GCP

CONSOLIDATED ANNUAL REPORT

For the year ended 31 December

2023


Cologne

Contents

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Berlin

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Board of Directors' Report

KEY FINANCIALS

Balance sheet highlights

in €'000 unless otherwise indicated	Dec 2023	Change	Dec 2022
Total Assets	10,918,147	-2%	11,131,328
Investment Property	8,629,083	-9%	9,529,608
Cash and liquid assets (including those under held for sale)	1,230,483	187%	429,127
Total Equity	5,230,109	-12%	5,914,155
Loan-to-Value	37%	1%	36%

P&L highlights

in €'000 unless otherwise indicated	FY 2023	Change	FY 2022
Net Rental Income	411,313	4%	396,041
Adjusted EBITDA	319,647	4%	308,100
FFO I	183,936	-4%	192,219
FFO I per share (in €)	1.07	-6%	1.14
EBITDA	(572,232)	-235%	423,290
Profit (loss) for the year	(638,068)	-456%	179,103
Basic earnings (loss) per share (in €)	(3.18)	-513%	0.77
Diluted earnings (loss) per share (in €)	(3.17)	-517%	0.76

EPRA Performance measures

In €‘000 unless otherwise indicated	2023	2022
EPRA NRV	4,606,481	5,322,769
EPRA NRV per share (in €)	26.7	30.8
EPRA NTA*	4,013,761	4,655,551
EPRA NTA per share* (in €)	23.2	27.0
EPRA NDV	3,745,313	4,642,313
EPRA NDV per share (in €)	21.7	26.9
EPRA Earnings	187,378	182,702
EPRA Earnings per share (in €)	1.09	1.09
EPRA LTV	48%	46%
EPRA Net initial yield (NIY)	3.6%	3.2%
EPRA "topped-up" NIY	3.6%	3.2%
EPRA Vacancy	3.8%	4.2%
EPRA Cost Ratio (incl. direct vacancy costs)	22.7%	22.9%
EPRA Cost Ratio (excl. direct vacancy costs)	20.8%	20.9%

(*) updated methodology to exclude RETT


London

OPERATIONAL PERFORMANCE HIGHLIGHTS

Solid Like-For-Like Rental Growth

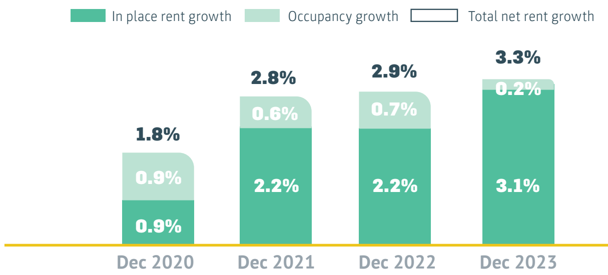
+3.1%
L-F-L
In-place rent growth
Dec 2023

+3.3%
L-F-L
Total net rent growth
Dec 2023

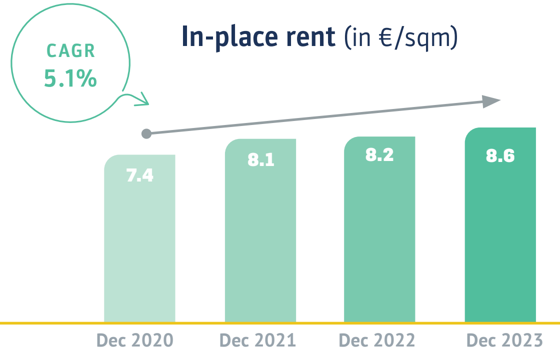
+0.2%
L-F-L
Occupancy growth
Dec 2023

Robust Portfolio Fundamentals

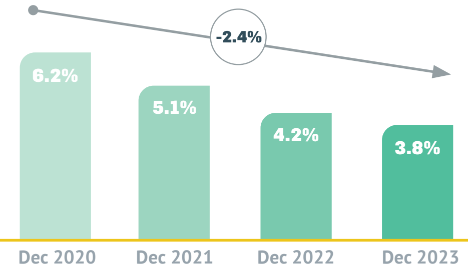
Like-For-Like development



In-place rent (in €/sqm)

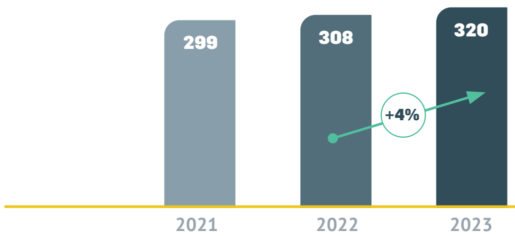


Vacancy

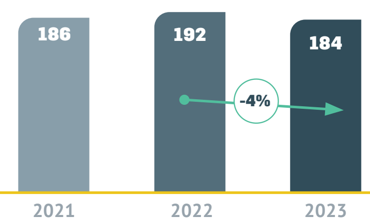


Strong Recurring Operational Profitability

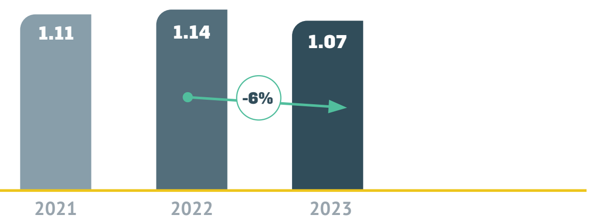
Adjusted EBITDA



FFO I (in € millions)



FFO I per share (in €)



FINANCIAL PROFILE OPTIMISATION HIGHLIGHTS

Well Positioned In Current Environment With High Headroom To Bond Covenants

DISPOSALS

>€190m
2023 SIGNED

>€300m*
2023 COMPLETED

(*) of which ~€180m signed in 2022.

NEW BANK FINANCING

€550m
TOTAL BANK FINANCING RAISED IN 2023

STRONG LIQUIDITY POSITION

€1.2bn
CASH AND LIQUID ASSETS
DEC 2023

Cash and liquid assets amount to 28% of total debt and including signed disposals cover next three years of debt maturities until the end of 2026, additionally supported by undrawn RCF.

LOW LOAN TO VALUE RATIO

37%
DEC 2023

Leverage remained broadly stable compared to Dec 22 despite portfolio devaluations due to successful delevering efforts.

LONG AVERAGE DEBT MATURITY

5.3 years
DEC 2023

New bank debt in 2023 with average term of >7.5 years.

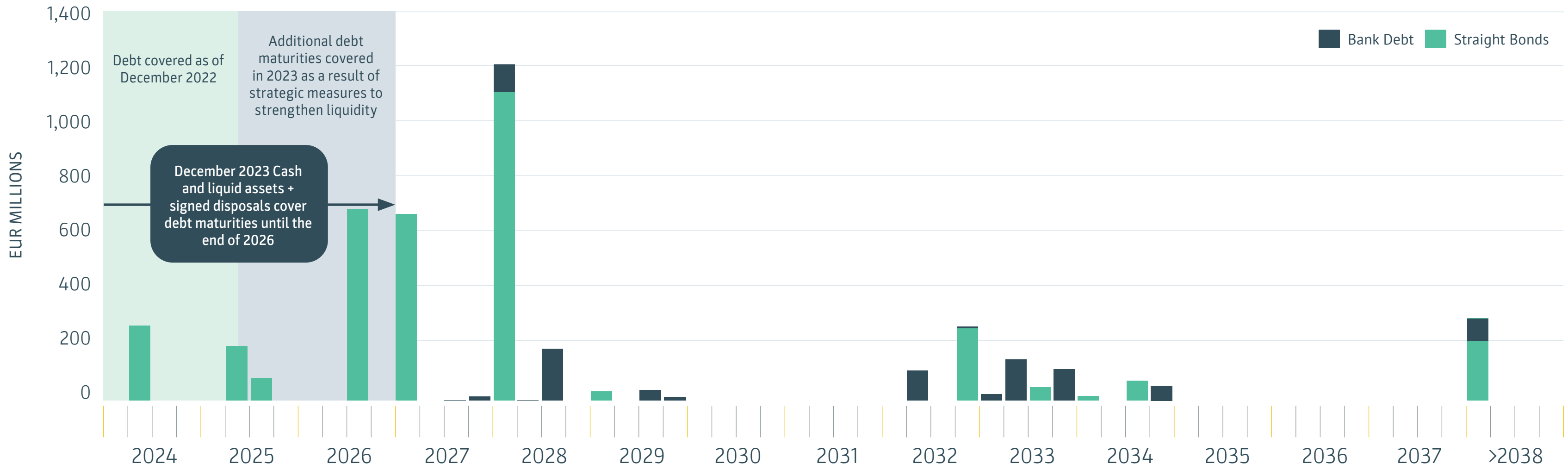
88% of debt is fixed or interest hedged.

UNENCUMBERED ASSETS

€6.6bn
75%
of value
DEC 2023

Large pool of unencumbered assets provides access to relatively attractive bank financing.

Debt Maturity Schedule



Strong Financial Profile Maintained

LOW COST OF DEBT
1.9%
DEC 2023

ICR
5.6x
2023

CREDIT RATING S&P
BBB+
NEGATIVE
DEC 2023

LETTER FROM THE BOARD AND THE MANAGEMENT

Dear Stakeholders,

The year 2023 has been marked by two main, and to some extent opposing, trends. On the one hand we experienced strong positive developments in underlying operational trends supporting high letting demand for all over our regions, while at the same time the sharp increase in interest rates had negative impacts on transaction volumes, and funding became more expensive.

We have capitalized on the platform we have built over the previous years, allowing us to benefit from strong underlying market dynamics and progressively strengthen our operations. Our operational and letting performance have consistently demonstrated positive momentum due to strong and further increasing tenant demand, resulting in a high rental like for like of 3.3% and a record low vacancy rate for the Company of 3.8% as of the conclusion of 2023. Furthermore, the housing shortage in Germany persists, widening the imbalance between supply and demand. The current macroeconomic conditions are not helpful to encourage new developments, exacerbating the shortage of supply and widening the supply-demand imbalance further. As a result, we see significant increases in market rental levels and lower vacancies, but also reduced tenant turnover across our locations in Germany and in London. These operational tailwinds have allowed us to continue to grow our operational platform, reflected in adjusted EBITDA increasing by 4% to €320 million in 2023, despite the negative impact from asset disposals and cost inflation.

Throughout the year, central banks globally implemented tighter monetary policies in response to heightened prices, with the European Central Bank increasing rates six times. The year started with uncertainties in the market, mainly around the availability of funding options as capital market volatility increased significantly considering steep interest rate hikes within a short time which also resulted in several banks getting into distress. In order to adequately and efficiently deal with the challenges in the new dynamic economic environment and to strengthen and preserve the Company's position, the Company invested a lot of effort during the year while focusing on increasing our cash liquidity. We not only preserved but we also increased our liquidity position, which included a number of active actions among others, suspending the dividend payment in 2023, following eight consecutive dividend payments since 2015, the decision not to exercise our option to voluntarily call perpetual notes as they have no payment obligation, disposing properties in Germany as well as in London and raising secured mortgage financing from a variety of financial institutions which provides more favourable terms as compared to capital market funding. As a combined result of these actions,

we have strengthened our liquidity position significantly to €1.2 billion, up from €0.4 billion as of December 2022, which including signed disposals closed after December 2023 comfortably covers all debt maturities until the end of 2026. We believe that the Company handled the market turbulence with precaution and high responsibility and is well equipped to face such challenges going forward.

2023 was a transitional year in which, in the shadow of the uncertainty regarding inflation and interest rates, many real estate investors halted their investment in the sector. As a result, the entire sector carried out significantly lower transaction volumes than in previous years. The transactions that did take place were accompanied by complex challenges such as prolonged due diligence phases, greater difficulty in obtaining financing for many buyers, as well as large differences in price expectations between buyers and sellers. During the year 2023, the Company successfully carried out several disposal transactions, closing a total amount of over €300 million, which include deals signed in 2022. In 2023 the Company has signed disposals amounting to over €190 million in 2023, of which approx. €70 million have not yet closed as of December 2023, of which some have closed as of the date of this report and the remainder is expected to close in the coming periods.

In 2023, we made the decision not to call the €200 million and €350 million perpetual notes series which had their first call date in January and October, respectively. The choice to refrain from calling the perpetual notes in the uncertain economic environment was a difficult but carefully considered decision, involving a thorough analysis of various alternative options and their implications. We view the perpetual notes as an important component of GCP's capital structure and have historically opted to call the notes. However, given that the potential cost of a replacement was considerably higher than the coupon reset rates of the notes, we made the decision not to call the notes in 2023. The perpetual notes are an important equity buffer, especially in turbulent times, supporting the high bond covenant headroom and thus provide an additional layer of protection to the Company. We continue to evaluate all options for the perpetual notes and retain the flexibility to call them at each interest payment date going forward.

The steep increase in interest rates also had an adverse impact on property valuations, which resulted in a decreased demand from real estate buyers and pressure on the values and leverage of real estate companies. GCP was also impacted by the negative property revaluations. We recorded negative property revaluations of approx. €880 million, reflecting a negative like-for-like revaluation of 9% compared to the end of 2022, driven by higher discount and cap rates as a result of higher interest rates. As we saw strong operational growth in the year, this was able to offset part of the yield expansion, thereby reducing the negative impact on the revaluation result. Through our continuous efforts, which included continued disposals of properties, in combination with buying back our bonds at discount and suspending our dividends in 2023, we were able to maintain the stability of our low leverage, which stood at 37%, compared to 36% as of the end of both 2022 and 2021 and significantly below our internal policy of 45%. We maintain a conservative financial profile characterized by a limited exposure to variable rates through a 88% hedge ratio, long average debt maturity of 5.3 years, and a low cost of debt of 1.9%. The strong operational performance of the business also substantially covers interest payments as is exemplified by our strong ICR of 5.6x. While we believe that the market conditions will remain difficult and uncertain in 2024 as well, we have seen volatility easing by the end of 2023, with interest rates potentially peaking and expected to decrease throughout 2024, which would support the real estate industries' funding options, valuations and transactions.

In 2023, we continued to emphasize corporate social responsibility as a fundamental pillar of our business practices, which puts our service in a strong competitive position. For example, the GCP Tenant Satisfaction Policy guides our approach through every stage of the tenant lifecycle, ensuring we monitor satisfaction, address requests, and continuously improve our methods. Tenant satisfaction surveys are being conducted to assess our performance, for example related to interactions with our service centre. In 2023, the outcome of these surveys was again very positive, with a service score of 4.7 out of 5, with all subcategories scoring above the high minimum target of 4.5 which we set for ourselves. Our commitment to enhance tenant satisfaction is evident in a diverse range of activities and services we provide. These encompass both online and in-person tenant engagement initiatives, tenant benefits programs, and co-working offerings. Among the various tenant activities organized this year, a notable example includes autumn festivals held across multiple locations. These festivals featured attractions such as bouncy castles, photo booths, and more, contributing to a vibrant community atmosphere. Additionally, we reintroduced our digital advent calendar event, where daily giveaways, including GCP loyalty points and hotel stay prizes, were distributed, fostering a sense of appreciation and connection with our tenants.

In addition, as part of our approach to enhance the digitalization and self-service options for our tenants, we continued in 2023 by providing more services to tenants through the GCP app and Portal. Our GCP tenant app allows existing and prospective tenants to sign leases, upload documentation, and initiate and track service requests. We continuously look to improve and add upon the functionalities, such as by including information on monthly energy consumption. Additionally, we further enhanced our digitalisation and automation services by implementing an artificial intelligence voice bot designed to address peak call times and minimize waiting periods. These initiatives have led to a notable shift in customer service requests towards online channels, reaching a level of 37% in 2023 compared to 28% in 2022. In a focused push toward digitalization, we have successfully transitioned our postal communication with tenants to Deutsche Post DHL's GOGREEN Plus services, emphasizing hybrid E-Post solutions. Beginning in early 2023, all correspondence, from leaflets to crucial notices, is now efficiently transmitted through a hybrid mix of digital channels, including email. Prioritizing E-Post not only enhances efficiency and reduces costs but also empowers tenants to reduce carbon emissions solidifying our position as a forward-thinking organization embracing the benefits of hybrid digital communication. We remain committed to harnessing digitalization to enhance efficiency and elevate the quality of our customer service. This strategic focus not only boosts tenant satisfaction but also contributes to our goal of increasing occupancy. The team's hard work has been recognized as our service centre was once again awarded "fairest customer service" by focus money and TÜV has recertified it for Quality Management and for Service Quality.

Another key component of our corporate social responsibility relates to our employees. In recent years we have increased our focus on becoming a top employer in the real estate sector. Due to the high level of engagement across the organisation we are now seeing positive momentum in this regard. For example, we received the "Most Wanted Start 2024" award from the weekly newspaper "Der Zeit" in cooperation with Kununu. This award relates to GCP's apprenticeship program, which focusses on providing young people with the opportunity to get practical on the job experience within different roles in the real estate industry, and highlights the positive views and experiences that our apprentices have had during their apprenticeship. Through this program, GCP supports the development of practical skill and experience for younger generations across our locations, which is very important to us.

We also continued our support of local initiatives and organizations, both directly and through the GCP foundation. We supported a wide variety of local initiatives and youth sports teams, such as providing funds to support refugees, providing scholarships for students, buying material for children courses and more. In 2023, we continued making strategic investments, aiming to enhance asset quality and directly influence tenant satisfaction. We renovated facades and playgrounds, installed energy efficient windows and insulation, upgraded elevators, installed modern mailbox systems and supported a bookcase installation that offers free reading material to the community, among other projects. These initiatives underscore our commitment to improving the overall living experience for our tenants through targeted and impactful enhancements, while contributing to easing societal issues by providing a high quality but affordable living environment.

As part of our ESG strategy, we have set a target to reduce our CO_2 emissions by 40% in 2030 compared to 2019 levels. Over the course of 2023, our efforts have focused on enhancing the incorporation of business procedures, including climate reporting, environmental data gathering, and building energy assessments. These initiatives aim to create a more thorough carbon reduction strategy by integrating the specialized knowledge of the energy department into capital expenditure planning. This involves identifying strategic areas for targeted investments in energy efficiency and on-site renewable measures to achieve optimal emissions reductions. Accordingly, we have successfully identified and executed targeted modernization projects such as the replacement of heating systems, insulating facades and roofs and installing energy efficient windows. While we do not directly control the energy consumption of our tenants, we continued projects that provide tenants with information and incentives to lower their own consumption of energy or switch to more renewable sources of energy. We continued working on switching energy contracts to renewable or climate-neutral energy sources, while encouraging tenants to lower their own consumption of energy and switch to more renewable sources of energy. We welcome recent agreement between the EU parliament and Council, calling for member states to increase grants, which we believe will further support us and society as a whole to shift to a more sustainable housing stock.

As a result of this hard work, we have received a low risk ESG rating by Sustainalytics and are ranked in the top 8 percent of the global universe of companies. Additionally, we scored 58 in S&P Global's corporate sustainability assessment (CSA), placing us in the top 6^{th} percentile of real estate companies globally.

We express our gratitude to all our stakeholders for their ongoing trust in GCP. The management acknowledges the hard work and dedication exhibited by our employees throughout 2023, contributing to raising the standards for the speed and quality of services offered while providing GCP with the flexibility and adaptability needed to effectively navigate the current market environment. We eagerly anticipate achieving our new goals and targets in 2024, ensuring the sustainable creation of long-term value for all our stakeholders.

Luxembourg, March 13, 2024

Christian Windfuhr	Simone Runge-Brandner	Markus Leininger	Refael Zamir	Idan Hadad
Chairman and member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors	CEO	CFO


Duisburg

THE COMPANY

Grand City Properties S.A. and its investees (the “Company”, “GCP” or the “Group”) Board of Directors (the “Board”) hereby submits the annual report as of 31 December 2023.

The figures presented in this Board of Director’s Report are based on the consolidated financial statements as of 31 December 2023, unless stated otherwise.

GCP 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’s portfolio, excluding assets held for sale and properties under development, as of December 2023 consists of 63k units (hereinafter “GCP portfolio” or “the Portfolio”) located in densely populated areas with a focus on Berlin, Germany’s capital, North Rhine-Westphalia, Germany’s most populous federal state, the metropolitan regions of Dresden, Leipzig and Halle and other densely populated areas as well as London.

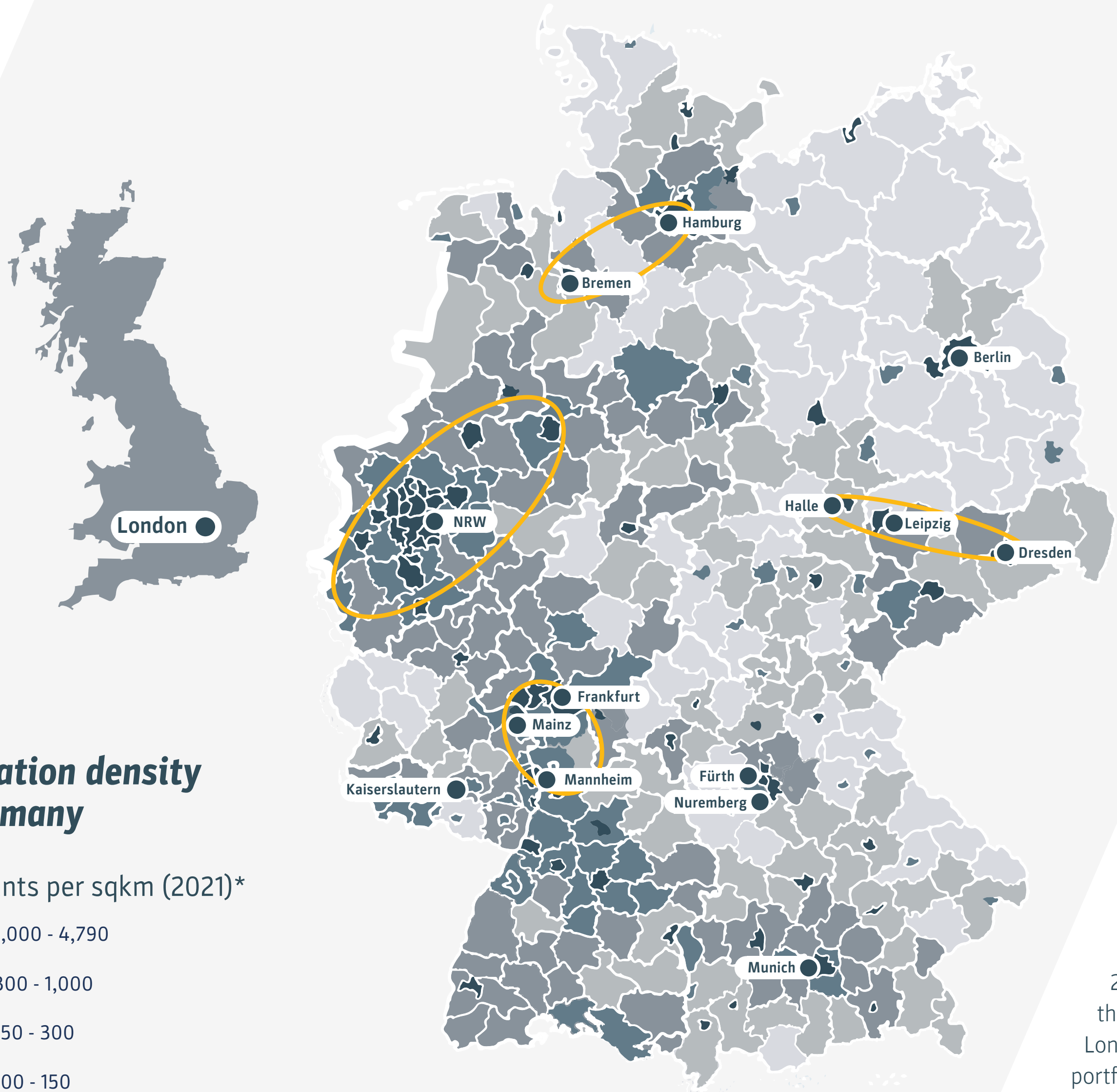
GCP is focused on assets in densely populated urban locations with robust and sustainable economic and demographic fundamentals, and with multiple value-add drivers that it can pursue using its skills and capabilities such as vacancy reduction, increasing rents to market levels, improving operating cost efficiency, increasing market visibility, identifying potential for high-return capex investments, and spotting potential for significant benefits from the Company’s scale. GCP’s management has vast experience in the German real estate market with a long track record of success in repositioning properties using its tenant management capabilities, tenant service reputation, and highly professional and specialised employees.

In addition, GCP’s economies of scale allow for considerable benefits of a strong bargaining position, a centralised management platform supported by centralised IT/software systems, and a network of professional connections.

This strategy enables the Company to create significant value in its portfolio and generate stable and increasing cash flows.

Leipzig

PORTFOLIO



Population density in Germany

inhabitants per sqkm (2021)*

- 1,000 - 4,790
- 300 - 1,000
- 150 - 300
- 100 - 150
- 36 - 100

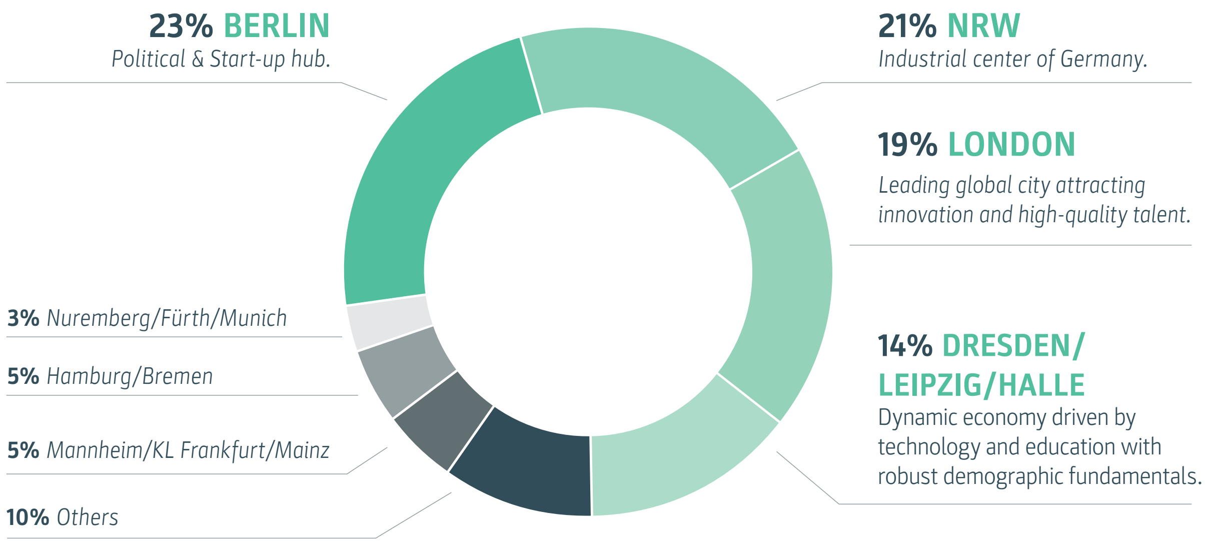
* based on data from Statistisches Bundesamt

Attractive Portfolio concentrated in densely populated metropolitan areas with value-add potential

GCP'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.

The Group's well-allocated portfolio provides for strong geographic and tenant diversification and benefits from economies of scale, supporting the risk-averse portfolio approach. GCP's focus on densely populated areas is mirrored by 23% of the Portfolio being located in Berlin, 21% in NRW, 14% in the metropolitan region of Dresden, Leipzig and Halle, and 19% in London, four clusters with their own distinct economic drivers. The portfolio also includes additional holdings in other major urban centres with strong fundamentals such as, Nuremberg, Munich, Mannheim, Frankfurt, Hamburg and Bremen.

› DIVERSIFIED PORTFOLIO WITH DISTINCT ECONOMIC DRIVERS



Portfolio overview

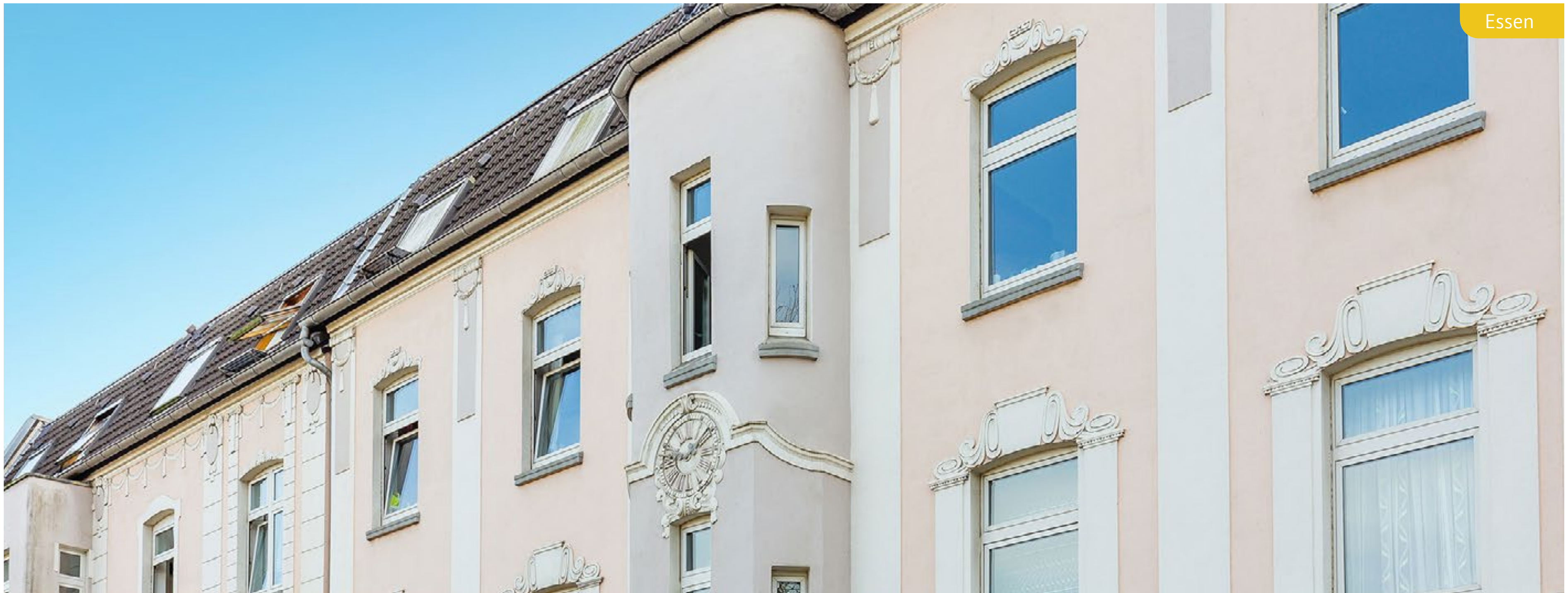
GCP has assembled a portfolio of high-quality assets in densely populated metropolitan regions, benefiting from diversification among dynamic markets with positive economic fundamentals and demographic developments.

December 2023	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield (1)
NRW	1,790	1,193	4.3%	93	6.5	17,436	1,501	5.2%
Berlin	1,939	625	4.3%	69	9.2	8,492	3,102	3.5%
Dresden/Leipzig/Halle	1,152	816	2.9%	56	5.9	13,997	1,412	4.9%
Mannheim/KL/Frankfurt/Mainz	389	177	3.5%	19	8.9	3,013	2,191	4.9%
Nuremberg/Fürth/Munich	289	80	6.2%	9	10.6	1,430	3,624	3.3%
Hamburg/Bremen	385	264	3.5%	22	7.1	3,996	1,457	5.7%
London	1,653	189	3.1%	84	37.9	3,549	8,757	5.1%
Others	881	676	4.5%	54	6.9	11,390	1,302	6.1%
Development rights & invest	151							
Total	**8,629**	**4,020**	**3.8%**	**406**	**8.6**	**63,303**	**2,109**	**4.8%**

(1) rental yield is calculated by dividing the Annualised net rent by the Investment property value, excluding properties classified as development rights & invest. For more details please see page 129 of the Alternative performance measures section of this report.

December 2022	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield [1]
NRW	2,031	1,226	4.2%	93	6.3	17,917	1,657	4.6%
Berlin	2,177	618	4.1%	66	9.0	8,442	3,520	3.1%
Dresden/Leipzig/Halle	1,252	815	3.5%	54	5.7	13,997	1,535	4.3%
Mannheim/KL/Frankfurt/Mainz	439	176	3.3%	19	8.7	3,013	2,500	4.2%
Nuremberg/Fürth/Munich	303	80	6.1%	9	10.2	1,430	3,796	3.1%
Hamburg/Bremen	430	263	5.7%	21	6.8	3,996	1,631	4.8%
London	1,673	203	3.8%	78	33.3	3,840	8,262	4.7%
Others	981	688	4.9%	53	6.8	11,646	1,426	5.4%
Development rights & invest	244							
Total	**9,530**	**4,069**	**4.2%**	**393**	**8.2**	**64,281**	**2,282**	**4.2%**

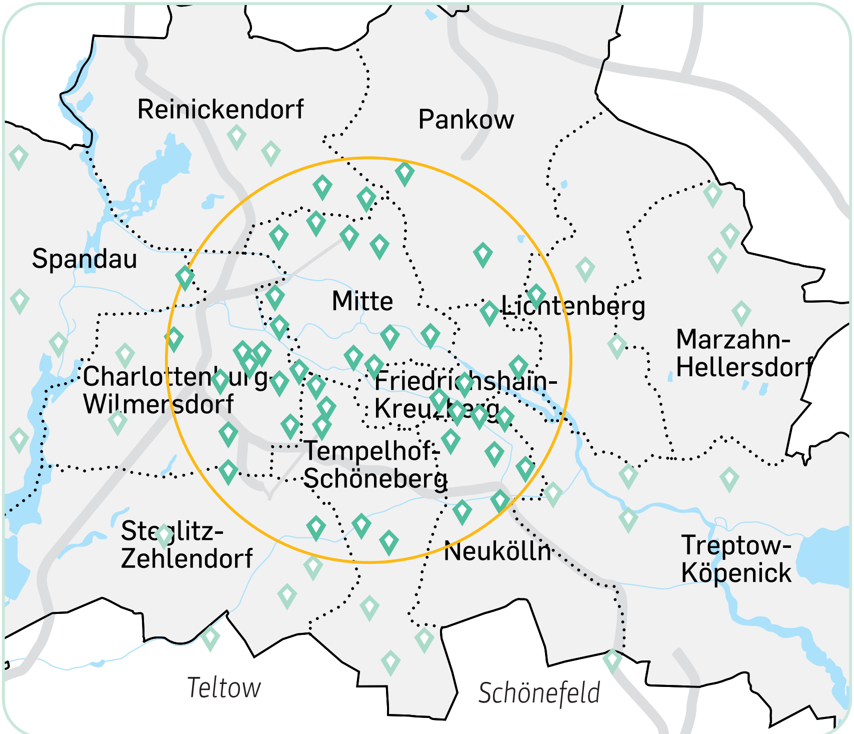
(1) rental yield is calculated by dividing the Annualised net rent by the Investment property value, excluding properties classified as development rights & invest. For more details please see page 129 of the Alternative performance measures section of this report.



Dresden

› BERLIN - GCP'S LARGEST LOCATION

Quality locations in top tier Berlin neighborhoods



23% OF GCP'S PORTFOLIO

70%

of the Berlin portfolio is located in top tier neighbourhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Neukölln, Schöneberg, Steglitz and Potsdam.

30%

is well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf.

December 2023	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
Berlin	1,939	625	4.3%	69	9.2	8,492	3,102	3.5%

Key drivers

Largest city by population in Germany.

German capital and centre of national political decision making.

Berlin is the leading start-up location in Germany, attracting high quality, global talent.

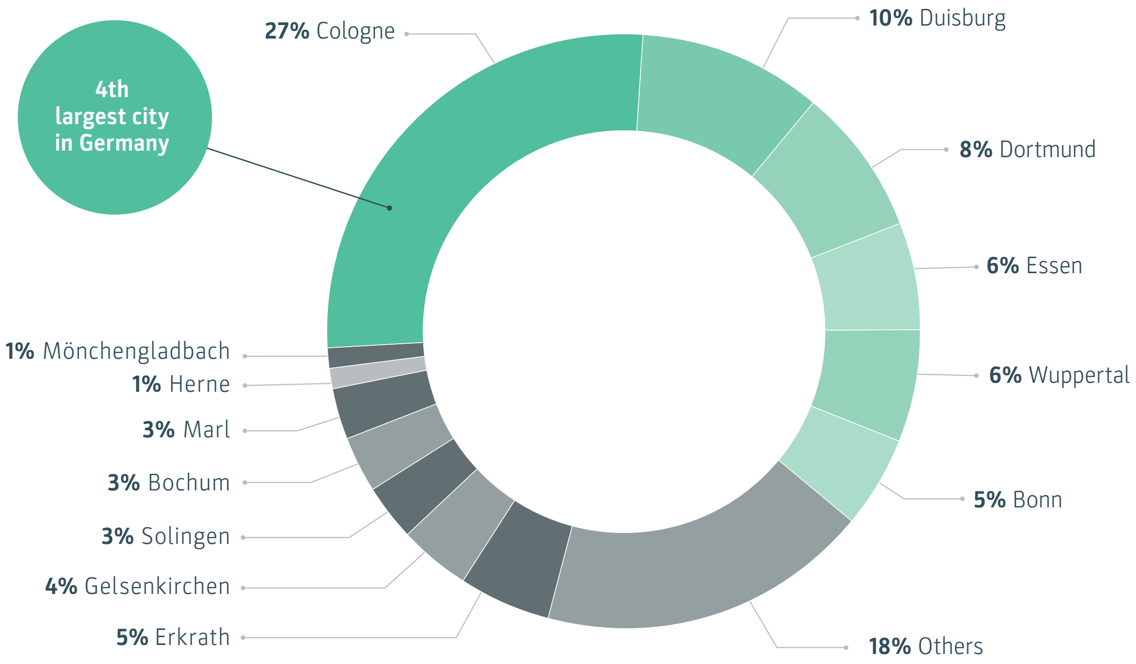
Berlin continues to have the lowest home ownership rate in Germany.

Chronic supply demand imbalance with estimated shortfall of over 100,000 apartments, which continues to widen as new supply falls well short of demand. (1)

(1) Colliers, Residential Investment Germany 2022/2023; Pestel Institut, Bauen und Wohnen 2024 in Deutschland

› NORTH RHINE-WESTPHALIA (NRW)

Well positioned in the largest metropolitan area in Germany



The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 27% of the NRW portfolio is located in Cologne, the largest city in NRW, 10% in Duisburg, 8% in Dortmund, 6% in Essen, 6% in Wuppertal, and 5% in Bonn.

December 2023	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,790	1,193	4.3%	93	6.5	17,436	1,501	5.2%

Key drivers

Both the most populous and densely populated state in Germany.

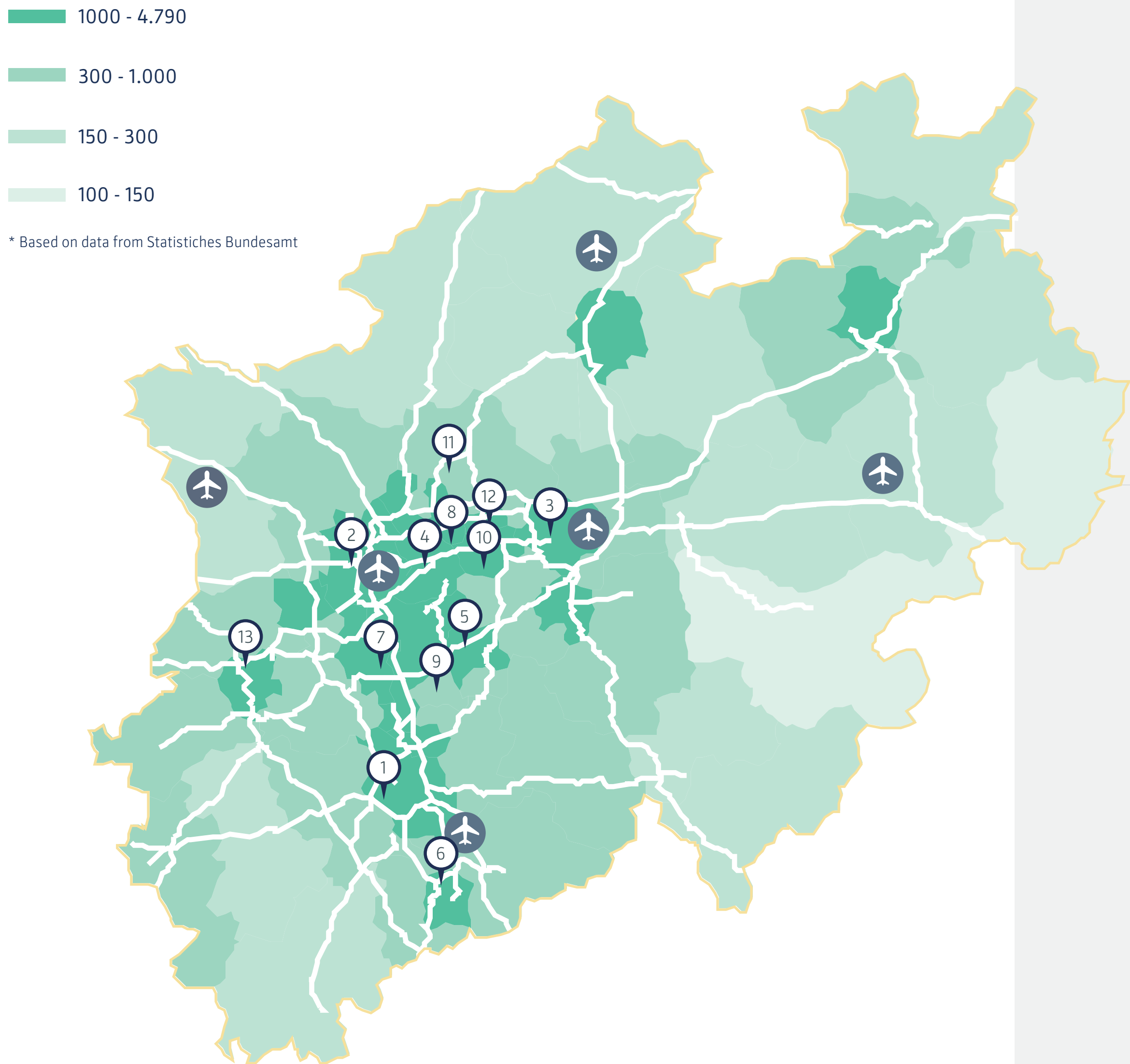
Home to many of Germany's leading companies, of Germany's top 50 grossing corporations, 19 are based in North Rhine-Westphalia.

Number 1 in the environmental economy across Germany.

Industrial center of Germany contributing 21% to the national GDP.

Source: NRW.Global Business

› POPULATION DENSITY IN NRW



Dense and diversified transport and logistics network:

- Densest rail network in Germany with about 6,000 kilometers of tracks.
- Well connected to global maritime trade through 120 ports which include the world's largest inland port in Duisburg.
- Well connected to global air travel with two major international airports (Düsseldorf Airport and Cologne Bonn Airport) and four other airports which connect the region to all major domestic destinations as well as many international cities.
- More than 2,200 km of highways and 17,600 km of federal and provincial roads that seamlessly link into the wider European highway network.

1. Cologne
2. Duisburg
3. Dortmund
4. Essen
5. Wuppertal
6. Bonn
7. Erkrath
8. Gelsenkirchen
9. Solingen
10. Bochum
11. Marl
12. Herne
13. Mönchengladbach

LONDON PORTFOLIO

Located in strong middle class neighborhoods

The map represents over 90% of the London Portfolio

19% of GCP's portfolio

The total London portfolio, including high quality assets, social housing as well as pre-marketed units, amounts to approx. 3,600 units and approx. € 1.7 billion in value.

Over 80% of the portfolio is situated within a short walking distance to an underground/overground station

December 2023	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
London	1,653	189	3.1%	84	37.9	3,549	8,757	5.1%

Key drivers

Large number of higher education universities including some of the oldest and world-famous colleges resulting in access to high quality talent.

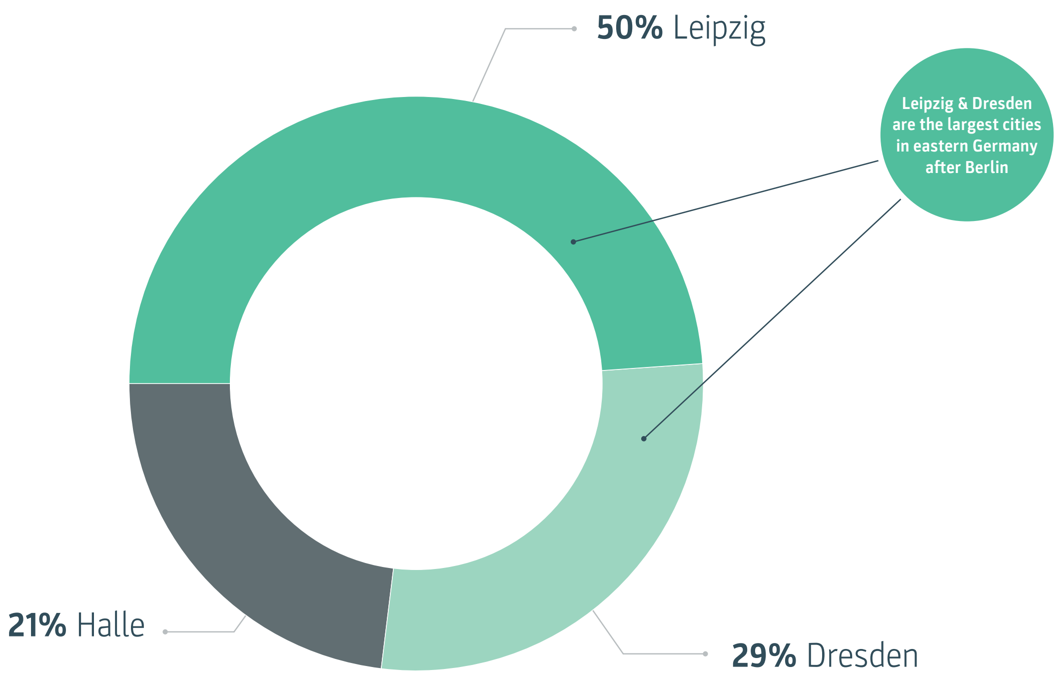
Positive demographic fundamentals with a very high population density and a low median age

Leading fintech hub with strengths in areas for growth potential such as, blockchain, digital banking and alternative lending among others.

Leaner regulatory environment provides faster repositioning turnaround times and ability to achieve market rent potential

QUALITY EAST PORTFOLIO

Located in the growing and dynamic cities of Dresden, Leipzig and Halle



December 2023	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
Dresden/ Leipzig/Halle	1,152	816	2.9%	56	5.9	13,997	1,412	4.9%

Key drivers

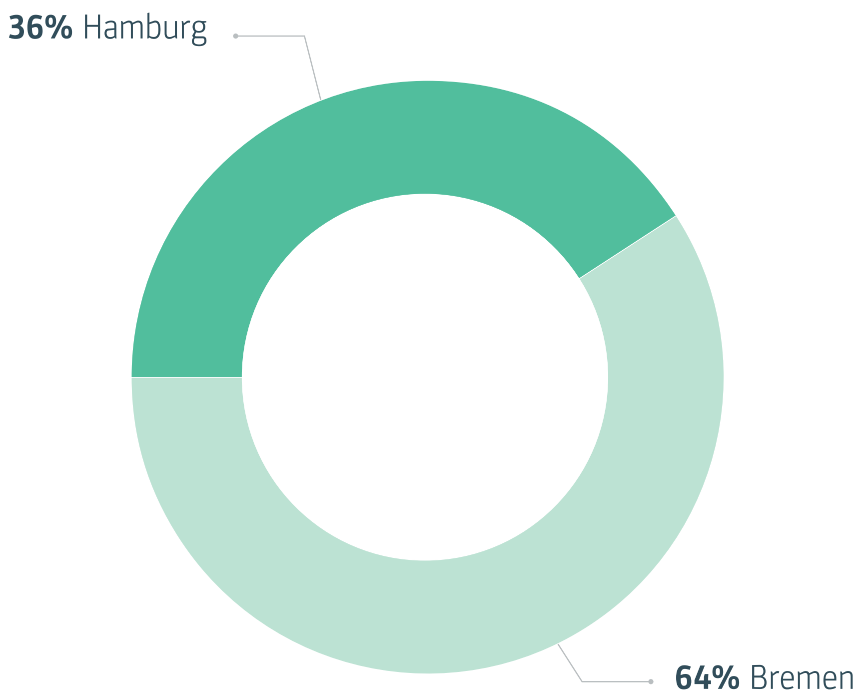
Dresden is a leading hub for the technology industry in Europe, with a strong presence in semiconductors, communication technology, and software development.

University cities with a wide appeal attracting students from around the world. Leipzig's university, founded in 1409, is one of Europe's oldest.

Strong demographic fundamentals, with increasing urbanisation over last decade and young population compared to surrounding regions, with Leipzig expected to be among the cities leading population growth in Germany through 2030.

QUALITY NORTH PORTFOLIO

The North portfolio is focused on the major urban centers of Hamburg and Bremen – the largest cities in the north of Germany.



December 2023	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
Hamburg/ Bremen	385	264	3.5%	22	7.1	3,996	1,457	5.7%

Key drivers

Hamburg is Germany's 2nd largest city by population.

Hamburg port is a leading driver of the regional economy.

Bremen's ports are important logistical hubs in Germany and much of Germany's trade is executed through the city's ports.

Bremen is an industrial hub with a strong connection to well known local research institutes.

STRONG FINANCIAL POSITION

Conservative financial policy

GCP follows a financial policy in order to maintain and improve its strong capital structure:

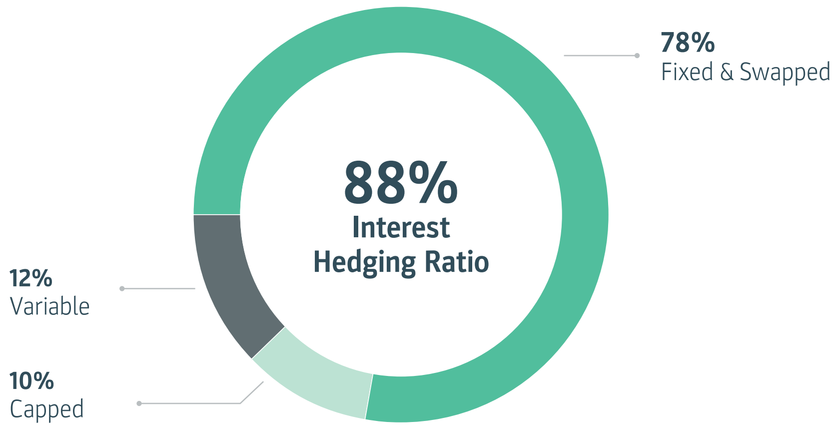
- LTV limit at 45%
- Debt to debt plus equity ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios with a strong ICR
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long-term unsecured bonds and non-recourse bank loans
- Maintaining credit lines from several banks which are not subject to Material Adverse Effect clauses
- Dividend distribution of 75% of FFO I per share*

The Company has a conservative financial approach, maintaining a strong liquidity position providing for valuable financial flexibility. The strong liquidity position is reflected by €1.2 billion in cash and liquid assets at year-end 2023.

* due to the current market environment, the decision will be taken subject to market condition

Interest hedging structure

December 2023



GCP's bank loans are spread across many loans from many different financial institutions that are non-recourse and have no cross-collateral or cross-default provisions.

In accordance with the Company's conservative capital structure, as of December 2023, 88% of its interest is hedged.

As part of GCP's conservative financial policy, bonds issued in foreign currencies are hedged to Euro until maturity.

CREDIT RATING

GCP 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) and Baa1 (negative), respectively. Additionally, S&P assigned GCP a short-term rating of A-2. Since 2021 Moody's maintains its public rating on GCP on an unsolicited basis.

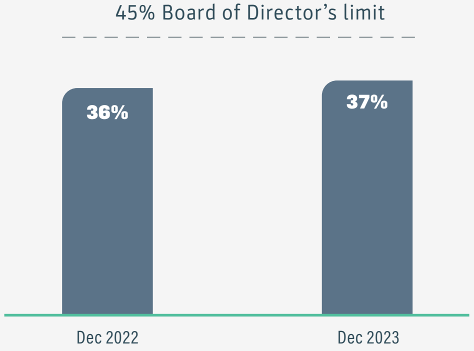
LOAN-TO-VALUE

GCP strategically maintains its strong financial profile characterised by long debt maturities, high proportion of hedged interest rates, excellent financial coverage ratios, and a low LTV. The LTV as of December 31, 2023 is at 37%, well below the management limit of 45%.

INTEREST COVER RATIO

GCP's financial flexibility remains strong over time due to its high profitability, which is reflected in consistently high debt cover ratios. For the year of 2023, the Interest Cover Ratio was 5.6x.

