

TRAINING & DEVELOPMENT

PART 1 - UNDERSTANDING THE ISSUE

Attracting the best talent is vital for our business' long-term growth and success. Opportunities for training and development have become a core aspect of what employees look for in a company, so investing in our people's knowledge, skills and career development is essential to attract and retain the skills we need.

Given our dynamic industry and work environment, ensuring employees' skills evolve in line with trends and the latest developments contributes positively to our productivity and operational performance, safeguarding the firm's competitive advantage. In addition, employees who are well equipped

to perform in their roles are more likely to get more engaged and thus, go the extra mile in contributing to the success of our business.

We want our employees to share our strong commitment to their personal growth, whether that's through our customised training approach, internal recruitment policy or focus on leadership. Understanding our employee's priorities and career aspirations was a main activity during 2020, and has helped us to understand what we can do better. As the importance of training and development to the business continues to grow in 2021, we are committed to growing in line with our employees' expectations.

PART 2 – MANAGING THE ISSUE

During 2020, we began the transition to a more strategic approach for our management of employee training and development. As such, this topic is a key priority for both the organisation and the Board, who view this as a unique opportunity to strengthen the collaboration between Group companies and deliver an enhanced offering to employees. A new organisational unit is responsible for implementing the strategy, led by the recently appointed Head of Strategic Human Capital Development.

As we undergo a significant expansion phase, this is creating openings for people to move swiftly between departments or into management level roles aligned to their specific areas of interest and/or potential leadership abilities. Our professional development philosophy reflects our preference for internal promotion and the cultivation of talent potential based on ability and potential rather than prior experience and qualifications. We pride ourselves on offering substantive opportunities for people of all backgrounds to advance their career, providing flexible models that enable employees to pursue continued professional development and higher education courses alongside work and a training programme tailored to meet individual needs.

In today's dynamic and fast-changing business environment, ensuring staff are equipped with the right knowledge and skills is critical to corporate success. Thus, we seek to invest in employees in a way that brings mutual benefit to both the Group and each individual. We do this by offering a training and development program that focuses on enabling staff to tackle new challenges linked to current and future trends.

We emphasise the fine-tuning of communication and creative skills which we see as critical for success in a highly competitive and continually evolving market. All together, we believe this approach supports long-term value creation within the Group whilst enhancing personal motivation.

Our experience has taught us that a wide-reaching training programme tailored to individual needs is more effective than a blanket approach. Training 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 standardised eLearning 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.

Our CSR training module, which was assigned to all staff when first launched in 2018, is mandatory for all new employees who join the Group. It provides in-depth information about the Group's sustainable business strategy; focus areas and management of material risks and opportunities.

The Group's Software-based Learning Management System (LMS) helps to monitor training coverage and effectiveness and ensures that the entire workforce receives critical instruction on the Code of Conduct, information security, the handling of personal data, and safety-related guidelines. Professional development is also supported through our yearly individual performance review process, which offers a format for employees to reflect on and plan for their professional development goals and express any ambitions and/or concerns to managers.

As training and development continues to shift to a more strategic approach during 2021, we have developed a robust programme to support the transition, increase employee engagement, and raise the importance of skills and career development. Customised training plans will focus on employees' professional and interpersonal skills with an emphasis on developing our middle-management employees. Our

senior management team and board are committed to demonstrating the value Aroundtown is placing on training, and so will take on an active role moving forwards, for example, by participating in group training activities. We will also build our talent programme with a focus on mentoring and coaching.

PART 3 – PERFORMANCE

Long-term Goals and 2020 Performance

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

- Be among the top ten most attractive employers in the commercial real estate sector in Germany by 2030
- Maintain staff turnover at or below the national average

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



During 2020 we significantly increased the scope and breath of our employee training. The average hours of training per employee rose from 9.5 hours in 2019 to 21 hours, and our investment per employee increased from €186 to €623 over the same period. Much of this was due to the additional support provided to employees in response to COVID-19 (see below). Although 2020 does not represent a typical year, the increase also reflects our focus on supporting individuals with their skills development and career progressions. For example, we delivered 475 hours of individual training

for 25 employees, who received between 8 and 25 hours each. We also saw an increase in the amount of training delivered online given the need to maintain social distancing, with six e-learning courses attended by 255 employees.

