

2023

Condensed Interim Consolidated Financial Statements

For the six-month period ended 30 June





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Key Financials

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	Jun 2023	Change	Dec 2022
Total Assets	10,846,648	-3%	11,131,328
Investment Property	8,990,080	-6%	9,529,608
Cash and liquid assets (including those under held for sale)	714,033	66%	429,127
Total Equity	5,518,402	-7%	5,914,155
Loan-to-Value	36%	0%	36%
Equity Ratio	51%	-2%	53%

NAV HIGHLIGHTS

in €'000 unless otherwise indicated	EPRA NRV	EPRA NTA*	EPRA NDV
Jun 2023	4,877,986	4,267,194	4,178,073
Jun 2023 per share (in €)	28.3	24.7	24.2
Per share development	-8%	-9%	-10%
Dec 2022	5,322,769	4,655,551	4,642,313
Dec 2022 per share (in €)	30.8	27.0	26.9

* updated methodology to exclude RETT

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	6M 2023	Change	6M 2022
Net Rental Income	204,403	5%	194,586
Adjusted EBITDA	159,596	5%	152,264
FFO I	94,030	-3%	97,155
FFO I per share (in €)	0.54	-8%	0.59
EBITDA	(379,954)	-199%	385,418
Profit (loss) for the period	(401,742)	-272%	233,892
Basic (loss) earnings per share (in €)	(2.02)	-267%	1.21
Diluted (loss) earnings per share (in €)	(2.01)	-272%	1.17

London

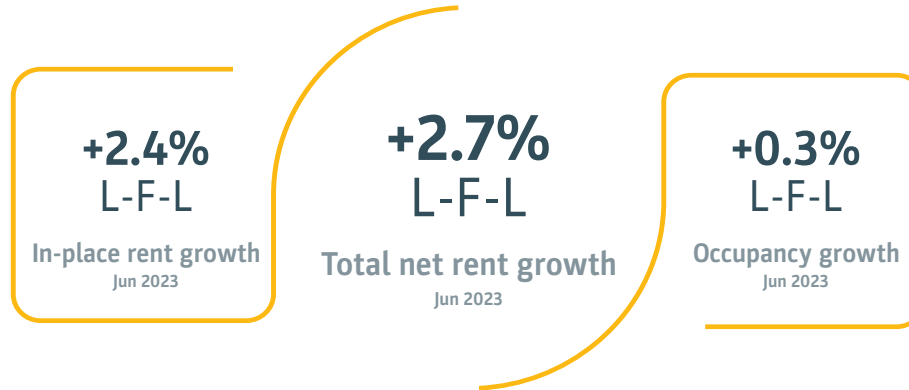


Essen

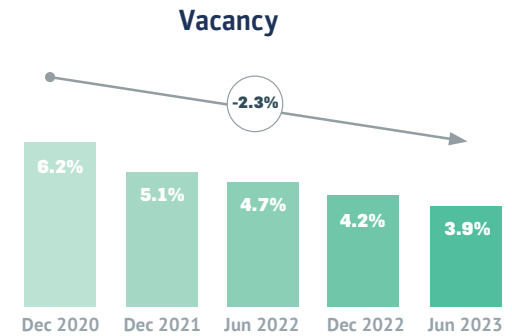
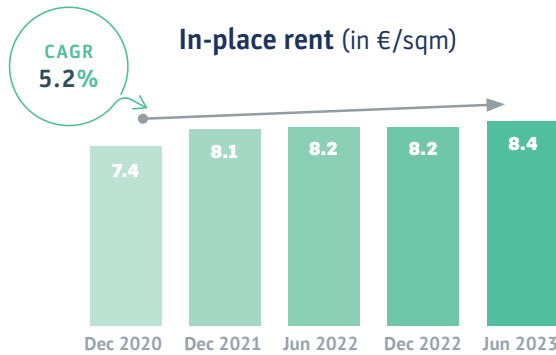
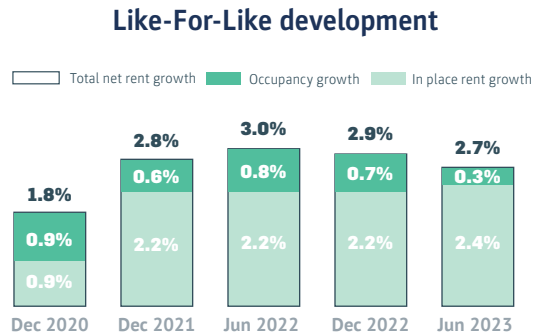


Operational Performance Highlights

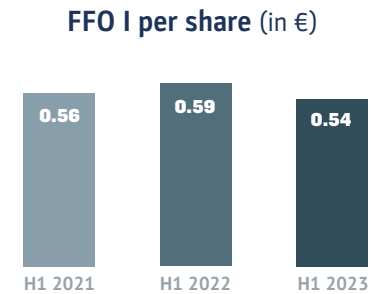
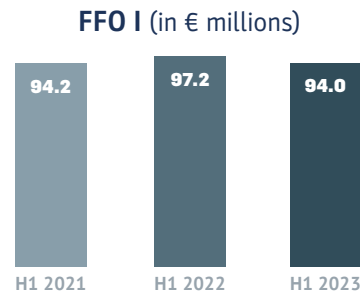
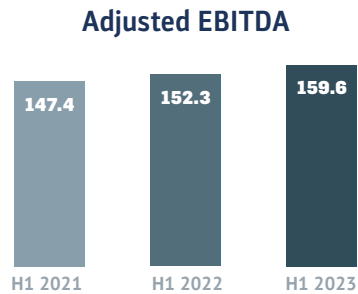
Solid Like-For-Like Rental Growth



Robust Portfolio Fundamentals



Strong Recurring Operational Profitability



Financial Profile Highlights

Well Positioned In Current Environment With High Headroom To Bond Covenants

DISPOSALS

€130m
H1 2023 SIGNED

€250m
H1 2023 CLOSED

NEW BANK FINANCING

€210m + €230m
H1 2023 SIGNED Q3 2023 SIGNED
(of which €190m drawn in H1)

€440m
TOTAL BANK FINANCING

STRONG LIQUIDITY POSITION

€714m
CASH AND LIQUID ASSETS
JUN 2023

Cash and liquid assets amount to 18% of total debt and cover debt maturities until Q2 2026, additionally supported by undrawn RCF.

LOW LOAN TO VALUE RATIO

36%
JUN 2023

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

LONG AVERAGE DEBT MATURITY

5.7 years
JUN 2023

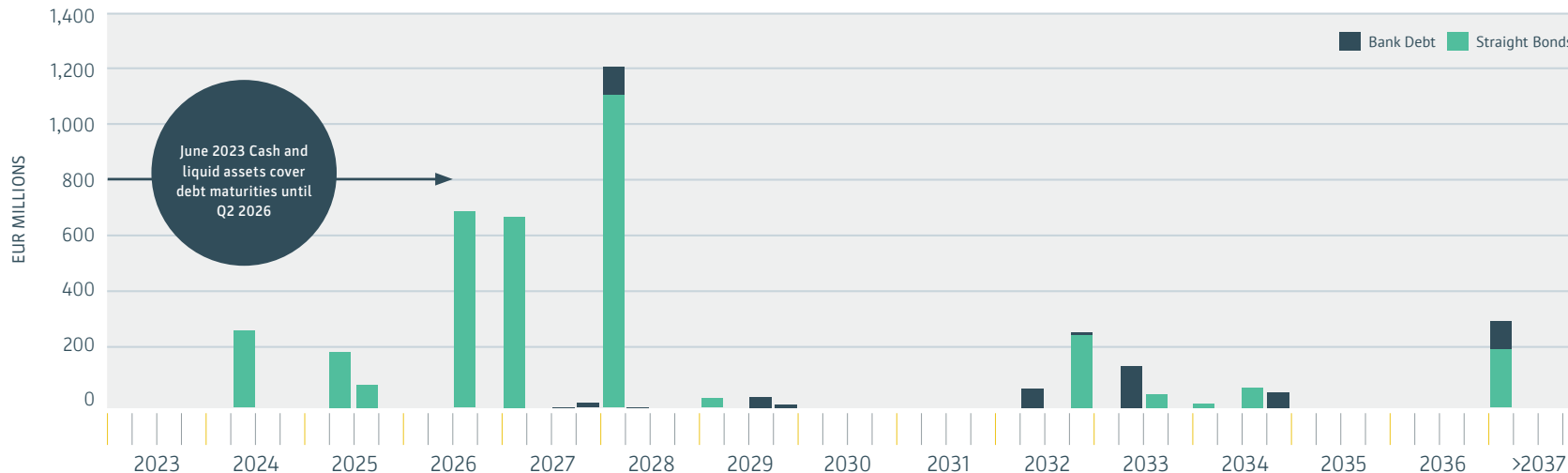
New bank debt in 2023 with average term of over 7 years. 91% of debt is fixed or interest hedged.

UNENCUMBERED ASSETS

€7.7bn
83% of value
JUN 2023

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

Debt Maturity Schedule



Strong Financial Profile Maintained

LOW COST OF DEBT

1.6%
JUN 2023

ICR

5.8x
H1 2023

CREDIT RATING S&P

BBB+
NEGATIVE
JUN 2023

The Company

Grand City Properties S.A. and its investees (the “Company”, “GCP” or the “Group”) Board of Directors (the “Board”) hereby submits the consolidated interim report as of June 30, 2023.

The figures presented in this Board of Director’s Report are based on the condensed interim consolidated financial statements as of June 30, 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 June 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.

