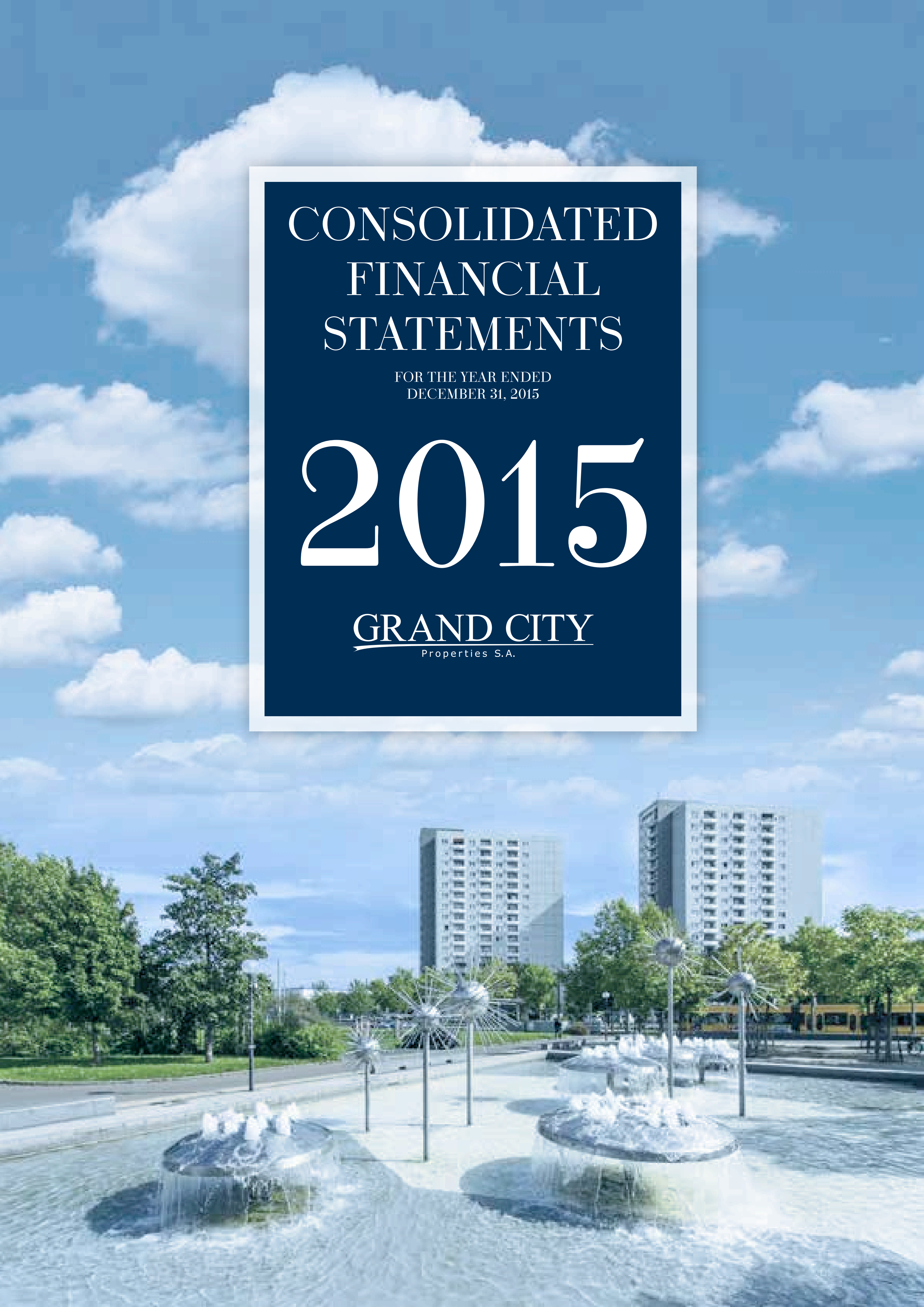
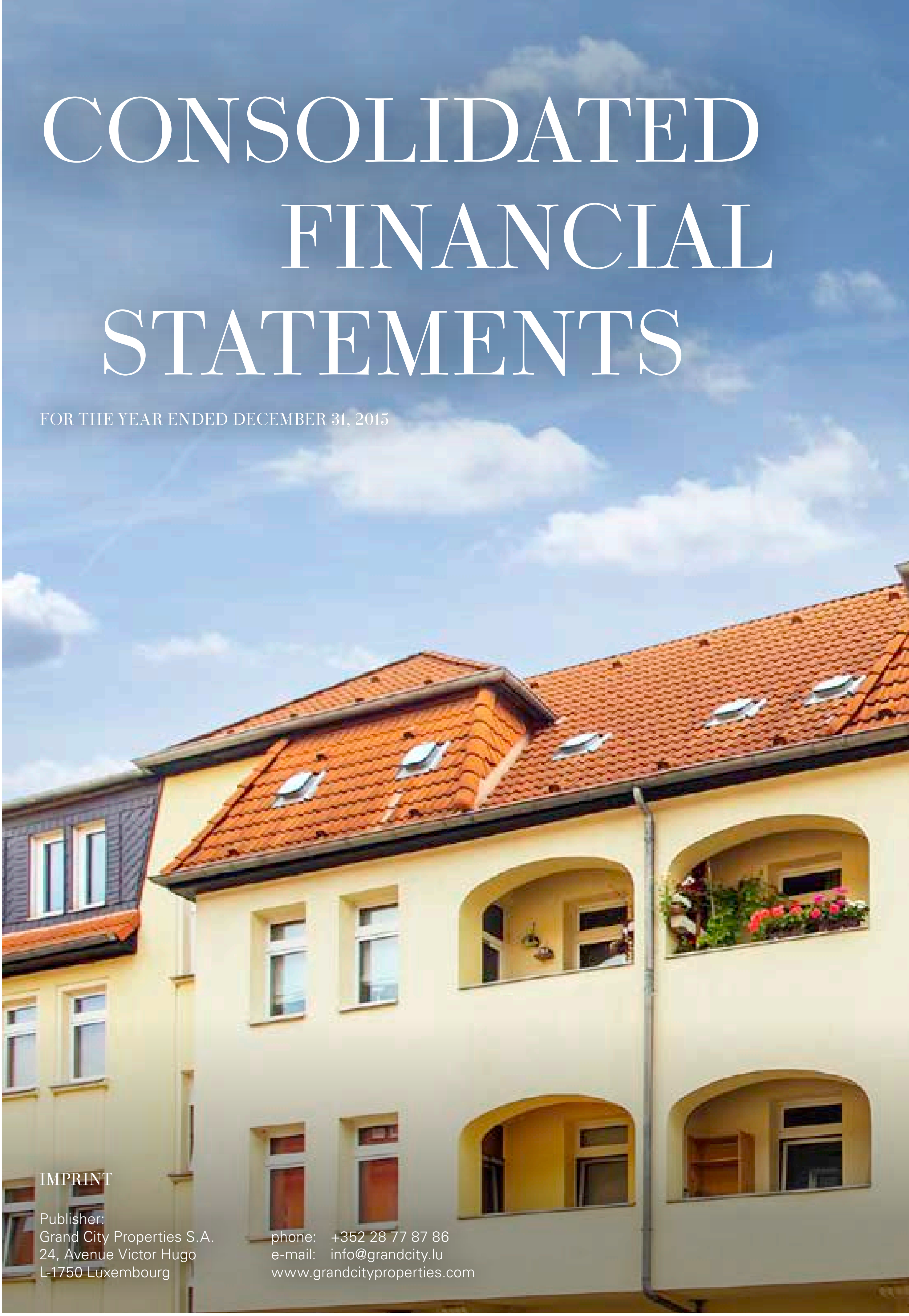
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2015

2015

GRAND CITY
Properties S.A.





CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

IMPRINT

Publisher:
Grand City Properties S.A.
24, Avenue Victor Hugo
L-1750 Luxembourg

phone: +352 28 77 87 86
e-mail: info@grandcity.lu
www.grandcityproperties.com

CONTENT

KEY FINANCIALS

	Dec 2013	Dec 2014	Dec 2015
TOTAL ASSETS (€'000)	1,651,087	2,629,058	4,688,903

	Dec 2013	Dec 2014	Dec 2015
EPRA NAV (€'000)	861,926	1,439,386	2,066,201

	Dec 2013	Dec 2014	Dec 2015	Dec 2015*
TOTAL EQUITY (€'000)	767,925	1,041,650	2,172,295	2,297,978

	Dec 2013	Dec 2014	Dec 2015	Dec 2015*
LOAN-TO-VALUE	36%	45%	42%	39%

	Dec 2013	Dec 2014	Dec 2015	Dec 2015*
EQUITY RATIO	47%	40%	46%	49%

	Dec 2013	Dec 2014	Dec 2015	Mar 2016
PORTFOLIO DEVELOPMENT (IN UNITS)	26,000	43,000	76,000	78,000

* After convertibles conversion. As of Jan 2016 convertible bond Series C has been converted

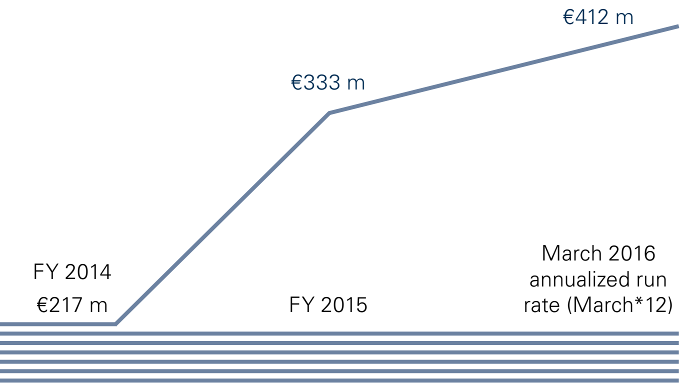
	1-12/2014	change	1-12/2015
RENTAL AND OPERATING INCOME (€'000)	216,837	54%	333,497
EBITDA (€'000)	343,228	42%	487,652
ADJUSTED EBITDA (€'000)	112,009	58%	176,521
FFO I (€'000)	76,106	68%	127,915
FFO I AFTER HYBRID NOTES ATTRIBUTION, PER SHARE (€)	0.66	35%	0.89
FFO II (€'000)	129,212	32%	170,584
NET PROFIT (€'000)	243,834	61%	393,570
EPS (BASIC) (€)	1.78	52%	2.71
EPS (DILUTED) (€)	1.53	54%	2.35

ACHIEVEMENTS – OPERATIONS

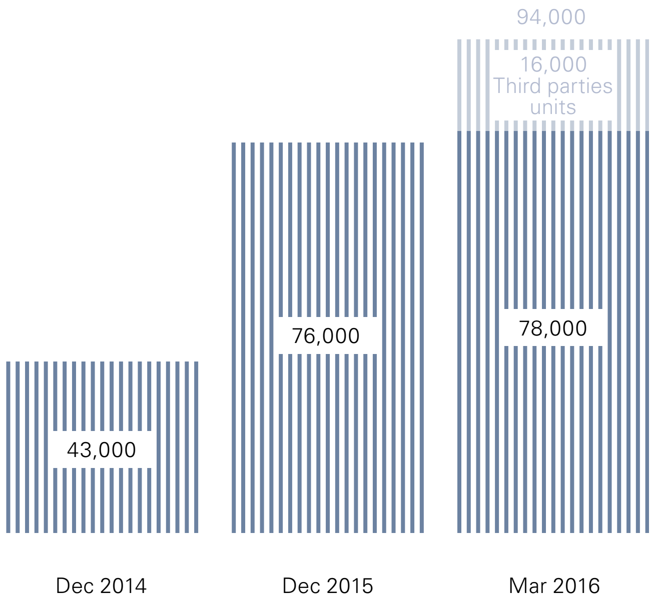
SUCCESS DRIVEN FROM INTERNAL AND EXTERNAL GROWTH

RENTAL AND OPERATING INCOME IN € MILLION

From 2014 to 2015, GCP's rental and operating income rose by 54% to €333 million. Our current portfolio as of March 2016 generates a rental income run rate of €412 million. The run rate reflects the generated rental and operating income of the current portfolio in March 2016 expressed as an annualized number without taking into account any operational improvements or further growth.

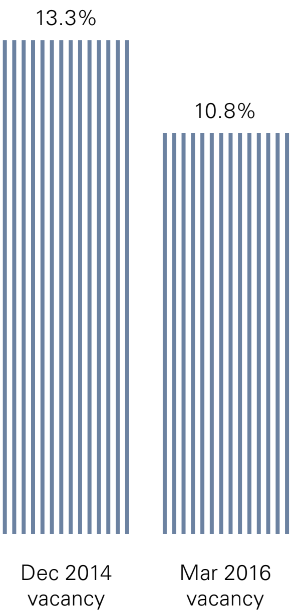


PORTFOLIO GROWTH IN UNITS

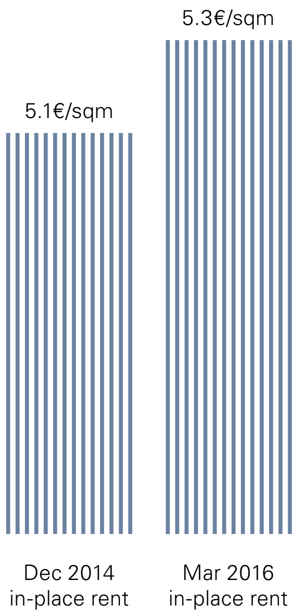


A significant growth in our portfolio from 43,000 units in December 2014 to 78,000 units in March 2016 displays GCP's unique sourcing abilities and swift take-over processes. Additionally, GCP provides management services to further 16,000 units for third parties. Total units under management at 94,000 units.