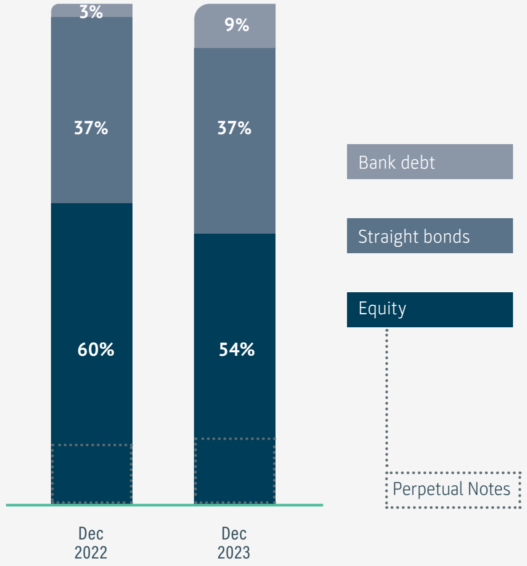
Low Leverage (Loan-To-Value)



FINANCING SOURCES MIX

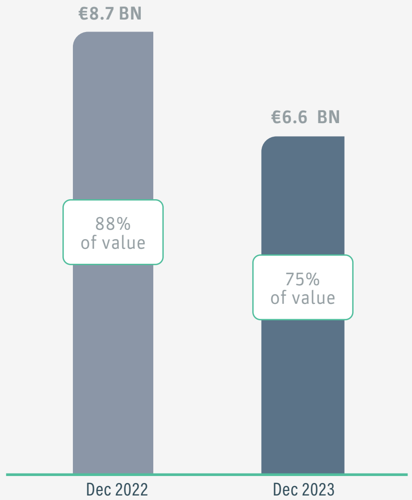
An important component of GCP's financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company's wide reach and proven track record in issuing instruments across various capital markets: straight bonds, convertible bonds, perpetual notes and equity capital. Moreover, GCP'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 are 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.



UNENCUMBERED ASSETS

The Company maintains as part of its conservative financial policy a high proportion of unencumbered assets to provide additional financial flexibility and contribute to a strong credit profile, with €6.6 billion in unencumbered assets as of December 2023, representing 75% of the total portfolio value.



COMPANY STRATEGY AND BUSINESS MODEL

01

Deal-sourcing network established since 2004.

02

Due Diligence & negotiation of best possible deal terms.

03

Acquisition.

04

Repositioning + Capex Increase: Rent + occupancy. Decrease operating costs and non-recoverable costs. Improve tenant satisfaction. Centralised IT/software.

05

Yield & Value increase.

06

Capital recycling through disposals and channeling proceeds into quality properties and/or debt repayments.

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

GCP's investment focus is on the German and London residential markets that it perceives to 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 Company follows selective acquisition criteria and benefits from internal growth potential from the acquisitions of high cash flow generating and under-rented properties with vacancy reduction potential.

Cash flow improvements through focus on rental income and cost discipline

GCP 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, GCP 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. GCP also applies significant scrutiny to its costs, systematically reviewing ways to increase efficiency and thus increase cash flows.

Taking into account sustainability matters, understanding the interest of key stakeholders and maximise tenant satisfaction

GCP's strategy and business model take into account the varied interests and viewpoints of its stakeholders, including its valued employees, tenants, local communities and municipalities in which GCP operates, suppliers and business partners, and investors, which constitutes a significant aspect of its approach for achieving sustainable growth. GCP understands that the support of its stakeholders is crucial for executing its strategic goals. Therefore, in order to understand and address the needs and concerns of these stakeholders, ongoing communication, active engagement, and a commitment to ethical business practices are required. Regular feedback mechanisms, community involvement, and a proactive approach to problem-solving contribute to building trust and long-lasting relationships with all stakeholders. These practices are integrated throughout the business operations to guarantee that the concerns and interests of stakeholders are acknowledged and addressed.

GCP's upstream value chain consists of its investors, its construction and development partners, and its suppliers. GCP takes the next position in its value chain, with its employees, tenants, and local communities and municipalities making up its downstream value chain. GCP's business strategy also takes the sustainability matters identified as material during its Double Materiality Assessment into account. Whether these relate to its own workforce, its supply chain or the energy efficiency of its assets and other environmental matters, GCP adapts its strategy and underlying processes where necessary to reflect the impacts and importance of its material sustainability topics.

Tenant satisfaction is also a key pillar of the GCP strategy and helps explain the Company's success since its foundation. GCP primarily meets customer service requests in two different ways. Firstly, through the GCP service center, customer care agents individualise solutions for each tenant and provide 24/7 support in several different languages. Tenants are ensured prompt responses to queries and can expect to hear back within a maximum timeframe of 24 hours. Furthermore, urgent requests are taken care of within a time frame of under an hour. As a result of this quick and personalised customer support system, the service center has been validated independently and well rated. Focus Money rated the GCP service center's customer service as "fairest customer service" once again and TÜV Nord recognised the GCP service center by recertifying it for 'service quality' in 2023. TÜV Hessen also certifies the GCP service center for ISO 9001:2015, its quality management system. The second major point of contact is through the Company developed GCP tenant app which further digitalises, quickens, and improves processes, thereby positively impacting tenant satisfaction. Through the GCP App, prospective and existing tenants can access tools such as apartment search as well as service and maintenance requests. The App allows tenants to view the status and receive updates on these requests, thus increasing the transparency of the process. These efforts have been well received by tenants as more requests happen digitally with the rate of tenants contacting the Company via GCP App, Chat or E-Mail increasing from 28% in 2022 to 37% in 2023. The Company has also established a tenant loyalty program which allows tenants to gather points by paying rent on time, renting duration, and through participation in activities and programs. The Company places strong emphasis on enhancing the living quality and environment of its tenants through various measures. GCP strives to develop a holistic sense of community amongst its tenants by installing playgrounds, improving accessibility at the properties, organising family-friendly events, supporting local associations as well as through various other initiatives. Some of the Company's regularly organised tenant events include Santa Claus celebrations for Christmas, Easter egg-searching events as well as other events such as the dozens of "GCP Autumn Parties" that were organised in 2023. The Company has also worked towards providing children with study areas, supporting local organisations that promote creativity, organising youth programs, mother-baby groups, and senior citizen meeting points, among many others, to establish a pleasant environment within the community. GCP also identifies opportunities to work with local authorities to improve the existing infrastructure in the community, contributing to a better living environment and making neighbourhoods more desirable.

Operations supported by centralised IT/software

The Group's integrated centralised IT/software plays a significant role in enabling GCP to achieve its efficiency objectives. The key to this system is the detailed information that it provides not only on the portfolio but also on existing and prospective tenants, which staff can access on and off the road. This all-encompassing data processing enables the Group to track and respond to market rent trends, spot opportunities for rent increases, and manage re-letting risks on a daily basis. Implementation of digital processes for letting activities allow for paperless signing of leases, improving the speed and efficiency of the letting process for GCP and tenants while integrated service request through GCP's tenancy app improve the efficiency and transparency of maintenance and service requests for tenants. GCP's IT/software provides management with the detailed information necessary to monitor everything from costs to staff performance.

Munich

CAPITAL MARKETS

Investor relations activities supporting the strong capital markets position

The Company continues to proactively present its business strategy and thus enhance perception, as well as awareness, of the Company among capital market investors. GCP seizes opportunities to present a platform for open dialogue, meeting hundreds of investors in dozens of conferences around the globe as well as hosting investors at the Company's offices or via video conferences. The improved perception leads to a better understanding of GCP's business model, operating platform and competitive advantage, and leads to strong confidence from investors. GCP's strong position in equity capital markets is reflected through its membership in key stock market indices, including the SDAX of the Deutsche Börse, the FTSE EPRA/NAREIT Global Index series and GPR 250.

Placement	Frankfurt Stock Exchange	
Market segment	Prime Standard	
First listing	Q2 2012	
Number of shares (as of 31 December 2023)	176,187,899	ordinary shares with a par value of EUR 0.10 per share
Number of shares, excluding suspended voting rights, base for KPI calculations (as of 31 December 2023)	172,356,233	ordinary shares with a par value of EUR 0.10 per share
Shareholder structure (as of December 2023)	Freefloat Aroundtown SA (through Edolaxia Group) Treasury Shares	37% 61% 2%
Nominal share capital (as of 31 December 2023)	17,618,789.90 EUR	
ISIN	LU0775917882	
WKN	A1JXCV	
Symbol	GYC	
Key index memberships	SDAX FTSE EPRA/NAREIT Index Series GPR 250	
Market capitalisation (as of 12 March 2024)	1.6 bn EUR	

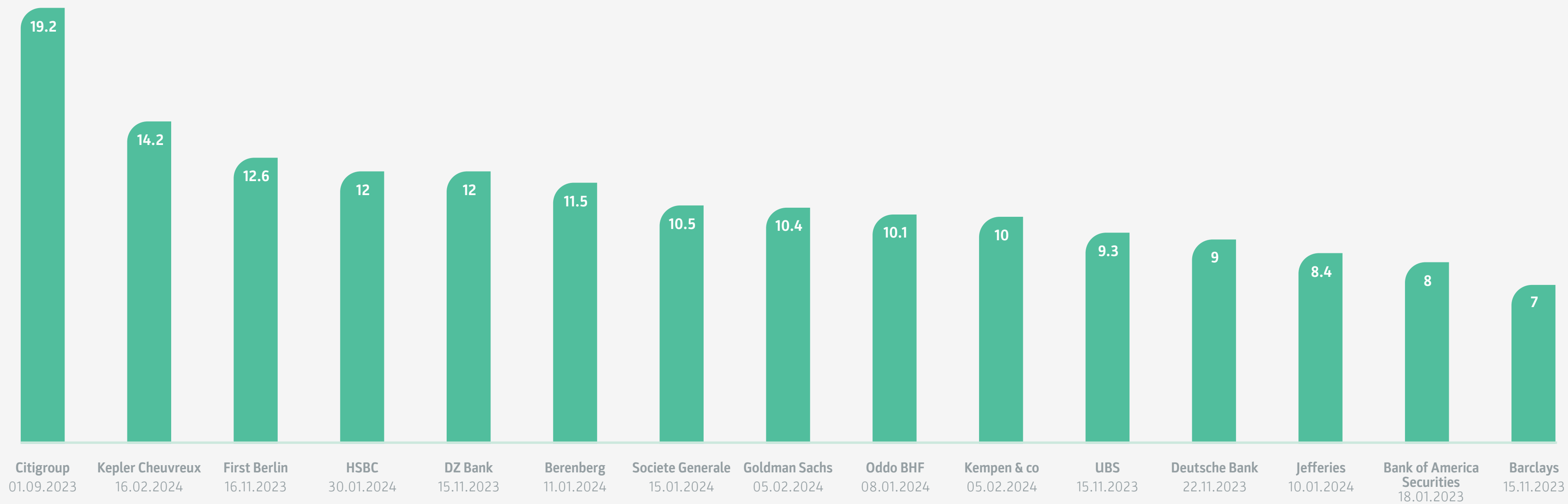
Vast and proven track record in capital markets

The Company has established over the years an impressive track record in capital markets, continuously accessing various markets through its strong relationships with leading investment banks in the market, supported by two investment-grade credit ratings (BBB+ Negative from S&P and Baa1 Negative from Moody's). Since 2012, GCP has issued approx. €9 billion through dozens of issuances of straight bonds, convertible bonds, equity and perpetual notes. The Company launched an EMTN programme, providing significant convenience and flexibility by enabling the issuance in a short of time of financial instruments of various kinds, sizes, currencies and maturities.

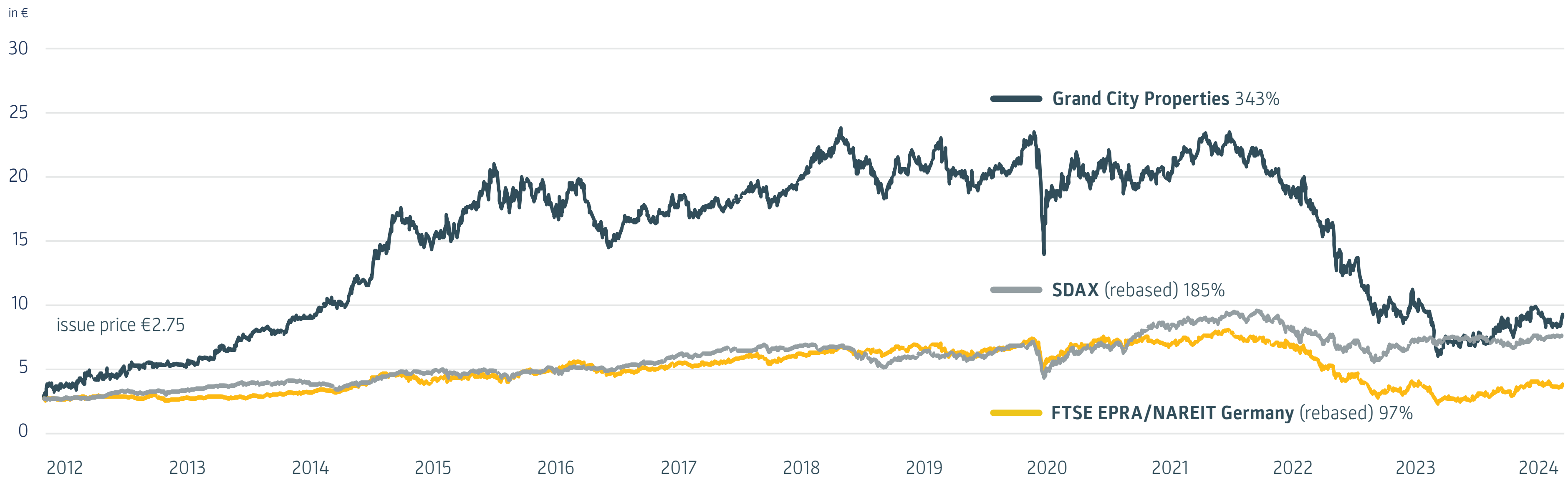
Analyst coverage

GCP's shares are covered by several different equity research analysts on an ongoing basis, who regularly publish updated equity research reports.

Analyst recommendations



> SHARE PRICE PERFORMANCE AND TOTAL RETURN COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



Leipzig

NON-FINANCIAL REPORT

› GENERAL INFORMATION

Preparation of the Non-Financial Report

The content of this report and selected metrics (described as reviewed with relevant data tables) have been reviewed with limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). A statement from the independent auditors can be found on page 138.

GCP presents its performance measures in alignment with the European Public Real Estate Association (EPRA) sustainability Best Practice Recommendations (sBPR) standards throughout this report. Full estimation of value chain data, upstream and downstream, has not been conducted. Value chain data is only included for tenant-obtained energy consumption and water usage. Information regarding the preparation of the data throughout the report can be found in **Appendix 1: Data Preparation.** As well as EPRA sBPR, 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 our website.

In preparation for the first compliance window of the EU's Corporate Sustainability Reporting Directive (CSRD) in 2025, GCP structured and prepared this report to be in alignment with the recommendations of the European Sustainability Reporting Standards (ESRS). This report also includes information published in compliance with the EU Taxonomy, Regulation (EU) 2020/852 of the European Parliament.

The methodology used to prepare the Sustainability Statement is as below:

1. Identification of Stakeholders

The process began by identifying the internal stakeholders relevant to GCP, which involved defining the purpose and scope of the Non-Financial Report and identifying captured stakeholders. Subsequently, the identified stakeholders' perspectives were assessed, and relevant stakeholders were engaged further through a series of topical interviews.

Internal stakeholders include, but are not limited to, GCP employees from the following departments: Human Resources, Occupational Health and Safety, Sustainability, Insurance, Data Protection, Real Estate Management, Risk Management, Energy, Water and Management, Rent Control and Increase, Finance, Advisory, and Compliance. Other stakeholders include value chain workers, business partners, investors and tenants.

2. Problem Mapping

In total 13 interviews with key internal stakeholders were conducted to identify and map financial and non-financial topics impacting GCP. These interviews were categorised according to the ESRS standards and questions on these topics were addressed during the sessions.

3. Data Validation

The information obtained through the interviews was validated by cross-referencing with other data sources, ensuring accuracy and reliability. This step helps in building a comprehensive understanding of the materiality of issues. The outcome of the double materiality assessment (DMA) was then used to prepare this report as much as possible in accordance with the guidelines set out in the CSRD.

Double Materiality Assessment

GCP applies the principle of materiality as a guide to help identify the ESG risks, opportunities and significant issues presented by the Company's business model. ESG risks are evaluated as part of regular risk assessments and risk planning. Financial budgets are adjusted to account for material ESG risks. The DMA is a strategic framework designed to evaluate and understand the dual impact of a company. On one front, it assesses the impact on the company itself, delving into financial health, operational efficiency, and employee wellbeing. Simultaneously, the assessment extends its gaze to the broader horizon, examining the company's impact on people and the planet. This dual focus enables a comprehensive understanding of not only financial implications but also social responsibility, environmental impact, and the overall contribution to a sustainable and ethical future.

In 2023, GCP undertook a review of its material topics as part of a comprehensive sustainability risk assessment under the direction of the Sustainability Department. As part of its ongoing commitment to sustainability and responsible business practices, it is critical to emphasise the importance of the DMA for the development of the Company's business. This assessment is not just a procedural requirement, but a strategic imperative with far-reaching implications for the Company's success and relevance in an ever-evolving business landscape.

This DMA was performed in alignment with the GRI guidelines and best management practices. As the assessment process was finalised by mid-June 2023, and the official CSRD requirements were published at the end of August 2023, the methodology used for this DMA was not fully aligned with the CSRD requirements and should therefore be considered as a transitional assessment. GCP plans to conduct another DMA in 2024, aligned to CSRD guidance and requirements. Nevertheless, the results of the assessment – a selection of material topics – serves the purpose of this report and the disclosure of all the material topics will be made accordingly.

The DMA was performed in four stages:

1. **Identification** of ESG topics through the review of a list of GRI material topics as well as sector-specific material topics.
2. **Prioritisation** of the topics in order to select a short list of material topics that is used for further investigation in the next steps of the process.
3. **Engagement** with a total of 59 internal stakeholders through both a digital survey (28 participants) as well as interview sessions (four interviews, 31 participants). Further engagement with seven external stakeholders through a series of seven interviews. External stakeholders extended to the upstream value chain with investors, and the downstream value chain with tenants.
4. **Scoring methodology** was developed and implemented in order to make a final list of material topics that would be used for the disclosure and reporting.

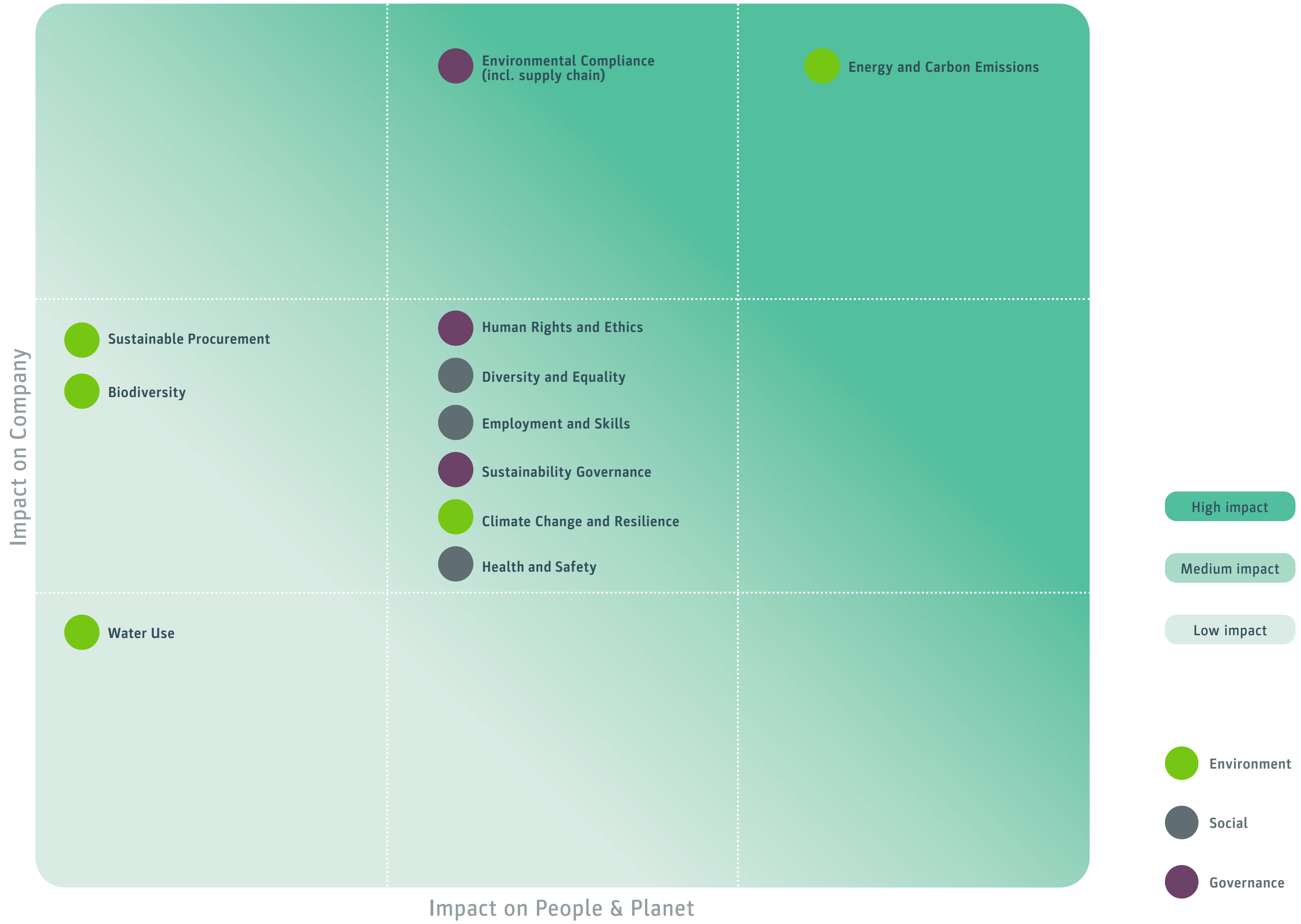
Interviews and a digital survey played a crucial role in the DMA process, providing both a qualitative and quantitative dimension to the analysis. This approach ensured a comprehensive exploration of relevant subjects, allowing for a more in-depth understanding of the stakeholders' perspectives and insights as well as their perspectives on ESG priorities and future areas of risk and opportunity for GCP which inform the Company's strategy.

The result of the DMA is represented in the materiality chart below. An analysis of the focus areas for the organisation and potential commitment/KPIs that can be considered follows.

Energy and carbon emissions (2.54, 2.82)[1] are the highest priority for all stakeholders. They believe this is where GCP's activities have the greatest impact on the environment. They also believe that the transition to a low carbon economy is likely to have a high impact on the business. Environmental Compliance (1.27, 2.08) is the other issue that was considered to have a high impact on the business. General stakeholder consensus is that the subsequent priorities are as follows: climate change and resilience (1.20, 1.45), governance (1.25, 1.52) and people (i.e., diversity and equality (1.32, 1.54), human rights and ethics (1.40, 1.50) and employment and skills (1.50, 1.32).

1. Numeric results of the double materiality assessment: (2.54, 2.82) (Impact on people & planet, Impact on company)

› DOUBLE MATERIALITY ASSESSMENT



After the official publication of the ESRS requirements, the DMA's material topics were assessed against the standards' topics, sub-topics and sub-sub-topics. The following table shows an overview of ESRS topics, sub-topics and sub-sub-topics, highlighting those that have been deemed material in the DMA. All the material topics will be addressed in more detail and according to the ESRS requirements in the relevant chapters of this report.

MATERIAL TOPICS

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS E1	Climate Change	Integration of sustainability-related performance in incentive schemes	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
		Description of the process to identify and assess material impacts, risks and opportunities	
		Climate change adaptation	
		Climate change mitigation	
		Energy	
ESRS E2	Pollution	Description of the processes to identify and assess material impacts, risks and opportunities	
ESRS E3	Water and Marine Resources	Description of the processes to identify and assess material impacts, risks and opportunities	
		Water	Water consumption
ESRS E4	Biodiversity and Ecosystems	Description of the processes to identify and assess material impacts, risks and opportunities	
		Impacts on the state of species	Species population size
ESRS E5	Circular Economy	Description of the processes to identify and assess material impacts, risks and opportunities	
		Waste	

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS S1	Own Workforce	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
		Working conditions	Secure employment
			Working time
			Adequate wages
			Health and safety
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
			Training and skills development
			Employment and inclusion of persons with disabilities
			Measures against violence and harassment in the workplace
			Diversity
		Other work-related rights	Child labour
			Forced labour
			Privacy

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS S2	Workers in the Value Chain	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS S3	Affected Communities	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS S4	Consumers and End-Users	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
		Personal safety of consumers and/or end-users	Health and safety
ESRS G1	Business Conduct	The role of the administrative, management and supervisory bodies	
		Description of the processes to identify and assess material impacts, risks and opportunities	
		Corporate culture	
		Protection of whistle-blowers	
		Political engagement and lobbying activities	
		Management of relationships with suppliers including payment practices	Prevention and detection including training
		Corruption and bribery	Incidents

LEGEND:

YES	CSRD mandatory- mandatory for everyone
YES	GCP mandatory- material topics scoring 1.41+ in DMA
YES	Not mandatory- topics less than 1.41 in DMA, but GCP will report on this year

OVERVIEW OF THE EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

Standard	Topic	Mandatory or subject to Materiality?
ESRS 1	General Requirements	Mandatory - sets out the principles to be applied, no reporting requirements
ESRS 2	General Disclosures	Mandatory
ESRS E1	Climate Change	Subject to materiality - detailed explanation to be provided if this topic is deemed to be not material
ESRS E2	Pollution	Subject to materiality
ESRS E3	Water and Marine Resources	Subject to materiality
ESRS E4	Biodiversity and Ecosystems	Subject to materiality
ESRS E5	Resource Use and Circular Economy	Subject to materiality
ESRS S1	Own Workforce	Subject to materiality
ESRS S2	Workers in the Value Chain	Subject to materiality
ESRS S3	Affected Communities	Subject to materiality
ESRS S4	Consumers and End-Users	Subject to materiality
ESRS G1	Business Conduct	Subject to materiality

The above table shows the individual ESRS standards and whether they are mandatory or subject to materiality.

GCP's ESG Strategy

Established by the Board of Directors and monitored by the ESG Committee, GCP's ESG Strategy is guided by dedication to operating responsibly, creating value for the stakeholders, and improving the environmental and social performance of the Company's 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 is 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.

GCP's overarching ESG Strategy is detailed throughout this report and has been designed to focus on the ESG topics which have been identified as relevant to our business. As a result of our 2023 DMA, we have implemented several changes to ensure material impacts, risks and opportunities are effectively addressed. Our Strategy is constantly evolving to meet the needs of our stakeholders and to remain aligned with legislation and regulation that apply to us.

As described in our Company Strategy and Business Model section, we source and acquire assets that follow our selective acquisition criteria and benefit from internal growth potential, including assets that are underperforming in terms of ESG aspects. GCP refurbishes and transforms them into quality homes in cities with growing populations, helping meet demand for comfortable and sustainable homes. Our refurbishment-first approach underpins our ESG Strategy as we recognise the benefits of renovating existing building stock rather than demolishing and developing new assets. By using this approach, we minimise construction waste during the development process as well as the energy consumption, biodiversity impacts and noise pollution which would occur during a full construction project.

The guiding principle of our strategy is to raise assets' environmental performance, and we therefore preferably invest in buildings with development potential, even where this involves more significant structural interventions. Fundamentally, the findings of the environmental assessments undertaken as part of our due diligence enable us to develop comprehensive asset environmental improvement plans, including a defined catalogue of measures which are factored into the budget for asset repositioning.

Another pillar of our ESG strategy is tenant satisfaction. Our tenants are pivotal to our success. We therefore ensure our tenants have access to our Service Centre which is available 24/7 for emergency support, and from 7am – 7pm on working days, as well as offering regular communication of events and relevant information through our tenant app. Our Tenant Satisfaction Policy further details our commitments to our tenants and how we ensure high-quality customer service.

With regard to the satisfaction of its employees, GCP continues to engage with them through various ways, providing training and professional development opportunities, as well as channelling their feedback to further shape GCP as a welcoming and diverse company. We also closely monitor our gender pay gap in an effort to increase transparency and conform to widely accepted standards.

Furthermore, our Business Partner Code of Conduct and our Human Rights Policy set out our commitments to act in accordance with internationally recognised standards of human rights, and includes our expectations of our suppliers to ensure our value chain workers are protected to the same standards we hold ourselves. Both policies were updated in 2023. In general, GCP's corporate governance and compliance with the ever evolving regulatory and legal frameworks in the European Union have been of great importance to the Company and at the core of our business.


Cologne

ENVIRONMENTAL INFORMATION

Climate Change

Long-term Targets

- Achieve a 40% reduction in CO_2 intensity by 2030 against the 2019 baseline, measured in CO_2-equivalent emissions intensity (CO_2e/m^2)
- Achieve a 20% reduction in energy intensity by 2030 against the 2019 baseline, measured in kWh/m^2
- Switch electricity to Power Purchasing Agreements (PPAs) certified renewable electricity from wind, hydro-electric and solar PV sources by 2027
- Ensure our portfolio's increasing resilience to climate-related risks through the implementation of adaptation solutions and retrofitting of our assets
- Continue building climate risk assessment capacities and data collection to allow asset specific and forward-looking planning and actions
- Follow technological developments in the real estate sector, as well as products and services offered by prop-tech companies to adopt cutting-edge climate change adaptation solutions

2024 Goals

- Set up a new database for environmental data, allowing semi-automated data collection through a mobile app for facility managers
- Source 7% of our procured energy from PPA renewables
- Conduct energy assessments and energy retrofit plans of at least 300 properties
- Continue to assess the Company's portfolio stranding risk
- Begin to expand our portfolio-level physical climate risk assessment to an asset-level to further guide the implementation of asset-specific climate change adaptation solutions
- Continue to implement climate change adaptation plans determined in 2022 and 2023

Climate Change Mitigation

Over recent years, from a global community standpoint, we have truly recognised the crucial role we play in mitigating the negative effects of climate change. The Intergovernmental Panel on Climate Change (IPCC) has made it clear that the international community must limit global warming to +1.5°C in comparison to pre-industrial times. Without significant reductions in greenhouse gas (GHG) emissions worldwide, this will not be possible. We understand the gravity of the situation as demonstrated in the results of the DMA, which identified energy and carbon emissions as the most material topic for our business. As emissions from buildings and construction make up around 40% of annual global emissions, we are undertaking significant mitigation efforts to drive this transition.

There is increasing pressure from investors, governments and regulators, and society for urgent action to reduce the adverse impact of the built environment on climate change. A key development which continues to drive change is the phased introduction of the EU Taxonomy. This legislation requires large, listed companies like GCP to align their approach with strict criteria across fundamental environmental objectives on climate change, water, waste, pollution and biodiversity. Our second full assessment against the EU Taxonomy Key Performance Indicators for the environmental objective Climate Change Mitigation can be found in the EU Taxonomy section of this report.

Cologne

GCP Carbon Reduction Strategy

Our fundamental commitment to climate change mitigation is our target of a 40% reduction in CO_2 emissions intensity by 2030, against our 2019 baseline. In order to achieve this ambitious goal, we developed our Company-wide Environmental and Energy Policy, to establish how efficiency and renewable energy projects will be targeted, identified, implemented and monitored.

Guiding our actions on this target is the GCP's CO_2 Pathway, which monitors our progress towards achieving this 40% reduction target and forecasts the rate of reductions which must be made to reach it. Data on current energy performance and EPC ratings are combined with metrics on potential improvement measures to develop a model of the entire portfolio. The suite of possible measures is determined from onsite audits, desk-based energy simulations and EPC recommendations. Using this data, possible combinations of energy efficiency measures and renewable energy systems are considered, to assess how transition risks can be mitigated at each property. These insights are considered alongside broader market and regulatory factors, to develop an action plan for investments which aligns with the required carbon reduction.

The measures incorporated in the modelling of our CO_2 pathway include upgrades to current building fabric and systems and more sophisticated renewable energy measures such as air source heat pumps and CHP systems. Further advanced technologies, such as micro wind turbines, geothermal heat pumps, and hydrogen-based CHP systems will be investigated further in the future. The potential efficiency improvement, carbon reductions and associated costs of these measures are considered.

CARBON REDUCTION PATHWAY

2019 Baseline
59.60 kg CO_2e/m^2/year Intensity

Annual reduction
Average of 4% reduction/year

2030 Target
40% cumulative reduction

Improved energy efficiency through better building envelopes.

- Roof, façade, and basement insulation
- Window replacements

Renewable energy systems and technological upgrading.

- Solar PV
- Air source heat pumps
- Air conditioning and ventilation
- Combined heat and power generation
- EV charging
- LED systems
- Smart meters

Sourcing local renewable energy through Power Purchase Agreements (PPA).

AI

Smart energy management systems and hydraulic balancing improve operational efficiency through integrating systems and optimizing energy flows.

Our Energy Strategy focuses on:

- Comprehensive due diligence at the acquisition stage, including energy efficiency aspects, enabling us to develop asset improvement and refurbishment plans to achieve energy efficiency improvements
- Implementation of environmental management policies and procedures, including data collection, digitalisation and reporting, preventative maintenance and ongoing operational improvement
- Sustainable energy measures encompassing investment in solar and wind power systems, combined heat and power (CHP), electric vehicle (EV) charging stations, smart meters and a total energy management system
- Progressively switching all electricity from Renewable Energy Certificates (RECs) to PPA certified renewable energy by 2027
- Collaborating with tenants as a part of our loyalty programs

Monitoring and Management

To maximise the improvement opportunities among our existing properties, we aim to complete at least 300 energy audits each year. In 2023, we continued to conduct holistic site audits which assess the condition of the envelope and supply systems of the building from which we can identify appropriate energy efficiency actions and renewable energy system opportunities. We initiated a pilot project aimed at conducting energy audits, developing asset-specific retrofit/decarbonisation plans, and evaluate their compatibility and performance. Within the scope of this initiative, we have executed pilot projects across 47 buildings in Germany. The energy savings, carbon reductions and investment costs of these projects are modelled and extrapolated to the full portfolio, to provide an integrated picture of our progress towards our reduction targets. The outcome of this project will guide our decision to proceed with a broader and more extensive implementation. In the future, we will enhance these assessments with further digital modelling to simulate the effect of efficiency interventions.

Whereas our initial energy management approach has been to invest in onsite renewable energy and efficient energy generating systems such as CHPs (see next section for more information), we adjusted our approach in 2021 to align with the three-stage hierarchy in the World Green Building Council's Net Zero Carbon Buildings Commitment for operational carbon. This has now become our strategy. This means when identifying energy interventions, we first focus on ways to reduce and optimise the energy demand of our assets, then identify opportunities to generate the required energy renewably and onsite, and finally source the remaining energy demand through off-site renewable energy.

To ensure we prioritise these improvement plans correctly and monitor their effect to further inform our modelling, good data coverage and reliability is essential. We have a long-term goal of achieving full data coverage across our portfolio. We achieved 84% energy data coverage for our like-for-like portfolio in 2023. To maximise the utility of this data, we have initiated the development of a new database for environmental data, enabling semiautomated data collection through a mobile app for facility managers. Although GCP does not directly control tenants' energy consumption, we do strive to provide our tenants with consistent and relevant information about their energy consumption through the progressive installation of sub-metering systems and smart meters. We have also used informational videos and posters, as well as provided information through our Service Centre to inform of behavioural changes that can be made by tenants to reduce energy consumption. This empowers our tenants by providing awareness and incentive to reduce energy consumption, which has been particularly valuable throughout 2023 due to the significant increase in energy costs.

Investments into Renewable and Efficient Energy Systems

The gradual global transition to a low-carbon economy has highlighted the importance of investing in renewable and green energy infrastructure; in more recent years, we have seen the real estate sector furthering efforts towards this too during construction and use stages of buildings. Since 2019, GCP has been investing in renewable energy to ensure that its properties remain competitive during the transition to electrification of properties and transport, and to a more decentralised energy market focused on renewables. The significant challenges to the European energy market in 2022 and 2023 have further underlined the urgency of this transition, and the foresight of our investments.

Over the years, our investments have mostly focused on the following measures

- The installation and operation of solar PV generation systems on rooftops
- The installation of highly efficient energy generating systems based on CHP
- The installation of EV charging stations. This allows for conversion of the Company's fleet to EVs, resulting in lower fleet cost and more reliable mobility as well as lower emissions

Together with a partner company, we implement efficient and renewable-based onsite energy systems at our properties. Our partner also undertakes site visits to identify the number of EV charging points that can be installed at each of our properties, for private or public use. Note that given the regulatory changes in the past year, particularly regarding the usage of gas or fuel-based systems, such as CHPs, we will likely phase out CHPs in the mid-term.

In terms of future additional activities, we are planning the installation of heat pumps, as well as the implementation of electricity storage to support solar, EV chargers and heat pumps. This will not only increase the energy efficiency of the asset but enable optimal management of energy consumption and production. Also, this will provide the necessary infrastructure for fast EV charging stations to serve GCP and its tenants. In 2024, we will focus more closely on the implementation of smart meters combined with a total energy management system to optimise efficiencies in terms of resource use and cost.

Renewable Power Purchasing Agreements

Beyond our investments in renewables and energy efficiency systems, we have set a goal to switch all electricity from Renewable Energy Certificates (RECs) to PPA-certified renewable electricity generated from wind, hydroelectric and solar PV sources by 2027. This means that where it is not viable to generate energy onsite or not sufficient to meet building demand, additional renewable energy will be sourced to minimise asset and portfolio carbon emissions. In 2023, our purchased like-for-like electricity covered by RECs was 90% in comparison to 84% in 2022.

Internal Carbon Pricing

We have applied an internal carbon price so we can identify the additional benefits of our actions towards energy consumption and emissions reductions. We have used the German pricing based on the Fuel Emissions Trading Act[2] as opposed to the wider market pricing. This pricing was €30/tonne CO_2 through 2023, is set at €45/tonne CO_2 for 2024, and will increase incrementally to a price corridor of €55-65/tonne CO_2 by 2026. From 2027 onward, it will transition to a market-based system for which the rules are yet to be determined, for which the Company assumes a price cap of €125/tonne CO_2.

Climate Change Adaptation

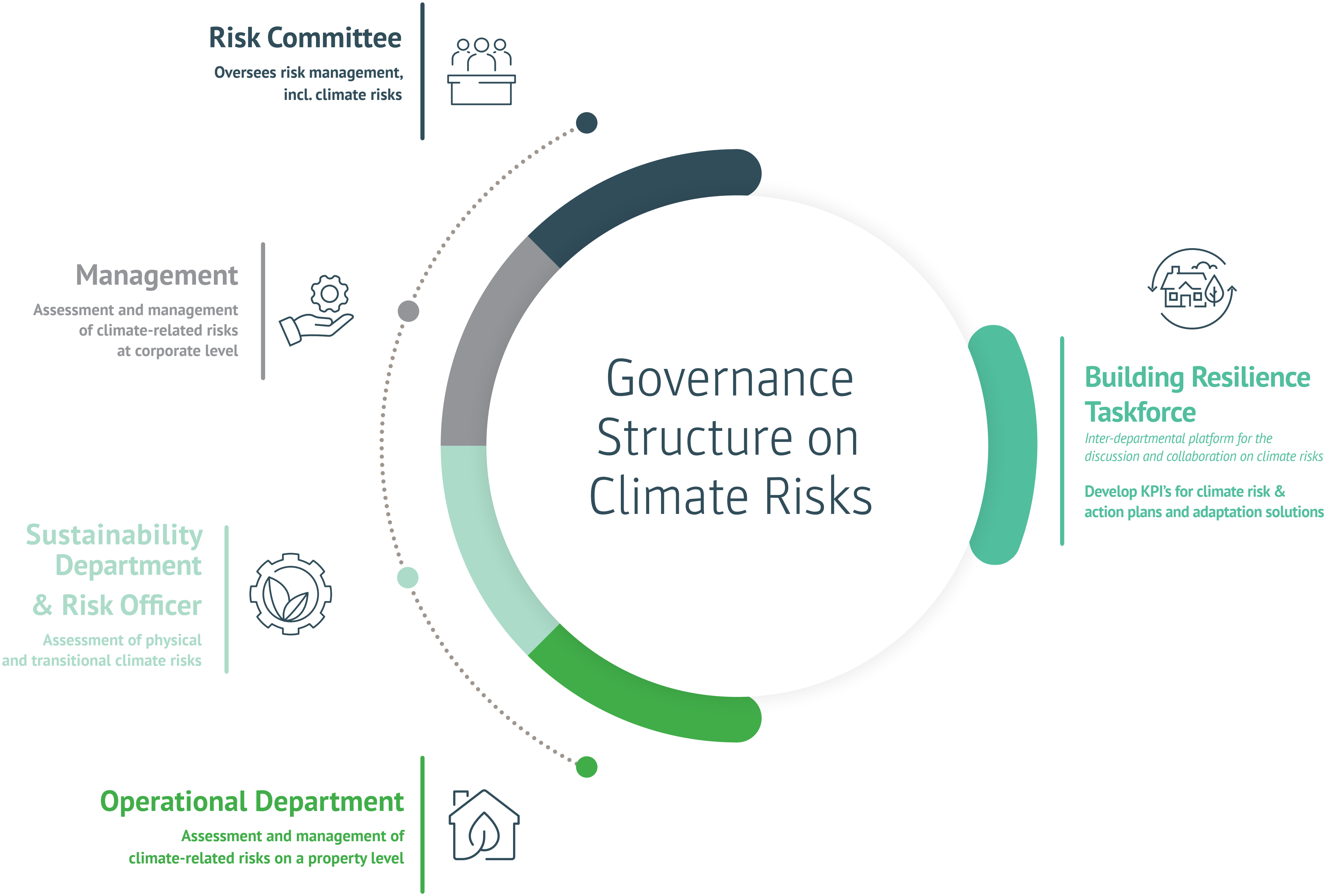
It is clear that climate change poses major risks across all countries and sectors, arising from both the physical impacts of climate change itself, and the potential impacts of the social transition which will be required to mitigate it. This section of our report is structured according to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the leading international standard for reporting on management of climate-related risks. GCP is aware that in October 2023, it was announced that TCFD will be disbanded following the publication of the IFRS S1 and IFRS S2 standards, which include TCFD's recommendations, and will therefore be overseen by the IFRS Foundation from 2024. This will be considered in next year's report.

Governance

As with corporate governance, GCP's Board of Directors and management team share overall responsibility for climate-related risks. The Board of Directors and management team are also responsible for regularly reviewing and updating our Environmental and Energy Policy, which was most recently updated in 2023 and will come into effect in 2024. The policy addresses and aims to manage the material impacts, risks and opportunities related to climate change mitigation and adaptation. The key objectives captured within the policy are around metering and monitoring systems, energy efficient systems, renewable energy systems, energy storage systems, and EV charging infrastructure.

GCP's Management and Building Resilience Taskforce are co-responsible for assessing and managing climate-related risks. A distinction is made between climate risks affecting the Company at the corporate level, for which Management is the risk owner, and climate risks which impact our properties, which are owned by GCP's Operational Department. In addition, our Taskforce on Building Resilience formed in 2022 works cross-departmentally to address climate risks across relevant business units, developing action plans and adaptation solutions as necessary.

2. Brennstoffemissionshandelgesetz (BEHG), https://www.gesetze-im-internet.de/behg/__10.html


Risk Committee
Oversees risk management, incl. climate risks
Management
Assessment and management of climate-related risks at corporate level
Sustainability Department & Risk Officer
Assessment of physical and transitional climate risks
Operational Department
Assessment and management of climate-related risks on a property level
Governance Structure on Climate Risks
Building Resilience Taskforce
Inter-departmental platform for the discussion and collaboration on climate risks
Develop KPI's for climate risk & action plans and adaptation solutions

Strategy

In order to effectively manage climate-related risks, we firstly conduct risk assessments to understand the impacts these risks could have. The Risk Committee oversees risk management for the Company, and the potential impacts of climate change are considered as part of this process. Assessment of physical and transitional climate risks is conducted by the Chief Risk Officer in close collaboration with the Sustainability Department, and such assessments are presented to the Committee annually at a minimum, as well as upon urgency throughout the year. Following these assessments, we determine relevant and practicable measures to help reduce risks and maximise potential opportunities.

Transition Risk

In order to understand the exposure of the Company to transition risks, the Sustainability Department and Risk Committee have undertaken a comprehensive assessment of various transitional risk factors. A summary of the identified risks is provided in the following table, which also sets out the mitigation strategies being used to control these risks to our organisation. In alignment with the recommendations of the TCFD, we also describe the potential opportunities which the Company has identified in each of these factors.

The timeframes short-, medium- and long-term in this table refer to expectations in the next 1-3 years, 4-10 years, and 10+ years respectively. We have started the process of financially quantifying climate-related physical and transition risk and will continue to bolster these processes and our sources of information through 2024.

Berlin

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Policy	Climate-related regulations and laws are changing rapidly, placing stricter requirements and expectations on the energy and emissions performance. Carbon pricing schemes and energy ratings such as the EU's energy performance certificates (EPCs) are increasingly being implemented, and requirements for minimum ratings that must be met to let units to tenants are coming into force. Over time, existing regulations may become more aggressive or new policy tools may be implemented posing restrictions on letting or preventing the sale of buildings that do not comply with such minimum standards, leaving them "stranded".	Carbon pricing and enhanced emissions-reporting obligations might result in higher operating and compliance costs. Stricter EPC requirements are set to be implemented throughout EU member states with the recasting of the Energy Performance of Buildings Directive (EPBD) in 2023 - a trend expected to continue over the mid to long-term. These standards may require increased CapEx to bring properties up to the required standard in order to prevent their stranding. Market and investor pressure to disclose GHG emissions, as well as a carbon reduction pathway to net-zero has increased and will stay high in the mid to long-term. (S, M, L)	GCP's Carbon Reduction Pathway forms our strategy for reducing the carbon intensity of the portfolio. The Pathway explicitly considers potential carbon taxes and energy efficiency measures and will identify inefficient assets which are high priority for action to mitigate stranding risk. The Company is also taking the CRREM methodology into consideration and is informing itself with results of the CRREM analyses conducted. At this time, GCP has however prioritized stranding definitions based on EPCs and the EU's climate commitments embodied in the EPBD recast, which provides a more straightforward guide for the Company to prioritize inefficient assets for improvement and for the renovation planning process itself, although some uncertainty remains regarding implementation at the national level.	A move to more efficient buildings may result in lower operating costs, reduce stranding risks and decrease exposure to variations in the cost and availability of natural resources. More efficient buildings may also attract higher valuations influenced by improved energy performance and will be more attractive to investors, tenants and financial institutions due to compliance with their sustainable reporting requirements.
Legal	Companies may also become subject to lawsuits alleging failure to take sufficient actions to reduce greenhouse gas emissions or to account for or disclose known climate-related risks. Climate-related litigation may also result from erroneous non-financial reporting or misleading sustainability claims, in cases of "greenwashing," while companies in the EU found to have made misleading or false environmental claims could face fines if the proposed EU Green Claims Directive is approved.	With stricter EU regulation, including the EU Taxonomy and SFDR, the real estate sector has already felt the pressure of environmental legislation. The significant gaps between current regulations and the carbon budgets of the Paris Agreement make further regulatory tightening over the mid- to long-term likely. It is also possible that the scope of these regulations expands to take in more segments of the Company's value chain, increasing potential exposure and compliance costs. While climate-related litigation has primarily targeted governments and fossil fuel companies to date, it is possible that other sectors such as real estate may be targeted over the medium-to-long term. (M, L)	Our dedicated Sustainability Department works to ensure accurate and high-quality non-financial reporting, while constantly monitoring changes in regulations to identify gaps and facilitate compliance. This involves not only monitoring current legislative initiatives but also assessing the gaps between current policy and science-based climate targets to anticipate future changes.	

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Market	Tenant preferences for low or zero-carbon properties are likely to reduce demand for inefficient properties. Likewise, shifting investor preferences for sustainable and resilient assets could see valuations favour green buildings. Market conditions may shift from "green premiums" for low- or zero-carbon assets to "brown discounts" in rent or valuation for assets with high energy or carbon intensities.	The age of German building stock, where the Company primarily operates, combined with our business model of managing existing buildings, poses significant challenges in offering low or zero-carbon properties through the level of investment that is required. Inability to meet tenant preferences may increase vacancies and reduce revenues while inability to meet investor expectations may reduce access to capital. Shifting market demand may put downward pressure on the value of "brown" assets which are not in line with market expectations, thereby reducing the availability of capital and increasing the cost of debt. Increasing sustainable finance regulation is forcing investors to report on their sustainable actions, which will increase these demands on the Company. Regarding the impacts of capital expenditures needed to improve the energy efficiency of assets, Germany has a clear legal framework that enables limited rent adjustments for residential tenants, which provides a financial incentive for landlords that can be exercised in a way that is transparent between landlords and tenants. (M, L)	The Company is working with tenants to reduce energy and utility consumption with tenant awareness campaigns. Given the legal limits placed on modernization rent increases along with GCP's internal consideration whether further limits are warranted to ensure tenants are financially able to meet increased rents, the Company is developing renovation planning processes that enable full realization of available grants from the German government to mitigate any risks posed by the potentially high levels of CapEx needed to improve highly inefficient existing buildings to the greatest extent possible. The carbon reduction pathway prioritises the most inefficient assets in the portfolio for assessment of possible interventions to determine economic feasibility of investments that will protect or improve their value. This pathway will be subject to ongoing development to ensure alignment to market standards.	GCP's scale provides economic benefits which result in competitive advantages in repositioning assets with development potential in terms of energy efficiency or climate resilience. This could result in growth opportunities through the acquisition of such assets from owners without such ability. Low and zero-carbon buildings will be better positioned to reflect shifting tenant preferences, as well as investor demands, positively impacting rents and access to capital. Green assets may strengthen business resilience by increasing revenue through new products and services that meet market demands and may improve access to capital and debt. Green bond issuance, sustainability-linked loans or energy efficiency-related subsidies for buildings can be used to improve the financial feasibility of making the needed investments.
Energy	Energy markets are more prone to price fluctuations driven by supply crunches or swings in energy demand. This leads to risks associated with high energy and utility consumption and over-reliance on fossil-fuel derived energy supplies.	Energy market risks associated with a dependence on fossil fuels were previously seen as being relevant in the medium-to-long term, but the Russian war in Ukraine and the ensuing rise in energy prices have brought these risks to the present day. This has caused many sectors, including the real estate sector to call for speeding up the transition to a low-carbon economy. Nonetheless, the current energy mix of most grids are still primarily reliant on fossil fuels, as renewable energy generation and energy storage capacities have not reached the required levels for decarbonisation. (S, M, L)	The Company aims to reduce reliance on fossil fuels through its target to procure 100% of landlord-obtained electricity through power purchase agreements (PPAs), as well as through installation of onsite renewable energy systems. Investments in energy efficiency through our carbon reduction pathway and Energy Investment Program will also reduce energy costs, mitigating exposure to variations in price.	Increasing procurement of energy from renewable sources and a shift to decentralised energy generation can reduce operational costs, compliance costs and exposure to volatile fossil fuel markets. Green bond issuance or sustainability-linked loans can be used to improve the financial feasibility of making the needed investments.

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Technology	GCP recognises that current technologies are insufficient to achieve the grid decarbonisation needed to address climate change, and this is expected to increase the pace of technological development.	Insufficient monitoring of technological developments or regulatory requirements may lead to investment in technologies that become obsolete before the end of their use life. Buildings with obsolete technology systems may experience reduced demand and require higher maintenance costs/CapEx requirements to meet minimum efficiency standards and modern work, leisure and residential trends. (M, L)	The Energy and Operation Departments monitor regulations and available technologies on the market and their observed costs to maintain awareness of relevant and economical technologies that can improve the energy or carbon profiles of buildings. The energy-related procedures underlying the new environmental policy prescribe prioritisation of investment towards proven and cost-effective technologies.	Opportunity to engage with and invest in proptech companies to ensure modern, forward-thinking and appropriate technological outfits of the Company's properties.
Reputation	Companies seen as taking insufficient climate action or delaying climate action face increasing scrutiny and criticism from tenants, investors, the media, and society at large. Additionally, current and future generations of employees hold greater expectations for companies to act to address climate change	Any deficiencies in the climate strategy of the Company could expose it to criticism from societal actors, diminishing the Company's reputation. Errors in non-financial reporting may be seen as fraudulent or "greenwashing". Reputational damage from inaction on climate change may also reduce the ability to recruit and retain talent in the medium- to long-term. (S, M, L)	The Sustainability Department monitors best practices and societal trends to identify and act on gaps in the Company's climate strategy and bringing them to the attention of relevant internal stakeholders while working to ensure high-quality sustainability disclosures. Clear communication on the Company's sustainability, climate risk actions and carbon reduction targets will reassure employees, potential candidates and investors of the Company's continued efforts with regard to climate change mitigation and adaptation.	Through meeting or exceeding requirements, expectations, or best practices, the Company may be able to positively improve its reputation. This can also improve the Company's ability to attract and retain critical talent.

