Grand City Properties S.A.

Annual Accounts
For the year ended December 31, 2024
(with the report of the Réviseur d'Entreprises agréé thereon)

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37, Boulevard Joseph II
L-1840 Luxembourg
R.C.S. Luxembourg: B 165.560
Share Capital: EUR 17,618,790

Grand City Properties S.A.

MANAGEMENT REPORT

The management of Grand City Properties S.A. (the “Company”, and together with its investees the “Group”) presents the Company’s audited annual accounts for the year ended December 31, 2024.

The Group is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany as well as London.

The Group is focused on assets in densely populated urban locations with robust and sustainable economic and demographic fundamentals, and with multiple value-add drivers that it can pursue using its skills and capabilities such as vacancy reduction, increasing rents to market levels, improving operating cost efficiency, increasing market visibility, identifying potential for high-return capex investments, and spotting potential for significant benefits from the Company’s scale.

The Group’s well-balanced and diversified portfolio is composed of properties in attractive micro-locations with identified value creation potential primarily located in major German cities and urban centers as well as in London.

CAPITAL MARKET, DEVELOPMENT AND PERFORMANCE

An important component of the Group’s financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company’s wide reach and proven track record in issuing instruments across various capital markets: straight bonds, perpetual notes and equity capital. Moreover, the Company’s diversity is further improved through issuances in various currencies, issuing straight bonds in CHF, JPY and HKD. The nominal amount of all foreign currency issuances is swapped into Euro until maturity. Issuances in various currencies increase the investor base and provide expansion into a wider range of markets to attract funding.

In addition, the Company maintains lasting relationships with dozens of banks and financial institutions, providing for access to bank financing. These banking relationships also provide access to loans from credit institutions and revolving credit facilities which provides an additional flexible financing source. As of December 2024, the Company holds unused credit line in the amount of EUR 300 million (2023: EUR 300 million) which are not subject to Material Adverse Effect clauses.

In 2023, the Company signed a new term loan agreement with Industrial and Commercial Bank of China Ltd (“ICBC”)., Luxembourg Branch in the amount of EUR 60 million. The drawdown took place during 2023. In 2024 the Company engaged with ICBC for an interest rate modification from a floating rate to a fixed rate. For further information see note 13 to the accompanying annual accounts.

During the reporting period the Company bought back its Straight bond series E with 1.50% coupon (due April 2025) amounting to EUR 15.5 million, Straight bonds series G with 1,38% coupon (due August 2026) amounting to EUR 170.1 million and Straight bonds series J with 1.50% coupon (due February 2027) amounting to EUR 84.3 million.

During the reporting period the Company also redeemed EUR 149.8 million and CHF 130 million principal amount of Straight Bond series W and Q respectively.

On July 9, 2024, under the EMTN program, the Company issued EUR 500 million Straight Bond series Y due 2030, at an issue price of 97.774% of the principal amount, with a coupon of 4.375%.

On April 2, 2024, and September 10, 2024, the Board of Directors approved a voluntary exchange and tender offer targeting the holders of two outstanding perpetual notes, with nominal values of EUR 200 million and EUR 350 million, carrying coupons of 6.332% and 5.901%, respectively (the “Existing Perpetual Notes”).

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

CAPITAL MARKET, DEVELOPMENT AND PERFORMANCE (CONTINUED)

On April 10, 2024, the Company announced an acceptance of EUR 449 million in aggregate nominal amount of Existing Perpetual Notes, reflecting an 82% acceptance rate. Subsequently, on September 19, 2024 the Company announced an additional acceptance of EUR 25.3 million, leading to a combined acceptance rate of 85% for both offers.

On April 16, 2024, Grand City Properties Finance S.à r.l, a wholly owned affiliated of the Company, issued EUR 410 million in new perpetual notes and the Company repurchased EUR 34 million of Existing Perpetual Notes through the tender offer. On September 26, 2024, Grand City Properties Finance S.à r.l, issued an additional EUR 22 million in new perpetual notes and the Company repurchased EUR 1.6 million of Existing Perpetual Notes via the tender offer. The Company is the guarantor of these issued notes.

The newly issued perpetual notes have a coupon of 6.125% and are undated, with an unlimited duration and can only be called by the issuer on contractually agreed dates or specific occasions.

For further information see note 10 to the accompanying annual accounts.

CAPITAL STRUCTURE

The Company's shares are listed on the Frankfurt Stock Exchange – Prime Standard. The Company also has Notes and Bonds listed on the Irish Stock Exchange (in particular its EMTN Programme), Swiss Stock Exchange, Frankfurt Stock Exchange and Luxembourg Stock Exchange. There are no restrictions on the transfer of the Company's traded securities.

COMPANY'S SHARES

During the reporting period there was no issuance of new ordinary shares.

During the reporting period Grandcity Holdings Ltd disposed of 3.7 million of the Company's own shares.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

LIKELY FUTURE DEVELOPMENTS

Focus on extracting value-add potential in attractive, densely populated regions, while keeping a conservative financial policy and investment grade rating

The Group's investment focus is on the German and London residential markets which it perceives benefit from favorable fundamentals that will support stable profit and growth opportunities for the foreseeable future. The Group's current portfolio is predominantly focused on Berlin, North Rhine-Westphalia, the metropolitan regions of Leipzig, Dresden and Halle and London, as well as other major cities and urban centers in Germany. The Group follows selective acquisition criteria and benefits from internal growth potential from the acquisitions of high cash flow generating and under-rented properties with upside potential.

Cash flow improvements through focus on rental income and cost discipline

The Group seeks to maximise cash flows from its portfolio through the effective management of its assets by increasing rent, occupancy, and cost efficiency. This process is initiated during the due diligence phase of each acquisition, through the development of a specific plan for each asset. Once taken over, and the initial business plan is realised, the Group regularly assesses the merits of ongoing improvements to its properties to further enhance the yield on its portfolio by increasing the quality and appearance of the properties, raising rents and further increasing occupancy. The Group also applies significant scrutiny to its costs, systematically reviewing ways to increase efficiency and thus increase cash flows.

FINANCIAL RISK MANAGEMENT

The Group is exposed to market risk, credit risk, liquidity risk, operating risk and other risks.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is supported by audit and risk committees that advise on financial risks and the appropriate financial risk governance framework for the Group. The Group's overall risk management approach has been established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. The overall financial risk management approach is reviewed regularly to reflect changes in market conditions and in the Group's activities.

The Company follows its risk management strategy to hedge interest rates and foreign currency risks associated with its financial assets and liabilities. The Group has high interest hedge ratio, with currently 95% of its debt protected against interest rate increases. As part of the Group's overall conservative financial approach, bonds issued in foreign currencies are hedged to Euro until maturity. For more information see note 10 and note 16 to the accompanying annual accounts.

The Company holds an investment-grade credit ratings from both Standard & Poor's (S&P) and Moody's Investors Service (Moody's), with current long-term issuer ratings of BBB+ (negative outlook) and Baa1 (negative outlook), respectively. Additionally, S&P assigned the Company a short-term rating of A-2. Since 2021, Moody's maintains its public rating on the Company on an unsolicited basis.

For more information see note 24 to the accompanying annual accounts.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT

Due to the nature of its business, the Company does not engage in any research and development activities.

BRANCHES OF THE COMPANY

The Company did not operate any branches in 2024 or 2023.

INFORMATION ACCORDING TO ARTICLE 11(2) OF THE LUXEMBOURG TAKEOVER LAW

The following disclosure is provided pursuant to article 11 of the Luxembourg law of May 19, 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 on takeover bids, as amended (the "Takeover Law"):

(a) With regard to article 11 (1) (a) and (c) of the Takeover Law (capital structure), the relevant information is available on page 10 and note 8 to the accompanying annual accounts. In addition, the Company's shareholding structure showing each shareholder owning 5% or more of the Company's share capital is available below and on the Company's website, where the shareholding structure is updated on a regular basis.

(b) With regard to article 11 (1) (b) of the Takeover Law, the ordinary shares issued by the Company are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and are freely transferable according to the Company's articles of association (the "Articles of Association").

(c) In accordance with the requirements of Article 11 (1) c of the Takeover Law, the following significant shareholdings were reported to the Company, as of December 31, 2024:

Shareholder Name	Number of shares	Percentage of voting rights
Aroundtown SA (through Edolaxia Group Ltd)[1]	108,935,040	62%

1) Edolaxia Group Ltd is a wholly owned affiliated of Aroundtown SA

Total number of Grand City Properties S.A. shares as of December 31, 2024: 176,187,899.

The Company's shares voting right held by Grandcity Holdings Ltd., a wholly owned affiliated of the Company are suspended (see note 8 to the accompanying annual accounts).

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

INFORMATION ACCORDING TO ARTICLE 11(2) OF THE LUXEMBOURG TAKEOVER LAW (CONTINUED)

(d) With regard to article 11 (1) (d) of the Takeover Law, each ordinary share of the Company gives right to one vote according to article 8 of the Articles of Association. There are no special control rights attaching to the shares. The voting rights attached to shares acquired by the Company, either directly or indirectly through subsidiaries, pursuant to the buy-back-program are suspended.

(e) With regard to article 11 (1) (e) of the Takeover Law, control rights related to the issue of shares are directly exercised by the relevant employees. The key terms and conditions in relation to the Company's incentive share plan are described in note 9 Share-based payment agreements to the accompanying annual accounts.

(f) With regard to article 11 (1) (f) of the Takeover Law, the Articles of Association impose no voting rights limitations. However, the sanction of suspension of voting rights automatically applies, subject to the Luxembourg law of January 11, 2008 on transparency requirements for issuers, as amended (the "Transparency Law") to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in the Transparency Law but have not notified the Company accordingly. In this case, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

(g) With regard to article 11 (1) (g) of the Takeover Law, as of December 31, 2024, the Company was not aware of any agreements between shareholders that would lead to a restriction on the transfer of shares or voting rights.

(h) With regard to article 11 (1) (h) of the Takeover Law, according to article 9 of the Articles of Association, the members of the Board of Directors of the Company (the "Board") shall be elected by the shareholders at their Annual General Meeting by a simple majority vote of the shares present or represented. The term of the office of the members of the Board shall not exceed six years, but they are eligible for re-election after such term. Any member of the Board may be removed from office with or without specifying a reason at any time. In the event of a vacancy in the office of a member of the Board because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, by observing the applicable legal prescriptions. Further details on the rules governing the appointment and replacement of a member of the Board are set out in pages 7 – 8 to the accompanying Corporate Governance Statement. According to article 18 of the Articles of Association, any amendment to the Articles of Association made by the general meeting of shareholders shall be adopted with a quorum and majority pursuant to article 450-3 of the law of August 10, 1915 on commercial companies, as amended (the "1915 Law").