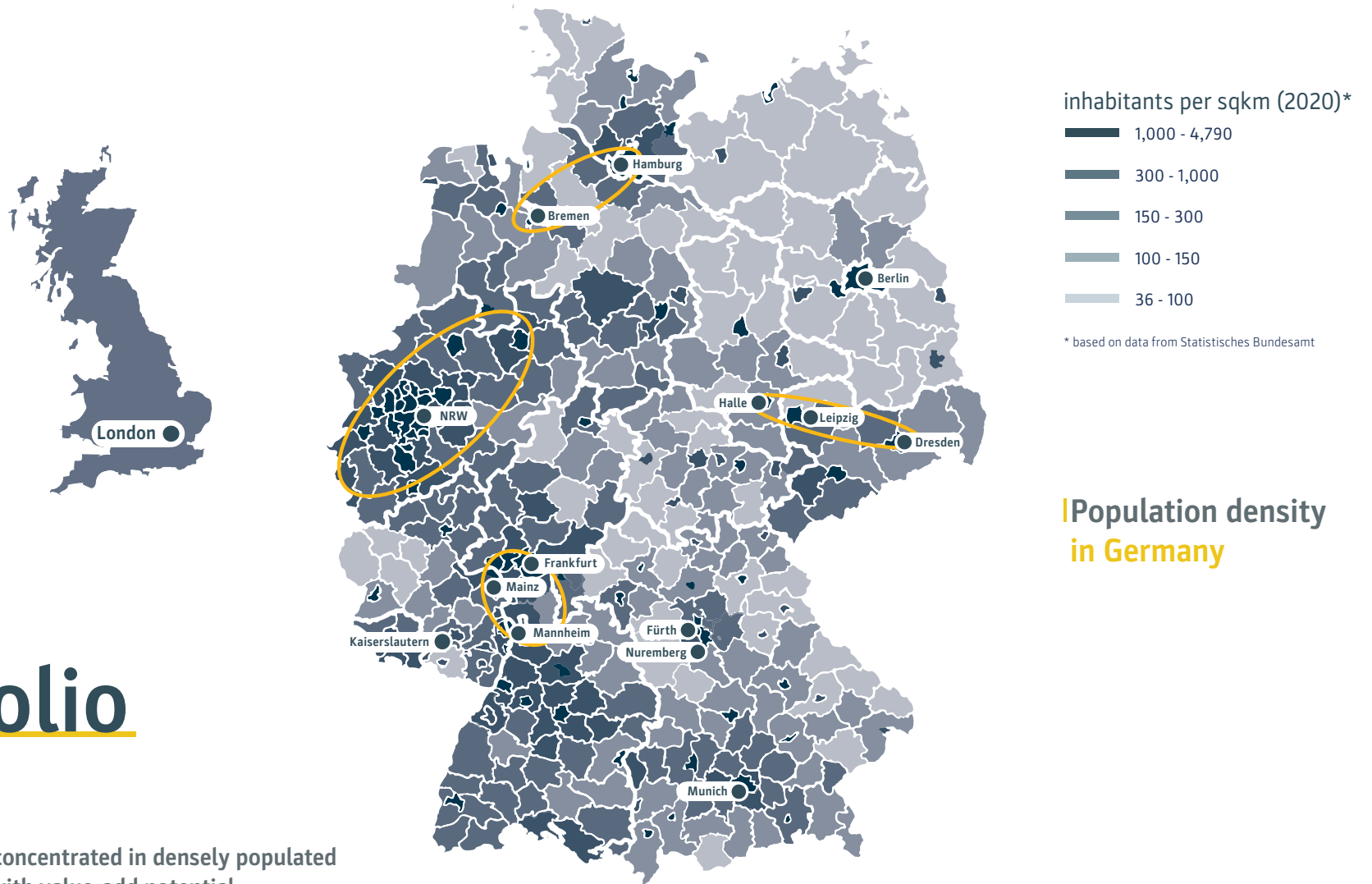
In addition, GCP’s economies of scale allow for considerable benefits of a strong bargaining position, a centralised management platform supported by centralised IT/software systems, and a network of professional connections.

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





Portfolio



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

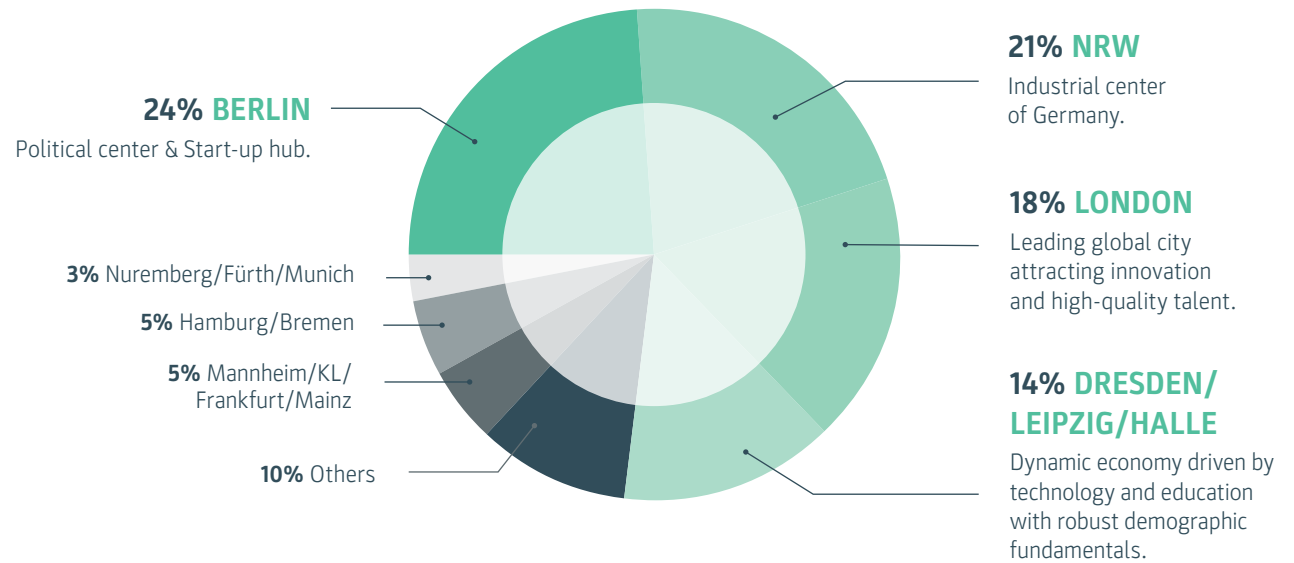
GCP's well-balanced and diversified portfolio is composed of properties in attractive micro-locations with identified value creation potential primarily located in major German cities and urban centers as well as in London.

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 24% of the portfolio being located in Berlin, 21% in NRW, 14% in the metropolitan region of Dresden, Leipzig and Halle, and 18% 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.



June 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	1,883	1,198	4.4%	92	6.4	17,541	1,572	4.9%
Berlin	2,049	619	3.9%	68	9.1	8,441	3,310	3.3%
Dresden/Leipzig/Halle	1,197	816	3.3%	55	5.8	13,997	1,468	4.6%
Mannheim/KL/Frankfurt/Mainz	412	176	2.5%	19	9.1	3,013	2,348	4.7%
Nuremberg/Fürth/Munich	305	80	5.2%	9	10.4	1,430	3,827	3.1%
Hamburg/Bremen	400	264	3.1%	22	7.0	3,996	1,511	5.4%
London	1,627	189	3.2%	80	36.0	3,553	8,599	4.9%
Others	900	677	4.8%	53	6.8	11,456	1,328	5.9%
Development rights & Invest	217							
Total	8,990	4,019	3.9%	398	8.4	63,427	2,183	4.5%

Berlin - GCP's Largest Location

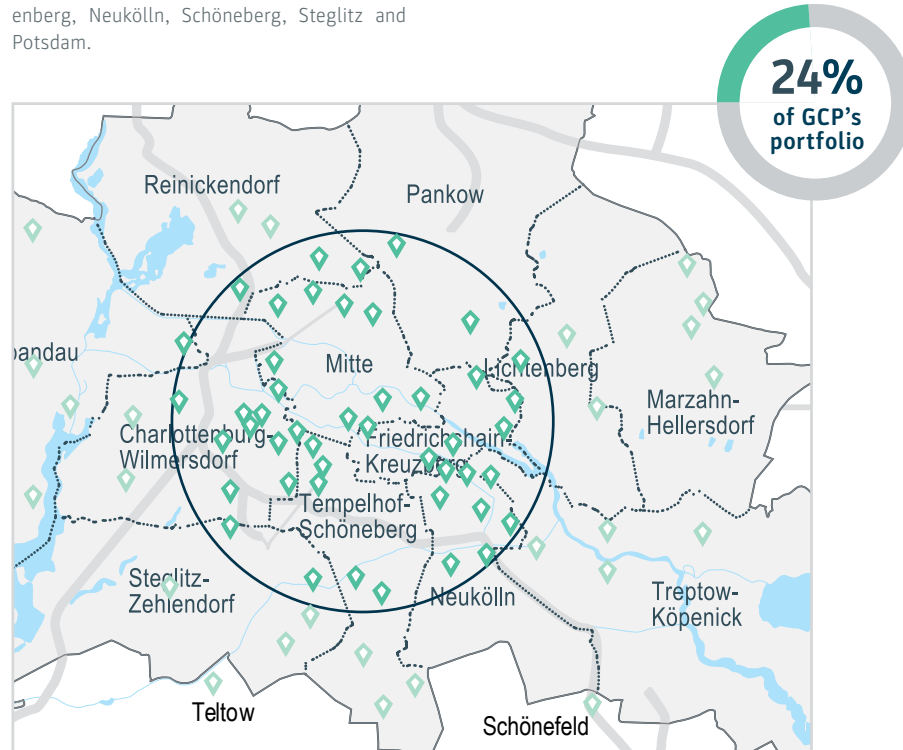
Quality locations in top tier Berlin neighborhoods

70%

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

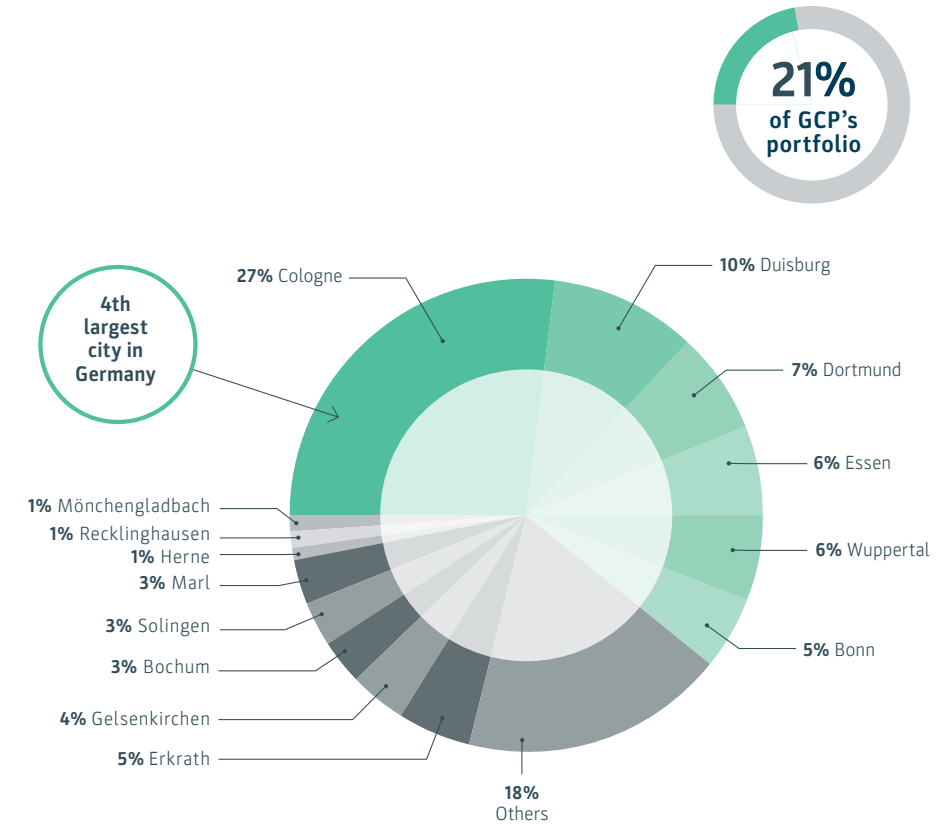
30%

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



North Rhine-Westphalia (NRW)