Physical Climate Risk

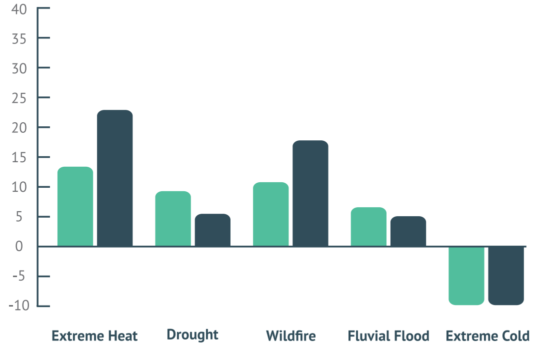
To assess the materiality of various physical risks to our assets, in 2022 we conducted a city-level physical risk assessment through S&P Global Sustainable1 for each of our major strategic locations. This was done across eight physical risks, with modelling conducted under four warming scenarios (SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5 from the CMIP6 consolidated climate models). From this analysis, exposure scores were produced for each decade from 2020 to 2100 in several cities of strategic focus to GCP. These scores were weighted against the GDP of the areas assessed, and the cities analysed cover around 76% of the value of our portfolio. This analysis informs the assessment of risk levels in various locations and scenarios provided below.

The following table presents the results of this risk analysis, describing the potential impacts and severity of each risk across the locations analysed and under two warming scenarios.

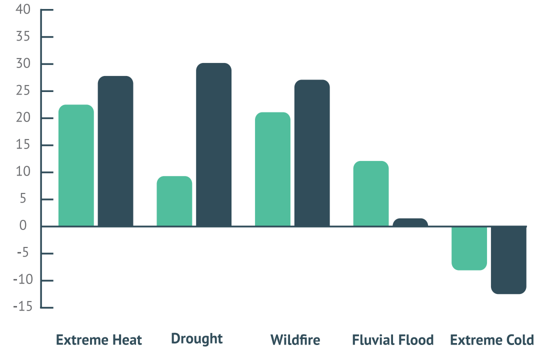
Risk	Potential Impacts	Potential Business Impacts	Variation under Climate Scenarios	Variation by Location
Extreme Heat	Deadly heat stress is a prominent risk across our countries of operation, particularly in urban areas with heat island effects. Other potential chronic impacts include worsening air quality due to wildfires, and the spread of disease vectors due to increased temperatures.	Under-adapted assets could become dangerous or unliveable in situations of extreme heat, with potential effects on occupancy or rent levels. Household energy demand is likely to increase to manage extreme temperatures. Increased CapEx demands will be incurred to adapt to these risks with measures such as green rooftops or use of water permeable material.	Divergence in degree of exposure between scenarios is only observed in the latter half of the century. With actual extreme heat observations outpacing modelled estimates of our current warming path, our analysis indicates this risk is highly likely to become material, regardless of scenario.	Likely to be experienced at similar levels throughout given urban geographies, indicating the need for systemic adaptation plans in high-risk locations. Munich has a high rate of increase of exposure, as well as high absolute risk, alongside other South German cities such as Nuremberg.
Drought	Decreased precipitation and increased temperatures, particularly during extreme heat events, could make water scarce across large geographic areas. This may have wider infrastructural effects, including to local agriculture.	Under-adapted assets could become dangerous or unliveable in drought conditions, with potential effects on occupancy or rent levels. CapEx requirements may be required to adapt high risk assets.	Divergence of risk level between the scenarios analysed is comparatively lower than for other risks, with the level of exposure of the Company's regions of operation high across all warming paths assessed.	Drought risks are observed to be correlated by region, with the East German cities of Dresden, Leipzig and Halle, among the most exposed. Almost all cities have near-maximum exposure scores by the end of the century, indicating that the solutions adopted need to be systemic across locations.
Wildfire	Wildfire events can cause substantial damage to life and property in short periods of time, displacing communities and rendering wider areas dangerous or unliveable. The resulting smoke also severely worsens air quality, leading to potential chronic impacts.	Acute property damage could prove highly costly to the business and dangerous to our occupants. The potential chronic impacts on air quality may also impact occupancy. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Divergence of risk level between the scenarios analysed is comparatively lower than for other risks, with the level of exposure of the Company's regions of operation high across all warming paths assessed.	Local geographical conditions drive wide variations in exposure levels between cities. Despite the connection to heat and precipitation levels, the results differ from the scores for extreme heat and drought, indicating a need to assess local risk drivers at asset-level.
Fluvial Flood	Spontaneous flooding due to extreme precipitation can cause substantial damage, with the impacts depending strongly on location due to ground conditions and structural stability. Such flooding can also have collateral impacts on infrastructure and transportation.	Acute property damage could prove highly costly to the business and dangerous to our occupants. Impacts are extremely dependent on asset-level conditions, making it difficult to assess the value at risk with any accuracy. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Some cities see considerable differences in risk scores between the SSP2-4.5 and SSP3-7.0 scenarios, with greater magnitude of increase between decades observed in the higher-warming scenario. The rate of increase of risk rating is most pronounced in the decades before 2050 in these more severe scenarios.	There are considerable differences in exposure scores at city level, indicating the very location-specific drivers of this risk. The cities with greatest exposure include London and Hamburg. London also ranks among the cities with the greatest rate of increase in exposure through 2050, along with the cities of Frankfurt, Mannheim, Mainz, and Wiesbaden, which are located near the confluence of the Rhein and Main rivers. The highly location dependent findings demonstrate the need to conduct asset-level assessments of this risk.
Coastal Flood	Rising sea levels may render coastal areas or river flood basins unliveable. Impacts will be widespread in affected locations, potentially leading to displacement of communities or substantial adaptation costs.	Surface water or river flooding could lead to severe damage to real estate, potentially incurring substantial costs for repair and maintenance, and losses from assets being removed from operation. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Differences between scenarios are significant by the end of the century, but are less pronounced through to 2050, suggesting this risk will be material regardless of actual warming.	Naturally, this risk can only be assessed in coastal cities, with the highest scores found in Bremen and Hamburg. As the adaptation solutions required cannot be implemented at the scope of individual assets, in-depth consideration of the adaptation plans of local governments will be required to understand the value at risk of assets.

Three risks are excluded from the table above, as they were deemed less relevant to our portfolio following the analysis. Tropical cyclones are excluded, as our assets have no potential exposure to such risks. Extreme cold is discounted as the scores against this risk fall in all scenarios. This risk is part of the historical norm for the European areas in which we operate, and so is not relevant as a climate risk. Finally, water stress is excluded, as the analysis conducted indicated decreasing risk levels. However, we consider that this does not incorporate the potential interrelations with other risks and is not sufficiently clear as to the driving causes of the identified stress. While we consider our analysis conducted in 2022 still valid in 2023, we understand that this physical climate risk assessment was conducted on a portfolio-level so does not provide insight into specific assets at potential risk. With the ambition to expand this to the asset-level as much as possible, we have compared several physical climate risk assessment tools in the market and have selected an international service provider. In 2024, we will launch an asset-specific analysis of physical climate risks to obtain a more in-depth overview and to plan for the most relevant adaptation solutions.

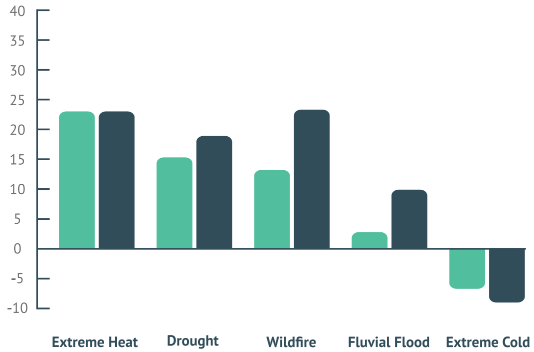
CITY-LEVEL PHYSICAL RISKS ANALYSIS



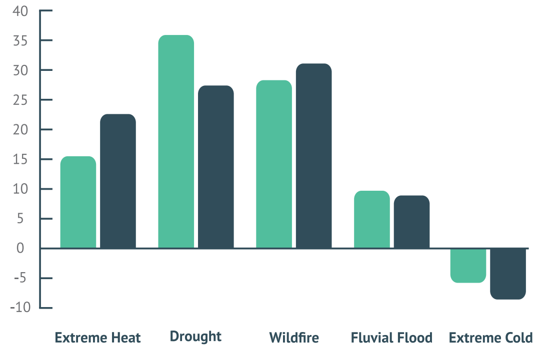
Berlin,
Average Decadal Growth Rate (2020-2050)



Munich,
Average Decadal Growth Rate (2020-2050)



Frankfurt,
Average Decadal Growth Rate (2020-2050)



Cologne,
Average Decadal Growth Rate (2020-2050)

Medium scenario (SSP2-4.5)
Medium-high scenario (SSP3-7.0)

The previous map shows the cities from the German portfolio included in the physical risk assessment conducted through S&P Global Sustainable1. The colour scale ranks the cities according to their increasing exposure to extreme heat risk up until 2050 providing an indication of which German cities should be prioritised when implementing adaptation solutions.

The four bar charts demonstrate the growth rates in risk exposure through 2050, comparing between the Medium (SSP2-4.5) and Medium-High (SSP3-7.0) scenarios, for the strategically important cities of Berlin, Cologne, Frankfurt, and Munich. The differences between the scenarios, as well as the local risk variations indicate the need for a carefully informed approach when developing adaptation plans at the city- and asset-level. Consideration of multiple scenarios is critical for ensuring any plans implemented are robust and will enhance the resilience of our buildings.

Risk Management

A key priority in our current risk management efforts is the implementation of adaptation solutions and action plans. The joint work of the CRO, the Sustainability Department and the Building Resilience taskforce on this objective is presented to the Risk and ESG Committees and reported to Management. These bodies are jointly responsible for approving and overseeing the implementation of the risk management approach taken forward.

With climate change being felt across our countries of operations, it is GCP's goal to increase the long-term resilience of its portfolio against climate-related risks. Following the common practice of distinguishing climate-related risks into physical and transition risks, we further subdivide physical risks as being either chronic or acute, with regards to the timescale of their impacts, and as being temperature-, wind-, water- or solid mass-related, as laid out in the EU Taxonomy.

The Building Resilience Taskforce started the analysis on building resilience in 2022 and continued throughout 2023. With a number of physical climate risks identified for the portfolio (see section on Physical Climate Risk Assessment), the taskforce developed several adaptation solutions to counter these risks and to make GCP's assets more resilient in the long run. In order to prioritise these measures, the Building Resilience Taskforce held a working session to assess the materiality and feasibility to the stakeholder departments within GCP. The results of this exercise were collated to identify those measures which could deliver the greatest value for the required investment.

The outcome of this assessment process was a set of four adaptation programs which will be prioritised at our assets. The identified solutions are:

- Refurbishments – Review of materials chosen at sites which are at risk, and roof maintenance works.
- Tenant guidebook for extreme conditions – Creation of a behavioural guide for tenants to deal with extreme climatic conditions, including definition of the internal and external notification chain in such emergency circumstances.
- Flood analysis and planning – Asset-level analysis of flooding and drought to determine countermeasures. Development of flood scenario plans and emergency plans.
- Tree planting program – Planting and maintenance of trees in public areas where this leads to a positive effect, and unsealing spaces to create more green areas around buildings.

In line with the EU Taxonomy's prescribed climate risks and vulnerability assessment, it is the Company's goal to implement these adaptation solutions over the course of the next four years. These solutions will therefore guide our investment program to increase the resilience of our assets to physical climate risks. The Sustainability Department will continue to analyse the vulnerabilities of our assets to identify further opportunities for adaptation in the future.

With the selection of a climate risk assessment tool at the end of 2023, GCP is well-equipped to expand its portfolio-level risk assessment to an in-depth, asset-specific analysis in 2024. This will allow the development of more tailored adaptation solutions for our individual assets, which will be implemented in subsequent years.

Metrics: Climate Change

In order to assess and monitor the progress towards our climate change-related goals and commitments, we regularly collect utility consumption data from our assets as shown in table 1. This also allows us to calculate the greenhouse gas emissions associated with this activity as presented in table 2. Due to restrictions around tenant data sharing, we are unable to monitor tenant-obtained energy which is from renewable sources, as well as that regarding fuels or district heating. The Company understands "energy generation from non-renewable sources" to be electricity generated from its CHP systems, for which no data was available for assets in the operational control portfolio. Additionally, energy consumption from nuclear sources is not reported as the Company's energy procurement is linked to the energy mix in its countries of operation. While nuclear-produced energy could be present in electricity not covered by REC or PPA contracts, the Company is not provided with the energy mix for procured energy in its invoices received for these contracts, and as such figures could not be reported.

TABLE 1

Absolute and like-for-like energy for managed assets						
Energy reported in kWh		2023		2022		
EPRA Code	Metric	Abs	LfL	Abs	LfL	
Elec-Abs Elec-LfL	Electricity consumed for landlord shared services	12,651,673	11,074,850	13,925,039	12,668,112	
	Total landlord-obtained electricity consumed	12,651,673	11,074,850	13,925,039	12,668,112	
	Proportion of landlord-obtained electricity generated offsite from renewable sources	79%	90%	84%	84%	
	Proportion of landlord-obtained electricity generated and consumed onsite from renewable sources	N/A	N/A	N/A	N/A	
	Total landloard-obtained electricity generated onsite from renewable sources and exported	369,205	369,205	N/A	N/A	
	Total tenant-obtained electricity consumed	119,260,354	105,464,625	155,876,902	105,464,625	
	Total electricity consumed	131,912,027	116,539,475	169,801,942	118,132,738	
	Total electricity consumption data coverage, by area (sqm)	3,055,382	2,713,154	3,653,672	2,713,154	
	Proportion of landlord-obtained electricity consumption and associated GHG emissions that is estimated	35%	36%	0%	0%	
	Proportion of tenant-obtained electricity consumption and associated GHG emissions that is estimated	100%	100%	100%	100%	
	Proportion of total electricity consumption and associated GHG emissions that is estimated	94%	94%	91%	89%	
Fuels-Abs Fuels LfL	Fuels (natural gas) consumed for landlord shared services	42,130,114	42,006,631	49,408,466	49,965,267	
	Fuels (oil) consumed for landlord shared services	2,787,201	2,787,201	2,931,359	2,601,134	
	Fuels (natural gas) allocated for tenant consumption	131,523,958	131,129,347	156,067,780	154,573,606	
	Fuels (oil) allocated for tenant consumption	8,684,373	8,684,373	9,307,863	8,037,384	
	Total landlord shared services fuels consumed	44,917,314	44,793,831	52,339,825	52,566,401	
	Total (landlord-obtained) fuels allocated for tenant consumption	140,208,331	139,813,720	165,375,643	162,610,990	
	Total (landlord-obtained) fuels consumed	185,125,645	184,607,551	217,715,468	215,177,391	
	Proportion of total (landlord-obtained) fuels from green sources	73%	73%	0%	71%	
	Total (landlord-obtained) fuels consumption data coverage, by area (sqm)	1,309,246	1,304,317	1,431,792	1,304,317	
	Proportion of total (landlord-obtained) fuel consumption and associated GHG emissions that is estimated	10%	10%	8%	6%	
DH&C-Abs DH&C-LfL	Total landlord-obtained district heating/cooling consumed	59,038,188	58,807,427	63,160,262	51,817,151	
	Total district heating/cooling allocated for tenant consumption	181,658,260	180,965,978	200,095,968	159,163,853	
	Total district heating/cooling consumed	240,696,447	239,773,405	263,256,230	210,981,004	
	Proportion of total (landlord-obtained) district heating and cooling from green sources (sqm)	0%	0%	0%	0%	
	Total (landlord-obtained) district heating/cooling consumption data coverage, by area (sqm)	2,006,433	1,999,890	2,221,880	1,999,890	
	Proportion of total (landlord-obtained) district heating/cooling consumption and associated GHG emissions that is estimated	12%	12%	18%	13%	

2023 figures reviewed by auditor

TABLE 1

Absolute and like-for-like energy for managed assets						
Energy reported in kWh		2023		2022	
EPRA Code	Metric	Abs	LfL	Abs	LfL
Absolute and like-for-like energy	Total landlord shared services energy consumed	71,689,861	69,882,277	129,425,127	64,485,264
	Total tenant-obtained/tenant allocated energy consumed	300,918,614	286,430,603	379,396,650	264,628,478
	Total landlord-obtained energy consumed	438,473,766	435,455,806	494,896,738	438,826,508
	Total energy consumption	557,734,120	540,920,432	650,773,640	544,291,133
	Total energy consumption data coverage, by area (sqm)	3,055,382	3,049,084	3,653,672	3,049,084
	Proportion of landlord-obtained energy consumption and associated GHG emissions that is estimated	12%	12%	13%	9%
	Proportion of tenant-obtained energy consumption and associated GHG emissions that is estimated	100%	100%	100%	100%
	Proportion of total energy consumption and associated GHG emissions that is estimated	31%	29%	34%	27%
	Proportion of total energy generated offsite from renewable/green sources	33%	33%	27%	37%
	Proportion of total energy generated onsite from renewable/green sources (consumed onsite or exported)	369,205	369,205	N/A	N/A
	Total renewable/green energy consumption and generation	181,866,455	176,929,689	178,166,551	201,360,982
	Total energy consumption from fossil sources	376,236,869	364,359,947	473,037,324	343,360,386
Total building energy intensity (kWh/sqm*year)					
Energy-Int	**Building energy intensity for heating energy consumed**	**128.57**	**128.58**	**131.64**	**129.09**
	Building energy intensity for all energy consumed	**171.60**	**171.39**	**178.11**	**172.52**
Mandatory Certificates (Energy Performance Certificates)					
Cert-Tot	% of portfolio certified by floor are	88%	94%	91%	93%

2023 figures reviewed by auditor

- In 2023, like-for-like landlord-obtained electricity consumption decreased by 13%.
- Like-for-like landlord-obtained district heating and cooling consumption decreased by 14%, while like-for-like landlord-obtained fuels increased by 2%.
- **Total absolute energy intensity for 2023 decreased by 4% compared to 2022 .**

TABLE 2

Absolute and like-for-like GHG emissions for managed assets						
GHG emissions reported in tonnes CO_2e		2023		2022		
EPRA Code	Metric	Abs	LfL	Abs	LfL	
GHG-Dir-Abs GHG-Dir-LfL	Direct GHG emissions (GHG Protocol Scope 1)	9,235	9,210	10,787	10,769	
GHG-Indir-Abs GHG-Indir-LfL	Indirect GHG emissions (GHG Protocol Scope 2; Location-based)	21,161	20,519	23,039	19,145	
	Indirect GHG emissions (GHG Protocol Scope 2; Market-based)	972	411	N/A	739	
	Indirect GHG emissions (GHG Protocol Scope 3 from tenant-controlled energy, Location-based)	124,858	119,535	148,167	117,975	
	Indirect GHG emissions (GHG Protocol Scope 3 from tenant-controlled energy, Market-based)	112,038	106,833	N/A	106,672	
Absolute and like-for-like GHG emissions	Total GHG emissions (GHG Protocol Scopes 1, 2 and 3; Location-based)	155,254	149,265	181,994	147,889	
	Total GHG emissions (GHG Protocol Scopes 1, 2 and 3; Market-Based) based	122,245	116,454	N/A	117,374	
	Total GHG emissions data coverage, by area (sqm)	3,055,382	3,049,084	3,653,672	3,049,084	
Building GHG intensity (kgCO_2e/sqm*year)						
GHG-Int	**Building GHG emissions intensity (GHG Protocol Scopes 1, 2 and 3; Location-based) (kgCO_2e/sqm*year)**	**46.82**	**45.17**	**49.81**	**44.76**	
	Building GHG emissions intensity (GHG Protocol Scopes 1, 2 and 3; Market-based) (kgCO_2e/sqm*year)	**36.87**	**35.24**	**N/A**	**35.52**	

2023 figures reviewed by auditor

- Our like-for-like scope 1 emissions associated with building energy consumption decreased by 14% in 2023 compared to 2022.
- Our like-for-like location-based scope 2 emissions increased by 7%, and our like-for-like location-based scope 3 emissions increased by 1%.
- Our like-for-like market-based scope 2 emissions decreased by 44%, and our like-for-like market-based scope 3 emissions saw a 0% change.
- Total like-for-like location-based scope 1, 2 and 3 emissions increased by 1% from 2022 to 2023.
- Total like-for-like market-based scope 1, 2 and 3 emissions decreased by 1% from 2022 to 2023.
- Total like-for-like location-based GHG intensity increased by 1% compared to that of 2022.
- Total like-for-like market-based GHG intensity decreased by 1% compared to that of 2022.

As part of our risk management programme relating to the negative impacts of climate change, we monitor metrics relating to climate change transition risk as shown in table 3.

TABLE 3

Material transition risk						
EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Percentage	Number	Percentage
N/A	Total numbers and percentages	Estimated amount of potentially stranded assets (monetary value)	€2,992M	35%	N/A	N/A
		Net rent from business activities at material transition risk	€146M	35%	N/A	N/A

Environmental Protection

Within GCP's overarching goal of environmental protection, we include other closely associated topics that were raised in our 2023 DMA but were not deemed material: resource use and circular economy, water management, biodiversity and ecosystems, and pollution. All these matters align with our long-term commitment to tenants and society by ensuring that the resources we need to maintain a high quality of life are preserved and that we regard environmental impacts in providing them.

We take our responsibility to safeguard the natural environment and reduce the adverse impacts of our business activities very seriously.

Long-Term Targets

- Focus on refurbishment over new construction and demolition
- Promote tenant waste minimisation and separation
- Professional and environmentally friendly waste disposal within our own activities, such as renovation projects
- Stronger consideration of biodiversity topics in refurbishment projects and upgrading of assets
- Continue efforts towards sustainable water consumption, maintain a high level of water quality, and lower water- and wastewater-related operating costs, and continue expansion of digital water metering and corresponding digital monthly consumption information
- Increasing the number of energy-efficiency measures

2024 Goals

- Engage more closely with our contractors regarding the recycling of demolition waste
- Improve data gathering on waste disposal and recycling rates
- Conduct biodiversity projects across our assets to help understand improvement opportunities
- Pilot smart water metering initiative in Germany

Circular Economy

While the circular economy topic was not deemed material during our DMA, we do address the transition to a circular economy in our EU Taxonomy analysis. In order to establish quantitative targets for waste reduction and improved recycling rates, we must first gather an accurate baseline of data across our assets. This will be a key focus for 2024 so we can then establish feasible and calculated targets. To achieve this, we have entered into an agreement for waste disposal with an established provider, streamlining our reporting capabilities and control over the process.

We have not yet established a specific circular economy policy aimed to reduce impacts, risks and opportunities; however, our goal is to reduce the total amount of waste produced at our properties, and to increase the proportion of this waste which is recycled or reused back into the circular economy. The above-mentioned agreement will also help increase recycling rates. As with other sustainability measures, reductions in waste output and landfill volume correspond to reductions in operating costs, alongside reducing our environmental impact.

At GCP, there are two key ways in which waste is generated – waste linked to construction and renovation projects and waste linked to the operation of the asset and the tenants themselves.

Tenant Waste Management

To increase recycling rates, we are providing waste separation facilities on our sites, and engaging with our tenants on their waste management practices. As with other sustainable measures, reductions in waste output and landfill volume correspond to reductions in operating costs, alongside reducing our environmental impact.

Most of the waste produced in the operation of our properties falls outside our direct control, and so in order to reduce our environmental impact we engage with our tenants to reduce their footprint. Our local technical teams and Service Centre are always available to support tenants who seek our advice on these issues. This coordination and engagement between stakeholders will be a crucial part of building a more circular, resource-efficient economy.

We also try to use the indirect influence that our properties can have on their tenants to produce more sustainable outcomes. This is often done through awareness raising activities; for example, GCP publishes leaflets and has produced information videos for tenants with advice on more environmentally friendly behaviour such as recycling, efficient heating practices whilst not wasting energy and how to ventilate apartments properly. In 2023, GCP also continued the previously rolled-out pilot for pay-by-volume waste systems, which monitored the volume of waste disposed by tenants and billed them accordingly. These systems are yet to prove effective in inciting meaningful behavioural changes, for example by drawing tenants' attention to the cost-saving benefits of waste reduction. The pilot did not yield significant evidence of the system's impact on the actual volume of waste disposed, so extending this initiative to further assets is not to be expected.

As another key example of our waste reduction projects, in 2023 GCP digitalised its postal correspondence with tenants and switched to the new GOGREEN Plus services from Deutsche Post DHL. This means that now all postal correspondence with GCP tenants, including the energy consumption, is digitally transmitted to Deutsche Post, who offer a climate-neutral hybrid mail dispatch, by email, SMS, fax or post. This substantially reduces the waste generated in the production and delivery of leaflets while also supporting our tenants in reducing their carbon footprint. Aligned to the waste reduction efforts, this year we also continued expanding our digital invoicing and purchase order process, as well as the digital signature of leases. Digital handover protocols are expected to be rolled out in 2024. We will continue to look for innovative partnerships and strategies to improve our resource efficiency in future.

Recycling of Construction Waste

When it comes to waste production and disposal from construction work, we are more in control of waste management and recycling. Whenever we undertake larger construction and refurbishment projects, we conduct reviews of the type and quantity of waste produced, to ensure lawful disposal of hazardous and non-recyclable waste streams and to recycle as much as possible. The topic of circular economy is becoming more important for the construction and real estate sector, not least due to the European Union's EU Taxonomy regulation, which has stipulated the goal of a 70% recycling rate for the sector. We therefore aim to engage even more closely with our contractors regarding the recycling of demolition waste and to improve data gathering on waste disposal and recycling rates. In general, our goal is to preserve existing structures and materials and not to demolish and build new. This is advantageous from an economic and ecological perspective.

Metrics: Circular Economy

Our approach to the circular economy is described in the section above. In order to track the progress of our approach, we collect waste generation data from our assets and monitor this year on year as will be presented in April. Due to restrictions around tenant data sharing, we include tenant waste generation within our landlord-managed figures. It is only possible, based on our waste collectors, to report recycled and non-recycled waste.

Dortmund

Water Management

Water and marine resources was not deemed to be a material topic during our DMA, however we recognise the importance of our water consumption and the negative environmental impacts associated with poor water management. We therefore aim to promote sustainable water use across our portfolio, and to comply with the high standards for water quality and wastewater disposal set at EU and national level. The importance of sustainable water usage has been highlighted by its inclusion as a core environmental objective in the EU Taxonomy.

We seek to positively influence tenants' water consumption, through engagement programs and advanced measurement technologies. We are prioritising investment in smart water meters to provide tenants with accurate information about their water usage. This data is also used to identify inefficiencies and potential interventions from both a structural and management perspective. Based on these insights, we seek to implement technical improvements to reduce water consumption in our properties wherever feasible. Pilot projects for this initiative are planned for Germany in 2024.

In 2023, we welcomed a Water Resource Specialist to our team, acknowledging that this topic is of increasing importance and needs to be addressed separately from the Energy Department who have previously managed water resources. A Water Management Policy and Procedure were established to unite and improve water management efforts at operationally controlled and owned assets, outlining our current water strategy, water management, and water-related procedure principles. The Water Management Procedure also provides further information to Asset and Property Managers on improving sustainable water usage at assets in our portfolio.

Metrics: Water Management

Our water management strategy is described in the section above. In order to track the progress of our approach, we collect water consumption data from our assets and monitor this year on year as presented in table 4. Due to restrictions on tenant data sharing, we include tenant submeters in our landlord-obtained water consumption figures.

TABLE 4

Absolute and like-for-like water consumption for managed assets

Water reported in m^3		2023		2022	
EPRA Code	**Metric**	**Abs**	**LfL**	**Abs**	**LfL**
Water-Abs Water-LfL	Total landlord-obtained water consumed (including tenant submeters)	2,789,468	2,735,329	2,694,813	2,419,501
	Proportion of landlord-obtained water consumption data that is estimated (including tenant submeters)	29%	30%	0%	5%
	Total water consumption data coverage, by area (sqm)	1,952,779	1,906,107	1,277,110	1,902,399
Total building water intensity					
Water-Int	Building water intensity for all water consumed (m^3/m^2*year)	1.43	1.44	2.11	1.27

Urban gardening project Cologne

Biodiversity and Ecosystems

While biodiversity and ecosystems was not identified as a material topic in our DMA, we remain cognisant of the need to and benefits of contributing positively to biodiversity at our sites. We have therefore established a clear, public Biodiversity Commitment which details our approach to biodiversity protection and enhancement, which is planned to be updated in 2024 to include a more specific strategy and related goals considering EU Taxonomy aspects.

Our investment in outside areas also takes into consideration environmental aspects, such as the design of green spaces that could provide the foundations for biodiversity enhancement projects. One such example has been a project in Kley, Dortmund in 2022, where we worked together with our facility management partner to transform the grass lawn into a meadow with a bee hotel. The project seeks to enhance biodiversity and the local ecosystem by nurturing healthy pollinators and diverse meadow flowers. For 2024, we plan to conduct more biodiversity studies on and around the assets and implement more biodiversity enhancement projects according to the improvement measures identified.

We also ensure that we refrain from using pesticides and herbicides at our assets and try to include local community members when we install bird houses and insect hotels which not only improves our community engagement, but also helps to educate our local community on measures they can implement at home too.

Pollution

While pollution was not deemed to be a material topic during our DMA conducted earlier this year, it is nevertheless a topic that we consider in our construction and refurbishment projects, as well as in the operation of our assets. As described in more detail in our EU Taxonomy section of this report, we for instance require our suppliers and contractors of Taxonomy-relevant projects to sign a questionnaire that confirms their non-usage of pollutants and prohibited chemical substances by the European Union.

EU Taxonomy

Introduction

The EU Taxonomy is a classification system for the identification of sustainable economic activities. Its purpose is to offer companies, investors and policymakers a standard set of definitions for which economic activities can be considered environmentally sustainable in order to create security for investors, protect against greenwashing and encourage investment into more sustainable activities. The EU Taxonomy is currently comprised of six environmental objectives: Climate Change Mitigation; Climate Change Adaptation; Sustainable Use and Protection of Water and Marine Resources; Transition to Circular Economy; Pollution Prevention and Control; and the Protection and Restoration of Biodiversity and Ecosystems. The technical screening criteria for the six EU Taxonomy environmental objectives were scheduled for release over a multiyear timeframe. The Climate Delegated Act covering the technical screening criteria for a substantial contribution to Climate Change Mitigation and Climate Change Adaptation and the Do No Significant Harm (DNSH) criteria for the remaining environmental objectives was approved in 2021 and applied as of January 2022. The final Environmental Delegate Act adding the substantial contribution criteria for the remaining four environmental objectives was approved in 2023 and will apply as of January 2024.

In 2022, GCP undertook for the first time an assessment of the Company's EU Taxonomy-aligned turnover (see Turnover KPI further below), capital expenditure (CapEx) and operating expenses (OpEx) relating to the EU Taxonomy environmental objectives Climate Change Mitigation and Climate Change Adaptation for the financial year ending 31st December 2022. Since then, GCP has made further progress in implementing and adapting processes to gather critical data for EU Taxonomy reporting. For instance, in 2023, a mid-year EU Taxonomy alignment exercise was performed, covering eligible Capex under the environmental objective Climate Change Mitigation. This allowed an earlier assessment of the status quo and provided an opportunity to enhance process-optimisation for the final EU Taxonomy alignment assessment. This exercise was performed by the Sustainability Department together with the Construction and Operation Departments, as well as the Business and Group Controlling teams.

Furthermore, to deepen the knowledge and understanding of the EU Taxonomy and its reporting requirements, several training sessions were conducted with the Construction and Operation Departments as well as international offices throughout 2023. To ensure the accessibility of information necessary for EU Taxonomy compliance, a construction contract that incorporates provisions for contractors to deliver data pertinent to EU Taxonomy reporting is currently being revised and updated. The application of the updated contract is to be expected during 2024, incorporating the EU Taxonomy pollution prevention questionnaire (to be signed by contractors), which covers the Do No Significant Harm (DNSH) criteria on Pollution Prevention and Control. The improved contract also integrates explicit provisions for waste disposal and recycling data, which covers Circular Economy requirements under the DNSH criteria for climate change mitigation.

As a long-term target, GCP aims to optimise its Enterprise Resource Planning (ERP) system for the comprehensive collection of EU Taxonomy data. In 2024, ongoing training sessions will continue in conjunction with EU Taxonomy updates for the Construction and Operation Departments, as well as international offices and the Financial Department.

Following strategies are in place to continuously improve the eligibility and/or alignment with the EU Taxonomy:

- Take substantial contribution and DNSH criteria of the EU Taxonomy into consideration when making decisions regarding renovations and new development projects.
- The emphasis is on Taxonomy-alignment of larger CapEx projects under 7.1 'Construction of New Buildings' and 7.2. 'Renovation of Existing Buildings' due to their materiality over smaller projects.
- Data collection improvements through better utilisation of our ERP System and closer collaboration with our suppliers.

Methodology

Approach Taken to Determine Taxonomy-Eligible Activities

In order to determine EU Taxonomy eligibility, GCP first identified all activities undertaken by the Company during an initial assessment conducted in 2021 involving multiple departments. This initial assessment was conducted in 2021, managed by the Sustainability Department. Subsequently, the Sustainability Department has reviewed the activities to determine whether the list was still up to date. In 2022, we changed our reporting of photovoltaic systems, which were previously reported under activity 4.1 (electricity generation using solar photovoltaic technology) to reporting under activity 7.6 (installation, maintenance and repair of renewable energy systems) following further clarification published by the European Commission in December 2022. In 2023, GCP continued to follow the established methodology.

Hence, the following seven EU Taxonomy-eligible activities were determined as relevant for Climate Change Mitigation and Climate Change Adaptation:

- Construction of new buildings (7.1)
- Renovation of existing buildings (7.2)
- Installation, maintenance and repair of energy efficient equipment (7.3)
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)
- Installation, maintenance and repair of renewable energy technologies (7.6)
- Acquisition and ownership of buildings (7.7).

Despite the activities' contribution to both objectives, GCP considers itself as contributing more to Climate Change Mitigation than Climate Change Adaptation through the energy efficiency improving renovations of its assets. As a consequence, the EU Taxonomy Key Performance Indicators (KPIs) are reported with regard to Climate Change Mitigation only. Nevertheless, with the refurbishment of our properties, they also become more climate resilient. GCP has also adopted several specific adaptation solutions which will increase the contribution to the second environmental objective in the upcoming years.

Furthermore, with the publication of the substantial contribution criteria for the four remaining environmental objectives - Sustainable Use and Protection of Water and Marine Resources; Transition to Circular Economy; Pollution Prevention and Control; and the Protection and Restoration of Biodiversity and Ecosystems – in June 2023, clarified that only Circular Economy provided additional economic activities for the real estate and construction sector. These new activities are:

- Construction of new buildings (3.1)
- Renovation of existing buildings (3.2)
- Demolition and wrecking of buildings and other structures (3.3)
- Maintenance of roads and motorways (3.4)
- Use of concrete in civil engineering (3.5)

Of these activities, only 3.1, 3.2 and 3.5 apply to GCP and are considered as eligible in 2023. However, data availability of recycling data from waste disposal and management sites is still a challenge for reporting with regards to DNSH Circular Economy under Climate Change Mitigation. GCP therefore chose to continue improving fulfilment of the DNSH criteria for Circular Economy under Climate Change Mitigation first before potentially reporting on the substantial contribution under Circular Economy in the future. In 2024, GCP will continue to work with suppliers to provide better recycling data.

Attributing Data to Economic Activities

Although our Construction and Operation Departments started to put into place processes in 2022 that allow for the allocation of projects or activities to the relevant economic activities, the majority of invoices in our ERP system had to be analysed and evaluated manually for eligibility and alignment. Using determined commodity codes relevant to each identified economic activity based on information provided in guidelines and resources by the European Commissions, the invoices could be allocated to the correct eligible economic activity. This attribution process was necessary for CapEx mostly.

The majority of turnover is generated in relation to the activity 'Acquisition and Ownership of Buildings (7.7)', in the form of rental income. The Company also derives a comparatively small amount of other income that is not related to eligible economic activities. Additionally, OpEx is reported as relating to activity 7.7, since it corresponds to the maintenance measures at GCP's properties.

Assessment of Aligned Activities

For an economic activity to be aligned with the EU Taxonomy, three requirements need to be fulfilled:

1) it must make a substantial contribution to the achievement of one or more EU environmental objectives ("substantial contribution")
2) it does not significantly harm any other EU environmental objective ("do no significant harm / DNSH")
3) it is in compliance with minimum social standards on topics such as Human Rights, Labor Standards and Anti-Corruption ("minimum social safeguards")

Based on these requirements, checks for EU Taxonomy alignment relate to different business levels at GCP. Whereas substantial contribution to climate change mitigation is assessed at the individual asset or project level, the "do no significant harm" (DNSH) criteria apply rather to the economic activity itself. The DNSH criteria for Climate Change Adaptation and Circular Economy was conducted for GCP as a whole.

Compliance with minimum social safeguards was also evaluated for GCP at a company level.

Substantial Contribution Assessments

This section outlines the checks conducted for substantial contribution to Climate Change Mitigation relevant to GCP's eligible economic activities.

Starting with acquisition and ownership of buildings (7.7), this is the only activity for which GCP reports turnover and OpEx. Turnover is only considered as making a substantial contribution to 7.7 (acquisition and ownership of buildings) if the relevant buildings – provided they were constructed before 31 December 2020 – have been assigned energy efficiency class A (or better) or are among the top 15 percent of regional or national housing stock in terms of primary energy demand. For buildings constructed after 31 December 2020, the same criteria for significant contribution to climate change mitigation apply as for new constructions (7.1).

As GCP acquires existing buildings with renovation potential, they are mostly built before 31 December 2020.

After thorough review of the available methodologies, the Company has adopted the 15% benchmark approach based on data published by a publicly available index, that has been endorsed by the German Sustainable Building Council (DGNB), a non-profit focused on making buildings more sustainable. The index uses average yearly primary energy consumption data per asset type from its vast database of European clients' consumption data to establish top 15% and top 30% benchmarks for Germany, the UK, and other countries. We note that this approach was adopted for the German portfolio only, whereas for the London portfolio for which EPC ratings were readily available, the EPC rating approach was followed.

Hence, aligned turnover and OpEx was only calculated in relation to the properties that fall within the top 15% of building stock (German portfolio) or have an EPC rating A and above (UK portfolio).

As for the substantial contribution criteria for the activity new construction (7.1), the relevant building has to show a primary energy demand that is at least ten percent below the national standard for nearly zero-energy buildings. In addition, for buildings larger than 5000m^2 further criteria have to be fulfilled upon completion in order to be aligned: tests for airtightness and thermal integrity, as well as a life-cycle Global Warming Potential of the building. At GCP, new constructions constitute a very small percentage of its business activities. The few development projects in 2023 are currently only in the planning phase and therefore not able to produce all necessary documentation for the fulfilment of substantial contribution criteria (Climate Change Mitigation) for new construction (7.1) or the various DNSH criteria. They are therefore reported as eligible in this year's report.

The substantial contribution criteria to Climate Change Mitigation for the renovation of existing buildings (7.2) dictate that refurbishment results in at least a 30% reduction in primary energy demand within three years or qualifies as a major renovation. GCP checked compliance with these criteria by assessing whether the renovation project touches 25% of the building envelope or more and meets the cost-optimal minimum energy performance requirements as laid out in the German buildings energy act, Gebäudeenergiegesetz (GEG), implementing the EU Directive 2010/31/EU. If this was the case, the CapEx was considered as aligned. If this was not the case, the CapEx was assessed under the substantial contribution criteria for individual energy efficiency measures as described in 7.3 (Installation, maintenance and repair of energy efficient equipment). Depending on the individual measure that was conducted, compliance with the relevant technical criteria laid out in the GEG is evaluated. Only if these were met CapEx allocated to 7.3 (Installation, maintenance and repair of energy efficient equipment) is considered as meeting the substantial contribution criteria.

There are no additional technical screening criteria for activities 7.4 (Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)), 7.5 (Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings) and 7.6 (Installation, maintenance and repair of renewable energy systems) beyond the list of individual measures described for each activity. In 2023, GCP did incur CapEx for activities 7.5 and 7.6, however not for activity 7.4.

Do No Significant Harm Assessments

As mentioned above, in order for an economic activity to be aligned, the EU Taxonomy employs the principle of 'do no significant harm' (DNSH). As such, in addition to making a substantial contribution to one of the environmental objectives, it must be shown that each activity does not significantly harm any of the other objectives, as defined by the Technical Screening Criteria in the First Delegated Act to the EU Taxonomy.

Since all eligible activities were assessed for making a substantial contribution to Climate Change Mitigation, the DNSH assessments were performed only for those that met the technical criteria for substantial contribution. As data with regard to the fulfilment of substantial contribution criteria was not readily available for our new construction (7.1) projects, no further DNSH checks were conducted for this activity and is therefore reported as eligible only in this year's report.

Regarding activity 7.2 (Renovation of existing buildings), the substantial contribution criteria to Climate Change Mitigation were met, which therefore required checks with regard to compliance with four DNSH criteria: Climate Change Adaptation, Protection of Water and Marine Resources, Circular Economy, Pollution.

For activity 7.3 (Installation, maintenance and repair of energy efficient equipment), DNSH criteria exist for the environmental objectives of Climate Change Adaptation and Pollution Prevention, whereas for the activities 7.4 (Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)), 7.5 (Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings), 7.6 (Installation, maintenance and repair of renewable energy systems), and 7.7 (Acquisition and ownership of buildings) only Climate Change Adaptation applies. Note that 7.4 is not reported for GCP as no CapEx incurred in 2023 for this activity.

The assessments performed against these different DNSH criteria are discussed in turn below.

- **Climate Change Adaptation:** All economic activities in category 7 (construction and real estate), require that a robust climate risk and vulnerability assessment is conducted following the steps laid out in Appendix A of the Delegated Act.[3] Please refer to the section on Climate Change Adaptation in this report for further information on this assessment and the adoption of relevant adaptation solutions.
- **Protection of Water and Marine Resources:** Water appliances for bathrooms and kitchens need to follow specifications on maximum water flow and flush volume outlined in Appendix E of the EU Taxonomy Regulation. As GCP renovates only existing residential buildings, this DNSH does not apply.
- **Transition to a Circular Economy:** At least 70% by weight of non-hazardous construction and demolition waste generated on the construction site are prepared for reuse, recycling and other material recovery. GCP complies with national legislation on recycling requirements, and so do its renovation projects in Germany. The German Circular Economy Act Kreislaufwirtschaftsgesetz (KrWG), which implements EU Directive 2008/98/EC on waste, as well as its amending Directive 2018/851/EU10[4], stipulates a recycling rate of 70% by weight for construction and demolition waste.
- **Pollution Prevention and Control**: In order to prevent pollution through toxic and environmentally harming chemicals, non-financial undertakings are required to confirm that a number of chemical substances mentioned in Appendix C of the EU Taxonomy Regulation[5] are not manufactured, placed on the market or being used in any economic activity. As this DNSH criteria is relevant for three of our economic activities (7.1 (Construction of new buildings), 7.2 (Renovation of existing buildings) and 7.3 (Installation, maintenance and repair of energy efficient equipment)), the Company has created a questionnaire outlining the specifications of Appendix C which has been sent to our largest contractors to confirm non-usage of these chemicals in our building materials and at our construction sites. It has been made clear in the European Commission's FAQ document from December 2022 that such proof must come from the supplier itself.

Minimum Social Safeguards

The EU Taxonomy states that activities may not qualify as environmentally sustainable unless they comply with minimum social safeguards. This requires alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as the fundamental conventions of the International Labor Organization (ILO) and the International Bill of Human Rights.

GCP has several corporate policies in place that refer to these international standards and frameworks to ensure alignment with these social minimum safeguards. These policies include our Human Rights Policy, the Business Partner Code of Conduct and Employee Code of Conduct, as well as the Anti-Corruption Policy. Further, the Company's compliance trainings for employees include topics of corruption and fair business.

To assess the alignment of this framework to the required minimum safeguards, in particular on the topic of human rights, the Company has made reference to the report of the Platform on Sustainable Finance of October 2022[6], in which two criteria to determine compliance with the safeguards were established. These are:

1) That the company has established adequate human rights due diligence (HRDD) processes, as outlined in the UNGPs and OECD Guidelines for Multi-national Enterprises (MNE).
2) That there are no indications that the Company does not adequately implement HRDD, resulting in human rights abuses.

(3) https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20A.pdf
(4) https://www.bmuv.de/gesetz/kreislaufwirtschaftsgesetz
(5) https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20C.pdf
(6) https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

Demonstrating adequate HRDD for the purposes of the first criterion requires that the following six key steps have been implemented:

Six-Steps of Human Rights Due Diligence	
1.	Adopting and embedding a commitment to Human Rights Due Diligence into policies and procedures
2.	Identification and assessment of adverse impacts, including through stakeholder engagement
3.	Taking actions to cease, prevent, mitigate and remediate adverse impacts
4.	Tracking the implementation of these actions and its results
5.	Communicating publicly on the approach of HRDD and actions taken to avoid and address adverse impacts
6.	Providing or cooperating in remediation, incl. establishing or participating in grievance mechanisms where individuals and groups can raise concerns about adverse impacts

GCP has addressed and implemented these six steps through embedding the topic of Human Rights in its policies, including the Human Rights Policy, as well as Employee and Business Partner Codes of Conduct and by conducting annual human rights online trainings with its employees.

Taking into account adverse impacts on human rights in the Company's materiality assessments and risk management, which involves consideration of the risks associated with our suppliers according to their economic sector and countries of operation. GCP has identified and addressed potential risks in the areas of construction and refurbishment/maintenance of the business through a number of measures and processes. For instance, based on their contract volume with GCP, their region of business operation and other criteria, suppliers are categorized as low, medium or high-risk. Depending on their risk level, an adequate due diligence process is conducted utilizing different sources of information. Besides our desk-based due diligence checks, our construction and operation managers are fulfilling their legal monitoring obligation during the execution of the project according to the national law of the project location. Finally, through GCP's whistle-blowing system that is accessible to employees and externals, potential human rights violations may be reported.

Any reports are tracked and investigated by our Compliance Department. Following an internal investigation procedure as documented in our Investigation Policy for handling potential violations, employees or business partners receive a warning, are fined, or banned from doing further business with the Company, should the claim be confirmed. GCP may also decide to consult with authorities if necessary.

Please also see the section 'Fair Business and Compliance' and the subsection 'Management of Supplier Relationships' in the Governance part of this report, which provide further information on compliance with social minimum safeguards on corruption and fair business.

None of the negative indicators described by the Platform on Sustainable Finance report with regard to human rights, corruption, fair business and taxation for the second criterion are applicable to GCP. We therefore assess that this criterion is also met for GCP, and thus that the required minimum safeguards are implemented as required by Article 18 of the EU Taxonomy.

Calculation of Key Performance Indicators

Based on the determination above of EU Taxonomy-eligible activities, GCP calculated the proportions of eligible and non-eligible activities, and the proportion of these eligible activities which is aligned, in accordance with the calculation methodologies defined in the Commission Delegated Regulation 2021/2178 published on 6 July 2021 and updated by Commission Delegated Regulation 2023/2486 of 27 June 2023.

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

Double accounting is avoided by direct allocation of eligible and aligned KPIs to a specific economic activity, as well as a clear separation in our accounting system of CapEx and OpEx accounts. This division is further aggravated through separate bookkeeping systems at GCP's various business entities.

As mentioned earlier in this report, GCP reports KPIs only for Climate Change Mitigation and not for Climate Change Adaptation. Therefore, no separation of KPIs reporting against both environmental objectives was necessary.

The Turnover, OpEx and CapEx KPIs for aligned activities are determined according to the following calculations:

Turnover KPI

The definition of the Turnover KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of turnover derived from products and services associated with EU Taxonomy-aligned activities.
Denominator	Total net turnover, calculated in accordance with "IAS 1.82 a) Revenue" and consistent with the accounting principles applied to the preparation of the Company's financial statement. Please see the consolidated financial statements starting page 147 of this report.

The only activity from which revenue is derived that is deemed to be EU Taxonomy-eligible is Activity 7.7, Acquisition and Ownership of Buildings. GCP's turnover consists to a great degree of revenue generated from rental income and operating income. The Company also derives a comparatively small amount of other income that is not related to eligible economic activities, which is not counted to the numerator but is included in the denominator. Other revenue includes mainly management fee, consulting fees as well as income from loans in connection with real estate transactions.

GCP's denominator is taken from "revenue" of the Consolidated Statement of Profit or Loss.

Aligned turnover is calculated as the sum of turnover generated firstly, from GCP's properties that fall within the 15% top building stock in Germany based on the previously described method and index and secondly, UK assets that have an EPC label A or higher.

OpEx KPI

The definition of the OpEx KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of operating expenditure that is – 1. Related to assets or processes associated with EU Taxonomy-aligned economic activities, including: • training and other human resources adaptation needs • direct non-capitalised costs that represent research and development 2. Part of the CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from EU Taxonomy-aligned economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions and individual building renovation measures 5. Part of OpEx for the adaptation of economic activities to climate change
Denominator	Total operating expenditure, as the sum of direct non-capitalised costs, including – 1. Research and development 2. Building renovation measures 3. Short-term lease 4. Maintenance and repair 5. Any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party. Please see the consolidated financial statements starting page 147 of this report.

As such the denominator of the OpEx KPI is defined differently and is comprised of specific expenses summarised in "property operating expenses" disclosed in the Consolidated Statement of Profit or Loss of this report. The OpEx denominator amount is therefore not mentioned as such in the financial statement.

OpEx is considered as overall operating expenses that are linked to the Acquisition and Ownership of Buildings, 7.7, and therefore to the overall maintenance and day to day servicing of properties.

Hence, for the calculation of the aligned OpEx it is linked, to the extent possible, to the properties that fall within the 15% top building stock in Germany or are labelled with an EPC A or higher in the UK.

OpEx linked to research and development cannot be allocated to individual properties as would be required for alignment.

CapEx KPI

The definition of the CapEx KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of capital expenditure that is – 1. Related to assets or processes that are associated with EU Taxonomy-aligned economic activities 2. Part of a CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from EU Taxonomy-aligned economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions 5. Part of the CapEx for adaptation of economic activities to climate change
Denominator	Total capital expenditure, as the sum of – 1. Additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including – • IAS 16.73 e) i) and iii) Property, Plant and Equipment • IAS 38.118 e) i) Intangible Assets • IAS 40.76 a) and b) Investment Property (for the fair value model) • IAS 40.79 d) i) and ii) Investment Property (for the cost model) • IAS 41.50 b) and e) Agriculture • IFRS 16.53 h) Leases (Leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx) 2. Revaluations and impairments, additions resulting from business combinations and excluding fair value change Please see the consolidated financial statements starting page 147 of this report.

The CapEx denominator is composed of net additions from Note 14 "Property, Equipment, Intangible Assets and Goodwill", as well as capital expenditure on investment property and acquisition of investment property, both from Note 15 "Investment Property".

The EU Taxonomy-aligned CapEx comprises costs incurred from economic activities 7.2; 7.3, 7.5 and 7.6. Where refurbishment, energy efficiency projects or renewable energy projects last for several years, only those expenses that were capitalised in the relevant reporting year are calculated as EU Taxonomy-eligible or aligned CapEx. There was no CapEx linked to acquisitions under activity 7.7 in 2023.

