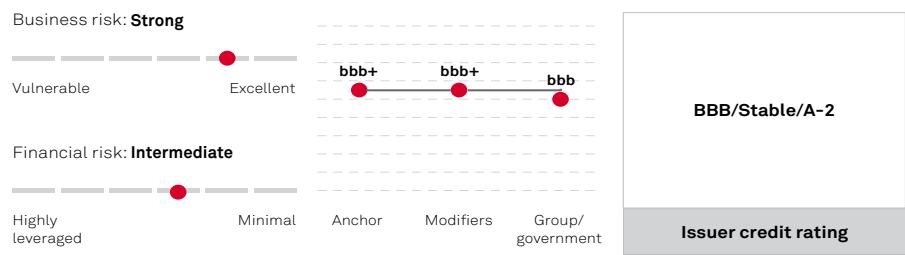


# Grand City Properties S.A.

December 5, 2025

This report does not constitute a rating action.

## Ratings Score Snapshot



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## Credit Highlights

### Overview

Key strengths	Key risks
Large portfolio of average-quality residential assets, mainly located in or close to metropolitan German cities (80% of asset value) and in London (20% of asset value), valued at €8.8 billion as of Sept. 30, 2025.	S&P Global Ratings-adjusted debt to debt plus equity expected to increase close to our stand-alone credit profile (SACP) downside threshold of around 45% over the next 12-24 months (42% as of Sept. 30, 2025).
Strong track record of positive like-for-like rental income growth, supported by a highly diversified asset and tenant base and long tenant stays.	The final rating on Grand City Properties (GCP) is tied to our rating on Aroundtown S.A and therefore depends on Aroundtown's development.
Exposure to the regulated German residential segment, which continues to benefit from strong market fundamentals, such as a demand-supply imbalance and a relatively high share of renting households.	Rising affordability risk in the German residential market due to rising rents and growing local regulations, which could lead to political pressure to introduce further tenant-friendly measures.
Strong liquidity with available cash and liquid assets of €1.35 billion as of Sept. 30, 2025, which covers debt maturities well until 2027 and good access to diversified funding sources, which limit refinancing risks.	

**GCP's strong operating performance is underpinned by rental growth amid the supply and demand imbalance in Germany's residential markets.** In the first nine months of 2025, the company reported like-for-like rental growth of 3.7% with a stable occupancy rate of 96.4% (96.2% as of Dec. 31, 2024) for its overall portfolio. We expect the supply and demand imbalances in Germany's and London's residential markets and steady indexation to continue supporting GCP's rental growth for the next two years. We estimate high and stable occupancy of 96%-97% along with strong uplifts in rent renewals and steady indexation, leading to like-for-like rental growth of 2.5%-3.0% in 2025 and 2.0%-2.5% annually in 2026 and 2027. Along with organic growth, additional investment in the portfolio, as the market stabilizes, should add to rental income growth, with full rental contribution benefits seen from 2027 onward.

**GCP's refinancing needs are limited over the next 24 months and its plan to use cash to repay upcoming maturities should support an EBITDA interest coverage ratio remaining above 2.4x.** Its S&P Global Ratings-adjusted EBITDA interest coverage ratio improved in the first nine months of 2025 to 3.0x, from 2.7x at the end of 2024. This ratio benefits from a low average cost of debt average of 2.0% (excluding hybrid notes) and relatively high exposure to fixed or hedged interest rates of 95% as of Sept. 30, 2025. GCP has staggered debt maturities (a weighted average debt maturity profile of 4.4 years as of Sept. 30, 2025) and enough liquidity in terms of cash balance to cover maturities until 2027. Although we assume it will refinance its debt at a higher cost of 4.0%-4.5% in 2026 and 3.5%-4.0% in 2027, we assume the overall absolute interest expense increase will remain limited as we understand GCP would use its high cash balance for debt repayments over the next 12-18 months. Therefore, we forecast the EBITDA coverage ratio will remain 2.7x-2.9x in the next 12-24 months. In our calculations we do not net interest income from interest expenses.

