



ANTI-MONEY LAUNDERING (AML) POLICY (Internal and External)

1. Scope of application

This Anti-Money Laundering Policy ("Policy") applies to Grand City Properties S.A., its subsidiaries and affiliated companies (as defined in Section 15 of the German Stock Corporation Act) ("GCP Group"), as well as to all companies in which the GCP Group holds a majority or controlling interest or in which it can exert a controlling influence, to the extent that such companies adopt this Policy as binding (hereinafter, all companies covered by the scope are referred to as "GCP"). Individual GCP Group companies may – by way of a resolution passed by the management body – be temporarily exempted from the application of some or all group policies and/or guidelines in order to address specific situations, such as recent acquisitions or fundamental organizational changes. In all cases such temporary exemptions shall be resolved in compliance with the applicable law. This Policy applies to all personnel, including officers, directors and apprentices. If the masculine form is used in this Policy, then it is only for ease of reading and simplification purposes.

2. Commitment

As a leading European real estate company, we are aware of the risk of money laundering, and it is particularly important for us to raise awareness of this within our company as well as to implement all measures to exclude this risk as far as possible and in accordance with the applicable law.

Therefore, we have adopted this Policy to ensure and to demonstrate that we comply with our obligations under applicable anti-money laundering laws, and to ensure that our business is not misused for money laundering or funding of terrorist or criminal activities.

We are aware that anti-money laundering requirements may vary in the countries in which GCP conducts business. In addition, different legal requirements may apply to the individual legal entities of GCP due to their diverse activities. In view of this, the entire GCP Group is obliged to comply with the standards designated in this Policy and, in addition, country-specific and business-specific requirements are adopted when necessary.

3. Money Laundering and Terrorist Financing

Money laundering can be defined in many ways. The United Nations describes it as "the conversion or transfer of property, knowing that such property is derived from any offense(s), for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in such offense(s) to evade the legal consequences of his actions."

In practice, money laundering takes place in three stages:

1. The conversion or transfer of property, knowing that such property is derived from any offense, e.g., drug trafficking, or offenses or from participation in such offense or offenses, for the purpose of concealing or disguising the illicit origin of property, or assisting any person who is involved in the commission of such an offense or offenses to evade the legal consequences of such actions;
2. The concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from an offense or offenses or from an act of participation in such offense(s), and;
3. The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from an offense or offenses or from an act of participation in such offense(s).
4. The use of the financial sector by placing in it or moving through it proceeds of criminal activity with the purpose of giving the proceeds of criminal activity a veneer of legitimacy.

GCP as a real estate company is particularly exposed to money laundering risks when the origin of illegitimate funds is intended to be concealed by (cash) transactions involving less conspicuous types of assets or amounts that do not attract attention, or when illegitimate assets are reintroduced into the economy and used to acquire legitimate assets or to fund legitimate businesses. In this context, particular attention should be paid to the structure of transactions, the identity of the business partner and the origin of the funds.

Terrorist financing may not involve the proceeds of criminal conduct, but rather an attempt to conceal either the origin of the funds or their intended use, which could be for criminal purposes. In this regard, specific attention must be paid to the parties involved in the transaction, including their ultimate beneficial owners.

GCP educates its employees in how to recognize money-laundering via its e-learning platform and in regular in-person meetings, and its employees are aware that reckless unawareness of the recognition of money laundering assets alone can have serious consequences. Business partner checks take place including in particular prior to entering into real estate transactions involving any acquisition or disposal of an asset, and prior to entering into or renewing lease agreements with a monthly rent of EUR 10,000 or greater or in equivalent currency. In the case of automatic lease renewals that are part of the original agreement, business partner checks are not required. In addition, GCP takes general measures to reduce the risk of money laundering and terrorist financing, such as prohibiting cash transactions of EUR 10,000 or greater and by prohibiting cooperation with so-called "shell banks" (banks that have a banking license in their country of domicile but do not operate there and are not part of a financial services group subject to effective banking regulation).

4. Indicators for money laundering

The indicators listed below are primarily intended to raise awareness for money laundering risks among all GCP employees and such list is not intended to be exhaustive. Not every point in the list below will always be an indicator of money laundering. The risks must be examined on a case-by-case basis.