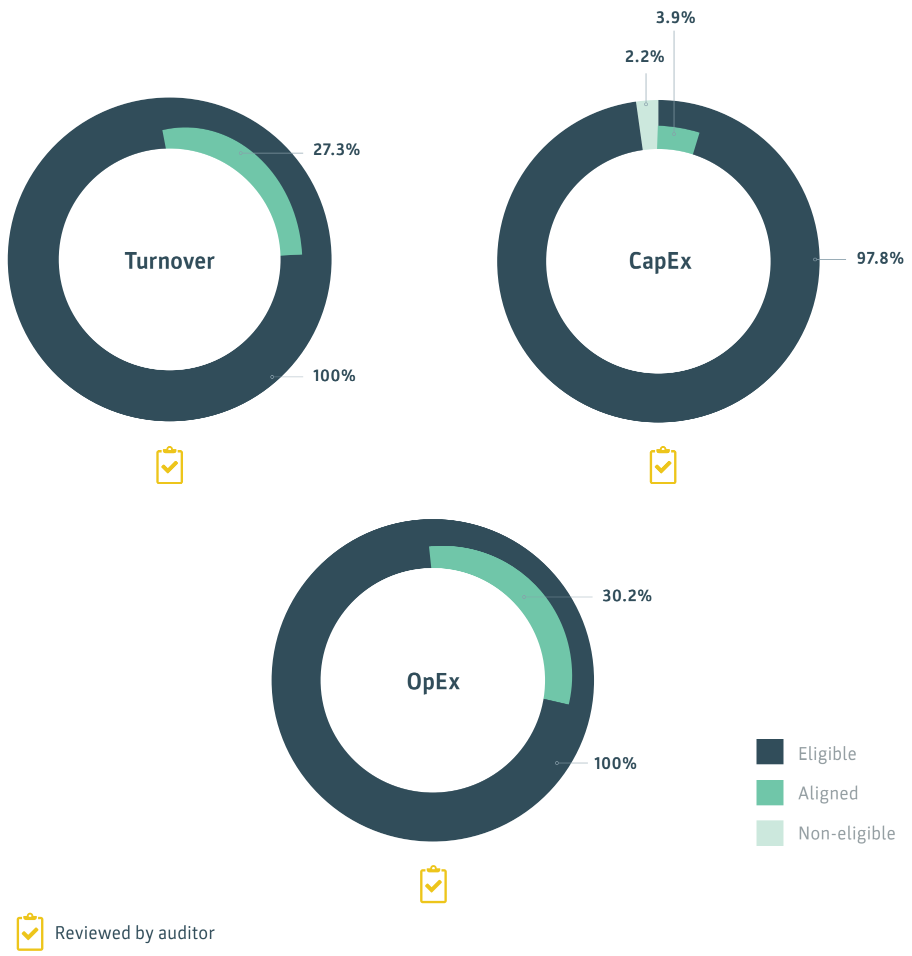
The CapEx numerator did not include CapEx as part of a CapEx plan.

Presentation of the Performance Indicators Relating to EU Taxonomy-Aligned and EU Taxonomy-Eligible Economic Activities

In line with the regulatory requirements for EU Taxonomy reporting in 2023, GCP is disclosing the performance indicators in the table template provided by the European Commission.

Please see the KPI calculation tables for Turnover, OpEx and CapEx on the following pages.

Taxonomy-aligned, eligible and non-eligible percentages of GCP's KPIs



(1) https://www.aroundtown.de/fileadmin/user_upload/04_investor_relations/downloads/2022/AT_FY_2022.pdf

Metrics: EU Taxonomy

Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code (s)	Absolute CapEx	Proportion of CapEx 2023	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
		EUR '000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Renovation of existing buildings	CCM 7.2	2,745	2.42%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/EL	Y	2.94%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	1,322	1.16%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.55%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	295	0.26%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	0.00%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	25	0.02%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	0.00%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**4,387**	**3.86%**	**3.86%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**3.49%**		
Of which enabling		**1,642**	**1.45%**	**1.45%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**N/EL**	**Y**	**N/EL**	**N/EL**	**N/EL**	**N/EL**	**Y**	**0.55%**	**E**	
Of which transitional		**2,745**	**2.42%**	**2.42%**						**N/EL**	**Y**	**Y**	**Y**	**Y**	**N/EL**	**Y**	**2.94%**		**T**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1	177	0.16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.51%		
Renovation of existing buildings	CCM 7.2	20	0.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3,738	3.29%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.62%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	15	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Acquisition and ownership of buildings	CCM 7.7	102,790	90.48%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								94.31%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**106,741**	**93.96%**	**93.96%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**95.44%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**111,128**	**97.82%**	**97.82%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**98.93%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		**2,474**	**2.18%**																
Total (A + B)		**113,602**	**100.0%**																

2023 figures reviewed by auditor

Proportion of **OpEx** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code (s)	Absolute OpEx	Proportion of OpEx 2023	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transitional activity
		EUR '000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	74,900	30.7%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	26.8%		
OpEx of environmentally sustainableactivities (Taxonomy-aligned) (A.1)		**74,900**	**30.7%**	**30.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**26.8%**		
Of which enabling		-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	0.00%	E	
Of which transitional		-	0.0%	0.0%						N	N	N	N	N	N	N	0.00%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	169,406	69.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								73.2%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2)		**169,406**	**69.3%**	**67.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**73.2%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**244,306**	**100.0%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**100.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		-	**0.0%**																
Total		**244,306**	**100.0%**																

2023 figures reviewed by auditor

Proportion of **turnover** from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code (s)	Absolute turnover	Proportion of turnover	Climate Change Mitigation	Climate Change Adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2022	Category enabling activity	Category transitional activity
		EUR '000	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	165,960	27.3%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	24.4%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**165,960**	**27.3%**	**27.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**24.4%**		
Of which enabling		**-**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0.00%**	**E**	
Of which transitional		**-**	**0.0%**	**0.0%**						**N**	**N**	**N**	**N**	**N**	**N**	**N**	**0.00%**		**T**
A.2.Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
Acquisition and ownership of buildings	CCM 7.7	441,782	72.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								72.20%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities (A.2)		**441,782**	**72.7%**	**72.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**72.2%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**607,741**	**100.0%**	**100.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**96.6%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		**-**	**0.0%**																
TOTAL (A + B)		**607,741**	**100%**																

2023 figures reviewed by auditor

Cologne

SOCIAL INFORMATION

Our Workforce: Labour Standards and Employee Topics

Long-term Targets

- Be among the top ten most attractive employers in the residential real estate sector by 2030
- Maintain zero incidents of discrimination
- Offer a minimum of 12hrs of training and development opportunities per FTE

2024 Goals

- Continue to offer our volunteering program organised as a company-wide Social Day for employees
- Implement a second round of our 'Activate the Base' program, encouraging employees to implement their own sustainability projects while receiving guidance from an external coach
- Introduce and conduct 180-degree surveys to encourage self-development among employees
- Implement our newly developed staff career path to create more transparency on development opportunities

It is fundamental for a responsible business that everyone should feel safe and protected, and we take significant steps to ensure that our work environment has a positive impact on the health and wellbeing of our people. Beyond this foundation, we seek to excel in factors such as career development, education, work-life balance, wellbeing, and diversity and inclusion, which are required to attract and retain today's top talent. The interests, views and rights of our own employees primarily relate to human rights and health and safety. Our approach to the protection of our workforce is explained in the following section.

Our suite of social policies including our Employee Code of Conduct, Diversity Policy, Anti-Discrimination Policy, Human Rights Policy, Anti-Corruption Policy and Whistleblowing Policy –all allow us to manage impacts, risks and opportunities relating to our workforce. These policies cover all of our own employees and were developed with the interests of our employees in mind. Our social policies detail our commitments to the protection of our employees' human rights, health and safety, and protection against discrimination and harassment. They also detail how our employees should keep us safe in relation to corruption and bribery prevention. The centralisation of our HR Department ensures that processes and policies are standardised across the Company, meaning that knowledge and talents are effectively used across the board.

Following the request from our employees, in 2023, we developed employee career paths, including specific KPIs, which intend to create a clear structure and more transparency regarding career and development opportunities at GCP. These career paths are expected to be communicated and applied from spring 2024. We also ensure all our employees are paid adequate wages in line with applicable benchmarks.

Employee Satisfaction

We engage with our employees in a number of ways, primarily through our annual employee engagement survey which allows us to obtain direct feedback from all employees. We also conduct regular HR 'roundtables' during which our employees and managers have the opportunity to ask questions and engage directly with our HR Department. Our Head of HR is responsible for overseeing our annual employee satisfaction survey, as well as our HR roundtables and we use the results of both to inform decisions or activities that will help manage actual and potential impacts.

To ensure straightforward communication with staff across the Company and foster employee engagement, we use a dedicated HR software. Through the platform, employees can manage personal data, holiday and home office requests, sick leave, and book training and participation at other company events. We are continuing to roll out new features to make the system more user-friendly. Our goal is for this software to serve as a centralised HR system across all our locations of operation, so that all our employees have easy and consistent access to the information they need, and to make the employees and the HR Department more agile.

In 2023, we conducted a survey with our employees, the results of which will guide our strategy to improve workplace satisfaction. The results were a clear indication of the engagement of our employees, with a 63% response rate across the Company. From this, we have identified priority areas for improvement in our HR policies, and we formulated an action plan for 2023 and 2024 to act on this feedback. This included further employee surveys to provide more opportunities for feedback and communication, furthering information about career progression, and increased communication about GCP's overall strategy and vision, and the promotion path opportunities which employees can pursue within our organisation.

In 2023, our engagement around employee development was recognised. GCP was chosen as 'Most Wanted Start 2024' by the German newspaper Die Zeit and Kununu, a leading platform for employer reviews and feedback on corporate culture, compensation schemes, and overall employee satisfaction. This accolade demonstrated GCP's position as a leading apprenticeship company in Germany and highlighted our commitment to employee development.

As part of our ongoing efforts to enhance workforce satisfaction and wellbeing, our collaboration with a work-life platform in Germany continued throughout 2023. The platform extends comprehensive support to our employees, which includes family-oriented services like childcare for holidays, emergencies, daily needs, and elderly care. The platform further enriches the employee experience by offering programs for expecting parents, promoting a healthy work-life balance through virtual sports courses and mental health prevention programs, and providing access to diverse consultations and talks on leading a healthy life, diversity and inclusion, and addressing discrimination concerns. These offerings align with our commitment to fostering a positive and supportive work culture.

Training and Development

We place great importance on delivering a broad learning and development program to our staff to provide them with the skills required to prosper in today's business environment and further their careers. Our training is targeted to individual needs and delivered flexibly to meet the needs of all our employees. We utilise our in-house expertise, as well as external specialists, to deliver training ranging from construction and property management to business skills and leadership training. Training is delivered in person, through online webinars, or via our self-directed learning portal, the Contemporary Real Estate Academy (CREA). This platform enables a unified presentation of our mandatory training content and learning and development material, which is accessible to all staff across our business. In 2023, additional features were added that allow for better communication with employees on training opportunities and advanced tracking of training data and the creation of reports for content owners and admin users from our HR department.

We have also continued to implement performance reviews digitally through our HR software. Managers receive training on using the tool to provide performance feedback and can then provide ratings and reviews digitally. In 2024, we plan to relaunch the performance review tool across the GCP departments, with a new career development plan, aiming to deliver 60% of performance reviews using this method. Streamlining this review process will allow our employees to receive personal feedback more simply and regularly, helping them to improve and progress towards their own goals.

In 2023, we also continued to expand our leadership training programme, delivering 875 hours of training for upcoming leaders within our organisation. In addition, we maintained our mentoring scheme, enabling our employees to receive professional coaching support from more senior team members. These programmes sought to boost individual employee performance while securing our long-term viability. The leadership programme is designed to equip the Company's current and potential leaders with the fundamental critical thinking and problem-solving skills essential for making sound decisions. It aims to improve communication and team management skills, conflict resolution, as well as innovativeness and productivity. Employees who participate in this programme are provided with the skills necessary to effectively manage change, ensuring the Company remains resilient and adaptable.

As an international company representing more than 40 nationalities, headquartered in Germany, we also support our employees with language classes in English and German. In 2023, we continued to pursue our intensive focus on language learning, partnering with a well-known language school to offer advanced German courses for non-native speakers and English for German speakers, with 1 547 hours of training provided. The language programme is targeted at promoting effective communication and collaboration amongst employees and other stakeholders. It enhances operational efficiency, tears down cultural barriers, reduces misunderstandings, builds trust, and fosters a more inclusive workplace environment.

Occupational Health and Safety

We take our responsibility to provide a safe work environment seriously and ensure that tasks do not pose undue health risks. Our Occupational Health and Safety Policy ensures strict compliance with all workplace health and safety regulations at national and EU level. We are jointly responsible for occupational health and safety through the avoidance of risks to ourselves and our employees by identifying and reporting any unsafe working conditions, violations of safety requirements, and accidents in the workplace. The implementation of this policy is overseen by our dedicated internal Office Health and Safety Manager and by the internal inspections of the occupational safety standards in our workplaces. We also undergo ad hoc external audits by state officers, but none have taken place in 2023.

In order to manage material risks, impacts and opportunities to our workforce, we set targets to help mitigate these risks and maximise opportunities. In 2023, we increased our internal budget for employee training, including for occupational health and safety, with some employees being identified as knowledge owners who then delivered training sessions themselves. Furthermore, we are in the process of expanding our mentoring and coaching program in collaboration with an employee who from 2024 will be our full-time internal Business Coach after being trained in the matter and having already started coaching during the last quarter of 2023.

To contribute further to the wellbeing of our employees, we offer a flexible package of benefits and working provisions, such as hybrid working arrangements to support working from home, and flexible working hours. We also support part-time working, granting greater flexibility for our employees to balance their work around their lives and families. Such part-time arrangements are specific to the employee's needs.

The wider health and wellbeing benefits provided include eye examinations and health checks carried by our Company physician, access to our Company gym for employees at our Berlin headquarters with courses and personalised training, and mental health appointments available for all GCP employees with our in-house consultant.

Furthermore, our collaboration with a work-life platform mentioned under Employee Satisfaction also contributes to fostering a secure and supportive workplace environment. Offerings underpinning our commitment to occupational health and safety include hundreds of virtual sports and mental health prevention courses covering topics from mindfulness to resilience, and numerous talks and consultation offers promoting a healthy lifestyle. Additionally, the platform provides access to a 24/7 emergency hotline staffed by qualified psychologists and coaches, ensuring prompt psychological support during critical situations.

Equal Treatment and Opportunities for All

We are committed to promoting equal treatment and opportunities for all within our workforce. Our Anti-Discrimination Policy specifically addresses the following grounds for discrimination: race or ethnic origin, gender, religion or ideology, disability, age, sexual identity. Discrimination on the basis of any of these characteristics constitutes an infringement of basic human rights and is explicitly prohibited by us. The Anti-discrimination Policy explains our employees' obligation and right to lodge a complaint should they believe they have been subject to any kind of discrimination. These complaints are taken seriously and are duly investigated. Further, our Diversity Policy details the diversity initiatives that we implement, including the promotion of talent development, the recognition of life experience, and the offering of cultural support.

In 2023 as a result of the 'Activate the Base' initiative, a Diversity Committee comprising employee representatives from different organisational levels was established with the aim of overseeing our commitments to diversity, inclusion and anti-discrimination. A dedicated site is now available in our intranet containing up-to-date topics and information, and comprehensive diversity training is now provided to all employees upon joining the organisation. To strengthen our commitment, the position of 'Chief Diversity Officer' was also established during 2023, and is currently held by the Head of HR.

The accessibility of our offices for employees with reduced mobility, and/or visual or auditive impairments, as well as the general accessibility of our documents and websites, are areas that will be examined in the future by the Diversity Committee, led by our Chief Diversity Officer, as part of our commitment to fostering inclusivity within our organization.

Work-Related Rights

We respect and promote human rights throughout our organisation with the help of stringent policies and procedures. Should we operate in areas at risk of human rights violations, we have committed to undertake human rights due diligence and risk assessments. We regard every person as unique, and recognise people's individual differences such as ethnic origin, gender, religion or belief, experience, physical and mental abilities, age, and sexual identity. In this way, we ensure our employees, tenants and business partners, including our suppliers, respect the shared human rights of all people, in line with international regulations such as the International Labour Organisation's Core Labour Standards, and the UN Guiding Principles on Business and Human Rights. Our policies concerning our employee's work-related rights refer to forced or compulsory labour, and child labour. However, they currently do not explicitly refer to trafficking in human beings given the limited relevance of this in the regions in which we operate. We commit to duly consider this aspect during our policy reviews.

Metrics: Our Workforce

As part of our commitment to improving employee satisfaction, maintaining high standards of health and safety, and ensuring all employees receive equal treatment and opportunities, we monitor and measure a series of metrics to help understand our progress in areas relating to our workforce. Employee data disclosed below is representative of the figures at the end of the reporting period and are reported in full-time equivalent.

We monitor our employee numbers by both geographical area and contract type as seen in tables 5 and 6 below which allows us to monitor further information and understand trends in employee-related data. These figures include employees who are subject to the material impacts identified during our DMA.

TABLE 5

Employee headcount by geographical area						
EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Percentage	Number	Percentage
N/A	Total numbers and percentages	Total	843	100%	884	100%
		Germany	769	91.2%	839	94.9%
		United Kingdom	58	6.9%	27	3.1%
		Cyprus	13	1.5%	14	1.6%
		Others	3	0.3%	4	0.4%
Employee breakdown by nationality						
			Share in total workforce (as % of total workforce)	Share in all managerial positions (as % of total managerial workforce)	Share in total workforce (as % of total workforce)	Share in all managerial positions (as % of total managerial workforce)
N/A	Percentages	Germany	72.0%	65.2%	73.6%	66.4%
		Romania	7.2%	0.9%	10.1%	1.8%
		United Kingdom	5.9%	10.7%	1.7%	4.6%
		Israel	2.5%	8.9%	1.3%	11.8%
		Cyprus	1.5%	5.4%	1.0%	5.5%
		Others	10.8%	8.9%	12.3%	9.9%
No. of nationalities (incl. Germany)		#	48		47	

TABLE 6

Employee head count by contract type						
EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Percentage	Number	Percentage
N/A	Total numbers and percentages	Permanent employees who identify as female	329	54%	352	56%
		Permanent employees who identify as male	277	46%	282	44%
		Permanent employees who identify as 'other'	0	0%	N/A	N/A
		Temporary employees who identify as female	99	42%	91	36%
		Temporary employees who identify as male	138	58%	159	64%
		Temporary employees which identify as 'other'	0	0%	N/A	N/A
		Non-guaranteed hours employees who identify as female	2	50%	N/A	N/A
		Non-guaranteed hours employees who identify as male	2	50%	N/A	N/A
		Non-guaranteed hours employees who identify as 'other'	0	0%	N/A	N/A

Due to our efforts to enhance and maintain employee satisfaction, we monitor turnover and retention rates of our employees as well as track key hiring KPIs as reflected in table 7.

TABLE 7

Hiring and Turnover						
EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Rate	Number	Rate
Emp-Turnover	Total number and rate of new employee hires	New employee hires	186	22.1%	222	25.0%
		Female	86	46.2%	92	41.0%
		Male	100	53.8%	130	59.0%
		Age group <30	71	38.2%	89	40.1%
		Age group ≥30 - <50	88	47.3%	112	50.5%
		Age group ≥ 50	27	14.5%	21	9.5%
		Open positions filled by internal candidates (internal hires)	58	23.8%	83	27.2%
	Average amount (€)	Average hiring cost/ FTE	600.8	N/A	675.3	N/A
	Total number and rate of employee turnover	Employee turnover	208	19.8%	214	19.0%
		Female	88	42.3%	96	45.0%
		Male	120	57.7%	118	55.0%
		Age group <30	54	26.0%	64	29.9%
		Age group ≥30 - <50	116	55.8%	112	52.2%
		Age group ≥ 50	38	18.3%	38	17.8%
		Employee initiated turnover	149	14.2%	144	13.0%
		Female	63	42.3%	69	47.9%
		Male	86	57.7%	75	52.1%
		Age group <30	36	24.2%	42	29.2%
		Age group ≥30 - <50	91	61.1%	84	58.3%
		Age group ≥ 50	22	14.8%	18	12.5%

Training metrics are monitored as shown in table 8, including the percentage of our employees who receive performance and career development reviews.

TABLE 8

Training and Development				
EPRA Code	Units of Measure	Metric	2023	2022
Emp-Dev	% of total workforce	% of total employees who received regular performance and career development reviews during the reporting period	29.6%	26.5%
Emp-Training	Average number of training hours	**All employees**	**14.2**	**11.6**
		Female	16.7	14.7
		Male	11.8	8.7
		Management	21.3	18.6
		Female	26.5	25.8
		Male	17.5	13.8
		Non-management	17.2	14.0
		Female	19.4	17.0
		Male	14.8	10.8
		Part-time employees	12.0	N/A
		FTE employees	18.7	16.0
N/A	Average amount (€)	Average investment in training per FTE	638.0	506.1
	Percentage (%)	Percentage of FTEs that participated in leadership development programme	1.4%	N/A
		Percentage of FTEs that participated in language programme	16.8%	N/A

2023 figures reviewed by auditor

Our commitment to the health, safety and well-being of our employees is measured using health and safety metrics, shown in table 9.

TABLE 9

Employee Health and Safety				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
H&S-Emp	Number of injuries/accidents per total time worked	Injury / accident rate[7]	0.000006	0.000005[8]
	Number of injuries per million hours worked	Lost-Time Injury Frequency Rate (LTIFR)	5.6	4.8
	Number of days lost per total time worked	Lost day rate	0.0004	0.0004
	Number of days lost per total days scheduled to be worked by employees	Absentee rate	8.8	9.3
	Number of fatalities	Work-related fatalities	0	0
N/A	Number of injuries/accidents	Recordable work-related injuries/accidents for own workforce	8	7

We monitor and measure the diversity of our employees in table 10, where we collect data regarding the representation of male/female/other employees, and employee with disabilities.

TABLE 10

Diversity				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
Diversity-Emp	% of total employees who identify	Female	51%	50%
		Male	49%	50%
		Other	0%	0%
	% of employees who identify	Female (Board of Directors)	33%	33%
		Male (Board of Directors)	67%	67%
		Female (top management)	30%	18%
		Male (top management)	70%	82%
		Female (senior management)	37%	33%
		Male (senior management)	63%	67%
		Female (junior management)	47%	46%
		Male (junior management)	53%	54%
N/A		Female (all management)	43%	40%
		Male (all management)	57%	60%
		Female (revenue generating management functions)	43%	35%
		Male (revenue generating management functions)	57%	65%
		Female (STEM-related positions)	16%	14%
		Male (STEM-related positions)	84%	86%
	Number	Employees with disabilities	17	15

2023 figures reviewed by auditor

7. Accidents and injuries are tracked internally as the same metric, therefore accident rate is considered as the same metric as injury rate.
8. 2022 figure for Injury Rate has been restated due to an error in last year's reporting, where an internal metric using number of Full-Time Employees (FTEs) as the denominator was reported. In 2023, we updated the methodology as prescribed by the EPRA sBPR guidelines, which uses total number of working hours as the denominator.

Table 11 shows the gender pay gap within our employees. This indicator measures the disparity in earnings between women and men, calculated as the average gross hourly earnings of female employees divided in the average gross hourly earnings of male employees. We closely monitor and report this difference based on various levels of aggregation in an effort to increase transparency and conform to widely accepted standards. The data is split based on employee remuneration (salary and bonus) and basic salary in relation to employee level.

The unadjusted gender pay gap for all employees was 0.82:1, aligning with the German national average published by the Federal Bureau of Statistics[9]. We aim to outperform this national average by actively engaging in efforts to reduce the gap, ultimately targeting full pay equality.

TABLE 11

Gender Pay Gap				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
Diversity-Pay	Executive	Ratio of remuneration (salary and bonus) of women to men	0.61	0.52
	Management		0.86	0.90[10]
	Non-management		0.90	0.92
	All employees		0.82	0.83
	Executive	Ratio of salary of women to men	0.58	0.57
	Management		0.87	0.89
	Non-management		0.90	0.91
	All employees		0.83	0.83
N/A	Total compensation ratio	Ratio of the highest paid individual to the median annual total compensation for all employees (excluding the highest paid individual)	18.19	N/A

2023 figures reviewed by auditor

The Work-Related Rights section of this report describes our approach to our employees' human rights. Part of this approach entails the monitoring of issues and incidents relating to these rights, as shown in table 12.

TABLE 12

Issues and Incidents				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
N/A	Total number	Incidents of discrimination (including harassment)	0[11]	0
		Complaints filed through channels for people in own workforce to raise concerns	0[12]	N/A
		Complaints filed to National Contact Points for OECD Multinational Enterprises	0	N/A
		Severe human rights issues and incidents connected to own workforce	0	0
		Severe human rights issues and incidents connected to own workforce that are cases of non-respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0	0
	Amount (€)	Material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	0	0
		Material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	0	0

9. As to latest published data, for 2022: https://www.destatis.de/EN/Themes/Labour/Labour-Market/Quality-Employment/Dimension1/1_5_GenderPayGap.html
10. The Management remuneration ratio for 2022 has been restated, as the ratio disclosed in 2022 was calculated based on employees in Germany only. The updated figure reflects all locations.
11. Only those discrimination cases that resulted in sanctions or actions towards the accused person are reported.
12. Only if a complaint led to a confirmed compliance case, it is reported here.

Workers in the Value Chain

Long-term Targets

- Maintain zero human rights violations in the supply chain
- Maintain our high standard of business partner scrutiny

2024 Goals

- Continue the distribution of our new Business Partner Questionnaire relating to our Business Partner Code of Conduct
- Ensure the voluntary alignment of our Company policies to the new Supply Chain Act in Germany (LkSG) and initiate possible changes accordingly

While the topic of workers in the value chain was not identified as material during our DMA, GCP believes that respect for human rights is a non-negotiable foundation for any business. As such, GCP's commitment to maintaining stringent standards of ethical behaviour extends throughout our value chain as well as to our own operations, and we operate in accordance with the UN Guiding Principles on Business and Human Rights. We do this through the expectations and requirements outlined in our Business Partners Code of Conduct which includes expectations and requirements around human rights protection. This document contains matters such as respecting and recognizing employees' rights pertaining to freedom of association and the exercise of collective bargaining, providing fair remuneration, refraining from child, forced and compulsory labor, respecting minimum age requirements and providing a workplace free of harassment and discrimination of any kind. We identified the need to engage with the workers in our value chain and will do so by using the Business Partner Questionnaire developed in 2023 which assesses compliance with our Code of Conduct.

The principal interests, views and rights of our value chain workers relate to human rights protection and fair labour standards. We believe respect for, and protection of human rights is a non-negotiable for any business, so our commitment to maintaining effective, diligent standards of ethical behaviour extend from not only our own operations, but across our value chain. We have ensured the interests, views and rights of our value chain workers are taken into account in our updated Business Partner Code of Conduct which reduces risk to ourselves as well as our value chain workers. Furthermore, our Human Rights Policy sets out our commitments to act in accordance with internationally recognised standards of human rights and includes our expectations of our suppliers to ensure our value chain workers are protected to the same standards we hold ourselves. Any and all reported violations of human rights are reported directly to our CEO and a member of the Board of Directors. These are also recorded by our Compliance department. We are committed to reporting human rights violations and include this risk within our risk management process.

In our regions of operation, human rights are protected by the strict legal framework of the European Union and the United Kingdom, meaning that concrete human rights violations are not a substantial risk. This means that the most material business impact of this topic is as a compliance issue, so our comprehensive controls on human rights throughout our value chain are managed through our compliance framework.

Since our business model includes the refurbishment of properties, much of our supply chain consists of building work carried out by construction companies and their subcontractors. Since these sub-contractors do not operate under our direct oversight, this introduces a risk area for human rights violations, for which specific controls are in place. Prior to contracting our business partners, we conduct checks regarding their reputation, ability to provide the proposed work and their compliance with the respective local laws. The signing of GCP's Code of Conduct for Business Partners is a binding requirement for our business partners with an annual contractual volume above €5 thousand, with the exception of large corporations which have their own code of conduct – provided it is in line with our standards – and with the exception of organisations that operate in heavily-regulated sectors. To ensure that our requirements are both practical and thorough, we worked closely with leading experts to develop a robust system for reporting and monitoring, which can also be integrated into their operations smoothly. The code requires a commitment to the core principles of the agreement of the governing body of the ILO, the Ten Principles of the UN Global Compact, and the OECD Guidelines for Multi-national Enterprises on Responsible Business Conduct.

Each construction undertaking is managed by a dedicated GCP project manager, who engages directly with the onsite contractors and sub-contractors. These project managers evaluate compliance with the Code of Conduct during their site visits, such as inspections and acceptance of partial deliveries. We also conduct spot checks of business partners' compliance through our operational departments. This supplements our standard systems for auditing the activities of our business partners to control for the different risk potential.

Our property management business also outsources facilities management services. These companies are required to have their own human rights guidelines in place and are also subject to the Code of Conduct for Business Partners. Our facilities managers are required to complete questionnaires regarding their compliance practices, in which they must confirm that they have conducted their own human rights checks on any sub-contractors and that they comply with all relevant human rights laws.

Consumers and End-Users

Long-term Targets

- Create a high standard of living at our properties through safe, attractive buildings, active community building and engaged customer service
- Retain residents by actively fostering tenant loyalty by creating supportive, affordable communities where people enjoy living and staying
- Continually enhance tenant satisfaction levels regarding all assessment areas, remaining above internal minimum targets

2024 Goals

- Maintain a high level of tenant satisfaction
- Expansion of service possibilities through the GCP app and our CRM system
- Continue to further develop the digital solutions and focus on wider offers for self-service in the GCP tenant app, such as presentation of monthly operational cost calculations and documents, tenant account statements and other digital tenant notices
- Renewal of our TÜV certification for Quality Management (ISO 9001:2015) and Service Quality
- Continuous development of our quality control processes

Tenant Satisfaction

Our business has been built on the premise of exceptional customer service, driven by our desire to contribute directly to improving our tenants' quality of life. We aim to build long-term tenant relationships by striving for high standards in our properties and their surroundings and customising our management approach to cater for each tenant's needs. When considering our consumers and end-users, we include all tenants who can be materially impacted by our activities.

Long-term tenant relationships are the cornerstone of our business model. In order to deliver long-term cash flows that are central to our business model, it is crucial that we build positive, long-term tenant relationships. This drives our objectives for this area: to continually increase the satisfaction of our tenants with their experience of our properties; and to offer industry-leading, tenant-oriented customer service.

The GCP Tenant Satisfaction Policy sets out our management approach to this key topic for each stage of the tenant lifecycle, including pre-contract. The policy outlines how we monitor satisfaction in order to understand performance, address any issues and ensure the continuous improvement of our approach.

Our regional directors and property managers work together to enhance the quality and value of our properties. Through regular site visits, our property managers address necessary maintenance work, plan technical improvements and ensure that refurbishment and management activities are aligned to tenants' needs. Our property managers also take care of our tenants directly- tenants can reach out to them through our Service Centre, which will forward tenants' requests and queries to the relevant property managers.

GCP primarily meets customer service requests in two different ways. Firstly, through the GCP Service Centre, our customer care agents individualise solutions for each tenant and provide support in several different languages. Tenants are ensured prompt responses to queries and can expect to hear back within a maximum timeframe of 24 hours. Furthermore, urgent requests are addressed in under an hour. As a result of this quick and personalised customer support system, the Service Centre has been validated independently and well rated. Focus Money, for example, rated the GCP Service Centre's customer service as "very good" in 2023.

The second major point of contact is through the company-developed GCP tenant App which further digitalises, quickens, and improves processes, thereby positively impacting tenant engagement. Through the GCP App, prospective and existing tenants can access a wide range of digital services. These include tools for apartment searching and service and maintenance requests, a loyalty program, access to data on their energy consumption digitally instead of by post, and engagement activities such as an online advent calendar. The App allows tenants to view the status of and receive updates on their requests, thus increasing the transparency of the process. These efforts have been well received by tenants, as evidenced by increased digital interactions. Compared to 2022, in 2023 there has been a 9% rise in tenants reaching out through the GCP App, a 7% increase via chat and a 20% increase via email.

High-Quality Tenant Service

Effective communication is central to the service we provide to current and prospective tenants, who rely on the information and assistance they receive from GCP as their building operator. In addition to the support provided by our property managers, the GCP Service Centre offers tenants support for day-to-day concerns including requests for information and property viewing bookings for prospective tenants. The Service Centre is available 24/7 for emergency support, and from 7am – 7pm on working days, in a variety of languages. For emergency cases occurring outside office hours, the Service Centre engages directly with the corresponding service providers to address the case immediately and avoid possible delays related to the working hours of property managers.

Our GCP Service Centre targets minimum wait times, aiming to respond to 95% of calls within 20 seconds. It was recertified by TÜV Nord in March 2023 for Proven Service Quality, and for Quality Management (DIN EN ISO 9001:2015). These continued certifications demonstrate the rigorous management of the Service Centre in terms of stakeholder engagement, risk management and continual improvement.

In 2023, the Service Centre introduced a voice bot aimed at managing peak call times and reducing waiting periods. Currently, the callers, tenants and prospective tenants can choose this option through a personalised message. In 2024, our goal is to further enhance automation by integrating this process directly into our CRM, streamlining and optimising the handling of enquiries.

Following a resolved request/enquiry through the Service Centre, a survey is issued to the relevant tenant. This survey addresses GCP's performance in terms of friendliness, reachability, quality of work conducted and time to resolve. In 2023, GCP was rated 4.75 (out of 5) for accessibility, 4.83 (out of 5) for the service of the staff, and 4.5 or above in all other aspects. Our target is to continue to improve our score across all areas aiming to maintain a minimum score of 4.5 in all aspects, and to answer 95% of calls within 20 seconds.

We also seek to improve our tenants' experience of our properties through the GCP App and GCP loyalty programme. We continue to offer our tenants exclusive benefits through the GCP loyalty programme, which issues shopping discounts for new tenants and loyalty points for existing tenants who can exchange them for vouchers or settle them against rent payments. For example, tenants can benefit from special offers with partners like Vodafone, O2 and MediaMarkt. In keeping with our commitments to reduce our environmental impact and to encourage sustainable lifestyle choices, we have initiated a scheme by which tenants can receive points on their loyalty account for switching to a renewable electricity provider.

Tenant Health and Safety

Guaranteeing high standards of health and safety within our buildings is a fundamental obligation to our tenants, and a prerequisite to ensuring their satisfaction with our service. Through the dedication of our property management teams, we work continually to instil a positive health and safety culture across our operations. Our ultimate goal is to protect tenants and third parties from health and safety risks, and to deliver a living environment which is healthy, safe and motivating, with which our tenants are satisfied. When considering our consumers and end-users, we include all tenants who can be materially impacted by our activities.

To guide the implementation of our sustainability strategy, guarantee the highest health and safety standards and track our progress, we have set a long-term goal to create a high standard of living at our properties through safe, attractive buildings, active community building and engaging customer service.

Health and safety are central to our asset management approach at every stage of a property's lifecycle. At acquisition, we conduct a comprehensive due diligence risk assessment which enables us to identify risks and implement preventative maintenance solutions. We assess the building's structural characteristics and establish which refurbishment activities should be targeted, looking for opportunities to improve the quality and accessibility of the property. Various measures are then implemented to support tenants' wellbeing, easier movement around the building, and additional communal space and services.

During the operational phase, we pursue our aim to continually enhance the quality of our residential units and their surroundings. Through regular checks and maintenance work conducted by our property teams, we seek to identify and mitigate potential health and safety risks before they materialise. Safety is a priority throughout these assessments, especially fire safety, and we commission expert advice from external fire safety specialists where necessary. If deficits are identified, these are documented and reported to the Construction Department who are then responsible for seeing that the required work is carried out. The proper implementation of these corrections is confirmed by appropriate follow-up processes, through cooperation between the Construction Department and the Property Managers.

Our Tenant Health and Safety Policy sets out clear time frames for such defects to be remedied, and property managers' bonuses are performance-based and depend on the efficiency in the delivery of these improvements.

All our properties are subject to continuous safety assessments as part of our operational monitoring activities. The quarterly site inspections performed according to our internal protocol are conducted in accordance with national and federal legislation. These comprise scheduled inspections, covering aspects such as water quality (e.g., legionella), elevator safety and fire protection systems, as well as inspections of physical and organisational aspects and fire protection audits. The combination of these regular site visits also helps to prepare budget decisions for each property.

Besides the Tenant Health and Safety Policy, our Human Rights Policy also details our commitment to protecting the human rights of our tenants. Although this policy is currently confidential, it has been written in accordance with the UN Guiding Principles on Business and Human Rights and in particular respects the privacy of our tenants through data protection measures. Any and all reported violations of human rights are recorded by our Compliance Department and reported directly to our CEO and a member of the board of Directors. We are committed to reporting human rights violations and include this risk within our risk management process.

Metrics: Consumers and End-Users

Our diligent approach to maintaining the highest standard of tenant health and safety is described above, and the metrics we use to monitor the success of our approach are shown in table 13.

TABLE 13

Asset Health and Safety				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
H&S-Asset	Percentage of assets for which health and safety impacts are assessed or reviewed for compliance/improvement	Percentage of assets	92%	100%
H&S-Comp	Number of incidents of non-compliance with regulations and/or voluntary standards	Number of incidents	1	0

Tenant engagement: GCP cinema summer.

Affected Communities and Neighbourhood Development

Investors in the built environment are expected to think beyond their commercial interest, to create long-term socio-economic benefit in the communities they operate in. By building productive relationships with the local community, we can contribute to the development of prosperous neighbourhoods, which in turn will benefit our properties and their tenants. The principal interests, views and rights of our local communities relate to affordability, engagement and human rights. We actively engage with the wider communities surrounding and within our properties to promote neighbourliness and connection. Our approach to meeting the needs of our communities is underpinned by our Community Involvement and Development Policy.

Long-Term Targets

- Invest up to €500 thousand p.a. in community building activities until 2030 via the Grand City Properties Foundation
- Build supportive and affordable communities where people want to live and stay
- Target investments toward the creation of high-quality shared spaces for tenants and support local community-building organisations

2024 Goals

- Achieve a level of community investment through the GCP Foundation of at least €200 thousand p.a.
- Continue supporting employee volunteering through 'Social Days', including our annual blood drive day at the Berlin office
- Host events with social responsibility themes in cooperation with external partners

While affected communities was not identified as a material topic in our DMA, we are aware of the important role we play in our local communities and take this responsibility very seriously. Our approach is underpinned by our Community Involvement and Development Policy which sets out our commitment to make a positive impact in the local communities where we operate and improve the wellbeing of our tenants and local stakeholders. In addition to outlining reporting, responsibility, and planning requirements for active community relationship management, the policy highlights the importance of key activities for addressing local communities' needs including the GCP Foundation, and open and meaningful engagement and consultation with external stakeholders. We take a proactive approach to social engagement to help build vibrant and friendly communities in and around our residential assets. There are three main elements to this approach: supporting local organisations through charitable projects, providing community events in the shared spaces in and around our assets, and encouraging our employees to get involved in community development through paid volunteering days. Thus, active community contributions are one of our key priorities moving into 2024.

We are also proud of our work to make our properties as affordable as possible to the communities in which they are situated. This includes taking a considered approach to modernisation rent increases and being responsive to hardship applications where such increases are implemented.

Neighbourhood Development and Community Engagement

Overseen by our central team, our local property managers run community events in and around our assets to bring neighbours together, which also enables us to develop relationships with our tenants. Activities this year have included:

- Neighbourhood gardening: Kick-off of two urban gardening projects in a high-rise quartier in Cologne and a property in Braunschweig
- GCP Easter Week: Digital Easter week campaign with daily interactive activities (1,972 participants)
- GCP Cinema Summer: Live open-air cinema at 8 locations, plus additional 700 cinema boxes for a home movie night (2,052 participants)
- GCP Halloween World: Digital Halloween craft activity with daily interactive tasks on the GCP website and GCP App (1,321 participants)
- GCP Advent Calendar: Interactive calendar from Dec. 1st to 24th with games, quizzes and surprises (16,583 participants).

Some of these events have been a tradition for many years and always include a call for participation through multiple channels to foster engagement. The high participation numbers and the high tenant satisfaction rate on the initiatives of 97% reflect the great reception from the tenants, and we are proud to continue building up our efforts for community engagement in 2024.

We also seek to engage with local governments and officials to coordinate our activities with the needs of our local communities. This can range from government entities to tenants' associations and religious or cultural organisations. In an important example of this cooperation, GCP apartments across Germany have been rented to local municipalities to provide accommodation for refugees from Ukraine since the outbreak of the war. Some of these refugees were able to move out and rent their own apartments after some months, some within the GCP portfolio, while others remain in the original accommodation provided with ongoing support from the government or from non-profit organisations.

In order to create supportive communities where people enjoy living and staying, we aim to cultivate a sense of neighbourliness and connection. We offer a range of community facilities including playgrounds, fitness trails, BBQ areas, tenant libraries, and events based on seasonal occasions. Alongside the assistance provided by our property managers and Service Centre, tenants can rely on the support of a Collector and a Social Tenants Manager who assist in matters such as communication with local authorities or the implementation of community projects and provides general advice to tenants. In areas where there is no dedicated Community Relations Officer, property managers serve as a point of contact, actively engaging with tenants.

Charitable Contributions

Our support for charitable projects is delivered through the Grand City Properties Foundation. The Foundation is run by a Committee of GCP managers and overseen by an independent Board of Trustees, and all employees are encouraged to propose projects for consideration. Typical projects involve investments in infrastructure, such as library rooms, playgrounds and sports pitches, and the funding of initiatives such as educational support programs, sports clubs, poverty relief, and social network groups.

In 2023, the Foundation donated €127 thousand to to charitable causes. For instance, it supported a women's advice centre in the city of Kiel offering counselling options for women in vulnerable situations such as in cases of domestic violence or for migrant women. Our donation funded an artistic redesign of the passageway leading to the counselling centre with the aim of creating a space that feels safe and friendly for the women visiting the centre, but that also enhances the neighbourhood aesthetics and helps break spatial barriers. The foundation also supported lebensnah e.V., an association providing support for people with disabilities, in developing a new individualised German sign language course and an urban gardening project by the Caritas Association of Cologne.

We continued in 2023 to provide in-kind support for social and charitable purposes. GCP currently lets 13 units at reduced rent, equivalent to a donation of €51,8 thousand in unexploited rental income. One example of this is our cooperation with local non-profits providing childcare and educational assistance in our properties. We offer rent-free access to housing units or commercial space, as well as furniture, equipment and living funds to cover operational costs. We also help the occupants of these spaces to acquire furniture, equipment and funds.

GCP views local sports teams as integral to community development, therefore we sponsor several local sports clubs such as the football teams FC Azadi-Bochum, VfB Frohnhausen Essen, ASC Dortmund and the volleyball team TV Hörde Dortmund, to name a few.

Sponsoring of FC Azadi-Bochum

Social Day

In 2023, we continued to deliver our Social Days to our employees. We delivered three in total which involve volunteering for an organisation during a paid working day. These were a combination of self-organised, and organised through Lebenshilfe e.V., which sees itself as a self-help and support association for people with intellectual disabilities and their families, helping people with disabilities to participate in society on an equal footing.

We hope to continue these successful Social Days into 2024 and aim to expand this engagement opportunity to employees in other regions. In addition to our Social Day, our annual employee blood drive day took place in October 2023 in Berlin.

Affordable Housing

Our tenants represent a wide range of social, economic and cultural backgrounds. To provide properties which serve these communities, we are committed to providing affordable housing, so to monitor our performance in this regard, a "rental cost portion" metric has been developed modelled on Eurostat's housing cost overburden rate. This metric compares GCP's median rent for residential units against the net minimum wage, reflecting salary after taxes and social security contributions, which we believe is a conservative benchmark focusing on those most sensitive to rent affordability.

The housing cost portion based on the median warm rent of GCP's residential properties in Germany in 2023 was 39% of this benchmark, up from 38% in 2022. The warm rent incorporates various costs of living including energy costs, and housing services, which GCP has no control over. The rental cost portion based on median cold rent in 2023 for our German residential properties, excluding these factors, remained at 24% of the net minimum wage salary in 2023. These figures show that increased housing costs in 2023 were driven by utility and service cost inflation rather than increasing rental costs, along with observations that wage growth lagged in the current inflationary environment. Germany has already acted to increase the minimum wage as of January 1st, 2024, along with another increase set for 2025, which should improve housing affordability if the trend of a decreasing rate of inflation continues. These results are a testament to the Company's commitment to ensuring that our high-quality residential properties are priced affordably for all our tenants.

Modernisation Rent Increases

GCP launched its modernisation program for its residential properties in 2021 and is carrying a relatively small program, targeted to where GCP can make a significant impact. As part of our commitment to providing affordable housing, GCP works to ensure that modernisation cost allocation to tenants is done in a way that keeps housing affordable. To determine these cost allocations, the Rent Control and Increase Department analyses the current market situation and relevant regulations on cost allocations, to decide whether to enact rental increase waivers on the modernisation costs. The average modernisation cost allocation for German residential properties in 2023 was €0.53/sqm, which is 16% lower than the legally possible cost allocation set out in German law.

In cases of significant rent increases, tenants can object to the cost allocation in what is known as a financial hardship case. These can be resolved through a complete or partial waiver of the entitled rent increase for a given number of years. In 2023, however, zero hardship cases were received out of the 1,349 units modernised. We believe this low number of hardship case applications reflects GCP's targeted approach to conducting modernisation projects, and the careful consideration the Company puts into rent increases which in many cases is partially waived based on the Company's understanding of the local market situation. Recognising the importance of not placing pressure on our tenants in cases of financial hardship, we ensure that any and all changes are discussed with our tenants beforehand. This transparent and open approach allows security and trusted relationships with our tenants.

Metrics: Affected Communities

Our dedication to maintaining strong community connections and developing longstanding relationships is demonstrated by our Community Involvement and Development Policy, which guides our efforts towards tenant engagement. As mentioned above, GCP organises a range of community events such as seasonal tenant festivals and campaigns throughout the year, on site and/or digitally. By organizing various tenant events also digitally, GCP tenants at all locations have the opportunity to participate. This is enhanced by complementary tenant benefits, such as an additional incentive for the GCP loyalty programme or embedding the digital campaigns in the GCP app. These initiatives impact the wider community and are considered stakeholder engagement programmes.

For 2024, we strive to set up an effective tracking system that allows us to better measure the reach of the initiatives in terms of actual impact generated in the communities - such as actual participation rates and satisfaction levels with the various programmes.

TABLE 14

Community Engagement				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
Comty-Eng	% of assets under operational control that have implemented local community engagement, impact assessments, and/or development programmes	Percentage of assets	75%	N/A

GOVERNANCE INFORMATION

Corporate Governance

GCP places a strong emphasis on corporate governance, executed responsibly by the Board of Directors and the management teams. GCP is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. Among our shareholders and bondholders are large international leading institutional investors and major global investment and sovereign funds.

GCP is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. In particular, GCP is not required to adhere to the 'Ten Principles of Corporate Governance' of the Luxembourg Stock Exchange or to the German Corporate Governance Code, which are only applicable to listed companies incorporated in Germany, apart 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). GCP has therefore issued a declaration that it does not deviate from the aforementioned recommendations of the German Corporate Governance Code. In general, GCP already complies with most of the principles and continues to take steps to implement ESG best practices throughout its business. The Company's efforts support the United Nations Sustainable Development Goals (UN SDGs), particularly those relating to Peace, Justice and Strong Institutions (#16) and Partnerships for the Goals (#17).

Board of Directors

The Board of Directors makes decisions solely in the Company's best interest, independently of any conflict of interest. The Company is administered by a Board of Directors vested with the broadest powers to perform and manage in the Company's interests. All powers not expressly reserved by the Luxembourg Companies Act or by the articles of association to the general meeting of the shareholders fall within the competence of the Board of Directors. On a regular basis, the Board of Directors evaluates the effective fulfilment of their remit and compliance with corporate governance procedures implemented by the Company. This evaluation is also performed by the Audit and Risk Committees.

The Board of Directors chooses amongst the directors a chairperson who shall have a casting vote. The renewal of the mandate of Mr. Christian Windfuhr as executive director has been approved at the Annual General Meeting (AGM) in 2023 until the AGM in 2025. The renewal of the mandate of Ms. Simone Runge-Brandner as independent director has been approved at the AGM in 2023 until the AGM in 2024. The mandate of Mr. Daniel Malkin as independent director was not up for renewal and therefore ended at the AGM in 2023. Mr. Markus Leininger has been appointed and confirmed as independent director at the AGM in 2023 until the AGM in 2025. The Board of Directors is supported by five committees of the Board, consisting principally of independent directors, these being the ESG, Audit, Risk, Remuneration and Nomination Committees. Additional support is provided by the Advisory Board.

Annual General Meeting

The next Annual General Meeting (AGM) of the shareholders of Grand City Properties S.A. for 2024 is intended to take place on June 26th, 2024, in Luxembourg.

Members of the Board of Directors

Name	Position
Mr. Christian Windfuhr	Director, Chairperson
Ms. Simone Runge-Brandner	Independent Director
Mr. Daniel Malkin	Independent Director (until the AGM 2023)
Mr. Markus Leininger	Independent Director (appointed at the AGM 2023)

In 2023 the Board of Directors conducted 24 meetings. The below table shows the attendance of the Board members, as well as the attendance average:

Director	Meetings attended	Percentage attended
Christian Windfuhr	24(/24)	100%
Simone Runge-Brandner	21(/24)	88%
Markus Leininger (elected June 28th, 2023) (5)	11(/12)	92%
Daniel Malkin (ending June 28th, 2023) (5)	12(/12)	100%
Board Average	23/24	95%

The composition of our highest governance body is summarised in table 15.

TABLE 15

Composition of the Highest Governance Body						
EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Percentage	Number	Percentage
Gov-Board	Total numbers and percentages	Executive board members	1	33%	1	33%
		Independent board members	2	67%	2	67%
		Non-executive board members	0	0%	0	0%
		Independent / non-executive board members with competencies relating to environmental and social topics	2	100%	N/A	N/A
		Average tenure (years) on the Board of Directors	4.9	N/A	7.8	N/A

CEO

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

CFO

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

Advisory Board

The Board of Directors 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 association of the Company, but applies rules adopted by the Board of Directors. The Advisory Board is 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 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, including reviewing accounting policies and updating them regularly.

The Audit Committee recommends to the Board of Directors the appointment and replacement of the approved independent auditor and provides guidance to the Board of Directors on the auditing of the annual 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.

(5) Since Mr. Markus Leininger was elected in June 2023, his attendance is assessed solely based on the meetings held after his appointment to the Board by the Annual General Meeting. In calculating averages, his attendance is recorded as 92%, reflecting his participation in the meetings following his appointment. The same applies for Mr. Daniel Malkin, whose calculations are based solely on the meetings held before the expiration of his mandate in June 2023.

ESG Committee and ESG Management

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 established an ESG Committee to supervise the Company´s ESG processes and to review and assess the Company's contribution to sustainable development. The ESG Committee shall be composed by at least two members of the Board of Directors.

The ESG Committee is chaired by Mr. Christian Windfuhr, and now includes Markus Leininger and Simone Runge-Brandner, the independent members of the Board of Directors, as well as advisory members including the Company's Head of Sustainability, the Head of Energy, and Head of Human Resources, as well as the Chief Operating Officer. 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 implement and monitor sustainability programmes and initiatives at an operational level. It is led by the Head of Sustainability and reports directly to the CEO of the Company and to the Chairperson of the Board of Directors. 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.

Risk Committee and Chief Risk Officer

The Board of Directors has established a Risk Committee tasked with assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks the Company is exposed to, recommending on a risk management structure and its processes, as well as assessing and monitoring the effectiveness of the risk management system. 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 Chief Risk Officer (CRO), who brings a systematic and disciplined approach to evaluate and improve the risk management culture, capabilities and practices integrated within the strategy-setting and execution. The CRO's responsibilities are determined and monitored by the Risk Committee, whose oversight is established pursuant to the Rules of Procedure of the Risk Committee. The Risk Committee provides advice on actions of risk management, in particular by reviewing the Company's risk management procedures established by the management and their effectiveness for risk detection, assessment, prioritization, mitigation and monitoring, as well as its internal control system. The Board of Directors decides on the composition, tasks and terms of the Risk Committee members and the appointment and dismissal of its members, and of the CRO.

Internal Controls and Risk Management Systems

The Company closely monitors and manages any potential risks and sets appropriate measures to mitigate the occurrence and/or impact of any possible failure to an acceptable level. The risk management supervision is led by the Risk Committee, which reviews the risk management structure, organization, processes and coordinates risk-related training. The Company categorizes the risk management systems into two main categories: internal risk mitigation and external risk mitigation. The internal controls system and compliance of the Company is monitored by the Compliance Department.

Internal Risk Mitigation

Internal controls are constructed from five main elements:

- Risk management – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies impacting the risk management framework in the organization, supported by CCO and CRO.
- 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. The Company puts strong emphasis on separation of duties as approval and payment are completed by at least two separate parties. Payment verification is cross checked and confirmed with budget and contract. A payment exceeding a certain set threshold amount requires an additional approval as a condition for payment.
- Monitoring procedures – the Company monitors and tests unusual entries, mainly through a detailed monthly Actual vs. Budget analysis and additional checks. Strong and sustainable internal control system significantly reduces the probability and materiality of errors. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.
- ESG risk-related expenditures – the Company has included the identification of potential

financial liabilities and future expenditures linked to ESG risks in the enterprise risk management. Potential future expenditures on ESG matters and opportunities are included in the financial budget.

External Risk Mitigation

Through its ordinary course of business, the Company is exposed to various external risks. The Risk Committee is therefore constantly determining whether the appropriate infrastructure, resources and systems are in place and are adequate to maintain an acceptable level of risk. The potential risks and exposure are related, inter alia, to volatility of interest rate risk, inflation risk, liquidity risk, credit risk, regulatory and legal risk, collection and tenant deficiencies, the need to unexpected capital investments, property damage risk, physical climate risks, market downturn risk and geopolitical risk. The Company sets direct, specific guidelines and boundaries to mitigate and address each risk of failure or potential default, by hedging and/or reducing it to an acceptable level of impact and/or occurrence.