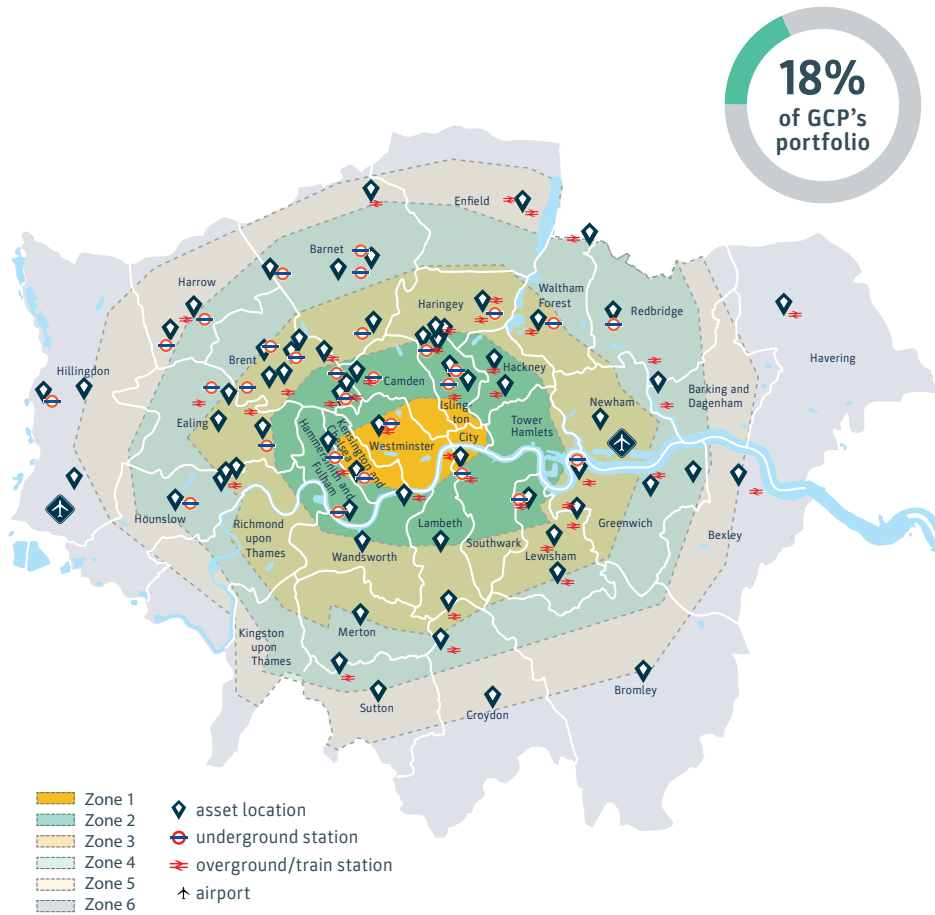
Well positioned in the largest metropolitan area in Germany



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, 7% in Dortmund, 6% in Essen, 6% in Wuppertal, and 5% in Bonn.

London Portfolio

Located in strong middle class neighborhoods



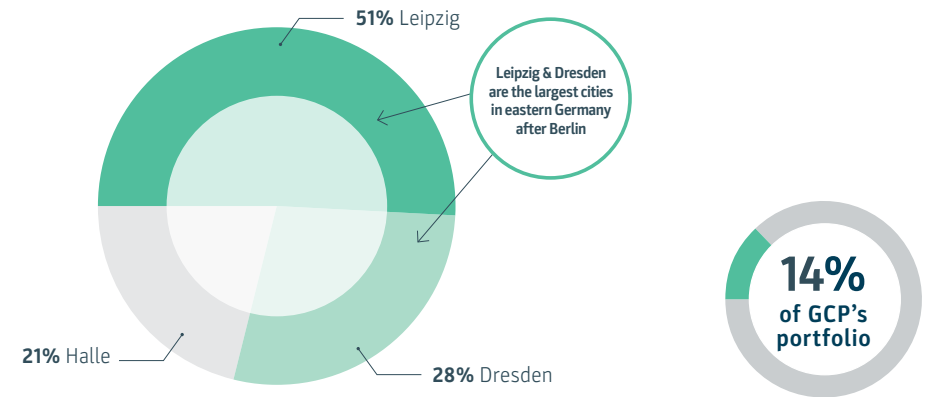
The total London portfolio, including high quality assets, social housing as well as pre-marketed units, amounts to approx. 3,600 units and approx. € 1.6 billion in value.

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

The map represents approx. 90% of the London Portfolio.

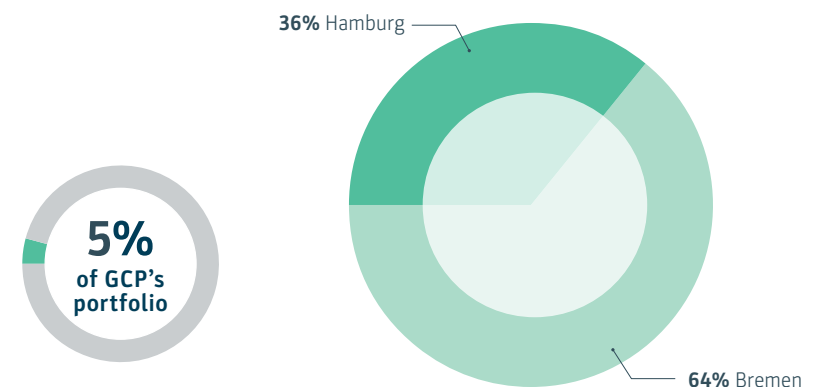
Quality East Portfolio

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



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.

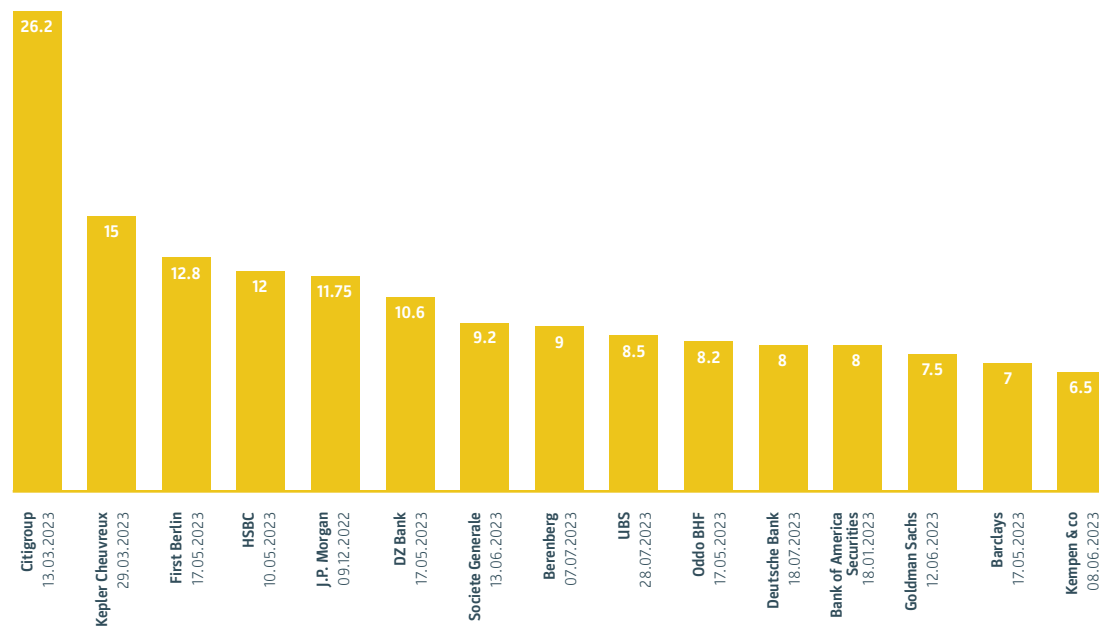


Capital Markets

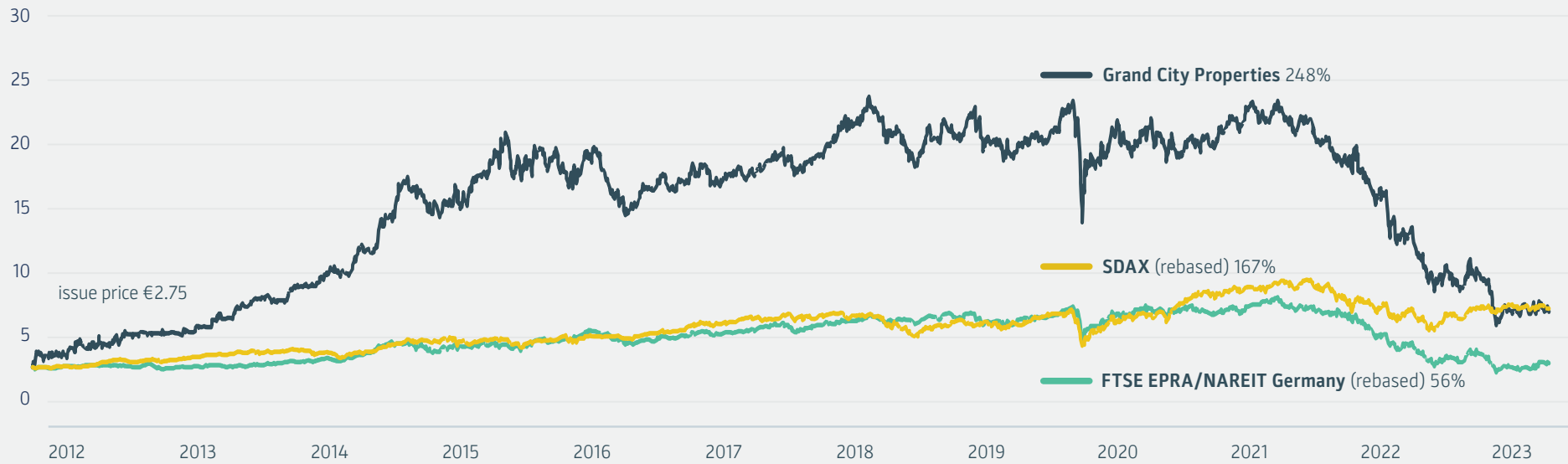
Placement	Frankfurt Stock Exchange	
Market segment	Prime Standard	
First listing	Q2 2012	
Number of shares (as of 30 June 2023)	176,187,899	ordinary shares with a par value of EUR 0.10 per share
Number of shares, excluding suspended voting rights, base for KPI calculations (as of 30 June 2023)	172,356,233	ordinary shares with a par value of EUR 0.10 per share
Shareholder structure (as of June 2023)	Freefloat	38%
	Aroundtown SA (through Edolaxia Group)	60%
	Treasury Shares	2%
Nominal share capital (as of 30 June 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 15 August 2023)	1.3 bn EUR	



Analyst Recommendations



Share price performance and total return comparison since first equity placement (19.07.2012)



Notes on business performance





OPERATING PROFIT

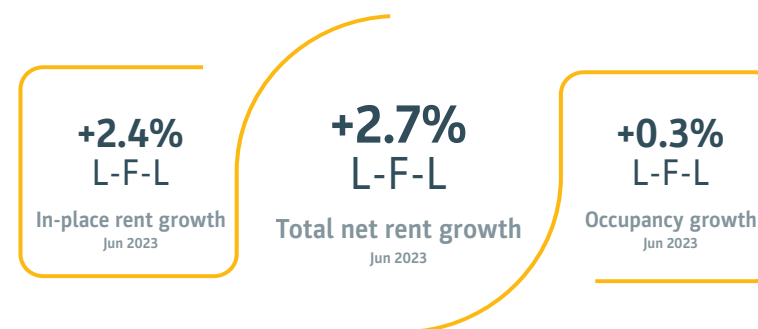
	For the period of six months ended 30 June	
	2023	2022
	€'000	
Net rental income (a)	204,403	194,586
Operating and other income (b)	104,998	77,506
Revenue (a)	309,401	272,092
Property revaluations and capital gains (d)	(538,848)	234,412
Property operating expenses (b)	(144,705)	(115,430)
Administrative and other expenses (c)	(5,802)	(5,656)
Depreciation and amortisation	(4,605)	(5,148)
Operating profit (loss)	(384,559)	380,270

(a) In the first half of 2023, GCP recorded total revenue of €309 million, increasing by 14% as compared to the €272 million recorded in the first half of 2022. Total revenue is comprised of net rental income and operating and other income.