(i) With regard to article 11 (1) (i) of the Takeover Law, the Board of Directors is endowed with wide-ranging powers to exercise all administrative tasks in the interest of the Company including the establishment of an Advisory Board, an Audit Committee, a Risk Committee, a Remuneration Committee, a Nomination Committee and an ESG Committee. Further details on the powers of the Board are described on page 6 – 10 to the accompanying Corporate Governance Statement.

According to article 5.1 of the Articles of Association, the Company may redeem its own shares to the extent and under the terms permitted by law. The shareholders' meeting held on June 26, 2024 authorised the Board, with the option to delegate, to buy-back, either directly or through a subsidiary of the Company, shares of the Company for a period of five (5) years not exceeding 20% of the aggregate nominal amount of the Company's issued share capital.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

INFORMATION ACCORDING TO ARTICLE 11(2) OF THE LUXEMBOURG TAKEOVER LAW (CONTINUED)

(j) With regard to article 11 (1) (j) of the Takeover Law, the Company's hybrid bonds, bonds and security issuances under the EMTN programme (listed on note 10 to the accompanying annual accounts) contain change of control provisions that provide noteholders with the right to require the Company to repurchase their notes upon a change of control of the issuer. The Company's ISDA master agreement securing derivate transactions with regard to its listed debts contains a termination right if the Company is financially weaker after a takeover.

(k) With regard to article 11 (1) (k) of the Takeover Law, there are no agreements between the Company and members of the Board or employees according to which, in the event of a takeover bid, the Company may be held liable for compensation arrangements if the employment relationship is terminated without good reason or due to a takeover bid.

CORPORATE GOVERNANCE STATEMENT

The Company emphasizes the importance of corporate governance with a high standard of transparency, executed by the Board of Directors, which includes a majority of independent directors, and the Company's management. The Company focuses its efforts in maintaining the trust it receives from its shareholders and bondholders. The Company is proud of the high confidence of its investors, which is reflected in the successful placement of funds by major global investment banks. The Company's shares and bonds are regularly placed with international leading institutional investors, major global investment and sovereign funds.

In order to maintain corporate governance and transparency standards, the Board of Directors has implemented an Advisory Board, a Risk Committee, an Audit Committee, a Nomination Committee, a Remuneration Committee and an ESG Committee.

Furthermore, the Company ensures that its Board of Directors and its senior executives have vast experience and skills in the areas relevant to its business.

The Company has Codes of Conduct, one of which apply to business partnerships and one to its employees. The Code of Conduct for Employees addresses issues related to corruption, bribery, human rights abuse as well as discrimination. The Employee Code of Conduct also sets out a reporting framework for any violations. Additionally, it also provides for investigations and disciplinary measures as may be required in case of violations. The Employee Code of Conduct has been updated with a focus on improved transparency in its reporting lines, which are now supported by the Compliance Department and the whistleblower system. The Company's Codes of Conduct are also available in a specific section on the Company's website.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. In particular, the Company is currently not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to the German corporate governance regime, the latter of which are only applicable to listed companies incorporated in Germany, apart from for recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.8 and D.9 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex). The Company has therefore issued a declaration that it does not deviate from the aforementioned recommendations of the German Corporate Governance Code. In general, the Company already complies with most of the principles and continues to take steps to implement environmental, social and corporate governance best practices throughout its business.

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MANAGEMENT REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Grand City Properties S.A. (“AGM”) was held on June 26, 2024 in Luxembourg. All of the items on the agenda were carried by a majority, including the approval of the statutory annual accounts of the Company and the consolidated financial statements of the Group for the year ended December 31, 2023.

The AGM for 2025 is intended to take place on June 24, 2025, in Luxembourg.

COMPLIANCE, CODE OF CONDUCT AND DATA PROTECTION

The Company considers reputational risk as a significant risk and has therefore incorporated a high degree of compliance with statutory laws as well as Company guidelines into the corporate management and culture. Employees are provided with initial as well as on-going training related to issues connected with the Code of Conduct for Employees. The Company’s compliance and risk management framework includes the corresponding internal audit procedures and covers all areas of the business including acquisitions, asset management, administrative and operative functions.

Internally, the Company’s Code of Conduct for Employees is a mandatory component for all employment contracts and includes policies such as the Anti-Corruption Policy, Anti-Discrimination Policy, the Whistleblowing Policy, the Data Protection Policy. Externally, business partners are required to adhere to the strict Code of Conduct for Business Partners. This Code of Conduct for Business Partners lays out the legal and ethical framework to be followed and includes references to a number of important issues such as prohibition of corruption and bribery, health and safety of employees, environmental protection, money laundering practices, respect of human rights of employees, prevention of child labour as well as forced labour, data protection and recognition of employees’ rights pertaining to freedom of association.

The Company´s Code of Conduct for Employees includes the prohibition of insider dealing. The Company is subject to several obligations under Regulation (EU) No. 596/2014 (Market Abuse Regulation, “MAR”), as amended. Therefore, it has set up a Company´s insider register and a process to ensure that persons on such list acknowledge their duties and are aware of sanctions. The Company notifies pursuant to Article 19 para. 5 subpara. 1 sentence 1 of MAR all person discharging managerial responsibilities of their obligations in the context of managers’ transactions. Memorandums, trainings for directors and managers, as well as information are distributed.

One of the Company’s important objectives has been to ensure the best possible protection of personal data from manipulation or abuse. In this regard, the company utilizes various modern technologies with high standards of data privacy. At the same time, staff are trained on the topic of data protection through video training modules as well as seminars with legal experts. Displaying its proactive nature, the Company has also prepared clearly communicated standard operating procedures (SOPs) which assist all stakeholders in their daily operations involving data as well as ensure the effective protection of data.

BOARD OF DIRECTORS

The Company is administered by a Board of Directors that is vested with the powers to perform and manage in the Company’s best interests.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

BOARD OF DIRECTORS (CONTINUED)

The Board of Directors represents the shareholders as a whole and makes decisions solely in the Company's best interests and independently of any conflicts of interest. The Board of Directors and senior management regularly evaluate the effective fulfilment of their remit and compliance with strong corporate governance standards. This evaluation is also performed by the Audit Committee and the Risk Committee.

The members of the Board of Directors are elected by the shareholders at the AGM for a term not exceeding six years and are eligible for re-election after such term. The directors may be dismissed with or without any cause at any time and at the sole discretion of the shareholders at the Annual General Meeting.

The Board of Directors, a majority of whom are independent, resolves on matters on the basis of a simple majority, in accordance with the Company's articles of association. The Board of Directors chooses amongst the directors a chairperson who shall have a casting vote.

For the AGM in 2024, the Board resolved to nominate Mr. Scot Wardlaw and Ms. Monica Porfilio as independent members of the Board of Directors of the Company. These nominations were subsequently approved by the AGM. Their mandates will automatically expire on the date of the AGM of the shareholders of the Company to be held in 2025.

The renewal of the mandate of Mr. Markus Leininger as independent director was approved at the AGM in 2023 until the AGM in 2025.

The renewal of the mandate of Mr. Christian Windfuhr as executive member of the Board of Directors was approved in the AGM in 2023 until the AGM in 2025.

For the AGM in 2024, the Board resolved to nominate Ms. Simone Runge-Brandner as a non-executive member of the Board of Directors of the Company. This nomination was subsequently approved by the AGM. This mandate will automatically expire on the date of the AGM of the shareholders of the Company to be held in 2025.

MEMBERS OF THE BOARD OF DIRECTORS

NAME	POSITION
Mr. Christian Windfuhr	Director, Chairperson
Ms. Simone Runge-Brandner	Non-executive Director
Mr. Markus Leininger	Independent Director
Mr. Scot Wardlaw	Independent Director
Ms. Monica Porfilio	Independent Director

CEO

The Board of Directors resolved to delegate the daily management of the Company to Mr. Refael Zamir, as Daily Manager (administrateur-délégué) of the Company since October 2020, under the endorsed denomination (Zusatzbezeichnung) Chief Executive Officer (CEO).

CFO

The Board of Directors resolved to delegate the daily management of the Company to Mr. Idan Hadad as Daily Manager (administrateur-délégué) of the Company since January 2023 under the endorsed denomination (Zusatzbezeichnung) Chief Financial Officer (CFO).

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

ADVISORY BOARD

The Board of Directors has established an Advisory Board to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the Advisory Board as well as the appointment and dismissal of its members. The Advisory Board has no statutory powers under Luxembourg law or the articles of incorporation of the Company but has rules of procedure adopted by the Board of Directors. The Advisory Board and its members are an important source of guidance for the Board of Directors when making strategic decisions.

AUDIT COMMITTEE

The Board of Directors has established an Audit Committee and decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The Audit Committee shall be composed of at least two members who shall be independent non-executive directors. The responsibilities of the Audit Committee relate to the integrity of the annual accounts and the consolidated financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes.

The Audit Committee provides guidance to the Board of Directors on the auditing of the annual accounts and the consolidated financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor.

RISK COMMITTEE AND CHIEF RISK OFFICER

The Board of Directors has established a Risk Committee to assist and provide expert advice to the Board of Directors in fulfilling its oversight responsibilities relating to the different types of risks to which the Company is exposed, recommend a risk management structure including its organization and processes, as well as assess and monitor effectiveness of the overall risk management to ensure that main risks are properly identified.

The Risk Committee shall be composed of at least two members of the Board, of which at least half shall be independent, and is supported by the Risk Officer. The Risk Officer's responsibilities are determined and monitored by the Risk Committee and are guided by the Risk Committee as part of its oversight role pursuant to the Rules of Procedure of the Risk Committee, with the objective of bringing a systematic and disciplined approach to evaluate and improve the culture, capabilities, and practices integrated with strategy-setting and execution.

The Risk Committee provides advice on actions of compliance, in particular by reviewing the Company's procedures for detecting risk, the effectiveness of the Company's risk management and internal control systems and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks.

REMUNERATION COMMITTEE

The Board of Directors has established a Remuneration Committee. The Remuneration Committee shall submit to the Board recommendation regarding the remuneration of executive managers to the Board, ensuring that these proposals are in accordance with the remuneration policy adopted by the Company and the performance of the persons concerned. To that end, the Remuneration Committee shall be informed of the total remuneration paid to each member of the executive management by other companies affiliated with the Group.

NOMINATION COMMITTEE

The Board of Directors has established a Nomination Committee. For significant positions to be filled, the Nomination Committee will make an evaluation of the existing and required skills, knowledge and experience. Based on this assessment, a description of the role, together with the skills, knowledge and experience required shall be drawn up. As such, the Nomination Committee shall act in the best interests of the Company, and among others, prepare plans for succession of Directors, evaluate existing and required skills, knowledge, and experience, consider proposals from shareholders, the Board and executive management, and recommend candidates to the Board of Directors.