For information regarding the external risks please see pages 199-205 (Note 25.3 Risk management objectives and policies).

ESG Risk Management

The assessment of physical and transitional risks linked to climate change are primarily external. The Risk Committee commissions the CRO and the Sustainability Department to conduct physical risk assessments of GCP's portfolio in Germany and the UK. Other departments, including insurance, energy and technical due diligence provide additional support and expertise where necessary. Under current procedures, GCP assesses climate-related risk at the portfolio level; however, it is the Company's long-term ambition to conduct an asset-level analysis. The Company's focus is to prioritise information which provides the most accurate image of regional and local climate risks, as well as opportunities arising from the necessary transition.

Climate-related risks are taken into account throughout the process described above. A comprehensive risk matrix catalogue for each risk group has been compiled for the Company, including physical and transitional climate-related risks. Each risk is rated based on a combination of impact and likelihood resulting in four rating definitions: Inherent Risk, Target Residual Risk, Target Risk Reduction and Actual Residual Risk.

The ability to quantify climate related risks depends, inter alia, on the availability of data and methodologies. The Carbon Risk Real Estate Monitor (CRREM) tool is an emerging best practice for stranding risk assessment in the real estate sector. While CRREM was found to be the most advanced tool for assessing alignment with Paris Agreement targets, its current methodology poses challenges limiting its practical usability for landlords to focus on renovation planning to address energy and carbon intensity under their own sphere of influence. The Company has thus prioritized applying stranding definitions based on EPCs and the EU's climate commitments embodied in the EPBD recast, which grants a better understanding of investment actions needed and the expected results of those actions specific to each asset class, both in terms of their sustainability and financial impacts..

In order to further engage stakeholders, including the value chain and workers in our value chain, GCP intends to develop a methodology in 2024 which assesses potential risks allowing GCP to develop even further its mitigation strategy. This process will include department heads and team leaders. This new approach will promote an enhanced risk management structure, ensuring amplified understanding and cooperation across our stakeholders.

Nomination Committee

The Board of Directors established a Nomination Committee. The majority of the members shall be non-executive directors. For every significant position to be filled, the 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 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 of Directors and executive management, and suggest candidates to the Board of Directors.

Remuneration Committee

The Board of Directors established a Remuneration Committee. The Remuneration Committee shall be composed exclusively by non-executive directors. The Remuneration Committee shall submit proposals regarding the remuneration of executive managers to the Board of Directors, ensuring that these proposals are in accordance with the Remuneration Policy adopted by the Company and the performance evaluation results of the persons concerned. To that end, the Committee shall be informed of the total remuneration paid to each member of the executive management by other companies affiliated with the Company.

ESG-Linked Remuneration

The Company has a Remuneration Policy which is recommended to the Board by the Remuneration Committee and governs the remuneration of directors and members of management. The Remuneration Policy provides for the option to include criteria including project-related targets as well as diversity and sustainability objectives.

ESG GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

Christian Windfuhr
Director, Chairperson

Simone Runge-Brandner
Independent Director

Markus Leininger
Independent Director

ESG Sponsors at Board level

ESG Committee

Christian Windfuhr, Simone Runge-Brandner, Markus Leininger
Head of Sustainability, Head of Energy, Chief Operating Officer, Head of HR

- Meets at least quarterly
- Strategic guidance on ESG
- Responsible for reviewing ESG strategy

Sustainability Department

- Cross-departmental interface
- Implements and monitors sustainability programs

Energy Department

- Develops energy and carbon reduction strategy
- Implements and tracks energy projects and progress

HR Department
Compliance Department
Operations & Construction Departments

Responsible for defining, implementing and tracking departments' ESG targets

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 as well as on a specific section on its 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 previously announced 2021 buy-back programme, are suspended from their voting rights.

The shareholders of GCP exercise their voting rights at each AGM whereby each share is granted one vote. The AGM takes place within six 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. At the AGM, the Board of Directors presents, among others, the management report as well as the statutory and consolidated financial statements to the shareholders.

The AGM resolves, among others, on the statutory and consolidated financial statements of GCP, the allocation of the statutory financial results, the appointment of the approved independent auditor, and the discharge to and appointment or 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 electronique des societes et associations in Luxembourg (RESA), in a Luxembourg newspaper and on the Company's website at least 30 days before the AGM and in accordance with applicable Luxembourg law.

Compliance with the Transparency Law

The Company is committed to adhere to best practices in terms of corporate governance by applying, among others, rules arising from the Luxembourg law of 11 January 2008 on transparency requirements for issuers, as amended (the 'Transparency Law').

The quarterly and annual financial reports, investor presentations, press releases and ad-hoc notifications are available in the English language on our website. In addition, the Company provides on its website information about the organisation, its management and upcoming and past shareholder meetings such as its AGMs. The Company's website further provides a financial calendar announcing the financial reporting dates as well as other important events. The financial calendar is published before the beginning of a calendar year and is regularly updated.

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 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 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 pages 31, 93, and note 17 on pages 183, 184 of this annual report. In addition, the Company's shareholding structure showing each shareholder owning 5% or more of the Company's share capital is available on pages 31, 93 of this annual report 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 31 December 2022:

Shareholder name	Amount of Shares[1]	Position
Edolaxia Group Ltd [2]	108,028,094	61%

1) Total number of Grand City Properties S.A. shares as of 31 December 2022: 176,187,899
2) Edolaxia Group Ltd is a wholly owned subsidiary of Aroundtown SA

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 its previously announced 2021 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 on page 185, note 18 of this annual report.

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 11 January 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, 2023, 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 AGM 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 page 88 of this annual report.

   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 10 August 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, Nomination Committee and an ESG Committee. Further details on the powers of the Board are described on pages 88, 89, 90, 91 of this annual report

   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 24 June 2020 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.

j) With regard to article 11 (1) (j) of the Takeover Law, the Company's (listed on pages 184, 187 to 189 and notes 17.7 and 19.2) bonds, hybrid bonds and security issuances under the EMTN programme 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.

Fair Business and Compliance

Our business strategy is underpinned by our fundamental commitment to ethical conduct, robust corporate governance and high levels of transparency. Safeguarding the Company from any reputational damage due to error or misconduct is essential in maintaining our strong reputation. Our compliance framework seeks to embed our principles of integrity, respect, performance, accountability, and sustainability into all of our business activities. We ensure our Board of Directors and senior executives hold vast experience and skillsets in relevant business areas in order to help maintain our high governance standards.

Long-term Targets

- Keep our level of fair business relationships with our customers and suppliers
- Maintain zero tolerance towards compliance violations

2024 Goals

- Maintain high-level awareness and engagement with our Company policies
- Review and implement actions to comply with new European regulations (e.g. CSRD) during 2024
- Adherence to the Company risk management strategy by performing compliance risk assessment
- Ensure the voluntary alignment of our Company policies to the new Supply Chain Act in Germany (LkSG)

To ensure our high ethical standards are embedded in our business, we have developed a comprehensive compliance framework. This system is designed to adapt to increasingly complex legal frameworks, and to protect our business from the risks associated with unethical conduct. The expectations and requirements of this framework are clearly set out through the Company policies and standards. Alignment with these standards is monitored by internal control mechanisms, and in case of deviations we have a clear reporting and response process. All Company-wide policies mentioned in this section are aligned with and approved by the Board of Directors. This ensures and justifies the clear statement of GCP's top management that these policies are a crucial part of the Company and binding for each and every one working for and with GCP.

Our compliance and risk management teams are structured accordingly to ensure responsible behaviour guides us, and they are supplemented by internal monitoring procedures, covering all steps of real estate investment and management.

Employee Code of Conduct

At the heart of our internal policies for compliance is our Employee Code of Conduct. This sets out the principles of our commitment to ethical behaviour and is a contractual requirement for our staff at every level. The Code of Conduct covers our standards on topics including bribery, corruption, fair competition and anti-trust, conflict of interest and discrimination. We are not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions and are not currently required to adhere to the 'Ten Principles of Corporate Governance' of the Luxembourg Stock Exchange or the German Corporate Governance Code.

The Company, in its employee Code of Conduct, has instruments in place to prevent and fight violations of law, such as human rights violations, corruption and bribery, and also includes the prohibition of insider dealing. As the Company is subject to several obligations under Regulation (EU) No. 596/2014 (Market Abuse Regulation (MAR)), as amended, it has established 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 (including by way of training sessions) pursuant to applicable provisions under MAR, all persons discharging managerial responsibilities of their obligations in the context of managers' transactions. Memorandums, notifications, training and information are distributed regularly.

Supporting this code are a number of specific policies, such as our Anti-Corruption, Global Information Security and Anti-Discrimination Policies. GCP is also a signatory of the Charta der Vielfalt (German Diversity Charter). For more information on our anti-discrimination efforts, please refer to the subsection 'Equal Treatment and Opportunities for all'. Another crucial subject in our compliance program is the management of ethical standards in our supply chain as described in the section 'Workers in the Value Chain'.

Outstanding leadership is crucial in this regard. Our managers are expected to be examples of our core values of mutual respect and clear communication. This standard of behaviour usually shows positive effects on our commercial success, as well as on staff performance. We maintain a horizontal organisational structure, with a widespread culture of transparent and regular feedback between employees and managers. Furthermore, our Employee Code of Conduct establishes expectations for all staff to abide by the values of openness, trust, teamwork, and acceptance of diversity in all their dealings with one another and with our tenants and other stakeholders. Adherence to the Code of Conduct is a mandatory requirement of all employee contracts.

Our Intranet Compliance Site

In 2022, we launched the compliance site on our Company intranet, where the above policies are available to all our employees. This is a major step towards our overarching goal of unifying our internal policies across all our operating regions. Through the intranet platform, we can now also ensure that policies are available in a standard form to the whole organisation, and that updates to these policies are rolled out immediately.

Our intranet page and our publicly available website also support the measures that ensure ongoing alignment with our compliance standards. Firstly, it contains a dedicated page on our breach reporting and whistleblowing processes and provides access to our whistleblowing platform. We are aware that ensuring continued alignment to our high ethical standards requires a frictionless method for employees' concerns to be registered, and this is the spirit of our "Speak Up" approach. Through it, employees and external service providers are encouraged to voice any concerns they may have about breaches of the law or contradiction of our Code of Conduct without any fear of repercussions, as dictated by the Whistleblower Protection Act. Issues can also be reported in person, but to guarantee total anonymity when preferred, we work with a third-party web application to allow stakeholders to register any suspected misconduct in good faith to ensure whistleblowing protection in line with our Whistleblowing Policy. Our intranet page ensures availability and awareness of this platform for our employees and the whistleblowing system can also be accessed via our website by external stakeholders. This whistleblowing process is key to the effectiveness of the compliance framework. Should a report be submitted through our whistleblowing platform, an investigation is launched by a responsible user of the system, or a member of Compliance to ensure objectivity of the investigation.

Additionally, the intranet platform provides links to our Contemporary Real Estate Academy (CREA), our e-learning tool providing training on anti-corruption, bribery and data protection topics. This continual training and communication ensure that understanding of our standards is always being reinforced. Compliance trainings through CREA are included in our Welcome Days for new employees, as well as training on the use of our whistleblowing platform. Furthermore, employees are required to undergo annual refresher training on these policies, to reaffirm their commitment to these standards.

Compliance Monitoring

In addition to unifying our compliance approach across our operating locations, we want awareness and consideration of compliance issues to be straightforward and commonplace for our employees. To this end, in 2022 we introduced compliance ambassadors in our regional offices, to serve as first contact points for staff on compliance subjects. These have currently been embedded in our UK and Cyprus offices, as well as some regional offices in Germany. In order to enable an open culture around compliance, these ambassadors are not officers of the Compliance department, but are empowered to serve as sources of information and guidance for staff across the organisation. In 2023, we intensified our collaboration with our local compliance ambassadors, which we aim to continue also in 2024.

We monitor the effectiveness of our compliance framework by tracking the number of compliance violations. We continue to carefully analyse the evolving market and regulatory environment in conjunction with further appropriate development of internal structures. This process considers a range of compliance issues including but not limited to corruption or bribery, conflicts of interest, insider trading, and money laundering . In 2023, zero relevant compliance cases were reported within the Company.

For the purpose of this report, Grand City Properties considers a compliance case to be relevant either when it has the potential to materially harm the reputation of GCP, will have a significant impact on an investor's decision to invest in GCP or if it may lead to a significant financial damage (of > €500 thousand). Any cases reported to the Compliance Department in 2023 were treated with the highest attention and considered carefully based on the provided definition of relevance. It was determined that none of the cases could be considered relevant.

Transparency and Reporting

We are committed to transparently reporting on our ESG progress, as such this is the 7th 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. We also received recognition by Sustainalytics, a sustainability rating agency, which ranked us as "Low Risk" in its ESG rating and among the 8th percentile of the global rated universe[6]. Our S&P Global Corporate Sustainability Assessment (CSA) was ranked in the top 6th percentile of real estate companies globally.

Corporate Culture

In 2023, we asked some of our employees who sit within key ESG-related roles to tell us how they felt about our corporate culture. We wanted to understand how our employees view the Company, and if, and how, we need to make improvements. The feedback we received during this exercise is reflective of our employee engagement programmes and demonstrates the values we uphold at the Company. In the upcoming year, we aim to maintain this positive corporate culture.

Here’s what they had to say:

Political Engagement and Lobbying

GCP does not engage in direct lobbying activities or make donations to political parties. However, as a member of bodies such as the German Sustainable Building Council (DGNB), the German Property Federation (ZIA) and the European Public Real Estate Association (EPRA), we participate in consultations on public policy. For example, we have been involved through EPRA in consultation with the EU on the real estate applications of their Sustainable Finance and Taxonomy Regulations. However, we do not make any political contributions and have measures in place when working with former politicians to check that there are no connections remaining with their previous political activities.

Management of Supplier Relationships

Prior to contracting our Business Partners, we conduct checks regarding their reputation, ability to provide the proposed work and their compliance with the respective local laws. We recognise the significance of our suppliers and the importance of the type of relationships we build with them, as well as the influence we can have on them in terms of ESG performance. We therefore have developed a Business Partner Code of Conduct which details our expectations and requirements from our suppliers in order to extend our reach of responsible and sustainable practices. The signing of GCP’s Business Partner Code of Conduct is a binding requirement for our business partners with an annual contractual volume above €5 thousand with the exception of large corporations which have their own code of conduct – provided it is in line with our standards – and with the exception of organisations that operate in heavily-regulated sectors. With the signing of our Business Partner Code of Conduct, these business partners demonstrate their commitment to adhering to the Code of Conduct. Furthermore, in 2023 we enhanced this process by developing a Business Partner Questionnaire which assesses compliance with our Code of Conduct.

To fulfil our commitment and effectively manage the risks associated with our business partners, we conduct regular onsite checks, particularly focusing on health and safety. Regarding payment terms, although we do not have a specific policy in place that addresses cases of late payments to our suppliers, we do define the payment terms at the beginning of our contracts to ensure we are on the same page with suppliers, and we do adhere to this agreement.

Taking into account adverse impacts on human rights identified in the Company’s materiality assessment and risk management process, which involves consideration of the risks associated with our suppliers according to their economic sector and countries of operation. GCP has identified and addressed potential risks in the areas of construction and refurbishment/maintenance of the business through a number of measures and processes. For instance, GCP’s critical suppliers (those with a contract volume of >€250 thousand per annum) are required to sign the Company’s HR questionnaire and during project implementation, site visits are conducted by Construction or Operation departments on a quarterly basis to ensure compliance with our ESG Strategy.

Corruption and Bribery

Our Anti-Corruption Policy details the procedures and processes in place to prevent, detect and address allegations or incidents of corruption or bribery, including varying levels of contracts for different supplier types involving checks of company structure and finance functions. The Policy, alongside our Code of Conduct, is available to all employees to ensure they understand their responsibilities in preventing and reporting incidents of corruption or bribery. While the policy is not yet explicitly aligned with the United Nations Convention on Corruption, we will be updating it in 2024, and will consider this convention.

During 2023, we were not subject to any convictions or fines resulting from the violation of anti-corruption or anti-bribery laws. We also did not experience any incidents of corruption or bribery, or any public legal cases in this regard.


Bremen

Data Protection

We have a deep commitment to protecting the privacy of our stakeholders' data, which goes beyond what is required of us by regulation. We believe data protection is a key aspect sitting within our governance responsibilities, and every organisation should have strong data protection governance in place. The volume of data handled in our business relationships increases every year, and we take the trust placed in us to protect the confidentiality of this data very seriously.

Long-Term Targets

- Identify risks proactively, to detect and eliminate weaknesses before they can become threats
- Embed a culture of awareness and vigilance throughout our staff, through consistent and regular training
- Pursue continual improvement of the security of our digital systems

2024 Goals

- Pass our recertification audits for ISO 27001
- Introduce a new "on the job" learning format aimed at making information security more tangible by e.g., rolling out awareness campaigns across our offices

The development of our Information Security and Privacy Strategy is continual, and is spearheaded by our in-house cybersecurity leads, who sit in on the board's Risk Committee meetings to reflect data security considerations in our top-level risk management processes. Our ISO 27001 certification for our Information Security Management System (ISMS) at our headquarters in Berlin was maintained for a third consecutive year in 2023. The scope of the certification applies to our head office, while the scope of the implementation applies to all local and international offices where all relevant policies and procedures apply in the same way. For operational reasons, all digital information flows through Berlin, making this the most material location to focus our certification effects.

The core principles of our Information Security Management System are:

- Confidentiality: encryption wherever data is stored or accessed
- Integrity: establishing procedures to prohibit unauthorised personnel to alter information
- Availability: designing systems to minimise downtime

- Security: securing business information pertaining to Company operations
- PII: enforcing the security and confidentiality of processed personal information
- Regulations: satisfying regulatory (such as GDPR) and other information security requirements
- Awareness: training employees on how to identify threats and act according to Company guidelines
- Resilience: protecting our systems and networks as well as the data contained therein from malicious activities
- Information Assets: ensuring that all networks, systems and applications comply with confidentiality, integrity and availability

As part of our proactive approach to risk management, we have conducted 28 internal reviews at our office branches (local and international) over 2022 and 2023, and further reviews are already planned for 2024. These were designed to compare the effectiveness of measures at these offices to the implementation at our operational HQ, to ensure that the application of our procedures is unified across our business locations. The results demonstrated good levels of compliance across the organisation, and opportunities to further improve practice at these sites were identified. Our goal is to continue to conduct more audits, so we can pinpoint potential weaknesses before they become threats.

In 2023, as planned, we restarted our in-person welcome days, including data protection as a key part of the agenda. We also conducted extensive technical crisis penetration tests alongside risk assessments. To further strengthen our security posture, an extensive Data Loss Prevention Strategy was kicked-off in 2023, which will continuously roll out over the course of 2024.

Also, this year, a core member of our data protection team was invited to speak at a Federal Office for Information Security (BSI) event, explaining our approach to cybersecurity and its successes. BSI is a German government agency addressing cybersecurity, so this invitation demonstrated the success and strength of our approach.

One key channel of risk to our systems and networks identified is mobile devices. In light of the shift in recent years to remote working spurred by the COVID-19 pandemic, we have introduced new controls to ensure that all external connections are secure. Through a Privileged Access Management (PAM) System, we have added a supplementary security layer for external IT service providers which enforces MFA (multi-factor-authentication), session recording, least privileges and requires approval before each session. For our external business service providers, we have implemented a tool which checks the compliance of the operating systems that connect to ensure that they are well protected with a recent operating system, a malware solution and encryption capabilities. External service providers can only connect if all these standards are fulfilled.

To ensure adequate security in our processes for saving and sharing information, all documents are labelled with an information security classification, from Public to Restricted, which requires password protection for the document, where applicable. To embed our data protection system across the Company, we place great importance on training and awareness for our staff, with all personnel being required to sign a Company statement of their commitment to data protection. Furthermore, all our employees are required to complete video-based training modules on data protection, which are regularly developed to keep the training provided up to date. In 2022, we developed and filmed new awareness videos starring our employees to make the training more relatable and understandable, and we implemented a photo-based project portraying colleagues in fun poses edited to be used as “landing pages” for phishing campaigns. In 2024, we intend to continue creating highly personalised awareness campaigns covering further topics.

Beyond initial training on our data protection procedures, we emphasise continued learning and awareness efforts. Furthermore, GCP’s Standard Operating Procedures (SOPs) set out expected courses of action for day-to-day activities, such as saving and storing information or handling requests for data. Permanent employees must complete mandatory refresher training every 18 months to reinforce their knowledge of these procedures and awareness of data protection risks.

Furthermore, we monitor potential security incidents and data protection breaches as an indicator of the effectiveness of our operational procedures. In 2023, no such confirmed breaches or incidents were reported. In the event of any confirmed incident, a response team is formed to immediately investigate the matter and recommend remedial actions to prevent a similar occurrence.

APPENDIX 1: DATA PREPARATION (aligned with EPRA sBPR)

As members of the European Public Real Estate Association (EPRA), we choose to report on our ESG impacts in accordance with the 3rd edition (2017) of the EPRA Sustainability Best Practice Recommendations (sBPR). In 2023, we received the EPRA sBPR Gold award for our disclosure for the seventh time consecutively. This year, in preparation for the first compliance window of the CSRD, we have reported where possible in alignment with ESRS disclosure requirements according to our DMA.

Organisational Boundaries

The information and data in this report covers the operations of Grand City Properties (GCP) spanning our direct employees and portfolio. As of 31 December 2023, the Company portfolio held €8.6 billion of investment property.

Landlord and Tenant Boundaries

We have followed the methodology followed in last year's report for allocating energy consumption between landlord-controlled areas and tenant-controlled areas. In our 2019 baseline, we use a common area/total area ratio to apportion shared-service heating consumption between landlord and tenant spaces, based on the floor area distribution found with the property types classification appendix (3a) of the GRESB Real Estate Assessment reference guide[13]. Thus, the whole building consumption is attributed to landlord or tenant control in proportion to the ratio of shared spaces to tenant areas expected for the property. Correspondingly, emissions from this heating are attributed to Scope 1 and 2 or to Scope 3 in the same proportion. For electricity, the consumption for tenant-controlled areas is estimated based on industry standard energy benchmarks, namely those of CIBSE. At present, we collect and/or estimate scope 3 emissions data relating to tenant energy consumption. We look to expand this emissions data boundary in future years.

Therefore, the energy consumption and the corresponding CO_2 emissions will now represent the entire building area i.e., of both landlord and tenant-controlled area. We recognise that under an operational control approach, the allocation of CO_2 emissions between Scope 1 or 2 and Scope 3 is dependent on the metering and sub-metering arrangement in place between tenants and landlords. However, to create an accurate representation of the entire building, we have classified indirect emissions by area apportioned between landlord and tenant spaces, as described in the methods above.

Coverage

Absolute and like-for-like portfolio data relates to the assets outlined in our Organisational Boundaries. The like-for-like subset contains all the properties which we have operated continuously for the full two-year period from 1st Jan 2021 to 31st December 2023.

Actual environmental performance data is only reported on assets for which we have operational control and for which we can collect utilities data. On an absolute basis, this included a net lettable area of 3,055 thousand m² out of a total portfolio covering a net lettable area of 3,600 thousand m² (excluding assets held for sale and properties under development) at the end of 31 December 2023. During 2023, we continued to increase the scope and quality of our environmental data collection and are now able to report like-for-like data from 99.7% of the net lettable area for which data is reported.

Further information relating to maximum coverage on an absolute and like-for-like basis per utility type is provided within our data tables.

Data relating to our employees covers all direct employees employed by Grand City Properties, including part-time and temporary workers as well as inactive employees. Accordingly, it excludes contractors and those not directly employed by us.

Reporting Period

All data relates to our financial year, which coincides with the calendar year, and consequently runs from January 1 to December 31 of the year under review.

(13) 2023 Real Estate Standard and Reference Guide, https://documents.gresb.com/generated_files/real_estate/2023/real_estate/reference_guide/complete.html#property_types_classification

Estimation of Landlord-Obtained Utility Consumption

1) Measured data for the reporting year were not fully available in time for publication. In instances where the available heating data is not representative, estimations were calculated based on known consumption from other periods, following the ratio-based heating-degree-days normalisation method. In the case of electricity, the consumption was extrapolated based on the weighted arithmetic mean of other known periods. In some instances, this was not possible for heating. Here we calculated an estimation by extrapolating expected heating consumption according to the EPC rating of the building and weather normalisation was not performed.
2) Data is only available for a proportion of units under our management control, for example regarding recycled waste. In this instance we have extrapolated data for the units where we are able to collect complete data given the similarities between our units and those which are tenanted.

We have reported the percentage of estimation that this represents per utility type in our data tables.

Furthermore, we have disclosed the proportion of overall consumption that our estimation of tenant consumption represents, according to our methodology described in the section 'Landlord and Tenant Boundaries'.

Regarding only landlord-obtained utility consumption, as per the EPRA sBPR requirements, we have detailed the extent of estimations below:

- Electricity: 63% of landlord-obtained consumption is based on available utility consumption data, with 37% estimated.
- Heating: 70% of landlord-obtained consumption is based on available utility consumption data, with the remaining 30% estimated.

The total volume of waste is based on the contracted waste volumes at properties where this information was available. No additional estimation occurred. The total proportion of recycled waste is based on household averages published by the German environmental protection authority which represents the highest authority in the country.

Our own office utilities consumption is estimated based on the proportion of the total rental floor area occupied by Grand City Properties as we do not occupy the whole building and no sub-meters exist.

Units of Measurement and Normalisation

Utilities data are reported based on absolute consumption measured in kWh (energy), t CO_2e (GHG emissions), m3 (water) and m3 and tonnes (waste).

GHG emissions are reported using location-based conversion factors published by the German Environmental Protection Association.

Where consumption is normalised, we calculate intensity indicators using floor area (m^2) for whole buildings, including tenant areas. Since we are now estimating the tenant consumption, we believe that our numerator and denominator provide a representative intensity figure.

Employee coverage rates are expressed as a percentage of GCP's total direct employees at year end.

Health and safety performance measures are calculated using the following formulae:

- Accident/Injury Rate = Number of reportable injuries / Total hours worked
- Lost-Time Injury Frequency Rate (LTIFR) = Number of injuries / Million hours worked
- Lost Day Rate = Number of days lost due to workplace injuries / Number of working hours
- Absentee Rate = Number of days absent due to illness / Total number of working days
- Work-related Fatalities = Total number of work-related fatalities
- Number of Accidents = Number of Injuries
- Rate of Accidents = Injury rate

Accidents and injuries are tracked as the same metric, and therefore accident rate is classified as the same metric as injury rate.

Segmental Analysis (By Property Type, Geography)

Segmental analysis by geography is not relevant for our portfolio. Our assets are located within Germany and London, and therefore in the same climatic zone. Segmental analysis is instead provided by asset type and is consistent with our financial reporting.

Disclosure on Own Offices

Our own occupied office consumption is excluded from our portfolio data as we are a tenant in the building.

Restatements of Information

- In 2023 the Company updated its definition of the Operational Control portfolio to include all assets it directly manages in its German portfolio. This has resulted in a restatement of the EPC coverage figures with the denominator now being calculated according to the new operational control portfolio definition.
- Shares of renewable electricity and fuel from green sources: a technical error was identified for 2022 figures, where an existing contract for renewable energy for one energy type was incorrectly applied to all energy contracts for that asset. This has now been corrected to tagging renewable contracts more granularly to contracts for each specific energy type.
- Injury rate: 2022 figures for Injury Rate have been restated due to a technical error in last year's reporting, where an internal metric using number of Full-Time Employees (FTEs) as the denominator was reported. In 2023, we updated the methodology as prescribed by the EPRA sBPR guidelines, which uses total number of working hours as the denominator.
- Gender Pay Gap: The Management remuneration ratio for 2022 has been restated, as the ratio disclosed in 2022 was calculated based on employees in Germany only. The updated figure reflects all locations.

Narrative on Performance

Explanation and analysis of our performance in relation to the Performance Measures reported on are found with the respective data tables throughout this report.

Re-opening event of a tenant library

EPRA SBPR INDEX

Key Factors	EPRA Code	Indicator	Units of Measure	Location in Report
Environmental				
Energy Consumption	Elec-Abs	Total electricity consumption	kWh	Table 1, Page 56
Energy Consumption	Elec-LfL	Like-for-like total electricity consumption	kWh	Table 1, Page 56
Energy Consumption	DH&C-Abs	Total district heating and cooling consumption	kWh	Table 1, Page 56
Energy Consumption	DH&C-LfL	Like-for-like total district heating and cooling consumption	kWh	Table 1, Page 56
Energy Consumption	Fuels-Abs	Total fuel consumption	kWh	Table 1, Page 56
Energy Consumption	Fuels-LfL	Like-for-like total fuel consumption	kWh	Table 1, Page 56
Energy Consumption	Energy-Int	Building energy intensity	kWh/m^2/year	Table 1, Page 57
Energy Consumption	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	tonnes CO_2e	Table 2, Page 58
Energy Consumption	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	tonnes CO_2e	Table 2, Page 58
Energy Consumption	GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	kgCO2e/m2/year	Table 2, Page 58
Water Consumption	Water-Abs	Total water consumption	m^3	Table 4, Page 61
Water Consumption	Water-LfL	Like-for-like total water consumption	m^3	Table 4, Page 61
Water Consumption	Water-Int	Building water intensity	m^3/m^2/year	Table 4, Page 61
Waste Management	Waste-Abs	Total weight of waste by disposal and diversion routes	tonnes by disposal/diversion route	To be published in April
Waste Management	Waste-LfL	Like-for-like total weight of waste by disposal and diversion routes	tonnes by disposal/diversion route	To be published in April
GBCs	Cert-Tot	Type and number of sustainably certified assets	Total number by certification/rating/labelling scheme	Table 1, Page 57
Social				
DE&I	Diversity-Emp	Employee gender diversity	Percentage of male and female employees	Table 10, Page 79
DE&I	Diversity-Pay	Gender pay ratio	Pay ratio	Table 11, Page 80
Health, Safety and Wellbeing	H&S-Emp	Employee health and safety	Injury rate	Table 9, Page 79
Health, Safety and Wellbeing	H&S-Emp	Employee health and safety	Lost day rate	Table 9, Page 79
Health, Safety and Wellbeing	H&S-Emp	Employee health and safety	Absentee rate	Table 9, Page 79
Health, Safety and Wellbeing	H&S-Emp	Employee health and safety	Work-related fatalities	Table 9, Page 79
Health, Safety and Wellbeing	H&S-Asset	Asset health and safety assessments	Percentage of assets	Table 13, Page 84
Health, Safety and Wellbeing	H&S-Comp	Asset health and safety compliance	Number of incidents	Table 13, Page 84
Employee Development	Emp-Training	Training and development	Average number of hours	Table 8, Page 78
Employee Development	Emp-Dev	Employee performance appraisals	Percentage of total workforce	Table 8, Page 78
Employee Development	Emp-Turnover	Employee turnover and retention	Total number and rate of new employee hires and turnover	Table 7, Page 78
Community Engagement	Comty-Eng	Community engagement, impact assessments and development programmes	Percentage of assets	Table 14, Page 87
Governance				
Governance Body	Gov-Board	Composition of the highest governance body	Total number of executive board members	Table 15, Page 89
Governance Body	Gov-Board	Composition of the highest governance body	Total number of independent board members	Table 15, Page 89
Governance Body	Gov-Board	Composition of the highest governance body	Total number of non-executive board members	Table 15, Page 89
Governance Body	Gov-Board	Composition of the highest governance body	Average tenure on the governance body	Table 15, Page 89
Governance Body	Gov-Board	Composition of the highest governance body	Number of independent/non-executive board members with competencies relating to environmental and social topics	Table 15, Page 89
Governance Body	Gov-Select	Nominating and selecting the highest governance body	Narrative description	Page 88
Governance Body	Gov-Col	Process for managing conflicts of interest	Narrative description	Page 88

BUSINESS PERFORMANCE & ANALYSIS

Berlin

› NOTES ON BUSINESS PERFORMANCE

Consolidated income statement data

	For the year ended 31 December	
	2023	2022
	€'000	
Revenue	**607,741**	**582,505**
Net rental income	411,313	396,041
Operating and other income	196,428	186,464
Property revaluations and capital gains (loss)	(890,017)	117,761
Property operating expenses	(279,050)	(266,287)
Administrative and other expenses	(10,906)	(10,689)
Depreciation and amortisation	(9,323)	(10,488)
Operating profit	(581,555)	412,802
Adjusted EBITDA	**319,647**	**308,100**
Finance expenses	(56,814)	(46,914)
Other financial results	(86,088)	(137,133)
Current tax expenses	(40,865)	(39,120)
Deferred tax income (expenses)	127,254	(10,532)
Profit (loss) for the year	**(638,068)**	**179,103**
Profit attributable to the perpetual notes investors	33,700	24,750
FFO I	**183,936**	**192,219**
FFO II	**255,708**	**200,822**

Revenue

	For the year ended 31 December	
	2023	2022
	€'000	
Net rental income	**411,313**	**396,041**
Operating and other income	196,428	186,464
Revenue	**607,741**	**582,505**

GCP recorded revenues amounting to €608 million for the year 2023, increasing by 4% as compared to €583 million in 2022. Total revenue consists of net rental income and operating and other income.

Net rental income amounted to €411 million for the year 2023, an increase of 4% as compared to the €396 million recorded in 2022. The strong like-for-like rental growth, along with the completion of pre-let properties, is the main driver of the increase in the rental income, offset by disposals.

GCP recorded robust like-for-like rental growth of 3.3% as a result of in-place rental growth of 3.1% and occupancy increases of 0.2%. Vacancy rates reached a new historic low in 2023, standing at 3.8% as of December 2023, as compared to 4.2% as of December 2022, and decreasing from 5.1% as of December 2021. The increase in the rental growth of the Company's portfolio and the continuous decrease in the vacancy rate are a result of GCP's strong letting performance, utilizing the significant supply and demand imbalance in major German metropolitan areas and London. Furthermore, market rents have increased across the portfolio, enabling higher rent increases. The Company's portfolio is located in fundamentally strong metropolitan areas, taking advantage of the favourable trends in rental rates. In-place rent for the portfolio amounted to €8.6/sqm in December 2023 as compared to €8.2/sqm in December 2022 and €8.1/sqm in December 2021.

To face the uncertainties in the market and the continuous interest rates increases, the Company continued its deleveraging strategy, reinforcing its strong liquidity position. Throughout the year, GCP successfully completed disposals of properties in the amount of €306 million. The disposed properties had a partially contribution in 2023, while they had a full contribution to net rental income in 2022. On the other hand, the Company's acquisitions amounting to €250 million completed in the second quarter of 2022, mainly in London and Berlin, had a full impact in 2023, while having only a partial impact in 2022. The impact of disposals on the net rental income outweighed the impact of the acquisitions, partially offsetting the internal growth in the year. The Company's rental growth is also supported by the completion of properties in the pre-let phase. As of December 2023, the annualized net rent of the portfolio amounted to €406 million.

The Company's operating and other income amounted to €196 million, an increase of 5% compared to €186 million in the previous year. The operating and other income consists primarily of income related to recoverable operational expenses from tenants related to utilities and services, such as heating and water, among others. The main factor contributing to the increase in this line item is cost inflation of utility costs, mainly heating. The decrease of portfolio vacancy in recent periods also drives the increase in the operating and other income. An increased efficient operational platform and implementation of targeted capex initiatives aim to enhance the asset efficiency and create more lean cost structures, partially mitigating the impact of cost inflation.

Property Revaluations and Capital Gains (Loss)

	For the year ended 31 December	
	2023	2022
	€'000	
Property revaluations	(881,382)	115,039
Capital gains (loss)	(8,635)	2,722
Property revaluations and capital gains (loss)	**(890,017)**	**117,761**

In 2023, GCP recorded negative property revaluations and capital loss amounting to €890 million, as compared to positive property revaluations and capital gains in 2022 of €118 million. This line item is primarily composed of property revaluations. Property revaluations are one off non-cash gains or (losses) related to the changes of the fair value of the investment portfolio. GCP engages independent and certified valuers to determine the fair value of its investment properties. As part of the annual report the Company has externally revalued its full portfolio, bringing the portfolio value to the most up-to-date status.

The property devaluations recorded in 2023 amounted to €881 million, as compared to a revaluation result of €115 million in 2022. The loss in 2023 is primarily the result of the higher discount and cap rates as a result of the higher interest rates in the market. The negative trend of the increasing interest rates was partially offset by a solid like-for-like operational growth and a reduction in vacancy across the portfolio. GCP's portfolio is well diversified in fundamentally strong metropolitan areas with strong economic drivers while the demand for residential units follows a positive trend due to the significant housing shortage. In 2023, excluding the offsetting impact of capex, the portfolio value decreased by 9% on a like-for-like basis compared to December 2022. The rental growth has a substantial part in offsetting negative headwinds and supports yield expansion. The portfolio had an average value of €2,109/sqm and a rental yield of 4.8% as of December 2023, as compared to €2,282/sqm and a rental yield of 4.2% as of December 2022.

Capitals gains and losses are the second component of the property revaluation and capital gains (loss) line item. Capital gain/loss results capture the premium/discount of disposals compared to their book values. Throughout the year, the Company disposed €306 million of assets and recorded a loss of €8.6 million which reflects 3% discount to net book values, while recording profits over total acquisition costs including capex of €72 million which reflects a 31% profit margin.

Cologne

Disposal Analysis

	For the year ended 31 December	
	2023	2022
	€'000	
Acquisition cost including capex of disposed properties	234,192	9,881
Total revaluation gains on disposed properties since acquisition	80,407	5,881
(A) Book value (IFRS)	314,599	15,762
Disposal value net of transaction costs	305,964	18,484
(B) Capital gain (loss)	**(8,635)**	**2,722**
(B/A) Premium/discount to net book value	**-3%**	**17%**
(C) Disposal value net of transaction costs	305,964	18,484
Acquisition cost including capex of disposed properties	(234,192)	(9,881)
(D) Realised profit from disposal	**71,772**	**8,603**
(C/D) Disposal profit margin on investment property	**31%**	**87%**

As part of the deleveraging strategy of the Company in response to the challenges of the market environment, with the aim to maintain a conservative financial profile and strong liquidity position especially in the uncertain market environment and to mitigate the impact of the negative revaluations of the investment property portfolio on its leverage, GCP completed the disposal of €306 million of properties in 2023. Accordingly, GCP's LTV has remained stable and stood at year-end 2023 at 37%. Through GCP's wide deal sourcing network, the Company succeeded to proceed with the disposal of assets despite the tough environment in the real estate transaction market. The disposed assets are mainly located in London and NRW, as well as land in Berlin, and include several condominium sales. The closed disposals include disposals signed in 2022 in the amount of approx. €180 million. During 2023 the Company signed disposals in the amount of over €190 million, of which around €120 million were completed in 2023.

Property Operating Expenses

	For the year ended 31 December	
	2023	2022
	€'000	
Purchased services	(200,384)	(187,631)
Maintenance and refurbishment	(22,187)	(21,723)
Personnel expenses	(26,342)	(24,458)
Other operating costs	(30,137)	(32,475)
Property operating expenses	**(279,050)**	**(266,287)**

Property operating expenses amounted €279 million in 2023, higher by 5% as compared to €266 million recorded in 2022. Property operating expenses mainly include purchased services, which comprise charges for a variety of utilities and services, including waste disposal, water and heating, and other costs that are primarily recoverable from tenants. In addition, personal expenses, maintenance and refurbishment expenses, and other operating costs are also included in property operating expenses.

Due to cost inflation, purchased services increased materially during 2023, similar to the income line item, increasing to €200 million in 2023 from €188 million in 2022. The main driver of the increase during 2023 is the cost inflation in recoverable expenses such us heating expenses. There has been a notable rise in heating costs in the first half of 2023, however, a shift in the trend occurred during the second half of the year, leading to a relative decline in expense levels. Considering that most of these costs are borne by the tenants, this increase aligns with the aforementioned growth in operational income and thus does not have a substantial impact on the net operating result.

The Company took proactive measures to support its tenants and keep their expense level low and therefore continued its information campaigns across all channels on how to effectively save energy and reduce costs, or switch to more renewable sources of energy. In order to improve the energy efficiency of the portfolio GCP executed targeted modernization projects such as the replacement of heating systems, insulating facades and roofs and installing energy efficient windows, while the Company continued switching energy contracts to renewable or climate-neutral energy sources. The increase in the occupancy rates, also contributed slightly to the increase of this line item in 2023.

As part of the Company's strategy of maintaining high levels of tenant satisfaction and building long term relationships, GCP organized tenant activities such as autumn festivals, open-air cinema events in GCP's "Cinema Summer" and many more community events across multiple locations, as well as tenant benefit programs, such as GCP's loyalty program as well as providing a variety of discounts to tenants. Through the GCP service center, 24/7 support is provided to tenants. GCP's tenant care agents offer tailored support in several languages to ensure that tenant needs are being met quickly and effectively. In addition, as part of GCP's approach to increase efficiencies through enhanced digitalization and self-service options for the tenants, the Company added more services to the GCP tenant app and Portal, which allows existing and prospective tenants to sign leases, upload documentation, and initiate and track service requests. Digitalisation and automation services are also enhanced by the implementation of an artificial intelligence voice bot designed to address peak call times and minimize waiting periods by digitilising recurring requests such as property searching, signing leases, uploading documentation, and initiating and tracking service requests.

Personnel expenses were also affected by cost inflation, mainly driven by wage growth and a continued strong labour market. Personnel expenses amounted to €26 million in 2023, as compared to €24 million in 2022. The last item of property operating expenses, other operating costs, amounted €30 million in 2023, as compared to €32 million in 2022. Other operating costs are mainly composed of expenses such as legal fees, marketing activities, transportation, and communication expenses.

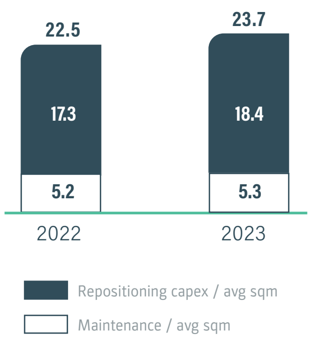
Maintenance and Capex

The Company's strategy is based on maintaining a high level of tenant satisfaction, providing tenants with quality housing by sustaining and improving the quality of the portfolio. As such, GCP continuously evaluates the quality of its assets and undertakes a diverse range of targeted maintenance and refurbishment projects to uphold the quality and value proposition of its portfolio. These projects are implemented by the Company to address property-specific needs, aiming to improve the quality of life for tenants. This approach maximizes tenant satisfaction, resulting in a decrease in tenant turnover and vacancies while leading to higher rents. As a results of these actions, the Company succeeded in further increasing tenant satisfaction while reducing the vacancy rate in 2023 to an all-time low of 3.8%.

Maintenance and refurbishment expenses remained relatively stable, amounting to €22 million or €5.3 per average sqm in 2023, as compared to €22 million or €5.2 per average sqm in 2022. Maintenance and refurbishment expenses are made up of costs incurred on projects that maintain asset quality and are generally associated with regular and recurring property upkeep, thereby maintaining the tenant's living conditions. In addition, to optimise the service requests from tenants, the Company provides digitalised service requests through the tenant app and portal which allows tenants to place service requests, monitor the status of their maintenance and service requests, and provide supporting documentation. Tenants also have the ability to speak to GCP's tenant care agents about service requests through the GCP service center.

GCP invested €77 million in repositioning capex or €18.4 per average sqm in 2023, as compared to €71 million or €17.3 per average sqm in 2022. The increase is mainly driven by cost inflation. Repositioning capex consist of targeted investments aimed at enhancing safety, quality and features of assets within the portfolio. Specific examples of these expenditures include apartment renovations and preparation for letting, upgrades to corridors and staircases, façade refurbishments and refits, and similar improvements. Additionally, repositioning capex extends to enhancements in community areas surrounding the property, contributing to an increased value proposition for assets in proximity. This can be achieved through the addition or renovation of playgrounds, barbeque pits, common meeting areas, and more. Repositioning capex supports the value growth of the portfolio as well as the letting progress, reducing vacancy, while increasing the rent potential.

Maintenance & Capex development (€/sqm)



GCP, additionally invested approximately €10 million in modernisation investments in 2023, stable as compared to €10 million in 2022. Modernisation projects are carried on a targeted basis and include measures such as adding balconies and installing elevators as well as technical installations to ensure optimal power supply, water supply and heat supply. Includes also energetic modernisation measures such as installing green energy and heating systems and increasing energy efficiency through better insulation and windows. These modernisation initiatives, supplementary to repositioning capex, are designed to enhance the overall quality of the portfolio and drive an increase in rental rates.

Finally, the Company invested approximately €15 million in pre-letting modifications in 2023, as compared to €59 million in 2022. Pre-letting modifications consist of activities that are outside the scope of repositioning capex and include the completion of properties acquired that are in the final stages of development. Additionally, they include large refurbishment projects, and the creation of significant new lettable areas. Since a significant number of projects were completed in 2022 and GCP became more selective with regard to new projects, this line item is significantly lower in 2023 as compared to the previous year.

Administrative and Other Expenses

	For the year ended 31 December	
	2023	2022
	€'000	
Personnel expenses	(4,441)	(4,509)
Audit and accounting costs	(2,818)	(2,856)
Legal and professional consultancy fees	(2,666)	(2,437)
Marketing and other expenses	(981)	(887)
Administrative and other expenses	**(10,906)**	**(10,689)**

Administrative and other expenses amounted to €10.9 million in 2023, similar to €10.7 million in 2022. Even though the Company faced higher administrative and operational costs due to cost inflation, the Company's increased efficiencies partially offset these increases. Administrative and other expenses are mainly comprised of expenses related to administrative personnel, legal and professional consultancy fees, audit and accounting costs, marketing fees, and other expenses.

Finance Expenses

	For the year ended 31 December	
	2023	2022
	€'000	
Finance expenses	**(56,814)**	**(46,914)**

Finance expenses amounted to €57 million in 2023, higher by 21%, as compared to €47 million in 2022. The increase in this line item is mainly driven by new debt raised during the reporting period, raised at the current interest rate levels, which is higher than the average cost of debt. Additionally, the increased risk-free interest rate has impacted the component of the debt exposed to variable rates, while the expiry of certain hedging instruments resulted in debt becoming variable and resetting at higher rates. The increase in the financing expense was partially offset by an increase in the interest income on the Company's high cash balance.

During 2023, the Company secured new bank financing in the amount of over €550 million with maturities between 5 to 10 years, while bond buybacks of €90 million in nominal value have been made. As of December 2023, the Company's cost of debt is 1.9% with an average debt maturity of 5.3 years, as compared to 1.3% cost of debt and an average debt maturity of 5.9 years as of December 2022. GCP is hedged against the majority of rising interest rates for its existing debt, with a hedge ratio of 88%, supporting GCP's conservative financial profile, while the strong liquidity position, including signed disposals, is adequate to cover debt maturities for the next 3 years until the end of 2026.

Other Financial Results

	For the year ended 31 December	
	2023	2022
	€'000	
Change in fair value of financial assets and liabilities, net	(67,015)	(115,925)
Finance-related costs	(19,073)	(21,208)
Other financial results	**(86,088)**	**(137,133)**

Other financial results amounted to a negative amount of €86 million in 2023, as compared to a negative amount of €137 million in 2022. Other financial results capture the net change in the fair value of financial assets and liabilities, traded securities, and derivative instruments. The fair value of these financial assets and instruments is mainly driven by the volatility in capital markets and the fluctuations in the interest rates. One-off financial costs associated with early debt repayment and the gain resulting from the buyback of €90 million in nominal value bonds at a discount of 8% are also included in this line item. Other costs relating to financial activities such as hedging fees, bank financing and actions for optimizing the Company's debt profile are also included.

Taxation

	For the year ended 31 December	
	2023	2022
	€'000	
Current tax expenses	(40,865)	(39,120)
Deferred tax income (expenses)	127,254	(10,532)
Total tax income (expenses)	**86,389**	**(49,652)**

Total tax income amounted to €86 million in 2023, as compared to €50 million tax expense in 2022. The total tax income/expenses include both current tax expenses and deferred tax income/expenses.

Current tax expenses amounted to €41 million in 2023, as compared to €39 million in 2022. This line item mainly consists of corporate and property taxes that trend in-line with GCP's underlying business and portfolio size.

Deferred tax amounted to an income of €127 million as of December 2023, as compared an expense of €11 million in 2022. Deferred tax income/expenses are mainly composed of non-cash tax income/expenses related to the tax amount due on revaluation gains in the event of a theoretical disposal with a tax rate applied based on the location of the asset. Deferred taxes are additionally impacted by the revaluation gains or losses of derivatives and losses carried forward. GCP recorded a deferred tax income in 2023, primarily due to the positive tax impact from the negative revaluation of investment properties.

Profit (Loss) for the Year

	For the year ended 31 December	
	2023	2022
	€'000	
Profit (loss) for the year	**(638,068)**	**179,103**
Profit (loss) attributable to the owners of the Company	(547,507)	129,214
Profit attributable to the perpetual notes investors	33,700	24,750
Profit (loss) attributable to non-controlling interests	(124,261)	25,139

GCP recorded a net loss of €638 million in 2023, as compared to a net profit of €179 million in 2022. The net loss for 2023 is mainly due to the non-recurring and non-cash property negative revaluation of the investment property portfolio as a result of the higher discount and cap rates in the market, which were only partially offset by operational growth, as the adjusted EBITDA and FFO, reflecting the recurring operational profitability, remained robust.

Earnings (Loss) per Share

	For the year ended 31 December	
	2023	2022
Basic earnings (loss) per share (in €)	(3.18)	0.77
Diluted earnings (loss) per share (in €)	(3.17)	0.76
Weighted average number of ordinary shares (basic) in thousands	172,352	168,170
Weighted average number of ordinary shares (diluted) in thousands	172,633	171,591

In 2023, GCP recorded basic loss per share in the amount of €3.18 as well as diluted loss per share in the amount of €3.17, as compared to a basic earnings per share of €0.77 and a diluted earnings per share of €0.76 respectively for the year 2022. In addition to the above-mentioned factors that impacted the profitability of the Company, there was a slight increase in the average share count, affecting the per share result. This increase was largely due to the high acceptance rate of the scrip dividend in H2 2022, which enabled the Company to preserve cash and improve its financial liquidity and had a full year effect in 2023.

The diluted earnings per share reflects the various dilutive effects, which in 2023 primarily relate to the impact from share-based remunerations. As the Company does not have dilutive instruments, the basic and diluted earnings per share are not materially different.

Total Comprehensive Income (Loss)

	For the year ended 31 December	
	2023	2022
	€'000	
Profit (loss) for the year	**(638,068)**	**179,103**
Total other comprehensive loss for the year, net of tax	(3,447)	(12,883)
Total comprehensive income (loss) for the year	**(641,515)**	**166,220**

Total comprehensive loss amounted to €642 million in 2023, as compared to a total comprehensive income of €166 million in 2022. The total comprehensive loss in the current year is driven by the combination of a net loss of the year and total other comprehensive loss, net of tax. GCP recorded other comprehensive loss of €3 million in the year 2023, as compared to a other comprehensive loss of €13 million in the previous year. This line item is mainly composed of changes in forward and other derivative contracts and foreign currency impacts related to hedging activities mostly associated with the London portfolio, and revaluation of owner-occupied property.

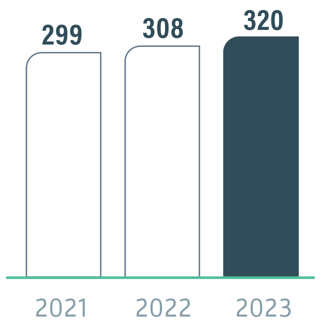
Adjusted EBITDA and Funds from Operations (FFO I, FFO II)

	For the year ended 31 December	
	2023	2022
	€'000	
Operating profit (loss)	(581,555)	412,802
Depreciation and amortisation	9,323	10,488
EBITDA	**(572,232)**	**423,290**
Property revaluations and capital gains (loss)	890,017	(117,761)
Equity settled share-based payments and other adjustments	1,862	2,571
Adjusted EBITDA	**319,647**	**308,100**
Finance expenses	(56,814)	(46,914)
Current tax expenses	(40,865)	(39,120)
Contribution to minorities	(4,332)	(5,097)
Adjustment for perpetual notes attribution	(33,700)	(24,750)
FFO I	**183,936**	**192,219**
Weighted average number of ordinary shares (basic) in thousands, including impact from share-based payments	172,634	168,396
FFO I per share (in €)	**1.07**	**1.14**
Result from disposal of properties	71,772	8,603
FFO II	**255,708**	**200,822**

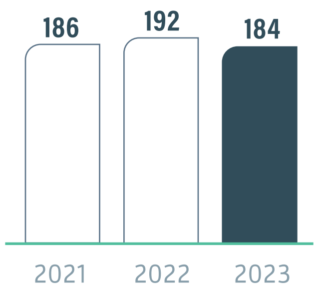
The adjusted EBITDA is an industry standard figure displaying the Company's recurring operational profits before interest, tax expenses, depreciation and amortisation, excluding the effects of property revaluations, capital gains, and other non-operational income statement items such as equity settled share-based payments and other adjustments. Adjusted EBITDA amounted to €320 million for the year 2023, increasing by 4% compared to €308 million generated in 2022. The increase is mainly driven by the increase in the net rental income generated as a result of the strong operational performance of the Company reflected in the solid like-for-like rent increase of 3.3%.