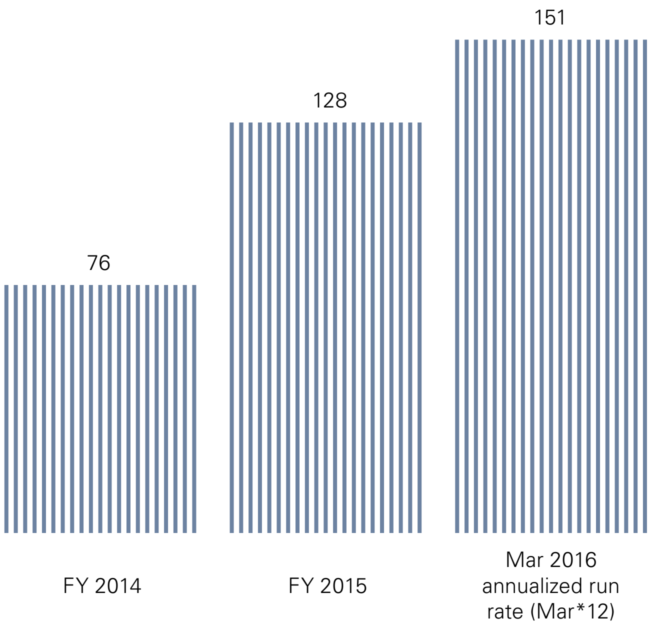
VACANCY



IN-PLACE RENT



FUNDS FROM OPERATION IN € MILLION



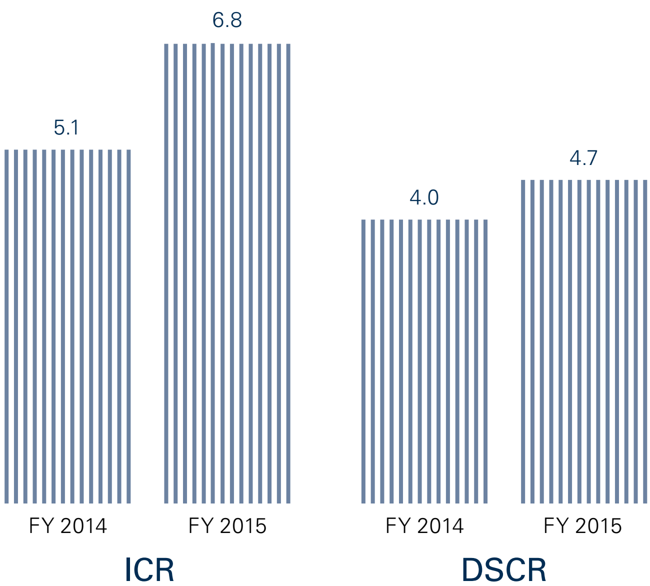
Due to GCP's persistent turnaround measures vacancy reduced significantly, and in parallel, GCP increased its portfolio's in-place rent.

GCP's strong income growth as well as cost efficiency is mirrored in the strong FFO growth.

ACHIEVEMENTS – CAPITAL & DEBT STRUCTURE

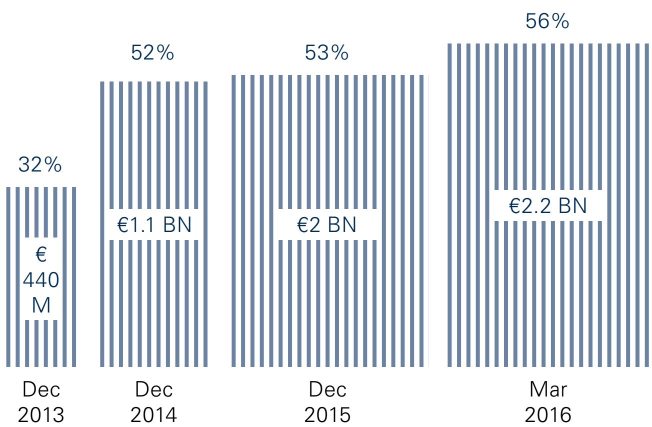
SUSTAINING HEALTHY CAPITAL & DEBT STRUCTURE OVER TIME

FURTHER STRENGTHENING DEBT-COVERAGE RATIOS



As a result of the successful operational business and due to improved financial conditions, GCP's ICR increased to 6.8 in 2015, up from to 5.1 in 2014. At the same time, the DSCR rose to 4.7 from 4.0 and further demonstrates the conservative financing approach of GCP.

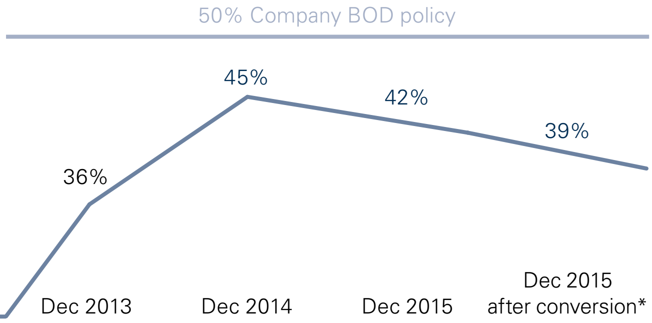
INCREASING PORTION AND AMOUNT OF UNENCUMBERED ASSETS



As of March 2016, €2.2 bn of the total portfolio of GCP are unencumbered, providing financial flexibility and laying ground for future growth.

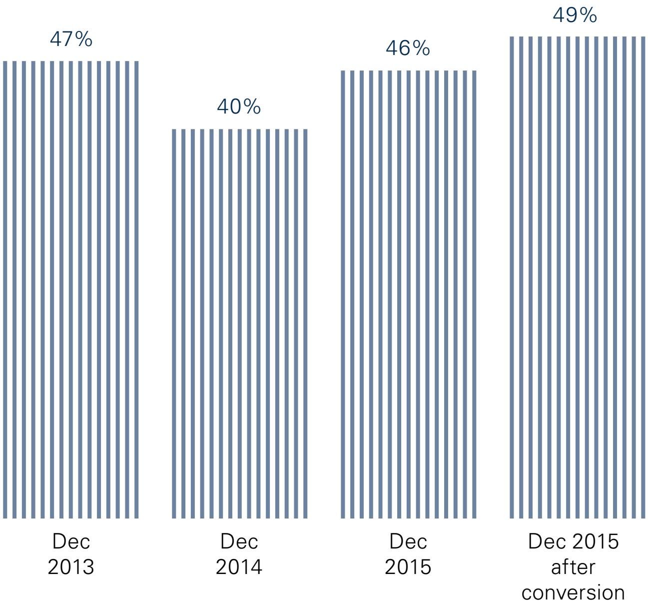
SUSTAINING A CONSERVATIVE DEBT STRUCTURE

GCP relies on a conservative capital structure with an LTV of 39% considering the conversion of Series C convertible bonds (Series C was fully converted in January 2016). Supported by various financing sources, GCP has a significant headroom to stay below the Board of Directors conservative LTV policy of 50%.



* As of Jan 2016 convertible bond Series C has been fully converted.

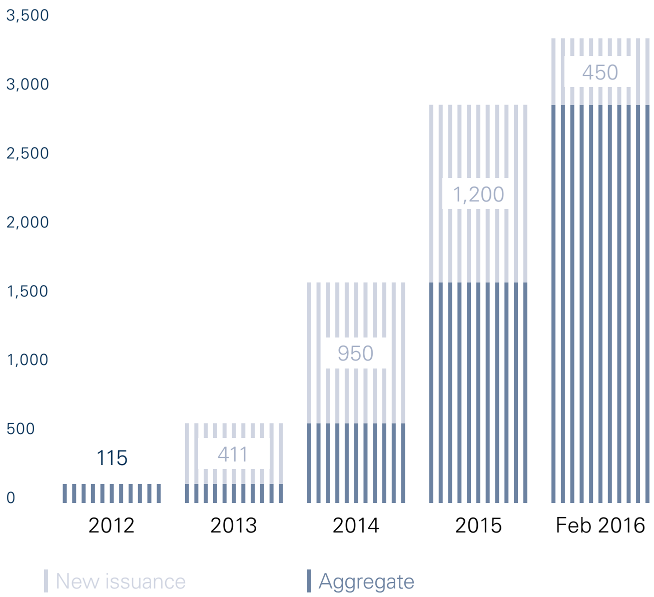
HIGH EQUITY RATIO DERIVED FROM HIGH PROFITABILITY AND LOW LEVERAGE



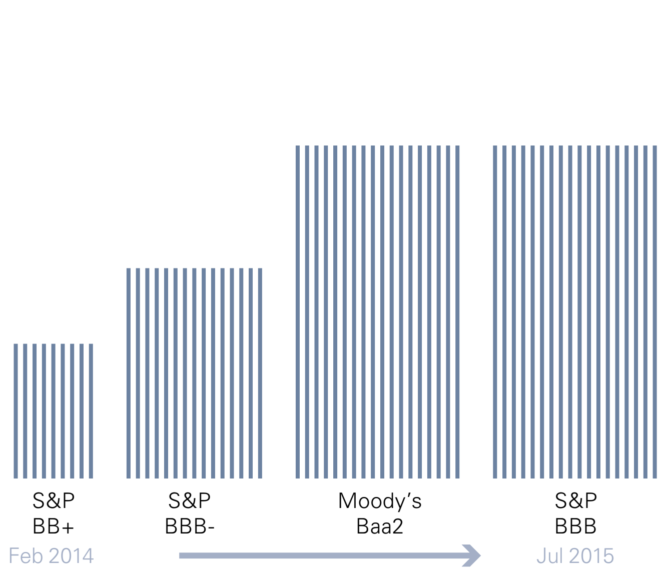
Maintaining a high equity ratio along its current growth path reflects GCP's value creation ability in combination with a diverse funding mix.

ACHIEVEMENTS – CAPITAL MARKETS ACTIVITIES

STRONG ACCESS TO CAPITAL IN € MILLION

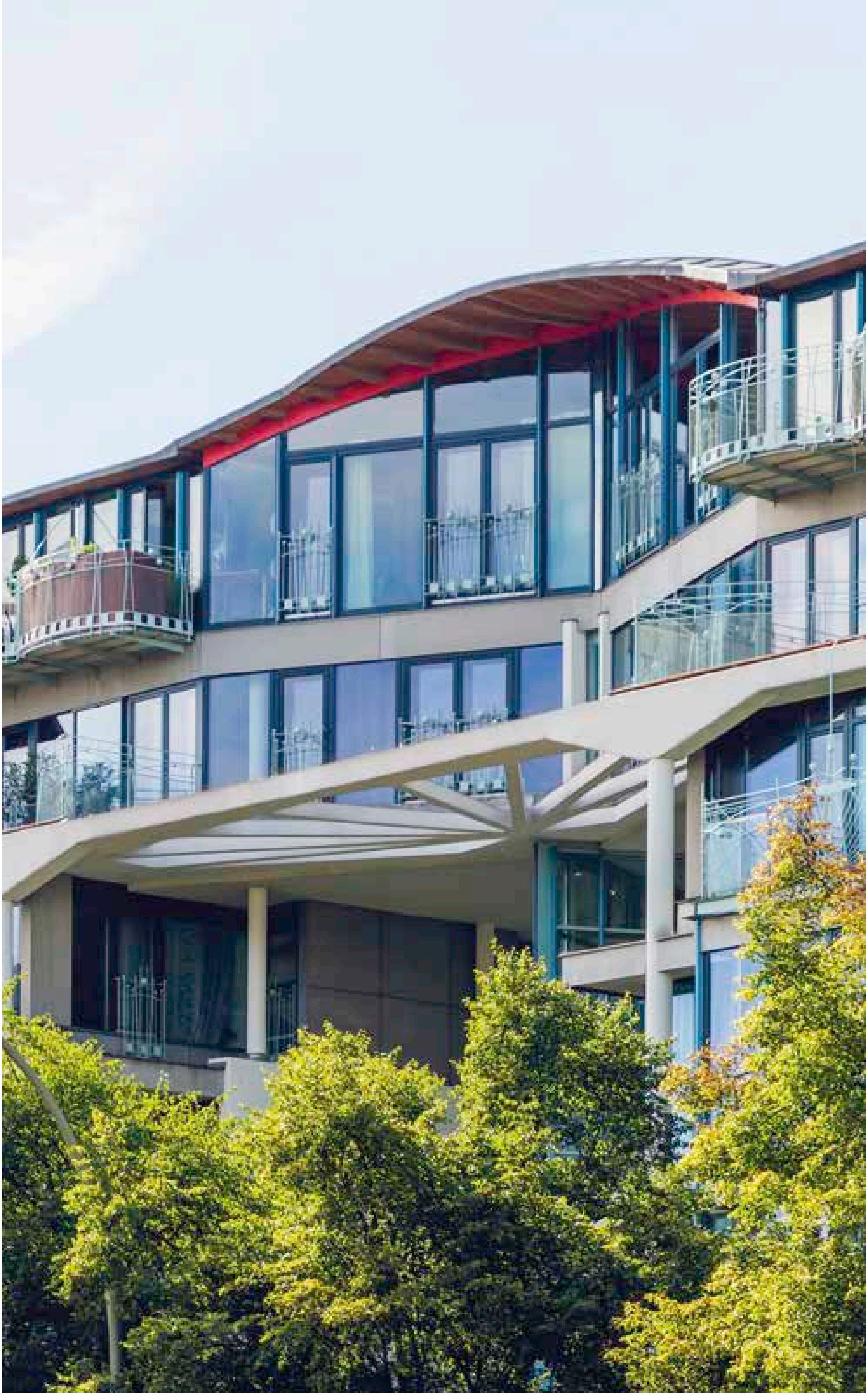


CORPORATE CREDIT RATING



Through a robust access to capital markets GCP raised a total aggregate volume of €3.1 billion since 2012. Since the beginning of 2015, GCP raised €1.65 billion, including the €450 million convertible bond issued in February 2016.