**Although GCP's S&P Global Ratings-adjusted debt to debt plus equity improved as of the third quarter of 2025 however, we forecast it will increase closer to our downside threshold of 45% by 2027 for its stand-alone credit profile (SACP).** The ratio improved to 41.8% as of Sept. 30, 2025 (43.5% as of Dec.31, 2024) on positive portfolio revaluations, the common dividend suspension, and a solid operating performance. Although there is still sufficient headroom under our downside threshold of 45% for its SACP, we expect this leverage headroom will reduce in the coming years, with adjusted debt to debt plus equity increasing toward 43.5% in 2026 and 45% in 2027. We expect this will be driven by a resumption of dividends in 2026 and likely by opportunistic acquisitions as the market stabilizes. GCP did not perform a valuation in the third quarter but will include an updated valuation in its full-year results. We anticipate its debt-to-EBITDA ratio will remain stable at 10x-11x over the next 12 to 24 months (11.1x in December 2024). We base this on our projection of increased EBITDA generation driven by strong like-for-like rental growth, slightly mitigating the impact of the higher debt forecast for the next two years. A revision of its SACP, however, would not lead us to automatically lower our final rating on GCP; this remains linked to the rating on its parent, Aroundtown S.A.

**We continue to view GCP as a highly strategic subsidiary of Aroundtown S.A. (AT; BBB/Stable/A-2).** We think AT's stake in the company (62% as of Sept. 30, 2025), combined with the absence of a strong minority shareholder and the presence of several of AT's advisory and management board members at the GCP board level gives AT the ability to influence GCP's strategy and disposition of cash flow. Therefore, we continue to apply our group rating methodology to our assessment of GCP's creditworthiness, and we regard the company as a highly strategic subsidiary of AT. This is because we think GCP is almost integral to the group's identity and future strategy, and we think AT would be likely to support GCP under almost all foreseeable circumstances. Therefore, the issuer credit rating on GCP includes a one-notch negative adjustment, equalizing our rating on GCP with that on the parent.

## Outlook

The stable outlook on GCP reflects that on AT. It also reflects our expectation that the company will continue to generate stable and predictable income from its existing assets. In our base-case scenario, we assume AT will sustain a stable operating performance, benefiting in particular from its residential portfolio. As a result, we forecast AT will maintain a debt-to-debt-plus-equity ratio of 50%-54%, debt to EBITDA of 14.0x-15.0x, and EBITDA interest coverage of 2.1x-2.2x over the next 12-24 months.

### Downside scenario

We could downgrade GCP if AT's:

- Debt to debt plus equity increased toward 60%;
- EBITDA interest coverage decreased toward 1.8x; or
- Debt to EBITDA deviated materially from our forecast.

Ratings pressure would also build if AT's operating environment deteriorated, leading to a further increase in vacancy rates in its commercial property portfolio or a greater devaluation of its asset base than we currently anticipate.

We could also take a negative rating action if unexpected events weaken AT's creditworthiness, such that available cash is not used to reduce leverage but instead for increased material corporate spending, such as on acquisitions or share buybacks/dividends, or if its liquidity position deteriorates.

Although this would not result in a downgrade given expected group support, we could revise our assessment of GCP's SACP to 'bbb' from 'bbb+' if, on a prolonged basis:

- GCP's stand-alone operating performance significantly deteriorated, with higher vacancies in its portfolio, and credit metrics that deviated significantly from our base case. This could happen if debt to debt plus equity did not stay below 45% on a sustained basis and EBITDA interest coverage fell to 2.4x or below.

### Upside scenario

An upgrade would hinge on AT achieving, on a prolonged basis:

- Debt to debt plus equity well below 50%;
- EBITDA interest coverage above 2.4x; and
- Debt to EBITDA toward 13.0x.

A continuing strong operating environment would also support an upgrade, including improvements in occupancy levels--particularly in the commercial portfolio--positive like-for-like rental income growth, and flat or positive portfolio value growth in its property portfolio.

Although it would not result in an upgrade, we could revise our assessment of GCP's SACP to 'a-' from 'bbb+' if:

- Debt to debt plus equity improved to about 35% as part as a more conservative financial policy, and debt to EBITDA improved from current levels, while EBITDA interest coverage moved toward 3.8x; or

- The portfolio showed significant growth, exceeding €10 billion without increasing existing leverage. We would expect the new assets to match the quality of the existing portfolio, and this growth to dilute GCP's exposure to assets with renovation potential, which typically have higher vacancy rates, allowing the group's average vacancy rate to remain below 5%.

