG”), a real estate company we took control of in 2020.

We have a well-balanced and well-diversified portfolio with a focus on the strongest asset types in top tier locations. As of 31 December 2021, our Group portfolio (including GCP) held €29 billion of investment property comprising offices (44%); residential (30%)⁴; hotels (18%); logistics/other (2%) and retail (6%) distributed across central European locations in high-ranking cities and regions, with the majority of investment located in Germany and the Netherlands as well as in London. Our commercial tenant base comprises more than approximately 3,500 tenants across a wide range of industries, of which the top 10 represent less than 20% of the Company and its investees’ (“the Group”) rental income, demonstrating Aroundtown’s limited dependency on single tenants. The granular tenant base of the residential portfolio provides the Group with further diversification.

We focus on acquiring under-managed assets with strong upside potential, then via repositioning and operational improvements we extract the potential of these assets and increase their attractiveness for occupiers and investors. This not only contributes to our commercial success, but also enables us to make a significant contribution to the environmental and social sustainability of the cities in which we invest and operate. Revitalizing existing buildings extends the life of the built environment, demonstrating the principles of a circular economy. By transforming these assets into energy-efficient and renewable-energy generating entities, we respond to market demand for sustainable real estate whilst helping to reduce the carbon footprint of the built environment. From a social impact standpoint, our activities bring inherent benefits to local communities. In 2021, through the Aroundtown Foundation, we invested just under €500,000 in community services, outreach and infrastructure.

As a corporate citizen, we want to have a positive impact and this is reflected in our steadfast commitment to upholding high standards of corporate governance across all areas of our business. We recognize that the quality and competence of our 1,631 employees⁵ are key to the performance of the company. We therefore support our staff in developing specialist skills and expertise and try to create a motivational work environment that fosters diversity and promotes good mental and physical health and wellbeing. Furthermore, we enforce high performance standards for our business partners⁶ through the implementation of our Business Partner Code of Conduct and Green Procurement Policy. All our business relationships are underpinned by contractual commitments to ethical business practices and low environmental impact and we regularly engage with our business partners to make sure that they are delivering on these commitments.

2. https://www.aroundtown.de/fileadmin/user_upload/04_investor_relations/downloads/2021/AT_FY_2021.pdf

3. As a result, for the first time, GCP will be included in the scope of Aroundtown SA's sustainability data. You can read about the sustainability performance of GCP on the sustainability section of the company's website.

4. After consolidation of GCP.

5. This includes Aroundtown SA, GCP and TLG employees, as of 31 December 2021.

6. This includes suppliers, service providers and contractors engaged by the business.

3. MESSAGE FROM OUR BOARD OF DIRECTORS

While we acknowledge that the pandemic has continued to pose certain challenges throughout the year, we have managed to navigate the uncertainties through hands-on management response and action, supported by our dedicated professional teams, on the back of a well-diversified and strong portfolio, located in strong economic centers. We solidified our position as one of the top three largest listed real estate companies in Europe⁷. With the consolidation of GCP, we expanded our portfolio to 65,000 residential units located mainly in Germany, as well as in London. We increased our net rental income by 8% to €1,086 million and delivered €353 million FFO (€478 million before extraordinary COVID-19 adjustment). As of 31 December 2021, our annualized rent stood at €1,177 million; we had a net rental yield of 4.4% and a vacancy of 7.7%. We maintained our robust approach to financial discipline, with a low Loan to Value (LTV) ratio (39%) and an average debt maturity of 5.7 years. We also successfully lowered our debt cost by 1.2%, an important achievement in the current operating context. The stability of our business is confirmed by our sustained BBB+ credit rating by S&P (reaffirmed in December 2021).⁸

With regards to the managed portfolio, we proceeded with the disposal of non-core and mature properties which, together with portfolio expansion and enhancement activities, has resulted in a higher quality portfolio with upside potential. The sale of assets also enabled us to implement our capital recycling strategy by channeling proceeds from sales above book value into share buyback and debt repayments.

2021 also marked an important year for the business in terms of our sustainability agenda. With sustainability aspects becoming increasingly important for both our financial and non-financial stakeholders, we have strengthened our objectives in this area. Further progress has been made with green building certifications, in particular with our offices in the Netherlands and we are exploring the process further in Germany. We have appointed a new Head of Energy and further strengthened our energy department which now comprises 16 employees, including 10 certified engineers to help us navigate our investments in renewable energy systems and to work on other important environmental projects. Within our capital markets team, we have leveraged support from internal and external

ESG specialists to assess the opportunity to issue Sustainability-Linked Bonds to support investment in energy efficiency projects over the coming years. In 2021 we verified our CO₂ emissions' baseline data and put in place robust procedures to facilitate the auditing and certification process.

From a social standpoint, we have continued to build on our strong track record for customer care, improving the efficiency of our tenant management procedures and piloting the use of an innovative platform to enhance the tenant experience. Furthermore, we are delighted to highlight the work of the Arountown Foundation, which has already awarded €929,987 of funds to charitable activities since its inception in 2018 and is providing a conduit for community support that has been increasingly important in the context of the COVID-19 pandemic and the extreme climatic events experienced in Germany in 2021.

We continued our progress in our ESG commitments during 2021. We are very proud to mention that our efforts were recognized and awarded by various international organizations. We improved our score with

7. https://www.arountown.de/fileadmin/user_upload/04_investor_relations/downloads/2021/AT_FY_2021.pdf

8. https://www.arountown.de/fileadmin/user_upload/04_investor_relations/rating/RatingsDirect_ArountownSA_50221949_Dec-21-2021.PDF

Sustainalytics within the low-risk category and ranked among the top 4% globally across all industries and the top 12% across real estate.⁹ Furthermore, we received the EPRA BPR Gold award¹⁰ for the 5th time and the EPRA sBPR Gold award¹¹ for the 4th time consecutively, validating our high standards of financial transparency and sustainability reporting. Additionally, we were included in the S&P Europe 350 ESG Index in May 2021¹², adding to our strong visibility in ESG indices such as DAX 50 ESG Index and GPR Green Indices. In addition, we are contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) through various of our business activities and to formalize our support we are considering joining the UN Global Compact.

We maintained high standards of governance and risk management was further enhanced in 2021 with the attainment of the ISO 27001 certification for our Information Security Management System. We are building our capacity in this area by increasing our resources and deploying innovative training and awareness initiatives

to ensure that the data of our own and our customers' businesses is safeguarded by the best available tools and procedures.

Looking forward to 2022, one of our priorities is to maintain the company's high liquidity and financial flexibility. This is important not only to secure our longer-term resilience, but to unlock opportunities in the short-term as we continue to explore potential M&A transactions and direct real estate acquisitions to increase our investment exposure in those sectors which present greater prospects, most specifically the office and residential sectors in Germany and the Netherlands. Considering current events, in particular the conflict between Russia and Ukraine, the ensuing inflation, rise in interest rates and, lastly, the increase in energy prices it, of course, remains to be seen how this will affect our performance in 2022.

Nevertheless, we will continue to dedicate significant resources to ESG: enhancing the environmental profile of our investment portfolio; listening and responding

to feedback from our tenants and maximizing our positive social impact through community investment and engagement. Underpinning all these activities will be a more intense focus on staff training and development, centered on a skills-based, performance-enabling approach. We are leveraging digital platforms to offer a wide variety of soft, technical and language skills support, tailored to individual needs including inspirational leadership programs at junior, middle and senior management levels. We look forward to a dynamic and rewarding year ahead.



Frank Roseen
Director

9. <https://www.sustainalytics.com/esg-rating/aroundtown-s-a/1066708965>

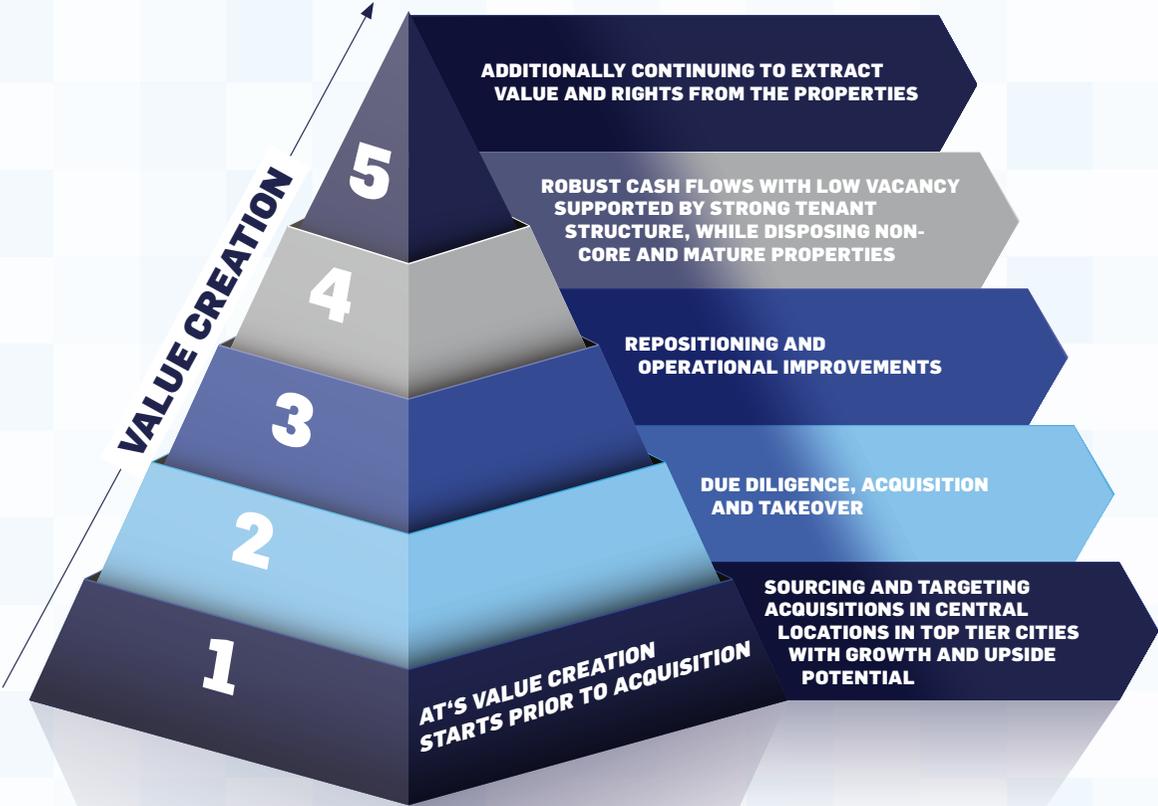
10. https://www.epra.com/application/files/1816/3514/7419/2021_Deloitte_EPRA_survey_report.pdf

11. https://www.epra.com/application/files/6416/3776/6213/EPRA_Report_Nov2021.pdf

12. https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20210423-1363160/1363160_s_&peurope350esgindexreview-apr-2021.pdf

4. OUR BUSINESS MODEL

With an integrated approach to real estate investment and management, our business model centers on creating value by repositioning assets. Through an accomplished and intensive property and asset management regime, we improve the environmental and social performance of our assets, benefitting investors, tenants, building users and the surrounding communities, whilst delivering strong portfolio returns.



4.1 Value creation from the start

By targeting value-add properties in European locations with large catchment areas, Aroundtown's value creation begins even before acquisition. These properties are characterized by operational upside through lifting rents to market levels, improving the cost or lease structure and increasing occupancy levels.

Our investment philosophy focuses on combining the strongest value proposition with the lowest possible environmental impact and greatest social benefit. Flexibility and innovative solutions such as change of property use allow us to create consistently growing returns.

4.2 Aligning investments to our business strategy

Once potential acquisitions have been identified and screened at a high level, we carry out specific due diligence on each investment, including its environmental profile, capex expenditure ("CapEx") requirements and its potential within the community.

Energy efficiency, water and waste management, climate risk and GHG emissions are substantial factors in the decision-making process, with extensive technical audits helping to establish the environmental profile and refurbishment potential of prospective acquisitions.

We create a detailed business plan for the property, including identification of potential tenants. Our teams also work with local authorities and other stakeholders to identify investment measures that could contribute to the economic and social development of the local community.

4.3 Putting the business plan in motion

Each asset's business plan outlines our repositioning initiatives, which are designed to increase occupancy and thereby rental income. Through refurbishments and upgrades, such as the installation of renewable energy systems, we reduce the asset's environmental impact and help develop a low-carbon, circular economy.

Technical reviews help to establish where modern technologies can continually improve energy efficiency. Further cost-saving opportunities are identified through CapEx improvements, discussed in collaboration with committed tenants and financial feasibility is balanced against the lease term, rental income and property acquisition cost to deliver a stable long-term financial return.

Tenants are a key stakeholder group. We take a customer-centric approach, providing add-on services, personal contact points and responsive local teams to help maintain stable occupancy rates. Regular site visits and tenant discussions help ensure optimal levels of tenant safety, health and comfort.