In 2015, GCP received a long-term issuer investment grade rating of Baa2 from Moody’s, S&P improved GCP’s rating to BBB and a stable outlook in July 2015.



LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

We are delighted to present to you GCP's financial report for the year 2015 which highlights our continuous significant operational growth while keeping high profitability and conservative financial structure. Our portfolio increased from 43,000 units in 2014 to 78,000 units as of March 2016, and an additional 16,000 units that are managed for third parties. Our focus remains on properties with substantial operational and value creation potential. This is supported by our access to the ever-widening capital markets, resulting in this continued strong portfolio and value growth business.

Our internal growth was supported by increasing occupancies, as well as increasing rents. Currently, the vacancy rate of GCP is 10.8%, down from 13.3% at the end of 2014. This significant decrease in vacancy was mainly a result of the property turnaround process from reduction of unit fluctuation together with new lettings. The turnaround was achieved through strong management and operational capabilities, as well as the support of the in-house developed proprietary IT/software systems. GCP developed an internal online marketing system that brings prospective tenants closer and faster to our vacant units by substantially decreasing the processing time, and by distributing vacant apartment exposés on more online platforms. Prospective tenants are supported by our local property managers and our 24/7 Service Center, which provides a unique service to our tenants. Fast respond to our tenants and improved services increased the tenant satisfaction which result in lower fluctuation rates.

Additional face-to-face support is provided by our increasing number of local service offices which offer "open house days" regularly to display furnished master apartments at which potential tenants can get inspiration to rent with GCP. Such events, including improved online marketing, and our drive to continuously improve our tenant satisfaction, resulted in a new lettings record in 2015. Along property modernizations for our tenants, such as refurbishing balconies or installing energy-efficient heating systems, we also continuously update our market rent databases with actual rent closing prices to identify our individual local property rent positions in comparison to the local market, as well as to support the rent increase process.

Due to our aim to support and improve our tenants' communities we initiated various projects in 2015. We improved the community feeling in part of the portfolio by modernizing the common living areas through installations of new playgrounds, benches and wastebaskets. We support local social associations, such as language classes and homework support for children, by providing rent-free facilities for those purposes. We sponsor children's soccer clubs at our properties and organize numerous summer events where tenants come together while the children take part in several fun activities. Around Christmas we sent cards to our tenants and surprised the children with a visit from Santa Clause who handed out gifts. With such projects we are strengthening neighbourhoods and consequently improving our tenants' satisfaction.

To sustain and improve the quality of our service and property management we also increased the number of employees to about 600. We are continuously investing in our employees and completed the first series of our new leadership program in 2015. For one year, the participants attended classes on leadership skills and specific departmental training. After completion of the training, graduates moved into leadership positions to effectively utilize their comprehensive network with their colleagues from different departments. As a consequence of the success of this initial course, we received a great number of applications for the 2016 leadership program. For the year ahead we are setting up further training programs for all employees enabling them to enhance their skills which will strengthen GCP's development in the years to come.

The remarkable operational development, as well as our focus on a conservative capital structure, was acknowledged by the rating agencies S&P and Moody's. In the beginning of 2015 we received a long-term issuer investment grade rating of Baa2 from Moody's followed by in July 2015 the fourth rating improvement by S&P to the investment grade score of BBB. These strong ratings further benefited our financing conditions, which also resulted in the February 2016 issuance of Series F, convertible bond with a maturity of six years and a coupon of 0.25 % at an aggregate volume of €450 million. In 2015, we issued the 10 years Series E straight bond at an aggregate volume of €550 million, bearing a coupon of 1.5%. Additionally, we raised €500 million through hybrid notes and a further €150 million through a capital increase. Moreover, in the beginning of 2016 the full conversion of the Series C bond into equity was completed which consequently strengthened our debt and capital structure even more, opening up further opportunities for GCP's growth.

Based on our successful operational performance, as well as on sustainable and growing cash flows, we distributed a dividend of €0.20 per share in 2015. As the pay-out ratio of 30% of our FFO I is in our view the current optimal balance between investors' expectations and our current growth path we are maintaining this policy for 2016. Our shareholders benefited further from the impressive share price appreciation of 81 % in 2015, strongly outperforming the German EPRA real estate index which increased by only 19 % over the same period. Along with the strong share development, trading liquidity improved substantially, leading to GCP's shares being included in the major FTSE EPRA/ NAREIT indices, and to the GPR 250 index. To further enhance the markets awareness and perception of GCP, the management attended almost on a weekly basis investor conferences and international road shows in the USA, UK, Scandinavia, Benelux, Switzerland and Germany. Currently, GCP is covered by 16 different research analysts, including all the major international investment banks.

We are very proud of our achievements in 2015 and we are confident that with our special focus on tenant satisfaction we will continue to strengthen our operational business. Looking into 2016, GCP can rely on a robust capital structure and in its expertise in identifying and managing value creating properties which will allow us to continue our growth and value creation.

Christian Windfuhr CEO	Simone Runge-Brandner Director	Refael Zamir Director, CFO	Daniel Malkin Director

“HOME IS WHERE I BELONG“

GCP puts significant efforts in increasing the tenant satisfaction and the community feeling in its properties, as this is one of the key ingredients in a successful property turnaround. Turning around the living environment of previously mismanaged properties and building tenant satisfaction is the Company’s core operational focus. 2015 reflects another year of outstanding tenant service for both existing and prospective tenants.

GCP takes an active role in developing a positive, supporting and vibrant living environment in our communities, promoting a great variety of local engagements and finding different ways to strengthen the social infrastructure.

This includes, among others, providing free spaces for social associations or local initiatives, and supporting social projects for different groups and purposes such as art, sports clubs and educational projects.

“SOMETIMES LITTLE THINGS MAKE A DIFFERENCE“

In 2015, GCP sent out season’s greeting postcards and chocolate to tenant mail boxes.

“GETTING TO KNOW EACH OTHER“

For many years, GCP initiates seasonal tenant events promoting opportunities for tenants to bond and create a vibrant community and a neighborhood identity. GCP organizes events for all ages and suits the events to the characteristics of each location.

In 2015, GCP organized tenant summer parties with thousands of tenants and children. During Christmas time the GCP Santa Claus visited over 40 different locations throughout Germany. Furthermore, GCP is premiering in 2016 Easter Egg Hunts for kids and tenants all across the country.

“GETTING INVOLVED IN DAILY ACTIVITIES”

GCP is initiating social and neighborhood projects creating a sense of belonging and improving the quality of living. To achieve better living standards for its tenants GCP is continuously seeking for options and ways to strengthen the social infrastructure of the neighborhoods. When it comes to local support, GCP takes into consideration the needs and conditions of the individual community, which results in a great variety of local engagements. This includes, among others, providing free spaces for social associations or local initiatives, and supporting social projects for different groups and purposes such as art, sports clubs and educational projects. These collaborative projects strengthen the community, the relationship between GCP and its tenants and also initiate get-togethers for the tenants and thereby adding a positive dynamic to the neighborhoods. GCP sees itself as a member of the community and providing additional benefits for the community help to develop a positive living environment, enhances the perception of GCP and proves to be a significant part of the overall positive and active development of our properties.

“EARTH WITHOUT ART IS JUST “EH”

In some locations GCP provides free exhibition areas for artists to display their art, providing young artists a platform to exhibit their works. In return, the exhibitions are open for our tenants and give the opportunity for cultural activities directly in our neighborhood.

“BACK-TO-SCHOOL WAS NEVER MORE FUN”

In order to support children of low income tenants GCP sponsors back-to-school packages which include textbooks, pens, craft supplies and other utensils for first-graders. GCP is aiming to support education for tenants’ children and motivate the kids to study. Support is part of our role as an active member of the community.

SPONSORING LOCAL YOUTH FOOTBALL CLUB

GCP supports young soccer teams at local sports clubs. We consider the work of these clubs as an important contribution to the neighborhood. By providing new sets of jerseys for the teams GCP contributes to the social integration for the children who live in the neighborhood. Such measures are proving to be a significant factor in the development of the community.

MOBILE PLAYGROUND

GCP provides free storage room for equipment of a mobile playground which visits neighborhoods 1-2 times a week and offers free programs and outdoor events for children. In winter the program also takes place in a space provided by GCP. Board games, role play, crafts and summer parties contain educational aspects and are an important social integration measure for children.

"KEEPING IT CLEAN"

A clean environment results in a better life quality for our tenants. In order to maintain good and clean living conditions on-site GCP installed dog litter boxes at numerous locations as an additional service for our tenants. A 'playful' way of engaging tenants to help keeping the surroundings clean resulted in great feedback from tenants.

“BEING THERE FOR OUR TENANTS“

Local presence through local service offices helps us to understand the needs of tenants and our properties even better. As part of the 2015 regional re-structuring, GCP is now operating around 50 local service offices and will increase its local presence further in 2016. Our on-site teams of property managers are able to provide fast, efficient and personal service.

MASTER APARTMENTS

GCP continues its strategy to provide furnished master apartments in various locations, presenting potential tenants with a tangible idea of the offered housing experience. Regular "open house days" with the chance to view vacant apartments significantly supports demand in these locations. The open house days provide additional letting incentives for prospective tenants through coupon discounts for furniture stores and such. Open house days are marketed through flyers, advertising banners etc. as well as through our social media channels.

LOCAL OFFICES

“OUR SERVICE CENTER – AROUND THE CLOCK HIGH QUALITY SERVICE”

GCP offers customer service to its tenants also through its exceptional Service Center. The in-house Service Center now covers a full floor in our headquarters and has expanded to over 35 employees. The local integration of all departments in one headquarter results in a more efficient way of internal communication and problem solving. Our dedicated and professional team has an open ear for all tenant issues 24 hours a day on 365 days.

24/7
365 days
a year

HIGHLIGHTS

PROFITABILITY HIGHLIGHTS

	1-12/2015	1-12/2014
	€'000	
Rental and operating income	**333,497**	**216,837**
EBITDA	487,652	343,228
Adjusted EBITDA	**176,521**	**112,009**
Profit for the period	393,570	243,834
EPS (basic) in €	2.71	1.78
EPS (diluted) in €	2.35	1.53
FFO I	**127,915**	**76,106**
FFO I after hybrid notes attribution, per share in €	0.89	0.66
FFO II	170,584	129,212
Interest Coverage Ratio	6.8	5.1
Debt Service Coverage Ratio	4.7	4.0

FINANCIAL POSITION HIGHLIGHTS

	Dec 2015	Dec 2014
	€'000	
Cash and liquid assets	**388,925**	**272,296**
Total Assets	**4,688,903**	**2,629,058**
Investment Property [1]	3,859,511	2,191,271
Total Equity	**2,172,295**	**1,041,650**
Total Equity after conversion [2]	**2,297,978**	**1,289,101**
EPRA NAV including hybrid notes	**2,544,347**	**1,439,386**
EPRA NAV	**2,066,201**	**1,439,386**
Total loans and borrowings	846,900	543,009
Straight bonds	1,045,413	476,381
Convertible bond Series C [2]	122,576	240,451
Loan-To-Value	42%	45%
Loan-To-Value after conversion [2]	**39%**	**34%**
Equity Ratio	46%	40%
Equity Ratio after conversion [2]	49%	49%

1) including advanced payment and balance of inventories
2) As of Jan 2016 convertible bond Series C has been fully converted

THE COMPANY

Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors (the "Board") hereby submits the annual report as of December 31, 2015.

The figures presented in this Board of Directors' Report are based on the consolidated financial statements as of December 31, 2015, unless stated otherwise.

Grand City Properties S.A. is a specialist real estate company focused on investing in and managing turnaround opportunities in the German real estate market. The Group's total portfolio as of March 2016 consists of 78,000 units (hereinafter "GCP portfolio") located in densely populated areas with a focus on North Rhine-Westphalia, Germany's most populous federal state, Berlin, Germany's capital, the metropolitan regions of Leipzig, Halle and Dresden and other densely populated areas. Further, the Company manages additional portfolios of 16,000 units owned by third parties bringing the total number of units under GCP's management to 94,000.