Net rental income is the main component of the Company's revenue and amounted to €204 million in H1 2023, 5% higher as compared to the €195 million recorded in the first six months of 2022. The solid performance is the combined result of the like-for-like rental growth of 2.7% as of June 2023, of which 2.4% came from in-place rent growth and 0.3% from occupancy increase, and the impact from acquisitions and completions of pre-let properties in 2022, offset by disposals. The supply demand imbalance in key metropolitan cities of Germany and in London continues to drive the strong rental growth of the Company's portfolio. The vacancy rate declined to a new historic low of 3.9% as compared to 4.2% as of December 2022 demonstrating GCP's solid letting performance. The portfolio's in-place rent stood at €8.4/sqm as of June 2023 as compared to €8.2/sqm as of December 2022.

Despite the subdued transaction market, the Company continued to dispose of mature and non-core assets, reinforcing its strong liquidity. During H1 2023, the Company successfully disposed over €250 million of assets. The disposed assets had only a partial

contribution to net rental income in H1 2023 but had a full impact in H1 2022. On the other hand, while there have not been acquisitions during 2023, GCP executed €250 million in accretive acquisitions primarily in London and Berlin towards the end of the second quarter of 2022 which had a full impact on net rental income in H1 2023 but had no material impact in H1 2022. Further, during 2022, GCP has completed the final pre-let modifications of properties previously acquired and rented them out, which supported the rental growth in the reporting period. As of June 2023, the annualised net rent of the portfolio amounted to €398 million.



(b) The Company recorded operating and other income of €105 million in H1 2023, increasing by 35% or €27.5 million, as compared to the €78 million recorded in H1 2022. This line item is primarily composed of income related to recoverable operating expenses from tenants and is mostly composed of utility costs that include heating, electricity, and water, among others. The substantial increase in the operating and other income item is mainly driven from the cost inflation in utilities, namely heating and electricity, and a reduction in vacancy of the portfolio between the periods. Cost inflation in utilities was partially offset by targeted capex measures which increase the efficiency of the assets and produce leaner cost structures.

In the first six months of 2023, the Company recorded property operating expenses of €145 million, an increase of 25%, or €29.3 million, as compared to €115 million in the relevant period of 2022. This line item consists of expenses which are mostly recoverable from tenants and include the costs for various utilities and services provided, such as - heating, water, waste management, winter services, among other expenses. Property operating expenses also include items such as maintenance and refurbishment expenses, personnel expenses, and other operating costs. The substantial increase recorded

is mainly driven by the cost inflation in the main recoverable expenses such as heating and energy costs. This increase is in line with the above-mentioned increase in the operating income as these expenses are mainly recovered from tenants. Cost inflation also impacted costs for personnel as a result of wage growth and the continued strong labour market.

As part of its strategy to maintain high tenant satisfaction and build long term relationships, the Company continuously monitors the quality of its portfolio and carries out a variety of maintenance and refurbishment projects as well as capex projects on a targeted basis to uphold and enhance the quality of its assets. GCP undertakes these projects to address property specific needs that delivers a higher quality living environment for tenants which maximises satisfaction and results in lower tenant turnover and vacancies, thus stable future cash flows.

The Company recorded maintenance and refurbishment expenses of €12 million in H1 2023, an increase of 10% as compared to €11 million in H1 2022 mainly due to cost inflation. The average maintenance expense per sqm in H1 2023 amounted to €2.9 as compared to €2.6 in H1 of 2022. Maintenance and refurbishment expenses are regular and recurring property upkeep expenses that maintain the quality of the portfolio and living standards of tenants. The Company offers multiple channels for tenants to place maintenance requests, including the tenant app and GCP's 24/7 service centre through which tenants can easily place digital requests and receive support in several languages. This process enhances tenant satisfaction and level of transparency, while the digitalisation helps offset some of the cost inflation via increased efficiencies.

Repositioning capex aims to enhance the value proposition of GCP's assets by improving the asset quality of the portfolio through targeted capital expenditures such as apartment renovations, façade refits, improvements to corridors and staircases, among others. Repositioning capex also includes projects that make improvements to community areas that surround the property and include the additions or renovation of playgrounds, barbeque pits, study rooms and other common meeting areas. Repositioning capex supports the value growth of the portfolio as well as the letting progress, reducing tenant turnover and vacancy, while increasing the rent potential.

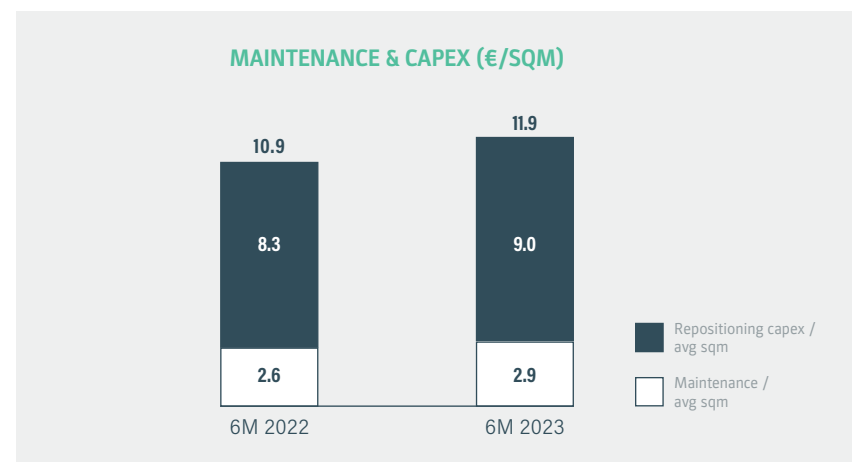
In the first six months of 2023, the Company invested €38 million or €9.0 per average sqm in repositioning capex, as compared to €34 million or €8.3 per average sqm in the relevant period of 2022. The increase is mainly the result of cost inflation.

Further, during H1 2023, the Company invested €4.3 million in modernisation projects as compared to approximately €2.5 million in H1 2022. The increase is mainly the result of

an increase in the scope of modernisation projects executed between the two periods. Modernisation investments aim to enhance the portfolio value proposition and include investments like replacement of windows, heating system insulation, installing balconies and elevators. These investments are kept at a low level and are carried out only if they meet strict investment criteria and generate adequate returns.

Considering the challenges of climate change, GCP aims to undertake various projects targeting the reduction of emission footprint in the upcoming periods to meet its carbon reduction targets. This can be achieved through targeted measures, such as replacing windows, façade insulation, replacing heating and lighting systems and are included as part of modernisation and repositioning capex projects as well as maintenance and refurbishment expenses, depending on the nature of the specific project. These investments have the added benefit of reducing the ongoing cost structure of assets and reducing the Company's exposure to emissions and climate risks, thereby reducing future expenses and supporting more efficient resource use, among others.

In addition, during H1 2023, GCP invested €10.0 million in pre-letting modifications, as compared to €29.6 million in H1 2022. Pre-letting modification investments relate mainly to the completion of the properties acquired that are in the final stages of development. Additionally, they include extensive refurbishment projects and the creation of new lettable areas. Pre-letting modification expenses were significantly lower in H1 2023 as compared to H1 2022, since a number of projects were completed in 2022.



- (c) GCP recorded administrative and other expenses of €5.8 million in H1 2023, higher as compared to €5.7 million in H1 2022. These expenses are mainly comprised of overhead expenses such as administrative personnel expenses, legal and professional fees, marketing expenses, and other ancillary office expenses. The Company was able to mostly offset increases in costs as a result of cost inflation through increased efficiency.
- (d) GCP recorded negative property revaluations and capital gain results amounting to €539 million in the first half of 2023, as compared to positive property revaluations and capital gain results of €234 million in the first half of 2022.

Property revaluations are non-cash gains/(losses) that represent the changes in the fair value of the investment property. In H1 2023, GCP externally revalued its full portfolio and recorded in H1 2023 a like-for-like value decline of 5.4% as compared to year-end 2022 values. Adding back the capex invested in the period, the like-for-like value declined by 4.8%. Due to the material impact and uncertainty resulting from the change in interest rates on the value of the portfolio the Company decided to revalue its full portfolio in the first half of 2023. Devaluations were seen across all the portfolio, driven by higher discount and cap rates as a result of higher interest rates. This was partially offset by solid operational growth, reflected in a like-for-like rental growth of 2.7%, supported by the supply demand imbalance which is exacerbated by the influx of refugees and higher mortgage rates driving more people to rent. At least once a year, GCP engages independent and certified valuers to determine the fair value of its investment properties. As of June 2023, the portfolio had an average value of €2,183/sqm representing a net rental yield of 4.5%, as compared to €2,282/sqm and 4.2% at year-end 2022, respectively.

Capital gain results represent the total premium / discount of disposals as compared to book values. During H1 2023, the Company recorded disposals of over €250 million reflecting a slight discount to net book values of approx. 3%. The disposed assets consisted mostly of mature and non-core assets in London and NRW as well as a land plot in Berlin. The disposal margin over total costs including capex was 16%.

PROFIT FOR THE PERIOD

	For the period of six months ended 30 June	
	2023	2022
	€'000	
Operating profit (loss)	(384,559)	380,270
Finance expenses (a)	(27,342)	(23,006)
Other financial results (b)	(40,427)	(64,743)
Current tax expenses (c)	(20,294)	(18,530)
Deferred tax income (expenses) (c)	70,880	(40,099)
Profit (loss) for the period (d)	(401,742)	233,892
Profit (loss) attributable to owners of the company	(347,527)	199,861
Profit attributable to perpetual notes investors	15,394	12,274
Profit (loss) attributable to non-controlling interests	(69,609)	21,757
Basic earnings (loss) per share (in €)	(2.02)	1.21
Diluted earnings (loss) per share (in €)	(2.01)	1.17
Weighted average number of ordinary shares (basic) in thousands	172,348	164,962
Weighted average number of ordinary shares (diluted) in thousands	172,629	171,688
Profit (loss) for the period (d)	(401,742)	233,892
Total other comprehensive income for the period, net of tax (e)	22,184	6,398
Total comprehensive income (loss) for the period (e)	(379,558)	240,290

- (a) The Company recorded €27 million of finance expenses in the first half of 2023, increasing 19% as compared to €23 million recorded in the first half of 2022. The increase in finance expenses was primarily driven by the new secured debt raised at higher interest rates across the two periods, the higher market rates which have impacted variable and capped debt costs and the expiry of certain hedging instruments which resulted in debt becoming variable and resetting at higher rates. The increase was offset by an increase in interest received on the Company's cash and cash equivalents. Throughout H1 2023, the Company secured new bank debt in the amount of €190 million with maturities between 5 to 10 years, at an average margin of 1.3% offset by bond buybacks of €89 million in nominal value. As of June 2023, the Company's cost of debt was 1.6% with an average maturity of 5.7 years. GCP's high hedging ratio of 91% provides a strong hedge against rising interest rates for its existing debt. The Company's cash and liquid assets as of 30 June 2023 cover debt maturities for the next 3 years until Q2 2026.
- (b) GCP recorded in first half of 2023 lower other financial results amounting to negative €40 million as compared to negative €65 million in the comparable period of 2022. This line item captures the movement in the net fair value of financial assets, financial liabilities, and derivative instruments. The fair value of these instruments is mainly driven by the changes in the interest rate yields as well as the volatility in capital markets. This line item also includes one off finance related costs related to the early repayment of debt, as well as gains resulting from bond buybacks executed at a discount. The change in the other financial results were mostly the result of the fair value adjustments of financial assets and of foreign exchange rate impacts on derivatives, both due to volatility in financial markets and changes in interest rates. Furthermore, the Company incurred finance related costs in connection with hedging fees, bank financing, and other costs related to maintaining and optimising GCP's debt profile. These costs helped to mitigate short term refinancing risk. These costs were offset by a slight gain as a result of the buyback of €89 million face value of the Company's bonds at an average discount of 8%.
- (c) In the first half of 2023, GCP reported total tax income of €51 million, as compared to a total tax expense of €59 million reported in the first half of 2022. Total tax income/expenses include both current tax expenses and deferred tax income/expenses.