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilised as a key bottom line industry performance indicator. FFO I is calculated by deducting from the adjusted EBITDA, finance expenses, current tax expenses, the contribution to minorities, and the share of profit attributable to the Company's perpetual notes investors. Funds From Operations I (FFO I) generated by GCP in the year 2023, amounted to €184 million, lower by 4%, as compared to €192 million in 2022. The decrease in the FFO I is mainly driven by the higher finance expenses as a result of the newly drawn secured debt in 2023 and higher expenses on part of its existing debt that is variable, as well as from an increase in the perpetual notes attribution due to the reset of two perpetual notes at the end of January 2023 and October 2023 where the coupon rates increased from 2.75% to 6.3% and from 2.5% to 5.9% respectively. The strong operational growth of the Company, reflected in a higher adjusted EBITDA, partially offset the negative effect of the higher finance expenses.

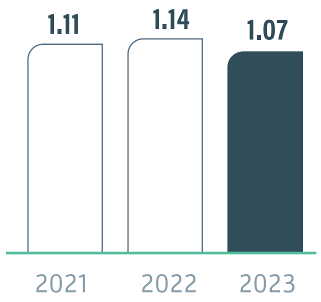
ADJUSTED EBITDA DEVELOPMENT
(in € millions)



FFO I DEVELOPMENT
(in € millions)



FFO I PER SHARE
ANNUAL DEVELOPMENT (in €)



FFO I per Share

GCP recorded an FFO I per share of €1.07 in the reporting period, lower as compared to €1.14 in 2022. The per share metrics were also impacted by the higher average share count as compared to the previous period due to the high participation rate in the scrip dividend.

FFO II

GCP recorded FFO II in the amount of €256 million in 2023, higher as compared to €201 million in 2022. FFO II is a supplementary performance measure that includes the disposal effects on top of FFO I. The result from disposal of properties refers to the excess amount of the sale price to the initial acquisition cost plus all the capex invested into disposed properties. The increase in FFO II is primarily driven by the higher disposal activity in 2023 as compared to 2022. In 2023, GCP disposed investment properties in the amount of €306 million generating gains of €72 million over total costs, as compared to 2022 during which GCP disposed €18 million of properties generating €9 million of gains over total costs.

Adjusted Funds From Operations (AFFO)

	For the year ended 31 December	
	2023	2022
	€'000	
FFO I	**183,936**	**192,219**
Repositioning capex	(76,610)	(70,535)
AFFO	**107,326**	**121,684**

Adjusted Funds from Operations (AFFO) is another indicator for the Company's recurring operational cash flow and is derived by subtracting the repositioning capex from the Company's FFO I. GCP includes in the AFFO calculation repositioning capex which is targeted at value creation and improving the asset quality of the portfolio, and therefore increasing the value, which GCP deems as being relevant for its AFFO calculation. GCP recorded AFFO of €107 million in the reporting year, as compared to €122 million in 2022. The decrease in this line item is mainly driven by the lower FFO I and the higher repositioning capex invested in the year.

Cash Flow

	For the year ended 31 December	
	2023	2022
	€'000	
Net cash provided by operating activities	249,407	216,115
Net cash provided (used) by (in) by investing activities	147,796	(167,689)
Net cash provided (used) by (in) financing activities	405,304	(616,755)
Net increase (decrease) in cash and cash equivalents	**802,507**	**(568,329)**
Changes in cash and cash equivalents held-for-sale and effects of foreign exchange rate	1,734	(2,222)
Cash and cash equivalents as on 1 January	324,935	895,486
Cash and cash equivalents as on 31 December	**1,129,176**	**324,935**

Net cash provided by operating activities amounted to €249 million in the reporting period, higher as compared to €216 million generated in 2022. The increase in the cash provided by operating activities in 2023, is mainly driven by the strong operational growth, reflected in the 4% increase in adjusted EBITDA. This line item was negatively impacted by cost inflation mainly driven by the higher energy prices that increased operational costs. Timing difference between the actual consumption cost of the heating expenses recovered from tenants and the settlement of the payments by tenants increased the working capital needs, resulting to a negative impact on the cash provided by operating activities. In the second half of 2023 the trend of increasing operating cost receivables reversed as a result of settlement of service charges with tenants. As a result, the negative impact was lower compared to 2022.

Net cash provided by investing activities amounted to €148 million in 2023, as compared to net cash used in investing activities of €168 million in 2022. The successful disposals of properties of €306 million in 2023 net of €85 million vendor loans granted, positively impacted the cash flow from investment activities. Additionally, GCP received €50 million for the repayments of loan-to-own assets. Capex investments during the year partially offset the net cash provided by investing activities. These investments are aimed at enhancing the rental growth and as a result enhancing the operational cashflow in the next years.

Net cash provided by financing activities amounted to €405 million in 2023, as compared to net cash used in financing activities of €617 million in 2022. The positive net cash flow position of the financing activities is mainly the result of the new bank financing raised in the reporting year. Bond buybacks of €90 million notional amount partially offset the net cash provided by financing activities. Furthermore, in 2023 GCP entered into a finance lease agreement on a property in London and received €50 million proceeds. The proactive measures taken by GCP allowed the Company to maintain a clean maturity profile with cash and liquid assets covering debt maturities until the end of 2026. GCP, as of December 2023 has a hedging ratio of 88%, while cost of debt remains low at 1.9% with an average debt maturity of 5.3 years.

As a result, in 2023, GCP recorded a net increase in cash and cash equivalents in the amount of €803 million as compared to a net decrease of €568 million in 2022, driven by the positive net cash flow from operating, investing, and financing activities. The large increase in the cash balance in 2023 followed the Company's target for the year 2023 to retain high cash levels and maintain a stable leverage. The Company's strong liquidity position, along with the conservative financial profile provide the Company the ability to service its debt and be secured against the increased market rates.

Assets

	Dec 2023	Dec 2022
	€'000	
Non-current assets	**9,077,640**	**9,997,258**
Investment property	8,629,083	9,529,608
Current assets	**1,840,507**	**1,134,070**
Cash and liquid assets (including those recorded under held for sale)	1,230,483	429,127
Total Assets	**10,918,147**	**11,131,328**

As of December 2023, GCP's total assets amounted to €10.9 billion, 2% lower as compared to €11.1 billion as of December 2022.

Non-current assets amounted to €9.1 billion as of December 2023, a decrease of 9% as compared to the non-current balance of €10 billion as of December 2022. The main component of this line item is investment property. Investment property amounted to €8.6 billion as of December 2023, lower by 9% as compared to €9.5 billion as of December 2022. The decrease in the investment property is mostly a result of the negative revaluation recorded in the Company's portfolio as well as disposals. The negative revaluations were recorded in 2023 driven by the higher discount and cap rates as a result of higher interest rates. Additionally, disposals of investment properties and reclassification of properties as assets held-for-sale also impacted the decrease in the balance of investment property. During 2023, GCP completed the disposal of €306 million of properties, at a discount of 3% to book value.

Non-current assets also include tenant deposits, which are used as a security for rent payments, and which had a balance of €47 million as of December 2023. Long-term financial investments are also part of the non-current assets and include co-investments in attractive deals and are held with the expectation for long term yield and had a balance of around €50 million. Investments where the Company holds a minority position in real estate portfolios and had a balance of €30 million are also included.

As of December 2023, vendor loans amounted to approx. €85 million. Vendor loans are loans given to buyers of properties that were sold during 2023, with the primary purpose of facilitating these transactions. These loans are backed by the sold properties themselves and typically have an average LTV ratio of approximately 60% at the disposal date. In the event of a borrower's default, the Company could repossess the assets at a discount (a process involving a receiver) and impose penalties on the defaulted buyer. The expected cash flows from these vendor loans will contribute to reducing the Company's overall leverage, although conservatively they are not factored into the LTV calculation until payment is received.

As of December 2023, the balance of loans-to-own assets amounted to approximately €40 million (including short term), as compared to €90 million to year-end 2022 due to repayments. These loans-to-own assets represent interest-bearing loans, backed by assets in case of default and include an embedded option to purchase the underlying asset at a discounted price under specific conditions (process involve a receiver).

Current assets, as of December 2023, amounted to €1.8 billion, an increase of 62% as compared to €1.1 billion as of December 2022. Cash and cash equivalents comprise the main component of this line item. The increase in the current assets is mainly driven by a significant increase in the cash and cash equivalents following GCP's aim to increase its liquidity position and retain cash in order to navigate the current market uncertainty. The increase in cash is mainly from new bank financing, cash generated from operating activities, proceeds obtained from disposals, and repayments received from loans associated with the loans-to-own. GCP maintains a strong liquidity position with cash and liquid assets of €1.2 billion, representing 28% of total debt, and including signed but net yet closed disposals, covering debt maturities until the end of 2026.

Trade and other receivables and assets held for sale are also included in the current assets. As of December 2023, trade and other receivables amounted to €391 million, with approx. €216 million in this line item comprised of operating cost receivables. In the second half of 2023 the trend of increasing operating cost receivables reversed as a result of settlement of service charges with tenants. These operating costs receivables are settled once per year against the advances received from tenants.

As of the end of December 2023, assets held for sale amounted to €196 million, as compared to €344 million as of the end of December 2022. This line item represents properties intended for disposal within the next 12 months. The decrease in this line item, is mainly driven by the disposals during the reporting year, while the reclassification of investment property assets as held-for-sale offset partially the decrease. Approx. €70 million of assets held for sale have been signed for disposal and are expected to close in the coming periods.

Main Valuation Parameters

Main Average Valuation Parameters	2023	2022
Value per sqm	€2,109	€2,282
Market rental growth p.a.	1.9%	1.8%
Management cost per unit p.a.	€303	€291
Ongoing maintenance cost per sqm	€11.1	€10.2
Average discount rate	5.4%	4.8%
Average cap rate	4.1%	3.8%

	Dec 2023	Dec 2022
	€'000	
(A) End of period annualised net rental income (1)	405,529	392,810
(B) Investment property (1)	8,478,502	9,285,162
(A/B) rental yield	**4.8%**	**4.2%**
(B/A) rent multiple	**20.9x**	**23.6x**

(1) excluding properties classified as development rights & invest

Liabilities

	Dec 2023	Dec 2022
	€'000	
Short and long term loans and borrowings	872,427	323,280
Straight bonds and bond redemption	3,559,897	3,612,105
Deferred tax liabilities (including those under held for sale)	671,896	795,905
Other long-term liabilities and derivative financial instruments (1)	268,940	201,905
Current liabilities (2)	314,878	283,978
Total Liabilities	**5,688,038**	**5,217,173**

(1) including short-term derivative financial instruments
(2) excluding current liabilities included in the items above

Total liabilities, as of the end of December 2023, amounted to €5.7 billion, higher as compared to €5.2 billion as of the end of December 2022. Total liabilities mainly consist of straight bonds and loans and borrowings, deferred tax liabilities, other long-term liabilities and derivatives financial instruments, and current liabilities. The increase in this line item is mainly driven by the new secured debt in 2023. However, bond buybacks at a discount and the decrease in the deferred tax liabilities balance due to the revaluation losses partially offset the increase in the total liabilities.

As part of GCP's deleveraging and debt optimization strategy, the Company has continued to take proactive measures to maintain the Company's conservative debt profile and enhance its liquidity position. GCP increased its strong liquidity position to €1.2 billion as of the end of December 2023, up from €429 million in December 2022, and combined with €70 million signed but not yet closed disposals, the cash and liquid assets covers the Company's debt maturities until the end of 2026, up from mid-2025 by the end of December 2022. During 2023, the Company raised new secured bank debt of €550 million with weighted average maturity of over 7.5 years. The Company also repurchased €90 million nominal value of straight bonds at discount, partially offsetting the increase in new debt. The Company also has the flexibility to secure further bank financing in the future due to the high ratio of unencumbered assets of 75% with a total value of €6.6 billion. As of the end of December 2023, GCP's cost of debt remains low at 1.9%, mostly hedged against interest rate changes as a result of GCP's 88% hedging ratio, and with an average debt maturity of 5.3 years. GCP reserved additional financial flexibility through its €300 million in undrawn credit facilities.

Deferred tax liabilities, as of the end of December 2023, amounted to €672 million, a decrease of 18%, as compared to the deferred tax liabilities balance of €796 million as of the end of December 2022. Deferred tax liabilities take into account a hypothetical scenario where investment properties are sold through asset transactions, applying a tax rate determined by the specific location of the property. The decrease in this line item is the result of the revaluation losses recorded in the year.

Other long-term liabilities and derivative financial instruments as of the end of December 2023, amounted to €269 million, an increase of approx. €70 million compared to the previous year. The increase was partly due to the increase in financial lease liabilities in the amount of €50 million, due to a commencement of a finance lease agreement on a property in London. This transaction enhanced the liquidity position of the Company and provides financial flexibility to the Company, as in return GCP is committed to a low lease payment of 3.5% into perpetuity.

As of December 2023, current liabilities amounted to €315 million, higher as compared to €284 million as of the end of December 2022. Prepayments received from tenants are the main driver of the increase in this line item. Current liabilities include trade and other payables, deferred tax liabilities, liabilities held for sale, and other current liabilities.

Equity

	Dec 2023	Dec 2022
	€'000	
Total Equity	**5,230,109**	**5,914,155**
of which equity attributable to the owners of the Company	3,477,627	4,020,773
of which equity attributable to perpetual notes investors	1,236,693	1,227,743
of which non-controlling interests	515,789	665,639

Total equity amounted to €5.2 billion as of the end of December 2023, lower as compared to €5.9 billion as of the end of December 2022. The decrease is driven by the net loss recorded in the year, mainly as a result of the negative revaluation of the investment property portfolio. The decrease was partially offset by the Company's strong operational result. GCP maintains a strong capital structure, with an equity ratio of 48% as of the end of December 2023.

Equity attributable to perpetual notes investors amounted to €1.2 billion as of the end of December 2023, stable as compared to €1.2 billion as of the end of December 2022. GCP, as part of its measures to maintain a conservative financial profile, announced its decision not to call the €200 million perpetual notes series in January 2023 and the €350 million perpetual notes series in October 2023. The Company decided not to call the perpetual notes due to the considerably higher cost of issuing new notes for replacement compared to the coupon reset price of the notes. The reset coupon rates amounted to 6.3% and 5.9%, respectively, resulting in annualised €19 million higher coupon going forward. GCP views its perpetual notes as an integral part of its capital structure and has the ability to call the notes at every interest payment date. The voluntary decision on whether to call or not call the perpetual notes is at the sole discretion of the Company, which supports the classification of the perpetual notes as equity according to IFRS. Going forward, the Company will continue to assess all its options regarding its perpetual notes.

Non-controlling interests amounted to €516 million as of the end of December 2023, lower as compared to €666 million as of the end of December 2022. The decrease is mainly driven by the loss recorded in the period attributed to non-controlling interests and due to distribution of profits to minorities.

Debt Financing KPIs

LOAN-TO-VALUE	Dec 2023	Dec 2022
	€'000	
Investment property [1]	8,544,738	9,492,946
Investment properties of assets held-for-sale [1]	191,773	327,586
(A) Total value	**8,736,511**	**9,820,532**
Total debt	4,432,324	3,935,385
Cash and liquid assets (including those under held for sale)	1,230,483	429,127
(B) Net debt	**3,201,841**	**3,506,258**
(B/A) LTV	**37%**	**36%**

(1) including advanced payments and deposits and excluding right-of-use assets

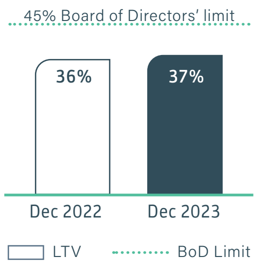
GCP maintains a conservative financial approach as a key element of its business strategy, as evidenced by strong debt financing KPIs such as a low LTV ratio, a significant pool of unencumbered assets, and robust coverage ratios.

As of the end of December 2023, GCP had an LTV ratio of 37%, broadly stable as compared to 36% as of the end of December 2022 and well below the internal board-mandated limit of 45% and the limits imposed by the Company's bond covenants. GCP also maintained strong coverage ratios driven by the solid operational performance. GCP had a solid ICR of 5.6x and a DSCR of 5.2x in 2023, as compared to 6.6x and 6.1x respectively in 2022, impacted by the precautionary measures taken by the Company to strengthen the liquidity position. These metrics illustrate the Company's capacity to meet its debt obligations. The large pool of unencumbered assets of €6.6 billion, representing 75% of total investment property portfolio value, provides also significant financial flexibility which provides the option of raising secured financing debt at relatively favorable interest rates.

The Company's conservative financial profile with a low LTV and high coverage ratios provides broad access to both public and private capital markets, further supported by its investment grade credit ratings from S&P (BBB+/Negative) as of December 2023, and unsolicited rating by Moody's (Baa1/Negative).

The EPRA LTV is addressed in the EPRA Performance Measures section of the report.

Low leverage



UNENCUMBERED ASSETS	Dec 2023	Dec 2022
	€'000	
(A) Unencumbered Assets	6,606,947	8,664,533
(B) Total Investment Property (including those under held for sale)	8,824,724	9,860,461
(A/B) Unencumbered Assets Ratio	**75%**	**88%**

	For the year ended 31 December	
INTEREST COVERAGE RATIO (ICR)	2023	2022
	€'000	
(A) Adjusted EBITDA	319,647	308,100
(B) Finance Expenses	56,814	46,914
(A/B) Interest Coverage Ratio	**5.6x**	**6.6x**

	For the year ended 31 December	
DEBT SERVICE COVERAGE RATIO (DSCR)	2023	2022
	€'000	
(A) Adjusted EBITDA	319,647	308,100
(B) Finance Expenses	56,814	46,914
(C) Amortisation of loans from financial institutions	4,417	3,766
[A/(B+C)] Debt Service Coverage Ratio	**5.2x**	**6.1x**

› EPRA PERFORMANCE MEASURES

The European Public Real Estate Association (EPRA) is the widely recognised market standard guidance and benchmark provider for the European real estate industry. EPRA's Best Practices Recommendations prescribe the ongoing reporting of a set of performance metrics which are meant to enhance the quality of reporting by bridging the gap between the regulated IFRS reporting presented and specific analysis relevant to the European real estate industry. These standardised EPRA Performance Measures provide additional perspective on earnings, balance sheet and operational metrics, and facilitate for the simple and effective comparison of performance-related information across different companies.

	2023	2022
	In €'000 unless otherwise indicated	
EPRA NRV	4,606,481	5,322,769
EPRA NRV per share (in €)	26.7	30.8
EPRA NTA*	4,013,761	4,655,551
EPRA NTA per share* (in €)	23.2	27.0
EPRA NDV	3,745,313	4,642,313
EPRA NDV per share (in €)	21.7	26.9
EPRA Earnings	187,378	182,702
EPRA Earnings per share (in €)	1.09	1.09
EPRA LTV	48%	46%
EPRA Net initial yield (NIY)	3.6%	3.2%
EPRA "topped-up" NIY	3.6%	3.2%
EPRA Vacancy	3.8%	4.2%
EPRA Cost Ratio (incl. direct vacancy costs)	22.7%	22.9%
EPRA Cost Ratio (excl. direct vacancy costs)	20.8%	20.9%

(*) updated methodology to exclude RETT


Bonn

EPRA Net Asset Value Metrics

The Net Asset Value is a key performance measure used in the real estate industry. Due to the evolving nature of ownership structures, balance sheet financing as well as the inclusion of non-operating activities leading to entities being relatively more actively managed, EPRA has provided three different metrics to reflect this nature of property companies. The EPRA Net Asset Value Metrics are defined by EPRA and include the Net Reinstatement Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV).

EPRA Net Reinstatement Value (NRV) assumes that entities never sell assets and aims to represent the value required to rebuild the entity. The EPRA NRV measure provides stakeholders with the value of net assets on a long-term basis and excludes assets and liabilities that are not expected to materialise. Furthermore, real estate transfer taxes are added back, since the intention of this metric is to reflect what would be required to reinstate the Company through existing investment markets and the Company's current capital and financing structures.

EPRA Net Tangible Assets (NTA) assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Therefore, the EPRA NTA measure excludes the value of intangible assets while also taking into consideration the fact that companies acquire and dispose assets and, in the process, realise certain levels of deferred tax liabilities. Prior to 2023 GCP reported EPRA NTA including RETT. The Company decided to update the methodology and no longer adds back RETT to its standard EPRA NTA. Starting H1 2023 GCP no longer reports the reconciliation to EPRA NTA including RETT and therefore 2022 numbers have been reclassified.

EPRA Net Disposal Value (NDV) represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. Therefore, the EPRA NDV measure is meant to provide stakeholders with the net asset value in the scenario that all assets are disposed and/or liabilities are not held until maturity.

in € '000 unless otherwise specified	EPRA NRV	EPRA NTA*	EPRA NDV	EPRA NRV	EPRA NTA*	EPRA NDV
		Dec 2023			Dec 2022	
Equity attributable to the owners of the Company	**3,477,627**	**3,477,627**	**3,477,627**	**4,020,773**	**4,020,773**	**4,020,773**
Deferred tax liabilities on investment property(1)	665,331 (2)	559,911 (3)	-	778,490 (2)	664,886 (3)	-
Fair value measurements of derivative financial instruments(4)	(17,987)	(17,987)	-	(19,106)	(19,106)	-
Intangible assets and goodwill	-	(5,790)	-	-	(11,002)	-
Real estate transfer tax	481,510	-	-	542,612	-	-
Net fair value of debt	-	-	267,686	-	-	621,540
NAV	**4,606,481**	**4,013,761**	**3,745,313**	**5,322,769**	**4,655,551**	**4,642,313**
Basic number of shares including in-the-money dilution effects (in thousands)		172,640			172,607	
NAV per share (in €)	**26.7**	**23.2**	**21.7**	**30.8**	**27.0**	**26.9**

* EPRA NTA was reclassified in 2023 to exclude RETT

(1) including deferred tax liabilities on derivative financial instruments
(2) including balances held-for-sale
(3) excluding deferred tax liabilities on assets held for sale, non-core assets and development rights in Germany
(4) not including net change in fair value of derivative financial instruments related to currency effects

EPRA NRV

As of the end of December 2023, the Company recorded an EPRA NRV in the amount of €4.6 billion or €26.7 per share, both decreasing by 13% as compared to €5.3 billion and €30.8 as of year-end 2022. The NRV metric adds back the full amount of deferred tax as well as the real estate transfer tax as it assumes that entities never sell assets and aims to represent the value required to rebuild the Company. The decrease on both metrics is driven primarily by the negative revaluation of the investment property portfolio, partially offset by the operational profit of the Company.

EPRA NTA

As of the end of December 2023, the Company recorded an EPRA NTA in the amount of €4 billion or €23.2 per share, both decreasing by 14%, as compared to €4.7 billion and €27.0 per share as of the end of December 2022. The decrease, as in the EPRA NRV, is primarily the result of the negative revaluation, partially offset by the operational profits.

The EPRA NTA portrays the normal business environment where company's buy and sell assets thereby incurring a certain amount of unavoidable deferred tax of the properties sold. Prior to 2023 GCP reported EPRA NTA including RETT. The Company decided to update the methodology and no longer adds back RETT to its standard EPRA NTA. Starting H1 2023 GCP no longer reports the reconciliation to EPRA NTA including RETT. To represent this normal business environment, GCP has classified its portfolio into three categories of properties which it may not hold long-term, for which it conservatively excludes deferred tax liabilities. These three categories are outlined below:

- **Investment properties held for sale:** These properties are actively managed for sale and the Company expects to dispose them within 12 months.
- **Properties classified in its portfolio as "Other":** This portfolio may be disposed on an opportunistic basis and is composed of assets located in cities which do not lie in GCP's core portfolio locations and therefore are conservatively classified as properties which may be disposed. On the other hand, it is also likely that they could remain in the portfolio for the long term. The Company will continue to evaluate the probability of these properties being disposed or held long term in upcoming periods and make the necessary adjustments.
- **Development rights in Germany:** As part of GCP's value creation process, the company identifies development potential and works to obtain the relevant development rights. Once the development rights are granted, GCP decides whether to dispose the rights or to develop the projects. As GCP is expected to dispose a portion of the building rights on an opportunistic basis, the deferred tax regarding the building rights is not added back in the NTA calculation.

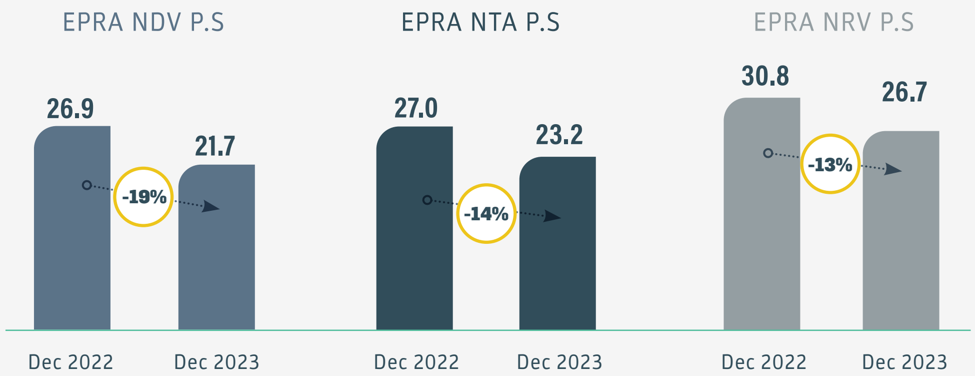
Particulars	Fair Value	as % of portfolio	% of deferred tax added back
		€'000	
Portfolio to be held long term*	7,621,271	87%	100%
Investment properties held-for-sale	195,641	2%	0%
Portfolio cities classified as "Others"	880,732	10%	0%
Development rights in Germany	127,080	1%	0%
Total (including assets classified as held-for-sale)	**8,824,724**	**100%**	

* all investment properties, excluding investment properties held-for-sale, investment properties in cities classified as „Others" and development rights in Germany

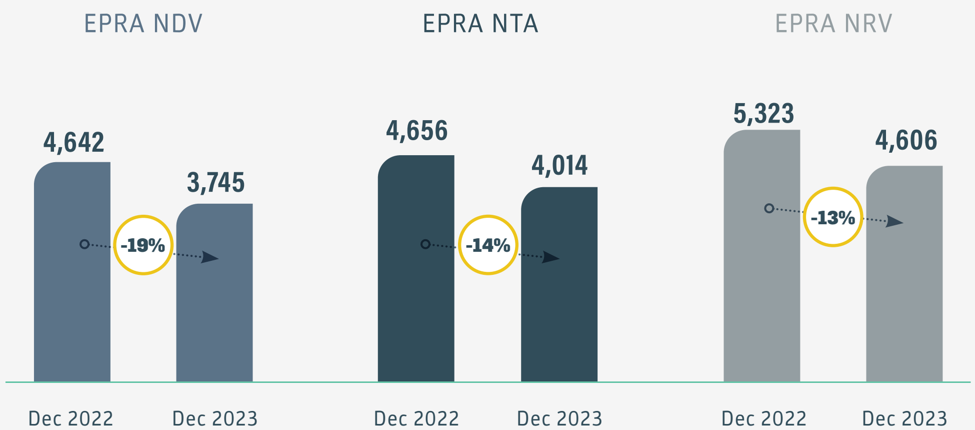
EPRA NDV

As of the end of December 2023, the Company recorded an EPRA NDV amounted to €3.7 billion or €21.7 per share, both lower by 19%, as compared to €4.6 billion or €26.9 per share at the end of December 2022. The EPRA NDV represents the Company's NAV under a theoretical scenario where all assets are disposed and all liabilities settled, and therefore does not add back any deferred tax liabilities or real estate transfer tax. Apart from lower equity, the decrease is also driven by higher market values of the Company's debt as a result of a decrease in market rates as of December 2023 compared to December 2022.

EPRA NAV METRICS DEVELOPMENT (in €)



EPRA NAV METRICS DEVELOPMENT (in € millions)



EPRA Earnings

	For the year ended 31 December	
	2023	2022
	€'000	
Earnings (loss) per IFRS income statement	(638,068)	179,103
Property revaluations and capital gains (loss)	890,017	(117,761)
Change in fair value of financial assets and liabilities, net	67,015	115,925
Deferred tax (income) expenses	(127,254)	10,532
Contribution to minorities	(4,332)	(5,097)
EPRA Earnings	**187,378**	**182,702**
Weighted average number of ordinary shares (basic) in thousands	172,352	168,170
EPRA Earnings per share (in €)	**1.09**	**1.09**
Bridge to FFO I		
Add back: Depreciation	9,323	10,488
Add back: Finance-related costs	19,073	21,208
Add back: Equity settled share-based payments and other adjustments	1,862	2,571
Less: Adjustment for perpetual notes attribution	(33,700)	(24,750)
FFO I	**183,936**	**192,219**
Weighted average number of ordinary shares (basic) in thousands, including impact from share-based payments	172,634	168,396
FFO I per share (in €)	**1.07**	**1.14**

The EPRA Earnings is intended to serve as a key indicator of the fundamental operational profits for the year within the context of a real estate company and is intended to measure the extent to which the Company's dividend distribution is covered by its operational income. GCP also provides a reconciliation of the EPRA Earnings to the FFO I, another widely recognised and key performance measure, as it believes FFO I to be a better measure of recurring operational profits which is further supported by the fact that its dividend payout policy is based on the FFO I metric.

GCP recorded EPRA Earnings in the amount of €187 million in 2023, higher by 3% as compared to €183 million in 2023. EPRA Earnings per share amounted to €1.09 in 2023, stable as compared to €1.09 for the year 2022.

The bridge to FFO I adjusts for one-off expenses as well as non-cash charges while including the perpetual notes attribution, which has increased by €9 million in 2023 compared to 2022.

EPRA Loan to Value (EPRA LTV)

Dec 2023	Consolidated (as reported)	Share of Joint Ventures	Share of material associates	Material non-controlling interests	Proportionate consolidation
	€'000				
Total debt	4,432,324	-	-	-	4,432,324
Equity attributable to perpetual notes investors	1,236,693	-	-	-	1,236,693
Net foreign currency derivatives on debt	(50,124)	-	-	-	(50,124)
EPRA Gross Debt	**5,618,893**	**-**	**-**	**-**	**5,618,893**
Less:					-
Cash and liquid assets (including those under held for sale)	(1,230,483)	-	-	-	(1,230,483)
(A) EPRA Net Debt	**4,388,410**	-	-	-	**4,388,410**
Owner occupied property	47,577	-	-	-	47,577
Investment property [(1)]	8,544,738	-	-	-	8,544,738
Investment properties of assets held-for-sale [(1)]	191,773	-	-	-	191,773
Intangible assets	5,790	-	-	-	5,790
Financial assets	129,079	-	-	-	129,079
Net receivables	152,896	-	-	-	152,896
(B) EPRA Net Assets	**9,071,853**	**-**	**-**	**-**	**9,071,853**
(A/B) EPRA LTV	**48%**				**48%**

Dec 2022	Consolidated (as reported)	Share of Joint Ventures	Share of material associates	Material non-controlling interests	Proportionate consolidation
	€'000				
Total debt	3,935,385	-	-	-	3,935,385
Equity attributable to perpetual notes investors	1,227,743	-	-	-	1,227,743
Net foreign currency derivatives on debt	(44,276)	-	-	-	(44,276)
EPRA Gross Debt	**5,118,852**	**-**	**-**	**-**	**5,118,852**
Less:		-	-	-	-
Cash and liquid assets (including those under held for sale)	(429,127)	-	-	-	(429,127)
EPRA Net Debt	**4,689,725**	**-**	**-**	**-**	**4,689,725**
Owner occupied property	54,720	-	-	-	54,720
Investment property [(1)]	9,492,946	-	-	-	9,492,946
Investment properties of assets held-for-sale [(1)]	327,586	-	-	-	327,586
Intangible assets	11,002	-	-	-	11,002
Financial assets	91,191	-	-	-	91,191
Net receivables	209,658	-	-	-	209,658
EPRA Net Assets	**10,187,103**	**-**	**-**	**-**	**10,187,103**
EPRA LTV	**46%**				**46%**

(1) including advanced payments and deposits and excluding right-of-use assets

EPRA Loan to Value (EPRA LTV)

The EPRA Loan-To-Value (LTV) is a metric which aims to assess the leverage of the shareholder equity within a real estate company. The greatest difference between the EPRA LTV and the Company calculated LTV metric is the wider categorization of liabilities in EPRA gross debt and assets in EPRA net assets with the greatest impact coming from the inclusion of the perpetual notes considered as debt. Under IFRS the Company's perpetual notes are accounted for as equity as a result of having no maturity date, being deeply subordinated and protective to all debt types, and not carrying any covenants and is considered as 100% equity also for the bond covenant calculations. EPRA LTV also adds net foreign currency derivatives on debt and working capital adjustments, such as net payables, if applicable to EPRA Gross Debt and the fair value of intangible assets, financial assets, and net receivables if applicable to EPRA net assets. In its own LTV calculation, the Company does not make such adjustments. GCP views its LTV calculation as a better measure of leverage and the debt position which is closer aligned with the bond covenant calculations. However, for enhanced transparency the Company presents both LTV metrics.

EPRA LTV amounted to 48% as of December 2023, as compared to 46% as of December 2022. The increase in the EPRA LTV is mainly driven by the relatively stronger decrease in the EPRA Net Assets as a result of the negative revaluation in 2023. EPRA Net Debt decreased as well, primarily as a result of operational profits and disposals strengthening the liquidity position.

London

EPRA Net Initial Yield (NIY) and EPRA "Topped-Up" NIY

	Dec 2023	Dec 2022
	€'000	
Investment property	8,629,083	9,529,608
Investment properties of assets held-for-sale	195,641	330,853
Less: Classified as development rights & invest	(182,199)	(309,763)
Complete property portfolio	**8,642,525**	**9,550,698**
Allowance for estimated purchaser's costs	634,036	705,145
(A) Gross up complete property portfolio valuation	**9,276,561**	**10,255,843**
End of period annualised net rental income (including impact from assets held for sale)	412,452	404,720
Operating costs (1)	(82,851)	(81,572)
(B) Annualised net rent, after non-recoverable costs	**329,601**	**323,148**
(C) Topped-up net annualised rent	**329,601**	**323,148**
(B/A) EPRA NIY	**3.6%**	**3.2%**
(C/A) EPRA "topped-up" NIY	**3.6%**	**3.2%**

(1) to reach annualised operating costs, cost margins were used for each respective period

The EPRA Net Initial Yield (NIY) is intended to serve as a standardised portfolio valuation indicator. It is calculated by subtracting the passing non-recoverable operating costs from the passing net rental income as of the end of the period and dividing the result by the fair value of the full property portfolio (including held-for-sale properties and inventories – trading properties, excluding the value of properties classified as development rights & invest, as these are non-income generating assets), plus an allowance for estimated purchasers' costs. EPRA 'topped-up' NIY is an additional calculation that factors into consideration the effects of rent-free periods and other lease incentives.

The Company's portfolio had an EPRA NIY of 3.6% as of the end of December 2023, higher as compared to December 2022. The NIY increased as a combined result of higher annualised net rent as a result of solid net operational growth as well as the lower portfolio value, which was impacted by negative revaluations. The NIY increase between the periods was offset by disposals which were carried at a higher-than-average yield.


Mannheim

EPRA Vacancy

	Dec 2023	Dec 2022
	€'000	
(A) Estimated rental value (ERV) of vacant space	16,179	17,147
(B) December annualised net rent including vacancy rented at ERV	421,708	409,957
(A/B) EPRA Vacancy Rate	**3.8%**	**4.2%**

EPRA Vacancy is an operational measure that calculates a real estate company's economic vacancy rate as based on the prevailing market rental rates, as opposed to in-place rents and physical vacancy. It is calculated by dividing the estimated market rental value of the vacant spaces in the portfolio by the market rental value of the entire portfolio, including vacancy rented at market rents.

GCP's portfolio had an EPRA Vacancy of 3.8%, as of the end of December 2023, lower as compared to 4.2% as of December 2022. The historic low vacancy rate recorded in 2023 is mainly the result of the strong letting performance of the Company, reflecting the strong demand in GCP's portfolio locations.


Hannover

EPRA Cost Ratios

	For the year ended 31 December	
	2023	2022
	€'000	
Property operating expenses, net	60,435	58,100
Maintenance and refurbishment	22,187	21,723
Administrative and other expenses	10,906	10,689
(A) EPRA Costs (including direct vacancy costs)	**93,528**	**90,512**
Direct vacancy costs	(8,072)	(7,644)
(B) EPRA Costs (excluding direct vacancy costs)	**85,456**	**82,868**
Revenue	607,741	582,505
Less: operating and other income	(196,428)	(186,464)
(C) Rental income, net	**411,313**	**396,041**
(A/C) EPRA Cost Ratio (including direct vacancy costs)	**22.7%**	**22.9%**
(B/C) EPRA Cost Ratio (excluding direct vacancy costs)	**20.8%**	**20.9%**

The EPRA Cost Ratios provide a detailed analysis of a Company's operating costs structure and provide for increased comparability across companies. The cost ratio is derived by dividing the Company's direct administrative expenses and property operating expenses (including non-recoverable service charges as well as share-based payments) by the rental income for the year, excluding ground rents. The ratio is calculated both including and excluding the direct vacancy costs.

GCP's EPRA Cost Ratios, both including and excluding direct vacancy costs, stood at 22.7% and 20.8%, as of 2023, respectively, as compared to 22.9% and 20.9% as of 2022. The decrease in the EPRA Cost Ratios is mainly the result of solid operational growth, which outpaced cost inflation.

EPRA Capital Expenditure

	For the year ended 31 December	
	2023	2022
	€'000	
Acquisitions	10,079	277,668
Pre-letting modifications and others	14,792	58,928
Repositioning capex	76,610	70,535
Modernisation	9,647	10,184
EPRA property-related capex	**111,128**	**417,315**

GCP recorded EPRA property-related capex in the amount of €111 million in 2023, as compared to €417 million in 2022. EPRA property-related capex is comprised of expenditures on acquisitions, pre-letting modifications and others, repositioning capex, as well as modernisation. The decrease in EPRA property-related capex was primarily a result of the Company not executing material acquisitions in 2023. Acquisition costs represent the gross expenditure related to the acquisition of investment properties, including transaction costs.

Pre-letting modifications and others amounted to €15 million in 2023. These investments relate to completing the newly constructed buildings, along with reopening converted or renovated properties in the pre-leasing phase, as they undergo preparations for lease. The investments in 2023 was significantly lower than in 2022 as many projects were finished in 2022 and the Company has been more selective in starting new projects.

GCP also invested €77 million in repositioning capex in 2023, which is comprised of investments that focus on increasing the quality and offerings of assets in the portfolio and their surrounding areas. Examples of these investments include apartment renovations and preparation for reletting, improvements to corridors and staircases, façade refits and the additions or renovation of playgrounds, barbeque pits, study rooms and other common meeting areas.

Additionally, GCP invested €10 million in modernisation projects in 2023, relatively stable as compared to €10 million in 2022. These projects include measures such as installing green energy and heating systems and adding better insulation and windows, among others.

ALTERNATIVE PERFORMANCE MEASURES

In this section, GCP provides an overview of the use of its alternative performance measures.
For enhanced transparency and more industry specific comparative basis, the Company provides market and industry standard performance indicators. GCP provides a set of measures that can be utilised to assess the Company's operational earnings, net asset value of the Company, leverage position, debt and interest coverage abilities as well as liquidity headroom.
The following measurements apply to the real estate industry's specifications and include adjustments where necessary that are in compliance with the standards.

Reconciliation of Adjusted EBITDA

The adjusted EBITDA is an industry standard figure indicative of the Company's recurring operational profits before interest and tax expenses, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of buildings, share of profit from investment in equity-accounted investees and other adjustments. GCP starts from its *Operating profit* and adds back the item *Depreciation and amortisation* to arrive at the *EBITDA* value. Non-recurring and non-operational items are deducted such as the *Property revaluations and capital gains, Result on the disposal of buildings and Share of profit from investment in equity-accounted investees.* Further adjustments are labelled as *Equity settled share-based payment and other adjustments,* which are subtracted since these are non-cash expenses.

Adjusted EBITDA reconciliation
Operating Profit
(+) Depreciation and amortisation
(=) EBITDA
(+/-) Property revaluations and capital gains
(+/-) Result on the disposal of buildings
(+/-) Share of profit from investment in equity-accounted investees
(+/-) Equity settled share-based payments and other adjustments
(=) Adjusted EBITDA

Reconciliation of Funds From Operations I (FFO I)

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilised as a key industry performance indicator. It is calculated by deducting the *Finance expenses, Current tax expenses, Contribution to minorities, Adjustment for perpetual notes attribution and adding the Contribution from joint ventures,* to the *Adjusted EBITDA.* To arrive at the *FFO I per share* the *FFO I* is divided by the *Weighted average number of ordinary shares (basic) in thousands, including impact from share-based payments,* which reflects the impact of the *Equity settled share-based payments* adjustment in the *Adjusted EBITDA.*

FFO I reconciliation
Adjusted EBITDA
(-) Finance expenses
(-) Current tax expenses
(-) Contribution from/(to) joint ventures and minorities, Net
(-) Adjustment for perpetual notes attribution
(=) (A) FFO I
(B) Weighted average number of ordinary shares (basic) in thousands, including impact from share-based payments
(=) (A/B) FFO I per share

Reconciliation of Funds From Operations II (FFO II)

FFO II additionally incorporates on top of the *FFO I* the r*esults from asset disposals*, calculated as the difference between the disposal values and the property acquisition costs plus capex, reflecting the economic profit generated on the sale of the assets. Although, property disposals are non-recurring, disposal activities provide further cash inflow that increase the liquidity levels. As a result, this measure is an indicator to evaluate operational cash flow of a company including the effects of disposals.

FFO II Reconciliation
FFO II
FFO I
(+/-) Result from disposal of properties
(=) FFO II

Reconciliation of Adjusted Funds From Operations (AFFO)

The Adjusted Funds From Operations (AFFO) is an additional measure of comparison which factors into the FFO I, the Company's repositioning capex, which targets value enhancement and quality increase in the portfolio. Modernisation and pre-letting capex are not included in the AFFO as it is considered as an additional investment program, similar to the property acquisitions, which is conducted at the Company's discretion. Therefore, in line with the industry practices, GCP deducts the *Repositioning capex* from the *FFO I* to arrive at the *AFFO*. As a result, AFFO is another widely used indicator which tries to assess residual cash flow for the shareholders by adjusting FFO I for recurring expenditures that are capitalised.

AFFO reconciliation
FFO I
(-) Repositioning capex
(=) AFFO

Reconciliation of Equity Ratio

Equity Ratio is the ratio of Total Equity divided by Total Assets, each as indicated in the consolidated financial statements. GCP believes that the Equity Ratio is useful for investors primarily to indicate the long-term solvency position of the Company. The Equity Ratio is calculated by dividing the *Total Equity* by the *Total Assets*, both as per the consolidated financial statements of the Company.

Equity Ratio Reconciliation
(A) Total Equity
(B) Total Assets
(=) (A/B) Equity Ratio

Reconciliation of Rental Yield and Rent Multiple

The rental yield and rent multiple are industry standard measures that indicate the rent generation potential of a property portfolio relative to the value of that property portfolio and are generally used as key valuation indicators by market participants.

The *rental yield* is derived by dividing the *end of period annualised net rental income*, by the *Investment property*. The *end of period annualised net rental income* represents the annualised monthly in-place rent of the related *investment property* as at the end of the period. The rent multiple reflects the inverse of the rental yield and is derived by dividing the *Investment property* by the *end of period annualised net rental income*. As the Company's assets classified as *development rights & invest* do not generate material rental income, these are excluded from the calculation for enhanced comparability.

GCP additionally reports rental yield and/or rent multiple on a more granular basis, such as in its portfolio breakdown or in relation to specific transactions, to provide enhanced transparency and comparability on its property portfolio in specific locations and/or in relation to transaction activity.

Rental yield and rent multiple reconciliation
(A) end of period annualised net rental income [1]
(B) Investment property [1]
= (A/B) rental yield
= (B/A) rent multiple

(1) excluding properties classified as development rights & invest

Reconciliation of Loan-to-Value (LTV)

LTV ratio is an acknowledged measurement of the leverage position of a given firm in the real estate industry. This ratio highlights to which extent financial liabilities are covered by the Company's real estate asset value as well as how much headroom of the fair value of real estate portfolio is available compared to the net debt. Following the industry specifications, GCP calculates the LTV ratio by dividing the total net debt to the total value at the balance sheet date. Total value of the portfolio is a combination of the *Investment property* which includes the *Advanced payments and deposits, inventories - trading properties, Investment properties of assets held for sale and the investment in equity-accounted investees and excludes right-of-use assets*. For the calculation of net debt, total *Cash and liquid assets* are deducted from the *Straight bonds, Convertible Bonds and Total loan and borrowings*. Total loan and borrowings include the *Short-term loans and borrowings, debt redemption*, and *Financial debt held for sale* while Straight bonds and Convertible bonds include *Bond redemption*. Cash and liquid assets is the sum of *Cash and cash equivalents, Financial assets at fair value through profit and loss*, and *Cash and cash equivalents held for sale*.

LOAN-TO-VALUE Reconciliation
(+) Investment property[1]
(+) Investment properties of assets held for sale[2]
(+) Investment in equity-accounted investees
(=) (A) Total value
(+) Total debt[3]
(-) Cash and liquid assets[4]
(=) (B) Net debt
(=) (B/A) LTV

(1) including advanced payments and deposits, inventories - trading properties and excluding right-of-use assets
(2) excluding right-of-use assets
(3) including loans and borrowings held for sale
(4) including cash and cash equivalents held for sale

Reconciliation of Unencumbered Assets Ratio

The unencumbered assets ratio is a liquidity measure as it reflects the Company's ability to raise secure debt over these assets and thus provides an additional layer of financial flexibility and liquidity. Moreover, the unencumbered assets ratio is important for unsecured bondholders, providing them with an asset backed security. Hence, the larger the ratio is, the more flexibility a firm has in terms of headroom and comfort to its debtholders. Unencumbered assets ratio is calculated by dividing the *Unencumbered investment property* of the portfolio by the *Total investment properties* which is the sum of *Investment property, Inventories - trading property* and *Investment properties of assets held for sale.*

Unencumbered Assets Ratio reconciliation
(A) Unencumbered assets
(B) Total investment properties*
(=) (A/B) Unencumbered Assets Ratio

* including investment properties, investment properties of assets held for sale and inventories - trading property

Reconciliation of Net Debt-to-EBITDA and Net Debt-to-EBITDA including perpetual notes

The Net debt-to-EBITDA is another acknowledged measurement of the leverage position of a given firm in the real estate industry. This ratio highlights the ratio of financial liabilities to the Company's recurring operational profits and thereby indicates how much of the Company's recurring operational profits are available to debt holders. Therefore, GCP calculates the *Net debt-to-EBITDA* ratio by dividing the total *Net debt* as at the balance sheet date by the *adjusted EBITDA (annualised)* for the period. The *adjusted EBITDA (annualised)* is computed by adjusting the *adjusted EBITDA* (as previously defined) to reflect a theoretical full year figure, based on the periods result, this is done by dividing the figure by ¼ in the first three-month period, ½ in the first six-month period and ¾ in the nine-month period. For the full year figure no adjustment is made.

Net Debt-to-EBITDA Reconciliation
(A) Net debt
(B) Adjusted EBITDA (annualised)
(=) (A/B) Net debt-to-EBITDA

GCP additionally provides the *Net debt-to-EBITDA* ratio by adding *its Equity attributable to perpetual notes investors* as at the balance sheet date to the *Net Debt*. While GCP's perpetual notes are 100% equity instruments under IFRS, credit rating agencies, including S&P, generally apply an adjustment to such instruments and consider these as 50% equity and 50% debt. Furthermore, some equity holders may find an adjustment that adds the full balance of perpetual notes to the net debt as relevant. For enhanced transparency GCP therefore additionally provides this metric including the full balance sheet amount of Equity attributable to perpetual notes investors.

Net Debt-to-EBITDA including perpetual notes Reconciliation
(A) Net debt
(B) Equity attributable to perpetual notes investors
(C) Adjusted EBITDA (annualised)
(=) [(A+B)/C)] Net debt-to-EBITDA including perpetual notes

Reconciliation of ICR and DSCR

Two widely recognised debt metrics Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) are utilised to demonstrate the strength of GCP's credit profile. These metrics are often used to see the extent to which interest and debt servicing are covered by recurring operational profits and provides implications on how much of cash flow is available after debt obligations. Therefore, ICR is calculated by dividing the *Adjusted EBITDA* by the *Finance expenses* and DSCR is calculated by dividing the *Adjusted EBITDA* by the *Finance expenses* plus the *Amortisation of loans from financial institutions.* With this ratio, GCP is able to show that with its high profitability and long-term oriented conservative financial structure, GCP consistently exhibits high debt cover ratios.

ICR Reconciliation
(A) Adjusted EBITDA
(B) Finance expenses
(=) (A/B) ICR

DSCR Reconciliation
(A) Adjusted EBITDA
(B) Finance expenses
(C) Amortisation of loans from financial institutions
(=) [A/(B+C)] DSCR

Reconciliation of the Net Reinstatement Value according to EPRA (EPRA NRV)

The Net Reinstatement Value measure provides stakeholders with the value of net assets on a long-term basis and excludes assets and liabilities that are not expected materialise. Furthermore, real estate transfer taxes are added back, since the intention of this metric is to reflect what would be required to reinstate the Company through existing investment markets and the Company's current capital and financing structures.

The reconciliation of the EPRA NRV starts from the *Equity attributable to the owners of the Company* and adds back *Deferred tax liabilities on investment property fair value measurements of derivative financial instruments.* Further, the EPRA NRV includes *real estate transfer tax* in order to derive the *EPRA NRV* and provide the reader with a perspective of what would be required to reinstate the Company at a given point of time. To arrive at the *EPRA NDV per share* the *EPRA NDV* is divided by the *Basic number of shares including in-the-money dilution effects (in thousands).*

EPRA NRV Reconciliation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities[1]
(+/-) Fair value measurements of derivative financial instruments, net[2]
(+) Real Estate Transfer Tax[1]
(=) (A) EPRA NRV
(B) Basic number of shares including in-the-money dilution effects (in thousands)
(=) (A/B) EPRA NRV per share

(1) including balances held-for-sale, and including deferred tax liabilities on derivatives
(2) not including net change in fair value of derivative financial instruments related to currency effect

Reconciliation of the Net Tangible Assets according to EPRA (EPRA NTA)

The Net Tangible Assets measure excludes the value of intangible assets while also taking into consideration the fact that companies acquire and dispose assets and, in the process, realise certain levels of deferred tax liabilities.

Prior to the 2023 Consolidated Annual Report, GCP reported EPRA NTA including RETT. Due to market conditions the Company decided to update the methodology and no longer adds back RETT to its standard EPRA NTA.

The reconciliation of the EPRA NTA begins at the *Equity attributable to the owners of the Company* and adds back *Deferred tax liabilities on investment property* excluding deferred tax liabilities related to the assets which are considered non-core, assets expected to be disposed within the following 12 months and the development rights in Germany. In addition, *intangible assets as per the IFRS Balance sheet* is subtracted and *fair value measurements of derivative financial instruments* are considered for this measure of valuation by EPRA. To arrive at the *EPRA NTA per share* the *EPRA NTA* is divided by the Basic *number of shares including in-the-money dilution effects (in thousands).*

EPRA NTA Reconciliation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities[1]
(+/-) Fair value measurements of derivative financial instruments, net[2]
(-) Intangible assets and goodwill
(+) Real Estate Transfer Tax[1]
(=) (A) EPRA NTA
(B) Basic number of shares including in-the-money dilution effects (in thousands)
(=) (A/B) EPRA NTA per share

(1) excluding deferred tax liabilities on non-core assets, assets held for sale and development rights in Germany, including deferred tax liabilities on derivatives
(2) not including net change in fair value of derivative financial instruments related to currency effect

Reconciliation of the Net Disposal Value according to EPRA (EPRA NDV)

The Net Disposal Value measure is meant to provide stakeholders with the net asset value in the scenario that all assets are disposed and/or liabilities are not held until maturity. In this measure of net asset value, deferred tax liabilities, fair value measurements of financial instruments and certain other adjustments are considered to the full extent of their liabilities, without including any optimisation of real estate transfer tax.