ESG COMMITTEE

The Board of Directors established an ESG Committee to supervise the Company´s ESG processes. In addition, the Committee reviews and assesses the Company's contribution to sustainable development. The ESG Committee shall be composed by at least two members of the Board. The chairperson of the Committee shall be independent.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Company closely monitors and manages potential risks and sets appropriate measures in order to mitigate the occurrence of possible failures to a minimum. The risk management is led by the Risk Committee, which constructs the risk management structure, organization and processes. The Risk Committee monitors the effectiveness of risk management functions throughout the organization, ensures that infrastructure, resources and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline. The Company categorizes the risk management systems into two main categories: internal risk mitigation and external risk mitigation.

INTERNAL RISK MITIGATION

Internal controls are constructed from five main elements:

- **Risk assessment** – set by the Risk Committee, supported by the Risk Officer, and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses.

- **Control discipline** – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.

- **Control features** – the Company sets physical controls, compliance checks and verifications such as cross departmental checks. Grand City Properties S.A. puts strong emphasis on separation of duties, as approval and payments are done by at least two separate parties. Payment verification is cross checked and confirmed with budget and the contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

INTERNAL RISK MITIGATION (CONTINUED)

- **Monitoring procedures** – the Company monitors and tests unusual entries, mainly through a detailed monthly actual vs budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management places significant value in constantly improving all measures, adjusting to market changes and organizational dynamics.

- **ESG risk-related expenditures** – the Group has included identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Future expenditures on ESG matters and opportunities are included in the financial budget.

EXTERNAL RISK MITIGATION

Through ordinary course of business, the Company is exposed to various external risks. The Risk Committee is constantly determining whether the infrastructure, resources and systems are in place and adequate to maintain a satisfactory level of risk. The potential risks and exposures are related, inter alia, to volatility of interest risks, liquidity risks, credit risk, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments and market downturn risk.

The Company sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

For information regarding the external risks please see note 24 to the accompanying annual accounts.

SHAREHOLDERS' RIGHTS

The Company respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels and are also available in a specific section on the Company's website. The Company discloses its share ownership and additionally discloses any shareholder position above 5% when it is informed by the respective shareholder. Shares held and/or acquired by the Company, either directly or through subsidiaries, pursuant to its buy-back program, are suspended from their voting rights.

The shareholders of the Company exercise their voting rights at the AGM of the shareholders, whereby each share is granted one vote. The AGM of the shareholders takes place within 6 months after the end of the financial year at the registered office of the Company, or at such other place as may be specified in the notice of the meeting. If such day is a legal holiday, the AGM of the shareholders shall be held on the next following business day. At the AGM of the shareholders, the Board of Directors presents, among others, the management report as well as the annual accounts and consolidated financial statements to the shareholders.

The AGM resolves, among others, on the annual accounts and consolidated financial statements of the Company, the allocation of the statutory financial results, the appointment of the approved independent auditor, and the discharge and (re-)election of the members of the Board of Directors. The convening notice for the AGM of the shareholders contains the agenda and is publicly announced in the Recueil électronique des sociétés et associations in Luxembourg (RESA), in a Luxembourg newspaper and on the Company's website at least thirty days before the AGM and in accordance with applicable Luxembourg law.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group's ESG Strategy is guided by our dedication to operating responsibly, creating value for our stakeholders, including our tenants and employees and improving the environmental and social performance of our assets. The core of our business model – investing in value-add opportunities instead of demolition and new asset development – demonstrates our commitment to sustainable real estate. Overall, our approach and success are underpinned by a set of comprehensive long-term targets which aim to deliver tangible benefits for our stakeholders, our investors, tenants, building users, local communities, employees and the environment.

The Company considers ESG to be pivotal to the overall success of the organisation and has thus created and integrated wide reaching ESG policies into the different functions of the Company. To monitor and manage its sustainability – related measures, the Company is also committed to transparently reporting on its ESG progress. As a result, the various efforts and initiatives undertaken since 2023, as well as the Company's future targets are extensively displayed in the Non-Financial Report section of the Consolidated Annual Report, as well as in GCP's website. The Company maintains its reporting processes in line with the EPRA sBPR (sustainability Best Practice Recommendations) guidelines and has the published non-financial data also externally reviewed with limited assurance under the ISAE 3000 standard. This is the 8th year in a row for which we have been awarded the Gold Award for both EPRA BPR and EPRA sBPR, showcasing our continual commitment to the highest standards of transparency and reporting.

The Company also received recognition from Sustainalytics, a sustainability rating agency, which ranked us as "Low Risk" in its ESG rating and among the 11th percentile of the global rated universe. Our S&P Global Corporate Sustainability Assessment (CSA) was ranked in the top 6th percentile of real estate companies globally. GCP also reports in reference to the Global Reporting Initiative (GRI), and conducts Sustainability Accounting Standards Board (SASB) mapping, which are published in separate documents on the website.

ESG COMMITTEE AND ESG MANAGMENT

The Company's governance incorporates consideration of sustainability issues at both the Board of Directors and management levels. The operational ESG strategy has been established and is managed by the Board of Directors, which has ultimate oversight of the overall ESG performance. The Board of Directors has established an ESG Committee to supervise ESG strategy, regulatory compliance, and sustainability risk mitigation. The ESG Committee shall be composed of at least two members of the Board of Directors.

The ESG Committee is chaired by Markus Leininger and two additional voting members, Christian Windfuhr and Monica Portfolio, both members of the Board of Directors, as well as advisory members including the Company's Chief of Sustainability, the Group's Head of Energy, the Chief Operations Officer of the German operations, and the Group's Head of Human Resources. The ESG Committee oversees strategic guidance on ESG topics and is responsible for reviewing and assessing the Company's responsible business strategy, policies and practices with respect to ESG. The Committee meets at least twice a year, with additional meetings called as required, and sets the direction for the work of the Sustainability Department.

The Sustainability Department acts as a cross-departmental interface, working across the Company to reviews and communicates on sustainability programs, as well as responsible for sustainability reporting. It is led by the Chief of Sustainability Officer. The Department also prepares the Company's materiality analysis and ESG reporting, as well as responds to enquiries by investors and rating agencies on ESG topics. It collaborates closely with the Energy Department, which applies its engineering expertise to implement the technical elements of our sustainability strategy. There are constant exchanges of information between departments around ESG-related aspects.

Grand City Properties S.A.

MANAGEMENT REPORT (CONTINUED)

RESPONSIBILITY STATEMENT

The annual accounts of Grand City Properties S.A., prepared in accordance with the applicable reporting principles for annual accounts, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the management report of the Company includes a fair view of the development of the business, and describes the main opportunities, risks, and uncertainties associated with the Company.

BOARD OF DIRECTORS APPROVAL

MEMBER	SIGNATURE
Mr. Christian Windfuhr, Director and Chairperson	
Ms. Simone Runge-Brandner, Director	
Mr. Markus Leininger, Director	

Date: March 17, 2025

KPMG

KPMG Audit S.à r.l.
39, Avenue John F. Kennedy
L-1855 Luxembourg

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To the Shareholders of
Grand City Properties S.A.
37, boulevard Joseph II
L-1840 Luxembourg
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Grand City Properties S.A. (the "Company"), which comprise the balance sheet as at December 31, 2024, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at December 31, 2024, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of shares in affiliated undertakings

We refer to note 5 and to the corresponding accounting policy in note 2.5 to the annual accounts.

a. Why the matter was considered to be one of most significance in our audit of the annual accounts of the current period

As at December 31, 2024 shares in affiliated undertakings represent 40.5% of the total assets of the Company.

Recoverability of shares in affiliated undertakings depends on the performance of the subsidiaries, thus management performs an impairment assessment at each reporting date.

The identification of durable impairment indicators and the determination of the impairment charge requires application of judgment by management.

Due to the significance of the amount and the required application of judgement by management, the valuation of shares in affiliated undertakings is identified as a key audit matter.

b. How the matter was addressed in our audit

Our procedures concerning the valuation of shares in affiliated undertakings included, but were not limited to, the following:

- We tested the design and implementation of the key controls around the identification of triggers and assessment of impairment;
- We challenged management's assessment of the durable nature of the value adjustment, if any;
- We assessed the fair value of the underlying real estate investments used for the assessment by management of the recoverability of the shares in affiliated undertakings.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the “réviseur d’entreprises agréé” to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the “réviseur d’entreprises agréé”. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Shareholders on June 26, 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 13 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Management Report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at December 31, 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

— annual accounts prepared in a valid xHTML format.

In our opinion, the annual accounts of Grand City Properties S.A. as at December 31, 2024, identified as 5299002QLUYKK2WBMB18-2024-12-31-0-en.xhtml, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of Grand City Properties S.A. as at December 31, 2024, identified as 5299002QLUYKK2WBMB18-2024-12-31-0-en.xhtml, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version

Luxembourg, March 17, 2025

KPMG Audit S.à r.l.
Cabinet de révision agréé

Alessandro Raone
Partner

Annual Accounts Helpdesk :

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RCSL Nr. : B165560 | Matricule : 2011 2227 262

eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2024 **to** 02 31/12/2024 *(in* 03 EUR)

Grand City Properties S.A.

