

**AUDIT COMMITTEE NOVAL PROPERTY REIC**

Vasileios Loumiotis, Chairman

Ioannis Stroutsis, Member

Loukas Papazoglou, Member

Athens, 27 February 2025

**To:** The Shareholders of the Ordinary General Meeting of NOVAL PROPERTY REIC for 2025

**Subject:** Report of the Audit Committee for the closing year

Dear Shareholders,

In our capacity as Members of the Audit Committee of the Company under the name "NOVAL PROPERTY REAL ESTATE INVESTMENT COMPANY" (hereinafter the "Company") and in accordance with the provisions of Article 44 of Law 4449/2017, as in force (hereinafter the "Law") and, on the other hand, what is set out in detail in Recommendations ref. no. 1302/28-4-2017 & 1508/17-7-2020 of the Directorate of Listed Companies / Department for the Supervision of Listed Companies of the Hellenic Capital Market Committee (hereinafter the "Recommendations"), we set out below in this Report and bring to your attention, within the scope of the Audit Committee's responsibilities, findings related to the subject matter regulated by the legislative and regulatory framework.

Specifically:

**Details of Audit Committee's meetings**

During 2024, the Audit Committee met 13 times with a full quorum (all members attended all meetings). The main issues addressed by the Audit Committee at these meetings were as follows:

Planning of the Audit Committee's work for 2024.
Overview by the Audit Committee of the quarterly audit report of the Company's Internal Audit Unit dated 22.12.2023 regarding the audit of the process of assigning the valuations of the Company's real estate portfolio, with a reference date of 31.12.2023.
Review by the Audit Committee of the findings of the regular audit report of 23.06.2023 and formulation of comments and recommendations to the Board of Directors of the Company.
Periodic evaluation of the implementation and effectiveness of the Company's Corporate Governance System (Article 4 (1) of Law 4706/2020)
Submission of and discussion on the Internal Auditor's Report on the valuation of the properties as of 31.12.2023.
Examination of the Company's Investment Statement as at 31.12.2023 and recommendation to the Company's Board of Directors regarding its approval.
Evaluation of the Company's Internal Audit Unit for 2023.
Separate Evaluation of the Company's Head of Internal Audit Unit for 2023.
Evaluation of the Company's Compliance and Risk Management Unit for 2023.
Separate Evaluation of the Company's Head of Compliance and Risk Management Unit for 2023.
Evaluation of the Company's Internal Audit System for 2023.
Update on the Report of the Company's Regulatory Compliance and Risk Management Officer regarding the risk factors (Risk Register), for financial year 2024.
Discussion and approval of the Internal Audit Programme for 2024.
Discussion and approval of the Regulatory Compliance and Risk Management Work and Audit Program for the year 2024.
Approval of the Financial Calendar 2024.

Approval of the framework for filling positions and succession of the members of the Board of Directors and the CEO.
Discussion on the deviations from the Hellenic Corporate Governance Code of June 2021 of the Hellenic Corporate Governance Council, which the Company has adopted, and their justification.
Review of the Annual Report for financial year 2023 and information on the statutory audit of the financial statements for financial year 2023 by the statutory certified auditor.
Update on the subject matter of the Annual Report of Financial Statements Audit and Management prepared by the Company's Internal Auditor for financial year 2023.
Update on Annual Financial Statements for financial year 2023, review of the Company's Annual Report and recommendation to the Company's Board of Directors.
Update on the Annual Regulatory Compliance Report of the Company's Regulatory Compliance and Risk Management Officer, for financial year 2023.
Report of the Audit Committee for the period 01.01.2023-31.12.2023.
Overview and approval of the Press Release regarding the announcement of the Financial Results.
Evaluation of the remuneration of the Compliance and Risk Management Officer of the Company and the Internal Auditor.
Recommendation to the Board of Directors of the Company for the selection of an independent evaluator of the Company's Internal Audit System.
Report on the work of the Audit Committee for financial year 2023 (01.01.2023 - 31.12.2023).
Recommendation for the selection of auditors for financial year 2024 (01.01.2024 - 31.12.2024).
Establishment of the Company's Audit Committee and appointment of its Chairman.
Overview by the Audit Committee of the Internal Auditor's Report on the valuation of the properties as at 30.06.2024.
Examination of the Investment Statement of the Company dated 30.06.2024, briefing from the Certified Public Accountant of the Audit Company "PRICEWATERHOUSECOOPERS S.A.", regarding the overview and completion of the audit of the Investment Statement of the Company and recommendation to the Board of Directors of the Company regarding its approval.
Review by the Audit Committee of the following audit reports of the Company's Internal Audit Unit: I) quarterly report dated 28.06.2024 by the Internal Audit Unit and II) regular audit report dated 23.07.2024 for the period June 2023 - June 2024 and formulation of comments to the Board of Directors of the Company regarding the above reports.
Submission of the Internal Audit Report in relation to the semi-annual Financial Report of the Company for the period 01.01.2024-30.06.2024.
Briefing of the Audit Committee by the Chief Financial Officer of the Company on the interim Financial Statements and the Semi-Annual Financial Report for the period 01.01.2024-30.06.2024.
Briefing of the Audit Committee by the Certified Public Accountant of the Audit Company "PRICEWATERHOUSECOOPERS S.A.", regarding the overview of the interim corporate financial statements of the Company as at 30.06.2024 and recommendation to the Board of Directors of the Company regarding the result of the aforementioned overview.
Recommendation for approval by the Board of Directors of the Company's Operating Regulations dated 25.11.2024 and the summary of the Company's Operating Regulations dated 25.11.2024.