Accordingly, to arrive at the EPRA NDV the starting point is the *Equity attributable to the owners of the Company* and includes the *Net fair value of debt.* The adjustment is the difference between the market value of debt and book value of debt. To arrive at the *EPRA NDV* per share the *EPRA NDV* is divided by the *Basic number of shares including in-the-money dilution effects (in thousands).*

EPRA NDV Reconciliation
Equity attributable to the owners of the Company
(+/-) Net fair value of debt
(=) (A) EPRA NDV
(B) Basic number of shares including in-the-money dilution effects (in thousands)
(=) (A/B) EPRA NDV per share

EPRA Earnings

The EPRA Earnings indicator is intended to serve as a key indicator of the underlying operational profits for the year in the context of a real estate company, intended to measure the extent to which the Company's dividend distribution is covered by its operational income. GCP computes EPRA Earnings by excluding from its IFRS Earnings, *Property revaluations and capital gains, Result on the disposal of buildings, Changes in the fair value of financial assets and liabilities (net), Deferred tax expenses, its Share of profit from investment in equity-accounted investees, Contribution to minorities and adding the Contribution from joint ventures.* To arrive at the *EPRA Earnings per share* the *EPRA Earnings* is divided by the *Weighted average number of ordinary shares (basic) in thousands.*

GCP also provides a reconciliation of the EPRA Earnings to the FFO I, another widely-recognized and key performance measure, as it believes it to be a better measure of recurring operational profits and given that its dividend payout policy is based on the FFO I, supporting its importance and relevance.

EPRA Earnings Reconciliation
EPRA Earnings
Earnings per IFRS income statement
Excluding:
(+/-) Property revaluations and capital gains
(+/-) Result on the disposal of buildings
(+/-) Change in fair value of financial assets and liabilities, net
(+) Deferred tax expenses
(+/-) Share in profit from investment in equity-accounted investees
(+/-) Contribution from joint ventures
(+/-) Contribution to minorities
(=) (A) EPRA Earnings
(B) Weighted average number of ordinary shares (basic) in thousands
(=) (A/B) EPRA Earnings per share

Bridge to FFO I
Excluding:
(+) Depreciation
(+) Finance-related costs
(+/-) Other adjustments
(-) Adjustment for perpetual notes attribution
(=) (C) FFO I
(D) Weighted average number of ordinary shares (basic) in thousands, including impact from share-based payments
(=) (C/D) FFO I per share

EPRA Loan-To-Value (EPRA LTV)

The EPRA Loan-To-Value (EPRA LTV) is a key metric which aims to assess the leverage of the shareholder equity within a real estate company. The main difference between the EPRA LTV and the Company calculated LTV metric is the wider categorization of liabilities in EPRA gross debt and assets in EPRA net assets with the largest impact coming from the inclusion of the perpetual notes as debt. The *EPRA LTV* is calculated by dividing the *EPRA Net debt* by *EPRA Net Assets. EPRA Net debt* is composed of *EPRA Gross Debt* subtracted by *Cash and liquid assets*. *EPRA Gross Debt* is calculated from *Total financial debt* which is the sum of the current and non-current portions of *Loans and borrowings*, *Convertible Bonds, Straight Bonds* and adds to this *Foreign currency derivatives, Equity attributable to perpetual notes investors,* and *Net Payables* (if applicable). *EPRA Net Assets* is calculated by adding together *Owner-occupied property, Investment property* and *Investment properties of assets held-for-sale* (each excluding right-of-use assets), *Intangible assets, Financial Assets* and *Net receivables* (if applicable).

Net receivables or *Net payables* are *Payables* net of *Receivables*, and whichever item is greater is applicable to the calculation.

Additional items which are included in the calculation, but are currently not applicable to GCP include *Share of net debt of joint ventures* (in EPRA Gross Debt), *Share of Investment properties of joint ventures* (in EPRA Gross Assets), and the *Net minority impact of material minorities* (applicable to both assets and liabilities) which would be added to the EPRA LTV calculation if applicable.

EPRA Loan-To-Value (EPRA LTV) Calculation
(+) Total financial debt[1]
(+) Foreign currency derivatives
(+) Equity attributable to perpetual notes investors
(+) Net Payables[3]
(=) EPRA Gross Debt
(-) Cash and liquid assets[1]
(=) (A) Net debt
(+) Owner-occupied property
(+) Investment property[2]
(+) Investment properties of assets held-for-sale[2]
(+) Intangible assets
(+) Financial assets
(+) Net receivables[3]
(=) (B) EPRA Net Assets
(=) (A/B) EPRA LTV

(1) Including balances held-for-sale
(2) Including advance payments and deposits and excluding right of use assets
(3) Net receivables to be used when receivables are greater than payables and net payables to be used when payables are greater than receivables.

EPRA Net Initial Yield (NIY) and EPRA, topped-up‘ NIY

The EPRA Net Initial Yield (NIY) is intended to serve as a standardised portfolio valuation indicator. It is calculated by subtracting the passing non-recoverable operating costs from the passing net rental income as of the end of the period, and dividing the result by the fair value of the full property portfolio (including held-for-sale properties and inventories – trading properties) plus an allowance for estimated purchasers' costs. EPRA 'topped-up' NIY is an additional calculation that factors into consideration the effects of rent-free periods and other lease incentives.

The fair value of the full property portfolio is the sum of *investment property, share of investment properties in equity accounted investees, investment properties from assets held for sale as well as the inventories - trading properties.* Properties classified as development rights & invest are subtracted, as these are non-income generating assets and therefore not relevant to the NIY calculation. In addition, this sum is grossed up with an *allowance for estimated purchaser's cost.* The *annualised net rental income* is arrived by subtracting *non-recoverable property operating costs* based on cost margins for comparability.

EPRA NIY and 'topped-up' NIY reconciliation

EPRA Net Initial Yield (NIY) and EPRA 'topped-up' NIY
(+) Investment property
(+) Investment properties – share of JV
(+) Investment properties of assets held for sale
(+) Inventories - trading properties
(-) Classified as development rights & invest
(=) Complete property portfolio
(+) Allowance for estimated purchasers' costs
(=) (A) Gross up complete property portfolio valuation
(+) End of period annualised net rental income[1]
(-) Operating costs[2]
(=) (B) Annualised net rent, after non-recoverable costs
(+) Notional rent expiration of rent-free periods or other lease incentives
(=) (C) Topped-up net annualised rent
(=) (B/A) EPRA NIY
(=) (C/A) EPRA "topped-up" NIY

(1) including net rental income from assets held for sale and GCP's share in equity-accounted investees
(2) to reach annualised operating costs, cost margins were used for each respective period

EPRA Vacancy rate

EPRA Vacancy rate is a key disclosure that provides for the comparable and consistent reporting of vacancy across companies. EPRA Vacancy rate is expressed as a percentage, being the *Estimated Rental Value (ERV) of vacant space* divided by the *annualised rental value of the portfolio, including vacancy rented at ERV, for a given month.*

EPRA Vacancy rate reconciliation

(A) ERV of vacant space, for a given month
(B) annualised rental value of the portfolio, including vacancy rented at ERV, for a given month
(=) (A/B) EPRA Vacancy rate

EPRA Cost Ratios

EPRA Cost Ratio is a key measure to enable meaningful measurement of the changes in a company's operating costs as well as comparability between companies. EPRA Costs (including direct vacancy costs) is the sum of non-recoverable *operational expenses, maintenance and refurbishment, administrative expenses* and the *share of expenses from investments in equity accounted investees* related to the above. EPRA Costs (excluding direct vacancy costs) eliminate direct vacancy costs from the EPRA Costs (including direct vacancy costs).

EPRA Cost Ratios reconciliation

EPRA Cost Ratios
(+) Property operating expenses, net
(+) Maintenance and refurbishment
(+) Administrative and other expenses
(+) Share of expenses from investments in equity accounted investees*
(=) (A) EPRA Costs (including direct vacancy costs)
(-) Direct vacancy costs
(=) (B) EPRA Costs (excluding direct vacancy costs)
Revenue
(-) Operating and other income
(+) Share of net rental income from equity-accounted investees
(=) (C) Rental income, net
(=) (A/C) EPRA Cost Ratio (including direct vacancy costs)
(=) (B/C) EPRA Cost Ratio (excluding direct vacancy costs)

* including share of operating expenses recovered from tenants

EPRA capital expenditure

The EPRA capital expenditure disclosure is based on EPRA guidelines, which aims to provide a detailed analysis of the Company's capital expenditures.

Acquisitions represent the amount spent for the purchase of investment properties including capitalized transaction costs.

Pre-letting modifications and others refer to costs related to snagging and the final preparation of new buildings as well as re-opening of converted/refurbished buildings prior to leasing.

Repositioning Capex comprise of costs involved in improving the long-term asset quality.

Modernisation refers to capex carried on a targeted basis aimed at further improving the quality of the portfolio and increasing rents.

EPRA capital expenditure
(+) Acquisitions
(+) Pre-letting modifications and others
(+) Repositioning Capex
(+) Modernisation
(=) EPRA capital expenditure

Berlin


Frankfurt


Dresden

RESPONSIBILITY STATEMENT

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

DISCLAIMER

The financial data and results of the Group are affected by financial and operating results of its subsidiaries. Significance of the information presented in this report is examined from the perspective of the Company including its portfolio. In several cases, additional information and details are provided in order to present a comprehensive representation of the subject described, which in the Group's view is essential to this report.

Luxembourg, 13 March 2024

Christian Windfuhr
Chairman and member
of the Board of Directors

Simone Runge-Brandner
Member of the
Board of Directors

Markus Leininger
Member of the
Board of Directors

To the Board of Directors of
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L-1840 Luxembourg
Grand Duchy of Luxembourg

INDEPENDENT LIMITED ASSURANCE REPORT

We were engaged by the Board of Directors (the "Management") of Grand City Properties S.A. ("the Company") to report on the Company's statements and indicators (the "sustainability disclosures information") that are disclosed in the Company's Non-Financial Report 2023 (the "Report"), for the selected ESG topics and KPIs related to the year 2023, as listed in Appendix I:

- Energy and Carbon Emissions
- Environmental Compliance
- Diversity and Equality
- Employment and Skills

in the form of an independent limited assurance conclusion as to whether the sustainability disclosures information is prepared and presented in all material respects in accordance with EPRA Sustainability Best Practices Recommendations ("EPRA SBPR") Guidelines dated September 2017, and the EU Regulation 2020/852 on EU Taxonomy for Sustainable activities (Article 8) (the "Criteria").

Responsibilities of the Management of the Company

Management of the Company is responsible for the preparation and presentation of the sustainability disclosures information as reported in the Report in accordance with the Criteria. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the sustainability disclosures information.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the sustainability disclosures information as reported in the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibility is to examine the sustainability disclosures information as described in the Report and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Boards as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises (hereafter "IRE").

That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability disclosures information as reported in the Report is properly prepared and presented in all material respects in accordance with the Criteria and is free from material misstatement.

Our firm applies International Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements" ("ISQM 1"), as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF) and accordingly, maintains a comprehensive system of quality control including the design, implementation and operation of a system of quality management of audits or reviews of financial statements, or other assurance and related services engagements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as adopted for Luxembourg by the CSSF, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Summary of work performed

A limited assurance engagement on the sustainability disclosures information as described in the Report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate, with relation to the sustainability disclosures information as described in the Report.

- Conducting media search for references to the Company during the reporting period;
- Obtaining and reading the Company's policies and processes to address sustainability matters and reporting;
- Inquiries and inspection of the processes for determining the Report content and related controls implemented;
- Interviews with relevant staff responsible for providing and preparing the information in the Report, inquiries and inspection of the related controls implemented and methodologies used;
- Confirmation of alignment of the content and structure of the sustainability statement with the Criteria.

The assurance procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. A limited assurance engagement involves performing procedures to obtain sufficient appropriate evidence to give assurance over the matters identified for our report. The assurance procedures selected depend on our judgment, the suitable criteria including our assessment of the risk of material misstatement in the sustainability disclosures information as reported in the Report, whether due to fraud or error.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the sustainability disclosures information nor of the underlying records or other sources from which the information was extracted.

The limited assurance opinion expressed in this report has been formed on the above basis.

Inherent limitations

Our assurance work was limited to examining the relevant documents that were made available by Management. Other than as described in the assurance procedures above, we were not required to, nor have we, verified the accuracy or completeness of the underlying data from which the Report, provided by the client, has been prepared.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a sample basis.

Our assurance work did not include:

- Procedures to verify the sustainability disclosures information related to another period than for the year ended 31 December 2023.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that causes us to believe that the sustainability disclosures information as reported in the Report are not prepared and presented in all material respects, in accordance with the Criteria.

Restriction of Use of Our Report

Our report is solely for the purpose set forth in the above objective and is not to be used for any other purpose. Our report is solely for the use of the Management and, through the Company's website, the investors of the Company ("the Investors"). The Investors can rely upon the Report at their own risks. We do not owe any duty to the Investors, whether in contract or in tort or under statute or otherwise (including in negligence) with respect to or in relation to the Report. Investors will not bring any actions, proceedings or claims against KPMG Audit S.à r.l. where the action, proceeding or claim in any way relates to or concerns the use of or reliance on the Report. We cannot be held liable to Investors for any direct nor indirect loss or damage suffered or costs incurred by them, arising out of or in connection with the use or the Report, however such loss or damage is caused.

It might not be translated, summarised, disclosed, published or transmitted electronically for any other purposes, without our prior consent.

We will agree with you the basis and timing of communications in order to communicate any matters raised during our assignment that we believe to be both important and relevant.

Luxembourg, 13 March 2024

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

Alessandro Raone
Réviseur d'entreprises agréé

APPENDIX I: ESG TOPICS AND KPIS

The ESG Topics and KPIs considered for the assurance conclusion are listed below "(Environmental impacts (EPRA code))":

- **Energy and Carbon Emissions**
  - Electricity (Elec-Abs, Elec-LfL)
  - Fuel (Fuel-Abs, Fuel-LfL)
  - District Heating & Cooling (DH&C-Abs, DH&C LfL)
  - Energy Intensities (Energy-Int)
  - Greenhouse Gas Emission Scope 1 (GHG-Dir-Abs, GHG-Dir-LfL)
  - Greenhouse Gas Emissions Scope 2 and Scope 3 (GHG-Ind-Abs, GHG-Ind-Lfl)
  - Greenhouse Gas Emissions Total
  - Greenhouse Gas Emissions Intensity (GHG-Int)
- **Environmental Compliance**
  - Buildings with Mandatory Certificates / EPCs (Cert-Tot)
- **Diversity & Equality**
  - Gender Diversity of Board, Management, Employees (Diversity-Emp)
  - Gender Pay Ratios for the Board, Management, Employees (Diversity-Pay)
- **Employment & Skills**
  - Training Hours Per Employee (Emp-Training)
  - Employees receiving performance appraisals (Emp-Dev)
  - % New Hires and % Leavers (Emp-Turnover)

These ESG Topics and KPIs are highlighted in the Report with a tick mark.

Leipzig

Berlin

02

Consolidated financial statements

› CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	For the year ended 31 December 2023	2022
		€'000	
Revenue	6	**607,741**	**582,505**
Property revaluations and capital gains (loss)	7	(890,017)	117,761
Property operating expenses	8	(279,050)	(266,287)
Administrative and other expenses	9	(10,906)	(10,689)
Depreciation and amortisation	14	(9,323)	(10,488)
Operating profit (loss)		**(581,555)**	**412,802**
Finance expenses	10.1	(56,814)	(46,914)
Other financial results	10.2	(86,088)	(137,133)
Profit (loss) before tax		**(724,457)**	**228,755**
Current tax expenses	11.2	(40,865)	(39,120)
Deferred tax (expenses) income	11.3	127,254	(10,532)
Profit (loss) for the year		**(638,068)**	**179,103**
Profit (loss) attributable to:			
Owners of the Company		(547,507)	129,214
Perpetual notes investors		33,700	24,750
Non-controlling interests		(124,261)	25,139
		(638,068)	**179,103**
Net earnings (loss) per share attributable to the owners of the Company (in euro):			
Basic earnings (loss) per share	12.1	(3.18)	0.77
Diluted earnings (loss) per share	12.2	(3.17)	0.76

› CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December	
	2023	2022
	€'000	
Profit (loss) for the year	**(638,068)**	**179,103**
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss in subsequent periods, net of tax:		
Gains (loss) on owner-occupied property revaluation	(5,087)	10,974
Items that may be reclassified to profit or loss in subsequent periods, net of tax:		
Foreign currency translation, net of investment hedges of foreign operations	16,244	(32,855)
Cash flow hedges and cost of hedging	(14,604)	8,998
Total other comprehensive loss for the year, net of tax	**(3,447)**	**(12,883)**
Total comprehensive income (loss) for the year	**(641,515)**	**166,220**
Total comprehensive income (loss) attributable to:		
Owners of the Company	(550,529)	114,676
Perpetual notes investors	33,700	24,750
Non-controlling interests	(124,686)	26,794
	(641,515)	**166,220**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023	2022
		€'000	
ASSETS			
Investment property	15	8,629,083	9,529,608
Owner-occupied property	14	47,577	(*)54,720
Equipment	14	10,561	(*)11,486
Intangible assets and goodwill	14	5,790	11,002
Advance payments and deposits		20,770	20,760
Derivative financial assets	26	48,076	53,814
Other non-current assets	13	249,794	262,094
Deferred tax assets	11.3	65,989	53,774
Non-current assets		**9,077,640**	**9,997,258**
Cash and cash equivalents		1,129,176	324,935
Financial assets at fair value through profit or loss		101,307	102,429
Trade and other receivables	16	391,076	353,125
Derivative financial assets	26	23,307	9,390
Assets held-for-sale	24.2	195,641	344,191
Current assets		**1,840,507**	**1,134,070**
Total assets		**10,918,147**	**11,131,328**
EQUITY			
Share capital	17.1	17,619	17,619
Treasury shares	17.3	(83,226)	(83,872)
Share premium and other reserves	17.4/17.5	260,298	258,609
Retained earnings		3,282,936	3,828,417
Total equity attributable to the owners of the Company		**3,477,627**	**4,020,773**
Equity attributable to perpetual notes investors	17.7	1,236,693	1,227,743
Total equity attributable to the owners of the Company and perpetual notes investors		**4,714,320**	**5,248,516**
Non-controlling interests	17.8	515,789	665,639
Total equity		**5,230,109**	**5,914,155**

(*) reclassified

› CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2023	2022
		€'000	
LIABILITIES			
Loans and borrowings	19.1	862,619	318,772
Straight bonds	19.2	3,270,975	3,612,105
Derivative financial liabilities	26	38,931	37,092
Other non-current liabilities	21	199,747	151,868
Deferred tax liabilities	11.3	662,034	788,605
Non-current liabilities		**5,034,306**	**4,908,442**
Current portion of long-term loans	19.1	9,808	4,508
Bond redemption	19.2	288,922	-
Trade and other payables	20	253,966	225,338
Derivative financial liabilities	26	30,262	12,945
Tax payable		17,006	17,493
Provisions for other liabilities and charges	22	40,039	32,102
Liabilities held-for-sale	24.2	13,729	16,345
Current liabilities		**653,732**	**308,731**
Total liabilities		**5,688,038**	**5,217,173**
Total equity and liabilities		**10,918,147**	**11,131,328**

The Board of Directors of Grand City Properties S.A. authorised these consolidated financial statements to be issued on 13 March 2024.

Christian Windfuhr
Chairman and member of the Board of Directors

Simone Runge-Brandner
Member of the Board of Directors

Markus Leininger
Member of the Board of Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€'000	Equity attributable to the owners of the Company												
	Share capital	Treasury shares	Share premium	Cash flow hedge and cost of hedge reserves	Foreign exchange translation reserves, net	Revaluation surplus reserve, net	Other reserves	Retained Earnings	Total equity attributable to the owners of the Company	Equity attributable to perpetual notes investors	Equity attributable to owners of the Company and perpetual notes investors	Non-controlling interests	Total Equity
Balance as at 31 December 2022 (audited)	**17,619**	**(83,872)**	**322,356**	**20,101**	**(67,561)**	**4,367**	**(20,654)**	**3,828,417**	**4,020,773**	**1,227,743**	**5,248,516**	**665,639**	**5,914,155**
Profit (loss) for the year	-	-	-	-	-	-	-	(547,507)	(547,507)	33,700	(513,807)	(124,261)	(638,068)
Other comprehensive income (loss) for the year	-	-	-	(14,604)	13,607	(2,025)	-	-	(3,022)	-	(3,022)	(425)	(3,447)
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**(14,604)**	**13,607**	**(2,025)**	**-**	**(547,507)**	**(550,529)**	**33,700**	**(516,829)**	**(124,686)**	**(641,515)**
Share-based payment	-	646	504	-	-	-	(592)	-	558	-	558	-	558
Initial consolidation, deconsolidation, transactions with non-controlling interests and dividend distributions to non-controlling interests	-	-	-	-	-	-	-	2,026	2,026	-	2,026	(25,164)	(23,138)
Disposal of foreign operation	-	-	-	-	4,799	-	-	-	4,799	-	4,799	-	4,799
Payments to perpetual notes investors	-	-	-	-	-	-	-	-	-	(24,750)	(24,750)	-	(24,750)
Balance as at 31 December 2023 (audited)	**17,619**	**(83,226)**	**322,860**	**5,497**	**(49,155)**	**2,342**	**(21,246)**	**3,282,936**	**3,477,627**	**1,236,693**	**4,714,320**	**515,789**	**5,230,109**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to the owners of the Company													
€'000	Share capital	Treasury shares	Share premium	Equity component of convertible bond	Cash flow hedge and cost of hedge reserves	Foreign exchange translation reserves, net	Revaluation surplus reserve, net	Other reserves	Retained Earnings	Total equity attributable to the owners of the Company	Equity attributable to perpetual notes investors	Equity attributable to owners of the Company and perpetual notes investors	Non-controlling interests	Total Equity
Balance as at 31 December 2021 (audited)	**17,619**	**(248,009)**	**443,779**	**16,157**	**11,103**	**(39,658)**	**-**	**(23,010)**	**3,782,053**	**3,960,034**	**1,227,743**	**5,187,777**	**614,809**	**5,802,586**
Profit for the year	-	-	-	-	-	-	-	-	129,214	129,214	24,750	153,964	25,139	179,103
Other comprehensive income (loss) for the year	-	-	-	-	8,998	(27,903)	4,367	-	-	(14,538)	-	(14,538)	1,655	(12,883)
Total comprehensive income (loss) for the year	**-**	**-**	**-**	**-**	**8,998**	**(27,903)**	**4,367**	**-**	**129,214**	**114,676**	**24,750**	**139,426**	**26,794**	**166,220**
Share-based payment	-	74	-	-	-	-	-	2,356	(27)	2,403	-	2,403	-	2,403
Dividend distribution to the shareholders of the Company	-	-	(137,580)	-	-	-	-	-	-	(137,580)	-	(137,580)	-	(137,580)
Scrip dividend	-	164,063	-	-	-	-	-	-	(82,823)	81,240	-	81,240	-	81,240
Initial consolidation, deconsolidation, transactions with non-controlling interests and dividend distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	24,036	24,036
Payments to perpetual notes investors	-	-	-	-	-	-	-	-	-	-	(24,750)	(24,750)	-	(24,750)
Repayment of convertible bond	-	-	16,157	(16,157)	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2022 (audited)	**17,619**	**(83,872)**	**322,356**	**-**	**20,101**	**(67,561)**	**4,367**	**(20,654)**	**3,828,417**	**4,020,773**	**1,227,743**	**5,248,516**	**665,639**	**5,914,155**

› CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2023	2022
		€'000	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit (loss) for the year		**(638,068)**	**179,103**
Adjustments for the profit (loss):			
Depreciation and amortisation	14	9,323	10,488
Property revaluations and capital gains (loss)	7	890,017	(117,761)
Net finance expenses	10	142,902	184,047
Tax and deferred tax (income) expenses	11.4	(86,389)	49,652
Equity settled share-based payment	18.2	1,862	2,571
Change in working capital		(38,014)	(61,132)
Tax paid		(32,226)	(30,853)
Net cash provided by operating activities		**249,407**	**216,115**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and intangible assets, net	14	(2,547)	(4,533)
Acquisition of investment property, capex and advance payments, net		(114,887)	(260,263)
Disposal of investment property, net		166,292	18,484
Acquisition of investees and loans, net of cash acquired		-	(3,667)
Disposal of investees, net of cash disposed		47,215	-
Disposal of financial and other assets, net		51,723	82,290
Net cash provided (used) by (in) investing activities		**147,796**	**(167,689)**

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended 31 December	
		2023	2022
	Note	€'000	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Amortisation of loans from financial institutions	19.3	(4,417)	(3,766)
Proceeds (repayments) of loans from financial institutions and others, net	19.3	583,861	(32,560)
Payment to perpetual notes investors, net	17.7	(24,750)	(24,750)
Redemption and buy-back of straight bond and convertible bond	19.3	(83,334)	(450,000)
Transactions with non-controlling interests and dividends paid to non-controlling interests		(17,021)	(1,998)
Dividend distributed to the shareholders of the Company	17.6	-	(56,340)
Interest and other financial expenses, net	19.3	(49,035)	(47,341)
Net cash provided (used) by (in) financing activities		**405,304**	**(616,755)**
Net increase (decrease) in cash and cash equivalents		**802,507**	**(568,329)**
Change in cash and cash equivalents held-for-sale	24.2	1,763	(1,158)
Cash and cash equivalents at the beginning of the period		324,935	895,486
Effect of foreign exchange rate changes		(29)	(1,064)
Cash and cash equivalents at the end of the year		**1,129,176**	**324,935**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

1.1. INCORPORATION AND PRINCIPAL ACTIVITIES

Grand City Properties S.A. ("the Company") was incorporated in Grand Duchy of Luxembourg on 16 December 2011 as a Société Anonyme (public limited liability company). Its registered office is at 37, Boulevard Joseph II, L-1840 Luxembourg.

The Company is a specialist in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany and is complemented by a portfolio in London. The Company's strategy is to improve its properties through targeted modernization and intensive tenant management, and create value by subsequently raising occupancy and rental levels.

These consolidated financial statements for the year ended 31 December 2023 comprise the Company and its investees ("the Group" or "GCP").

1.2. LISTING ON THE FRANKFURT STOCK EXCHANGE

Since 2012, the Company's shares are listed on the Frankfurt Stock Exchange. On 9 May 2017 the Company's shares were uplisted to the Prime Standard of the Frankfurt Stock Exchange.

The Company's shares are included in the SDAX index of the Deutsche Börse.

As at 31 December 2023 the issued share capital consists of 176,187,899 shares with a par value of euro 0.10 per share, of which 3,831,666 shares with suspended voting rights are held in treasury. For additional information see note 17.3.

1.3. CAPITAL INCREASE, PERPETUAL NOTES AND BOND ISSUANCES

Since 2012, the Company undertook several capital market transactions which included the issuance of straight bonds, convertible bonds, perpetual notes and equity.

In addition, the Company established Euro Medium Term Notes Programme ("the EMTN programme"). For more information see notes notes 17 and 19.2.

1.4. GROUP RATING

As at 31 December 2023, the Group has the following credit ratings from credit rating agencies:

	S&P	Moody's (unsolicited)
Long-term corporate credit rating of the Company	BBB+ (negative outlook)	Baa1 (negative outlook)
Senior unsecured debt of the Company	BBB+ (negative outlook)	Baa1 (negative outlook)
Subordinated perpetual notes	BBB- (negative outlook)	Baa3 (negative outlook)

Since 2021 Moody's maintains its public rating the Company on an unsolicited basis.

1.5. DEFINITIONS

In these consolidated financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
Ultimate controlling party	Aroundtown SA
The parent company	Edolaxia Group Ltd
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24

2. BASIS OF PREPARATION

2.1. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Certain consolidated statement of profit or loss, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended 31 December 2022 have been reclassified to enhance comparability with 2023 figures and are marked as "reclassified".

The consolidated financial statements were authorised for issue by the Company's Board of Directors on 13 March 2024.

2.2. BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of the following:

- Financial assets at fair value through profit or loss;
- Investment properties are measured at fair value;
- Owner-occupied properties are measured at fair value;
- Derivative financial assets and liabilities;
- Assets and liabilities classified as held for sale;
- Deferred tax liability on fair value gain on investment property, owner-occupied property and derivative financial instruments.

2.3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in accordance with IFRS requires from management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on current knowledge available at that time. Actual results may differ from such estimates.

The estimates and underlying assumptions are revised on a regular basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

- **Leases**

- **Property lease classification (the Group as lessor)** - The Group has entered into property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major part of the economic life of the properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the properties, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

- **Revenue from contracts with customers**

- **Determination of performance obligations** - In relation to the services provided to tenants of investment property as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the performance obligation is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group. With respect to the sale of property, the Group concluded that the goods and services transferred in each contract constitute a single performance obligation.
- **Principal versus agent considerations (services to tenants)** - The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.
- **Determining the timing of revenue recognition on the sale of property** - The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsels in various jurisdictions. The Group has generally concluded that contracts relating to the sale of completed property are recognised at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

- **Business combinations** - The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary. When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Valuation of investment property** - The Group uses external valuation reports issued by independent professionally qualified valuers to determine the fair value of its investment properties. The fair value measurement of investment property requires valuation experts and the Company's management to use certain assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

- **Valuation of financial assets and liabilities** - Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

- **Taxes** - Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. Significant judgement is also applied for deferred tax liabilities related to the investment property. Deferred tax liabilities consider the theoretical disposal of investment properties in the form of asset deals with a tax rate applied based on the nominal rate in the jurisdiction of the property.

- **Impairment of financial assets measured at amortised cost** - When measuring expected credit loss (ECL) the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

- **Property leases - estimating the incremental borrowing rate** - The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

2.4. FUNCTIONAL AND PRESENTATION CURRENCY

The Group's consolidated financial statements are presented in euro, which is also the Company's functional currency, and rounded to the nearest thousand (€'000) unless stated otherwise.

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, liability, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group Companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates prevailing at the dates of the transactions are used. The exchange differences arising on translation for consolidation are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The Group's main foreign exchange rates versus the euro were as follows:

	EUR/GBP	EUR/HKD	EUR/CHF	EUR/JPY
As of 31 December 2023	0.869	8.631	0.926	156.330
As of 31 December 2022	0.887	8.316	0.985	140.660
Change (%)	(2.0)%	3.8%	(6.0)%	11.1%
Average exchange rate during the year	0.870	8.465	0.972	151.990

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

There were several new and amendments to standards and interpretations which are applicable for the first time in 2023, but either not relevant or do not have a material impact on the consolidated financial statements of the Group.

The following amendments were adopted for the first time in these consolidated financial statements, with effective date of 1 January 2023:

- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

  The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

  Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The definition of a change in accounting estimates was deleted.

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies**

  The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

- **Amendments to IAS 12: International Tax Reform—Pillar Two Model Rules**

  The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum topup taxes described in those rules.

  The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

  Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense related to Pillar Two income taxes.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. See also note 3.23.

3.2. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity attributed to owners of the Company.

When the Group loses control over a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests and other components of equity, and is recognised in the consolidated statement of profit or loss under ‘Property revaluation and capital gains’.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or IAS 28 Investments in Associates and Joint Ventures.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied by all entities in the Group. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

3.3. PROPERTY ACQUISITIONS AND BUSINESS COMBINATIONS

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not determined to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date. Such a transaction or event does not give rise to goodwill.

3.4. BUSINESS COMBINATIONS AND GOODWILL

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, at fair value or at the proportionate share of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

3.5. REVENUE RECOGNITION

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers:
  - Services to tenants including management charges and other expenses recoverable from tenants
  - Sale of properties

The accounting for each of these elements is discussed below:

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are capitalised to the investment property and recognised as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain ancillary services offered to tenants (i.e., customers). The consideration charged to tenants for these services includes fees and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced. The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

Sale of property

The Group enters into contracts with customers to sell properties that are either complete or under development.

The sale of completed property constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

For contracts relating to the sale of properties under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided. In such contracts, the goods and services are not distinct and are generally accounted for as a single performance obligation. Depending on the terms of each contract, the Group determines whether control is transferred at a point in time or over time.

The Group has elected to make use of the following practical expedients:

- Contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred.
- The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.
- The Group does not adjust the transaction price for the effects of significant financing component since at contract inception it is expected that the period between when the entity transfers the services to tenants and when the tenants pay for these services will be one year or less.

3.6. FINANCE INCOME AND EXPENSES AND OTHER FINANCIAL RESULTS

Finance income comprises interest income on funds invested.

Finance expenses comprise interest expense on bank loans, third party borrowings and bonds.

Other financial results represent changes in the time value of provisions, changes in the fair value of traded securities, gains or losses on derivative financial instruments, borrowing and redemption costs, loan arrangement fees, dividend income and other one-off payments.

Financial expenses are recognised as they are incurred in the consolidated statement of profit or loss, using the effective interest method.

3.7. TAXES

Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income (OCI) or in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax also includes taxes on the holding of real estate property and construction.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and liability separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognised on subsequent changes to the taxable and temporary differences.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if there is new information about changes in facts and circumstances. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

3.8. PROPERTY AND EQUIPMENT

Owner-occupied properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Equipment includes furniture, fixtures and office equipment and is measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss using the straight line method over the useful lives of each part of an item of equipment.

The annual depreciation rates used for the current and comparative periods are as follows:

	%
Furniture, fixtures and office equipment	7.33
Property	3

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated statement of profit and loss.

3.9. INTANGIBLE ASSETS AND GOODWILL

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

	%
Software	20-33

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

3.10. DEFERRED INCOME

Deferred income represents income which relates to future periods.

» **Prepayments**

The Group receives prepayments from tenants for ancillary services and other charges on a monthly basis. Once a year, the prepayments received from tenants are settled against the operating cost receivables.

» **Tenancy deposits**

Tenancy deposits are paid to ensure the tenant occupied real estate is returned in good condition. The tenancy deposits can also be used if a loss of rent occurs.

3.11. INVESTMENT PROPERTY

Investment property comprises property that is held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally properties that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

Investment property is measured initially at cost, including directly attributable expenditure such as transfer taxes, professional fees for legal services and other transaction costs.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property).

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in “Property revaluations and capital gains” in the consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, noncash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

3.12. NON-CURRENT ASSETS HELD FOR SALE

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3.13. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives right to a financial asset of one entity and a financial liability or equity instrument of another entity.

I. FINANCIAL ASSETS

i. Initial recognition and measurement

Financial assets are classified at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. See note 3.5.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

ii. Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortised cost (debt instruments)
2. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
4. Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired refer to expected credit loss model in determined impairment.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other financial results in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

Dividends on listed equity instruments are also recognised as other financial results in the consolidated statement of profit or loss when the right of payment has established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the term of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified entirely as a financial asset at fair value through profit or loss.

iii. De-recognition

Financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

iv. Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from defaults events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or when there is a breach of financial covenants by the debtor. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

II. FINANCIAL LIABILITIES

i. Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortization process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

iii. De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

III. INTERBANK OFFERED RATES (IBOR) REFORM

IBOR reform Phase 2 requires, as a practical expedient, for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform to be treated as a change to a floating rate of interest, provided the transition from IBOR to a risk-free rate (RFR) takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform. For changes that are not required by IBOR reform, the Group applies judgement to determine whether they result in the financial instrument being derecognised. Therefore, as financial instruments transition from IBOR to RFRs, the Group applies judgement to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Factors of changes that are economically equivalent include: changing the reference rate from an IBOR to a RFR; changing the reset days between coupons to align with the RFR; adding a fallback to automatically transition to an RFR when the IBOR ceases; and adding a fixed credit spread adjustment based on that calculated by the International Swaps and Derivatives Association (ISDA) or which is implicit in the market forward rates for the RFR.

IV. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

V. SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

VI. TREASURY SHARES

When shares recognised as equity are repurchased, the amount of the consideration paid including acquisition direct costs is recognized as a deduction from equity. Repurchased shares are classified as treasury shares, presented in the treasury share reserve and are not revalued after the acquisition. When treasury shares are subsequently sold or reissued, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented in the share premium.

VII. CONVERTIBLE BONDS

Convertible bonds, that can be converted to share capital at the option of the holder and the number of shares to be issued is fixed are separated into liability and equity component based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds, based on the allocation of the proceeds to the liability and equity components when the instruments are initially recognised.

On conversion, the financial liability is reclassified to equity and no gain or loss is recognised in the consolidated statement of profit or loss.

VIII. PERPETUAL NOTES

Perpetual notes have no maturity date and may be redeemed by the Company, at its sole discretion, on certain dates. The Perpetual notes are recognised as equity attributable to its holders, which forms part of the total equity of the Group. The Company may, at its sole discretion, elect to defer the payment of interest on the notes (referred to as Arrears of Interest). Arrears of Interest must be paid by the Company upon the occurrence of certain events, including but not limited to, dividends, distributions or other payments made to instruments such as the Company's ordinary shares, which rank junior to the Perpetual notes. Upon occurrence of such an event, any Arrears of Interest would be re-classified as a liability in the Group's consolidated financial statements. The deferred amounts shall not bear interest.

3.14. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swap and cross-currency swap contracts, to hedge its foreign currency risks, interest rate risks and fair value risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised commitment.
- Cash flow hedges when hedging the exposures to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ration is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedge item. Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described below:

➤ Fair value hedges

The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss.

Where the Group designates only the spot element as a hedging instrument, the forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve as time period related element and amortised to the consolidated statement of profit or loss over the hedged period.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

➤ Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI and accumulated in the hedge reserves, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The forward element is recognized in OCI and accumulated in a separate component of equity under other reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently become a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the cash flows hedge occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

- **Hedge of net investments in foreign operations**
  - The Group designates only the spot element as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve as time period related element and amortised to the consolidated statement of profit or loss over the hedged period.
  - Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the consolidated statement of profit or loss.
  - On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.
- **Interbank offered rates (IBOR) reform**

  The Group applies the temporary reliefs provided by the IBOR reform Phase 1 amendments, which enable its hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an risk-free rate (RFR). For the purpose of determining whether a forecast transaction is highly probable, the reliefs require it to be assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform. The reliefs end when the Group judges that the uncertainty arising from IBOR reform is no longer present for the hedging relationships that are referenced to IBORs. This applies when the hedged item has already transitioned from IBOR to an RFR.

3.15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flow comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity up to three months, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.16. PROPERTY OPERATING EXPENSES

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

3.17. OPERATING SEGMENTS

An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which separate financial information is available.

The Group has one reportable operating segment which refers to rental income from owned investment properties.

3.18. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

3.19. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted number of Ordinary shares outstanding during the period. Basic earnings per share only include shares that were actually outstanding during the period. Potential Ordinary shares (convertible securities such as convertible debentures, warrants and employee options) are only included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Further, potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Company.

3.20. SHARE-BASED PAYMENT TRANSACTIONS

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised 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 recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3.21. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions are recognised when there is a present obligation, either legal or constructive, vis-à-vis third parties as a result of a past event, if it is probable that a claim will be asserted, and the probable amount of the required provision can be reliably estimated. Provisions are reviewed regularly and adjusted to reflect new information or changed circumstances.

Provisions include provisions for operating and administrative liabilities, as well as accruals of interest on straight and convertible bonds which have not become payable as at the reporting date.

3.22. LEASED ASSETS

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

I) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Initially, the right-of-use assets are measured at cost and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

In addition, the Group leases properties that meet the definition of investment property. The right-of-use assets are classified and presented as part of the line item 'Investment property' in the statement of financial position and subsequently measured at fair value.

II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

The Group presents cash payments for interest portion of lease liabilities under "interest and other financial expenses, net" in the consolidated statement of cash flows.

III) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Refer to accounting policies on rental income in note 3.5.

3.23. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below, if they are expected to have an impact on the Group's financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following amendments were adopted by the EU, but not yet effective in 2023:

- **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**

  In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted and that fact must be disclosed.

  The amendments are not expected to have a material impact on the Group's consolidated financial statements.

- **Amendments to IAS 1 Presentation of Financial Statements:**

  - Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
  - Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
  - Non-current Liabilities with Covenants (issued on 31 October 2022)

  In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

  The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group's consolidated financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.


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4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2023 and 31 December 2022 on a recurring basis:

	As at 31 December 2023					As at 31 December 2022				
			Fair value measurement using					Fair value measurement using		
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	€'000									
FINANCIAL ASSETS										
Financial assets at fair value through profit or loss(*)	185,408	185,408	89,451	61,804	34,153	184,463	184,463	76,199	70,288	37,976
Derivative financial assets	71,383	71,383	-	71,383	-	63,204	63,204	-	63,204	-
Total financial assets	**256,791**	**256,791**	**89,451**	**133,187**	**34,153**	**247,667**	**247,667**	**76,199**	**133,492**	**37,976**
FINANCIAL LIABILITIES										
Derivative financial liabilities	69,193	69,193	-	69,193	-	50,037	50,037	-	50,037	-
Total financial liabilities	**69,193**	**69,193**	**-**	**69,193**	**-**	**50,037**	**50,037**	**-**	**50,037**	**-**

(*) including non-current financial assets at fair value through profit or loss, see note 13

The Group also has a number of financial instruments which are not measured at fair value in the consolidated statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments as at 31 December 2023 and 31 December 2022:

	As at 31 December 2023					As at 31 December 2022				
			Fair value measurement using					Fair value measurement using		
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	€'000									
FINANCIAL LIABILITIES										
Loans and borrowings[(1)]	872,427	878,281	-	878,281	-	323,280	289,816	-	289,816	-
Straight bonds[(2)]	3,559,897	3,197,414	3,030,389	167,025	-	3,612,105	2,813,003	2,676,781	136,222	-
Total financial liabilities	**4,432,324**	**4,075,695**	**3,030,389**	**1,045,306**	**-**	**3,935,385**	**3,102,819**	**2,676,781**	**426,038**	**-**

(1) including current portion of long-term loans
(2) including bond redemption

Fair value hierarchy

Level 1: the fair value of financial instruments traded in active markets (such as debt and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant input required to fair value of financial instrument are observable, the instrument is included in level 2.

Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flows (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of input such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments and is discussed further below.

Valuation techniques used to determine fair values:

The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted bonds are based on price quotations at the reporting date. The fair value of unquoted bonds is measured using the discounted cash flows method with observable inputs.
- There's an active market for the Group's listed equity investments and quoted debt instruments.
- For the fair value measurement of investments in unlisted funds, the net asset value is used as a valuation input and an adjustment is applied for lack of marketability and restrictions on redemptions as necessary. This adjustment is based on management judgment after considering the period of restrictions and the nature of the underlying investments.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate and foreign exchange swap and forward, collar and cap contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.


Berlin

5. ACQUISITION OF NON-CONTROLLING INTERESTS

During the year, the Group changed its holdings rates in subsidiaries without losing control. The carrying amount of the Group's interest and non-controlling interests was adjusted to reflect the changes in their relative interest in the subsidiaries, in the amount of euro 6 million and is presented in the consolidated statement of changes in equity. The results of the transactions are recognised directly in equity attributed to the owners of the Company.

6. REVENUE

	Year ended 31 December	
	2023	2022
	€'000	
Net rental income	411,313	396,041
Operating and other income	196,428	186,464
	607,741	**582,505**

The Group is not exposed to significant revenue derived from an individual customer.

During the year, approximately 77% (2022: 77%) of the Group's net rental income derive from Germany, 22% (2022: 22%) derive from the United Kingdom and 1% (2022: 1%) from other countries.

7. PROPERTY REVALUATIONS AND CAPITAL GAINS (LOSS)

	Year ended 31 December	
	2023	2022
	€'000	
Property revaluations (see note 15.1)	(881,382)	115,039
Capital gains (loss) (see note 24.1)	(8,635)	2,722
	(890,017)	**117,761**

8. PROPERTY OPERATING EXPENSES

	Year ended 31 December	
	2023	2022
	€'000	
Purchased services	(200,384)	(187,631)
Maintenance and refurbishment	(22,187)	(21,723)
Personnel expenses	(26,342)	(24,458)
Other operating costs	(30,137)	(32,475)
	(279,050)	**(266,287)**

9. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended 31 December	
	2023	2022
	€'000	
Personnel expenses	(4,441)	(4,509)
Audit and accounting costs	(2,818)	(2,856)
Legal and professional consultancy fees	(2,666)	(2,437)
Marketing and other expenses	(981)	(887)
	(10,906)	**(10,689)**

During the year, the Group recorded euro 1.7 million (2022: euro 1.9 million) and euro 1.2 million (2022: euro 1.0 million) related to audit and audit-related fees provided by KPMG audit firms and other audit firms, respectively, and less than euro 0.1 million (2022: less than euro 0.1 million) and euro 0.3 million (2022: euro 0.2 million) related to tax and consultancy services provided by KPMG audit firms and other audit firms, respectively.

10. FINANCE EXPENSES

	Year ended 31 December	
	2023	2022
	€'000	
10.1. FINANCE EXPENSES		
Finance expenses from financial institutions and third parties, net	(8,755)	(5,944)
Finance expenses from straight and convertible bonds, net	(48,059)	(40,970)
	(56,814)	**(46,914)**
10.2. OTHER FINANCIAL RESULTS		
Changes in fair value of financial assets and liabilities, net	(67,015)	(115,925)
Finance-related costs	(19,073)	(21,208)
	(86,088)	**(137,133)**

11. TAXATION

11.1. TAX RATES APPLICABLE TO THE GROUP

The Company is subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 24.94% (2022: 24.94%).

The German subsidiaries with property are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15% as of 31 December 2023 (2022: 15%), plus an annual solidarity surcharge of 5.5% (2022: 5.5%) on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). German property taxation includes taxes on the holding of real estate property.

The Cypriot subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cypriot companies is 12.5% (2022: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to defense contribution at the rate of 30% (2022: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, overseas dividend income of Cyprus tax resident companies may be subject to special defense contribution at a flat rate of 17%. In such case, this dividend income will be exempt from Cyprus income (corporation) tax. Under certain conditions, dividend income earned from Cyprus tax resident companies is exempt from special defense contribution and Cyprus income (corporation) tax.

The United Kingdom subsidiaries with property are subject to taxation under the laws of the United Kingdom. Income taxes are calculated using a federal corporate tax (that includes capital gains) of 25% for 31 December 2023 (2022: 19%).

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 27.9%.

Pillar Two legislation was enacted in several jurisdictions in which the Group operates. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between their GloBE effective tax rate per jurisdiction and a 15% minimum rate.

The Group is in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation.

11.2. CURRENT TAX IN CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31 December	
	2023	2022
	€'000	
Corporate income tax	(26,112)	(24,378)
Property tax	(14,753)	(14,742)
Charge for the year	**(40,865)**	**(39,120)**

11.3. MOVEMENT IN DEFERRED TAX ASSETS (LIABILITIES) NET

	Investment property	Owner-occupied property	Derivative financial instruments, net	Losses carried forward	Others	Total
			€'000			
BALANCE AS AT 1 JANUARY 2022	**(738,274)**	**(5,837)**	**(4,288)**	**51,412**	**(12,073)**	**(709,060)**
Credit (charge) to profit or loss for the year	(43,761)	204	29,157	1,515	2,353	(10,532)
Credit (charge) to other comprehensive income for the year	1,714	(2,063)	(27,348)	(166)	-	(27,863)
Transfers	11,611	-	-	1,013	-	12,624
BALANCE AS AT 31 DECEMBER 2022	**(768,710)**	**(7,696)**	**(2,479)**	**53,774**	**(9,720)**	**(734,831)**
Credit (charge) to profit or loss for the year	96,114	174	(7,100)	15,802	22,264	127,254
Credit (charge) to other comprehensive income for the year	(1,083)	956	6,762	139	-	6,774
Deconsolidation	1,158	-	-	(144)	-	1,014
Transfers	19,870	-	-	(3,582)	(12,544)	3,744
BALANCE AS AT 31 DECEMBER 2023	**(652,651)**	**(6,566)**	**(2,817)**	**65,989**	**-**	**(596,045)**

As at 31 December 2023 the Group has unused tax losses for which no deferred tax assets have been recognised as it is not considered probable that there will be future taxable profits available. These deferred tax assets which have not been recognised amounted to approximate euro 79 million (2022: 54 million) of which euro 10 million (2022: euro 10 million) and euro 69 million (2022: euro 44 million) are related unused tax losses that can be carried forward indefinitely and for a maximum period of 17 years, respectively.

The Group has applied the initial recognition exception on acquisitions of investment property which did not meet the definition of business combination. As at 31 December 2023, the deferred tax liabilities which have not been recognised in the consolidated financial statement of financial position amounted to euro 106 million (2022: 98 million).

11.4. RECONCILIATION OF EFFECTIVE TAX RATE

	Year ended 31 December	
	2023	2022
	€'000	
Profit (loss) before tax	(724,457)	228,755
Statutory tax rate	24.94%	24.94%
Tax computed at the statutory tax rate	(180,680)	57,051
Decrease in taxes on income resulting from the following factors:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	56,861	(27,745)
Effect of permanent differences	40,663	16,596
Others	(3,233)	3,750
Tax and deferred tax (expenses) income	**(86,389)**	**49,652**


Cologne

12. NET EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

12.1. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as of 31 December 2023 is based on the loss attributable to ordinary shareholders of euro 547,507 thousand (2022: profit euro 129,214 thousand), and a weighted average number of ordinary shares outstanding of 172,352 thousand (2022: 168,170 thousand), calculated as follows:

PROFIT (LOSS) ATTRIBUTED TO ORDINARY SHAREHOLDERS (BASIC)	Year ended 31 December 2023	2022
	€'000	
Profit (loss) for the year, attributable to the owners of the Company	(547,507)	129,214

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)	Year ended 31 December 2023	2022
	'000	
Issued ordinary shares, net of treasury shares on January 1	172,326	164,962
Share based payment	26	(*)2
Scrip dividend	-	(*)3,206
Weighted average number of ordinary shares as at 31 December	**172,352**	**168,170**
Basic earnings (loss) per share (euro)	**(3.18)**	**0.77**

(*) reclassified

12.2. DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at 31 December 2023 is based on loss attributable to ordinary shareholders of euro 547,507 thousand (2022: profit euro 129,812 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 172,633 thousand (2022: 171,591 thousand), calculated as follows:

PROFIT (LOSS) ATTRIBUTED TO ORDINARY SHAREHOLDERS (DILUTED)	Year ended 31 December 2023	2022
	€'000	
Profit (loss) for the year, attributable to the owners of the Company (basic)	(547,507)	129,214
Expense on convertible bond series F	-	598
Profit (loss) for the year, attributable to the owners of the Company (diluted)	**(547,507)**	**129,812**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)	Year ended 31 December 2023	2022
	'000	
Issued ordinary shares, net of treassury shares on January 1	172,326	164,962
Share based payment	26	(*)2
Scrip dividend	-	(*)3,206
Effect of exercise of convertible bond series F	-	3,250
Effect of equity settle share-based payment	281	171
Weighted average number of ordinary shares as at 31 December	**172,633**	**171,591**
Diluted earnings (loss) per share (euro)	**(3.17)**	**0.76**

(*) reclassified

13. OTHER NON-CURRENT ASSETS

	As at 31 December	
	2023	2022
	€'000	
Tenancy deposit[1]	46,523	43,599
Investment in other long-term assets[2]	106,075	130,429
Financial assets at fair value through profit and loss[3]	84,101	82,034
Others	13,095	6,032
	249,794	**262,094**

(1) Tenancy deposits mainly include 1-3 months net rent from the tenants which are paid at the beginning of the lease. The deposits are considered as a security payment by the tenant and the Group can use those funds mainly if the tenant has unpaid debts or causes damages to the property. Past experience shows that the majority of the leases are long-term and therefore the deposits are presented as long-term assets.

(2) Include non-current investments, long-term deposit and Group loans to minority and as a seller.

(3) investment in various equity and debt instrumnts as well as investment as minority stakes without significant influence, all connected with the real estate sector.

14. PROPERTY AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

	Owner-occupied property (*)	Furniture, fixtures and office equipment	Goodwill, softwares and other intangible assets	Total
	€'000			
COST				
Balance as at 1 January 2022	42,973	29,269	24,525	96,767
Additions, net	-	3,326	1,207	4,533
Revaluation adjustment	13,037	-	-	13,037
Transfer to held-for-sale	-	(215)	(2)	(217)
Balance as at 31 December 2022	**56,010**	**32,380**	**25,730**	**114,120**
Additions, net	-	2,474	73	2,547
Revaluation adjustment	(6,043)	-	-	(6,043)
Transfer from held-for-sale	-	(284)	-	(284)
Deconsolidation	-	(177)	-	(177)
Balance as at 31 December 2023	**49,968**	**34,392**	**25,803**	**110,163**
DEPRECIATION/AMORTISATION				
Balance as at 1 January 2022	-	16,616	9,808	26,424
Depreciation/Amortisation for the year	1,290	4,278	4,920	10,488
Balance as at 31 December 2022	**1,290**	**20,894**	**14,728**	**36,912**
Depreciation/Amortisation for the year	1,101	2,937	5,285	9,323
Balance as at 31 December 2023	**2,391**	**23,831**	**20,013**	**46,235**
CARRYING AMOUNTS				
Balance as at 31 December 2023	**47,577**	**10,561**	**5,790**	**63,928**
Balance as at 31 December 2022	**54,720**	**11,486**	**11,002**	**77,208**

(*) Owner-occupied property measured at fair value less accumulated depreciation and impairment losses and classified in accordance with the fair value hierarchy (see note 4). Since one or more of the significant inputs is not based on observable market data, the fair value measurement is included in level 3.