37, Boulevard Joseph II
L-1840 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107	4	107	8.972.614,84	108	5.340.137,82
C. Fixed assets	1109		109	2.511.352.253,76	110	6.892.503.505,73
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125	69.410,57	126	97.894,22
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

RCSL Nr. : B165560	Matricule : 2011 2227 262

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131	69.410,57	132	97.894,22
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135		135	2.511.282.843,19	136	6.892.405.611,51
1. Shares in affiliated undertakings	1137	5	137	2.498.495.927,24	138	6.880.918.629,13
2. Loans to affiliated undertakings	1139		139		140	
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145	12.785.415,95	146	11.485.482,38
6. Other loans	1147		147	1.500,00	148	1.500,00
D. Current assets	1151		151	3.648.644.340,03	152	115.964.007,19
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	3.271.901.209,86	164	57.710.104,50
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171	2.1, 6	171	3.211.458.004,42	172	105.902,20
a) becoming due and payable within one year	1173		173	1.210.457.189,84	174	105.902,20
b) becoming due and payable after more than one year	1175		175	2.001.000.814,58	176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	2.1	177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183	7	183	60.443.205,44	184	57.604.202,30
a) becoming due and payable within one year	1185		185	20.470.568,95	186	16.713.596,65
b) becoming due and payable after more than one year	1187		187	39.972.636,49	188	40.890.605,65

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		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	376.743.130,17	198	58.253.902,69
E. Prepayments	1199		199		200	
TOTAL (ASSETS)			201	6.168.969.208,63	202	7.013.807.650,74

RCSL Nr. : B165560	Matricule : 2011 2227 262

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	737.073.615,55	302	377.842.120,93
I. Subscribed capital	1303	8.1	303	17.618.789,90	304	17.618.789,90
II. Share premium account	1305	8.2	305	323.303.145,69	306	323.303.145,69
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309	1.761.878,99	310	
1. Legal reserve	1311	8.3	311	1.761.878,99	312	
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	35.158.306,35	320	-114.890.558,73
VI. Profit or loss for the financial year	1321		321	359.231.494,62	322	151.810.744,07
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331		332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337		338	
C. Creditors	1435		435	5.431.895.593,08	436	6.635.965.529,81
1. Debenture loans	1437		437	4.405.920.150,55	438	4.943.385.756,39
a) Convertible loans	1439		439		440	
i) becoming due and payable within one year	1441		441		442	
ii) becoming due and payable after more than one year	1443		443		444	
b) Non convertible loans	1445		445	4.405.920.150,55	446	4.943.385.756,39
i) becoming due and payable within one year	1447	10.1	447	300.530.313,54	448	338.152.402,37
ii) becoming due and payable after more than one year	1449	10.2	449	4.105.389.837,01	450	4.605.233.354,02
2. Amounts owed to credit institutions	1355		355	60.354.087,20	356	61.268.020,66
a) becoming due and payable within one year	1357		357	354.087,20	358	1.268.020,66
b) becoming due and payable after more than one year	1359	13	359	60.000.000,00	360	60.000.000,00

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	Code	Reference(s)	Code	Current year	Code	Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	1.077.557,92	368	369.104,87
a) becoming due and payable within one year	1369		369	1.077.557,92	370	369.104,87
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379	2.1, 14	379	964.209.178,58	380	1.630.768.960,29
a) becoming due and payable within one year	1381		381	531.889.285,40	382	1.476.264.914,95
b) becoming due and payable after more than one year	1383		383	432.319.893,18	384	154.504.045,34
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	2.1	385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Other creditors	1451		451	334.618,83	452	173.687,60
a) Tax authorities	1393		393	323.037,88	394	152.075,17
b) Social security authorities	1395		395	11.580,95	396	21.612,43
c) Other creditors	1397		397		398	
i) becoming due and payable within one year	1399		399		400	
ii) becoming due and payable after more than one year	1401		401		402	
D. Deferred income	1403		403		404	
TOTAL (CAPITAL, RESERVES AND LIABILITIES)			405	6.168.969.208,63	406	7.013.807.650,74

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RCSL Nr. : B165560	Matricule : 2011 2227 262
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2024 **to** 02 31/12/2024 *(in* 03 EUR *)*

Grand City Properties S.A.

37, Boulevard Joseph II
L-1840 Luxembourg

		Reference(s)		Current year		Previous year
1. Net turnover	1701	17	701	700.000,00	702	700.000,00
2. Variation in stocks of finished goods and in work in progress	1703		703		704	
3. Work performed by the undertaking for its own purposes and capitalised	1705		705		706	
4. Other operating income	1713		713	519.211,15	714	154.549,56
5. Raw materials and consumables and other external expenses	1671		671	-8.641.394,54	672	-4.062.932,94
a) Raw materials and consumables	1601		601	-7.841,68	602	-2.772,24
b) Other external expenses	1603	18	603	-8.633.552,86	604	-4.060.160,70
6. Staff costs	1605		605	-156.544,04	606	-285.556,46
a) Wages and salaries	1607		607	-140.631,10	608	-255.534,50
b) Social security costs	1609		609	-15.912,94	610	-30.021,96
i) relating to pensions	1653		653	-10.807,20	654	-19.141,35
ii) other social security costs	1655		655	-5.105,74	656	-10.880,61
c) Other staff costs	1613		613		614	
7. Value adjustments	1657		657	-2.776.883,58	658	-4.535.222,58
a) in respect of formation expenses and of tangible and intangible fixed assets	1659		659	-2.776.883,58	660	-4.535.222,58
b) in respect of current assets	1661		661		662	
8. Other operating expenses	1621	20	621	-1.323.083,06	622	-1.196.201,33

RCSL Nr. : B165560	Matricule : 2011 2227 262

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715		715	324.175.766,04	716	387.724.540,00
a) derived from affiliated undertakings	1717	21	717	324.175.766,04	718	387.724.540,00
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income not included under a)	1725		725		726	
11. Other interest receivable and similar income	1727		727	202.870.189,12	728	10.289.850,16
a) derived from affiliated undertakings	1729	6	729	143.118.688,01	730	
b) other interest and similar income	1731	2.1, 22	731	59.751.501,11	732	10.289.850,16
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665		665	-3.758.700,43	666	-99.474.085,38
14. Interest payable and similar expenses	1627	23	627	-152.362.525,26	628	-137.509.413,21
a) concerning affiliated undertakings	1629	14	629	-31.597.592,04	630	-2.584.375,22
b) other interest and similar expenses	1631	2.1	631	-120.764.933,22	632	-134.925.037,99
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	359.246.035,40	668	151.805.527,82
17. Other taxes not shown under items 1 to 16	1637		637	-14.540,78	638	5.216,25
18. Profit or loss for the financial year	1669		669	359.231.494,62	670	151.810.744,07

Grand City Properties S.A.
Notes to the annual accounts
For the year ended December 31, 2024

Note 1. General

Grand City Properties S.A. (the “Company”) was incorporated in Grand Duchy of Luxembourg on December 16, 2011 as a “Société Anonyme” (public limited liability company) in accordance with the Luxembourg Law of August 10, 1915, as amended, on Commercial Companies (the “Law”) for an unlimited period of time. Its registered office is at 37 Boulevard Joseph II, L-1840 Luxembourg and the Company is registered with the Registre de Commerce et des Sociétés du Grand Duché de Luxembourg (the “Luxembourg R.C.S.”) under number B 165.560.

Grand City Properties S.A. is a holding company that holds together with its investees (the “Group”) real estate assets, and is a specialist in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany and in London.

The Company`s financial year starts on January 1st and ends on December 31st of each year.

The Company did not operate any branch in 2024 and 2023.

The purpose of the Company together with its investees is the acquisition, repositioning, and administration of real estate property.

The Company may further acquire through contributions, firm purchases or options, patents, service marks, trademarks licenses, know-how and other industrial, commercial or intellectual property rights and generally hold, license the right to use it, sublicense, sell or dispose of the same, into whole or in part, for such consideration as the Company may think fit, and to subcontract the management and development of those rights, trademarks and licenses and to obtain and make any registration required in this respect.

The Company can also take whatever action necessary to protect rights derived from patents, trademarks, service marks, licenses, know-how and other industrial, commercial or intellectual property rights, licenses, sublicenses and similar rights against infringement by third party.

The Company can furthermore provide or cause to provide know how, development consulting advice and operating services, promotion, representation and all operations of such nature.

The Company may make any transactions pertaining directly or indirectly to the taking of participating interests in any enterprises in whatever form, as well as the administration, the management, the control and the development of such participating interests.

It may participate in the creation, development, management and control of any company or enterprise. The Company may borrow in any form whatever.

The Company may grant to the companies of the Group or to its shareholders, any support, loans, advances or guarantees, within the limits of the Law.

Within the limits of its activity and the limits of the concerning legal dispositions, the Company can grant mortgage, contract loans, with or without guarantee, and stand security for other persons or companies.

The Company may take any measure to safeguard its rights and make any transactions whatsoever which are directly or indirectly connected with its purposes and which are liable to promote its development or extension.

Note 1. General (continued)

Since 2012 the Company's shares are listed on the Frankfurt Stock Exchange. From May 9, 2017 the Company is listed in the Prime Standard segment of Frankfurt Stock Exchange, Germany.

The Company listed its different bonds and perpetual notes in Frankfurt, Irish, Swiss and Luxembourg stock exchanges (see note 10).

Since July 1, 2021 the Group is consolidated in Aroundtown SA's consolidated financial statement, a public limited liability company ("Société Anonyme"), incorporated under the laws of the Grand Duché de Luxembourg. Aroundtown SA is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities.

The Company also prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) that are approved for issuance and available on the same day of these financial statement, which are published in accordance with the provisions of the Law.
The Company's accounts are included in the consolidated financial statements of the Group. These consolidated financial statements are also available at the registered office of the Company or its website (www.grandcityproperties.com).

Note 2. Summary of Significant Accounting Policies

2.1 Basis of presentation

The notes to the annual accounts of the Company are presented in thousands of Euro (KEUR), rounded to the nearest KEUR unless otherwise stated and prepared in accordance with current legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg.

The accounting and valuation policies are determined by the Board of Directors in compliance with the amended Law of December 19, 2002. These policies have been consistently applied to the annual periods presented.

The annual accounts have been prepared assuming the Company will continue as going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Certain figures for the year that ended 2023 have been reclassified to ensure comparability with the figures for the year ended 2024.

2.2 Foreign currency transactions

The Company maintains its books and records in Euro.

Monetary assets and liabilities in foreign currencies are revalued at the exchange rate prevailing at the Balance Sheet date. Exchange gains and losses are recorded in the Profit and Loss account.

Other non-monetary assets and non-monetary liabilities in foreign currencies are kept at historical exchange rates or revalued at exchange rates prevailing at the Balance Sheet date, respectively if the latter rate is higher or lower.
Exchange losses are recognized immediately in the Profit and Loss account. Exchange gains are recorded in the Profit and Loss account at the moment of their realization.

Formation expenses, fixed assets and other long-term assets in foreign currencies are kept at historical exchange rates at the Balance Sheet date.

Note 2. Summary of Significant Accounting Policies (continued)

2.3 Formation expenses

Formation expenses consist of share capital increase costs, credit facility and bank loan transaction costs and bonds and perpetual notes subscription fees. They are amortized on a straight-line basis over a period of 5 years or over the lifetime of the related financial liability respectively.

If the financial instruments are repaid, converted, repurchased or redeemed on an earlier date, the related remaining balances of unamortized financing costs are directly fully expensed in the profit and loss account in the year of repayment, repurchase, redemption or conversion.

2.4 Tangible assets

Tangible assets are valued at purchase price including the expenses incidental thereto. They are depreciated over their estimated useful economic lives.

2.5 Financial assets

Financial assets are recorded at cost. A value adjustment is recorded if the expected realization value is permanently lower than the carrying amount in the opinion of the Board of Directors. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.6 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. Value adjustments are recorded at the end of the financial year if the net realizable value is lower than the book value. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.7 Investments

Investments may include transferable securities, as well as other investments in shares and other securities equivalent to shares and in bonds or other forms of securitized debts.