The portfolio's monthly in-place rent as of March 2016 is €5.3 per square meter and the vacancy rate of rentable area is 10.8%. GCP is buying properties with high vacancies and rented below market rents as part of its business strategy and uses its skills and know-how to turn those assets around. GCP's vacancy and rent level is therefore an integral part of its unique business model and represents a major growth driver for the future.

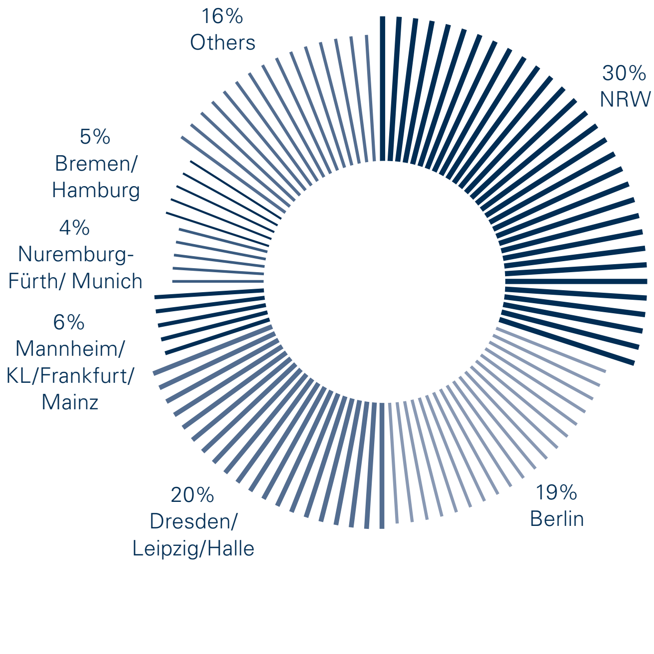
GCP is active in all relevant asset and property management activities along the real estate value chain. The Group's business model is focused on buying real estate properties with strong underlying fundamentals which are not optimally managed or positioned, and turning them around through intense property and tenant management as well as through targeted modernizations. This enables the Company to create significant value in its portfolio.

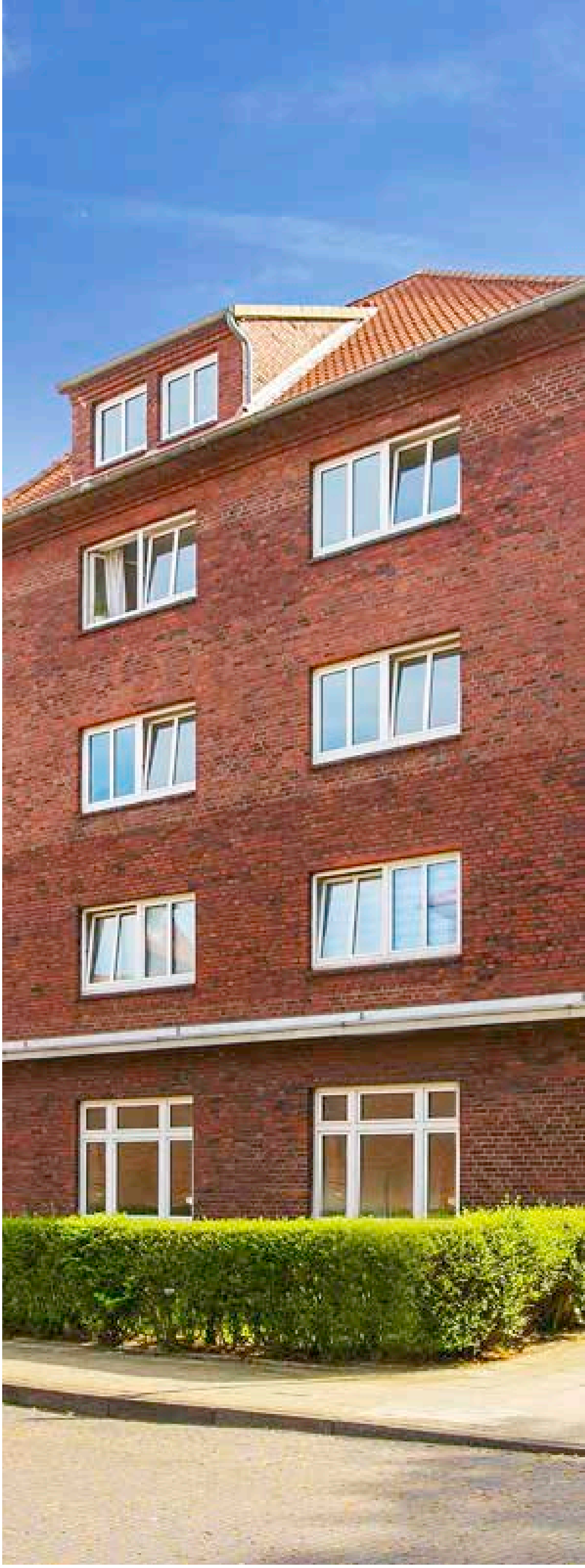
KEY STRENGTHS

ATTRACTIVE PORTFOLIO WITH SIGNIFICANT REPOSITIONING POTENTIAL AND DEFENSIVE CHARACTERISTICS

Properties that are attractively located and have been specifically selected because of their significant potential for value creation make up GCP's well-balanced portfolio.

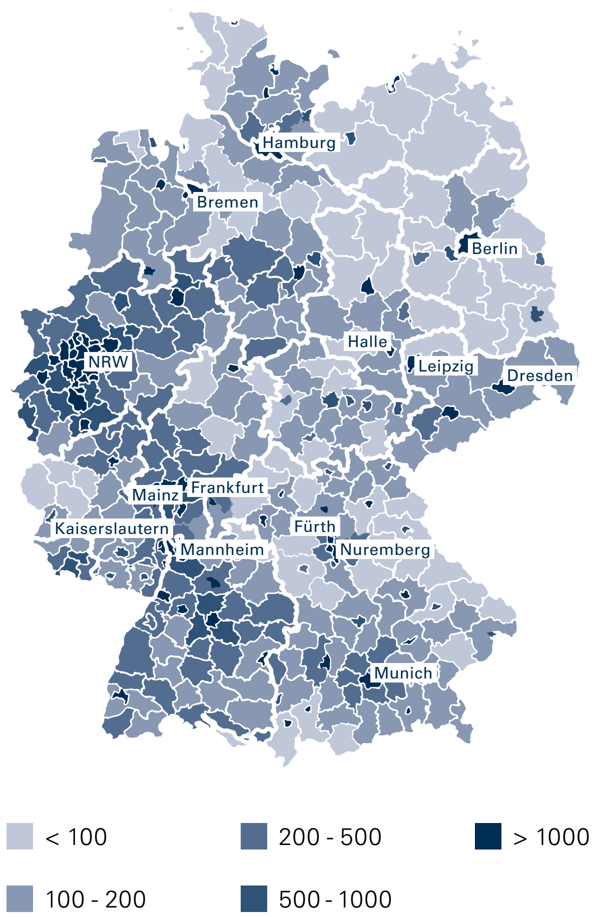
REGIONAL DISTRIBUTION BY VALUE





POPULATION DENSITY IN GERMANY

(inhabitants per sqkm 2013)



The Group's portfolio growth was accompanied by further diversification, allowing it to increase benefits from economies of scale while reducing geographical clustering and thereby supporting the risk-averse and well allocated portfolio targets set by the Board. GCP's focus on densely populated areas is mirrored by 30% of its portfolio being held in NRW, 19% in Berlin, 20% in the metropolitan regions of Leipzig, Halle and Dresden and significant holdings in other major urban markets with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

KEY STRENGTHS

FULLY INTEGRATED AND SCALABLE PLATFORM THAT IS TAILORED FOR ACQUISITIONS, TURNAROUND AND FAST GROWTH

Through its purpose-built platform GCP provides efficient in-house management to its existing real estate portfolio as well as support for the execution of its expansion plans. Given its rapid expansion the Group has grown to approximately 600 staff members.

Specialized teams cover the entire range of the real estate value chain from acquisition to construction and refurbishment, sales and marketing, and key support functions such as finance, accounting, legal and IT. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. In particular, its advanced proprietary IT/software enables the Company to closely monitor its portfolio and tenants to continuously optimize yields and implement strictest cost discipline. A rigorous focus on cost extends across the entire operations of GCP, including those that are chargeable to its tenants.

GCP strategically positioned itself for a quick and rapid takeover of the current pipeline and further property acquisitions. Given the efficiency measures taken the portfolio today has the capacity to further grow at a marginal cost to the platform, and further create economies of scale. The integrated nature of its platform also means that GCP is well positioned to make important decisions swiftly and efficiently when required, for instance with acquisitions.

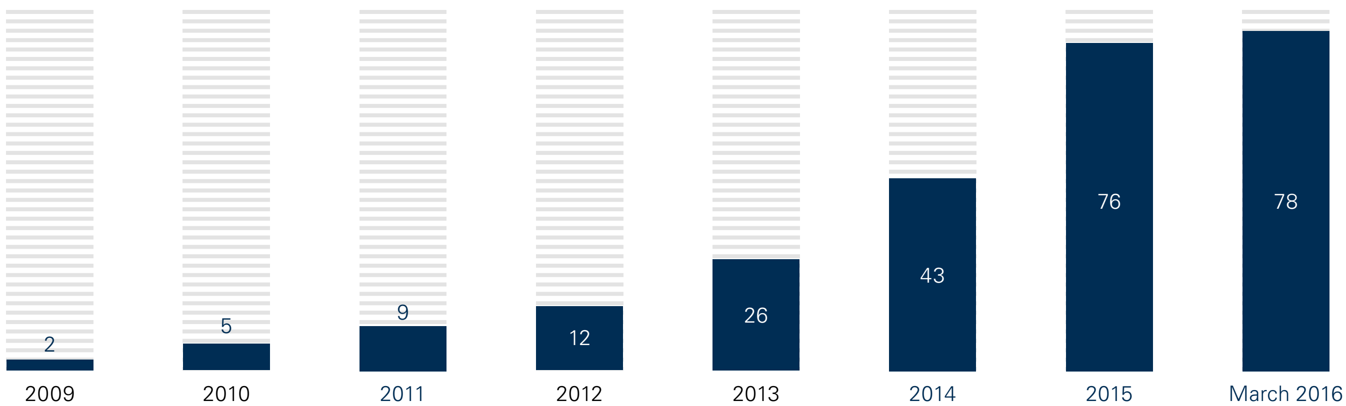
The Group is directed by an experienced and well-balanced management team, led by the Board of Directors. The Company operates through over a dozen different departments which all form an important component in the value creation cycle from acquisition through turnaround to fully stabilized portfolio.

PROVEN SOURCING CAPABILITIES AND SUCCESSFUL PORTFOLIO GROWTH

The Company's track record and established reputation provides access to numerous investment opportunities often before they are widely promoted or publicized, reflecting GCP's preferential counterparty status, both on a local and on a national level. This advantage is also reflected in improved access to financing and helped establishing strong relationships with debt providers. GCP operates in an attractive market niche where the average deal size discourages most market players, as the typical properties it acquires are either too large for private individuals or too small and difficult for institutional investors. GCP's focus on and know-how in taking over mismanaged properties with vacancy and turning them around to well managed properties is unique in the German real estate market and a sustainable competitive advantage.

The portfolio exhibited continuous growth to currently 78,000 units owned and 94,000 units under management in comparison to 43,000 units owned and 64,000 under management in December 2014. Through this growth GCP has further reached scalability which enables it to benefit from economies of scale, creating value throughout the Company's value chain: from higher efficiency at the takeover stage to stronger bargaining power with suppliers.

PORTFOLIO DEVELOPMENT IN UNITS ('000)



STRONG TRACK RECORD OF VALUE CREATION FROM RENOVATION AND REPOSITIONING OF ASSETS

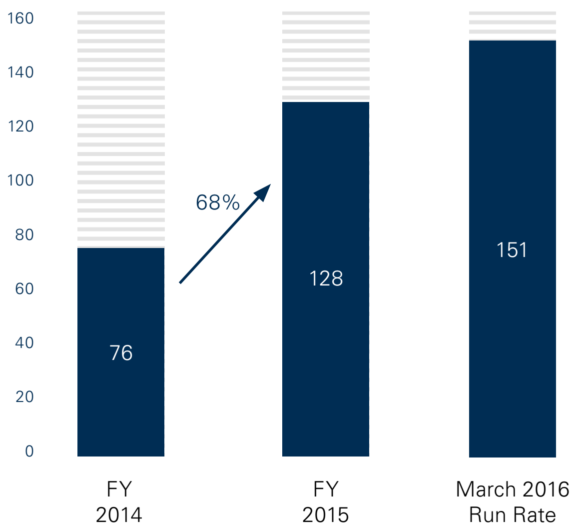
Apart from GCP's unique skills in identifying properties with significant upside potential, the Company has the ability to create and execute tailor made strategies for each asset to optimally improve its operating performance, which is reflected in the significant value appreciation in its portfolio. GCP's continuous asset management efforts result not only in improved cash flow results, but also in tangible value creation that is captured instantly as well as over the long run in the Group's financial performance. The Group's experience and in-house operational skills allow it to continuously maximize returns after the successful repositioning of the assets.