## Our Base-Case Scenario

Assumptions
<ul style="list-style-type: none"> <li>• Real GDP growth in Germany of 1.1% in 2026 and 1.6% in 2027. We forecast consumer price index (CPI) growth of 1.8% in 2026, and increasing to 2.1% in 2027.</li> <li>• Real GDP growth in the U.K. of 1.4% in 2026, increasing to 1.5% in 2027. We forecast CPI growth of 2.0%-2.5% in 2026-2027.</li> <li>• Like-for-like rental income growth of 2.5%-3.0% in 2025 and 2.0%-2.5% annually in 2026 and 2027, mainly supported by progressive growth in indexation but partly offset by rent affordability uplifts.</li> <li>• Overall occupancy to stay broadly stable at around 96%-97% in the coming 12-24 months.</li> <li>• Positive like-for-like portfolio revaluation of about 1.5%-2.0% in 2025 as we assume stable property portfolio valuation for the second half of 2025 (1.6% revaluation as of Sept. 30, 2025) and flat thereafter.</li> <li>• Total annual capital expenditure (capex) of about €100 million each year over the next few years, mainly linked to repositioning activities and the modernization of existing assets.</li> <li>• We expect asset disposals of €140 million-€150 million in 2025 and we understand GCP has already disposed of about €140 million as of third-quarter 2025. We don't assume any further asset disposals over the next few years.</li> <li>• We assume an acquisition of €225 million-€250 million in 2025 and €250 million-€300 million in 2026 as we understand GCP plans to expand, given its asset's yields have stabilized and it has created some headroom under its credit metrics.</li> <li>• We expect the company will resume dividends in 2026, and thereafter an expected dividend of €140 million-€150 million annually excluding the 50% of the perpetual cash dividends.</li> <li>• Replacement of hybrids that have first call dates in 2026 with an equivalent instrument that would be treated as being at least 50% equity with a coupon of 5%-6%.</li> <li>• Average cost of debt to increase slightly to about 2.2%-2.3% (excluding hybrid coupon payments) from 2.0% as of Sept. 30, 2025, for the next 12 months, assuming 3.5%-4.0% rate on new refinancings in 2026.</li> </ul>

## Key metrics

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
(Mil. EUR)	2023a	2024a	2025e	2026f	2027f
Revenue	606	592	611	644	675
EBITDA	318	330	341	359	376
Funds from operations (FFO)	217	205	199	202	211
Interest expense	99	124	118	132	147
Cash flow from operations (CFO)	181	200	198	197	198

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026	Dec-31-2027
Capital expenditure (capex)	79	86	90	100	100
Common dividend	--	--	--	142	142
Debt	4,207	3,678	3,632	3,903	4,238
Equity	4,330	4,775	5,064	5,077	5,076
<b>Adjusted ratios</b>					
EBITDA margin (%)	52.5	55.8	55.8	55.8	55.7
EBITDA interest coverage (x)	3.2	2.7	2.9	2.7	2.6
Debt/EBITDA (x)	13.2	11.1	10.7	10.9	11.3
Debt/debt and equity (%)	49.3	43.5	41.8	43.5	44-45

## Company Description

GCP is a Luxembourg-based investment company, focusing on investing in and managing properties with upside potential in the German residential real estate market and London. As of Sept. 30, 2025, the total portfolio consists of 61,040 units, primarily located in densely populated areas, including Berlin (23% of portfolio value), North Rhine-Westphalia (21%), London (20%), and Dresden/Leipzig/Halle (14%). GCP is one of the leading companies in the German residential market, with a total owned portfolio valued at approximately €8.8 billion as of Sept. 30, 2025. The company is listed on Frankfurt Stock Exchange's SDAX. As of Sept. 30, 2025, the shareholder structure comprises a free float of 38%, while AT, through its subsidiary Edolaxia Group, owns a 62% stake.

## Peer Comparison

### Grand City Properties S.A.--Peer Comparison--Operating Metrics

	Grand City Properties S.A.	Aroundtown S.A.	Vonovia SE	Heimstaden Bostad AB	Vesteda Residential Fund FGR*
Foreign currency issuer credit rating	BBB/Stable/A-2	BBB/Stable/A-2	BBB+/Stable/A-2	BBB-/Stable/--	A-/Stable/A-2
Business risk profile	Strong	Strong	Excellent	Strong	Strong
Financial risk profile	Intermediate	Significant	Significant	Aggressive	Intermediate
Portfolio value (Billion)	€8.8	€25.0	€79.4	~€29.9	€10.0
Geographic diversity	80% Germany, 20% London	80% Germany, 8% UK, 12% Others	80% Germany, 6% Austria, 14% Sweden	28% Sweden, 25% Germany, 21% Denmark, 9% Netherlands, 9% Czech Republic, 5% Norway, 4% UK, Finland & Poland	100% Netherlands
Asset diversity	100% residential	38% office, 34% residential, 22% hotel, 4% Retail & 2% Logistics/ others	100% residential	100% residential	100% residential
Occupancy (%)	96.7	92.6	97.8	98.6	97.9