Local stakeholders are another important focus. We engage in open dialogues to resolve any issues that may have existed regarding the asset prior to our acquisition. Through the Aroundtown Foundation, we target community investment in areas including the enhancement of urban infrastructure, health and well-being and education, where we believe we can have the most positive impact.

4.4 Organic growth through long-term cash flows

Ongoing cost controls and profitability improvements create a stream of long-term secure cash flows and perpetuate a cycle of internal growth. This enables us to grow organically without relying on further acquisitions.

Alongside our primary strategy of buy and hold, we pursue an accretive capital recycling of non-core or mature properties. This approach releases capital to buy more properties with high upside potential and increases the quality of the portfolio overall.

4.5 Continuous value extraction

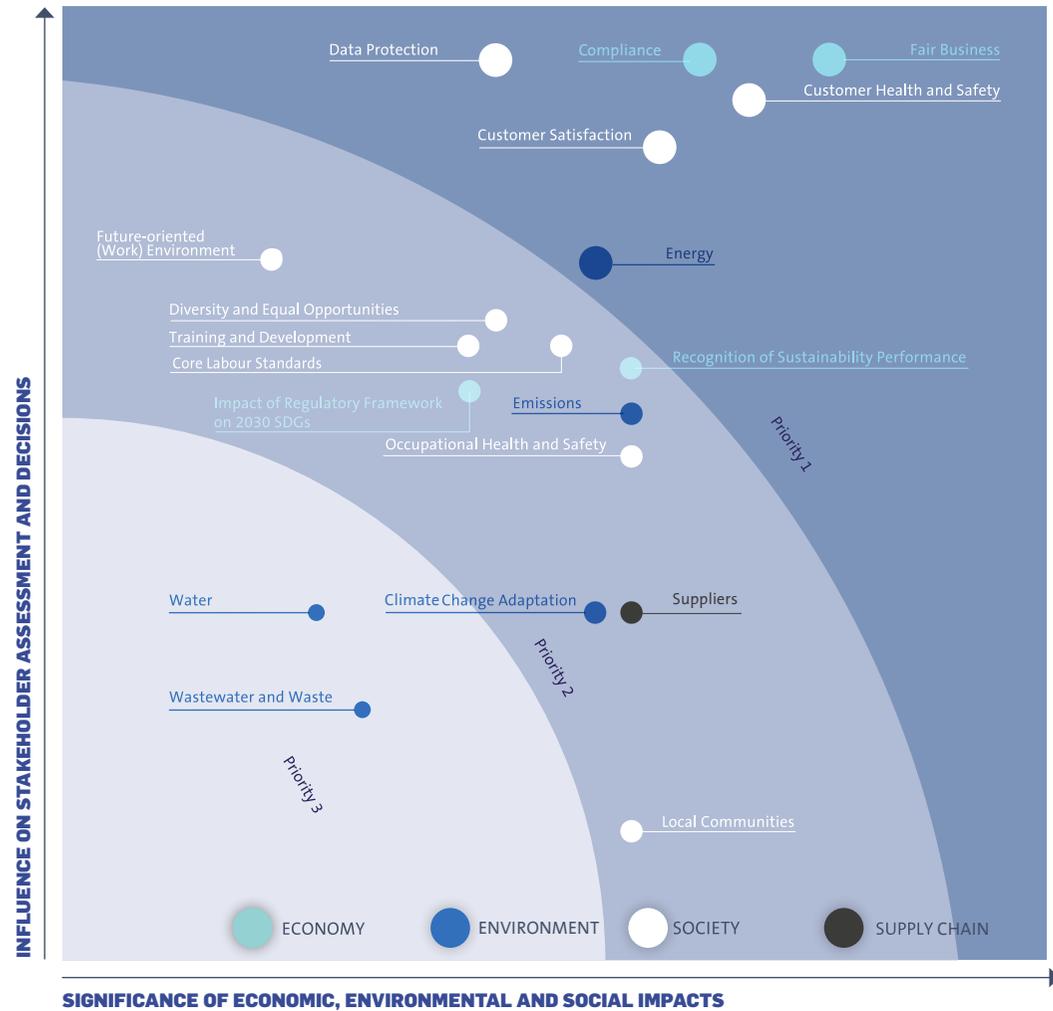
Aroundtown creates further internal growth by identifying and extracting building rights from unused or underutilized land or conversion rights from existing properties and new land. Following internal assessment, we work with authorities, engineers and architects in order to realize our plans for these rights into permits.

Following planning and permits, we analyze how best to realize value into proceeds. Not all the rights will be fully built and developed – some will be materialized into sellable permits and disposed of at high gains. In other assets, where we believe we have low risk, we consider development of the rights. These projects enable us to unlock further potential through pre-let, long-term agreements with strong tenants.

5. USING MATERIALITY TO INFORM OUR ESG STRATEGY

We apply the principle of materiality as a guide to help us identify the risks, opportunities and significant topics including sustainability topics presented by our business model.

Our 2018 materiality process, covering 2021's Non-Financial Report, involved identifying and prioritizing material topics both in terms of their impact on stakeholder decision-making, and their significance in relation to our economic, environmental and social impact. Stakeholders' views were selected based on their expertise and are representative of Aaroundtown's sphere of activity and influence. The significance of each topic and its ESG impact was assessed by Aaroundtown's department managers and executive management in terms of the likelihood and severity of various impacts from the Group's operations. In this context, "impact" was defined as referring to all positive/negative, intentional/unintentional, actual/potential, direct/indirect and short-/long-term effects. The outcomes from both assessments were combined to create our materiality matrix which was subsequently validated by the ESG Steering Committee and the Board of Directors. This included a review with respect to the Luxembourg Law of 23 July 2016, to ensure that no topics needed for understanding our impacts, business results, or position had been omitted.



The six topics placed above the highest priority materiality threshold – energy, customer satisfaction, customer health and safety, data protection, and fair business & compliance – have determined the focus of our sustainability strategy and reporting approach from 2018 to 2021, with long-term targets and short-term goals set for each topic. The topics are summarized in the table below.

Note that we have also included core labor standards and employee topics in the below table. Despite the topic resulting in a priority 2 rating during Aroundtown's materiality assessment in 2018, we consider our employees and their wellbeing a vital part in our success. With many changes in the past three years and the COVID-19 pandemic elevating this topic further, we decided to include employee matters in this year's report in more detail.

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CORE LABOR STANDARDS & EMPLOYEE TOPICS	Conditions of employment for employees, rights of co-determination, salary structures, employee satisfaction, corporate culture and ethics	<ul style="list-style-type: none"> • Reputation • High turnover resulting in loss of expertise and intellectual capital • Inability to attract talent 	<ul style="list-style-type: none"> • Code of Conduct and Anti-Discrimination policies • Whistle-blowing mechanism • Remuneration and benefits' package • E-learning management system and in-house training academy • Employee satisfaction survey 	Retention rate  Incidents of discrimination Women in management Average training hours per FTE 

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
ENERGY & EMISSIONS	Enhancing energy efficiency & investing in renewable energy systems & procuring renewable energy through the grid	<ul style="list-style-type: none"> • Energy costs • GHG emissions • Long-term asset values • Tenant attraction & retention through lower service costs & carbon impact 	<ul style="list-style-type: none"> • Environmental Policy and Energy Performance Strategy • Life-cycle assessment • Asset enhancement to deliver higher environmental performance • Energy cost reduction focus within investment strategy and investment activity • Systematic roll out of advanced heating systems • Regular technical audits for continuous improvement • Switch to power purchase agreements for certified renewable electricity supply and 'green' gas • Ongoing performance data monitoring and benchmarking 	Total energy consumption (like-for-like)  Building energy intensity  Total GHG emissions (like-for-like)  GHG emissions intensity from building energy 

 Reviewed by auditor

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CUSTOMER SATISFACTION	Maintaining high levels of tenant satisfaction by ensuring anticipation of and response to latest interests & need	<ul style="list-style-type: none"> • Tenant attraction & retention • Long-term income generation & attractive yields • Occupancy rates • Reputation 	<ul style="list-style-type: none"> • Tenant Satisfaction Policy • Tenant Satisfaction Survey (to be issued from 2022) • Customer Relationship Management (CRM) system • Integrated into due diligence and operation management procedures • Alignment between investment and tenant satisfaction 	<p>Vacancy rate</p> <p>Weighted Average Lease Term (WALT)</p>

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
CUSTOMER HEALTH AND SAFETY	Provision of infrastructural H&S and management of day-to-day H&S risks	<ul style="list-style-type: none"> • Compliance • Sanctions & fines • Reputation & trust • Tenant satisfaction 	<ul style="list-style-type: none"> • Tenant Health & Safety Policy • Initial risk assessments and reducing maintenance backlog following acquisition • Physical presence at properties and close collaboration with construction and facilities management • Ongoing health and safety assessment which feeds into investment planning • External fire safety checks and immediate corrective action 	<p>Incidents of non-compliance concerning the H&S impact of products & services</p> <p>Number of safety incidents </p> <p>Number of property health and safety inspections</p>

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
DATA PROTECTION	Protection of individual privacy and company data through adequate data security provisions	<ul style="list-style-type: none"> • Compliance with GDPR • Reputation & trust • Sanctions & fines • Stakeholders' personal concerns & expectations • Operational availability 	<ul style="list-style-type: none"> • ISO 27001 certified Information Security Management System • Corporate policies and training within all departments • Regular review and development of IT systems • Standard Operating Procedures (SOPs) to protect all personal data from manipulation and misuse • 24/7 threat monitoring and identification • Mandatory reporting and incident investigation • Stakeholder communication 	<p>Number of data protection breach instances</p>

 Reviewed by auditor

Topic	What it Means	Risks & Opportunities	Management Approach	Performance Indicators
FAIR BUSINESS AND COMPLIANCE	<p>Maintaining ethical behavior practices; labor standards and human rights; fair treatment of staff and business partners</p> <p>Compliance with all applicable laws and regulations as a pre-requisite for exceptional performance</p>	<ul style="list-style-type: none"> • Compliance • Sanctions & fines • Reputation & trust • Staff attraction and retention • Ability to attract & retain shareholders & bondholders, tenants & customers 	<ul style="list-style-type: none"> • Code of Conduct and mandatory training for employees • Compliance framework covering all aspects of the business • Compensation strategy • Extensive internal audit and reporting procedures • Corporate policies supported by clear communications • Whistle-blowing mechanism • Supplier Code of Conduct • 'Traffic light' system to identify high risk goods and services • On-site inspections and 'spot checks' on business partners • Human Rights policy 	<p>Number of confirmed compliance violations </p> <p>Number of reported human rights violations</p>

 Reviewed by auditor

5.1 2021 MATERIALITY UPDATE

We evaluate ESG risks as part of our regular risk assessments and risk planning and financial budgets are in the adjustment process to account for material ESG risks. Since we carried out our 2018 materiality review, significant changes have occurred in the market and regulatory landscapes, most obviously the impact of the COVID-19 pandemic, but also the formation of a new coalition government in Germany; the emergence of new sustainability-related legislation at EU and national levels and rising concern about the physical impacts of climate change prompted in part by the severe flooding events witnessed in north-west Germany in July 2021. In this context, with the support of a third-party consultancy, we undertook a review of our material topics in 2021 as part of a comprehensive sustainability risk assessment under the direction of the Sustainability Department.

This process involved the input of a large number of employees from 15 departments across the Group, including our GCP subsidiary, with six workshops to raise awareness about sustainability risks and brainstorm potential solutions. Following the workshops, we performed a gap analysis and are currently assessing the potential impact of these gaps on our business. This enabled us to develop one consolidated matrix encompassing both Aroundtown's and GCP's material topics.

The main changes since 2018 are that tenant-related topics are now considered to be the most important non-financial aspects, and climate-change aspects including physical climate risk,

have a higher materiality ranking. New subjects, such as the circular economy and environmental protection, have risen up the agenda. Occupational health and safety, as well as supply chain topics continue to be high risks for the Group due to the ongoing COVID-19 pandemic. Furthermore, the subjects of supply chain and human rights will remain a high priority in view of the German supply chain due diligence act and a planned European equivalent. The outcomes of this revised assessment, as well as the updated materiality matrix, will be used as the basis for our strategic planning and reporting from 2022 onwards.

In line with the newly identified material risk of climate-change related aspects and their overall increasing relevance in the real estate sector, Aroundtown is already working to boost transition towards low carbon initiatives by adopting measures for increased energy efficiency through infrastructure upgrades. Furthermore, Aroundtown is planning to initiate the use of specific tools to identify assets with a heightened 'stranding risk'. One tool being considered is the Carbon Risk Real Estate Monitor (CRREM), which assesses the stranding risk of individual assets and the greater portfolio against specified climate targets. Based on the determined stranding risks, appropriate mitigation measures may be taken to safeguard the asset and to manage associated financial risks. We are also working towards aligning our non-financial reporting with the standards set by the Task Force on Climate-related Financial Disclosures (TCFD).