15. INVESTMENT PROPERTY

15.1. RECONCILIATION OF INVESTMENT PROPERTY

	2023	2022
	Level 3(*)	Level 3(*)
	€'000	
As at 1 January	**9,529,608**	**9,339,489**
Plus: investment property classified as held-for-sale	330,853	102,537
Total investment property	**9,860,461**	**9,442,026**
Acquisitions of investment property	10,079	277,668
Capital expenditure on investment property	101,049	139,647
Disposals of investment property	(314,599)	(15,762)
Fair value adjustment	(881,382)	115,039
Effect of foreign currency exchange differences	49,116	(98,157)
Total investment property	**8,824,724**	**9,860,461**
Less: investment property classified as held-for-sale	(195,641)	(330,853)
As at 31 December	**8,629,083**	**9,529,608**

(*) classified in accordance with the fair value hierarchy (see note 4). Since one or more of the significant inputs is not based on observable market data, the fair value measurement is included in level 3.

As at 31 December 2023 and 2022, the fair values of the properties are based on valuations performed by accredited independent valuers.

15.2. GEOGRAPHICAL INFORMATION

	As at 31 December	
	2023	2022
	€'000	
Investment property(*)		
Germany	6,935,405	7,845,740
United Kingdom	1,738,452	1,874,428
Others	150,867	140,293
	8,824,724	**9,860,461**

(*) including assets held-for-sale

15.3. MEASUREMENT OF FAIR VALUE

The fair value of the properties of the Group is determined at least once a year by external, independent and certified valuators, who are specialist in valuing real estate properties. As at 31 December 2023, the full portfolio of the Group has been revalued. The prime valuator, responsible for the major part of the portfolio is Jones Lang LaSalle GmbH (JLL) and is considered as one of the market leading valuators in the European real estate market. The fair value of the properties was prepared in accordance with the RICS Valuation- Professional Standards (current edition) published by the Royal Institution of Chartered Surveyors (RICS) as well as the standards contained within the TEGoVA European Valuations Standards, and in accordance with IVSC International Valuation Standard (IVS), the International Accounting Standard (IAS), International Financial Reporting Standards (IFRS) as well as the current guidelines of the European Securities and Market Authority (ESMA) based on the Market Value. This is included in the General Principles and is adopted in the preparation of the valuations reports of the valuators. Therefore, the valuation is based on internationally recognized standards.

As part of the engagement, the Company and the valuators confirm that there is no actual or potential conflict of interest that may have influenced the valuators status as external and independent. The valuation fee is determined on the scope and complexity of the valuation.

As of 31 December 2023, 97% (2022: 96%) of investment property have been valued using the discounted cash flows method, 2% (2022:1%) comparable approach and 1% (2022:3%) residual value approach.

» **Discounted cash flow (DCF) method**

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, and refurbishment. The appropriate durations are typically driven by market behaviour that is a characteristic of the class of real property.

Periodic cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses on future rents, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

The key assumptions used to determine the fair value of the investment properties under the DCF method, which account for 97% (2022: 96%) of the investment property, are further discussed below:

REGIONS	Rent growth p.a. (%)		Long-term vacancy rate (%)		Discount rate (%)		Capitalization rate (%)	
	As of 31 December		As of 31 December		As of 31 December		As of 31 December	
	2023	2022	2023	2022	2023	2022	2023	2022
	Range (weighted average)							
NRW	1.2 - 2.4 (1.9)	1.1 - 3.0 (1.7)	0.6 - 3.0 (2.3)	0.5 - 3.0 (2.7)	3.4 - 9.0 (5.3)	3.3 - 8.3 (4.8)	2.1 - 7.5 (4.0)	2.0 - 7.2 (3.6)
Berlin	1.3 - 2.6 (2.0)	1.2 - 3.0 (2.0)	0.6 - 7.0 (3.4)	0.7 - 4.1 (2.3)	3.3 - 7.7 (5.0)	2.5 - 7.0 (4.4)	2.1 - 7.0 (3.9)	1.7 - 6.2 (3.4)
Dresden/ Leipzig/ Halle	1.2 - 2.4 (1.8)	1.0 - 3.0 (1.6)	1.0 - 6.0 (2.4)	1.5 - 4.1 (2.6)	4.5 - 8.3 (5.1)	4.0 - 8.0 (4.5)	3.0 - 6.5 (3.8)	2.6 - 5.8 (3.5)
Mannheim/ KL/ Frankfurt/ Mainz	1.2 - 2.4 (1.7)	1.4 - 3.0 (1.7)	2.0 - 5.1 (3.4)	2.0 - 3.4 (2.9)	4.5 - 7.4 (5.3)	3.9 - 6.6 (4.6)	3.0 - 6.4 (4.1)	2.7 - 5.8 (3.6)
Nuremberg/ Furth/ Munich	1.5 - 2.4 (1.8)	1.3 - 3.0 (1.6)	1.0 - 5.8 (4.2)	1.0 - 4.0 (2.7)	4.4 - 5.5 (5.0)	3.8 - 8.6 (4.5)	2.9 - 3.7 (3.4)	2.5 - 6.2 (3.1)
Hamburg/ Bremen	1.2 - 2.4 (1.8)	1.2 - 2.6 (1.7)	1.0 - 4.0 (3.1)	0.5 - 3.8 (2.7)	4.3 - 8.5 (5.4)	3.8 - 7.6 (4.8)	2.6 - 7.0 (4.4)	2.2 - 7.1 (4.1)
London	1.3 - 3.0 (2.2)	1.0 - 3.0 (2.3)	2.7 - 2.7 (2.7)	2.7 - 2.9 (2.7)	6.2 - 8.5 (6.7)	5.0 - 9.1 (6.2)	4.2 - 6.8 (4.9)	3.5 - 7.4 (4.4)
Others	0.6 - 3.0 (1.8)	0.3 - 3.0 (1.6)	0.2 - 7.8 (3.2)	0.0 - 4.0 (2.8)	4.6 - 12.0 (6.2)	4.0 - 9.3 (5.6)	3.1 - 8.3 (5.1)	2.7 - 8.3 (4.6)
Total	**0.6 - 3.0 (1.9)**	**0.3 - 3.0 (1.8)**	**0.2 - 4.6 (2.8)**	**0.0 - 4.1 (3.4)**	**3.3 - 12.0 (5.4)**	**2.5 - 9.3 (4.8)**	**2.1 - 8.3 (4.1)**	**1.7 - 8.3 (3.8)**

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.
Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Comparable approach

Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square meter (sqm).

In general, enquiries have been made of the valuers and public databases, local sales offices and recent transactions. The main components of the valuation are the location of the property, the condition of the property with its units; provision of concierge and residents facilities, provision and layout of accommodation, as well as market sentiment and how the individual units would be received by the market. The most recent sales data for individual units within the subject property and comparable evidence within the immediate area will be taken into account and adjusted by premium according to the specifics of the property and its units. The achieved market sales price per sqm will be multiplied by the area of the property to achieve the property specific market value.

The key assumptions used to determine the fair value of the investment properties under the comparable approach, which account for 2% (2022: 1%) of the investment property, are further discussed below:

Valuation Technique	Significant unobservable inputs	As of 31 December	
		2023	2022
		Range (weighted average)	
Market comparable approach	Price per sqm (in euro)	6,800 - 12,800 (10,800)	6,400 - 16,800 (11,900)

Residual value approach

The residual value assesses the various factors associated with a conversion or a new development of a property. The goal of this method is to calculate an objective value for the site, which is either undeveloped or suboptimally utilised. The residual value is determined by first calculating the net capital value of the property after completion of the planned development project. This figure is derived by subtracting the non-recoverable operating costs (e.g. maintenance and management costs) from the potential gross sale value. In order to determine the net capital value, the purchaser's costs have to be deducted. The costs for the assumed development are subtracted from the net capital value, resulting in the remainder (residuum). These costs include building fees as well as other required fees, which are necessary for the construction of a building, depending on its type of use.

The additional construction costs are also part of the total development costs. The following additional costs are common for constructions: planning, construction, official review and approval costs as well as financing required immediately for construction. The amount of additional construction costs depends on the type of building, its finishes and the location. All of the construction and additional building costs as well as other project costs including financing costs and developer's profit are subtracted from the calculated gross sale value of the completed development. The difference of the gross sale value and the development costs results in the remainder (residuum). In order to acquire the residual value, financing and additional purchasing costs for the property are deducted from this remainder. The residual value represents the amount, which an investor would spend for the development of the property under specific economic conditions.

The key assumptions used to determine the fair value of the investment properties under the residual value approach, which account for 1% (2022: 3%) of the investment property, are further discussed below:

Valuation Technique	Significant unobservable inputs	As of 31 December	
		2023	2022
		Range (weighted average)	
Residual value approach	Sale price per sqm (in euro)	3,400 – 7,500 (4,600)	3,000 - 6,200 (3,700)
	Rent price per sqm (in euro)	16.6 – 28.0 (22.3)	10.0 - 24.0 (19.8)
	Development cost per sqm (in euro)	1,300 - 3,500 (2,800)	1,000 - 4,600 (3,000)
	Developer margin (%)	7.5 – 10.0 (9.7)	9.0 - 15.0 (13.0)

Highest and best use

As at 31 December 2023, the current use of all investment property is considered the highest and best use, except for 1% (2022: 2%) of the investment properties, for which the Group determined that fair value based on the development and the sale of such properties is the highest and best use. These properties are currently being used to earn rental income, in line with the Group's business model of buying and holding investment property to earn rental income. By increasing the rental income and improving these properties, the value of these properties will grow and reach the level of properties being sold.

16. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2023	2022
	€'000	
Operating cost receivables[1]	215,594	188,346
Rent and other receivables	91,685	67,492
Prepaid expenses	8,631	7,390
Other short-term assets[2]	75,166	89,897
	391,076	**353,125**

(1) Operating costs receivables represent a right to consideration in exchange for ancillary services that the Group has transferred to tenants and other charges billed to tenants. Once a year, the operating cost receivables are settled against advances received from tenants (see note 20).

(2) Include prepayments, Group's loans as seller, as well as loans connected with future real estate transactions, short-term investment and deposits.

During the year, the Group recognised a loss allowance for expected credit losses on trade and other receivables for a total amount of euro 6,669 thousand (2022: euro 16,964 thousand).

17. EQUITY

17.1. SHARE CAPITAL

	As at 31 December			
	2023		2022	
	Number of shares	€'000	Number of shares	€'000
Authorised				
Ordinary shares of euro 0.10 each	400,000,000	40,000	400,000,000	40,000
Issued and fully paid				
Balance as at 1 January	176,187,899	17,619	176,187,899	17,619
Balance as at 31 December	**176,187,899**	**17,619**	**176,187,899**	**17,619**

17.2. AUTHORISED CAPITAL

The Company's authorised share capital as of 31 December 2023 amounts to euro 40,000,000.

17.3. TREASURY SHARES

As at 31 December 2023, the Group holds 3,831,666 (2022: 3,862,089) shares in treasury which represent 2.2% (2022: 2.2%) out of the total ordinary shares. These shares do not have voting rights.

	As at 31 December	
	2023	2022
	In thousands of shares	
As at 1 January	3,862	11,226
Scrip dividend	-	(7,360)
Share based payment	(30)	(3)
As at 31 December	**3,832**	**3,862**

17.4. SHARE PREMIUM

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

17.5. OTHER RESERVES

The other reserves include shareholder loans that have been converted to equity and therefore can be distributed at any time, and proceeds from financial instruments and share-based payments reserves which temporarily cannot be distributed.

In addition, the other reserves include results on buy-back and redemption of perpetual notes.

17.6. RESOLUTION OF DIVIDEND DISTRIBUTION

As part of the shareholders' annual meetings it was resolved upon the distribution of cash dividend for the following years:

For the year	Amount per share (in cents)	Gross amount (€'000)	Ex-date	Payment date
2014	20.00	24,344	25 June 2015	3 July 2015
2015	25.00	38,447	30 June 2016	1 July 2016
2016	68.25	112,468	29 June 2017	1 July 2017
2017	73.00	120,296	30 June 2018	17 July 2018
2018	77.35	129,002	27 June 2019	22 July 2019
2019	82.38	138,407	25 June 2020	14 July 2020
2020	82.32	136,433	1 July 2021	20 July 2021
2021	83.40	137,580	30 June 2022	19 July 2022

The Company has decided not to distribute a dividend for 2022, following the increase in macro-economic uncertainty and volatility and preserve further liquidity. See note 32.

17.7. PERPETUAL NOTES

Composition	Nominal amount outstanding	Placement date	Coupon	Next call date	Coupon as of next call date
Perpetual notes 200,000	200,000	Sep-16	6.332%	Jan-28	3.887% over five-year mid swap rate
Perpetual notes 350,000	350,000	April-18	5.901%	Oct-28	2.682% over five-year mid swap rate
Perpetual notes 700,000	700,000	Dec-20	1.5%	Jun-26	2.184% over five-year mid swap rate

Movement during 2022-2023

17.7.1. At the end of 2022, the Company announced its decision not to call the euro 200 million of perpetual notes which had its first call date in January 2023.

17.7.2. In September 2023, the Company announced its decision not to call the euro 350 million of perpetual notes which had its first call date in October 2023.

These perpetual notes are presented in the consolidated statement of financial position as equity reserve attributable to its holders, which is part of the total equity of the Group. The coupon is deferrable until payment resolution of a dividend to the shareholders. The deferred amounts shall not bear interest.

17.8 NON-CONTROLLING INTERESTS

The majority of the non-controlling interests is held indirectly by Aroundtown S.A. through a Luxembourgish minority fund.

18. SHARE-BASED PAYMENT AGREEMENTS

18.1. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

As of 31 December 2023, the Group had the following share-based payment arrangements:

» **Incentive Share plan**
On 25 June 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 management's long-term commitment to the Company's strategic targets. Main strategic targets are long-term improvement in operational and financial targets such as increasing NAV per share, FFO per share and further improvement in the Group's rating to A-.

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

Grant date	Number of shares	Weighted vesting period	Contractual life of the shares
1 January 2020 – 30 June 2027	558 thousands	2.03 years	Up to 4 years

18.2. RECONCILIATION OF OUTSTANDING SHARE OPTIONS

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

	2023	2022
	Number of shares	Number of shares
	'000	
Outstanding on January 1	434	413
Granted during the year	245	32
Exercised during the year (*)	(121)	(11)
Outstanding on 31 December	**558**	**434**

(*) of which 30 thousand (2022: 3 thousand) shares were transferred from the Company's shares held in treasury

During the year, the total amount recognised as share-based payment was euro 1,862 thousand (2022: euro 2,571 thousand). It was presented as Property operating expenses and as Administrative and other expenses in the consolidated statement of profit or loss and as share-based payment reserve in the consolidated statement of changes in equity.

19. LOANS AND BORROWINGS AND STRAIGHT BONDS

19.1. LOANS AND BORROWINGS

	Weighted average interest rate (*)	Maturity	As at 31 December	
			2023	2022
			€'000	
Non-current				
Bank loans	4.2%	2027-2082	862,619	318,772
Total non-current			**862,619**	**318,772**
Current				
Current portion of long-term loans	4.2%	2024	9,808	4,508
Total current			**9,808**	**4,508**

(*) As at 31 December 2023

All bank loans are generally non-recourse loans with the related assets serving, among others, as a security. Approx. euro 2.2 billion (2022: euro 1.2 billion) of investment properties are encumbered.

The financial covenants under the existing loan agreements include, amount others, Debt-Service Coverage Ratio (DSCR) of 105-150% and LTV of 50-70%. As at 31 December 2023, the Group is compliant with its financial covenants to the financing banks.

During the year the Group raised euro 550 million in new secured debt, repaid euro 4 million in near-term maturity bank loans and holds unused credit lines from several banks in the amount of euro 300 million with no covenants and not subject to material adverse effect clauses. See also note 32.

19.2. STRAIGHT BONDS

Composition	Note	Nominal amount outstanding	Effective coupon	Placement	Maturity	As at 31 December 2023	2022
		'000				€'000	
STRAIGHT BONDS							
Non - current							
Straight bond series E	(b)	EUR 194,400	1.50%	Apr-15	Apr-25	191,520	200,387
Straight bond series G	(b)	EUR 577,400	1.38%	Aug-17	Aug-26	570,487	590,128
Straight bond series H		EUR 255,000	2.00%	Oct-17	Oct-32	245,400	244,312
Straight bond series I	(c)	HKD 900,000	(1) 1.1725% + 6M Euribor	Feb-18	Feb-28	95,489	95,943
Straight bond series J		EUR 667,600	1.50%	Feb-18	Feb-27	663,829	662,619
Straight bond series K		CHF 125,000	0.96%	Mar-18	Sep-26	134,714	126,590
Straight bond series L	(e)	JPY 7,500,000	1.20%	Jun-18	Jun-38	45,541	51,941
Straight bond series M	(d)	EUR 47,000	(1) 1.39% + 6M Euribor	Jul-18	Jul-33	48,864	46,241
Straight bond series N		EUR 88,000	(1) 1.71% + 3M Euribor	Feb-19	Feb-39	60,111	54,793
Straight bond series O		EUR 15,000	(1) 1.68% + 3M Euribor	Feb-19	Feb-34	11,647	10,809
Straight bond series P		HKD 290,000	(1) 1.38% + 3M Euribor	Mar-19	Mar-29	29,452	28,656
Straight bond series Q						-	131,849
Straight bond series R		EUR 40,000	2.50%	Jun-19	Jun-39	39,821	39,810
Straight bond series U		EUR 80,000	0.75%	Jul-19	Jul-25	79,937	79,897
Straight bond series V	(f)	EUR 70,000	(1) 1.50%	Aug-19	Aug-34	67,816	61,796
Straight bond series W	(b)					-	203,372
Straight bond series X		EUR 1,000,000	0.125%	Jan-21	Jan-28	986,347	982,962
						3,270,975	**3,612,105**
Current							
Straight bond series Q (2)		CHF 130,000	0.57%	Jun-19	Jun-24	140,329	-
Straight bond series W (2)	(b)	EUR 148,800	1.70%	Apr-20	Apr-24	148,593	-
Accrued interest straight bonds (3)						26,303	26,757
						315,225	**26,757**
Total straight bonds and accrued interest						**3,586,200**	**3,638,862**

(1) including hedging impact
(2) presented in bond redemption in the consolidated statement of financial position
(3) presented in provisions for other liabilities and other charges in the consolidated statement of financial position

As of 31 December 2023, the weighted average interest rate on the outstanding loans, borrowings and bonds, after taking into account hedging impact, is 1.9% (2022: 1.3%).

As of 31 December 2023, the Company has maintained a euro 10 billion EMTN programme.

Movement during 2022-2023

(a) On March 2, 2022, the Company redeemed euro million 450 principal amount of convertible bond series F with 0.25% coupon (due March 2022) of which euro 186.7 million of principal amount were held by subsidiaries of Aroundtown S.A ("the ultimate controlling party").

(b) During the year, the Group bought back euro 11.2 million, euro 55.9 million and euro 22.6 million principal amount of straight bond series E, W and G respectively for a cumulative amount of euro 89.7 million.

(c) The effective coupon rate for straight bond series I until February 2023 was 1.00%; starting February 2023, 6M Euribor + 1.1725%.

(d) The effective coupon rate for straight bond series M until July 2023 was 1.70%; starting July 2023, 6M Euribor + 1.39%.

(e) The effective coupon rate for straight bond series L until April 2023 was 1.40%; starting April 2023, 1.20%.

(f) The effective coupon rate for straight bond series V until August 2024 is 1.50%; starting August 2024, 6M Euribor + 1.472%.

COVENANTS

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.

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

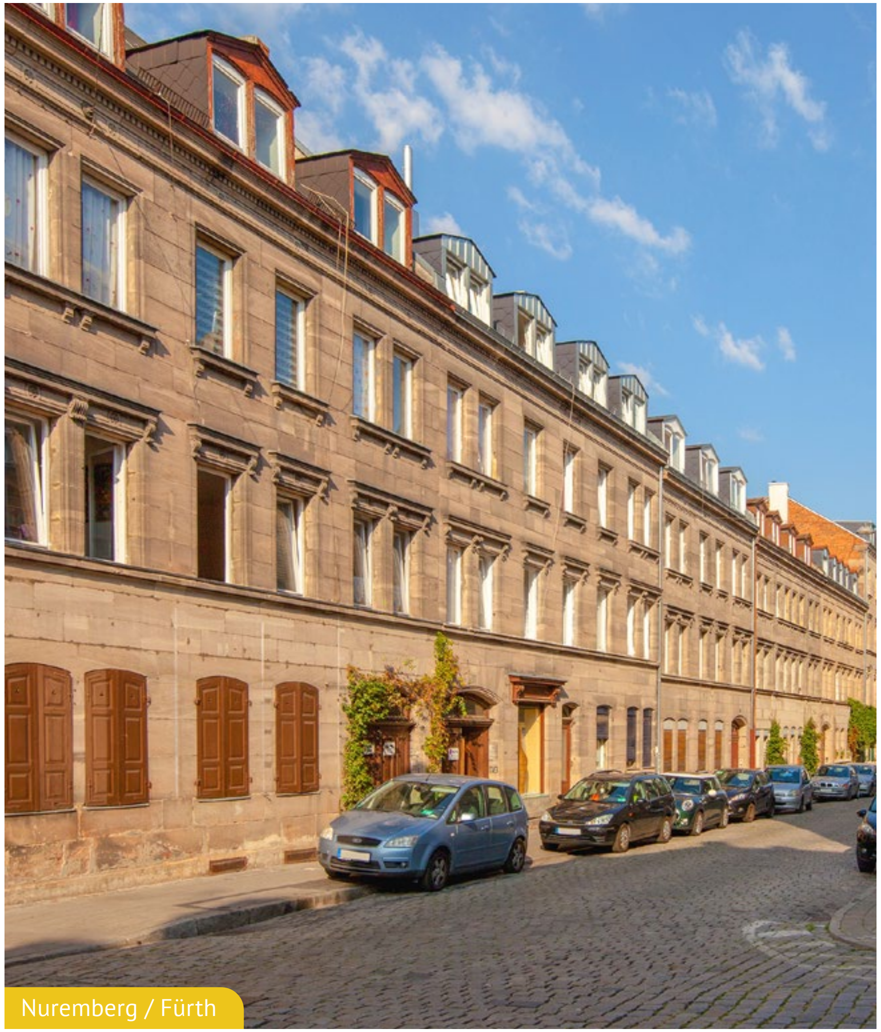
1. The Company undertakes that it will not, and will procure that none of its subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness (other than Refinancing Indebtedness) if, immediately after giving effect to the incurrence of such additional Indebtedness and the application 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, 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 consolidated interim financial statements (including the management report) of the Company, in each case as published by the Issuer Company as at the Last Reporting Date and prepared in accordance with IFRS.

As at 31 December 2023 under its outstanding bond series the Group is compliant with its financial covenants.



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19.3. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOW ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities after hedging impact, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

		Finance cash flows		Non-cash changes			
€'000	31 Dec 2022	Finance expenses paid [6]	Other cash flows[1]	Foreign exchange effect	Other non-cash[2]	Other changes[3]	31 Dec 2023
Straight bonds[4]	3,638,862	(46,295)	(83,334)	5,833	14,967	56,167	3,586,200
Loans and borrowings[5]	323,280	(15,813)	531,067	-	-	33,893	872,427
Lease liabilities	57,422	(4,066)	48,377	(380)	(269)	4,031	105,115
	4,019,564	**(66,174)**	**496,110**	**5,453**	**14,698**	**94,091**	**4,563,742**

		Finance cash flows		Non-cash changes				
€'000	31 Dec 2021	Finance expenses paid	Other cash flows[1]	Foreign exchange effect	Change in liabilities held-for-sale	Other non-cash[2]	Other changes[3]	31 Dec 2022
Convertible bond[4]	449,965	(563)	(450,000)	-	-	405	193	-
Straight bonds[4]	3,668,596	(40,179)	-	16,302	-	(46,500)	40,643	3,638,862
Loans and borrowings[5]	358,249	(3,210)	(36,326)	-	-	-	4,567	323,280
Lease liabilities	58,702	(3,389)	-	557	(58)	1,694	(84)	57,422
	4,535,512	**(47,341)**	**(486,326)**	**16,859**	**(58)**	**(44,401)**	**45,319**	**4,019,564**

(1) other cash flows include proceeds, repayment (including amortisation) from financial institutions and others, net of related derivatives.
(2) other non-cash changes include discount and issuance cost amortisation as well as fair value adjustment of bonds and remeasurement of lease liabilities.
(3) other changes include interest accruals results on early repayment of debt and results on linked derivatives, as well as equity portion of the net proceeds from the sale of convertible bond F held in treasury.
(4) including accrued interest and bond redemption. see note 19.2.
(5) including current portion of long-term loans. see note 19.1.
(6) not inculding interest received.

20. TRADE AND OTHER PAYABLES

	As at 31 December	
	2023	2022
	€'000	
Trade and other payables	60,197	55,307
Prepayments received from tenants(*)	173,539	144,252
Deferred income	11,542	10,754
Other liabilities	8,688	15,025
	253,966	**225,338**

(*) The Group receives prepayments from tenants for ancillary services and other charges on a monthly basis. Once a year, the prepayments received from tenants are settled against the operating cost receivables.

21. OTHER NON-CURRENT LIABILITIES

	As at 31 December	
	2023	2022
	€'000	
Tenancy deposits	47,884	44,154
Lease liabilities (see note 21.1)	105,115	57,422
Long-term positions with non-controlling interest and others	46,748	50,292
	199,747	**151,868**

21.1. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities of the Group as a lessee and the movements during the year:

	2023	2022
	€'000	
As at 1 January	57,422	58,702
Additions, net	48,377	-
Reclassification to held-for-sale	-	(58)
Expenses	3,417	2,251
Payments	(4,101)	(3,473)
As at 31 December	**105,115**	**57,422**

During the year, the Group entered into a finance lease agreement on a property in London and received approximately euro 50 million.

As at 31 December 2023, all lease liabilities are related to right-of-use assets accounted for as investment property.

22. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	€'000
Balance as at 1 January 2022	39,778
Movement during the year	(7,676)
Balance as at 31 December 2022	32,102
Movement during the year	7,937
Balance as at 31 December 2023	40,039

23. RELATED PARTY TRANSACTIONS

23.1. DIRECTORS AND EXECUTIVE MANAGEMENT PERSONNEL REMUNERATION

For the year ended 31 December 2023

€'000	Chairman of the Board of Directors **Christian Windfuhr**	Independent director **Markus Leininger(*)**	Independent director **Daniel Malkin(*)**	Independent director **Simone Runge-Brandner**	**Total**
Fix remuneration	85,714	25,000	56,000	112,000	278,714
Multi years fixed share incentives plan	62,880	-	-	-	62,880
Total remuneration	**148,594**	**25,000**	**56,000**	**112,000**	**341,594**

(*) On 28 June 2023 Mr Markus Leininger replaced Mr Daniel Malkin as Independent director.

Mr. Refael Zamir, the Company's CEO as of 31.12.2023, was entitled to a total remuneration of euro 1,564 thousand, of which euro 844 thousand refer to multi year fix and variable share incentive plan. The remuneration include monthly salary, annual bonus and supplementary payments based on employer cost.

Mr. Idan Hadad, the Company's CFO as of 31.12.2023, was entitled to a total remuneration of euro 318 thousand, of which euro 92 thousand refer to multi year fix and variable share incentive plan. The remuneration include monthly salary, annual bonus and supplementary payments based on employer cost.

There were no other transactions between the Group and its directors and executive management during the year. For further information on the share incentive program see note 18.

23.2. OTHER RELATED PARTY TRANSACTIONS AND BALANCES

23.2.1.

	For the year ended 31 December	
	2023	2022
	€'000	
Provided services	3,191	1,752
Purchased services	(1,194)	(500)
Payables	1,311	1,196

a. In March 2022, the Company redeemed euro million 450 principal amount of convertible bond series F with 0.25% coupon (due March 2022) of which euro 186.7 million of principal amount were held by subsidiaries of Aroundtown S.A.

b. During 2022, the Group sold financial assets to Aroundtown SA's subsidiary for a total consideration of euro 6.8 million, reflecting the market price based on quoted price as at the transaction date.

c. During 2023, the Group sold investment property to Aroundtown SA's subsidiary for a total consideration of euro 3.7 million (2022: euro 2.5 million), reflecting the fair value of the property as at the transaction date.

d. During 2023, the Group acquired investment property from Aroundtown SA's subsidiary for a total consideration of euro 3.2 million (2022: none), reflecting the fair value of the property as at the transaction date.

24. DISPOSALS

24.1. DISPOSALS OF INVESTMENT PROPERTY DURING THE YEAR

During the year, the Group disposed several investment properties and subsidiaries which held investment properties, The following table describes the amounts of assets and liabilities disposed:

	For the year ended 31 December	
	2023	2022
	€'000	
Investment property	314,599	15,762
Other assets, net	(1,104)	-
Deferred tax liabilities, net	(1,014)	-
Total net assets disposed	**312,481**	**15,762**
Non-controlling interests disposed	1,884	-
Total consideration	301,962	18,484
Profit (loss) from disposal of investment property and subsidiaries	(8,635)	2,722

24.2. ASSETS AND DISPOSAL GROUP HELD-FOR-SALE

The Group resolved an intention to sell several properties. These properties were identified by the Group as either non-core, primarily due to the location of the properties, or mature properties with lower-than-average upside potential in their current condition. The intention of the Group to dispose non-core and mature properties is part of its capital recycling plan of is following a strategic decision to increase the quality of its portfolio.

Some properties are expected to be disposed through sale of subsidiaries. Accordingly, assets and liabilities relating to these subsidiaries ("Disposal Group") and some properties which are expected to be disposed through asset deals are presented as assets held-for-sale and as liabilities held-for-sale in the consolidated statement of financial position.

Efforts to sell the properties have started and a sale is expected within twelve months. As of 31 December 2023, the Group has signed contracts to sell approximately euro 70 million of investment property. See note 32.

The major classes of assets and liabilities comprising the Disposal Group classified as held-for-sale are as follows:

	As at 31 December	
	2023	2022
	€'000	
ASSETS CLASSIFIED AS HELD-FOR-SALE		
Investment property	195,641	330,853
Cash and cash equivalents	-	1,763
Deferred tax assets	-	1,219
Other assets	-	10,356
Total assets classified as held-for-sale	**195,641**	**344,191**
LIABILITIES CLASSIFIED AS HELD-FOR-SALE		
Deferred tax liabilities	9,862	7,300
Other liabilities	3,867	9,045
Total liabilities classified as held-for-sale	**13,729**	**16,345**

25. FINANCIAL INSTRUMENTS AND RISKS MANAGEMENT

25.1. FINANCIAL ASSETS

Set out below, is an overview of financial assets, held by the Group as at 31 December 2023 and 31 December 2022:

	As at 31 December	
	2023	2022
	€'000	
FINANCIAL ASSETS AT AMORTISED COST:		
Cash and cash equivalent[1]	1,129,176	326,698
Trade and other receivables[1]	391,076	362,537
Other non-current assets[2]	165,693	180,060
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Financial assets at fair value through profit or loss[3]	185,408	184,463
Derivative financial assets[4]	6,157	9,798
Total	**1,877,510**	**1,063,556**

(1) including assets held for sale
(2) excluding non-current financial assets at fair value through profit or loss
(3) including non-current financial assets at fair value through profit or loss included in other non-current assets (see note 13)
(4) excluding derivative financial assets designated as hedging instruments in hedge relationships (see note 26)

25.2. FINANCIAL LIABILITIES

Set out below, is an overview of financial liabilities, held by the Group as at 31 December 2023 and 31 December 2022:

	As at 31 December	
	2023	2022
	€'000	
FINANCIAL LIABILITIES AT AMORTISED COST:		
Trade and other payables [1]	253,966	229,736
Tax payable	17,006	17,493
Loans and borrowings [2]	872,427	323,280
Straight bonds [3]	3,559,897	3,612,105
Accrued interest on straight bonds	26,303	26,757
Other long-term liabilities [1]	203,615	156,217
Total	**4,933,214**	**4,365,588**

(1) including liabilities held-for-sale.
(2) including current portion of long-term loan.
(3) including bond redemption

25.3. RISKS MANAGEMENT OBJECTIVES AND POLICES

As at 31 December 2023, the Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, straight bonds, trade and other payable, tax payable and non-current liabilities. The Group's principal financial assets include trade and other receivables, cash and cash equivalent and other non-current asset. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and 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.

25.3.1. MARKET RISK

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 three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by hedging long-term debt with floating rate using swap and cap contracts. For additional information see note 26.

As at 31 December 2023, after taking into account the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

	Nominal amount outstanding as at 31 December	
	2023	2022
	€'000	
Fixed rate	3,537,824	3,779,410
Capped rate	428,812	53,930
Floating rate	549,938	220,562
	4,516,574	**4,053,902**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of long-term debt affected, after the impact of hedging as of the reporting date. With all other variables held constant, the Group's profit before tax and pre-tax equity are affected through the impact on floating rate long-term debt, as follows:

	Increase/decrease in basis points	Effect on profit before tax and pre-tax equity
		€'000
2023	100	(6,624)
	-100	9,788
2022	100	(2,692)
	-100	2,745

The Group had no long-term debt for which the benchmark rate had been replaced with an alternative benchmark rate as at 31 December 2023.

FOREIGN CURRENCY RISK

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investment in foreign subsidiaries and to several straight bonds issued in a foreign currency.

The Company issued several straight bonds in different currencies and in fixed and floating interest. The Company used cross currency swap contracts to hedge the fair value risk derived from the changes in exchange rates and interest rates as explained in note 26.1.

Due to the hedging above there is no material residual foreign currency risk.

In addition, the Company used forwards and put option contracts to hedge the fair value of its net investment in foreign operation which operates in British pound (GBP) as explained in note 26.3.

EQUITY PRICE RISK

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

As at 31 December 2023, the exposure to listed equity instruments was euro 74,618 thousand (2022: euro 86,673 thousand).

25.3.2. CREDIT RISK

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.

TRADE AND OTHER RECEIVABLES

Customer credit risk is managed by the property managers subject to the Group's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision to measure expected credit loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic condition may also not be representative of customer's actual default in the future.

The Group has no significant concentration of credit risk.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 25.1.

The aging of rent receivables at the end of the reporting period that were not impaired was as follows:

	as at 31 December	
	2023	2022
	€'000	
Neither past due and past due 1-30 days	22,382	14,842
Past due 31-90 days	15,333	16,798
Past due above 90 days	5,453	3,499
	43,168	**35,139**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

FINANCIAL INSTRUMENTS AND CASH AND CASH EQUIVALENTS

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's investment in financial instruments at fair value through profit or loss consist of quoted debt and equity securities that are graded in the investment category.

The Group holds its cash and cash equivalents in high rated countries with high-rated financial institutions. Concentration risk is mitigated by limiting the exposure to a single counter party.

As at 31 December 2023, the Group has recorded euro 546 thousand (2022: 291 thousand) ECL allowance on its cash and cash equivalents.

25.3.3. LIQUIDITY RISK

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 Group 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.

The following are the remaining contractual maturities at the end of 2023 and 2022 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

		Contractual cash flows including interest					
As at 31 December 2023	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
				€'000			
FINANCIAL LIABILITIES							
Loans and borrowings[1]	872,427	1,138,825	45	42,420	43,072	43,597	1,009,691
Straight bonds[2]	3,559,897	3,848,878	18,774	289,570	312,442	739,406	2,488,686
Lease liabilities	105,115	2,635,222	-	5,074	5,074	5,074	2,620,000
Trade and other payables	253,966	253,966	42,328	211,638	-	-	-
Derivative financial liabilities[3]	26,092	35,599	2,829	26,818	5,952	-	-
Total	**4,817,497**	**7,912,490**	**63,976**	**575,520**	**366,540**	**788,077**	**6,118,377**

		Contractual cash flows including interest					
As at 31 December 2022	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
				€'000			
FINANCIAL LIABILITIES							
Loans and borrowings[1]	323,280	381,103	46	11,567	11,091	11,418	346,981
Straight bonds	3,612,105	3,956,500	17,148	19,889	361,442	318,993	3,239,028
Lease liabilities	57,422	985,806	-	3,453	3,453	3,453	975,447
Trade and other payables	225,338	225,338	37,556	187,782	-	-	-
Derivative financial liabilities[3]	10,821	24,974	-	12,544	12,430	-	-
Total	**4,228,966**	**5,573,721**	**54,750**	**235,235**	**388,416**	**333,864**	**4,561,456**

(1) including current portion of long-term loans
(2) including bond redemption
(3) foreign currency forward contracts - see note 26.3

25.3.4. OPERATING RISK

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

25.3.5. 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-Ukraine 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 to some extent 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 and are expected to continue enter 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 Invasion 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.

Inflationary environment

The COVID-19 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 recent periods pressures have eased to a certain extent, inflation remains above central bank targets. Furthermore, 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 Company is proactively informing tenants on their consumption of energy and provides information on how to reduce consumption.

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 may put further upward pressure on discount rates and cap rates if prolonged, which could consequently have a further adverse impact on the fair value of the Group's assets and share price performance.

An increase in interest rates

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. An 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 recorded on the Company's balance sheet in accordance with International Accounting Standard ("IAS") IAS 40 tends to increase in an environment of rising interest rates, which in turn could result in the 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. 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 equity 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 high 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, with temperatures rising, severe weather events such as drought, floods and wildfires occurring more frequently, changes in rainfall patterns and mean global sea levels rising, as well as increased pressures on biodiversity, among others. Consequently, climate risks have increased and environmental impacts have become more important in the decision making of investors, lenders, regulators and consumers. 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. As a result of changing climate patterns severe weather events in the Group's regions become more likely and severe, which may result in more frequent flooding or other weather-related damages. 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. However, it cannot be guaranteed that the Company correctly identifies all risks and therefore may be underinsured against such risks. Furthermore, increased occurrence of severe weather events will likely result in higher insurance premiums. In addition, increased flood risk as well as increasing sea levels put increased stress on dikes, levees and related infrastructure which will likely result in higher costs for such infrastructure which in turn may lead to higher fees and taxes to fund the increased costs, particularly impacting the Group's assets situated in regions affected by increased flood risk and/or rising sea levels. While the above-mentioned insurance costs, taxes and fees can generally be passed on to tenants through the service charges, in case of vacancies such costs are carried by the Company.

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 regulations.

As part of its Climate Action Programme 2030, the German federal government has introduced a fixed price for carbon dioxide emissions in the transport and real estate sectors as from January 2021. The price per metric ton of carbon dioxide emitted as heating or fuel emissions (CO_2 and CO_2 levy) was set at an initial price of euro 25.00 per metric ton of carbon dioxide and will, based on the current regime, gradually increase to euro 45.00 per metric ton until 2025 and increase further thereafter. On 1 January 2023 the Carbon Dioxide Cost Sharing Act came into effect, according to which the landlord will be obliged to bear part of the costs (previously carried in full by tenants). For residential buildings, a 10-step tiered model is introduced that splits the CO2 costs based on the emissions of the building. For residential buildings with a particularly poor energy balance (>=52 kg CO_2 /m^2 /a), landlords shall bear 95 percent and tenants five percent of the CO_2 costs. However, if the building meets at least the very efficient standard (EH 55; <12 kg CO_2 /m^2 /a), landlords do not have to bear any CO_2 costs. For non-residential buildings, a 50-50 solution is regulated. The CO_2 costs will be divided equally between tenant and landlord, unless another split is negotiated in the lease agreement. From 2025 a similar tiered model is planned also for non-residential buildings. The shifting of some or all of the relevant costs to landlords will have a negative effect on the Company's operating margins and financial results.

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. Some examples are Germany's Building Energy Act (GEG), which bans the installation of new oil heating systems in 2026, whereas the UK Government announced in September 2023 several coming changes to the Heat and Buildings Strategy, one notable point being delaying the banning the installation of gas boilers from 2026 now until 2035. 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. In the UK the Domestic Minimum Energy Efficiency Standard limits letting of properties with EPC ratings F or G, and although a bill for more aggressive requirements had been in the works it has since been scrapped by the government and it remains unclear whether any further requirements will be set. 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.

The increased focus of regulators and market participants has additionally resulted in increased reporting and transparency requirements for companies. Higher reporting and transparency requirements result in increased administrative hurdles and costs for the Group, negatively impacting its efficiency and financial results. 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. For example, the introduction of the CO_2 levy, minimum energy performance standards or further tightening of regulatory requirements to achieve alignment with the targets of the Paris Agreement could directly or indirectly increase the Group's costs or decrease rental income. To take on a proactive approach, the Company has developed a CO_2 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 CO_2 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, with which the Company must be fully compliant in its reporting beginning for the year 2024. 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, with the most prominent and emerging climate-related risks already integrated into the enterprise risk management system. 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.

26. HEDGING ACTIVITIES AND DERIVATIVES

The Group is exposed to certain risks relating to its ongoing business operations. The primary risks managed using derivative instruments is interest rate risk and currency risk.

The Group's risk management strategy and how it is applied to manage risk are explained in note 25.3.

		As at 31 December	
		2023	2022
		€'000	
CURRENT AND NON-CURRENT DERIVATIVE FINANCIAL ASSETS			
Derivatives that are designated as hedging instruments in fair value hedge	26.1	56,185	41,155
Derivatives that are designated as hedging instruments in cash flow hedge	26.2	8,679	-
Derivatives that are designated as hedging instruments in net investment hedge	26.3	362	12,251
Derivatives that are not designated in hedge accounting relationships	26.4	6,157	9,798
		71,383	**63,204**
CURRENT AND NON-CURRENT DERIVATIVE FINANCIAL LIABILITIES			
Derivatives that are designated as hedging instruments in fair value hedge	26.1	40,301	39,216
Derivatives that are designated as hedging instruments in cash flow hedge	26.2	2,800	-
Derivatives that are designated as hedging instruments in net investment hedge	26.3	26,092	10,821
		69,193	**50,037**

26.1. DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS IN FAIR VALUE HEDGE

As at 31 December 2023, the Group had foreign exchange rate swap agreements in place, as follows:

Hedging instrument(*)	Group receives	Group pays
	'000	
Swap	HKD 900,000	Euro 92,631
Swap	CHF 125,000	Euro 116,233
Swap	JPY 7,500,000	Euro 75,500
Swap	HKD 290,000	Euro 32,768
Swap	CHF 130,000	Euro 119,441

(*) all swaps are linked to bonds' maturity

In addition, the Group has entered into several interest rate swap agreements. For further information regarding the effective coupon rate see note 19.2.

The swaps are being used to hedge the exposure to changes in fair value of the Group's straight bonds which arise from foreign exchange rate and interest rate risks.

There is an economic relationship between the hedged items and the hedging instruments as the terms of foreign exchange rate and interest rate swaps match the terms of the hedged items as described above. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange rate and the interest rate swaps is identical to hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

The hedge ineffectiveness can arise from:

» Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments

» Differences in timing of cash flows of the hedged items and hedging instruments

» The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

	Carrying amount			
Risk category	Assets	Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	€'000	€'000		€'000
As at 31 December 2023				
Foreign exchange rate and interest rate swaps	56,185	40,301	Derivative financial assets/ liabilities	20,725
As at 31 December 2022				
Foreign exchange rate and interest rate swaps	41,155	39,216	Derivative financial assets/ liabilities	(41,200)

The impact of the hedged items on the consolidated statement of financial position is, as follows:

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	€'000		€'000
As at 31 December 2023			
Straight bonds	633,963	Straight bonds	(21,206)
As at 31 December 2022			
Straight bonds	608,618	Straight bonds	43,249

The ineffectiveness recognised in the consolidated statement of profit or loss was euro 481 (2022: 2,049) thousand.

26.2. DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS IN CASH FLOW HEDGE

As at 31 December 2023, the Company had interest rate cap agreements in place, as follows:

Hedging instruments (*)	Hedged item	Carrying amount
		€'000
Caps	Interest rate on loans and borrowings	375,300

(*) all caps are linked to bank loans' maturity.

The caps are being used to hedge the exposure to variability in cash outflows of the Group's loans which arise from interest rate risks.

There is an economic relationship between the hedged items and the hedging instruments.

The Group chose to designate the intrinsic value of the cap contracts as the hedging instrument. The terms of the hedging instruments match the terms of the hedged items as described and the Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the interest rate and the caps is identical to hedged risk component.

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk. The hedge ineffectiveness can arise from:

» Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments.

» Differences in timing of cash flows of the hedged items and hedging instruments.

» The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

Risk category	Carrying amount		Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	Assets	Liabilities		
	€'000	€'000		€'000
As at 31 December 2023				
Caps	8,679	2,800	Derivative financial assets/ liabilities	343
As at 31 December 2022				
Caps	-	-	Derivative financial assets/ liabilities	-

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	€'000		€'000
As at 31 December 2023			
Loans and borrowings	375,300	Loans and borrowings	(343)
As at 31 December 2022			
Loans and borrowings	-	Loans and borrowings	-

The hedging gains and losses recognised in OCI before tax are equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

26.3. DERIVATIVES DESIGNATED AS HEDGING INSTRUMENTS IN NET INVESTMENT IN FOREIGN OPERATION

The Group uses foreign exchange forward contracts as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

The foreign exchange forward contracts are being used to hedge the Group's exposure to the GBP foreign exchange risk on these investments. Gains or losses on the retranslation of the forward contracts are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on the forward contracts. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiaries becomes lower than the amount of the fixed rate borrowing.

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

Risk category	Notional amount outstanding	Carrying amount: Assets	Carrying amount: Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	GB£000	€'000	€'000		€'000
As at 31 December 2023					
Foreign currency forward contracts	1,315,000	362	26,092	Derivative financial assets and derivative financial liabilities	(32,568)
As at 31 December 2022					
Foreign currency forward contracts	1,565,000	12,251	10,821	Derivative financial assets and derivative financial liabilities	97,668

The impact of the hedged item on the consolidated statement of financial position is, as follows:

	Foreign currency translation reserves	Net in fair value used for measuring ineffectiveness for the year
	€'000	€'000
As at 31 December 2023		
Net investment in foreign subsidiaries	44,301	32,568
As at 31 December 2022		
Net investment in foreign subsidiaries	(106,116)	(97,668)

The hedging gains and losses recognised in OCI before tax are equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognised in profit or loss.

26.4. DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS

The Group uses interest rate swaps, collars, caps and floors to manage its exposure to interest rate movements on its bank borrowings. These derivative financial instruments are linked to the bank loans maturity.

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio (LTV), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with a LTV to remain at a target below 45%. As at 31 December 2023 and 2022 the LTV ratio was 37% and 36%, respectively, and the Group did not breach any of its financial covenants, nor did it default on any other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg

28. LEASES

The Group has entered into long-term rent agreements as a lessor of some of its investment property. The future minimum rental income receivable under non-cancellable operating leases is as follows:

	As at 31 December	
	2023	2022
	€'000	
First year	49,348	53,424
Second year	41,067	46,860
Third year	35,125	39,435
Fourth year	32,597	31,333
Fifth year	26,084	28,243
More than five years	163,416	158,654
	347,637	**357,949**

29. COMMITMENTS

As at the reporting date, the Group had several financial commitments in total amount of approximately euro 160 million (2022: euro 60 million).

30. CONTINGENT ASSETS AND LIABILITIES

The Group does not have significant contingent assets and liabilities as at 31 December 2023 and 2022.

31. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings in the Group as at 31 December 2023 and 2022 are as follows:

			As at 31 December	
	Place of incorporation	Principal activities	2023 Holding %	2022 Holding %
Significant subsidiaries held directly by the Company:				
Grandcity Property Ltd.	Cyprus	Holding of investments	94.80%	94.80%
Grand City Properties Holdings S.à r.l	Luxembourg	Holding of investments	100%	100%
Grandcity Holdings Ltd.	Cyprus	Holding of investments	100%	100%
Grand City Properties Holdings B.V.	the Netherlands	Holding of investments	100%	100%
Grandcity Towers Ltd.	Cyprus	Holding of investments	100%	100%

			As at 31 December	
	Place of incorporation	Principal activities	2023 Holding %	2022 Holding %
Significant subsidiaries held indirectly by the Company:				
Gutburg holding Limited	Cyprus	Holding of investments	100%	100%
Noeran Limited	Cyprus	Holding of investments	100%	100%
Carmiliana Limited	Cyprus	Holding of investments	100%	100%
Garnet 1 Property S.à r.l	Luxemburg	Holding of investments	100%	100%
GCP Real Estate Holdings GmbH	Germany	Holding of investments	100%	100%
Sparol Limited	Cyprus	Holding of investments	94%	94%
Garnet 2 Property S.à r.l	Luxemburg	Holding of investments	100%	100%

Significant Group entities releated to investing in real estate properties in Germany and London and their mother companies.

The holding percentage in each entity equals to the voting rights the holder has in it.

There are no material restrictions on the ability of the Group to access or use the assets of its subsidiaries to settle the liabilities of the Group.

32. EVENTS AFTER THE REPORTING PERIOD

a. After the reporting period, the Group has successfully completed the sale of Euro 30 million of investment property held-for-sale.

b. After the reporting period, the Group has signed, but not drawn yet, Euro 100 million of bank loan at 1.9% over 3m Euribor and 5 years maturity.

c. On 12 March 2024, the board of directors of the Company has decided not to recommend a dividend payment for 2023 at the Company's annual general meeting scheduled for 26 June 2024.


Berlin

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

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Grand City Properties S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group 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 consolidated financial statements, 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 consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Investment Properties

Refer to notes 15 and 24.2 to the consolidated financial statements for related disclosures.

In notes 2.3, 3.11 and 3.12 to the consolidated financial statements you find the corresponding significant accounting judgements, estimates and assumptions, and the accounting policies, respectively.

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements

As at 31 December 2023 the Group held a portfolio of investment properties with a fair value of TEUR 8,629,083 (31 December 2022: TEUR 9,529,608) and investment properties within assets classified as held for sale with a fair value of TEUR 195,641 (31 December 2022: TEUR 330,853).

The valuation of investment properties is a significant judgement area and is underpinned by a number of assumptions.

The fair value measurement of investment property is inherently subjective and requires valuation experts and the Group's management to use certain assumptions regarding discount and capitalization rates on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could cause a significant change on the resulting fair value.

The Group uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment properties.

The external valuers were engaged by management and performed their work in compliance with the Royal Institute of Chartered Surveyors Valuation – Professional Standards, TEGoVA European Valuations Standards and IVSC International Valuation Standard. The valuers used by the Group have the necessary experience of the markets in which the Group operates. In determining a property's valuation, the external valuers take into account property-specific characteristics and information such as the current tenancy agreements and rental income.

They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.

The significance of the estimates and judgments involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement in the consolidated statement of profit or loss and consolidated statement of financial position, warrants specific audit focus in this area.

b) How the matter was addressed during the audit

Our procedures over valuation of investment properties included but were not limited to the following:

- We tested the design and implementation of the key controls around the determination and monitoring of the fair value measurement of the investment properties;
- We assessed the competence, capabilities, qualifications, independence and integrity of the external valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- Through the involvement of our own property valuation specialists, on a sample basis, we assessed that the valuation approach applied by the external valuer was in accordance with relevant valuation and accounting standards and suitable for use in determining the carrying value in the consolidated statement of financial position;
- Through the involvement of our own property valuation specialists, on a sample basis, we tested the integrity, accuracy and completeness of inputs used by the external valuers, as well as appropriateness of valuation parameters used, such as discount and capitalisation rates, market rents per square meter and capital expenditure, vacancy rates, comparable price per square meter and development cost;
- Through the involvement of our own property valuation specialists, on a sample basis, we assessed the valuation process, significant assumptions and critical judgement areas by benchmarking these to external industry data and comparable property transactions, in particular the yields applied; and
- We considered the adequacy of the disclosures in the consolidated financial statements, and the Group's descriptions regarding the inherent degree of subjectivity and the key assumptions in estimates.

Other information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements 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 23 July 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 consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements 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 23 July 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 consolidated financial statements, 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 Group'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 Group'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 consolidated financial statements 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements 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 28 June 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is twelve years.

The Board of Directors’ report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Board of Directors’ report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements 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 Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2023 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Grand City Properties S.A. as at 31 December 2023, identified as 5299002QLUYKK2WBMB18-2023-12-31-en.zip, 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 consolidated financial statements of Grand City Properties S.A. as at 31 December 2023, identified as 5299002QLUYKK2WBMB18-2023-12-31-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 13 March 2024

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

Alessandro Raone
Partner