



Grand City Properties S.A.
Société anonyme
1, Avenue du Bois
L-1251 Luxembourg
R.C.S. Luxembourg: B 165560

Dividend payment by Grand City Properties S.A.

- **Luxembourg withholding tax at source**
- **Procedure to apply for an exemption from Luxembourg withholding tax**

The information contained in this informative memorandum regarding certain Luxembourg tax considerations are based on the laws and interpretations in force in Luxembourg as of the date of this informative memorandum and are subject to any changes in laws or interpretations. The following summary does not intend to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, hold or dispose of the shares in Grand City Properties S.A.. It does not describe any tax consequences arising under the laws of any state or any taxing jurisdiction other than Luxembourg. Holders of shares in Grand City Properties S.A. should consult their tax advisers as to the Luxembourg or any other tax consequences of the purchasing, holding or disposition of the shares in Grand City Properties S.A..

LUXEMBOURG WITHHOLDING TAX AT SOURCE

Dividends distributed by Grand City Properties S.A. are, in principle, subject to withholding tax in Luxembourg at the rate of currently 15%, unless a reduced rate or exemption applies.

More precisely, an exemption from Luxembourg withholding tax may apply under Article 147 of the Luxembourg income tax law ("**LIR**"). Exemption or reduced withholding tax rate may be further available under the specific provisions of a double tax treaty (if any applicable).

1. Withholding tax exemption under Article 147 LIR

Article 147 LIR provides for an exemption from withholding tax if the conditions specified below are cumulatively met.

A. Condition linked to the shareholder

The shareholder must be:

- a) a collective entity covered by Article 2 of the European Council Directive 2011/96/EU on the common system of taxation applicable in the case of parent and subsidiary companies of different EU Member States as amended (the "**EU Parent-Subsidiary Directive**"); or
- b) a fully taxable corporation which is resident of Luxembourg and is not covered by Article 2 of the EU Parent-Subsidiary Directive; or
- c) the Luxembourg State, a Luxembourg municipality or union of municipalities or a Luxembourg public collective undertaking; or
- d) a permanent establishment of a collective entity of any of the three categories above; or

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- e) a collective entity which is fully subject to a tax similar to the Luxembourg corporate income tax and which is resident in a country with which Luxembourg has concluded a double tax treaty, and the Luxembourg permanent establishment of such an entity; or
- f) a corporation which is resident of the Swiss Confederation and is subject to Swiss corporate income tax without being exempt; or
- g) a corporation or a cooperative company which is resident of a EEA (European Economic Area) country other than a EU Member State, and is fully subject to a tax similar to the Luxembourg corporate income tax; or
- h) a permanent establishment of a corporation or of a cooperative company which is resident in a EEA (European Economic Area) country other than a EU Member State.

Please note that an individual shareholder is not falling within the categories listed above.

B. Conditions linked to the shareholding

At the date when the dividends are put at its disposal, **the shareholder must have held directly for an uninterrupted period of at least twelve months, a shareholding representing at least 10% of the share capital or having an acquisition cost of at least EUR 1,200,000 (or its equivalent amount in a foreign currency).**

In practice, the acquisition cost of the shareholding in Grand City Properties S.A. must have remained equal or above EUR 1,200,000 (or its equivalent in a foreign currency) at all times during the twelve months period before the ex-dividend date. To ensure this criterion is met, shareholders may choose to place a number of shares in Grand City Properties S.A. with an acquisition cost of at least EUR 1,200,000 (or its equivalent in a foreign currency) on a separate account while trading freely with the remaining shares.

C. General anti-avoidance rule (“GAAR”)

As of 1 January 2016, Luxembourg introduced general anti-avoidance rule (“GAAR”) for the application of the Luxembourg participation exemption applicable to income allocated after 31st December 2015. The anti-abuse provision only applies to distributions falling within the scope of the EU Parent-Subsidiary Directive.

Accordingly, the exemption from Luxembourg dividend withholding tax to income (dividend) distributions to qualifying EU parent companies of a Luxembourg company, are not applicable if the income is allocated as part of “an arrangement or a series of arrangements which, having been put into place for the main purpose, or with one of the main purposes of obtaining a tax advantage that defeats the object or purpose of the EU Parent-Subsidiary Directive, are not genuine having regard to all relevant facts and circumstances.”

In accordance with the EU Parent-Subsidiary Directive as amended, the Luxembourg income tax law continues by stating that “an arrangement, which may comprise more than one step or part, or a series of arrangements, shall be regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect economic reality”.

2. Withholding tax exemption under a double tax treaty with Luxembourg

Certain double tax treaties with Luxembourg provide for an exemption from withholding tax if specific conditions, generally based on the status of the beneficiary of the dividends, are met (example, certain eligible pension funds may, under certain conditions, apply for a withholding tax exemption).