5.2 GOVERNANCE OF ENVIRONMENTAL, SOCIAL AND EMPLOYEE TOPICS

Aroundtown's governance structure gives due consideration to sustainability both at a strategic Board level and the operational management level.

Our operations are overseen by the Board of Directors and appointed management teams. The Board of Directors represents the interests of the Group's shareholder base and makes decisions solely to the Group's best advantage and independently of any conflict of interest. It comprises three dependent directors (including one non-executive director) and three independent directors, who are elected by the General Meeting.

The Board of Directors and senior management evaluate the effective fulfilment of their remit and compliance with corporate governance rules annually. Oversight is provided by five committees: Risk; Audit; Remuneration; Nomination and ESG, with additional support from the Advisory Board. In 2021 the Board of Directors conducted 36 meetings.

DIRECTOR NAME	MEETINGS ATTENDED	PERCENTAGE ATTENDED
FRANK ROSEEN	35	97.22%
JELENA AFXENTIIOU	36	100.00%
RAN LAUFER	35	97.22%
MARKUS LEINIGER	36	100.00%
SIMONE RUNGE-BRANDNER	35	97.22%
MARKUS KREUTER	36	100.00%
BOARD AVERAGE	35.5	98.61%

The ESG Steering Committee includes the Head of Sustainability and all other relevant heads of department, meets annually (with additional meetings if required) and is chaired by Frank Roseen, a member of the Board of Directors. The Steering Committee is charged with overseeing strategic guidance on ESG topics and providing direction to the Sustainability Department.

In addition, the ESG Committee meets at least quarterly and includes Independent Directors, Mr. Markus Leiniger and Mr. Markus Kreuter, who are assisted by the Head of Sustainability. The Committee's responsibilities include reviewing and assessing Aroundtown's responsible business strategy,

policies, initiatives and practices with respect to ESG.

The Sustainability Department acts as a cross-departmental interface, working across the Group to implement and monitor sustainability programs and initiatives at an operational level. It also prepares the Group's materiality analysis and ESG reporting; and responds to investor enquiries and rating agency requirements on ESG topics. In 2021, we further strengthened the Energy Department, which closely collaborates with the Sustainability Department, by appointing a new Head of Energy to lead on the delivery of our energy strategy and by growing the team to 16, including 10 engineers.



5.3 CORE LABOUR STANDARDS AND EMPLOYEE TOPICS

Employee needs have evolved significantly over the past decade, and it has become more competitive to attract and retain today's top talent. Conclusive evidence shows that today's employees place a higher importance on factors such as career development, education and training, work-life balance, diversity and inclusion, and health and safety – with the latter particularly accelerated due to the COVID-19 pandemic. As a result, we have taken significant steps to transform our internal structures and processes so that we can, more effectively, respond to the diverse and changing voice of our workforce.

LONG-TERM TARGETS

- » Be among the top ten most attractive employers in the commercial real estate sector in Germany by 2030¹⁴
- » Maintain staff turnover at or below the national average¹⁵
- » Maintain zero incidents of discrimination

2022 MILESTONES

- » Conduct a 180° survey to elicit feedback from employees on Aroundtown's management approach
- » Establish an HR roundtable for leaders and employees to come together to discuss upcoming topics
- » Continue to roll-out a new digital performance management scheme to enable a customized training plan for each employee and access to online performance reviews
- » Maintain 12 hours of average training per employee per annum¹⁶
- » Ensure 25% of open positions are filled with internal candidates

5.3.1 Risks, policies and processes.

We reinforce high levels of staff motivation by nurturing a strong values-based culture, providing compelling opportunities for professional development and implementing measures that support staff health and well-being, diversity and inclusion and satisfaction. When employees are satisfied, they are likely to be more engaged and committed to the goals and mission of the company, resulting in reduced turnover, higher productivity levels and enhanced business performance.

We ensure our people are aware of their importance to our company and partake in our shared success. Our Employee Code of Conduct establishes expectations for all staff to abide by the values of openness, trust, teamwork, and acceptance of diversity in all their dealings with one another and with our tenants and other stakeholders. Adherence to the Code is a mandatory requirement of all employees and is also part of the employment contracts. Discrimination and harassment are strictly not tolerated in any form and the Group's Anti-Discrimination Policy sets out clear definitions and standards of conduct, with incident reporting in place.

During 2020, our human resources department underwent a significant shift from a largely administrative role towards a more strategic and client-centric approach, which can more effectively support our employee's development and business growth. Under the new structure, the department is an integral part of the employee experience value chain

by championing insights from employees and integrating them into business activities including performance management, retention strategies and training and development. This culture change marked an important step for better aligning to the needs of our employees and the business. In 2021, the consolidation of the Aroundtown and GCP HR departments added strength to this endeavor by enabling us to streamline best practice policies and procedures from both organizations; bringing together specialist HR teams focused on specific aspects such as employee development and enabling us to obtain a complete overview of performance trends and progress against targets.

In today's dynamic and fast-changing business environment, ensuring staff are equipped with the right knowledge and skills is critical to corporate success. We offer a training and development program that focuses on enabling staff to tackle new challenges linked to current and future trends. Recognizing that training tailored to individual needs is more effective than a blanket approach, content is developed by incorporating input from external specialist trainers to progress specific areas such as various soft skills, as well as in-house expertise. At the same time, we implement standardized e-learning modules on topics which are a pre-requisite for all staff including occupational health and safety; fire protection; IT security and data protection; risk management and anti-corruption.

We offer competitive remuneration and benefits to leverage employees' performance potential. Compensation is struc-

14. We currently have several measures in place to assess our progress against this target. We will select the most optimum measures in the near future.

15. https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/03/PD22_088_621.html

16. We note that our annual average training hours per employee in 2020 and 2021 were comparatively high (21 hrs) due to additional training required during the implementation and adaptation to SAP on a Group level.

tured according to competencies and responsibilities and is supplemented by target-linked performance incentives. Our wider benefits' package – beyond compulsory pension plans – includes extended annual leave entitlements in line with length of service; retail discounts for all employees and free gym access for Berlin-based staff, thus also supporting our employees' physical health.

Lastly, we have a duty to ensure that the work environment is safe and that tasks do not pose undue health risks. We ensure strict compliance with all EU and national-level regulations concerning workplace health and safety. The Arountown Health and Safety Policy sets out our commitment to protecting the health and safety of our people and makes clear each employee's responsibility to ensure they conduct their work in a way that is consistent with these commitments. It is supported by comprehensive procedures including incident reporting, requirements for suppliers and sub-contractors and mandatory staff training to ensure their effective implementation.



5.3.2 Key performance indicators ¹⁷



We monitor a suite of key performance indicators covering discrimination, employee retention, percentage of women in management and training and development to track the effectiveness of our management approach in upholding core labor standards.

We are proud of our strong track record on anti-discrimination. In 2021, zero incidents were reported. We are also monitoring our workforce gender pay gap, which was 0.85:1 women to men for non-management employees and 0.69:1

women to men at management level in 2021¹⁸. Our workforce gender pay gap for non-management employees aligns with the national average of 0.82:1 published by the German Federal Bureau of Statistics¹⁹. We are in a process of analyzing the gender topics to identify opportunities for reducing the gaps.

For more information on our approach and performance, please consult our Sustainability Insights on employee aspects, available to download from the sustainability section of our [website](#).

17. The KPIs do not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.
 18. The data includes information for Arountown Germany only, excluding data from international offices.
 19. https://www.destatis.de/DE/Presse/Pressemitteilungen/2022/03/PD22_088_621.html

6. MATERIAL ENVIRONMENTAL MATTERS

6.1 ENERGY AND EMISSIONS

LONG-TERM TARGETS

- » Achieve a 40% reduction in CO₂ emissions by 2030 against a 2019 baseline²⁰, measured in CO₂ emissions intensity, CO₂e/m²
- » Optimize the Group's cost structures via installation of sustainable systems and use of renewable energy; implementation of environmentally friendly refurbishment and building upgrades
- » Switch all electricity to Power Purchase Agreements (PPA) certified renewable electricity from wind, hydro-electric and solar PV sources by 2027

2022 MILESTONES

- » Roll-out of the updated Energy Policy and Strategy and conduct training for relevant staff
- » Reduction of 3% in CO₂ emissions from the 2019 baseline
- » Increase the scope of energy data to cover 80% of AT assets
- » Deliver a third party assured, ISEA 3000 limited assurance, CO₂ baseline 2019 report
- » Create and deliver a portfolio wide CO₂ reduction pathway report by energy auditing on asset level

6.1.1 Risks, policies and processes

Although Aroundtown's focus is on acquiring existing assets, rather than construction, as part of the real estate sector we recognize we have a key role to play in helping to limit climate change. In line with the Paris Agreement and the United Nations Sustainable Development Goals (UN SDGs), we want to contribute to national and global efforts to promote sustainable development.

Across the industry, national and European legislation is already driving change. Germany and the Netherlands in particular have set out stretching climate and energy targets for the built environment, with Germany's Climate Action Plan 2050 outlining a strategy to achieve a carbon-neutral built environment by 2050. In 2021, we swiftly adapted to changes in the German regulations concerning the roll-out of smart meters and the transmission of energy consumption data, allocating additional resources to respond to the requirements of the regulation.

Regionally, the phased introduction of the EU Taxonomy Regulation encourages large, listed companies like Aroundtown to align our approach with strict sustainability performance criteria across climate change, water, waste, pollution, and biodiversity. We have completed the first phase assessment to determine which economic activities across the Group are

eligible for Taxonomy alignment, with an aim to report a significant proportion of these as Taxonomy-aligned in 2023.

Stakeholders today are looking for greater transparency on businesses' ESG strategies. As our 2021 materiality assessment indicates, climate change-related risks are fundamentally relevant to our value creation performance. We will therefore place a stronger focus on climate risks in the upcoming year in addition to our environmental risks exposure already included in our corporate risk management processes. We also recognize the increasing importance placed by tenants on energy use and see this as an area where we can support their wider objectives. Investing in low-carbon infrastructure and increasing the efficiency of our assets helps us to attract and retain tenants and investors, reduce both landlords' and tenants' operating costs and sustain long-term asset values. In this regard, we have also progressed with our efforts in 2021 to continue the green building certification process of our commercial portfolio. Following a pilot project in the Netherlands in accordance with the Building Research Establishment Environmental Assessment Methodology (BREEAM), a sustainability assessment method for infrastructure and building projects originating from the UK but used internationally, further buildings are being assessed in 2022, as well as in other portfolio locations (see page 21 for further information).

20. With two years of atypical energy consumption patterns due to the COVID-19 pandemic, we have consolidated a robust CO₂ emissions baseline of 2019 rather than 2018.

Aroundtown Group Energy Policy and Strategy

Energy performance is a top priority for the Aroundtown Group, as reflected in the increased budget and resource allocation given to this area over the past two years. The Aroundtown Environmental Policy sets out our energy commitments and underpins our target of a 40% reduction in CO₂ emissions by 2030 against our baseline year of 2019. In the second half of 2021, we have started creating a portfolio-wide baseline for CO₂ emissions. We have moved the reference year from 2018 to 2019 as we had more access to data to create a more robust baseline. In addition, we changed our approach towards distributing energy consumption between landlord-controlled areas and tenant-controlled areas. In the 2019 baseline, we have used a common area/total area ratio to apportion shared-service heating consumption between landlord and tenant spaces, based on the floor area distribution found with the property types' classification appendix (3a) of theGRESB Real Estate Assessment reference guide. For electricity, the consumption for tenant-controlled areas was extrapolated based on industry standard energy benchmarks.²¹ Therefore, the energy consumption and the corresponding CO₂ emissions will now represent the entire building area i.e., of both landlord and tenant-controlled area. We recognize that under an operational control approach, the allocation of CO₂ emissions between Scope 1 or 2 and Scope 3 is dependent on the metering and sub-metering arrangement in place between tenants and landlords. However, to create the desired representation of the entire building, we have classified indirect emissions by area apportioned between landlord and tenant spaces, as described in the methods above.

Our Group-wide Energy Policy and Strategy establishes a management framework to deliver this goal, encompassing monitoring and review; benchmarking; energy optimization, auditing and target setting-processes for energy, use of fossil fuels and CO₂ emissions across the entire Aroundtown portfolio. In late 2021, we appointed a new Head of Energy and worked towards a more integrated approach to energy management by reviewing and streamlining our procedural documentation, pursuing a stronger level of engagement and awareness-raising across the Group's companies and divisions. As a result, a more robust Energy Policy and Strategy will be rolled out in 2022.