All figures are as of September 2024. \*Data as of June 2024

## Grand City Properties S.A.--Peer Comparisons

	Grand City Properties S.A.	Aroundtown S.A.	Vonovia SE	Heimstaden Bostad AB	Vesteda Residential Fund FGR
Foreign currency issuer credit rating	BBB/Stable/A-2	BBB/Stable/A-2	BBB+/Stable/A-2	BBB-/Stable/--	A-/Stable/A-2
Local currency issuer credit rating	BBB/Stable/A-2	BBB/Stable/A-2	BBB+/Stable/A-2	BBB-/Stable/--	A-/Stable/A-2
Period	Quarterly	Quarterly	Quarterly	Quarterly	Annual
Period ending	2025-09-30	2025-06-30	2025-09-30	2025-09-30	2024-12-31
Revenue	598	1,493	3,562	1,627	399
EBITDA	334	954	2,334	963	261
Funds from operations (FFO)	202	480	1,294	338	214
Interest expense	110.9	403.0	820.3	587.6	--
Operating cash flow (OCF)	186	461	1,915	298	219
Capital expenditure	55	415	1,409	419	229
Common dividends paid	--	---	849.7	--	--
Cash and short-term investments	1,354	3,371	2,942	276	1
Debt	3,653	13,185	40,430	16,315	2,633
Equity	5,086	12,879	31,562	13,865	7,271
<b>Adjusted Ratios</b>					
EBITDA margin (%)	55.9	63.9	65.5	59.2	65.4
EBITDA interest coverage (x)	3.0	2.4	2.8	1.6	3.8
Debt/EBITDA (x)	10.9	13.8	17.3	16.9	10.1
Debt/debt and equity (%)	41.8	50.6	56.2	54.1	26.6

## Business Risk

GCP's business risk profile is underpinned by its large income-producing asset portfolio of about €8.8 billion as of Sept. 30, 2025, generating stable and recurring cash flows across Germany. The company benefits from a broad geographic spread across densely populated regions, with good growth prospects in Germany. It focuses mainly on metropolitan areas with favorable macroeconomic fundamentals and solid demand for residential premises.

GCP is present in regions with healthy rental growth prospects, such as North Rhine-Westphalia--which includes cities such as Cologne, Duisburg, and Dortmund--as well as Berlin, and the cities of Dresden and Leipzig. Demand continues to outpace the supply of new property developments in GCP's core regions, further facilitating improvements in occupancy rates (overall vacancy reduced to 3.6% in September 2025 from 3.9% in September 2024). The exposure in London remains stable at around 20% of total gross asset value as of Sept. 30, 2025. Although the exposure is small compared with the overall portfolio size, we believe that challenging macroeconomic conditions could affect rents and valuations given our view of the market as more volatile and challenging than regulated markets like Germany. Vacancy rates in GCP's London portfolio declined to 2.3% as of Sept. 30, 2025, from 3.1% as of Sept. 30, 2024. We expect GCP will remain mostly a player in Germany, and we understand that its overall exposure to London will remain around 20% in the long term, in line with the company's strategy.

GCP's high concentration in Germany, at about 80% of assets, leaves it highly exposed to Germany's economy and regulations compared with more diversified residential real estate peers. In addition, the German government's climate protection law ("Klimaschutzgesetz") has set high targets for carbon dioxide (CO<sub>2</sub>) reduction in the coming years, which is likely to result in higher investments over the medium to long term, potentially impacting profitability.

We see the asset quality of most apartments in GCP's portfolio as in line with the German average, reflecting that the company still has some exposure to lower-quality premises, located in more rural areas where demand-supply trends are less favorably compared to metropolitan areas.