Transferable securities and other investments are valued at the lower of cost, including expenses incidental thereto and calculated on the basis of the FIFO method or market value. A value adjustment is recorded where the market value is lower than the cost of purchase. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

The market value corresponds to:

a. the last available quoted price in an active market for quoted securities;
b. the fair value estimated with due care and in good faith by the Board of Directors based on market and business assumptions.

2.8 Derivatives

Derivative financial instruments include mainly cross currency and interest swap and forward and option contracts.
Derivatives are initially stated at cost for derivatives purchased. At year-end, when a value adjustment is deemed necessary, a value adjustment is set up in respect of individual unrealized losses resulting from their revaluation.
In case of hedging an asset and/or a liability that is not recorded at fair value, unrealized gains or losses are deferred until the recognition of the realized losses or gains on the hedged items.

Commitments on those derivative financial instruments are disclosed in note 16.

Note 2. Summary of Significant Accounting Policies (continued)

2.9 Prepayments

The asset item includes expenditures incurred during the financial year but relating to subsequent financial year.

2.10 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

Provisions may also be created to cover charges which have their origin in the financial year or in a previous financial year, the nature of which is clearly defined and which at the Balance Sheet date are either likely to be incurred, or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

2.11 Creditors

Creditors are recorded at their nominal value.
Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is amortized on a straight-line basis over the period of the debt.

2.12 Income and charges

Income and charges are recorded on the accrual basis of accounting and as services are provided for fees invoiced.

2.12.1 Interest income and interest charges

Interest income and interest charges are accrued on a timely basis, by reference to the principal outstanding and at the nominal interest rate applicable.

2.12.2 Dividend income

Dividend income from investments is recognized when the shareholder's right to receive the payment has been established.

2.13 Net turnover

Net turnover comprises the amount derived from the provision of services net of value added tax and other taxes directly linked to turnover.

2.14 Taxation

The Company is subject to the general tax regulation applicable to commercial companies in Luxembourg.

2.15 Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to directors, key management personnel and senior employees is generally recognized as an expense, with a corresponding increase in provision, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Note 3. Critical accounting estimates

The preparation of the annual accounts and the application of the accounting policies and methods described below require critical accounting estimates that involve judgements and the use of assumptions. By their nature, the assessments necessary for drawing up the annual accounts require the formulation of hypotheses and carry risks and uncertainties as to their occurrence in the future.

Although the Board of Directors believes that it has taken all available information into account in determining these judgements and estimates, the actual future profits and losses from the operations concerned could differ from these estimates and therefore have a material impact on the annual accounts.

The use of estimates mainly concerns the estimation of the recoverable amount of the potentially impaired financial assets.

Note 4. Formation expenses

Formation expenses consist of share capital increase costs, credit facility and bank loan transaction costs, perpetual notes and bonds subscription fees:

	2024	**2023**
	KEUR	
Gross book value as at January 1,	53,334	53,034
Additions	6,381	300
Gross book value as at December 31,	**59,715**	**53,334**
Accumulated amortization as at January 1,	(47,994)	(43,489)
Amortization	(2,748)	(4,505)
Accumulated amortization as at December 31,	**(50,742)**	**(47,994)**
Net book value as at January 1,	5,340	9,545
Additions	6,381	300
Amortization	(2,748)	(4,505)
Net book value as at December 31,	**8,973**	**5,340**

Grand City Properties S.A.
Notes to the annual accounts
For the year ended December 31, 2024 (continued)

Note 5. Shares in affiliated undertakings

The Company beneficially owns the following shares in affiliated undertakings:

Affiliate	Country	Percentage Holding	Acquisition Cost (**)	Equity as at December 31, 2024 (*)	Profit (loss) for the year ended December 31, 2024 (*)
			KEUR		
Grandcity Property Ltd (With registered office at 54B Artemidos & Nikou Demetriou Corner, Scanner Avenue Tower, 6031 Larnaca, Cyprus)	Cyprus	94,80%	(a) 2,226,718	2,666,104	(29,616)
Grandcity Holdings Ltd (ex: Tespomo Limited, With registered office at 54B Artemidos & Nikou Demetriou Corner, Scanner Avenue Tower, 6031 Larnaca, Cyprus)	Cyprus	100%	(b) 252,862	252,862	2,725
Bareno Ltd (With registered office at 54B Artemidos & Nikou Demetriou Corner, Scanner Avenue Tower, floor 2, 6027 Larnaca, Cyprus)	Cyprus	100%	-	(20)	(10)
Grand City Properties Holdings B.V. (With registered office at H.J.E. Wenckebachweg 123, 1096 AM Amsterdam)	The Netherlands	100%	2,383	2,354	-
GCP Finance B.V. **(**ex: Ymir Holding B.V, With registered office at H.J.E. Wenckebachweg 123, 1096 AM Amsterdam)	The Netherlands	100%	1	(3)	(2)
Grand City Properties Holdings S.à r.l (With registered office at 37, Boulevard Joseph II, L-1840 Luxembourg)	Luxembourg	100%	16,520	16,756	1
Grand City Properties Finance S.à r.l (With registered office at 37, Boulevard Joseph II, L-1840 Luxembourg)	Luxembourg	100%	12	(c) 448,812	(1,275)
			2,498,496	**3,386,865**	**(28,177)**

(*) Based on unaudited individual financial information prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU) as of December 31, 2024.

(**) Net of redemptions and impairments (value adjustments)

(a) As at December 31, 2024, the acquisition cost includes an investment of KEUR 2 in ordinary shares and an investment of KEUR 2,226,716 in Redeemable Preference Shares.

(b) As at 31 December 2024, the acquisition cost includes an investment of less than KEUR 1 in ordinary shares, an investment of KEUR 357,394 in Redeemable Preference Shares and an impairment for the investment of KEUR 104,533.

(c) KEUR 450,074 attributed to perpetual notes investors

The Redeemable Preference Shares have similar rights as the ordinary shares have, with the exception that they accumulate their right for dividends, in a way that any future dividend will be first paid to the Redeemable Preference Shares holders and the remaining part will be paid to the ordinary shareholders pro-rata, and that the Redeemable Preference Shares are redeemable at the sole discretion of the affiliate.

Grand City Properties S.A.
Notes to the annual accounts
For the year ended December 31, 2024 (continued)

Note 5. Shares in affiliated undertakings (continued)

On January 10, 2024, Grandcity Property Ltd redeemed 13 Redeemable Preference Shares ("RPS") that were held by the Company. The Redemption amount was KEUR 400,000 and KEUR 300,000 per RPS, issued on December 18, 2018 (8 RPS) and December 31, 2020 (5 RPS) respectively, for a total amount of KEUR 4,700,000.

On December 19, 2024, Grandcity Property Ltd distributed dividend to the Company in total amount of KEUR 322,565 (see note 21). The dividend consideration amount has been settled through an issuance of three new Grandcity Property Ltd's RPS at nominal value of EUR 1.71 and at premium of EUR 107,521,511.62.

During 2024, the Company recognized an impairment (value adjustment) for the investment in Grandcity Holdings Ltd of KEUR 5,059 (2023: KEUR 99,474). In the opinion of the Board of Directors, no further value adjustments were required in respect of shares in affiliated undertakings as of December 31, 2024.

Note 6. Amounts owed by affiliated undertakings

	2024	**2023**
	KEUR	
Balance as at January 1,	106	120
Additions	3,080,155	388,671
Repayments	(178)	(388,685)
Interest income	143,119	-
Interest received	(11,744)	-
Balance as at December 31,	**3,211,458**	**106**
(a) Becoming due and payable within one year	1,210,457	106
(b) Becoming due and payable after one year	2,001,001	-

During the year, the Company recognized an interest income on loans derived from affiliated undertaking Grandcity Property Ltd, in total amount of KEUR 143,119 (2023: nil).

Note 7. Other debtors

Other debtors are mainly composed of the below:

	2024	**2023**
	KEUR	
Perpetual notes and bonds discount	40,629	41,135
Collateral for Derivatives	19,110	15,950
Tax receivable	704	504
Other debtors	-	15
Balance as at December 31,	**60,443**	**57,604**
(a) Becoming due and payable within one year	20,470	16,713
(b) Becoming due and payable after one year	39,973	40,891

Grand City Properties S.A.

Notes to the annual accounts
For the year ended December 31, 2024 (continued)

Note 8. Capital and Reserves

8.1 Subscribed capital

	2024		2023	
	Number of shares	KEUR	Number of shares	KEUR
Authorized				
Ordinary shares of EUR 0.10 each (issued and fully paid)	400.000.000	40.000	400.000.000	40.000
Balance as at January 1,	176,187,899	17,619	176,187,899	17,619
Balance as at December 31,	**176,187,899**	**17,619**	**176,187,899**	**17,619**

There are no uncalled and called but not paid share capital.

During the reporting period the Company had not issued any new shares (2023: nil).

<u>Company's own shares held by Grandcity Holdings Ltd</u>

(a) During 2024 in connection with the share-based payment arrangements, Grandcity Holdings Ltd delivered 41,326 (2023: 30,423) Company's own shares.

(b) In December 2024, Grandcity Holdings Ltd sold 3,700,000 Company's own shares.

As at December 31, 2024 the Company shares held by Grandcity Holdings Ltd amounted to 90,340 shares (2023: 3,831,666).

The voting rights of the Company's own shares held by Grandcity Holdings Ltd are suspended.

8.2 Share premium account

The share premium derives directly from the capital increases which were affected since the date of incorporation and exercise conversions of bonds into shares.

	2024	2023
	KEUR	
Balance as at January 1,	323,303	323,303
Balance as at December 31,	**323,303**	**323,303**

The dividend distributions, if any, are paid out from the share premium account.

Note 8. Capital and Reserves (continued)

8.2 Share premium account (continued)

Resolution of dividend distribution

For the year	**Amount per share** (in cents)	**Gross amount** (KEUR)	**Ex-date**	**Payment date**
2014	20.00	24,333	June 25, 2015	July 3, 2015
2015	25.00	38,447	June 30, 2016	July 1, 2016
2016	68.25	112,468	June 29, 2017	July 1, 2017
2017	73.00	120,296	June 30, 2018	July 17, 2018
2018	77.35	129,002	June 27, 2019	July 22, 2019
2019	82.38	138,407	June 25, 2020	July 14, 2020
2020	82.32	136,433	July 01, 2021	July 20, 2021
2021	83.40	137,580	June 30, 2022	July 19, 2022

The Company has decided not to distribute a dividend for 2023 and 2022, following the increase in macro-economic uncertainty and volatility and preserve further liquidity.

8.3 Legal reserve

The Company is required to allocate a minimum of 5% of its annual net profits to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.
As at December 31, 2024, the legal reserve amounted to KEUR 1,762 (2023: nil).