OUR ENERGY STRATEGY FOCUSES ON:

1. Comprehensive environmental due diligence at the property acquisition stage, enabling us to develop asset improvement and refurbishment plans geared towards higher building environmental quality and operational performance.
2. Implementation of environmental management policies and procedures, including data collection, digitalization and reporting, preventive maintenance and ongoing operational improvement.
3. Sustainable energy measures encompassing investment in solar and wind power systems; combined heat and power (CHP) and combined cooling heat and power (CCHP) solutions; electric vehicle (EV) charging stations; smart meters and a total energy management system.
4. Progressively switching all electricity from Renewable Energy Certificates (RECs) to PPA certified renewable electricity generated from wind, hydroelectric and solar PV sources by 2027.
5. Collaborating with tenants with whom we seek to implement green elements into lease agreements.²²

21. CISBE: Guide F Energy efficiency in buildings (2012)

22. Green leases commit tenants to sustainable activities such as water and energy conservation through their lease agreement.

During the acquisition process we perform extensive technical due diligences to establish the environmental profile and improvement potential (including the opportunities to reduce GHG emissions and improve energy efficiency) across all asset types. This includes examining buildings' structural fabric, their technical systems and appliances, and current management practices.

Identifying opportunities to reduce CO₂ emissions is an integral part of our asset repositioning and value enhancement strategy, achieved through close collaboration between our Energy Department and construction teams in our residential, commercial and hotels' divisions. In 2021, we installed 10 CHP systems, 80 EV charging points and completed 35 solar photovoltaic (PV) projects with a total installed capacity of 6,396 kWp. The implementation of these projects helps us to reduce operating costs and maintain or reduce the service charge to tenants and increase the supply of lower energy/carbon intensive buildings in the market.

During the operations phase, we try to ensure robust monitoring of energy performance and deliver ongoing improvements. Our energy department has established an energy audit procedure which is currently being implemented and will cover 100% of assets within the Group's portfolio in the upcoming years. This uses state-of-the-art diagnostics to identify energy-related interventions, following a three-step hierarchy aligned with the 'reduce and generate' activities of the World Green Building Council's (WGBC) Net Zero Carbon Buildings Commitment for operational carbon:

1. Focusing on ways in which assets can reduce and optimize energy demand
2. Identifying opportunities for on-site renewable energy generation
3. Supplying the remaining energy demand through off-site renewable-based energy

We continue to roll out the replacement of inefficient, fuel-oil based heating systems with more efficient and, where possible, renewable-based alternatives. Where residual operational emissions remain, we will investigate sourcing high quality, credible carbon offsets in line with WGBC's guidance.

We launched an Energy Investment Program in 2019 to achieve a 40% reduction in CO₂ emissions by 2030. In 2021, we have invested approx. €78 million in energy efficiency refurbishment and renewable energy projects across the Group, considered EU Taxonomy eligible with regard to climate change adaptation and climate change mitigation. Investments include a wide variety of activities including energy efficiency improvements such as replacing windows, facades and roofs while upgrading heating systems and installing renewable energy projects, heat pumps, electric vehicle charging stations, smart meters and advanced energy management software. Anticipating the transition to a more decentralized, renewables-based energy market and electrification of road transportation, the purpose of the program is to improve the competitive position of our properties and unlock opportunities associated with digital technology advancements in the energy, building and transport sectors.

To further drive the Group's renewable energy standpoint, Aroundtown has recently co-invested in a company that specializes in renewable energy and advanced energy systems projects. The co-investment company implements efficient and/or renewable-based, on-site energy systems in our properties.

OUR FIVE-PART ENERGY INVESTMENT PROGRAM

1. Installation and operation of solar PV production systems on rooftops and parking areas, up to a potential capacity of 75 MW.
2. Installation of highly efficient energy generating systems based on CHP or CCHP, up to a potential capacity of 60 MW.
3. Electricity storage to support solar, CHP and CCHP systems to enable optimal management of energy consumption and production, and provide infrastructure for fast and ultrafast EV charging stations.
4. Installation of up to 25,000 EV charging stations to serve Aroundtown, our tenants and their customers, and allowing for the conversion of the Group's fleet to EVs.
5. Roll out of smart meters combined with a total energy management system (demand/response) to optimize efficiencies in terms of resource use and cost.

The scale and ambition of our Energy Investment Program, spearheaded by strong support from our senior management team, makes it a key differentiator for the Group in this area. In 2021 we invested a total of €8 million, achieving significant advances in the roll-out of solar PV systems and EV charging stations. We now have 35 PV systems in operation across our portfolio, and a further 164 in planning. We have contracted a partner to undertake site visits to identify the number of EV charging points that can be installed at each of our properties, for private or public use, and have completed 80 projects with a further 56 in planning. We are also pursuing a deeper investigation into the potential use of heat pumps, and the possibility of incorporating new technology that can increase the efficiency of CHP systems.

Beyond the scope of our Energy Investment Program, we have set a goal to switch all electricity from RECs to PPA certified renewable electricity generated from wind, hydroelectric and solar PV sources by 2027. This means that where it is not viable to generate energy on site or not sufficient to meet building demand, sustainable energy will be sourced to minimize asset and portfolio carbon emissions. With a new contract agreed in 2021, RECs are now in place covering 70% of purchased electricity.

All aspects of our energy strategy ultimately impact on the quality of our assets and the property management services we offer to our tenants. In 2021 we prepared green lease clauses which will be introduced as an annex for all new tenant leases, including obligations for both parties to agree on the sharing of utilities' consumption data and information; observance of energy conservation practices; selection

of low energy-consuming equipment and preference to renewable-based energy. More information about our green leases can be found in the Customer Satisfaction section of this report.

We recognize that under an operational control approach, the allocation of CO₂ emissions between Scope 1 or 2 and Scope 3 is dependent on the metering and sub-metering arrangement in place between tenants and landlords. However, to create the desired representation of the entire building, we have classified indirect emissions by area apportioned between landlord and tenant spaces, as described in the methods below. We have chosen to assess tenant-obtained consumption for the GCP portfolio in order to compare the scale of Scope 1 & 2 CO₂ emissions with Scope 3, as part of our carbon reporting analysis.

In addition, we changed our approach towards distributing energy consumption between landlord-controlled areas and tenant-controlled areas. We have used a common area/total area ratio to apportion shared-service heating consumption between landlord and tenant spaces, based on the floor area distribution found with the property types' classification appendix (3a) of the GRESB Real Estate Assessment reference guide. For electricity in GCP, the consumption for tenant-controlled areas was extrapolated based on industry standard energy benchmarks.

Aroundtown corporate emissions

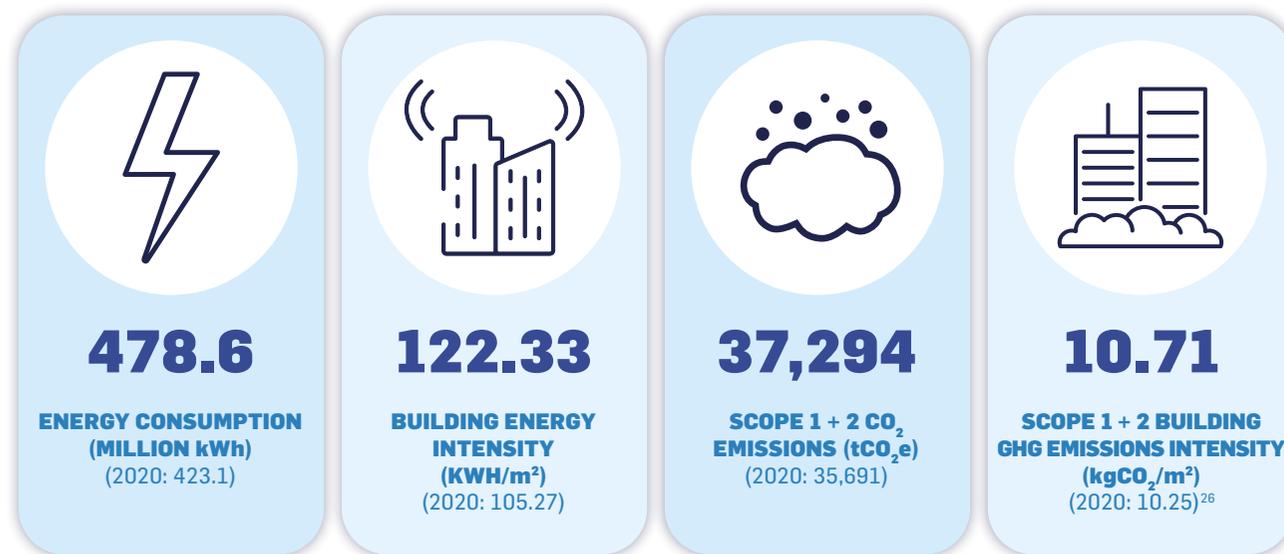
In response to changing work patterns and a societal shift towards hybrid working between the office and home, we have taken steps to calculate our Scope 3 corporate emissions relating to employee commuting and teleworking.

We have approached these calculations following the technical guidance of the GHG Protocol for Category 7: Employee commuting. Our employee commuting calculation was done on the basis of the average-data method, with consideration to the proportion of office working over the reporting period. The time spent as a proportion of office working was a product of mandated home working by the German government and known employee requests for home working over the year. This proportion was used to reflect reduced journeys for office commuting. Data for German transport trends was used to create the average-data calculations.

Our teleworking calculations were performed on the basis of average domestic German energy use and home office appliances, extrapolated using the home office hours worked over the reporting period. The additionality of home office working was accounted for by applying an intensity factor, using the floor area of a home working space with the entirety of the home.

Employee commuting for Aroundtown totaled 106 tCO₂e and teleworking totaled 462 tCO₂e.

6.1.2 Key performance indicators^{24 25}



In 2021, we implemented 273 energy efficiency projects across 250 assets, including the installation of more efficient heating systems; improvements to window, pipe and roof insulation; LED lighting retrofits and hydraulic balancing. We also initiated a series of building management system (BMS) pilot projects to facilitate greater optimization of utilities consumption and enable automated data reporting.

These measures, and the associated subsequent reductions, have put us in a strong position to meet our CO₂ reduction target. In order to map our carbon reduction pathways and track reductions more effectively, we have worked to consolidate a robust CO₂ emissions baseline of 2019 (which takes into account the two years of atypical energy consumption

patterns engendered by COVID-19). Our goal is full portfolio data coverage (where we have some level of control) for energy and CO₂ emissions. This is even more important as we roll out our energy audit program since it will enable us to more effectively map assets and portfolio carbon reduction pathways and to accurately track reductions achieved.

In 2021, like-for-like landlord-obtained electricity across our commercial portfolio totaled 43,574,513 kWh (2020: 48,644,822 kWh). Like-for-like landlord-obtained heat totaled 212,617,700 kWh (2020: 180,749,355 kWh) and fuels totaled 218,945,662 kWh (2020: 190,653,772 kWh) respectively. This translated into an average building energy intensity of 122.33 kWh/m²/year (2020: 105.27 kWh/m²/year). Note that our 2020

figures have been restated due to availability of additional real invoice data that has been obtained since our last report.

Our like-for-like Scope 1 and 2 emissions associated with building energy use across our portfolio totaled 37,294 metric tons of CO₂e in 2021 (2020: 35,691 tons), reflecting a 5% increase, and we achieved a Scope 1 and 2 building GHG emissions intensity in the like-for-like portfolio of 10.71 kg CO₂e/m²/year (2020: 10.25 kg). In addition to our renewable energy efforts outlined above, these measures and the subsequent reductions delivered put us in a strong position to meet our CO₂ reduction target.

AT's 2021 Scope 3 emissions were 70,085 tCO₂e, bringing total Scope 1, 2, and 3 emissions to 107,379 tCO₂e.²⁷

The building energy intensity has increased by 16% year-on-year, while the building GHG emissions intensity has increased by 5%. The increase in energy intensity possibly correlates with:

- » An increase in averaged heating degree days of around 16.5%
- » A decrease in vacancy rate by 1.2% from 2020 to 2021
- » A pandemic lockdown starting only mid-March 2020, while fully covering Q1 heating season in 2021.

Taking the above factors into account, it is very likely that energy intensity has actually decreased. In addition, the company has been spearheading energy efficiency and renewable projects since 2021, which will show its effect from 2022 and onwards.

For more information on our approach and performance, please see the Energy & Emissions' Sustainability Insight, available to download from the sustainability section of our [website](#).

24. Highest level of like-for-like environmental data covers 3,313 assets, representing approximately 66% of our managed assets' portfolio, i.e. assets over which AT has operational control.

25. Asset energy performance and GHG emissions are monitored and assessed based on total consumption and intensity metrics a like-for-like basis. Aggregated portfolio data is reviewed and reported in line with regulatory standards and the EPRA Sustainability Best Practice Recommendations (EPRA sBPR) and is used to assess baseline performance at a Group level. Note that 2020 figures have been restated due to availability of real invoice data that has been obtained since our last report.