GCP has limited exposure to development activities. Investments relate mainly to the maintenance and renovation of acquired premises. GCP's property portfolio now comprises 61,040 owned units and, like its residential property peers, it has broad asset and tenant diversity. GCP's assets are also rented below market average rates, providing headroom in a market downturn scenario when rents would start declining. There is scope for rents to increase further with rising local Mietspiegels and the strong undersupply in many metropolitan areas. We think the residential asset class, especially in Germany, is more resilient than commercial properties, which are more cyclical and vulnerable to economic downturns.

## Financial Risk

We forecast GCP's credit metrics to remain reasonably stable in the coming years, in line with its moderate financial policy, but we note headroom will remain tight for debt to debt plus equity. GCP's debt to debt plus equity improved to 41.8% as of Sept. 30, 2025, from 43.5% as of Dec. 31, 2024, mainly supported by positive portfolio revaluations in the first half of 2025, the suspension of common dividends, and solid operating performance. We forecast debt to debt plus equity will increase back to 44%-45% in the next two-to-three years amid a resumption in dividends and investments in the portfolio, reducing headroom under our downside threshold of 45%. However, we understand that asset-acquisition plans are not committed and GCP might choose not to proceed if ratios get tighter. Also, we conservatively do not assume any further portfolio revaluation gains.

The company's staggered debt maturity profile (weighted average debt maturity of 4.4 years), high exposure to fixed or hedged interest rates (95% as of Sept. 30, 2025), low average cost of debt on Sept. 30, 2025, of 2.0% (stable from the 2.1% for the same period last year) and company assumptions of use of cash to repay part of upcoming maturities will help it maintain EBITDA interest coverage at 2.7x-2.9x for 2025-2026. We expect GCP's debt to EBITDA to remain 10x-11x in 2025-2026, supported by higher EBITDA generation amid a strong operating performance over the next 12-24 months.

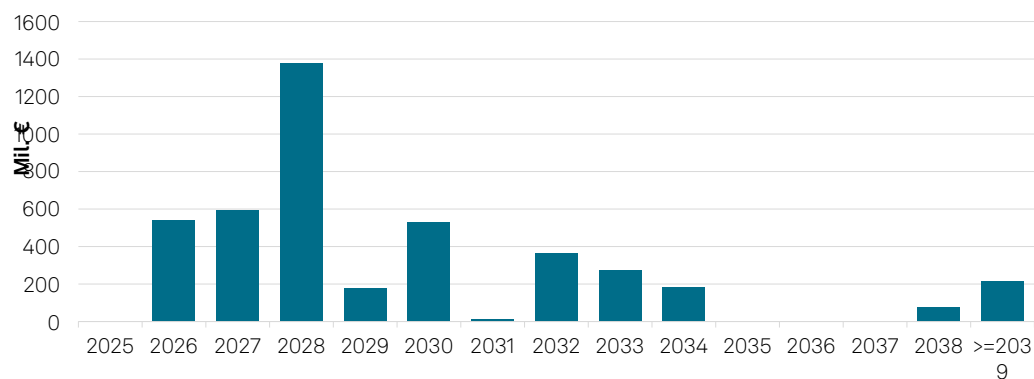
GCP's capital structure benefits from a high proportion of unencumbered assets at about 69% (about €6.2 billion) of the total portfolio value as of Sept. 30, 2025. The company has well-diversified funding sources, including mortgage debt, convertible and straight bonds, perpetual notes, and common equity. Partly offsetting these strengths is its somewhat weaker cash flow generation, mainly due to the low-yield profile of its assets (rental yield of 4.9% as of Sept. 30, 2025) compared with other residential peers operating in a higher yield environment (such as the U.S.) or other commercial landlords.

## Debt maturities

At the end of Sept. 30, 2025, the average remaining debt maturity of GCP's borrowing was 4.4 years.

### Debt Maturity Profile

As of September 30, 2025



Source: S&P Global Ratings.