Note 9. Share-based payment agreements

A. Description of share-based payment arrangements

As of December 31, 2024 and 2023, the Company had the following share-based payment arrangements:

Incentive share plan

On June 25, 2014, the Annual General Meeting has approved to authorize the Board of Directors to issue up to one million shares for an incentive program for the directors, key management personnel and senior employees. The incentive plan has up to four years vesting period with target to enhance employees' long-term commitment to the Company's strategic targets.

The key terms and conditions related to the program are as follows:

Vesting period	Number of shares	Weighted vesting period	Contractual life of the incentive
July 1, 2021 – June 30, 2028	483 thousand	2.08 years	Up to 4 years

B. Reconciliation of outstanding share options

The number and weighted average of share options under the share incentive program and replacement awards were as follows:

	2024	2023
	Number of shares	Number of shares
	In thousands	
Outstanding as at January 1,	558	434
Granted during the year, net	156	245
Exercised during the year (*)	(231)	(121)
Outstanding as at December 31,	**483**	**558**

(*) Of which 41 thousand (2023: 30 thousand) shares were transferred from the Company's own shares held by Grandcity Holdings Ltd (see note 8.1).

Grand City Properties S.A.
Notes to the annual accounts
For the year ended December 31, 2024 (continued)

Note 10. Straight bond and Perpetual notes

	Note	Nominal amount outstanding	Effective coupon (*)	Placement	Maturity	As at December 31 2024	As at December 31 2023
		In thousands				KEUR	
10.1 becoming due and payable withing one year							
Straight bond series E	(a,f)	EUR 178,900	1.50%	Apr-15	Apr-25	178,900	-
Straight bond series U		EUR 80,000	0.75%	Jul-19	Jul-25	80,000	-
Straight bond series Q	(e)	-	0.57%	Jun-19	Jun-24	-	140,389
Straight bond series W	(a,d)	-	1.7%	Apr- 20	Apr-24	-	149,800
Accrued interest straight bonds						32,577	26,318
Accrued interest perpetual notes						9,053	21,645
						300,530	**338,152**
10.2 becoming due and payable after more than one year							
Straight bond series G	(a,f)	EUR 407,300	1.38%	Aug-17	Aug-26	407,300	577,400
Straight bond series H		EUR 255,000	2.00%	Oct-17	Oct-32	255,000	255,000
Straight bond series I		HKD 900,000	4.147%	Feb-18	Feb-28	111,544	104,271
Straight bond series J	(f)	EUR 583,300	1.50%	Feb-18	Feb-27	583,300	667,600
Straight bond series K		CHF 125,000	0.96%	Mar-18	Sep-26	132,809	134,989
Straight bond series L		JPY 7,500,000	1.20%	Jun-18	Jun-38	45,995	47,975
Straight bond series M		EUR 47,000	2,177%	Jul-18	Jul-33	47,000	47,000
Straight bond series N		EUR 88,000	3M Euribor + 1.71%	Feb-19	Feb-39	88,000	88,000
Straight bond series O		EUR 15,000	3M Euribor + 1.68%	Feb-19	Feb-34	15,000	15,000
Straight bond series P		HKD 290,000	4.301%	Mar-19	Mar-29	35,942	33,598
Straight bond series R		EUR 40,000	2.50%	Jun-19	Jun-39	40,000	40,000
Straight bond series V		EUR 70,000	2.293%	Aug-19	Aug-34	70,000	70,000
Straight bond series X		EUR 1,000,000	0.125%	Jan- 21	Jan-28	1,000,000	1,000,000
Straight bond series Y	(g)	EUR 500,000	4.375%	Jul-24	Jan-30	500,000	-
Straight bond series E		-				-	194,400
Straight bond series U		-				-	80,000
Perpetual Notes 2	(c)	EUR 48,400	6.332%	Sep-16	(**)	48,400	200,000
Perpetual Notes 3	(b,c)	EUR 25,100	5.901%	Apr-18	(**)	25,100	350,000
Perpetual Notes 4		EUR 700,000	1.5%	Dec-20	(**)	700,000	700,000
						4,105,390	**4,605,233**
Total straight bond, perpetual notes and accrued interest						**4,405,920**	**4,943,385**

(*) Including hedging impact where applicable

(**) **Perpetual notes**

Composition	**Nominal amount outstanding (KEUR)**	**Placement date**	**Coupon**	**Next call date**	**Next reset date**	**Coupon as of next reset date**
Perpetual Notes 2- 200,000 KEUR	48,400	Sep-16	6.332%	Jan-25	Jan-28	3.887% over five-year mid swap rate
Perpetual Notes 3- 350,000 KEUR	25,100	Apr-18	5.901%	Oct-25	Oct-28	2.682% over five-year mid swap rate
Perpetual Notes 4- 700,000 KEUR	700,000	Dec-20	1.5%	Mar-26	Jun-26	2.184% over five-year mid swap rate

Note 10. Straight bond and Perpetual notes (continued)

10.3 Transactions occurred during 2023-2024

As of December 31, 2024, the Company has established a EUR 10 billion EMTN programme. Notes issued under the EMTN programme are guaranteed by the Company.

(a) During 2023, the Company bought back EUR 11.2 million, EUR 54.9 million and EUR 22.6 million principal amount of straight bond series E, W and G respectively for a cumulative amount of EUR 88.7 million.

(b) In September 2023, the Company announced its decision not to call the EUR 350 million of perpetual notes 3 which had its first call date in October 2023.

(c) On April 2, 2024, the Board of Directors approved a voluntary exchange and tender offer targeting the holders of two outstanding perpetual notes, with nominal values of EUR 200 million (perpetual notes 2) and EUR 350 million (perpetual notes 3), carrying coupons of 6.332% and 5.901%, respectively (the “Existing Perpetual Notes”).

The offer provided the holders of the Existing Perpetual Notes with two options:

1. Exchange option: exchange their holdings for newly issued perpetual notes at a specified exchange ratio.

2. Exchange and partial redemption option: Exchange their holdings for new perpetual notes at the specified exchange ratio and redeem 15% of their exchanged notes at a small premium over the market prices prevailing prior to the offer.

On September 10, 2024, a second offer was approved for the same notes, allowing holders to:

1. Exchange option: exchange their holdings for new perpetual notes.

2. Exchange and partial redemption: exchange 80% of holdings and tender 20% for purchase at a small premium over the market prices prevailing prior to the offer.

The first offer period commenced on April 2, 2024 and closed on April 9, 2024. The second offer period commenced on September 10, 2024 and closed on September 18, 2024.

On April 10, 2024, the Company announced an acceptance of EUR 449 million in aggregate nominal amount of Existing Perpetual Notes, reflecting an 82% acceptance rate. Subsequently, on September 19, 2024 the Company announced an additional acceptance of EUR 25.3 million, leading to a combined acceptance rate of 85% for both offers.

On April 16, 2024, Grand City Properties Finance S.à r.l, a wholly owned affiliated of the Company (the “Perpetual Notes Issuer”) issued EUR 410 million in new perpetual notes and the Company repurchased EUR 34 million of the Existing Perpetual Notes through the tender offer. On September 26, 2024, Grand City Properties Finance S.à r.l issued an additional EUR 22 million in new perpetual notes and the Company repurchased EUR 1.6 million of the Existing Perpetual Notes via the tender offer. The Company is acting of the guarantor of these issued notes.

Note 10. Straight bond and Perpetual notes (continued)

10.3 Transactions occurred during 2023-2024 (continued)

The newly issued perpetual notes have a coupon of 6.125% and are undated, with an unlimited duration and can only be called by the Perpetual Notes Issuer on contractually agreed dates or specific occasions. They are subordinated and feature a first reset date on April 16, 2030. The coupon rate remains at 6.125% until this date. If the Perpetual Notes Issuer chooses not to exercise its call option at that time, the coupon will reset as follows:

- From April 2030 to April 2035: 3.508% over five-year swap rate
- From April 2035 to April 2050: 3.758% over five-year swap rate
- From April 2050 onwards: 4.508% over five-year swap rate

The newly issued perpetual notes were admitted to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange.

(d) On April 9, 2024, the Company redeemed EUR 149.8 million principal amount of Straight Bond series W.

(e) On June 24, 2024, the Company redeemed CHF 130 million principal amount of Straight Bond series Q.

(f) On July 1, 2024, the Board of Directors decided to invite holders of three outstanding straight bonds EUR 667.6 million, EUR 600 million, and EUR 550 million, series J, G, and E respectively to tender the notes for purchase by the Company for cash. The offer was open until July 8, 2024. As a result of the tender offer, on July 10, 2024, the Company repurchased EUR 74.3 million, EUR 149.5 million, and EUR 14.5 million principal amount of straight bond series J, G, and E respectively, excluding any accrued interest.

During the reporting period and in addition to the offer, the Company bought back additional EUR 20.6 million, EUR 1 million and EUR 10 million principal amount of straight bond series G, E and J respectively for a cumulative amount of EUR 31.6 million.

(g) On July 9, 2024, under the EMTN program, the Company issued EUR 500 million Straight Bond series Y due 2030, at an issue price of 97.774% of the principal amount, with a coupon of 4.375%.

Note 11. Security, negative pledge

The Company's outstanding series of bonds contain a customary negative pledge clause that prohibits the Company, so long as any of the Senior Notes remain outstanding, from creating or having outstanding any Security Interest (other than a Permitted Security Interest) upon any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Capital Markets Indebtedness, unless the Company , before or at the same time in the case of the creation of a Security Interest and, in any other case promptly takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Senior Notes and the Trust Deed are secured by the Security Interest equally and ratably with the Capital Markets Indebtedness to the satisfaction of the Trustee; or
(ii) such other Security Interest or other arrangement is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Senior Noteholders or (ii) as is approved by an Extraordinary Resolution of the Senior Noteholders. The Company's Series E bonds contain a substantially similar negative pledge.

Note 12. Covenants in accordance with the bonds and financial debt terms and conditions

Under its outstanding bond series, the Company has covenanted, among other things, the following (capitalized terms have the meanings set forth in the relevant bond series):

1. The Company undertakes that it will not, and will procure that none of its subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness (other than Refinancing Indebtedness) if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence:

    a. The sum of: (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) ((in case of bonds other than the series E bonds) the value of all assets acquired or contracted for acquisition by the Group as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Company in the latest Financial Statements as certified by the auditors of the Company, since the Last Reporting Date)/ ((in case of the Series E bonds) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date); and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

    b. The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series E Bonds and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series E Bonds and less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) ((in case of bonds other than the Series E bonds) the value of all assets acquired or contracted for acquisition by the Group as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Company in the latest Financial Statements as certified by the auditors of the Company, since the Last Reporting Date/ ((in case of Series E bonds) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date); and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness);

2. The Company undertakes that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125% of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date.