26. In 2020, calculations included landlord-obtained emissions for the entire building, whereas the restated figures for 2020 are based on calculations including landlord-obtained emissions from landlord-controlled areas only.

27. These are like-for-like figures as disclosed in the EPRA table.

7. MATERIAL CUSTOMER MATTERS

7.1 CUSTOMER SATISFACTION

LONG-TERM TARGETS

- » Retain strong performance in the area of tenant orientated customer service
- » Continually increase tenant satisfaction

2022 MILESTONES

- » Continue the roll out of our customer relationship management (CRM) system to improve the efficiency of our tenant engagement processes including letting, tracking leads, response times and the status of customer requests
- » Continued digitalization process on the back of SAP, including the integration of the CRM solution and a letting support tool further improving our accessibility for tenants, potential tenants and service providers
- » Conduct a tenant satisfaction survey

7.1.1 Risks, policies and processes

At Aroundtown, we know that creating long-term tenant relationships and delivering tenant satisfaction are key to generating attractive yields and increasing occupancy rates. This informs our two objectives of (a) increasing tenant satisfaction by anticipating and responding to our tenants' needs and (b) offering industry-leading tenant-oriented customer service.

Our tenant base includes international blue-chip companies, large domestic companies, small and medium enterprises, hotel operators and retailers. Each has their own unique tenancy needs, which we help define and support from their first site visit. Our leasing and asset managers are prospective tenants' first point of contact through this process, with property managers taking over customer care when occupation begins. The relationship is underpinned by our Tenant Satisfaction Policy, which outlines our expectations with regards to lettings, facility, asset and property managers and confirms our commitment to open and transparent communications, aligning our CapEx with tenant needs and conducting tenant satisfaction surveys.

Our management approach

Tenants are supported by a three-tier management approach. Our property managers make regular site visits, prepare budgets, plan technical improvements and maintenance works and maintain ongoing contact with tenants to ensure that refurbishment and management activities are aligned to their needs. At regional level, asset managers focus on enhancing asset value through targeted re-positioning and customer service excellence and engage with tenants on longer-term aspects relating to the asset, tenant satisfaction and lease agreements. At the site level, facility managers provide day-to-day technical support and maintenance issues and maintain an accessible, flexible approach to accommodating tenant needs. If a tenant cannot contact their facility manager, they can also report issues to property managers who then raise the issue with facility managers for action.

We continue to work towards greater efficiency in our property management approach. We have completed the transfer of our properties to the SAP management system and are adapting appropriate CRM software to improve our management of tenant communications. To date, the digitalization of our workflow processes has had a tangible positive effect in terms of improving the pace of communications with tenants and speeding up the processing of contracts and invoices.

Across all our assets, we work tirelessly to strive for the highest standards possible whether that is improving the properties' environmental credentials, increasing efficiencies or providing new facilities. When our tenants are happy, they are more likely to stay with us which translates into higher occupancy and retention rates, key indicators for assessing the effectiveness of the Group's customer service philosophy and asset repositioning strategy.

In the same way that we enhance our assets by analyzing their profile and potential, we leverage ongoing analysis to align our investments with tenant needs, carefully considering each tenant's industry segment and individual success factors. Investments in environmental efficiency measures are an integral part of this strategy. Larger corporate tenants often have sustainability policies in place which give preference to buildings with higher environmental standards, which can also offer additional benefits in relation to employee health and wellbeing. To this end, we plan to use the BREEAM rating standard to reach a significant proportion of certified green space within our commercial property portfolio. As of 2021, 30% of the Dutch portfolio is certified²⁸, covering 20 new certifications received during the year (2% certified in 2020). Together with the certifications in the German portfolio, 5% of the commercial portfolio is certified as of 2021 (1% certified in 2020). In 2022, we will be running a program in the Netherlands to assess 14 new buildings against BREEAM criteria prior to proceeding to the accreditation process. Additionally, we are utilizing the knowledge and experience gained in the Netherlands to carry out a pilot in Germany, which includes the assessment of the potential certification of 20 office and hotel assets.

All tenants are keen to benefit from measures which reduce service charge costs, such as efficiency gains in energy and water consumption and waste reduction. Our priorities on this front include:

- » The ongoing replacement of heating systems with modern efficient alternatives
- » The installation of on-site PV systems, CHP and CCHP systems for cost savings up to 30% in the hotels' sector and 5% in offices
- » The roll-out of electric vehicle (EV) charging stations, with 80 already completed and 56 such projects underway at the end of 2021

To support ongoing efficiency gains, we have introduced green lease clauses in new contracts with tenants, covering utilities consumption; the use of eco-efficient equipment; waste management and other environmental management aspects. The clauses detail the engagement and collaboration obligations between tenant and landlord on the exchange of utilities' consumption data and the pursuit of environmentally responsible practices with respect to maintenance, construction and modernization works.

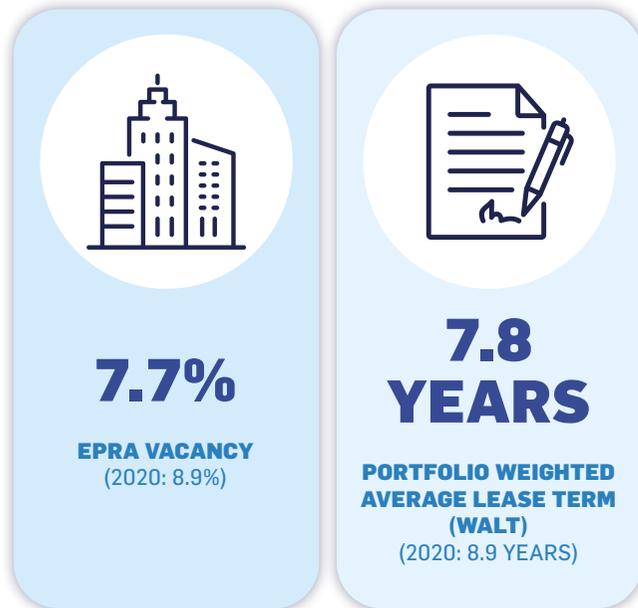
Once assets have been improved, our tenant care focuses on delivering ongoing improvements in operational management and the provision of additional facilities and services, such as extensions to facilitate growth and smart space re-design. Digitalization is key to improving our tenants' experience.

We have been trialing a customer-empowered, digital tenant management solution that has the potential to provide tailored experiences including tenant support, booking systems, services and amenities, along with the ability to track important metrics such as satisfaction, usage and support resolution time. In addition to offering customization and roll-out across different asset types across our portfolio, the app could become a differentiating factor for new lease agreements. In the residential sphere, GCP focuses on providing communities with shared facilities, supporting social and educational projects and hosting events to promote good relations between neighbors.

Over the last couple of years, we have leveraged the strength of our tenant engagement approach to manage the ongoing impacts of the COVID-19 pandemic. We have intensified our engagement with tenants about their business space requirements in the altered context and been attentive to their needs to reduce or increase their leased space, or pursue a more flexible approach according to their specific circumstances. By holding regular conversations with tenants on these aspects and responding to their needs in the most efficient way, we have maintained high occupancy rates and strong lease terms despite the challenging market conditions.

28. The 30% provided is based on square meters of our Dutch portfolio not on the number of buildings.

7.1.2 Key performance indicators²⁹



Occupancy and retention rates are key indicators for assessing the effectiveness of our tenant satisfaction strategy. We monitor vacancy rates and weighted average lease terms as indicators of satisfaction levels, with unsatisfied tenants evidencing reduced loyalty and a greater likelihood of termination. EPRA Vacancy rate reduced from 8.9% at year-end 2020 to 7.7% at year-end 2021, supported by the consolidation of GCP and disposal of assets with higher-than-average vacancy, offsetting the negative 0.5% like-for-like occupancy, which excludes GCP. Aroundtown continuously maintains a long weighted average lease term which amounted to 7.8 years at year-end 2021.

Going forward, we anticipate that the launch of our tenant survey and more advanced use of digital platforms for tenant engagement will enable us to obtain a wider range of useful data points around tenants' use, intent and satisfaction with the physical properties and services we offer. This, in turn, will allow us to gauge the success of our current practices and identify further opportunities to fine-tune our approach.

For more information on our management approach and performance in 2021, please see the Tenant Satisfaction Sustainability Insight, available to download from the sustainability section of our [website](#).



29. The KPIs do not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.

7.2 CUSTOMER HEALTH AND SAFETY

LONG-TERM TARGETS

- » Guarantee relevant health and safety standards and ensure compliance with all statutory norms and safety requirements in Aroundtown's countries of operation

2022 MILESTONES

- » Continue the implementation of a new reporting mechanism aligned to the SAP management system to track and monitor historic, ongoing and future safety inspections and fire protection activities.

7.2.1 Risks, policies and processes

Guaranteeing high standards of health and safety within our buildings is a prerequisite to tenant satisfaction. We are committed to operating in compliance with fire and safety regulations, conducting regular drills, investigating and documenting safety incidents and providing support and training to our tenants to reduce health and safety risks of their employees. We carry out technical reviews of all properties in the portfolio on an ongoing basis to ensure alignment with regulations.

As with our tenant management, the Aroundtown Tenant Health and Safety Policy has a three-tier management approach, with our facility, property and asset management teams each having their own roles and responsibilities.

For most of our properties, facility managers have an operational duty and responsibility to provide all the necessary information and work to maintain the assets in an optimal technical

condition. This includes documentation of all conducted checks of all technical installations and building structures. Reports are submitted to Aroundtown and any remedial works identified are included in our annual budget planning for each property or completed immediately if needed. Our presence at our properties and close collaboration with construction and facility management business partners ensures that we can quickly establish areas where safety improvements need to be made, and take swift action where risks are identified.

Fire safety is an area of utmost priority. We undertake annual on-site fire safety assessments at all properties (using external service providers where needed). Any shortcomings are immediately reported to the Head of Asset Management for swift action. A comprehensive management process is in place to make sure the risks identified are properly recorded and eliminated through effective interventions. Where necessary, additional site visits are performed at multiyear intervals.

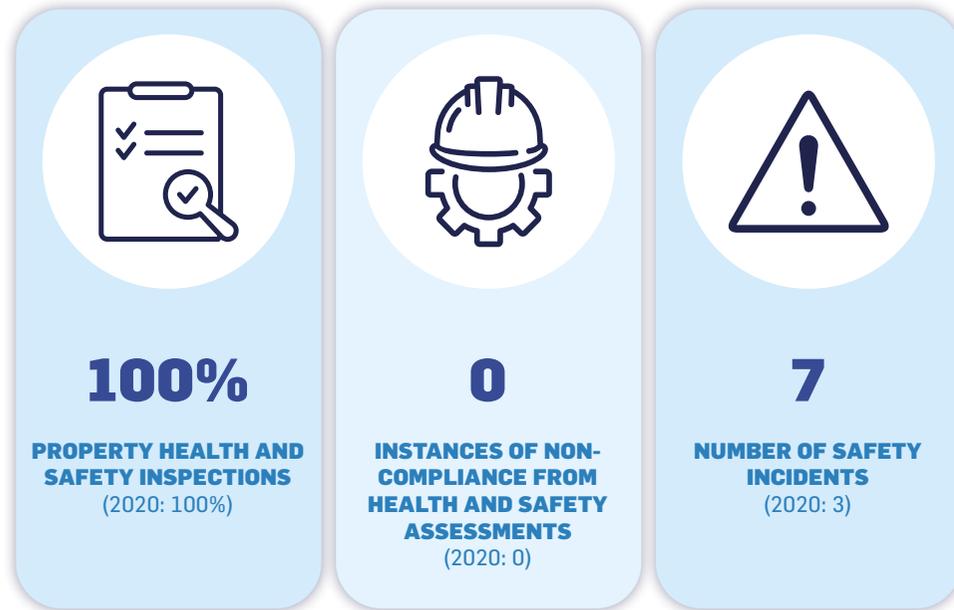
As part of our routine property management activity, local technical teams follow a health and safety checklist. They also carry out regular tests of fire safety systems and make sure any safety incidents which do occur on our sites are thoroughly documented and investigated. The transfer of our properties to the SAP management system in 2021 and roll-out of customized SAP modules in 2022 will help us to record and monitor the outcomes of safety inspections and fire protection activities, as well as monitor checks on building infrastructure and equipment more efficiently.

Across all publicly accessible buildings, regular security training

is completed by both technical teams and security personnel, including anti-terror training from specialist providers. Tenants are required to complete health and safety training and participate in annual fire drills with support from local police and emergency services. Where tenants are responsible for their own safety preparedness, such as single let office properties, we monitor the measures they take and, where needed, contract a specialist service provider to help with training and other support such as preparing emergency plans.