Current tax expenses consist of corporate income tax and property taxes derived from the Company's underlying business performance and the portfolio's geographic distribution. During the first half of 2023, current tax expenses totaled €20 million and higher as compared to €19 million recorded in the respective period in 2022.

Deferred tax income/expenses are non-cash items deriving mainly from the revaluation gains or losses of the Company's investment properties portfolio and are linked to the theoretical disposal of investment properties with a tax rate applied based on the location

of the asset. Deferred tax income/expenses are also impacted by the revaluation gains or losses of derivatives and losses carried forward. In H1 2023, deferred taxes amounted to an income of €71 million, as compared to an expense of €40 million in the respective period of 2022. The income during H1 2023 is mainly related to positive tax impact from negative revaluation of investment properties and losses carried forward.

- (d) GCP recorded a net loss of €402 million in H1 2023, as compared to a net profit of €234 million for the comparable period in 2022. The loss incurred in this period was primarily driven by the non-cash property revaluation losses, partially offset by solid operational performance, lower other financial results and deferred tax income.

GCP recorded a basic loss per share of €2.02 and diluted loss per share of €2.01 in H1 2023, as compared to basic earnings per share of €1.21 and diluted earnings per share of €1.17 in the respective period of 2022.

The main impact in addition to the aforementioned changes in profit was the small increase in the average share count which was mostly as a result of the high acceptance ratio of the scrip dividend in 2022 which allowed the company to retain cash and strengthen its liquidity position.

- (e) During the first half of 2023, the Company recorded total comprehensive loss of €380 million, as compared to a total comprehensive income of €240 million in the respective period of 2022. The total comprehensive loss in current period is driven by the loss for the period and slightly offset by the total other comprehensive income generated in H1 2023. The total other comprehensive income totaled to €22 million in H1 2023, as compared to an income of €6.4 million in the comparable period of 2022. The other comprehensive income item is primarily composed of changes in forward and other derivative contracts and foreign currency impacts related to hedging activities mostly associated with the London portfolio.

ADJUSTED EBITDA, FUNDS FROM OPERATIONS (FFO I, FFO II)

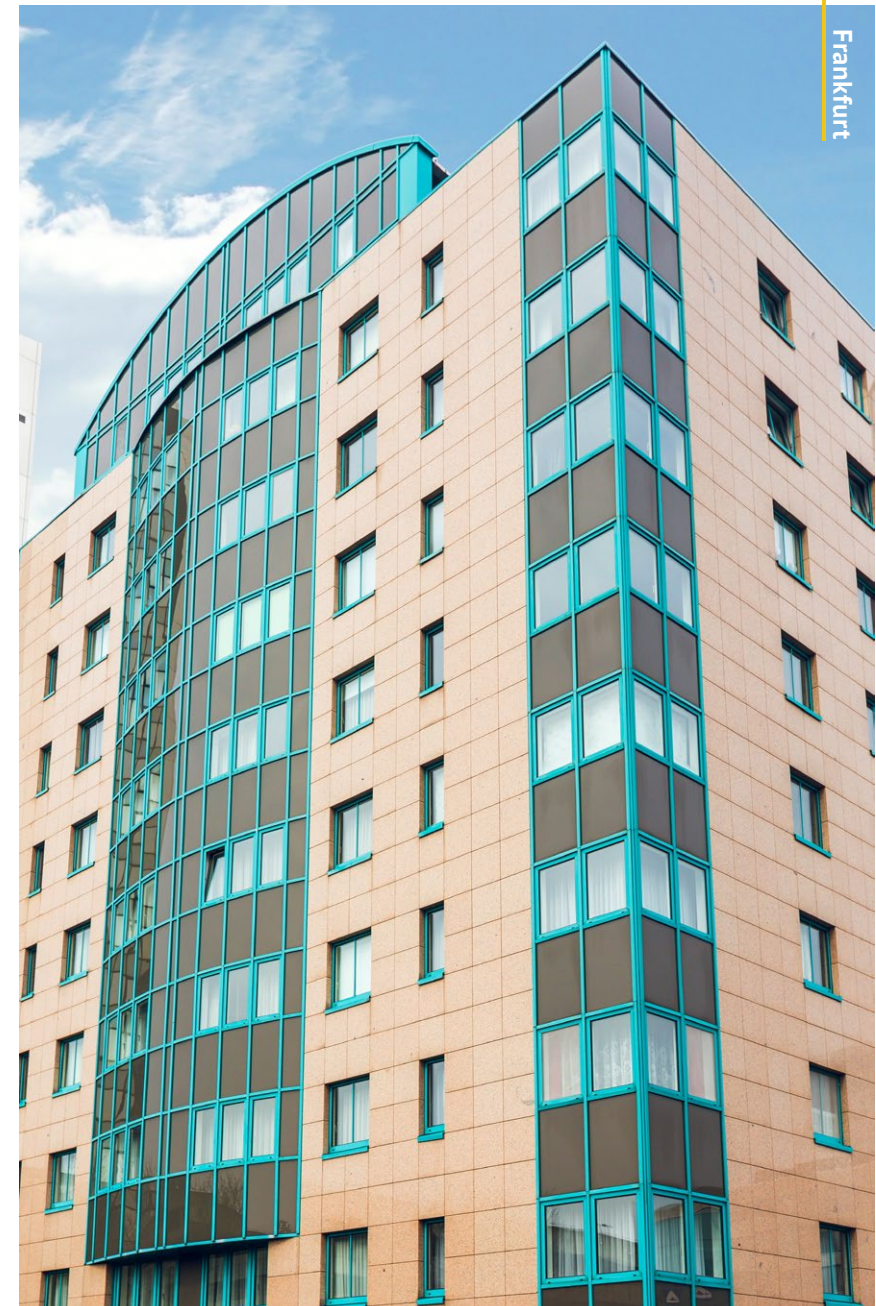
	For the period of six months ended 30 June	
	2023	2022
	€'000	
Operating profit (loss)	(384,559)	380,270
Depreciation and amortisation	4,605	5,148
EBITDA	(379,954)	385,418
Property revaluations and capital gains	538,848	(234,412)
Equity settled share-based payments and other adjustments	702	1,258
Adjusted EBITDA (a)	159,596	152,264
Finance expenses	(27,342)	(23,006)
Current tax expenses	(20,294)	(18,530)
Contribution to minorities	(2,536)	(1,299)
Adjustment for perpetual notes attribution	(15,394)	(12,274)
FFO I (b)	94,030	97,155
Weighted average number of ordinary shares (basic) in thousands, including impact from share-based payments	172,606	165,160
FFO I per share (in €) (b)	0.54	0.59
Result from disposal of properties	33,765	7,318
FFO II (c)	127,795	104,473

- (a) In the first half of 2023, GCP recorded adjusted EBITDA of €160 million, an increase of 5% as compared to €152 million in the respective period of 2022, mainly as a result of an increase in net rental income. 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 income statement items such as equity settled share-based payments and other adjustments.
- (b) 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. During the first half of 2023, GCP generated FFO I of €94 million, lower compared to the €97 million recorded in the comparable period of 2022. FFO I per share amounted to €0.54 per share in H1 2023, as compared to €0.59 in H1 2022. The adjusted EBITDA growth was offset by higher finance expenses from new and existing debt and an increase in the perpetual notes attribution due to the reset of a perpetual note at the end of January 2023 where its coupon rate increased from 2.75% to 6.332%. Per share metrics were impacted by the slightly higher average share count mostly due to the high participation rate in the scrip dividend in 2022 which allowed the Company to retain cash.
- (c) 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 cost price plus capex of disposed properties. During the first half of 2023, GCP recorded an FFO II of €128 million, higher as compared to the €104 million recorded in the comparable period of 2022. In H1 2023, GCP executed over €250 million in disposals at a slight discount of 3% to book values but at a profit over total costs (including capex) of 16%, crystallising gains of approx. €34 million and strengthening the Company's liquidity position.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

	For the period of six months ended 30 June	
	2023	2022
	€'000	
FFO I	94,030	97,155
Repositioning capex	(37,638)	(34,001)
AFFO	56,392	63,154

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 improving the quality of the portfolio and thereby enhancing the value, which GCP deems as being relevant for its AFFO calculation. During the first six months of 2023, GCP recorded AFFO in the amount of €56 million, as compared to €63 million in the first half of 2022. The decrease in AFFO was driven by the lower FFO I as well as higher repositioning capex.



CASH FLOW

	For the period of six months ended 30 June	
	2023	2022
	€'000	
Net cash provided by operating activities	117,417	110,181
Net cash provided (used) by (in) by investing activities	152,106	(90,607)
Net cash provided (used) by (in) financing activities	48,355	(598,064)
Net increase (decrease) in cash and cash equivalent	317,878	(578,490)
Changes in cash and cash equivalents held-for-sale and effects of foreign exchange rate	(2,681)	(349)
Cash and cash equivalents as on 1 January	324,935	895,486
Cash and cash equivalents as on 30 June	640,132	316,647

During the first half of 2023, net cash provided by operating activities totaled €117 million, higher as compared to €110 million in the first half of 2022. Net cash provided by operating activities increased in line with the operational profits and was positively impacted by the operational growth exemplified by the strong like for like rental growth of 2.7% and the impact from acquisitions and disposals. These effects were offset by cost inflation and higher working capital as a result of the timing difference between the actual consumption cost of the heating expenses recovered from tenants and the settlement of the payments by tenants. The Company continues to show a strong letting performance and recorded a new all-time low vacancy rate of 3.9%.

Net cash provided by investing activities amounted to €152 million in the first half of 2023, as compared to net cash used in investing activities of €91 million in the comparable period of 2022. The net cash provided by investing activities in the period was primarily driven by the successful net disposals of over €250 million in H1 2023, net of €60 million vendor loans granted. The net position of investing activities was offset by investment in capex projects which will positively impact the rental growth and thereby operational cash flow in upcoming periods.

Net cash provided by financing activities totaled €48 million in the first half of 2023, as compared to net cash used in financing activities of €598 million in the first half of 2022. The net cash provided by financing activities was primarily a result of the proceeds from €190 million in new bank debt raised during H1 2023. This was offset by bond buybacks of €89 million in face value. As a result of its proactive debt optimisation measures, GCP maintains a clean maturity profile with cash and liquid assets covering debt maturities until Q2 2026. As of June 2023, the Company's hedging ratio was at 91% and cost of debt remains low at 1.6% with an average debt maturity of 5.7 years.

ASSETS

	Jun 2023	Dec 2022
	€'000	
Non-current assets	9,453,831	9,997,258
Investment property	8,990,080	9,529,608
Current assets	1,392,817	1,134,070
Cash and liquid assets (including those recorded under held for sale)	714,033	429,127
Total Assets	10,846,648	11,131,328

Total assets amounted to €10.8 billion as of June 2023, lower as compared to the €11.1 billion as of year-end 2022. The decrease is mainly the result of negative revaluations of investment properties, partly offset by high cash balance coming from net new bank financing raised and operational profits recorded in the period.