PROCEDURE TO APPLY FOR A WITHHOLDING TAX EXEMPTION

Grand City Properties S.A. has put in place a procedure for eligible shareholders who would like to apply for a withholding tax exemption at source. Such procedure is briefly described below.

1. First stage: as from the ex-dividend date to the dividend payment date

WHAT

The eligible shareholders must provide to Grand City Properties S.A. the documents listed below.

A. Eligible shareholders under article 147 LIR

- **a confirmation letter in the form attached in annex 1** confirming that the conditions of Article 147 LIR are met and applying for a withholding tax exemption at source; **and**
- **a valid and up-to-date certificate of tax residence** issued by the competent tax authorities of the country of residence of the shareholder; **and**
- **complete bank details including IBAN-code; and**
- satisfactory evidence (e.g., a letter from a bank or financial institution) confirming that (i) the shareholding in Grand City Properties S.A. has an acquisition cost of at least EUR 1,200,000 (or its equivalent in a foreign currency) and that (ii) this shareholding has been held directly for an uninterrupted period of at least twelve months¹; **and**
- **for applicants** who are not shareholders covered by the EU Parent-Subsidiary Directive and are not resident of Luxembourg, satisfactory evidence that they comply with the “subject to tax test” of Article 147 LIR².

B. Eligible shareholders under a double tax treaty with Luxembourg

- **a valid and up-to-date certificate of tax residence** issued by the competent tax authorities of the country of residence of the shareholder; **and**
- **satisfactory evidence of the number of shares** held in Grand City Properties S.A. at the ex-dividend date; **and**
- **complete bank details including IBAN-code; and**
- any additional satisfactory evidence that may be required as per the relevant provisions of the double tax treaty.

We underline that it may take some time to obtain a certificate of tax residence and the eligible shareholders should thus contact their competent tax authorities well in advance of the dividend payment date.

Please send any document in English, French or German or provide with a certified translation into English in case the documents are written in another language.

WHEN AND HOW

Grand City Properties S.A. must have received all documents listed above **at least five working days before the dividend payment date.**

¹ For instance, by providing evidence from a custodian bank or from an external auditor or by providing relevant account extracts.

² For instance by providing evidence from a reputable tax advisor or by providing satisfactory tax documentation.

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All documents listed above must be emailed at agm2019@grandcity.lu and confirmation letters and tax certificates (and any other relevant documents) must be sent in **original** at the following address:

Grand City Properties S.A.
1, avenue du Bois,
L-1251 Luxembourg,
Grand Duchy of Luxembourg

Grand City Properties S.A. reserves the right to examine the application documents and to approve and reject the application of the shareholder at its sole discretion. Grand City Properties S.A. cannot be held responsible if an application is rejected because the documents are received after the deadline or are not received in a satisfactory format. However, an eligible shareholder may, at its own discretion, file a direct request in the forms and conditions prescribed by the applicable laws to the Luxembourg tax authorities to apply for a refund of the Luxembourg withholding tax at source.

2. Second stage: as from the dividend payment date

WHAT

On the dividend payment date, Grand City Properties S.A. will pay 85% of the gross dividend amount to the shareholders through its paying agent.

Upon receipt of this amount, the eligible shareholders should provide to Grand City Properties S.A. a **copy of a bank statement** mentioning the amount of dividend received at the dividend payment date (excluding bank costs) and the amount of Luxembourg withholding tax at source.

WHEN AND HOW

The bank statement should be emailed at agm2019@grandcity.lu **within three working days after the dividend payment date**.

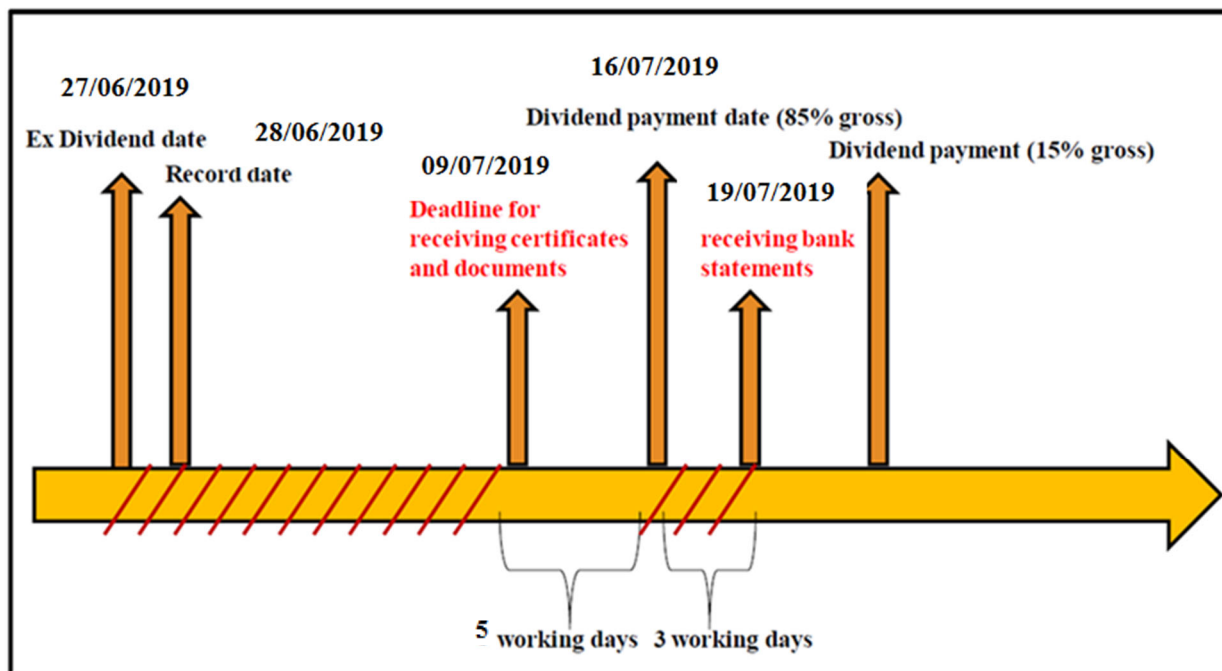
Grand City Properties S.A. will then pay the remaining 15% of the gross dividend by wire-transfer to the bank account number as provided by the eligible shareholders.