As safety regulations continue to evolve, we maintain a comprehensive day-to-day focus on this topic. As well as complying with all statutory requirements, we allow for the specific characteristics of different property types in our portfolio through additional health and safety management procedures in our due diligence, construction and property management activities. In 2021, we continued with the 2020 strategy developed in response to the COVID-19 pandemic, ensuring that our assets were compliant with the continuously evolving government regulations and customers felt safe and protected. This included the use of display boards and signage in bulletins at all our properties to communicate the rules and recommendations of the German government on social distancing, hygiene and facemasks, as well as ensuring compliance with strict rules regarding the use of elevators, lobbies and other common areas within buildings, including shopping centers. We were adept at communicating the recurrent changes in regulations to all relevant stakeholders and executing all requirements as strictly and swiftly as possible to protect the safety of our tenants, facilities management and contractors' staff who work within our properties.

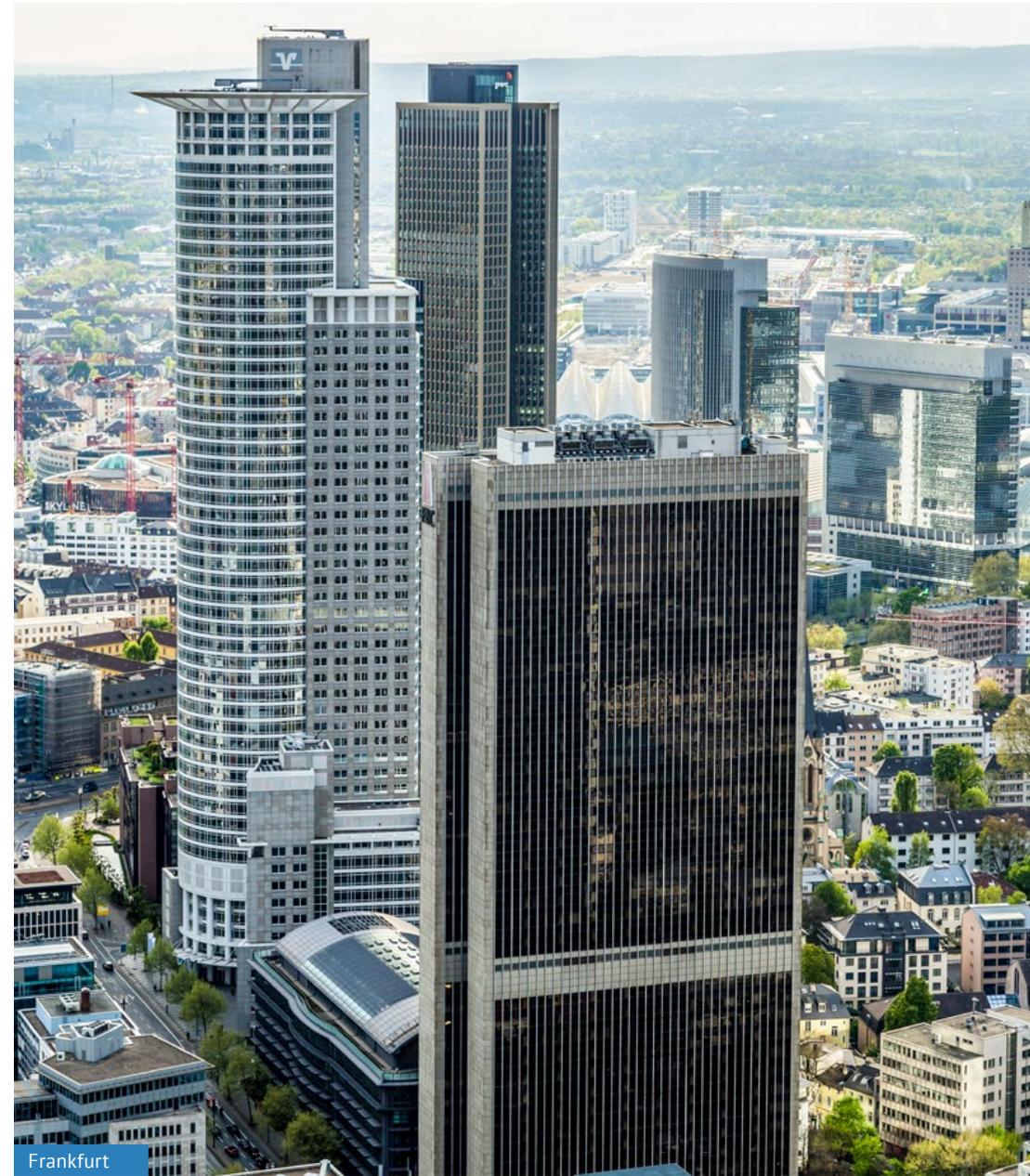
7.2.2 Key performance indicators ³⁰



All our properties are subject to an annual safety assessment as part of our extensive operational activities. We track issues of non-compliance with applicable health and safety standards and legislation and no such issues were reported in 2021.

For more information on our management approach and performance in 2021, please see the Tenant Health & Safety Sustainability Insight, available to download from the sustainability section of our [website](#).

³⁰. The KPIs do not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.



8. MATERIAL GOVERNANCE MATTERS

8.1 FAIR BUSINESS AND COMPLIANCE

LONG-TERM TARGETS

- » Reduce liability and improve transparency
- » Maintain zero tolerance towards compliance violations

2022 MILESTONES

- » Introduce compliance ambassadors as key contacts in country and regional offices
- » Implement a virtual welcome and awareness day for new employees at the Group
- » Conduct our periodic compliance risk assessment
- » Roll out the new company Code of Conduct
- » Launch Aroundtown's compliance website

8.1.1 Risks, policies and processes

Compliance with all applicable laws and regulations is a prerequisite for maintaining our ability to attract shareholders and bondholders, secure and retain tenants and safeguard our reputation for transparency and trust with the marketplace and society at large.

High ethical standards are at the heart of how we do business. We have developed a comprehensive compliance framework which enables us to navigate increasingly complex legal frameworks and protect our business against unethical behavior and its associated risks.

The framework is designed to prevent compliance violations and misconduct across the property investment process, through the implementation of corporate level policies and standards. These are monitored through extensive internal audit procedures and by the promotion of timely, complete, and fault-free disclosures of conflicts of interest and other sources of controversies.

Our Employee Code of Conduct forms the backbone of our commitment to ethical behavior and is as a mandatory contractual requirement for staff at every level. It sets out Aroundtown's standards in relation to ethical risks including bribery, corruption and conflict of interest and discrimination and is supplemented by specific policies on key issues including anti-corruption, anti-discrimination, whistle-blowing

and data protection, as well as a User Policy for dealing with digital content and devices.

We want to support employees at all levels to make ethical decisions, in compliance with our standards, on a day-to-day basis. Employees are strengthened in their ability to take decisions through clear guidelines and internal regulations and our development program for managers emphasize the tenets of professional leadership. To that end, in 2021, we created a specific compliance page on our intranet site to support employees with ongoing access to online self-study compliance courses through links to CREA (our e-learning tool that provides training on data protection, anti-corruption and discrimination) and consistent information, guidelines, policies and procedures on topics such as bribery, corruption and ethics. The site also includes reporting tools to utilize digital convenience to remove some barriers of reporting. For example, employees will be able to directly report conflicts of interests with internal and external stakeholders, including those concerning gifts and entertainment, to the compliance department, supporting a robust monitoring approach. The intranet page will be fully launched in 2022.

This continual drumbeat of compliance communication is supported by an annual refresher training module, that requires all employees to reaffirm their familiarity with our policies and make a personal pledge to abide by them. Em-

employees' participation in this training module is tracked and managers are informed of non-completion. The Compliance Management Team is charged with ensuring that all current legal and market requirements are reflected in Aaroundtown's policies and structures. In addition, zero tolerance towards compliance violations is continually communicated in meetings and mentorship and coaching programs.

An effective whistle-blowing system is key to our compliance framework. Our Whistle-blowing Policy is designed to ensure that employees feel empowered to register their concerns, free from fear of repercussions. Through our "Speak up" approach, employees are encouraged to address any concerns they might have about violations of the law, the Code of Conduct, or internal policies in person or anonymously through a web-based reporting application. The system is operated via an external provider, giving both external and internal stakeholders the ability to report any suspected or verified instance of non-compliance or misconduct.

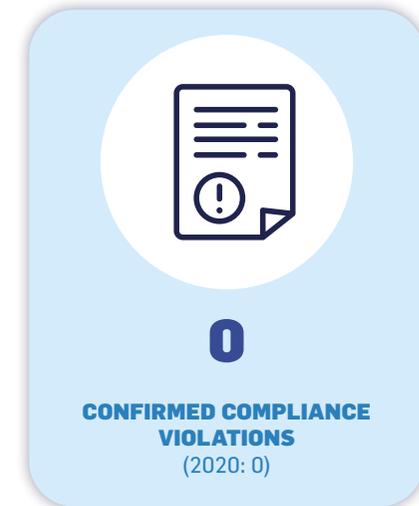
We have established a Compliance Unit, which is formed on an ad hoc basis and made up of representatives from the legal, HR and compliance teams and is responsible for monitoring non-compliance reports and assessing these for both impact and severity. Where further investigation is required, management and the Compliance Unit will consult on the appropriate procedure. It works alongside the Chief Compliance Officer, who is tasked with initiating an appropriate investigation of the circumstances, conducting discussions with the parties affected, and documenting a formal report. The informant and witnesses are updated by the Compliance De-

partment as needed. Disciplinary sanctions are taken should the preconditions for such measures be met.

In 2022, we will continue to embed awareness of compliance issues amongst employees through the creation of compliance ambassadors and welcome days and will roll out a new Code of Conduct. We will strengthen our own procedures by conducting a compliance risk assessment to ensure we are identifying and appropriately addressing our most material risks. By working towards achieving the IDW PS 980 Standard for our compliance management systems, we can provide further reassurance to our stakeholders that we are operating to best practice standards.



8.1.2 Key performance indicators³¹



We monitor the effectiveness of our compliance framework by tracking the number of compliance violations. We continue to carefully analyze the evolving market and regulatory environment in conjunction with further appropriate development of internal structures. In 2021, five potential compliance cases were reported within the Group. Yet, internal audits did not identify sufficient evidence and none of the cases could therefore be confirmed. All cases have been closed and none resulted in a sanction or fine.

For more information on our approach and performance, please see the Fair Business & Compliance Sustainability Insight, available to download from the sustainability section of our [website](#).

31. The KPIs do not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.

8.2 RESPECT FOR HUMAN RIGHTS

LONG-TERM TARGETS

- » Maintain zero human rights' violations in the supply chain

2022 MILESTONES

- » Strengthen ESG selection criteria and monitoring processes of our business partners as part of a review of our audit system
- » Ensure that 100% of suppliers have signed our Business Code of Conduct

8.2.1 Risks, policies and processes

Our operations are governed by the strict regulations and legal framework of the European Union. These laws provide extensive human rights' protection at local levels, meaning concrete human rights' violations are not a substantial risk in our operations.

Nevertheless, to underline our view that respect for human rights is a non-negotiable component of any business premise, we have established a Human Rights Policy which articulates our commitment to fully respect and uphold human rights in accordance with the UN Guiding Principles on Business and Human Rights, international standards including the Declaration of the International Labor Organization on Fundamental Principles and Rights at Work, as well as the International Bill of Human Rights. Our policy covers

topics such as equality, freedom of association, a safe work environment, education and development. In addition, it lays out the expectations of business partners, the monitoring and control of violations and infringements; and reporting requirements. In 2021 we introduced additional controls on our tendering process for service contracts by checking and storing the relevant documentation centrally to ensure that all our responsible procurement standards are met, including the agreement of compliance with our Human Rights Policy.

We extend our position on human rights to our business partners, making it clear that human rights' violations of any kind are not tolerated and ensuring all our business partners commit to providing decent standards of work, with workplaces free of discrimination and harassment. Child labor and forced labor are explicitly renounced. All new business partners, who are primarily local medium-sized enterprises, are required to sign Aroundtown's Code of Conduct for Business Partners, which details a firm commitment to human rights and is contractually binding. We will terminate the relationship, with immediate effect, should any violations be identified and also reserve the right to subsequently exclude the contractor concerned from the awarding of future contracts.

We select and monitor our business partners based on ESG criteria laid out in our Business Partner Code of Conduct. This enables us to categorize our business partners based on their associated risk level. In 2021, we began to review our selec-

tion and audit process with the intention to strengthen this further and to give our procurement managers the required framework to address potential risks and initiate countermeasures in good time. We have also begun to centralize some of our procurement activities for common facilities management services, which has also enabled us to focus more on responsible procurement standards.