The majority of GCP's portfolio is rented below market rates. Combined with the upside potential of occupancy increases at market rent the management estimates that the current portfolio embeds a potential improvement of rental income of approximately 30%.

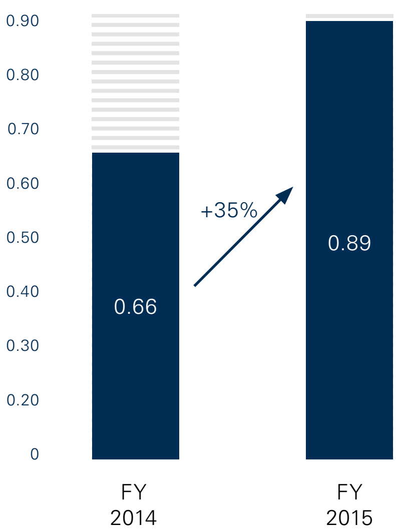
STRONG AND GROWING FFO WITH HIGH RETURN POTENTIAL

GCP's current portfolio generates strongly growing funds from operations, demonstrated by a FFO I increase of 68%. GCP's turnaround management focuses on increasing initial cash flows through raising rental income, decreasing vacancy levels as well as maintaining strict cost discipline through active management. The Group exhibits strong growth from the operational optimization of its existing portfolio as well as expansion through the acquisition of additional properties with great value adding potential.

FFO I IN € MILLION



FFO I PER SHARE
(AFTER HYBRID NOTES ATTRIBUTION IN €)



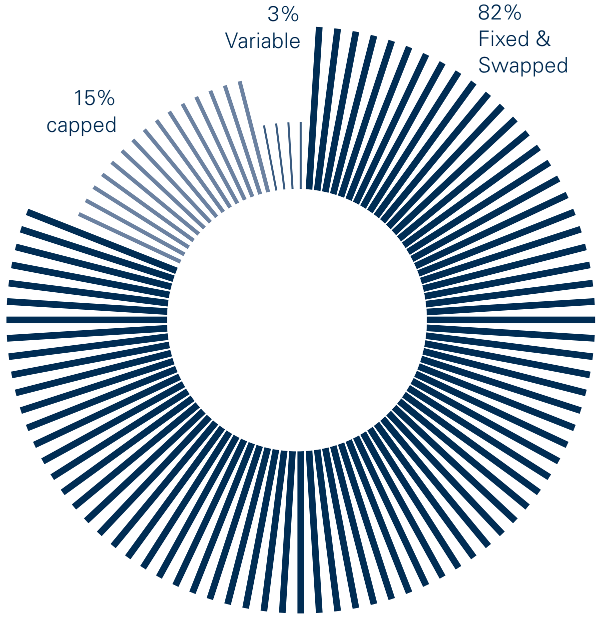
KEY STRENGTHS

CONSERVATIVE CAPITAL STRUCTURE AND PROVEN ABILITY TO RAISE CAPITAL

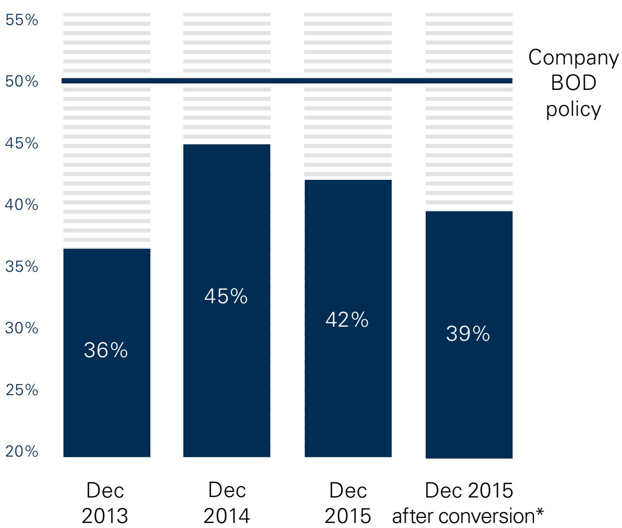
With €389 million in liquid assets as of December 31, 2015 GCP has a high amount of financial flexibility which is also reflected in the €2.2 billion of unencumbered assets as of March 2016. The high amount of liquidity enables GCP on one hand to pursue attractive deals, and on the other provides significant head room and comfort to its debt holders. GCP's conservative capital structure is characterized by long term maturities, low debt amortization rates, hedged interest rates, excellent financial coverage ratios and a low LTV, reflecting its disciplined approach. The LTV as of December 31, 2015 is conservative at 42% (LTV is 39% considering the conversion of the Series C convertible bond which was fully converted in January 2016). The Company's internal target is to maintain an LTV of 50% and set itself a management policy limit at 55%. GCP strategically maintains its strong financial profile. The Board of Directors has decided to implement policies, management and financial strategies to achieve a further improvement of the credit rating.

GCP's bank loans are spread across more than 30 separate loans from 17 different financial institutions that are non-recourse and have no cross collateral or cross default provisions.

Fitting to the Company's conservative capital structure 97% of its interest is hedged.

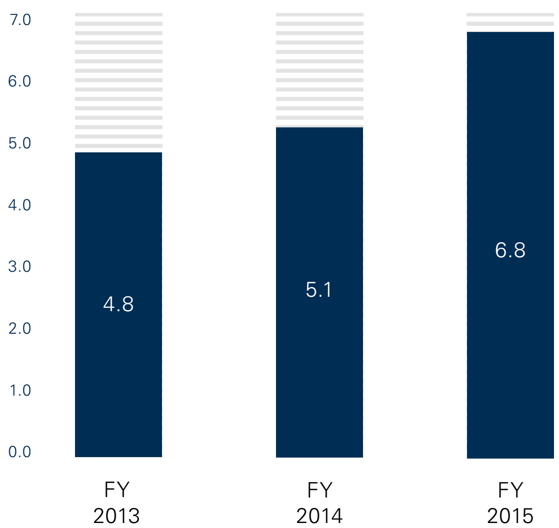


LOAN-TO-VALUE

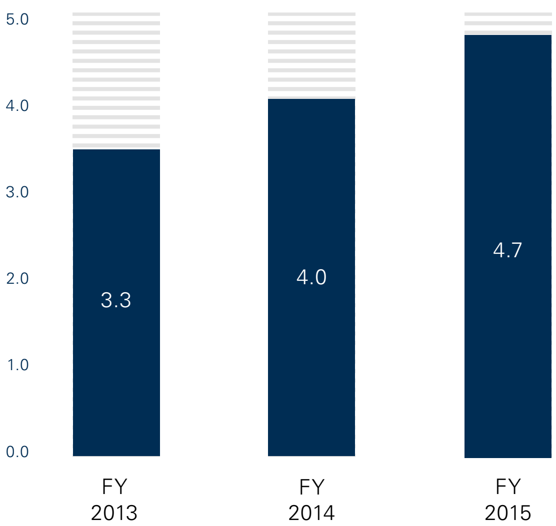


* As of Jan 2016 convertible bond Series C has been fully converted.

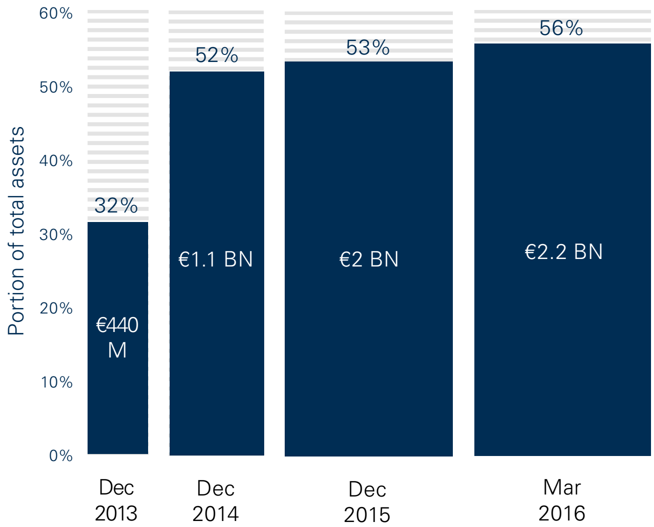
INTEREST COVERAGE RATIO (ADJ. EBITDA/INTEREST)



DEBT SERVICE COVERAGE RATIO (DSCR)



UNENCUMBERED ASSETS



GCP's financial flexibility is becoming stronger over time, both due to improved fundamentals affecting coverage ratios and improving profitability. On one hand adjusted EBITDA increased significantly while proportional debt service payments decreased. This led to a shift in its DSCR from 4.0 in 2014 to 4.7 in 2015. An increasing portion of assets are free of lien. As of March 2016, €2.2 billion of the held assets are unencumbered investment properties, in comparison to €1.1 billion in December 2014.

GCP's long maturity schedule enables the Company to fully complete the turnaround cycle of its assets. This enables the Company to focus on its core business without the pressure to refinance and ensures a large extent of financial flexibility in the future.

CONTINUOUS ACCESS TO CAPITAL MARKETS

In addition to bank loans GCP successfully accessed the capital markets in the recent years. Since listing, the Company tapped capital markets in a vast amount of separate issuances, raising successfully €3.1 billion equity, bonds, convertible bonds and perpetual hybrid notes. Particularly strong activity took place in 2015 where a total of €1.2 billion was raised in several issuances (€500 million in perpetual hybrid notes, €550 million in 10 year straight bonds and €150 million in equity). In February 2016, GCP issued the Series F convertible bond and widened its access to capital by further €450 million.

KEY STRENGTHS

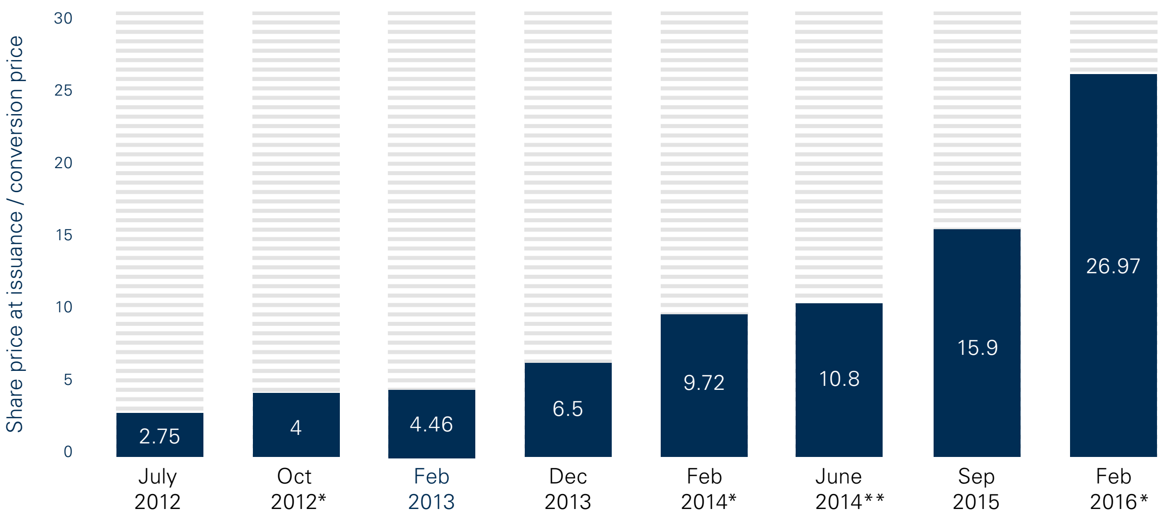
BALANCED FUNDING MIX BETWEEN DEBT & EQUITY AND A PROVEN ABILITY TO ACCESS CAPITAL MARKETS

FEB 16	Issuance of Series F, 6 year convertible bonds of € 450m and a coupon of 0.25% p.a. (issued at 100%) with J.P. Morgan, Berenberg and UBS acting as joint bookrunners
JAN 16	Completion of the conversion of Series C convertible bonds (€ 275m)
SEP 15	Tap issuance of € 150m of Series E bonds to an aggregate nominal amount of € 550m. J.P. Morgan acted as sole bookrunner
SEP 15	Capital increase of € 151m with Berenberg acting as sole bookrunner
JUL 15	Tap Issuance of perpetual hybrid notes of additional €100m. Morgan Stanley served as bookrunner
APR 15	Issuance of Series E, 10 year straight bond of € 400m with a coupon of 1.5% p.a. (issued at 96.76%). Deutsche Bank, J.P. Morgan and Morgan Stanley acted as joint bookrunners
MAR 15	Tap Issuance of perpetual hybrid notes of additional € 250m (issued at 97.04%). The initial issuance of €150 million was done in February 2015. Morgan Stanley and J.P.Morgan served as joint bookrunners
OCT 14	Redemption of Series B. Issuance of Series D, 7 year straight bond of € 500m with a coupon of 2% p.a. (issued at 95.6%). Morgan Stanley, J.P. Morgan and Deutsche Bank acted as joint bookrunners
JUN 14	Tap issuance of Series C with gross proceeds of € 140m at 111.25% reflecting an effective yield of 0.5%. J.P. Morgan and Berenberg acted as joint bookrunners
APR 14	Tap issuance of Series B with gross proceeds of € 160m at 107.25% with a yield-to-call of 3.85% and Morgan Stanley as bookrunner
FEB 14	Issuance of Series C, 5 year convertible bonds of € 150m and a coupon of 1.50% p.a. with J.P. Morgan, Berenberg and Deutsche Bank as joint bookrunners
DEC 13	Capital increase of € 175m with Berenberg and J.P. Morgan as joint bookrunners
OCT 13	Full conversion of € 100m Series A convertible bonds into equity
JUL 13	Issuance of Series B, 7 year straight bonds of € 200m with a coupon of 6.25% p.a.
FEB 13	Capital increase of € 36m
OCT 12	Issuance of Series A, 5 year convertible bonds of € 100m and a coupon of 8% p.a. with Credit Suisse as bookrunner
JUL 12	Capital increase of € 15m