The most important tool for identifying money laundering risks is the use of commercial experience, common sense and internal safeguards in order to detect unusual and suspicious transaction behavior. The following non-exhaustive list of circumstances may however be an indication for money laundering risks, particularly if multiple indicators are noted in a transaction:

1. The business partner refuses to provide information or proof on its identity or to identify a legitimate source of funds, or the respective information is false, misleading or substantially incorrect.
2. The business partner is a resident of, or transacts with, a geographical area of high risk.
3. The identity of the business partner indicates a money laundering risk (drugs, criminal background, financial intermediaries, cash-intensive businesses).
4. The transaction involves non-transparent participation or holding structures.
5. The business partner asks for secrecy or anonymity for no apparent reason.
6. The business partner appears to be acting as an agent for an undisclosed principal but is reluctant to provide the relevant information about the representation.
7. Payments are made by a third party or money transfer from a source that has no apparent connection to the business partner or from foreign countries.
8. The business partner seeks to enter a transaction involving large sums of cash without a comprehensible reason.
9. The business partner demonstrates unusual payment behavior such as payment in advance of a transaction or making installments below the set threshold.
10. The business partner wishes to engage in a transaction that lacks business sense or is inconsistent with the business partner's stated business purpose.
11. The stated business, occupation or financial resources of the business partner are not commensurate with the type or level of activity of the business partner.
12. The nature or frequency of the real estate transaction is atypical and suggests the concealment of funds. Also, a not cost-effective transaction or kick-back payments could indicate money laundering.
13. The business partner check reveals that the business partner, a related person, or the source of funds has a connection to a high-risk country or a politically exposed person.

5. Risk-based measures in case of possible money laundering risks

A key element in preventing the misuse of our business for illegal activities is to know our business partners. GCP's employees are encouraged to gain a comprehensive impression of the respective business partners and to highlight any irregularities that may indicate a money laundering risk. The duty to report applies irrespective of the amount of a transaction or the value of an underlying asset. Wherever an GCP employee identifies potential violations of the anti-money laundering measures under this Policy or the GCP guidelines on business partner checks, this employee is obliged to speak up and to report this issue immediately through available reporting lines such as their supervisors, its whistleblower system and in particular to the KYC department.

The GCP compliance department will then decide on the specific measures to be taken in the individual case. A transaction that is potentially connected to a money laundering risk may not be carried out until it is cleared by the KYC department. Further measures as decided upon by the KYC department may be as follows:

1. An in-depth business partner check
2. If doubts remain as to the identity of the business partner or source of funds, and the business partner either refuses to provide the necessary information when requested, or appears to have intentionally provided misleading information, the business relation may not be entered into or be discontinued
3. Where concrete, objective factual indications of money laundering or terrorist financing are identified, a report of this money laundering/terrorist financing suspicion will be issued to the competent authorities by GCP. No information on such a report may be passed on the respective business partner or other third party.

Data obtained for the purpose of the Policy shall be retained in an accessible manner for a minimum period of five years from the date of termination of the business relationship or for a minimum period of five years from the execution of the respective transaction. With regard to a suspicious transaction the data shall be retained in an accessible manner for a minimum period of five years from the date of making the report, respectively the date of receiving the message from the Financial Intelligence Unit. The processing of personal data by the company under this Policy and its implementing procedures is governed by the provisions of the applicable data protection regulation.

6. Monitoring of Potential Violations

GCP monitors the development of applicable regulations and adjusts its internal guidelines accordingly. In addition, the company's own business transactions are monitored and investigated for irregularities.

GCP shall act without hesitation should any business partner be found not to be following standards and principles detailed in this Policy. After clarification of the relevant set of circumstances that represent a potential violation of the standards and principles named in this Policy, it shall be demanded from the relevant business partner to initiate corrective measures within a reasonable period of time. Should the business partner be unable or willing to evidence any such corrective measures, or should a violation be so serious that a continuation of the business relationship cannot reasonably be expected, GCP reserves the right to terminate any existing contractual relationship if corrective measures have not been implemented within a reasonable time.

7. Approval of Policies

This Policy has been reviewed and approved by GCP's CEO as well as the Board of Directors before coming into force and will be reviewed regularly. This Policy is considered as final and replaces all previous guidelines and/or policies issued in this regard.

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