For any question related to this informative memorandum, please send an email at agm2019@grandcity.lu. Further, information is available on the Grand City Properties' website at <https://www.grandcityproperties.com/investor-relations/general-meeting/agm-2019/>.

Your contact at Grand City Properties S.A. in relation with the dividend payment procedure is:

Katrin Petersen
Telephone: +352 287 787 86
Email: agm2019@grandcity.lu

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Following the approval of the proposed resolution on the dividend at the annual general meeting of the Company, the Board of Directors of the Company anticipates that shareholders will have the choice of receiving the dividend either in cash or in the form of new shares in the Company. More information about the payment of the dividend is available on the company's website under <https://www.grandcityproperties.com/investor-relations/general-meeting/agm-2019.html>.

ANNEX 1

Confirmation Letter
to apply for withholding tax exemption under Art. 147 LIR

I / We hereby certify that *[please print shareholder's company name and legal form]*, with is registered address at *[please print Shareholder's company address]*:

1. Is a shareholder falling within one of the categories below: (please tick the appropriate box)

- a) a collective entity covered by Article 2 of the European Council Directive 2011/96/UE on the common system of taxation applicable in the case of parent and subsidiary companies of different EU Member States as amended (the "EU Parent-Subsidiary Directive"),
- b) a fully taxable corporation which is resident of Luxembourg and is not covered by Article 2 of the EU Parent-Subsidiary Directive,
- c) the Luxembourg State, a Luxembourg municipality or union of municipalities or a Luxembourg public collective undertaking,
- d) a permanent establishment of a collective entity of any of the three categories above,
- e) a collective entity which is fully subject to a tax similar to the Luxembourg corporate income tax and which is resident in a country with which Luxembourg has concluded a double tax treaty, and the Luxembourg permanent establishment of such an entity,
- f) a corporation which is resident of the Swiss Confederation and is subject to Swiss corporate income tax without being exempt,
- g) a corporation or a cooperative company which is resident of a EEA (European Economic Area) country, other than a EU Member State, and is fully subject to a tax similar to the Luxembourg corporate income tax,
- h) a permanent establishment of a corporation or of a cooperative company which is resident in a EEA (European Economic Area) country, other than a EU Member State.

2. Has held: (please tick the boxes)

- directly and
- for an uninterrupted period of at least twelve months at the ex-dividend date,
- a shareholding in Grand City Properties S.A. representing at least 10% of the share capital or having an acquisition cost of at least EUR 1,200,000 (or its equivalent amount in a foreign currency) ("Qualifying Shareholding").

3. For EU shareholder falling within categories a) and d) above: (please tick the box)

- the allocation of the dividend is not abusive as defined in the GAAR¹.

4. Has acquired the Qualifying Shareholding:

- on: *[please insert the date of acquisition of the Qualifying Shareholding]*,
- for an acquisition price of EUR: *[please insert the acquisition price of the Qualifying Shareholding]*
- representing a number of shares of: *[please insert the number of shares representing the Qualifying Shareholding]*

5. At the ex-dividend date, is holding the following number of shares in Grand City Properties S.A.: *[please print the exact number of shares held at the ex-dividend date]*.

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6. Is applying by the present letter for an exemption from withholding tax at source under Article 147 LIR.

Certified on: *[please insert the date when the letter is signed]*

By authorized representative:

Name: [•]

Title: [•]

ⁱ The income is not allocated in the context of an arrangement or a series of arrangements which, having been put into place for the main purpose, or one of the main purposes, of obtaining a tax advantage that defeats the object or purpose of the EU Parent-Subsidiary Directive, are not genuine having regard to all relevant facts and circumstances.”