GCP reported non-current assets in the amount of €9.5 billion as of June 2023, as compared to €10 billion as of the end of December 2022. This line item mainly consists of investment property which totaled €9 billion as of June 2023, 6% lower as compared to €9.5 billion as of December 2022. The decrease in investment property was mainly a result of negative revaluations as compared to year end 2022. Negative revaluations were due to higher discount and cap rates as a result of higher interest rates. The increase in the cap rates was lower compared to the increase in the discount rates as the short-to-medium term outlook is slightly more pessimistic, while the long-term market perspective is more

positive. This was partially offset by solid operational growth, supported by the supply demand imbalance which is exacerbated by the influx of refugees and higher mortgage rates driving more people to rent. The decrease in the investment property item was also driven by the reclassification of assets to held-for-sale and disposals of investment property. During the first 6 months of 2023, GCP sold over €250 million of properties, relating to over 1,000 units, sold at a small discount of 3% to book value.

The non-current asset balance also includes tenant deposits which are used as a security for rent payments and had a balance of €45 million; long-term financial investments which include co-investments in attractive deals and are held with the expectation for long term yield and had a balance of around €50 million; and investments where the Company holds a minority position in real estate portfolios and had a balance of €30 million.

As of the end of June 2023, vendor loans had a balance of approx. €60 million. Vendor loans were loans given to buyers of properties that were sold in the first half of 2023 to help facilitate transactions. The vendor loan is secured against the properties sold and has an average LTV of around 60% and in the event of default provide the Company with the option to regain ownership of the assets at a significant discount and penalty to the defaulted buyer. The future cashflow from the vendor loan also help reduce the Company's leverage but conservatively is not included in the LTV calculation.

The balance of loans-to-own assets (including short term) totaled approximately €75 million as at the end of June 2023, lower as compared to €90 million to year-end 2022. The decrease was a result of the repayment of loans-to-own assets during the period. The Company expects to receive additional funds in the next periods. Loans-to-own assets are asset-backed interest bearing loans, which under specific circumstances, have the embedded option to acquire the underlying asset at a discount. GCP's loans-to-own portfolio is located in the UK and is secured by a first lien on the underlying asset.

Current assets amounted to €1.4 billion as of June 2023, slightly higher as compared to €1.1 billion as of the end of December 2022. The increase is mainly driven by the higher balance of cash and liquid assets primarily as a result of proceeds from disposals, net new bank financing, net cash provided by operating activities and cash provided from the repayment of loans-to-own, offset by capex investments. GCP retains a strong liquidity position of €714 million in cash and liquid assets which represent 18% of total debt.

Current assets also include trade and other receivables and assets held for sale. As of June 2023, trade and other receivables totaled €468 million, of which approx. €280 million is comprised of operational receivables. Operating cost receivables reflect the accrued cost of ancillary services provided to tenants and for which the tenant pays through the service

charge. The payments received from tenants are recorded in the short-term liabilities as tenant prepayments and include services such as heating, cleaning, insurance, winter services, waste, sewage and electricity. These operating costs receivables are settled once per year against the advances received from tenants. GCP has launched information campaigns providing the option to the tenants to voluntarily increase the ancillary services prepayments in order to cover the inflated energy costs and avoid paying large amounts on settlements days. This was accepted by a large number of GCP's tenants. The Company does not expect a material liability.

Assets held-for-sale amounted to €215 million as of June 2023, as compared to €344 million at year end 2022. The decrease is mainly driven by disposals in the period which mostly consisted of assets held-for-sale, offset by investment property reclassified as assets held-for-sale. Assets held-for-sale represent properties intended for disposal within the next 12 months. As of the date of this report, approx. 30% of this balance is signed but not yet completed for disposal, which is expected to close in upcoming periods.

LIABILITIES

	Jun 2023	Dec 2022
€'000		
Loans and borrowings ¹⁾	506,598	323,280
Straight bonds and bond redemption	3,525,876	3,612,105
Deferred tax liabilities ²⁾	722,847	795,905
Other long-term liabilities and derivative financial instruments ³⁾	215,742	201,905
Current liabilities ⁴⁾	357,183	283,978
Total Liabilities	5,328,246	5,217,173

- (1) including short-term loans and borrowings
(2) including deferred tax liabilities of assets held for sale
(3) including short-term derivative financial instruments
(4) excluding current liabilities included in the items above

As of June 2023, total liabilities amounted to €5.3 billion, slightly higher as compared to €5.2 billion as at the end of December 2022. The slight increase in total liabilities was mostly due to new bank debt, offset by bond buybacks at a discount and the lower deferred tax liabilities driven by the negative revaluation of investments properties. Total liabilities also include other long-term liabilities and derivative financial instruments.

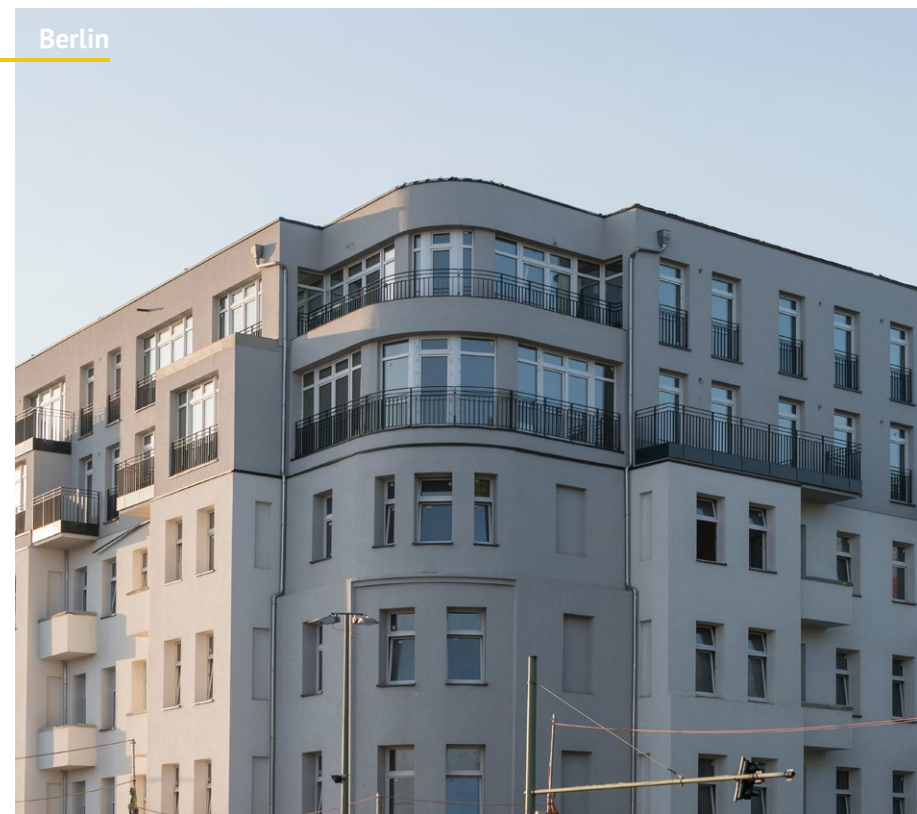
As part of GCP's debt optimisation program, the Company continues to proactively take measures to optimise its debt profile. During H1 2023, GCP signed approximately €210 million in new bank debt (of which €190 million was drawn during the reporting period) with a weighted average maturity of around 8.5 years and a margin of 1.3%. In addition, GCP signed approximately €230 million of new bank debt with an average maturity of around 6 years and a margin of 1.4%, which will further support the liquidity. Offsetting the increase in debt, the Company repurchased €89 million nominal value of straight bonds at a discount. GCP maintains a solid liquidity position of €714 million which is sufficient to cover debt maturities until Q2 2026. The Company also has a high ratio of unencumbered assets of 83% with a total value of €7.7 billion which can provide access to secured bank financing in the future at currently relatively attractive terms compared to bond financing. As of June 2023, the Company's cost of debt remains relatively low at 1.6% with an average debt maturity of 5.7 years. The increase in cost of debt was primarily driven by the new secured debt at higher interest

rate raised across the two periods, the higher interest rates which have impacted variable and capped debt costs and the expiry of certain hedging instruments which resulted in debt becoming variable and resetting at higher rates. GCP currently has a hedging ratio of 91% and no maturities until Q2 2024. The operational profitability of the business more than covers interest expenses as exemplified by the ICR of 5.8x.

As of June 2023, deferred tax liabilities amounted to €723 million, a decrease of 9% as compared to €796 million year end of 2022. Deferred tax liabilities consider a theoretical disposal of investment properties in the form of asset deals with a tax rate applied based on the specific location of the property. As a result of negative property revaluations, lower deferred tax liabilities were recorded.

Current liabilities amounted to €357 million as of June 2023, higher as compared to €284 million as of the end of December 2022. Current liabilities include trade and other payables, liabilities held-for-sale, and other current liabilities. The increase is mainly driven by the prepayments received from tenants. This item, which comprises the majority of the current liabilities, amounted to approx. €210 million as of June 2023, and is reflected on the asset side by operating cost receivables.

Berlin



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).

in € '000 unless otherwise specified	EPRA NRV	EPRA NTA*	EPRA NDV	EPRA NRV	EPRA NTA*	EPRA NDV
	Jun 2023			Dec 2022		
Equity attributable to the owners of the Company	3,700,699	3,700,699	3,700,699	4,020,773	4,020,773	4,020,773
Deferred tax liabilities on investment property ¹⁾	706,056 ²⁾	608,603 ³⁾	-	778,490 ²⁾	664,886 ³⁾	-
Fair value measurements of derivative financial instruments ⁴⁾	(33,465)	(33,465)	-	(19,106)	(19,106)	-
Intangible assets and goodwill	-	(8,643)	-	-	(11,002)	-
Real estate transfer tax	504,696 ²⁾	-	-	542,612 ²⁾	-	-
Net fair value of debt	-	-	477,374	-	-	621,540
NAV	4,877,986	4,267,194	4,178,073	5,322,769	4,655,551	4,642,313
Basic number of shares including in-the-money dilution effects (in thousands)	172,592			172,607		
NAV per share (in €)	28.3	24.7	24.2	30.8	27.0	26.9

⁽¹⁾ reclassified in Q1 2023 to exclude RETT

⁽¹⁾ including deferred tax liabilities on derivatives

⁽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

EPRA NRV as of June 2023, amounted to €4.9 billion and €28.3 per share, 8% lower as compared to €5.3 billion and €30.8, respectively as of year-end 2022. The decrease was mainly due to the negative property revaluations, partly offset by operational profits.