The frequency of participation of the Audit Committee's members in its meetings during 2024 is as follows:

AUDIT COMMITTEE MEMBER	MEMBER'S TERM OF OFFICE		MEETINGS DURING WHICH HE/SHE WAS A MEMBER	TOTAL TIMES OF ATTENDANCE	PERCENTAGE OF ATTENDANCE
	FROM	TO			
<b>CHAIRMAN</b>					
Vasileios Loumiotis	01/01/2024	31/12/2024	13	13	100.00%
<b>MEMBERS</b>					
Ioannis Stroutsis	01/01/2024	31/12/2024	13	13	100.00%
Loukas Papazoglou	01/01/2024	31/12/2024	13	13	100.00%

#### **In relation to the mandatory external audit**

(Article 44 (3)(a) of the Law)

More specifically:

**(a)** In performing the statutory audit of the Company's financial statements for the year ended 31 December 2024, no significant exceptions were identified as regards the recognition, valuation and classification of assets and liabilities and management's assumptions and estimates are considered reasonable. It was established that the relevant disclosures included in the financial statements are adequate.

**(b)** In carrying out the statutory audit, our Committee took the following actions:

1. Audit on the determination of the fair value of the Company's properties and the Investment Statements of 30.06.2024 and 31.12.2024.
2. Publications, including Financial Statements, related Reports and publications relating to the Green Common Bond Loan.
3. Control of the contents of insurance policies, in accordance with relevant resolution 7/259/19.12.2002 of the Board of Directors of the Hellenic Capital Market Commission.
4. Review of related party transactions.
5. Review of health, safety and environmental issues.
6. Investigation of risks arising from pending litigation.
7. Review of additional, non-audit work performed by certified auditors and audit firms, in particular under Article 4(3)(e) of Law 4449/2017.
8. Briefing from the Internal Audit Unit, including review of Internal Audit Unit's Reports.
9. Briefing from the Regulatory Compliance & Risk Management Unit, including the review of such Unit's Reports.
10. Briefing from the Certified Auditor-Accountant.
11. Briefing from the Company's management.

During the performance of the audit work, the requirements of Law 2778/1999, as currently in force, on real estate investment companies were taken into account, and compliance therewith was checked. In the exercise of its responsibilities, the Audit Committee did not identify any material issues for improvement. It should be noted that our Committee always takes into account the content of additional reports submitted to it by the certified auditor accountant of the audit firm engaged by the Company, which contain the results of the statutory audit carried out and meet at least the specific requirements of Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014.

**(c)** Within the scope of our Committee's responsibilities, we were informed about the procedure and the timetable for the preparation of financial reports by the Company's management, as well as by the certified auditor-accountant on the schedule and the result of the statutory audit, prior to its implementation. We conducted an assessment and satisfied ourselves that the annual statutory audit programme covered the most significant audit fields, taking into account the Company's main areas

of business and financial risk. In addition, meetings were held with the Management, the Company's competent managers and the certified auditor-accountant during the preparation of the financial reports, during the planning stage of the audit, its execution and during the preparation of the audit reports, respectively.

**(d)** We took into account and reviewed the most significant matters and risks that might affect the Company's financial statements, as well as the significant judgments and estimates made by Management in preparing them. In particular, we thoroughly examined and evaluated the following issues, with reference to specific actions taken by our Committee on these issues:

**(d1)** Significant judgments, assumptions and estimates made in the preparation of the financial statements were found to be reasonable.