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## Financial Summary

### Grand City Properties S.A.--Financial Summary

Period ending	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Reporting period (RTM-rolling twelve months)	RTM	RTM	RTM	RTM	RTM	RTM	RTM	RTM
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	606	604	593	595	592	595	593	598
EBITDA	318	320	323	327	330	333	334	334
Funds from operations (FFO)	217	210	217	212	205	202	201	202
Interest expense	99	114	122	128	124	117	115	111
Operating cash flow (OCF)	181	187	200	203	200	194	190	186
Capital expenditure	79	83	89	105	86	86	87	55
Dividends paid	0	0	0	0	0	0	0	0
Cash and short-term investments	1,230	1,287	1,122	1,457	1,514	1,662	1,480	1,354
Debt	4,207	4,145	3,849	3,767	3,678	3,559	3,575	3,653
Common equity	4,330	4,377	4,435	4,489	4,775	4,847	4,917	5,086
Valuation of investment property	8,629	8,681	8,369	8,464	8,629	8,709	8,827	8,832
<b>Adjusted ratios</b>								
EBITDA margin (%)	52.5	52.9	54.4	54.9	55.8	56.0	56.2	55.9
EBITDA interest coverage (x)	3.2	2.8	2.7	2.6	2.7	2.8	2.9	3.0
Debt/EBITDA (x)	13.2	13.0	11.9	11.5	11.1	10.7	10.7	10.9
Debt/debt and equity (%)	49.3	48.6	46.5	45.6	43.5	42.3	42.1	41.8



## Reconciliation Of Grand City Properties S.A. Reported Amounts With S&amp;P Global Ratings' Adjusted Amounts - EUR (Millions)

	Debt	Shareholder Equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Period date	2025-09-30									
Company reported amounts	4,255	5,157	602	330	725	89	334	277	-	55
Cash taxes paid	-	-	-	-	-	-	(42)	-	-	-
Cash interest paid	-	-	-	-	-	-	(67)	-	-	-
Lease liabilities	113	-	-	-	-	-	-	-	-	-
Debt-like hybrids	74	(74)	-	-	-	4	(5)	(5)	(5)	-
Intermediate hybrids (equity)	566	(566)	-	-	-	18	(18)	(18)	(18)	-
Accessible cash and liquid investments	(1,354)	-	-	-	-	-	-	-	-	-
Share-based compensation expense	-	-	-	2	-	-	-	-	-	-
Nonoperating income (expense)	-	-	-	-	25	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(67)	-	-
Noncontrolling/ minority interest	-	568	-	-	-	-	-	-	-	-
Revenue: Finance/interest income	-	-	(4)	(4)	(4)	-	-	-	-	-
EBITDA - Gain/(loss) on disposals of PP&E	-	-	-	6	6	-	-	-	-	-
D&A: Asset valuation gains/(losses)	-	-	-	-	(401)	-	-	-	-	-
EBIT: Finance /interest income	-	-	-	-	4	-	-	-	-	-
Dividends: other	-	-	-	-	-	-	-	-	23	-
Total adjustments	(601)	(72)	(4)	4	(370)	22	(133)	(90)	(0)	-
<b>S&amp;P Global Ratings adjusted</b>	<b>Debt</b>	<b>Equity</b>	<b>Revenue</b>	<b>EBITDA</b>	<b>EBIT</b>	<b>Interest expense</b>	<b>Funds from Operations</b>	<b>Operating cash flow</b>	<b>Dividends</b>	<b>Capital expenditure</b>
	3,653	5,086	598	334	355	111	202	186	(0)	55

## Liquidity

We assess GCP's liquidity as strong because we forecast liquidity sources will exceed funding needs by at least 1.5x over the 12 month as of Sept. 30, 2025, and by more than 1x over the subsequent 12 months. The company benefits from the absence of large debt maturities in the short term, along with high cash balances and good access to capital markets.

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"><li>• About €1.35 billion of unrestricted cash and liquid market investments as of Sept. 30, 2025.</li><li>• Undrawn bank facilities of €150 million under its back-up facilities, maturing in more than 12 months.</li><li>• Our forecast of about €225 million-€250 million in cash funds from operations for the next 12 months.</li></ul>	<ul style="list-style-type: none"><li>• About €550 million of short-term debt maturities (in the next 12 months), including regular debt amortization followed by €594 million of maturities in following 12 months.</li><li>• Our forecast of €100 million in capex annually for property, plant, and equipment, and property investment, most of which is not committed.</li><li>• Annual dividend payment of €162 million (including perpetual dividends) in the next 12 months.</li></ul>

## Covenant Analysis

### Requirements

GCP has several covenants under its bond and bank loan documentation. The straight bonds and convertible bonds are unsecured and have the following covenants:

- Limitation of debt: Total debt to assets of less than or equal to 60%.
- Limitation on secured debt: Secured debt to total assets of less than or equal to 45%.
- Interest coverage ratio: Adjusted EBITDA to net cash interest of greater than or equal to 2.0x.
- Maintenance of unencumbered assets: Unencumbered assets to unsecured net debt of greater than or equal to 125%.