As well as our KPIs, in 2020 we set a target to conduct an employee engagement survey to understand our employees' priorities and where we should be investing in terms of training and development. Below, we have described the progress against our 2020 target:

2020 Target	Achieved/Not achieved	Commentary
Conduct Employee Survey	Achieved	<p>In 2020, we designed and launched our first survey to our german employees (excluding TLG). Despite the challenges of COVID-19, which meant our response rate was 50%, we were able to gain insights into how we can better address employees concerns and meet their needs.</p> <p>To read more about our employee survey, see the 'Significant activities' section below.</p>

Significant activities

Listening to our employees to inform our approach to training and development

The launch of our employee survey this year focused on gaining insights about our employees' aspirations in relation to training and development. With the creation of a new team led by the recently created role of Head of Strategic Human Capital Development, this topic has risen significantly in importance over the past year as the Group undergoes a shift to a more strategic approach.

The survey sought to understand employees' perceptions of career opportunities, learning and development and talent management. For example, questions asked how employees felt about their future career opportunities at Aroundtown, and whether the company strongly supports learning and development. Encouragingly, almost 60% of employees feel they are learning and growing in their roles. The questions also sought to build a picture of how staff feel about Aroundtown's culture, values and performance. For example, questions asked whether employees would recommend the company to a friend, and if they felt they were working for a socially and environmentally responsible company. It also covered areas such as the culture within individual teams, building a picture of whether cooperation, particularly when faced with a crisis, is something employees feel they can rely on. Positively, 48% of employees said they were actively engaged, and that teamwork was the company's leading parameter.

Supporting our employees' development during COVID-19

Despite the challenges presented by the COVID-19 pandemic, which meant that classroom-based learning was no

longer feasible, we were presented with an opportunity to further digitalise our training. The shift to remote working meant that employees needed to improve their digital skills almost overnight and adapt to an entirely online process. In response, we created and shared with employees short digital training videos to ensure they were fully equipped with the information and skills they needed.

Given the unprecedented situation employees experienced during 2020, we wanted to ensure that employees felt supported both personally and professionally with any challenges that may arise. For example, we held professional coaching sessions for management employees which covered topics personally chosen by the trainees such as establishing a work-life balance, support through uncertainty, and remote management skills and tools. This empowered our management team to support themselves and their employees, as well as use this challenging time as an opportunity for growth and skills development. The sessions were attended by 15 managers who received between two and five hours of coaching each.

As an organisation, we transitioned to SAP as our new management software. This required a huge effort to train employees on this new system and prepare them for the changes to processes and procedures. Customised training was held for each module and every team was trained to meet their specific goals and needs. The 2020 SAP training programme delivered 655 hours of training for a total of 391 employees. As we prepare for SAP to go live across the business, skills training to ensure employees feel empowered to use this system in their roles will remain a priority in 2021.

Priorities for 2021

As both our long-term goals are contingent on the investments we make in the training and development of our employees, we have set a target to increase the average hours of training per employee to 12 hours (from 6.5 in 2019), and increase our investment in training per employee to €500 (from €186 in 2019).

Secondly, investing in the growth of our employees and furthering their development has always been a priority. To continue to drive our success in this area, we are committed to ensuring that at least 10% of open positions are filled with internal candidates.

DATA TABLES

Key figures	Unit	2018	2019	2020
Average hours of training per year per employee				
Female	hours/year	n/a	11.7	8.6*
Male	hours/year	n/a	16.5	3.8*
Employees	hours/year	0.8	6.5	31.1
Upcoming leaders	hours/year	n/a	50	n/a
Percentage of employees receiving regular performance and career development reviews				
All employees	%	17%	55%	41%

*Related to TLG employees only as we are not able to provide training hours by gender for all Arountown employees.