JUL 15	**BBB S&P rating**
FEB 15	**Baa2 Moody's rating**
NOV 14	BBB- S&P rating
FEB 14	BB+ S&P rating
NOV 13	BB S&P rating
FEB 13	BB- S&P initial rating

KEY STRENGTHS

THE FOLLOWING ILLUSTRATION SHOWS THE VALUE CREATION TO THE SHAREHOLDER IN EACH ISSUANCE



* refers to the conversion price of the convertible bond issuance

**effective conversion price 10.8 (9.72 conversion at 111.25% of par)

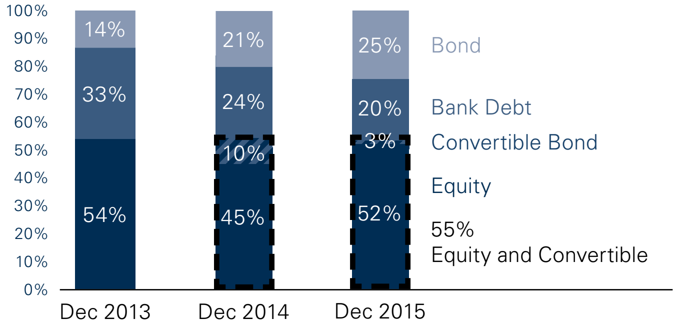
GCP's strong capital structure was also recognized by Standard & Poor's Ratings Services that upgraded GCP's credit rating in July 2015 to 'BBB' with a stable outlook on its long-term corporate credit rating and on the Company's senior secured debt.

S&P based the rating increase on GCP's improved business risk profile, an effect from the increased amount of stabilized assets, growth in portfolio size and its broader and well-balanced geographic spread across densely populated regions in Germany. In addition, S&P considers that the main regions where GCP operates are regions with good rental growth prospects and with good solid demographic trends.

Additionally, in February 2015, GCP was assigned a long-term issuer rating of Baa2 with a stable outlook by Moody's Investor Service. The rating agency recognized in its decision the Company's stronger financial metrics in relation to similarly rated peers. GCP regards this positive development as a stepping stone towards further rating improvements.

The Group will seek to maintain adequate liquidity to finance on-going investments without limiting its ability to react quickly to attractive market opportunities.

FINANCING SOURCE MIX



COMPANY STRATEGY

FOCUS ON TURNAROUND OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED AREAS OF THE GERMAN REAL ESTATE MARKET, WHILE KEEPING A CONSERVATIVE FINANCIAL POLICY AND AN INVESTMENT GRADE RATING

GCP's investment focus is on the German real estate markets that it perceives to benefit from favorable fundamentals that will support stable profit and growth opportunities in the foreseeable future. The Group's current portfolio is predominantly focused on North Rhine-Westphalia, Berlin, the metropolitan regions of Leipzig, Halle and Dresden and other major cities in Germany. The Company believes its platform has the right abilities and systems to continue to perform strongly and to further expand successfully in the German market. The Group also believes that there are acquisition opportunities in these attractive markets to support its external growth strategy in the medium to long term.

For its acquisitions the Company is applying the following specific criteria:

- Acquisition in densely populated areas and major cities
- High cash flow generating assets
- Vacancy reduction potential
- Rent level per sqm is below market level (under-rented), upside potential and low downside risk
- Purchase price below replacement costs and below market values
- Potential to reduce the operating cost per sqm

TARGETED CASH FLOW IMPROVEMENTS THROUGH FOCUS ON RENTAL INCOME, INVESTMENT AND STRICT COST DISCIPLINE

GCP seeks to maximize its cash flows from its portfolio through the relentless management of its assets by increasing rent and occupancy. This process is initiated during the due diligence phase of each acquisition, through the development of a specific plan for each asset. Once acquired and the initial development plan realized, GCP then regularly assesses the merits of on-going improvements to its properties to further enhance the yield on its portfolio by increasing the quality and appearance of the properties, raising rents and further increasing occupancy. GCP also applies significant scrutiny to its costs, systematically reviewing ways to increase efficiency and thus improving cash flows.

MAXIMIZE TENANT SATISFACTION TO REDUCE RE-LETTING RISK AND TENANT CHURN

Part of GCP's strategy to minimize tenant churn across its portfolio is to provide a high quality service to its tenants. The Company methodically tracks customer satisfaction and aims to respond quickly and efficiently to the feedback it receives. GCP also focuses on improving the image of its properties, for instance by designing surrounding gardens, adding indoor and outdoor playgrounds, adding sport facilities or polishing aged facades. Reflecting the special needs of the elderly and tenants with physical disabilities, GCP continues to implement structural changes to facilitate their requirements.

OPERATIONS SUPPORTED BY ADVANCED AND CENTRALIZED IT/SOFTWARE

The Group's proprietary and centralized IT/software plays a significant role in enabling GCP to achieve its efficiency objectives. The key to this system is the detailed information that it provides not only on its portfolio but also on existing and prospective tenants, which staff can access on and off the road. This all-encompassing data processing enables the Group to track and respond to market rent trends, to spot opportunities for rent increases and manage re-letting risks on a daily basis. GCP's IT/software is providing management with the detailed information necessary to monitor everything from costs to staff performance.

CONTINUE TO ACQUIRE PROPERTIES WITH POTENTIAL VALUE APPRECIATION

GCP intends to expand its portfolio via acquisitions which meet its strict investment criteria. The Group constantly evaluates opportunities to identify strong value creation targets for its portfolio and management platform.

COMPANY STRATEGY

MAINTAIN A CONSERVATIVE CAPITAL STRUCTURE

GCP seeks to preserve its conservative capital structure with an LTV policy to remain below 50%, sustain excellent financial coverage ratios and the majority of assets unencumbered, low cost of debt that is mostly hedged, diversified financing sources and long maturities. A key feature of the Group's financing objectives is to maintain ample investment flexibility, in order to take advantage of investment opportunities when they arise.

INVESTOR RELATIONS ACTIVITIES

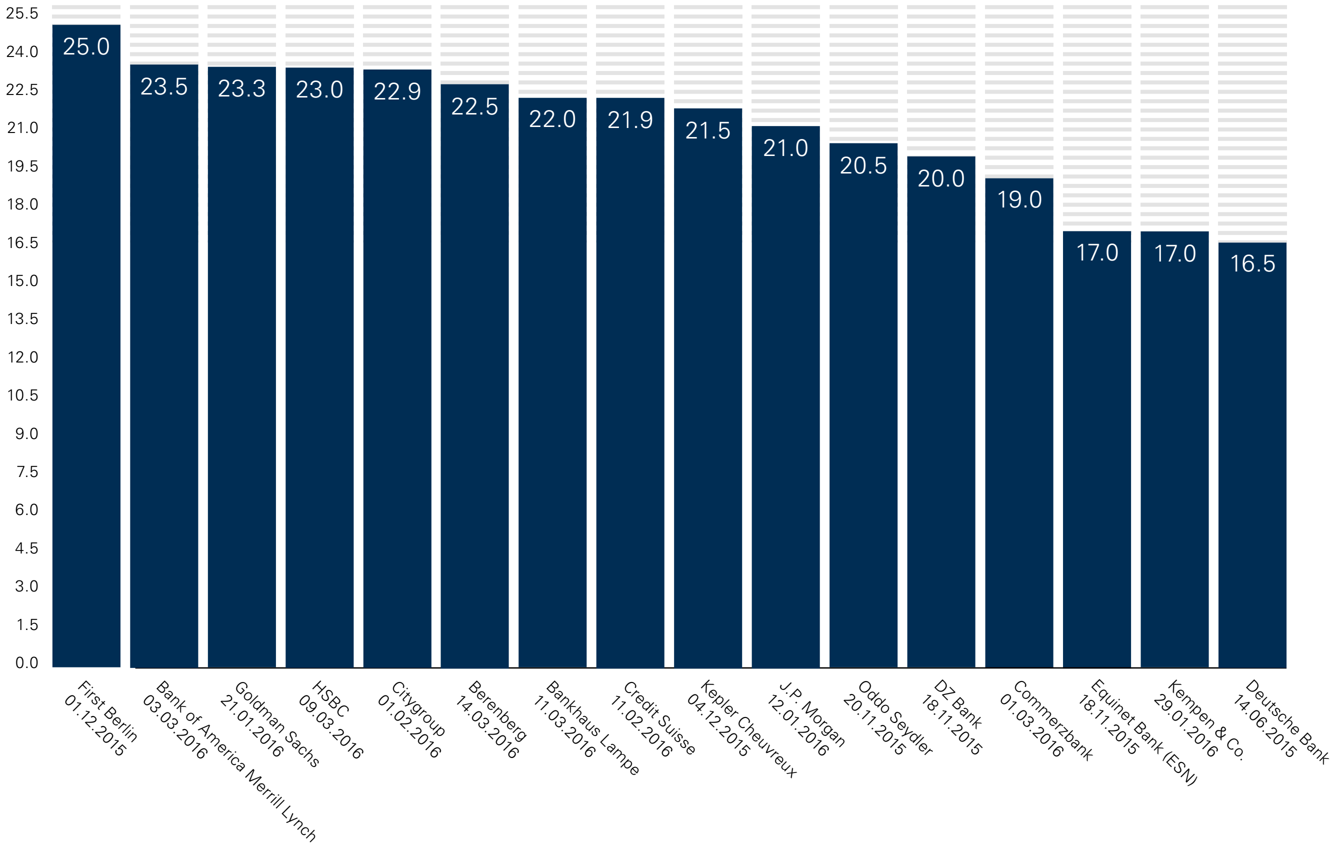
GCP is proactively presenting its business strategy and thus enhancing perception as well as awareness of the Company among the different players of the capital markets through targeted and manifold investor relations activities over the year.

GCP seizes these opportunities to create transparency and present a platform for open dialogue. The improved perception leads to a better understanding of GCP's business model, its competitive advantage and hence to a higher demand among the capital market players for participation in its success. Currently, GCP is being covered on an ongoing basis by 16 different equity analysts, who publish their reports regularly. Since March 2015, GCP is part of major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed and Developed Europe. In December 2015, GCP was included in the GPR 250 index.

Placement	Frankfurt Stock Exchange
First listing	Q2 2012
Number of shares (as of 31 December 2015)	140,970,655 ordinary shares with a par value of EUR 0.10 per share
Nominal Share Capital (as of 31 December 2015)	14,097,066 EUR
Number of shares on a fully diluted basis (as of 31 December 2015)	154,909,739
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 31 December 2015)	3.0 bn EUR

ANALYST RECOMMENDATIONS

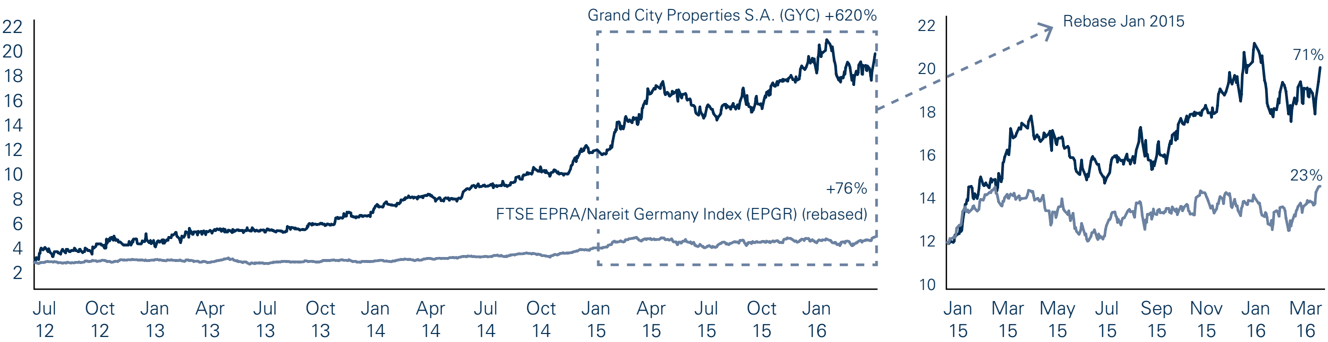
ANALYST RESEARCH TARGET PRICE



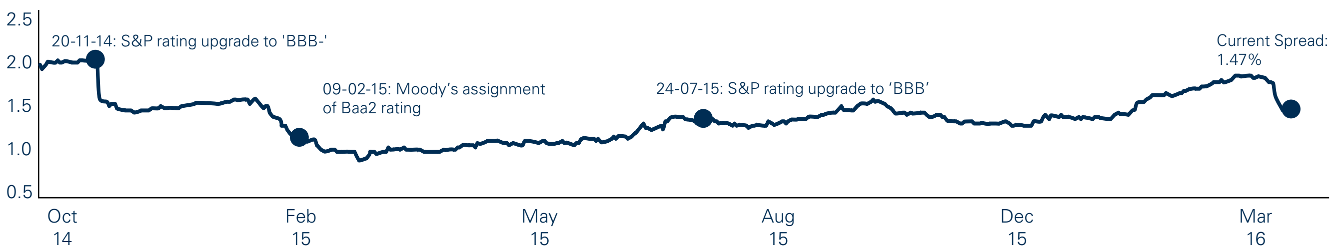
BUSINESS MODEL

COMPANY STRATEGY

SHARE PRICE PERFORMANCE COMPARISON



SERIES D - SPREAD OVER MID-€-SWAP



CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

The Annual General Meeting of Grand City Properties S.A. was held on June 24, 2015 in Luxembourg.