### Compliance expectations

GCP complied with all its covenants as of Sept. 30, 2025. We expect GCP will maintain sufficient headroom (more than 30%) under the financial maintenance covenants in its various debt agreements.

## Environmental, Social, And Governance

ESG factors are an overall neutral consideration in our credit rating analysis of GCP. The company has exposure to residential assets in Germany, including Berlin and other metropolitan cities, where social and political debates on rent affordability could increase again. We note that the company report Energy Performance Certificates (EPCs) details for the property portfolio and about 80% of the German property portfolio is rated 'A-E' while 60% of the U.K. property portfolio is rated 'A-C' of the EPC certification as of Dec. 31, 2024. To meet its carbon emissions target--aiming for a 40% reduction in CO2 intensity and a 20% reduction in energy intensity by 2030 compared to 2019--GCP may need to increase capex over the long term to enhance energy efficiency in its buildings. We understand that GCP is continuously evaluating its capex requirements for these initiatives and prioritizing investments based on EU taxonomy criteria and its internal sustainability targets to improve energy efficiency and reduce CO2 emissions. AT's significant stake in GCP (62% as of Sept. 30, 2025) is factored into our rating.

## Group Influence

AT's stake in GCP was 62% as of Sept. 30, 2025. We think AT's stake, combined with the absence of a strong minority shareholder and the presence of several of AT's advisory and management board members at the GCP board level gives AT the ability to influence GCP's strategy and disposition of cash flow. Therefore, we continue to apply our group rating methodology to our assessment of GCP's creditworthiness, and we regard the company as a highly strategic subsidiary of AT. This is because we think GCP is almost integral to the group's identity and strategy. We think AT would be likely to support GCP under almost all foreseeable circumstances. That said, we note the significant stake still owned by other shareholders and the independence of GCP's funding strategy, with no cross-default clauses in the existing debt instruments.

Our assessment of the Aroundtown and its group credit profile is 'BBB'. Our final rating on GCP is aligned with our final rating on Aroundtown at 'BBB' because under our criteria the issuer credit rating of a subsidiary cannot be higher than that on the parent offering group support.

## Issue Ratings--Subordination Risk Analysis

### Capital structure

GCP's proportion of secured debt remains limited and its ratio of secured gross debt to total assets was about 9% as of June 30, 2025, well below our 40% threshold.

### Analytical conclusions

We continue to align the ratings on the senior unsecured debt with our 'BBB' issuer credit rating.

We assign intermediate equity content to GCP's €1.1 billion outstanding subordinated hybrid instrument and no equity content to the portion of hybrids that remains outstanding and where the effective maturity is now less than 20 years (as of Sept. 30, 2025, about €74 million). The issue rating on all GCP's hybrid instruments is 'BB+', two notches below our issuer credit rating, one notch for subordination and one for optional deferability. We understand that the company sees a very low likelihood of deferring hybrid coupon payments at this stage. If the likelihood of coupon payment deferral increases, we will reassess the hybrid bond ratings.

## Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BBB/Stable/A-2</b>
<b>Local currency issuer credit rating</b>	<b>BBB/Stable/A-2</b>
<b>Business risk</b>	<b>Strong</b>
Country risk	Very Low
Industry risk	Low
Competitive position	Strong
<b>Financial risk</b>	<b>Intermediate</b>
Cash flow/leverage	Intermediate
<b>Anchor</b>	<b>bbb+</b>
<b>Modifiers</b>	
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bbb+</b>

## Related Criteria

- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | Industrials: Key Credit Factors For The Real Estate Industry](#), Feb. 26, 2018
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

# Related Research

- Aroundtown S.A.'BBB/A-2' Ratings Affirmed; Outlook Stable; Liquidity Assessment Revised To Adequate From Strong, December 01, 2025
- [Grand City Properties S.A.](#), Dec. 11, 2024

Ratings Detail (as of December 05, 2025)\*

<b><a href="#">Grand City Properties S.A.</a></b>	
Issuer Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Subordinated	BB+

Issuer Credit Ratings History

29-Apr-2025	BBB/Stable/A-2
23-Jun-2023	BBB+/Negative/A-2
21-Dec-2016	BBB+/Stable/A-2

\*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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