3. Up to and including the Final Discharge Date, the Company undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 1.8 (excluding the Series E bonds and ICBC loan, for which the Consolidated Coverage Ratio will be at least 2.0).

“Financial Statements” means the annual audited consolidated financial statements (including the management report) of the Company or the unaudited consolidated interim financial statements (including the management report) of the Company, in each case as published by the Company as at the Last Reporting Date and prepared in accordance with IFRS;

As at December 31, 2024 under its outstanding bond series and loan the Group is compliant with its financial covenants.

Note 13. Amounts owed to credit institutions

On March 8, 2023 the Company entered into a Term Facility Agreement amounting to EUR 60 million from Industrial and Commercial Bank of China Ltd., Luxembourg Branch (“ICBC loan”).

The maturity date for the ICBC loan is five years after the signing date, means March 8, 2028 and it bears an interest rate of 2% (modified in October 2024 from 1.4%+ 6 months Euribor) paid every 30th March and 30th September.

As at December 31, 2024 the accrued interest for the ICBC Loan amounted to KEUR 307 (2023: KEUR 858) and the interest expense recorded during the year amounted to KEUR 2,749 (2023: KEUR 2,282).

Note 14. Amounts owed to affiliated undertakings

	2024	2023
	KEUR	
Balance as at January 1,	1,630,769	1,822,835
Additions	954,828	193,775
Repayments	(1,647,286)	(385,723)
Interest expenses	31,598	2,584
Interest paid	(5,700)	(2,702)
Balance as at December 31,	**964,209**	**1,630,769**
(a) Becoming due and payable within one year	531,889	1,476,265
(b) Becoming due and payable after one year	432,320	154,504

During the year the Company recognized an interest expenses on loans from affiliated undertakings, Grandcity Property Ltd and Grand City Properties Finance S.à r.l for a total amount of KEUR 13,185 (2023: KEUR 2,584) and KEUR 18,413 (2023: nil) respectively.

Note 15. Related parties

During the year the Company had the following transactions with related parties:

	For the year ended December 31,	
	2024	2023
	KEUR	
Dividend income from affiliated undertakings- Grandcity Property Ltd (note 21)	322,565	387,725
Dividend income from affiliated undertakings- Grand City Properties Holdings S.à r.l (note 21)	1,611	-
Consultancy services fees income- Grandcity Property Ltd (note 17)	700	700
Office cost recharged- Aroundtown SA	76	96
Interest receivable income on loans from affiliated undertakings- Grandcity Property Ltd (note 6)	143,119	-
Consultancy services fees expenses- ATCP management GmbH (note 20)	(500)	(500)
Director fees (note 20)	(269)	(261)
Brokerage fees from services rendered by affiliated undertakings- Grandcity Property Ltd (note 18)	(1,750)	(587)
Interest expenses on loans from affiliated undertakings- Grandcity Property Ltd (note 14)	(13,185)	(2,584)
Interest expenses on loans from affiliated undertakings- Grand City Properties Finance S.à r.l (note 14)	(18,413)	-

Note 15. Related parties (continued)

As at December 31, 2024 the Company had outstanding loan receivable amount to Grandcity Property Ltd in the amount of KEUR 3,209,838 (2023: KEUR 1,466,397) and outstanding loan payable in the amount of KEUR 513,941 (2023: KEUR 154,504).

As at December 31, 2024 the Company had outstanding payable amount to Grand City Properties Finance S.à r.l.derived from to the issuance of the perpetual notes (see note 10.3(c)) in the amount of KEUR 450,260 (2023: nil).

As at December 31, 2024, the Company had outstanding receivable amount from Grand City Properties Holding S.à r.l. in the amount of KEUR 1,611 (see note 21).

There were no other transactions between the Company and its key management or related parties during the year except those described above and in note 5, 8, and 9.

Note 16. Derivative financial instruments

The Company uses derivative financial instruments to hedge its foreign exchange and the interest rate risk associated with its straight bonds and Group's debt instruments and to hedge the foreign currency risk derives from its indirectly holding of several subsidiaries which operate in foreign currency.

The Company has entered into foreign exchange and interest rate contracts as detailed below:

Risk hedged	Derivative type	Amount receivable	Amount Payable	Maturity	Fair value as at December 31, 2024	Unrealized gains (losses) not recorded in profit or loss account	Realized gains (losses) recorded in profit or loss account
						in KEUR	
Currency risk	Forward and Put option	KEUR 1,348,157	KGBP 1,275,000	2025-2026	(68,161)	(49,479)	(7,047)
Currency risk	Swap	KHKD 900,000	KEUR 92,631	2028	14,196	4,441	(841)
Currency risk	Swap	KHKD 290,000	KEUR 32,768	2029	1,397	1,095	16
Currency risk	Swap	KJPY 7,500,000	KEUR 75,500	2038	(15,309)	(5,199)	(268)
Currency risk	Swap	KCHF 130,000	KEUR 119,441	Unwind	-	(5,456)	16,528
Currency risk	Swap	KCHF 125,000	KEUR 116,233	Unwind	-	(2,993)	19,271

In addition, the Company hedged its interest rate risk for straight bonds series O, N, M and V and for forecast Group's debt transactions using swap contracts for which their fair value, unrealized losses and realized losses as at December 31, 2024 are KEUR 25,078 liability, KEUR 4,871 and KEUR 9,812 respectively (2023: fair value, unrealized losses and realized gains were KEUR 30,019 liability, KEUR 6,652 and KEUR 1,280 respectively).

The net realized gain in the amount of KEUR 17,847 (2023: KEUR 25,175 realized losses) disclosed in note 22 and note 23.

Grand City Properties S.A.
Notes to the annual accounts
For the year ended December 31, 2024 (continued)

Note 17. Turnover

The net turnover concerns consultancy services to Grandcity Property Ltd amounted to KEUR 700 (2023: KEUR 700).

Note 18. Other external expenses

	For the year ended December 31,	
	2024	**2023**
	KEUR	
Insurance, telephone and other administrative expenses	(548)	(670)
Legal and professional fees	(960)	(1,106)
Advertising and marketing expenses	(94)	(99)
Bank fees and other financial transaction costs	(4,179)	(1,044)
Brokerage fees from services rendered by affiliated undertakings	(1,750)	(587)
Audit and non- audit services (note 19)	(1,102)	(554)
Total	**(8,633)**	**(4,060)**

Note 19. Audit and non-audit services

	For the year ended December 31,	
	2024	**2023**
	KEUR	
Audit fees	(906)	(528)
Audit related fees	(189)	(22)
Tax related and other fees	(7)	(4)
Total	**(1,102)**	**(554)**

Note 20. Other operating expenses

	For the year ended December 31,	
	2024	**2023**
	KEUR	
Director fees	(269)	(261)
Consultancy services fees expenses	(500)	(500)
Non-deductible VAT expenses and other tax and duties	(539)	(435)
Software licence	(15)	-
Total	**(1,323)**	**(1,196)**

Grand City Properties S.A.
Notes to the annual accounts
For the year ended December 31, 2024 (continued)

Note 21. Dividend income from affiliated undertakings

Grandcity Property Ltd

On December 19, 2024, Grandcity Property Ltd distributed a preferred dividend to the Redeemable Preference Shares' holders and a dividend to the ordinary shareholders. As a result, the Company was entitled to a dividend on its investment in total amount of KEUR 322,565 (2023: KEUR 387,725).

Grand City Properties Holdings S.à r.l

On October 1, 2024, Grand City Properties Holdings S.à r.l. distributed dividend in an amount of KEUR 1,611 (2023: nil).

Note 22. Other Interest receivable and similar income

Other Interest receivable and similar income includes gains on buyback transactions of bonds and perpetual notes, realized gain on derivatives and interest income from bank deposit in total amount of KEUR 15,792 (2023: KEUR 4,401), KEUR 35,815 (2023: KEUR 4,818) (note 16) and KEUR 8,145 (2023: KEUR 1,071), respectively.

Note 23. Interest payable and similar expenses

Interest payable and similar expenses consist of the following:

	For the year ended December 31,	
	2024	**2023**
	KEUR	
Straight bonds	(52,007)	(45,427)
Perpetual notes	(24,206)	(33,700)
Amortization of discount	(11,226)	(17,577)
Losses on buyback transaction of bonds and perpetual notes	(10,790)	-
Derivatives realized losses (note 16)	(17,967)	(29,993)
Interest expenses on loan from affiliated undertakings (note 14)	(31,598)	(2,584)
Interest expenses on loans from credit institution (note 13)	(2,749)	(2,282)
Other finance costs	(1,820)	(5,947)
Total	**(152,363)**	**(137,510)**

Note 24. Financial risk management

<u>Financial risk factors</u>

The Company is exposed to the following major risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The board of directors is supported by a risk committee that advices on financial risks and the appropriate financial risk governance framework for the Group. The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group’s activities.

a. *<u>Market risk</u>*
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises 2 types of risks: interest rate risk and currency risk.

The Company enters into hedging transactions to hedge currency and interest risk related to its bonds issued in HKD, CHF and JPY and Groups’ bank loans, to hedge currency Consolidated Financial Statements risk related to its indirectly investment in foreign operation in the UK.

b. *<u>Credit risk</u>*
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments.

c. *<u>Liquidity risk</u>*
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of loss. The Company has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

<u>Operating risk</u>
Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

Note 24. Financial risk management (continued)

Other risks

Through ordinary course of business, the Company is exposed to various external risks. The Risk Committee is constantly determining whether the infrastructure, resources, and systems are in place and adequate to maintain a satisfactory level of risk. The potential risks and exposures are related, inter alia, to volatility of interest rate risk, liquidity risks, credit risks, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments, and market downturn risk.

The Company sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

Geopolitical situation involving Russia and Ukraine

On 24 February 2022, Russia initiated a full-scale invasion of Ukraine and escalating the Russo-Ukrainian War (the War) and hostilities have continued since then. The War has received widespread international condemnation and in reaction to Russian hostilities many nations and organisations, including Germany and the European Union, have announced sanctions against Russia, Russian companies, and individuals in and from Russia. The Group is not directly impacted by the War, as neither its portfolio nor its operations have direct exposure to Ukraine or Russia. However, the Group is impacted by the indirect consequences of the War. As a result of the War, inflationary pressures have increased, specifically heating and energy costs, which have an impact on the operating costs of the Group. Such pressures may also have an impact on the ability of the Group's tenants to pay rent and/or for the Group to recover expenses related to recoverable expenses from tenants. Furthermore, the increased energy costs have led to a wider inflationary pressure. Higher levels of inflation have impacted interest rates and borrowing costs, while increased volatility in the capital markets have reduced the Group's ability to raise capital at attractive prices, resulting in an increase in its cost of capital and potentially limiting its growth opportunities. While much of the volatility has reduced and price levels have reduced in recent periods, risk of renewed price volatility remains, which could have negative financial impacts on the Company. As a result of the large number of refugees that have entered the European Union and Germany following the War. This has resulted in an increased strain on the residential real estate market in Germany. This further exacerbates the supply and demand mismatch, increase political pressure for home construction or market intervention. The full effects are currently still unclear and will depend significantly on the duration and final outcome of the War as well as the distribution of refugees across the European Union. While the War is currently limited to Ukraine on one side and Russia and several of its allies on the other, continued escalation may result in other countries joining the conflict and at this stage the Group is unable to assess the full impact of such a scenario on the Company, and the likelihood of its occurrence.