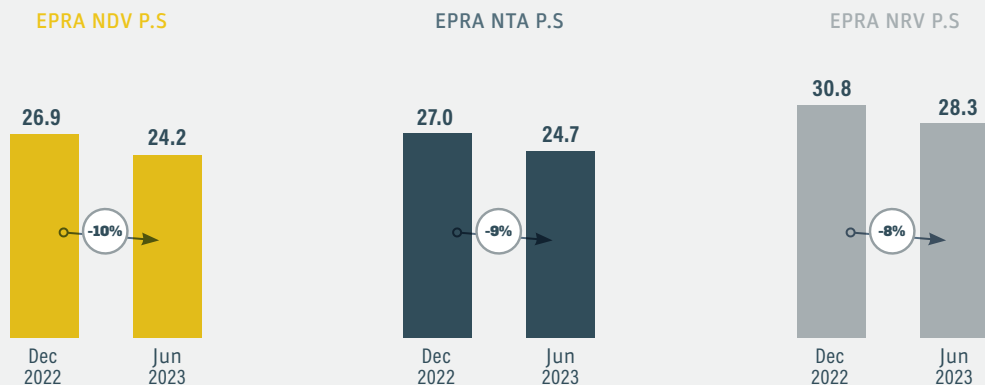
EPRA NTA

EPRA NTA as of June 2023, amounted to €4.3 billion and €24.7 per share, 8% and 9% lower respectively, lower as compared to €4.7 billion or €27.0 per share as of year-end 2022. Similarly, the decrease was mainly due to the negative property revaluations, partly offset by operational profits. The EPRA NTA was reclassified in Q1 2023 to exclude RETT.

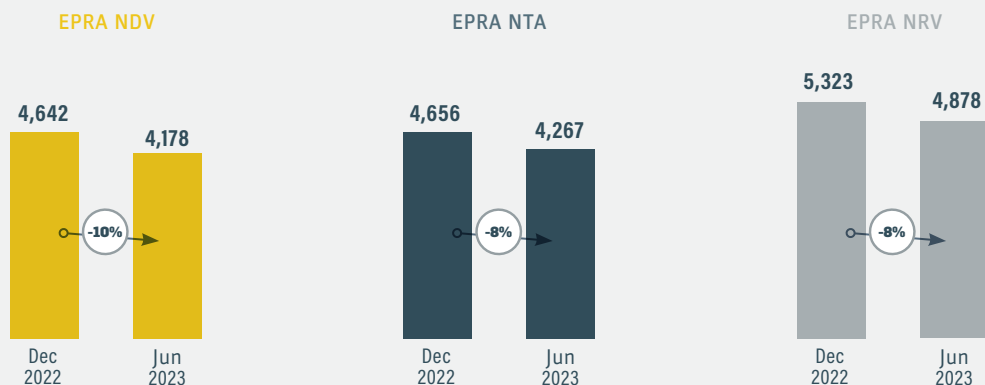
EPRA NDV

EPRA NDV as of June 2023, amounted to €4.2 billion and €24.2 on a per share basis, as compared to €4.6 billion and €26.9 per share at the end of December 2022. Apart from lower equity, the decrease is also driven by higher market values of the Company's debt as a result of the small decrease in market volatility between two periods.

EPRA NAV METRICS DEVELOPMENT (IN €)



EPRA NAV METRICS DEVELOPMENT (IN € MILLIONS)



DEBT FINANCING KPIs

▼ LOAN-TO-VALUE

	Jun 2023	Dec 2022
	€'000	
Investment property ¹⁾	8,953,886	9,492,946
Investment properties of assets held-for-sale ¹⁾	193,129	327,586
Total value	9,147,015	9,820,532
Total debt	4,032,474	3,935,385
Cash and liquid assets (including those under held for sale)	714,033	429,127
Net debt	3,318,441	3,506,258
LTV	36%	36%

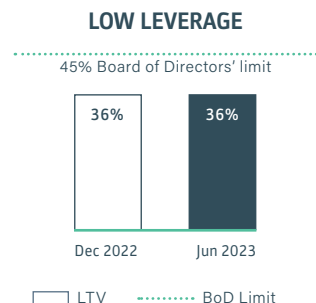
(1) including advanced payments and deposits and excluding right-of-use assets

GCP maintains a conservative financial profile through a low LTV ratio, a significant pool of unencumbered assets and robust coverage ratios.

LTV as of June 2023, amounted to 36%, stable as compared to 36% at the end of December 2022. The negative impact from devaluations were offset by the positive impact from operational profits, disposals and debt repayments at a discount. The Company's LTV position remains well-below the bond covenant limits and the more stringent board-mandated limit of 45%.

GCP's solid operational performance and proactive measures for financial profile optimisation support the strong coverage ratios of the Company. The Company recorded ICR of 5.8x and DSCR of 5.4x in the first half of 2023, lower as compared to 6.6x and 6.2x respectively in the comparable period of 2022. The high ICR and DSCR metrics show the ability of the recurring operational profitability of the business to service its debts. The decrease in the coverage ratios is mainly driven by the higher finance expenses, partially offset by the strong operational growth. The ICR has a comfortable headroom to bond covenant limits.

The Company maintains significant balance of cash and cash equivalents of €714 million and holds a large pool of unencumbered assets of €7.7 billion as of June 2023. These assets provide financial flexibility by giving GCP the option of taking advantage of lower secured financing rates as compared to the current public debt market rates. Financial flexibility is further bolstered by undrawn credit facilities.



The Company's conservative financial profile with 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 June 2023, and unsolicited rating by Moody's (Baa1/Stable).

▼ UNENCUMBERED ASSETS

	Jun 2023	Dec 2022
	€'000	
Unencumbered Assets	7,662,729	8,664,533
Total Investment Property (including those under held for sale)	9,187,020	9,860,461
Unencumbered Assets Ratio	83%	88%

▼ INTEREST COVERAGE RATIO (ICR)

	For the period of six months ended 30 June	
	2023	2022
	€'000	
Adjusted EBITDA	159,596	152,264
Finance Expenses	27,342	23,006
Interest Coverage Ratio	5.8x	6.6x

▼ DEBT SERVICE COVERAGE RATIO (DSCR)

	For the period of six months ended 30 June	
	2023	2022
	€'000	
Adjusted EBITDA	159,596	152,264
Finance Expenses	27,342	23,006
Amortisation of loans from financial institutions	2,189	1,655
Debt Service Coverage Ratio	5.4x	6.2x

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 payments 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* if any, 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 *results 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 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 $\frac{1}{4}$ in the first three-month period, $\frac{1}{2}$ in the first six-month period and $\frac{3}{4}$ 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 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.

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 on investment property ^{(1) (3)}

(+/-) 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

(2) not including net change in fair value of derivative financial instruments related to currency effect

(3) including deferred tax liabilities on derivatives

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 Q1 2023 Condensed Interim Consolidated Financial Statements, 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. Starting H1 2023 GCP no longer reports the reconciliation to EPRA NTA including RETT.

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

Equity attributable to the owners of the Company

(+) Deferred tax liabilities on investment property ⁽¹⁾

(+/-) Fair value measurements of derivative financial instruments, net⁽²⁾

(-) Intangible assets and goodwill

(=) (A) EPRA NTA

(A) EPRA NTA

(D) Basic number of shares including in-the-money dilution effects (in thousands)

(=) (A/D) EPRA NTA per share

- (1) excluding deferred tax liabilities / real estate transfer tax on non-core assets, assets held for sale and development rights in Germany
(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 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 categorisation 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.

RESPONSIBILITY STATEMENT

To the best of our knowledge, the condensed interim consolidated financial statements 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 with the joint ventures. 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, 16 August 2023

Handwritten signature of Christian Windfuhr in black ink, written over a horizontal line.

Christian Windfuhr
Chairman and member
of the Board of Directors

Handwritten signature of Simone Runge-Brandner in black ink, written over a horizontal line.

Simone Runge-Brandner
Member of the
Board of Directors

Handwritten signature of Markus Leininger in blue ink, written over a horizontal line.

Markus Leininger
Member of the
Board of Directors

02

**Condensed Interim
Consolidated Financial Statements**



Condensed interim consolidated statement of profit or loss

	Note	For the period of six months ended 30 June		For the period of three months ended 30 June	
		2023	2022	2023	2022
		Unaudited			
		€'000			
Revenue	5	309,401	272,092	159,349	138,594
Property revaluations and capital gains		(538,848)	234,412	(485,757)	189,131
Property operating expenses		(144,705)	(115,430)	(76,811)	(60,645)
Administrative and other expenses		(5,802)	(5,656)	(2,985)	(2,741)
Depreciation and amortisation		(4,605)	(5,148)	(2,294)	(2,374)
Operating profit (loss)		(384,559)	380,270	(408,498)	261,965
Finance expenses		(27,342)	(23,006)	(13,872)	(11,588)
Other financial results		(40,427)	(64,743)	(19,963)	(22,987)
Profit (loss) before tax		(452,328)	292,521	(442,333)	227,390
Current tax expenses		(20,294)	(18,530)	(10,183)	(8,987)
Deferred tax income (expenses)		70,880	(40,099)	62,369	(31,050)
Profit (loss) for the period		(401,742)	233,892	(390,147)	187,353
Profit (loss) attributable to:					
Owners of the Company		(347,527)	199,861	(332,585)	169,719
Perpetual notes investors		15,394	12,274	7,956	6,171
Non-controlling interests		(69,609)	21,757	(65,518)	11,463
		(401,742)	233,892	(390,147)	187,353
Net earnings (loss) per share attributable to the owners of the Company (in euro):					
Basic earnings (loss) per share		(2.02)	1.21	(1.93)	1.03
Diluted earnings (loss) per share		(2.01)	1.17	(1.93)	1.03

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statement of comprehensive income

	Note	For the period of six months ended 30 June		For the period of three months ended 30 June	
		2023	2022	2023	2022
		Unaudited			
€'000					
Profit (loss) for the period		(401,742)	233,892	(390,147)	187,353
Other comprehensive income (loss)					
Items that will not be reclassified to profit or loss in subsequent periods, net of tax:					
Loss on owner-occupied property revaluation		(2,595)	-	(2,595)	-
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		16,321	(7,468)	16,493	(7,425)
Net change in cost of hedging		8,458	13,866	10,799	1,714
Total other comprehensive income (loss) for the period, net of tax		22,184	6,398	24,697	(5,711)
Total comprehensive income (loss) for the period		(379,558)	240,290	(365,450)	181,642
Total comprehensive income (loss) attributable to:					
Owners of the Company		(327,157)	206,259	(308,813)	164,008
Perpetual notes investors		15,394	12,274	7,956	6,171
Non-controlling interests		(67,795)	21,757	(64,593)	11,463
		(379,558)	240,290	(365,450)	181,642

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statement of financial position

	Note	As at 30 June	As at 31 December
		2023	2022
		Unaudited	Audited
		€'000	
ASSETS			
Investment property	6	8,990,080	9,529,608
Property and equipment		62,394	66,206
Intangible assets and goodwill		8,643	11,002
Advance payments and deposits		21,607	20,760
Derivative financial assets		50,807	53,814
Other non-current assets		261,041	262,094
Deferred tax assets		59,259	53,774
Non-current assets		9,453,831	9,997,258
Cash and cash equivalents		640,132	324,935
Financial assets at fair value through profit or loss		69,340	102,429
Trade and other receivables		468,030	353,125
Derivative financial assets		405	9,390
Assets held-for-sale		214,910	344,191
Current assets		1,392,817	1,134,070
Total assets		10,846,648	11,131,328
EQUITY			
Share capital		17,619	17,619
Treasury shares		(83,226)	(83,872)
Share premium and other reserves		283,390	258,609
Retained earnings		3,482,916	3,828,417
Total equity attributable to the owners of the Company		3,700,699	4,020,773
Equity attributable to perpetual notes investors		1,227,137	1,227,743
Total equity attributable to the owners of the Company and perpetual notes investors		4,927,836	5,248,516
Non-controlling interests		590,566	665,639
Total equity		5,518,402	5,914,155

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statement of financial position

	As at 30 June		As at 31 December	
	2023		2022	
	Unaudited		Audited	
€'000				
LIABILITIES				
Loans and borrowings		501,193		318,772
Straight bonds		3,243,968		3,612,105
Derivative financial liabilities		54,201		37,092
Other non-current liabilities		154,364		151,868
Deferred tax liabilities		716,962		788,605
Non-current liabilities		4,670,688		4,908,442
Current portion of long-term loans		5,405		4,508
Bond redemption		281,908		-
Trade and other payables		287,576		225,338
Derivative financial liabilities		7,177		12,945
Tax payable		21,255		17,493
Provisions for other liabilities and charges		33,555		32,102
Liabilities held-for-sale		20,682		16,345
Current liabilities		657,558		308,731
Total liabilities		5,328,246		5,217,173
Total equity and liabilities		10,846,648		11,131,328

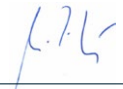
The Board of Directors of Grand City Properties S.A. authorised these condensed interim consolidated financial statements to be issued on 16 August 2023.