**(d2)** With regard to the valuation of assets at fair value, it was found that qualified independent expert appraisers, certified and registered in the relevant Register of Certified Appraisers of the Ministry of Finance, were used, that the key assumptions were based on available market data and that the cost approach methodology has been appropriately applied where required.

**(d3)** With respect to the disclosures for the above, required by IAS/IFRS, it was found that the disclosures included in the financial statements are adequate.

**(d4)** No unusual transactions were identified in relation to transactions with related parties, as reflected in the Annual Financial Report for financial year 2024.

**(e)** Finally, we had timely and effective communication with the certified auditor-accountant in view of the preparation of the audit report and the additional report addressed to our Committee, and it is noted that we reviewed the financial reports prior to their approval by the Company's Board of Directors and we believe that they are complete and consistent with the information brought to our attention and with the accounting principles applied by the Company.

#### **In relation to the financial reporting procedure**

(Article 44 (3)(b) of the Law)

More specifically:

In relation to the procedure for preparing financial Information, the Audit Committee monitored, reviewed and evaluated:

**(1)** the mechanisms and systems for the production, flow and dissemination of financial information generated by the Company's involved organisational units; and

**(2)** other information disclosed in any way (e.g. stock exchange announcements, press releases) in connection with the financial information.

In the exercise of such responsibilities, our Committee has not identified any material issues relating to the financial reporting procedure that require improvement.

#### **In relation to the procedures of the Internal Control System, its adequacy and the Internal Audit and Compliance & Risk Management Units**

(Article 44 (3)(c) of the Law)

More specifically:

In connection with the monitoring, review and evaluation of the adequacy and effectiveness of the Company's overall policies, procedures and safeguards, regarding the internal audit system and risk assessment and management, in relation to financial reporting, the Audit Committee took the following actions:

**(a)** evaluation of the proper functioning of the Internal Audit Unit, in accordance with professional standards and the applicable legal and regulatory framework, as well as the work performed by it, its competence and effectiveness, without affecting its independence;

**(b)** review of the information made public as to the internal audit and the major risks and the uncertainties faced by the Company with regard to financial reporting;

- (c)** evaluation of the Internal Audit Unit's personnel and organisational structure, as well as any weaknesses, i.e. whether it lacks the necessary resources, is inadequately staffed with personnel with insufficient knowledge, experience and training;
- (d)** determining the existence or non-existence of constraints on the work of the Internal Audit Unit, and the Compliance and Risk Management Unit, and assessing the independence they must enjoy in order to carry out their work without any obstacles;
- (e)** evaluation of the Internal Audit Unit's annual audit programme before its implementation, taking into account the main areas of business and financial risks, as well as the results of previous audits;
- (g)** ascertaining that the annual internal audit and compliance and risk management programmes, together with any medium-term relevant programmes, cover the most significant audit areas and systems relating to financial reporting;
- (h)** regular meetings with the Head of Internal Audit and Compliance and Risk Management on matters within their competence and obtaining knowledge about the work and regular and ad hoc reports of Internal Audit and Compliance and Risk Management;
- (i)** monitoring the effectiveness of the internal audit systems through the work of the Internal Audit function and the work of the certified auditor-accountant;
- (j)** reviewing the way the Company's principal risks and uncertainties are managed and periodically revising such risks and uncertainties, evaluating the methods used by the Company to identify and monitor risks, address the most significant of them through the internal audit system and the Internal Audit and Compliance and Risk Management Units, and disclosing them in the published financial information in a proper manner.

Our Committee took note of and evaluated the reports of the Internal Audit and Regulatory Compliance and Risk Management work for the period 01.01.2024 - 31.12.2024. It also took note of and evaluated the Audit and Compliance and Risk Management programme for the coming year. The following is a record of what the Audit Committee took note of and evaluated:

- Overview of Internal Audit and Compliance & Risk Management Programmes 2024
- Summary of Annual Internal Audit and Compliance & Risk Management Programmes 2024
- Human Resource Management of Internal Audit unit.
- Allocation of Resources
- Risk Assessment

Specifically, the Audit Committee took note of the work of the Internal Audit Unit and the Compliance & Risk Management Unit and, notably, of the following:

- Financial Reporting and Corporate Governance Audit
- Management Audit & Statutory Audit
- Real Estate Valuation
- Prevention of Money Laundering Audit
- Internal Audit Programme
- Regulatory Compliance
- Risk Factors & Risk Register
- Compliance and Risk Management Programme

The following is a list of the issues about which our Committee was informed by the Internal Audit and Regulatory Compliance and Risk Management Units:

- Monitoring of the Internal Audit System
- Investment Statements of 30.06.2024 and 31.12.2024
- Determination of the fair value of real estate
- Publications, including Financial Statements, related Reports and publications relating to the Green Common Bond Loan.
- Control of the contents of insurance policies, in accordance with relevant resolution 7/259/19.12.2002 of the Board of Directors of the Hellenic Capital Market Commission.