The main area for possible human rights' violations lies with subcontractors, as they are not under our direct oversight. There is also a risk of human rights' violations occurring in relation to the migrant workers employed by large construction firms. Since a key element of our asset repositioning strategy involves construction work on formerly mismanaged properties, we assign a dedicated Aroundtown project manager to deal directly with the on-site contractors for each undertaking, to ensure we avoid any violations. Our project managers undertake regular site inspections to evaluate contractors' compliance with our service agreements, of which the Business Partner Code of Conduct is a part.

Our property management business outsources facilities management services to reputable companies that have their own human rights' guidelines in place and must sign the Code of Conduct. In questionnaires we require our facility managers to fill-in, they need to confirm that they have conducted their own human rights checks on sub-contractors and comply with human rights laws.

8.2.2 Key performance indicators³²



In 2021 we were pleased to maintain the same level of site visits as in 2020 despite the ongoing challenges imposed by the COVID-19 restrictions. We acknowledge that due to the limitations on in-person contact, it has been more difficult for us to directly engage with construction contractors' workers on site visits. No instances of human rights' violations of any form were brought to our attention.

For more information on our approach and performance, please see the Supply Chain & Human Rights Sustainability Insight, available to download from the sustainability section of our [website](#).



32. The KPI does not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.

8.3 DATA PROTECTION

LONG-TERM TARGETS

- » Confidentiality: encryption wherever data is stored or accessed
- » Integrity: establishing procedures to prohibit unauthorized personnel to alter information
- » Availability: designing systems to minimize downtime
- » Security: securing business information pertaining to company operations
- » PII: enforcing the security and confidentiality of processed personal information
- » Regulations: satisfying regulatory (such as GDPR) and other information security requirements
- » Awareness: Training employees on how to identify threat and act according to company guidelines
- » Resilience: protecting our systems and networks as well as the data contained therein from malicious activities
- » Information Assets: ensuring that all networks, systems and applications comply with confidentiality, integrity and availability

2022 MILESTONES

- » Conduct further technical crisis training and simulation to enhance our ability to respond to cybersecurity events
- » Work with an external partner to improve our data loss prevention strategy
- » Carry out further audits on our ISMS to ensure that it conforms to all relevant criteria.
- » Deploy advanced security technologies
- » Introduce a digital “Welcome Day” to provide assistance and guidance to new employees

8.3.1 Risks, policies and processes

We take our commitment to the protection of individual privacy very seriously. In addition to the potential legal consequences, fines, and harm to our reputation, we know this area is of key importance to individual stakeholders.

Overseen by the Risk Committee, our Information Security and Privacy Strategy protects the confidentiality, integrity and availability of Aroundtown data across all business process, information gathering, storing and transmitting facilities and systems. As well as ensuring the continual improvement of controls, the strategy lays out our management framework relating to data safety and privacy commitments including security threat monitoring, creating a security positive culture and adherence with legal, regulatory and audit requirements.

Following the work commenced in 2020, in 2021 we were proud to achieve the ISO 27001 certification for our information security management system (ISMS), covering our headquarters in Berlin. We are the first amongst our near peers in the real estate industry to achieve this certification and feedback from our auditor suggests that our ISMS is advanced compared to other companies of our size. We appointed additional resources and dedicated time to reviewing our policies, conducting audits, introducing enhanced cybersecurity measures and generating greater awareness across the business to ensure that our systems were compliant with this robust standard. Consequently, we have stronger, rigorously documented procedures in place and a more integral approach to data protection that is streamlined across the Group's different business divisions under the umbrella of our Group risk management framework. We have

also established a data protection forum to unify policies and protocols between the Group companies. Whilst it is important for us to maintain separate data protection teams between the companies, the use of common procedures and tactics enables us to increase efficiencies and benefit from shared know-how.

Compliance with the ISO 27001 standard encompasses a risk-based approach to the identification, assessment, management and monitoring of information security risks covering business critical IT systems, employees and partners who have access to Aroundtown's hardware and IT systems. It defines the appropriate Information Security tools and processes in the event of a potential system vulnerability according to an ISO 27001 based Risk Management Lifecycle model: risks are identified and categorized according to business impact and likelihood, appropriate tools and remedial measures are identified to mitigate the risk, which are then subject to testing prior to rollout. Ongoing monitoring is used to evaluate the residual risk factor. Compliance with the policy and related procedures falls under the responsibility of the Chief Information Security Officer, the Chief Information Officer and Chief Technology Officer with support from the recently established Cyber Security Assurance team.

In order to embed our robust approach to data protection across the Group, all our employees follow mandatory video-based training units and e-learning security trainings must be completed by permanent employees every 18 months, with managers also benefiting from live seminars with subject matter experts. This e-learning is supplemented by regular campaigns and communications that emphasize the need to remain alert to potential phishing and malware attacks, and

we offer a reward program for employees who identify and alert us to the most potential threats. We go beyond legal requirements by requiring all personnel to sign a company statement of their explicit commitment to data protection.

The Company's Standard Operating Procedures (SOPs) give clear guidance on day-to-day activities, from saving and storing data to handling requests for information. In 2021 we introduced several new cybersecurity awareness measures and significantly improved existing procedures through changes such as the use of gamification to enhance the impact of the Group's phishing prevention campaign. We also created a compelling video, developed in house and featuring well-known Aroundtown employees, to educate staff about physical security risks in a more engaging and memorable format. Furthermore, we have put up awareness posters around our offices as reminders of our data protection policies.

Prior to the start of the COVID-19 pandemic, we had already introduced measures including URL filtering, secure browsing and end point protection for employees working remotely. Similar measures were put in place for our business partners; we introduced security gates and checked minimum requirements such as passwords and up-to-date antivirus software as a prerequisite to connect to our applications. We also took the opportunity to re-issue the Group's acceptable use policy which governs our procedures and minimum standards for accessing and handling data, particularly information that is confidential and/or restricted.

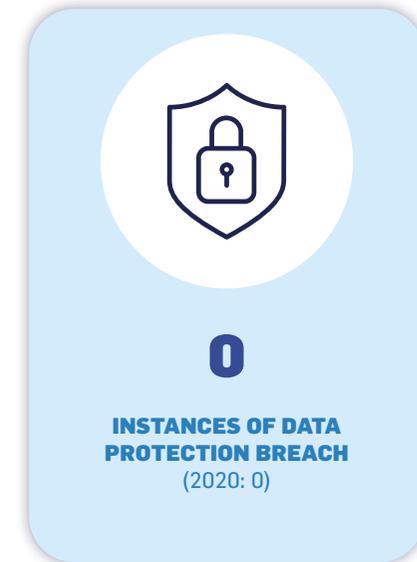
To confirm the strength of our procedures and analyze and improve our preparedness in the event of a cybersecurity attack we regularly conduct technical crisis training and simulations.

In 2021 we conducted a simulated ransomware attack with impressive results: the attack was identified after just one hour - compared to an average identification time of 207 days - and with all IT and information security procedures smoothly executed, the total recovery time was just 6.5 hours. We are now in the process of preparing other types of simulations to be carried out in 2022.

For complete transparency, we ensure that our Data Privacy Policy is available to tenants (including to prospective tenants, as part of their offer) and business partners, along with information about our data processing systems, the purposes for which their data is used, and their related rights in compliance with the EU General Data Protection Regulation (GDPR). This includes the handling of personal data, offering individuals choice in how their data is processed and assessing the effectiveness of different IT-based data protection methods. Where appropriate, onsite notifications have been installed, for instance where video security systems are in use.

We continually aspire to improve our ISMS, maintain our ISO certification and keep up our awareness raising efforts. In 2022 we will aim to issue more frequent and compelling email updates on cybersecurity to engage our employees and we will assign additional resources to conduct a higher number of audits so that we can pinpoint any weaknesses in our processes before they become threats. Building on the additional security measures deployed in the context of the pandemic-led move to remote working, we will introduce new controls to protect data and information on mobile devices and we will work with external advisors to review and enhance our data loss prevention strategy more widely.

8.3.2 Key performance indicators³³



We monitor potential security incidents and data protection breaches as an indicator of the effectiveness of our operational procedures. In 2021, no such confirmed breaches or incidents were reported. In the event of any confirmed incident, a response team is formed to immediately investigate the matter and recommend remedial actions to prevent a similar occurrence.

For more information on our approach and performance, please see the Data Protection Sustainability Insight, available to download from the sustainability section of our [website](#).

33. The KPI does not represent like-for-like figures due to AT's consolidation with GCP in mid-2021.

9. EU TAXONOMY

Introduction

The EU Taxonomy is a classification system which establishes a list of sustainable economic activities. Its purpose is to offer companies, investors and policymakers a standard set of definitions for which economic activities can be considered sustainable in order to create security for investors, protect against greenwashing and mobilize investment towards more sustainable activities. The EU Taxonomy is currently comprised of six environmental objectives³⁴. To date, detailed criteria to determine the Taxonomy eligibility and alignment have been developed for two of these. Draft criteria for the other four objectives, as well as a draft Social Taxonomy, have been published and are expected to be officially adopted in the near future.

In accordance with the EU Taxonomy Regulation³⁵ and its supplementary Delegated Acts, Aroundtown has undertaken an assessment of the Group's Taxonomy-eligible turnover, investments and operating expenses relating to the EU Taxonomy environmental objectives "climate change mitigation" and "climate change adaptation" for the financial year ending 31 December 2021. In accordance with the reporting requirements stipulated in Article 10 of the Disclosures Delegated Act, as of 1 January 2022, non-financial undertakings are only required to disclose the proportion of Taxonomy-eligible and Taxonomy non-eligible economic activities in their total

turnover, capital and operational expenditure relating to the first and second Taxonomy environmental objectives and the corresponding qualitative information required for this disclosure. In subsequent years, the proportion of activities that are Taxonomy-aligned and Taxonomy non-aligned will also be assessed and disclosed.

Approach taken to determine Taxonomy-eligible activities

In order to determine Taxonomy eligibility, Aroundtown firstly identified all activities undertaken by the Group. This was done in multiple discussions with various departments managed by the Sustainability Department, including energy, construction, and finance departments. During this identification process, the list of eligible activities was reviewed with a focus on those activities relevant for the energy sector (section 4), the construction sector (section 7) and other activities, such as "Professional, scientific and technical activities" (section 9).

The following six Taxonomy-eligible activities, as defined within Annex I and II of the Delegated Regulation, were identified as being undertaken by Aroundtown:

- » Electricity generation using solar photovoltaic technology (4.1)
- » Construction of new buildings (7.1)
- » Renovation of existing buildings (7.2)

- » Installation, maintenance and repair of energy efficient equipment (7.3)
- » Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)
- » Acquisition and ownership of buildings (7.7).

The above activities were determined as relevant for both environmental objectives – climate change mitigation and climate change adaptation. Additional eligible activities were discussed and found to potentially be applicable in future years, however, they could not yet be considered for the Group's 2021 reporting³⁶.

Taxonomy Assessment

Based on the conclusions of the Taxonomy-eligibility review defined above, Aroundtown calculated the proportion of eligible and non-eligible activities in accordance with the calculation methodologies defined within the Delegated Act of 6.7.2021.

This constitutes the first EU Taxonomy reporting published as part of the 2021 Non-Financial Report and thus, the Group faced initial challenges regarding the retrospective allocation of data to the identified economic activities. As internal invoicing and project systems had not been fully adapted to

34. These are: (1) Climate change mitigation; (2) Climate change adaptation; (3) Sustainable use and protection of water and marine resources; (4) Transition to a circular economy; (5) Pollution prevention and control; (6) Protection and restoration of biodiversity and ecosystems.

35. Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

36. Such activities relate to Aroundtown's renewable energy activities, including Electricity generation from geothermal energy (4.6) and Installation and operation of electric heat pumps (4.16).