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

Condensed interim consolidated statement of changes in equity

Equity attributable to the owners of the Company

For the period of six months ended 30 June 2023	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
€'000	Share capital	Treasury shares	Share premium	Cost of hedging reserve	Foreign exchange translation reserves, net	Revaluation surplus reserve, net	Other reserves	Retained Earnings	Total equity attributable to the owners of the Company				
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 period	-	-	-	-	-	-	-	(347,527)	(347,527)	15,394	(332,133)	(69,609)	(401,742)
Other comprehensive income (loss) for the period	-	-	-	8,458	12,945	(1,033)	-	-	20,370	-	20,370	1,814	22,184
Total comprehensive income (loss) for the period	-	-	-	8,458	12,945	(1,033)	-	(347,527)	(327,157)	15,394	(311,763)	(67,795)	(379,558)
Share-based payment	-	646	504	-	-	-	(892)	-	258	-	258	-	258
Initial consolidation, deconsolidation, transactions with non-controlling interests and dividend distributions to non-controlling interests	-	-	-	-	-	-	-	2,026	2,026	-	2,026	(7,278)	(5,252)
Disposal of foreign operation	-	-	-	-	4,799	-	-	-	4,799	-	4,799	-	4,799
Payments to perpetual notes investors	-	-	-	-	-	-	-	-	-	(16,000)	(16,000)	-	(16,000)
Balance at 30 June 2023 (unaudited)	17,619	(83,226)	322,860	28,559	(49,817)	3,334	(21,546)	3,482,916	3,700,699	1,227,137	4,927,836	590,566	5,518,402

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statement of changes in equity

Equity attributable to the owners of the Company													
For the period of six months ended 30 June 2022	Share capital	Treasury shares	Share premium	Equity component of convertible bond	Cost of hedging reserve	Foreign exchange translation reserves, 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
€'000													
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 period	-	-	-	-	-	-	-	199,861	199,861	12,274	212,135	21,757	233,892
Other comprehensive income (loss) for the period	-	-	-	-	13,866	(7,468)	-	-	6,398	-	6,398	-	6,398
Total comprehensive income (loss) for the period	-	-	-	-	13,866	(7,468)	-	199,861	206,259	12,274	218,533	21,757	240,290
Share-based payment	-	30	-	-	-	-	1,162	-	1,192	-	1,192	-	1,192
Dividend distribution to the shareholders of the Company	-	-	(137,580)	-	-	-	-	-	(137,580)	-	(137,580)	-	(137,580)
Scrip dividend	-	-	-	-	-	-	67,588	-	67,588	-	67,588	-	67,588
Initial consolidation, deconsolidation, transactions with non-controlling interests and dividend distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	26,780	26,780
Payments to perpetual notes investors	-	-	-	-	-	-	-	-	-	(16,001)	(16,001)	-	(16,001)
Redemption of convertible bond	-	-	16,157	(16,157)	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2022 (unaudited)	17,619	(247,979)	322,356	-	24,969	(47,126)	45,740	3,981,914	4,097,493	1,224,016	5,321,509	663,346	5,984,855

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statement of cash flows

	For the period of six months ended 30 June	
	2023	2022
	Unaudited	
	€'000	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit (loss) for the period	(401,742)	233,892
ADJUSTMENTS FOR THE PROFIT (LOSS):		
Depreciation and amortisation	4,605	5,148
Property revaluations and capital gains	538,848	(234,412)
Net finance expenses	67,769	87,749
Tax and deferred tax expenses	(50,586)	58,629
Equity settled share-based payment	702	1,258
Change in working capital	(27,963)	(29,367)
	131,633	122,897
Tax paid	(14,216)	(12,716)
Net cash provided by operating activities	117,417	110,181
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment and intangible assets, net	(1,612)	(2,844)
Acquisition of investment property, capex and advance payments, net	(51,955)	(186,596)
Disposal of investment property, net	145,491	13,568
Acquisition of investees and loans, net of cash acquired	-	(3,667)
Disposal of investees, net of cash disposed	37,349	-
Disposal of financial and other assets, net	22,833	88,932
Net cash provided (used) by (in) investing activities	152,106	(90,607)

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statement of cash flows

	For the period of six months ended 30 June	
	2023	2022
	Unaudited	
	€'000	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Amortisation of loans from financial institutions	(2,189)	(1,655)
Proceeds (repayments) of loans from financial institutions, net	180,063	(105,416)
Payment to perpetual notes investors, net	(16,000)	(16,001)
Redemption and buy-back of straight bond and convertible bond	(82,357)	(450,000)
Transactions with non-controlling interests	(2,811)	-
Interest and other financial expenses, net	(28,351)	(24,992)
Net cash provided (used) by (in) financing activities	48,355	(598,064)
Net increase (decrease) in cash and cash equivalents	317,878	(578,490)
Change in cash and cash equivalents held-for-sale	(2,798)	(329)
Cash and cash equivalents at the beginning of the period	324,935	895,486
Effect of foreign exchange rate changes	117	(20)
Cash and cash equivalents at the end of the period	640,132	316,647

The notes on pages 46 to 52 form an integral part of these condensed interim consolidated financial statements.

Condensed notes to the interim consolidated financial statements

1. GENERAL

Grand City Properties S.A. (“the Company”) was incorporated in Grand Duchy of Luxembourg on December 16, 2011 as a Société Anonyme (public limited liability company). 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 complimented by a portfolio in London. The Company’s strategy is to improve its properties through targeted modernisation and intensive tenant management, and create value by subsequently raising occupancy and rental levels.

These condensed interim consolidated financial statements for the six months ended 30 June 2023 (“the reporting period”) consist of the financial statements of the Company and its investees (“the Group” or “GCP”).

2. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Group was affected by the following events and transactions during the reporting period:

- In the first half of 2023 the Group signed disposals in the amount of approximately euro 130 million and completed a disposal of properties over euro 250 million, primarily in London. For part of the disposals, approximately euro 60 million vendor loan which matures in 2026 has been provided to help facilitate the transactions.
- During the reporting period, the Group signed approximately euro 210 million in new bank debt (of which euro 190 million was drawn) with a weighted average maturity of around 8.5 years and a margin of 1.3%.
- In May 2023 the Company bought back euro 11.2 million, euro 54.9 million and euro 22.6 million principal amount of straight bond series E, W and G respectively for a cumulative amount of euro 88.7 million.
- For additional information about changes in the Group’s financial position and performance, see the “Notes on business performance” section in the Board of Directors’ report.

3. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as applicable in the European Union (“EU”).

The condensed interim consolidated financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group’s audited annual consolidated financial statements as at 31 December 2022.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements, including the judgments, estimates and special assumptions that affect the application of those accounting policies, are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards, amendments to standards and interpretations as described in note 4 below.

These condensed interim consolidated financial statements have not been reviewed by the auditor, unless written “audited”.

4. CHANGES IN ACCOUNTING POLICIES

The following amendments were adopted for the first time in these condensed interim 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 nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

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.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- » A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- » The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date
- » **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. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- » A change in accounting estimate that results from new information or new developments is not the correction of an error

- » The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

- » **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.

These amendments are not expected to have material impact on the Group.

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



5. REVENUE

	For the period of six months ended 30 June	
	2023	2022
	€'000	
Net rental income	204,403	194,586
Operating and other income	104,998	77,506
	309,401	272,092

6. INVESTMENT PROPERTY

	For the period of six months ended 30 June 2023	For the year ended 31 December 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	-	277,668
Capital expenditure on investment property	51,955	139,647
Disposals of investment property	(257,034)	(15,762)
Fair value adjustment	(531,912)	115,039
Effect of foreign currency exchange differences	63,550	(98,157)
Total investment property	9,187,020	9,860,461
Less: investment property classified as held-for-sale	(196,940)	(330,853)
As at 30 June/ 31 December	8,990,080	9,529,608

(*) classified in accordance with the fair value hierarchy. Since one or more of the significant inputs is not based on observable market data, the fair value measurement is included in level 3.

7. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual consolidated financial statements.

7.1 FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value as at 30 June 2023 and 31 December 2022 on a recurring basis:

	As at 30 June 2023					As at 31 December 2022				
	Carrying amount	Total fair value	Fair value measurement using			Carrying amount	Total fair value	Fair value measurement using		
			Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)			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 (*)	149,272	149,272	55,104	61,069	33,099	184,463	184,463	76,199	70,288	37,976
Derivative financial assets	51,212	51,212	-	51,212	-	63,204	63,204	-	63,204	-
Total financial assets	200,484	200,484	55,104	112,281	33,099	247,667	247,667	76,199	133,492	37,976
FINANCIAL LIABILITIES										
Derivative financial liabilities	61,378	61,378	-	61,378	-	50,037	50,037	-	50,037	-
Total financial liabilities	61,378	61,378	-	61,378	-	50,037	50,037	-	50,037	-

(*) including non-current financial assets at fair value through profit or loss

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 30 June 2023 and 31 December 2022:

	As at 30 June 2023					As at 31 December 2022				
	Carrying amount	Total fair value	Fair value measurement using			Carrying amount	Total fair value	Fair value measurement using		
Quoted prices in active market (Level 1)			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active market (Level 1)			Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
€'000										
FINANCIAL LIABILITIES										
Loans and borrowings ⁽¹⁾	506,598	485,453	-	485,453	-	323,280	289,816	-	289,816	-
Straight bonds ⁽²⁾	3,525,876	2,911,031	2,762,422	148,609	-	3,612,105	2,813,003	2,676,781	136,222	-
Total financial liabilities	4,032,474	3,396,484	2,762,422	634,062	-	3,935,385	3,102,819	2,676,781	426,038	-

(1) including current portion of long-term loans

(2) including bond redemption

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.

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.

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.

There were no transfers between level 1, level 2 and level 3 during the reporting period.

7.2 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.





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8. COMMITMENTS

As at the reporting date, the Group had several financial obligations in total amount of approximately euro 150 million.

9. CONTINGENT ASSETS AND LIABILITIES

The Group does not have significant contingent assets and liabilities as at 30 June 2023 and as at 31 December 2022.

10. EVENTS AFTER THE REPORTING PERIOD

1. After the reporting period, the Group signed approximately euro 230 million of new bank debt with an average maturity of around 6 years and a margin of 1.4%.
2. As of the issuance date, sales of euro 60 million of investment property have been signed but not yet completed.

11. AUTHORISATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were authorised for issuance by the Company's Board of Directors on 16 August 2023.



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