Note 24. Financial risk management (continued)

Lingering and/or renewed inflationary risk
In recent years, several consecutive events, such as the COVID pandemic, supply chain disruptions, the high amount of cash injected into the market as a monetary response and the geopolitical situation around Russia and Ukraine, among others, have resulted in a high inflationary environment. Inflationary pressure has been particularly strong in energy prices, in particular for oil and gas, caused by the War, and material prices. While in pressures have eased, risks remain that may result in inflationary pressures increasing once more. This may also result in tenant's inability to bear the costs that are passed through to them as part of the lease agreements. It cannot be ruled out that losses of rent will occur in the future or that the Group will be unable to collect operating costs from tenants and that the Group will lose considerable rental income. In order to mitigate the risk, the Group continues to provide information to its tenants to support them in reducing their consumption of energy. Higher levels of inflation particularly for energy and materials may have an impact on the Group's ability to acquire materials for capex measures at a reasonable price and increase utility costs or result in delays across the Group's operations. Furthermore, higher levels of inflation across the economy may result in higher personnel expenses and expenses related to external services, which could have a negative impact on the Group's profitability. In addition, higher levels of inflation have resulted in rapid and significant increases in interest rates and consequently resulted in significant volatility in capital markets, which has a negative impact on the cost and availability of new financing for the Group on one hand and have put upward pressure on discount rates and cap rates. While in recent periods the momentum has shifted, renewed interest rate pressures, if prolonged, could consequently have a further adverse impact on the fair value of the Group's assets and share price performance.

Uncertain interest rate environment
In order to battle the increased inflation levels, the European Central Bank has raised interest rate levels rapidly and has declared that it would maintain high interest levels at least until inflation slows down and it reached the desired level. This has led to a significant rise in interest rates in Germany and throughout the Eurozone and led to a decrease in real estate valuations and investments, resulting in lower transaction level and lower demand for real estate, among other effects. Starting mid-2024 the ECB started easing rates, and as a result pressures have eased. However, rates remain above the level seen in recent years and a renewed increase in interest rates could adversely impact the Group's business in a number of ways, including:
The discount and cap rates used to calculate the value of the Group's properties tends to increase in an environment of rising interest rates, which in turn could result in the Group Group's properties having a lower fair value. Although the Group's current debt structure primarily involves debt at fixed interest rates or, where variable interest rates apply, is predominantly subject to interest rate hedging agreements, the increase in interest rates may have a negative impact on the Group's ability to refinance existing debt or incur additional debt on favourable terms. Financial institutions such as banks may seek to reduce their exposure to the real estate sector and also might be subject to increased equity requirements and balance sheet regulations resulting in restraints to lend out money to customers which could make it more difficult for the Group to obtain bank financing at desired terms. In general, rising interest rates (or market expectations regarding future increases in interest rates) would make financing required by the Group for its refinancing, acquisition, capital expenditure and/or other real estate activities more expensive, which could reduce the Group's profits. When negotiating financing agreements or extending such agreements, the Group depends on its ability to agree to terms and conditions that will provide for interest payments that will not impair its profit targets, and for amortisation schedules that do not restrict its ability to pay intended dividends.

Note 24. Financial risk management (continued)

Uncertain interest rate environment (continued)

Further, the Group may be unable to enter into hedging instruments that may become necessary if variable interest rates are agreed upon or may only be able to do so at significant costs. If the current environment in which high rates prevail will remain for a prolonged period, the Group's financing costs, including costs for hedging instruments, may increase, which would likely reduce the Group's profits. The Group's debt includes a material amount of perpetual notes. Such notes include in their terms a reset of their respective interest rates every five years (reset date), starting from the first call date, based on a specified margin plus a 5-year swap rate (reset rate). If a reset date falls in a period of high interest rates it is likely that such notes will carry a materially higher interest going forward, thereby reducing the profits available to shareholders. Furthermore, the Company generally aims to replace its perpetual notes issues on their first voluntary call date by a new issue. In times of elevated interest rates, the rates that the Company would pay on a new issuance may differ materially from the reset rate, it may therefore be uneconomical for the Company to call the respective notes and issue new notes, as has been the case with its notes with the first call date in January and in October 2023. The willingness of purchasers to acquire real estate in an environment of rising interest rates may be negatively affected, thereby restricting the Group's ability to dispose of its properties on favourable terms when desired. Most purchasers finance their acquisitions with lender provided financing through mortgages and comparable security (in Germany so-called land charges). Lack of availability of such financing at attractive rates therefore reduces demand for properties. Any of the foregoing factors may have a material adverse effect on the Group's business, net assets, financial condition, cash flows and results of operations.

Climate related risks

The significant impact of human activity on ecosystems and the climate have become apparent in recent years. As a result, the Company does not only face changing physical climate risks but also transitional climate risks resulting from changes in investor and consumer demand, from regulatory changes as well as from other societal factors. The Company faces several physical climate-related risks. The Company actively attempts to identify these risks and implement measures to mitigate the impact of such risks to the Company, for example through insurance. To better understand the Company's exposure to physical risks, the Company has adopted a tool for asset-level assessment of physical risk develop. This analysis will serve the Company in determining which risks are material in order to develop adaptation solutions. Furthermore, increased occurrence of severe weather events will likely result in higher insurance premiums. In addition to physical climate-related risks the Company also faces transitional risks. As a result of the more apparent impact of climate changes in recent years regulators have increased their efforts to mitigate current as well as potential future impacts of climate change through a wide range of Emerging regulations in the Group's regions pursuing a phase-out of fossil fuels and improved energy efficiency present technological risks to the company which requires careful attention when planning maintenance and capex measures. At the EU level, the EU Council and EU Parliament reached an agreement in December 2023 on the recast of the Energy Performance of Buildings Directive (EPBD) to include new minimum energy performance requirements for buildings that progressively increase over time, although the specific requirements can only be known once national-level implementation commences among member states who will define their own target pathways. Noncompliance with the energy requirements under the new EPBD would result in an inability to let the assets and requires increased capital expenditures to become compliant.

Note 24. Financial risk management (continued)

Climate related risks (continued)

The Company continuously monitors changes in regulations and aims to minimise the financial risk through pro-active carbon reduction and energy efficiency policies and programmes. Furthermore, the Group's sustainability strategy incorporates self-set targets for material environmental, social and corporate governance matters (ESG). If any of these self-set ESG goals are not met, this could damage the Group's reputation. Considering the increasing focus of market participants and lenders on sustainability and "green financing", this could have a negative impact on the Group's refinancing and access to further financing, for example, via the capital market or by taking out loans, at all or on attractive terms. If the Group fails to meet expectations and trends related to sustainability aspects in a timely manner or at all, there could be a decline in demand from tenants. Furthermore, this could also lead to investors divesting from the Group's bonds or shares, as they also expect ESG goals to be met. From a regulatory perspective, failure to achieve the sustainability goals may also have a negative impact on the Group. To take on a proactive approach, the Company has developed a CO2 pathway to guide the investment in on-site renewable energy and building energy efficiency improvements needed to achieve it's 2030 emission reduction target while enabling further emission reductions down the line. In order mitigate risks related to CO2 emissions, and in order to reach the Company's environmental targets, the Group is developing an investment program, which covers a wide variety of activities involving both energy efficiency improvements and renewable energy projects. The size and scope of the investment program depends on the availability of governmental subsidies and grants, as is also subject to increasing cost of material. Furthermore, potential new requirements set by the regulators or set as a market standard, could increase the amount the Company would need to invest and potentially accelerate the execution time of the investment program. In 2022, the company began the process of aligning to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations framework. Although the TCFD has been disbanded and integrated into the International Sustainability Standards Board (ISSB), the framework's core principles for corporate climate-related risk disclosures have also been adopted by the European Sustainability Reporting Standards (ESRS) E1 Standard The early decision to align to best practices on climate-related risk disclosures leaves the company in a good position for ensuring compliance, although it is a process requiring continuous effort. As part of this process, the Company continuously updates its climate-related risk assessment each year. The Building Resilience Task Force, an interdepartmental team dedicated to this effort, continues to further develop control mechanisms and risk mitigation measures for climate-related risks.

Note 25. Staff

The Company employed an average of 2 persons (2023: 3) during the financial year.

Note 26. Taxation

The Company is subject in Luxembourg to the general tax regulations applicable to all companies.

The Company is incorporated and operates in Luxembourg and its subsidiaries and affiliates operate in various other countries, which have enacted new legislation to implement the global minimum top-up tax. The Company is subject to the top-up tax in relation to some of its subsidiaries and affiliates' operations, where the statutory tax rate is below 15 percent. The newly enacted tax legislation is effective since January 1, 2024.

In 2024, Luxembourg announced a reduction in the corporate income tax rates. The tax rate for companies with taxable income up to EUR 175,000 will decrease from 15% to 14%, and for companies with taxable income exceeding €200,000, it will decrease from 17% to 16%. These changes will impact the measurement of deferred tax assets and liabilities, as well as tax provisions. The company has proactively evaluated the potential effect of these changes and has adjusted its deferred tax balances accordingly for future periods. There is no impact on the 2024 Annual Accounts, as the changes will not apply retroactively. The newly enacted tax legislation will be effective from January 1, 2025 and the new corporation tax rate for Luxembourg companies will be 23.87%.

Taxable income	**Current CIT rate**	**New CIT rate**	**New aggregate rate (CIT and municipal business tax) ***
≤ EUR 175,000	15%	14%	21.73%
EUR 175,000 – 200,000	15% – 17%	14% - 16%	21.73% – 23.87%
≥ EUR 200,001	**17%**	**16%**	**23.87%**

* for taxpayers resident in Luxembourg-City (including the 7% employment fund surcharge)

Note 27. Commitment and contingencies

The Company has no material commitments as at December 31, 2024 and 2023, except for the commitments detailed in note 10 and note 16.

Note 28. Subsequent events

No material subsequent events occurred after the reporting date.