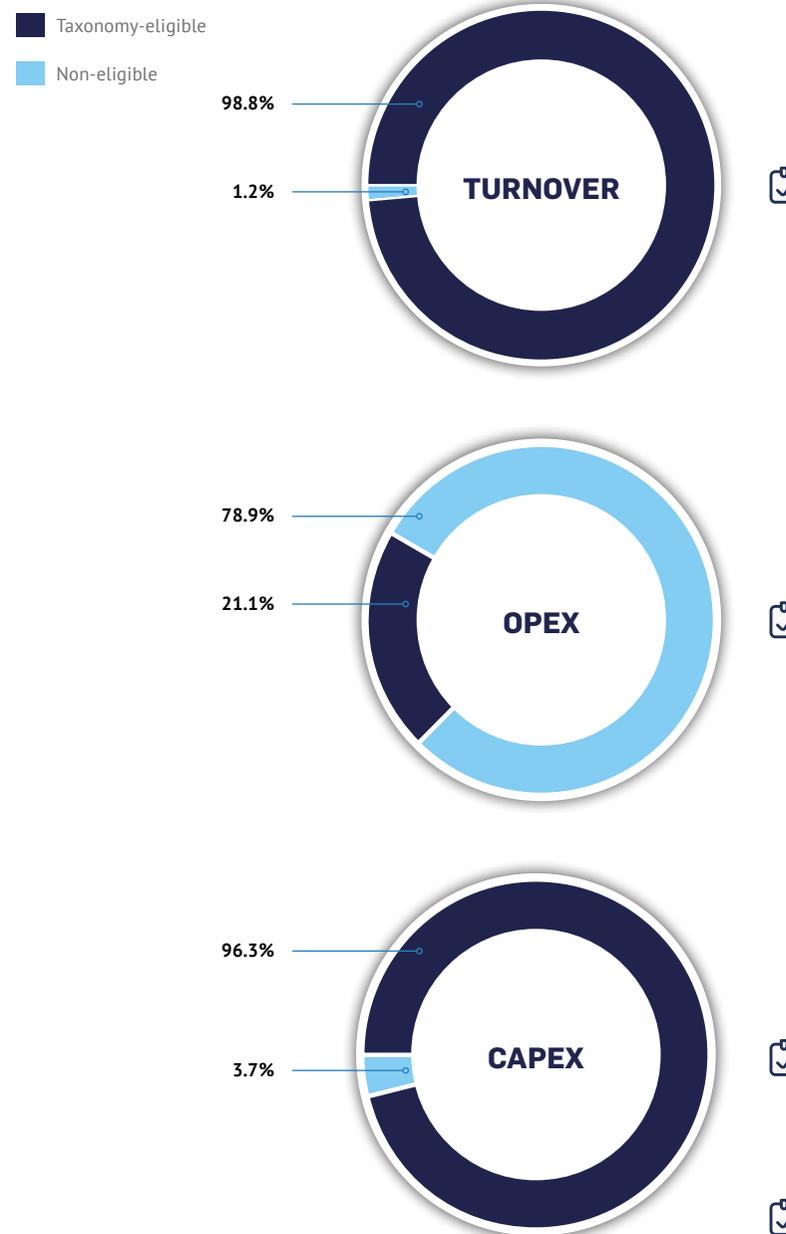
the reporting requirements in 2021 yet, the majority of data had to be analyzed and evaluated manually.

With Aroundtown's number of bookings in the six-digit range, the data was searched using determined 'key words' relevant to each identified economic activity based on information provided in guidelines and descriptions in resources by the European Commission³⁷. Such key words were used to filter out the relevant bookings, allocate them to the correct economic activity and to determine the corresponding KPIs.

In order to ensure alignment with our Consolidated Annual Report, the financial department of Aroundtown provided the booking information for the relevant year 2021 to the various construction and operation departments to review and analyze and allocate the data as described above.

Note, however, that due to interpretation issues, lack of precedence reporting and best practice, certain bookings could not be allocated with certainty to one specific economic activity and have therefore not been considered for this year's initial report. This was the case in particular with activities 7.2 (renovation of existing buildings) and 7.3 (installation, maintenance and repair of energy efficiency equipment), two major economic activities for Aroundtown. For the purpose of this taxonomy reporting, the Group has divided CapEx costs into major renovation projects (7.2) and individual measures (7.3).

	Turnover KPI (related to EU Taxonomy-eligible economic activities)		OpEx KPI (related to EU Taxonomy-eligible economic activities)		CapEx KPI (related to EU Taxonomy-eligible economic activities)	
	€ '000	%	€ '000	%	€ '000	%
Total eligible activities (a)	1,307,044	98.8%	7,961	21.1%	9,203,503	96.3%
Total non-eligible activities (b)	16,125	1.2%	29,794	78.9%	354,697	3.7%
Total Group activities (a + b)	1,323,169	100%	37,754	100%	9,558,200	100%



37. Such as the website EU Taxonomy Compass: <https://ec.europa.eu/sustainable-finance-taxonomy/>.

Basis for calculations

In general, all three Key Performance Indicators (KPIs) are calculated in accordance with IFRS in line with our consolidated financial statements.

The Turnover, OpEx and CapEx KPIs for eligible activities are determined on the basis of the following calculations:

Turnover KPI

(related to EU Taxonomy-eligible economic activities)

The turnover KPI is relevant only for the economic activity, 7.7 (acquisition and ownership of buildings). As this year's reporting only covers Taxonomy-eligible activities and not aligned activities, the turnover constitutes a high percentage in 2021.

Aroundtown's turnover consists to a great degree of revenue generated from rental income and operating income. The Group also derives a comparatively small amount of other income that is not related to eligible economic activities, which is not counted to the numerator but is included in the denominator.

Numerator	Share of turnover derived from products and services associated with Taxonomy-eligible activities.
Denominator	Total net turnover, calculated in accordance with "IAS 1.82 a) Revenue" and consistent with the accounting principles applied to the preparation of the Group's financial statement. Please see our website for the financial statement.

OpEx KPI

(related to EU Taxonomy-eligible economic activities)

OpEx mainly derived from measures allocated to activities 7.3 (installation, maintenance, and repair of energy efficiency equipment) and 7.5 (installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings).

Data collection for these activities presented most challenges due to the lack of a clear definition of 'energy efficiency equipment' and due to retrospective allocation of such measures to the activities. Hence, it was not possible to establish a clear and precise differentiation between 'highly energy efficient' and 'not highly energy efficient'. For the purpose of this year's EU Taxonomy report, Aroundtown has considered all measures as creating added value in terms of energy efficiency.

OpEx was reviewed in the data set provided by the controlling department of Aroundtown and allocated to the relevant economic activities using 'key words' such as Insulation (Dämmung); window (Fenster); heating, ventilation, air-conditioning plant, cooling (Heizung, Lüftung, RLT, Kühlung, Klima and Kälte) and building services management system (BSM) (Gebäudeleittechnik, GLT). Where OpEx could not be clearly identified as one of the specific measures described in relation to the relevant activities, the Group took the conservative approach and did not calculate the OpEx towards this initial Taxonomy report.

Numerator	<p>Share of operating expenditure that is –</p> <ol style="list-style-type: none"> 1. Related to assets or processes associated with Taxonomy-eligible economic activities, including: <ul style="list-style-type: none"> • training and other human resources adaptation needs • direct non-capitalized costs that represent research and development 2. Part of the OpEx plan (expand / upgrade of activities) 3. Related to the purchase of output from Taxonomy-eligible economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions and individual building renovation measures 5. Part of OpEx for the adaptation of economic activities to climate change
Denominator	<p>Total operating expenditure, as the sum of direct non-capitalized costs, including –</p> <ol style="list-style-type: none"> 1. Research and development 2. Building renovation measures 3. Short-term lease 4. Maintenance and repair 5. Any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party. <p>Please see our website for the financial statement.</p>

CapEx KPI
(related to EU Taxonomy-eligible economic activities)

With reference to the relevant economic activities, CapEx is reported mostly in relation to activity 7.2 as major renovation works are always categorized as CapEx due to their clear improvement and value increase of the property. Additional CapEx derives from measures allocated to activity 7.3, which involves specific installation, maintenance and repair measures relating to insulation to existing envelope components, windows, external doors, energy efficient light sources, HVAC, heating systems, as well as kitchen and sanitary fittings. Lastly, CapEx is also derived from economic activity 4.1 (electricity generation using solar photovoltaic technology), relating to the installation of PV systems.

CapEx for 2021 is significantly impacted by the business consolidation with Grand City Properties S.A. in July 2021.

No CapEx was assigned to measures relating to activity 7.5, as these measures are part of 7.2 and 7.3.

Numerator	<p>Share of operating expenditure that is –</p> <ol style="list-style-type: none"> 1. Related to assets or processes that are associated with Taxonomy-eligible economic activities 2. Part of a CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from Taxonomy-eligible economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions
Denominator	<p>Total capital expenditure, as the sum of –</p> <ol style="list-style-type: none"> 1. Additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any re-measurements, including – <ul style="list-style-type: none"> • IAS 16.73 e) i) and iii) Property, Plant and Equipment • IAS 38.118 e) i) Intangible Assets • IAS 40.76 a) and b) Investment Property (for the fair value model) • IAS 40.79 d) i) and ii) Investment Property (for the cost model) • IAS 41.50 b) and e) Agriculture • IFRS 16.53 h) Leases (Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx) 2. Revaluations and impairments, additions resulting from business combinations and excluding fair value change <p>Please see our website for the financial statement.</p>



Hannover

10. GLOSSARY OF TERMS

BREEAM	Building Research Establishment Environmental Assessment Methodology
CAPEX	Capital Expenditure
CCHP	Combined cooling, heat and power
CHP	Combined heat and power
CO₂	Carbon dioxide
CO₂e	Carbon dioxide equivalent, used to standardize the climate effects of various greenhouse gases
CR	Corporate Responsibility
DGNB	Deutsche Gesellschaft für Nachhaltiges Bauen (German Sustainable Building Council)
EPRA	European Public Real Estate Association
ERP Software	Enterprise resource planning software
ESG	Environmental, social and governance
EV	Electric vehicle
GDPR	EU General Data Protection Regulation
GHG	Greenhouse gas
GRI	Global Reporting Initiative
kWh	Kilowatt hour, a unit of energy
NIST	National Institute of Standards and Technology
PPA	Power Purchase Agreement
PV	Photovoltaic
REC	Renewable Energy Certificate
SDGs	United Nations' Sustainable Development Goals
SOPs	Standard Operating Procedures
S-ROI	Sustainable Return On Investment
WALT	Weighted average lease term

INDEPENDENT AUDITOR'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT ON THE NON-FINANCIAL REPORT

To Aroundtown S.A., Luxembourg

We have performed a limited assurance engagement on the disclosures in the non-financial report of Aroundtown S.A., Luxembourg, (hereinafter "the Company") for the period from 1 January through 31 December 2021 (hereinafter "the Report", attached hereto as an appendix).

Our audit does not cover the external sources of documentation or expert opinions mentioned in the non-financial report.

Responsibilities of the Executive directors

The executive directors of Aroundtown SA are responsible for the preparation of the non-financial report in accordance with the principles of Luxembourg Law of 23 July 2016 and in accordance with Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section 9. of the non-financial report.

This responsibility of Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures, which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a non-financial report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in 9 of the non-financial report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently; the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality of the audit firm

We are in accordance with the provisions under German commercial law and professional requirements independent of Aroundtown SA, and we have fulfilled our other ethical responsibilities in accordance with the relevant provisions within these requirements.

Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft applies the German national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws regulating the rights and duties of Wirtschaftsprüfer and vereidigte Buchprüfer in the exercise of their profession (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms (IDW QS 1), that are consistent with the International Standard on Quality Control 1 issued by the International Auditing and Assurance Standards Board (IAASB).

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion, based on the assurance engagement we have performed. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. These standards require that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the information for the period from 1 January to 31 December 2021 has not been prepared, in all material respects, in accordance with the principles of Luxembourg Law of 23 July 2016 and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section 9 of the non-financial report.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the non-financial report regarding the preparation process and the internal control system relating to this process and selected disclosures in the non-financial report
- Analytical evaluation of selected disclosures in the non-financial report
- Enquiry and review of selected documents supporting the disclosures in the non-financial report

- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the non-financial report
- Comprehension of the calculation of taxonomy key performance indicators and traceability to financial information

The executive directors are required to interpret undefined legal terms when determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures in the non-financial report for the period from 1 January to 31 December 2021 has not been prepared, in all material aspects, in accordance with the principles of Luxembourg Law of 23 July 2016 and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section 9 of the non-financial report.

We do not express an audit opinion on the external sources of documentation or expert opinions mentioned in the non-financial report.

Intended use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. Our report is not intended for any third parties to base any (financial) decision thereon.

Our responsibility lies only with the Company. We do not assume any responsibility towards third parties. Our assurance conclusion is not modified in this regard.

Limitation of Liability

For the performance of our engagement and our liability, also in relation to third parties, the Special Engagement Terms for Audits and Audit-Related Services (<https://www.mazars.de/Home/Services/Audit-Assurance/Auftragsbedingungen>) of Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft dated 1 June 2019 as well as the General Engagement Terms for German Public Auditors and German Public Audit Firms as of 1 January 2017. With regard to the General Engagement Terms, we refer in addition to the liability provisions contained therein in clause 9 and to the exclusion of liability vis-à-vis third parties. We do not assume any responsibility, liability or other obligations vis-à-vis third parties unless we have concluded a written agreement to the contrary with the third party or unless such an exclusion of liability would be ineffective.

We expressly state that we will not update the limited assurance report in respect of any event or circumstance occurring after it has been issued unless we are under a legal obligation to do so. Whoever takes note of the result of our work summarised in the above report must decide on his own responsibility whether and in what form he considers this result useful and suitable for his purposes and extends, verifies or updates it by his own investigative actions.

Berlin, 27 April 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Stephan Kleinmann
Wirtschaftsprüfer
[German Public Auditor]

Corinna Kaufhold
Wirtschaftsprüferin
[German Public Auditor]