- Procedures for Anti Money Laundering and Terrorist Financing
- Observance of the Rules of Operation
- Review of accounting circuit procedures
- Review of tax issues
- Proposals for the revision of the Company's Regulations and Policies, in accordance with the requirements for Corporate Governance
- Review of GDPR compliance issues
- Information on ESG issues
- Application of Counterparty Due Diligence Measures (for lessees and partners)

Our Committee took note of the identified risks of the industry in which the Company operates, which relate to

- macroeconomic and real estate market conditions
- the Company's activity
- the financing of the Company's activities
- taxation, the legal and regulatory framework.

In addition, our Committee took note of the following general risks for year 2024:

- Financial risks:
  - o Interest rate risk
  - o Foreign exchange risk
  - o Price risk
  - o Liquidity risk
  - o Credit Risk
  - o Inflationary risk
- Business risks:
  - o Operational Risk: includes all risks associated with the Company's business activity and the security of Information Systems.
  - o Compliance and reputational risks: include the potential negative effects of non-compliance with the legal and regulatory framework, as well as the potential impact on the Company's brand and professional reputation.
- Strategic risks: include the risks associated with the wider business environment, the market and competition:
  - o Country risk
  - o Industry risk
  - o Competitor risk
  - o Environmental Risk

In the exercise of such responsibilities, our Committee did not identify any material issues for improvement.

### **Sustainable Development Policy of the Company**

(Article 44 (1)(i) of the Law)

More specifically:

Description of the Sustainable Development Policy followed by the Company:

The Company is committed to operating in a manner that contributes to the achievement of the United Nations (UN) Global Sustainable Development Goals. Through this commitment, it seeks to contribute to the protection of the environment and the preservation of socio-economic assets that are fundamental to society, while at the same time being important factors for the continuous and long-term creation of value by the Company. The Company's business success and growth are based on the contribution of its employees. In addition, it fully integrates sustainable development into its corporate strategy, business plans and all its operations, with the aim of maximising the positive

impact of its activities, by including cooperation with all its business partners.

The Company is developing its activities in a responsible manner, abiding by business ethics rules, having acknowledged excellence as the ultimate goal in the context of Sustainable Development.

The Company has in place and applies a Sustainable Development Policy, which is part of its Rules of Procedure, in accordance with Article 14(3)(I) of Law 4706/2020, declaring its commitments towards the Environment, the Society and People.

The Sustainable Development Policy of NOVAL PROPERTY is consistent with the Company's values, i.e. responsibility, integrity, transparency, effectiveness and innovation, and it is determined by the Management which is committed to:

- i. implementing its Sustainable Development Policy across all levels and sectors in which the Company operates;
- ii. strictly complying with applicable laws and implementing fully enforcing the policies, internal guidelines and relevant procedures implemented by the Company, as well as other requirements arising from voluntary agreements, endorsed and accepted by the Company;
- iii. maintaining an open, two-way communication channel with all stakeholders and interested parties in general, in order to identify and take into account their needs and expectations;
- iv. providing a healthy and safe work environment for its human resources, partners and all visitors;
- v. protecting human rights and providing an inclusive work environment of equal opportunities;
- vi. making continuous efforts to reducing its environmental footprint by applying responsible actions and preventative measures in accordance with best available techniques;
- vii. collaborating with and providing support to local communities so that the Company can contribute to the sustainable development of the local communities in which it operates;
- viii. constantly pursuing the generation of value added for all stakeholders and interested parties in general.
- ix. preparing and publishing a report of environmental, social and governance-related (ESG) data, in accordance with EPRA's Sustainability Best Practices Recommendations (sBPR) Guidelines (EPRA - ESG sBPR Reporting). Publications on the Company's sustainable development (ESG) management and performance are available to Shareholders and stakeholders on the Company's website.

We are at your disposal for any additional information or clarification.

Yours sincerely,

THE MEMBERS OF THE AUDIT COMMITTEE

VASILEIOS LOUMIOTIS  
Chairman

IOANNIS STROUTSIS  
Member

LOUKAS PAPAIOGLOU  
Member