All of the items on the agenda were carried by a great majority, including the approval of the consolidated financial statements of the Group for the year ended December 31, 2014. The Annual General Meeting approved the distribution of a dividend in the amount of €0.20 per share for the holders of record on June 24, 2015.

CORPORATE GOVERNANCE

GCP puts a strong emphasis on corporate governance with high transparency, executed responsibly by the Board of Directors, Advisory Board and the management teams. The Company directs its efforts in maintaining the high trust it received from its shareholders to balance interests. GCP is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. GCP's shares and bonds were placed in recent issuances into many international leading institutional investors and major global investment and sovereign funds.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. Section 161 of the German Stock Corporation Act (AktG) does not apply, since the Company is a joint stock corporation under the laws of the Grand Duchy of Luxembourg (société anonyme, S.A.) and not a German Stock Corporation. The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange do not apply, since the shares of the Company are not admitted to trading on a regulated market operated by the Luxembourg Stock Exchange. In addition, nor the UK Corporate Governance Code nor the Irish Corporate Governance Annex apply to the Company.

Nevertheless, the Company strives to put a strong emphasis on high standards of corporate governance and transparency. This is particularly the case with the implementation of the Advisory Board, the Risk Committee and the Audit Committee. Furthermore, the Company ensures that its Board of Directors and its senior management are comprised of senior executives with vast experience and skills in the areas relevant to the business of the group. The Company has adopted quarterly reporting standards and updates its corporate presentation and most updated Run Rate figures on a continuous basis.

BOARD OF DIRECTORS

The Company is administered and managed by a Board of Directors that is vested with the broadest powers to perform all acts of administration and management in the Company's interest.
All powers not expressly reserved by the Luxembourg law or by the articles of incorporation to the general meeting of the shareholders fall within the competence of the Board of Directors.

The Board of Directors represents the shareholders as a whole and makes decisions solely on the Company's interest and independently of any conflict of interest. Regularly, the Board of Directors and its senior management evaluate the effective fulfillment of their remit and compliance with strong corporate governance rules. This evaluation is also performed on and by the Audit Committee and the Risk Committee.

The members of the Board of Directors are elected by the general meeting of the shareholders for a term not exceeding six years and are eligible for re-election. The directors may be dismissed with or without any cause at any time and at the sole discretion of the general meeting of the shareholders. At Grand City Properties S.A., the Board of Directors currently consists of a total of three members and resolves on matters on the basis of a simple majority, in accordance with the articles of incorporation. The Board of Directors chooses amongst the directors a chairperson who shall have a casting vote.

MEMBERS OF THE BOARD OF DIRECTORS

NAME	POSITION
Ms Simone Runge-Brandner	Chairperson
Mr Daniel Malkin	Member
Mr Refael Zamir	Member, CFO

SENIOR MANAGEMENT

The Board of Directors resolved to delegate the daily management of the Company to Mr Christian Windfuhr, as Daily Manager (administrateur-délégué) of the Company, under the endorsed denomination (Zusatzbezeichnung) Chief Executive Officer (CEO) for an undetermined period.

CORPORATE GOVERNANCE

ADVISORY BOARD

The Board of Directors established an Advisory Board to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the Advisory Board as well as the appointment and dismissal of its members. The Advisory Board has no statutory powers under Luxembourg law or the articles of incorporation of the Company, but applies rules adopted by the Board of Directors. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions, capital markets activities, corporate rating and in fostering contact with the business community, governmental authorities, financial institutions, analysts, and investors.

The current members of the Advisory Board are as follows:

MEMBERS OF THE ADVISORY BOARD

NAME	POSITION
Mr Yakir Gabay	Chairman of the Advisory Board
Mr Andrew Wallis	Vice chairman of the Advisory board
Mr Claudio Jarczyk	Member
Mr Markus J. Leininger	Member

AUDIT COMMITTEE

The Board of Directors established an Audit Committee. The members of the Audit Committee are Mr Markus J. Leininger, Mr Reshef Ish-Gur as well as Mr Christian G. Windfuhr. The Board of Directors decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The responsibilities of the Audit Committee relate to the integrity of the financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes.

The Audit Committee provides guidance to the Board of Directors on the auditing of the annual financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor.

RISK COMMITTEE

The Board of Directors established a Risk Committee for assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommend a risk management structure including its organization and its process as well as assess and monitor effectiveness of the risk management. The Risk Committee provides advice on actions of compliance, in particular by reviewing the Company's procedures for detecting risk, the effectiveness of the Company's risk management and internal control system and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks.

The members of the Risk Committee are Ms Simone Runge-Brandner, Mr Daniel Malkin, Mr Markus J. Leininger, Mr Refael Zamir and Mr Timothy Wright. The Board of Directors decides on the composition, tasks and term of the Risk Committee as well as the appointment and dismissal of its members.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Company closely monitors and manages any potential risk and sets appropriate measures in order to mitigate the occurrence of any possible failure to a minimum. The risk management is led by the Risk Committee, which constructs the risk management structure, organization and processes. The Risk Committee monitors the effectiveness of risk management functions throughout the organization, ensures that infrastructure, resources and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline. The Company categorizes the risk management systems into two main categories; internal risk mitigation and external risk mitigation.

INTERNAL RISK MITIGATION

Internal controls are constructed from four main elements:

- Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies in the organization and executes issues raised by internal audit impacting the risk management framework.
- Control discipline – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.
- Control features – the Company sets physical controls, compliance checks and verifications such as cross departmental checks. Grand City Properties S.A. puts strong emphasis on separation of duties, as approval and payments are done by at least two separate parties. Payment verification is cross checked and confirmed with budget and contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.
- Monitoring procedures – the Company monitors and tests unusual entries, mainly through a detailed monthly actual vs.-budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.

EXTERNAL RISK MITIGATION

As ordinary course of business, the Company is exposed to various external risks. The Risk Committee is constantly determining whether the infrastructure, resources and systems are in place and adequate to maintain a satisfactory level of risk. The potential risks and exposures are related, inter alia, to volatility of interest risks, liquidity risks, credit risk, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments and market downturn risk.

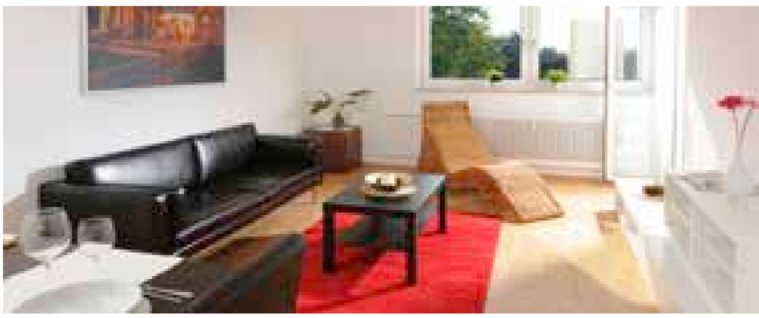
Grand City Properties S.A. sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

SHAREHOLDERS' RIGHTS

The Company respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels as well as on a specific section on its website. The Company discloses its share ownership and additionally discloses any shareholder structure above 5% if it is informed by the respective shareholder.

The shareholders of Grand City Properties S.A. exercise their voting rights at the Annual General Meeting of the shareholders, whereby each share is granted one vote. The Annual General Meeting of the shareholders takes place on the last Wednesday of the month of June at 11:00 a.m. at the registered office of the Company, or at such other place as may be specified in the notice of the meeting. If such day is a legal holiday, the Annual General Meeting of the shareholders shall be held on the next following business day. At the Annual General Meeting of the shareholders the Board of Directors presents, among others, the management report as well as the statutory and consolidated financial statements to the shareholders.

The Annual General Meeting resolves, among others, on the statutory and consolidated financial statements of Grand City Properties S.A., the allocation of the statutory financial results, the appointment of the approved independent auditor and the discharge to and (re-)election of the members of the Board of Directors. The convening notice for the Annual General Meeting of the shareholders contains the agenda and is publicly announced twice, with a minimum interval of eight days, and eight days before the meeting in the Mémorial, in a Luxembourg newspaper and on the Company's website.



NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

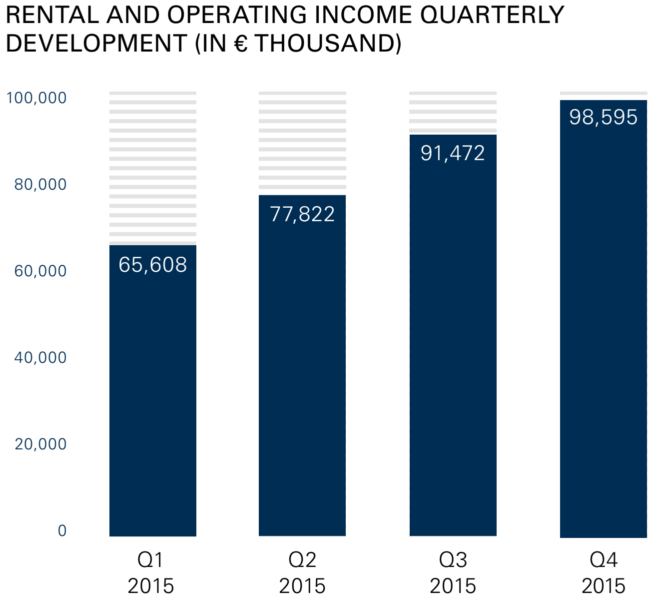
For the 12 months ended December 31,	2015	2014
	€'000	
Revenue	333,497	231,512
Rental and operating income	**333,497**	**216,837**
Capital gains, property revaluations and other income	311,131	230,969
Property operating expenses	(151,552)	(100,175)
Cost of buildings sold	-	(14,425)
Administrative & other expenses	(7,153)	(5,650)
Operating profit	**485,923**	**342,325**
Adjusted EBITDA	**176,521**	**112,009**
Finance expenses	(25,830)	(22,040)
Other financial results	(73)	(32,664)
Current tax expenses	(22,776)	(13,863)
Deferred tax expenses	(43,674)	(29,924)
Profit for the year	**393,570**	**243,834**

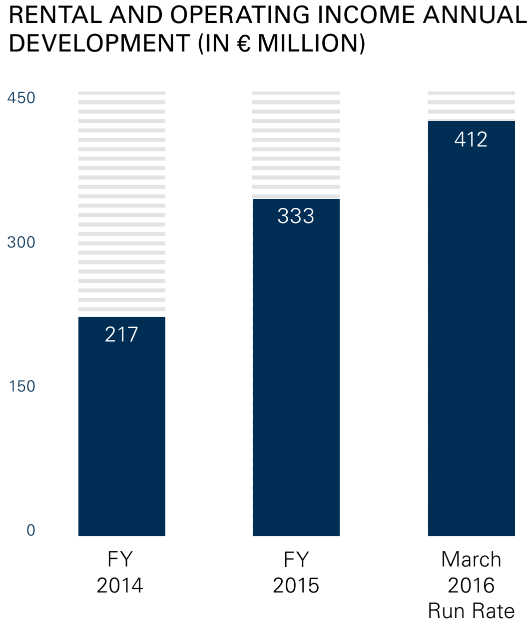
REVENUE

For the 12 months ended December 31,	2015	2014
	€'000	
Rental and operating income	333,497	216,837
Revenue from sales of buildings	-	14,675
Total revenue	**333,497**	**231,512**

Rental and operating income for 2015 increased to €333 million, reflecting an annual increase of 54%. The significant increase in the top line is a result of the portfolio's growth and of increasing rents and occupancy rates. GCP focusses on acquiring properties with substantial potential embedded by raising rents and occupancy rates in order to increase the total rental income. GCP's portfolio increased by 77% in 2015, increasing from 43 thousand units to 76 thousand units and as of March 2016 the portfolio includes 78 thousand units.

In 2014, the Group recorded revenues from the sales of buildings from inventories of €14.7 million. In 2015, the Group did not dispose assets held as inventories and therefore no revenue was accounted in this item.





The rental income increase in 2015 does not reflect the full year impact of the portfolio due to acquisitions made throughout the year. The vast majority of the acquisition were made during the year and did not contribute a full year to GCP's rental income generation. The full year effect of the portfolio held in the end of 2015, reflected in the rental and operating income monthly annualized run rate, is €405 million. The rental income run rate as of March 2016, based on the current portfolio and excluding any operational improvements, is €412 million.

NOTES ON BUSINESS PERFORMANCE

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 12 months ended December 31,	2015	2014
	€'000	
Change in fair value in investment property	224,431	191,871
Profit arising from business combinations	85,763	35,472
Capital gains and other income	937	3,626
Total	**311,131**	**230,969**

Changes in the fair value of investment property are determined based on external valuation reports performed by market leading independent professionally qualified valuators.

At the end of 2015, the Company recorded capital gains, property revaluation and other income in the amount of €311 million, of which €224 million derive from the change in fair value in investment property. The increase in the fair value of investment property is a reflection of the properties operational turnaround, resulting in higher rental income, lower vacancies, high operational margins and a strong cash flow generation. The strong increase in fair value proves the sustainable capability of the Company to lift its assets potential period over period.

Profits arising from business combinations occur in a share deal acquisition where the fair value of the total identifiable net assets of the company acquired exceeds the purchase price. In 2015, GCP recorded €86 million profit arising from business combinations, in comparison to €35 million in 2014. The increase is also as a result that more acquisitions were done through share deals compare to 2014. The profit from business combination is determined and dependent on the total amount of acquisitions carried-out through share deals and on the ability of the Group to source deals at attractive acquisition prices. The Company generally seeks properties which are undermanaged and embed upside potential in operations and value. The continuous profit arising from business combination demonstrates the Company's ability to acquire deals at attractive prices, supported by the strong and constantly growing deal sources network. Further details can be found in note 4 to the consolidated financial statements.

Capital gains and other income is mainly related to gains from asset disposal above their book value. In 2015, GCP sold non-core assets at a total value which exceeded the book value by €1 million. The total result from disposal gain, which is the excess amount of the sale price to the cost of the properties, and thus reflecting the economic profit from disposal, amounted to € 43 million in 2015.

PROPERTY OPERATING EXPENSES

For the 12 months ended December 31,	2015	2014
	€'000	
Purchased services	(114,449)	(73,838)
Maintenance and refurbishment	(21,202)	(14,761)
Personnel expenses	(12,119)	(7,376)
Depreciation and amortization	(1,382)	(572)(*)
Other operating costs	(2,400)	(3,628)(*)
Total	**(151,552)**	**(100,175)**

(*) Reclassified

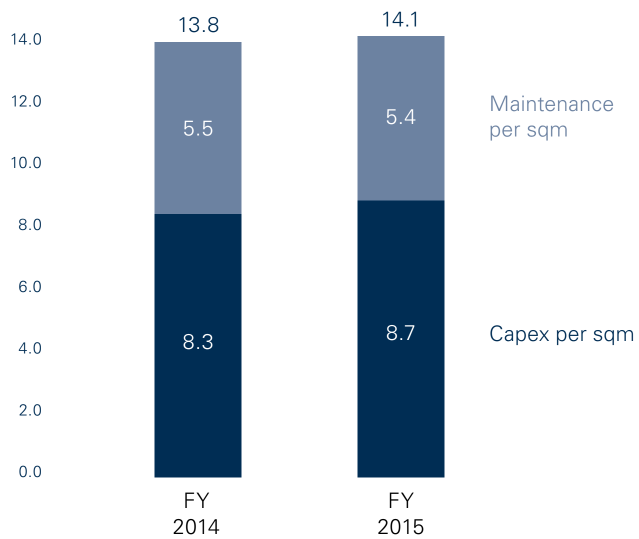
The total property operating expenses amounted in 2015 to €152 million in comparison to €100 million in 2014 and is the result of the growth of the Company. The increase in property operating expenses is largely the result of the increase in purchased services which are costs mainly related to rental operating income, items such as heating costs and water, costs defined as ancillary costs and recovered by the tenants. Due to the nature of recoverable expenses, the increase of this item is parallel to the increase in operating income.

The personnel expenses increased in 2015 to €12.1 million from €7.4 million in 2014. The increase is the result of the significant growth of the Company and its scope of operation. The increase in personnel supports the successful turnaround of the properties and provides a strong platform for future portfolio growth. Other operating costs, which are related mainly to non-recoverable and one-time expenses, amounted to €2.4 million, down from €3.6 million in 2014.

MAINTENANCE AND CAPITALIZED EXPENDITURES

The Company puts a strong emphasis on maintaining its property at high levels. GCP believes in sustaining the high asset quality level as it increases tenant satisfaction and reduces churn rate on the one hand, while on the other prevents future unnecessary expenses. GCP's maintenance work is backed-up by the Company's 24/7 Service Center, which among others enables tenants to contact the Company immediately at the occurrence of any maintenance problem. In return the Service Center communicates with the maintenance teams and ensures that the work is executed as soon as possible. An in-house Service Center is a key for operational efficiency and tenant satisfaction. In 2015, the maintenance and refurbishment amounted to €21.2 million, which translates to €5.4/sqm. Due to a strong operational management, the maintenance levels were kept stable in relation to previous years.

Capex follows a specific business plan and is targeted to further increase the asset quality. For every property an investment plan is constructed prior to acquisition and is carried out with scrutiny. In 2015 total capex amount to €34 million. The capex/sqm amounted to 8.7 €/sqm, slightly up from 8.3 €/sqm in 2014. In total, GCP invested in 2015 14.1 €/sqm maintenance and capex, in-line with previous years' investment.



ADMINISTRATIVE AND OTHER EXPENSES

For the 12 months ended December 31,	**2015**	2014
	€'000	
Personnel expenses	(2,084)	(1,772)
Audit and accounting costs	(1,630)	(1,230)
Legal and professional consultancy fees	(1,500)	(1,121)
Depreciation and amortization	(347)	(331)
Marketing and other expenses	(1,592)	(1,196)
Total	**(7,153)**	**(5,650)**

Administrative and other expenses amounted to €7.2 million in 2015, an increase of €1.5 million from 2014. This 27% increase is significantly below the increase in rental income generation, reflecting the Company's strong platform served to cater growth and capture economies of scale.

NOTES ON BUSINESS PERFORMANCE

NET FINANCE EXPENSES

For the 12 months ended December 31,	2015	2014
	€'000	
Finance expenses	(25,830)	(22,040)
Other financial results	(73)	(32,664)
Total	**(25,903)**	**(54,704)**

Total net finance expenses decreased from €54.7 million in 2014 to €25.9 in 2015 mainly due to a sharp decrease in other financial results. The 2014 other financial results were impacted significantly by the effect of the early redemption fees of Series B bond. In 2015 other financial results included change in fair value of financial assets and liabilities and finance-related costs which amounted to a mere expense of €0.1 million.

The finance expenses increased in 2015 to €25.8 million, €3.8 million higher than in 2014, marginally in relation to the growth of the Company and to the total debt balance. The marginally low increase is due to constant decrease in the cost of debt to below 2%, which is a result of the healthy capital and debt structure of the Company. In the end of 2014 GCP received an investment grade rating from S&P, which was further validated by a Baa2 initial rating granted by Moody's in the first quarter of 2015. In July 2015 S&P has increased GCP's rating to BBB. The credit rating improvement, together with refinancing old debt and issuing new debt at low cost had a significant effect on GCP's cost of debt in 2015. In the last quarter of 2014, GCP replaced the 6.25% coupon Series B with the 2% coupon Series D. In 2015 GCP issued in two tranches the Series E, a €550 million bond bearing a coupon of 1.5%.

TAXATION

For the 12 months ended December 31,	2015	2014
	€'000	
Current tax expenses	(22,776)	(13,863)
Deferred tax expenses	(43,674)	(29,924)
Total	**(66,450)**	**(43,787)**

In 2015, the total tax expenses increased to €66.5 million, reflecting an increase of 52%. The current tax, consisting of property and corporate tax, increased by 64% and is correlated with the Company's growth and the operational profits. Deferred tax expenses, a non-cash item, are accompanying the revaluation result of the Company. GCP adopts a conservative approach with regard to the deferred tax item, providing for the theoretical future property disposal through asset deals subject to the full German corporate tax of 15.825%.

PROFIT FOR THE YEAR

For the 12 months ended December 31,	2015	2014
	€'000	
Profit for the year	**393,570**	**243,834**

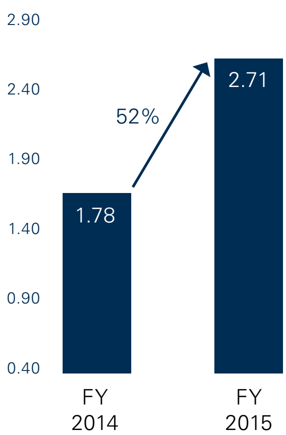
The profit for 2015 amounted to €394, up 61% in comparison to 2014 and is validating the ability of the Company to turnaround properties and create significant value. The high profitability is mainly due to operational profits and to gains of property revaluations and is supported by low cost levels along the income statement.

EARNINGS PER SHARE

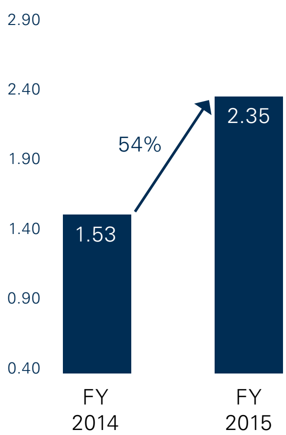
For the 12 months ended December 31,	2015	2014
Basic earnings per share (in €)	2.71	1.78
Diluted earnings per share (in €)	2.35	1.53
Weighted average basic shares in thousands	126,932	115,577
Weighted average basic shares (diluted) in thousands	146,725	135,400

The basic earnings per share increased by 52% to €2.71 per share, compared to €1.78 per share in 2014. The increase on a per share basis proves GCP ability to create accretive value for its shareholders, year-over-year. The increase of the earning per share was offset in relation to the total profit due to dilution effects of conversions of the convertible bond and equity increase which increased the average basic amount of shares by 10%. Accordingly, the diluted earnings per share increased to €2.35 per share in 2015, up from €1.53 per share in 2014.

BASIC EARNINGS PER SHARE (€)



DILUTED EARNINGS PER SHARE (€)



ADJUSTED EBITDA, FFO I AND AFFO

For the 12 months ended December 31,	2015	2014
	€'000	
Operating Profit	485,923	342,325
Total depreciation and amortization	1,729	903
EBITDA	**487,652**	**343,228**
Capital gains, property revaluations and other income	(311,131)	(230,969)
Result on the disposal of inventories – trading properties	-	(250)
Adjusted EBITDA	**176,521**	**112,009**
Finance Expense	(25,830)	(22,040)
Current tax expenses	(22,776)	(13,863)
FFO I	**127,915**	**76,106**
Capex	(33,804)	(22,201)
AFFO	**94,111**	**53,905**

The adjusted EBITDA reflects the recurring operational profit, excluding the effect of capital gains and revaluations, before interest and tax and is a market standard indication of the operational results. Funds from Operations I (FFO I), reflects the recurring profit from operations, after deducting the finance expenses and the current tax.

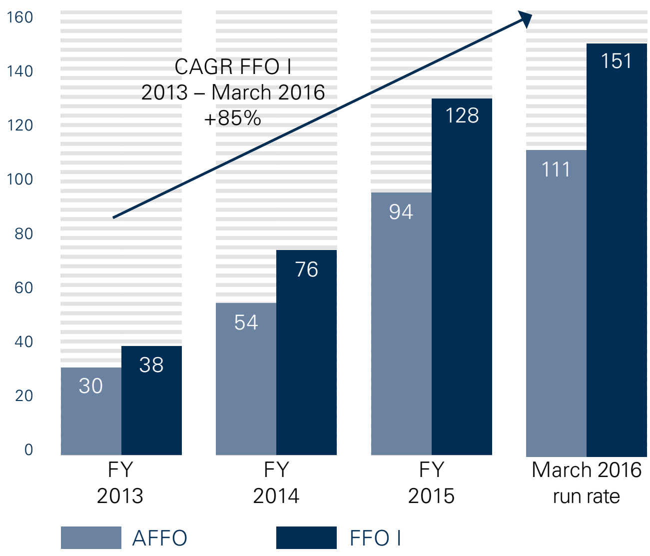
Adjusted EBITDA increased in 2015 by 58% to €177 million, supported by increasing rents and occupancy levels, operational cost efficiencies and portfolio growth. The stronger growth of adjusted EBITDA in relation to the increase in rental and operating income of 54% is proof of GCP's successful turnaround strategy which is not just based on increasing rent and occupancy but also on implementing cost efficiency measures.

FFO I in 2015 increased by 68% to €128 million, due to marginally lower finance expenses deriving from a decrease of the cost of debt and improved financial conditions.

As a result of granular accretive portfolio growth, GCP is able to constantly and steadily increase its FFO I result, quarter after quarter. As acquisitions were done throughout the year, new acquisitions did not fully contribute to FFO I of the whole year. The monthly annualized FFO I run rate as of March 2016, excluding any further acquisition and operational improvements, amounted to €151 million.

Adjusted funds from operations (AFFO) considers the capitalized expenditures used to improve the properties quality and thus deducts the capex from the FFO I. GCP generated in 2015 an AFFO of €94 million, an increase of 75% in comparison to 2014.

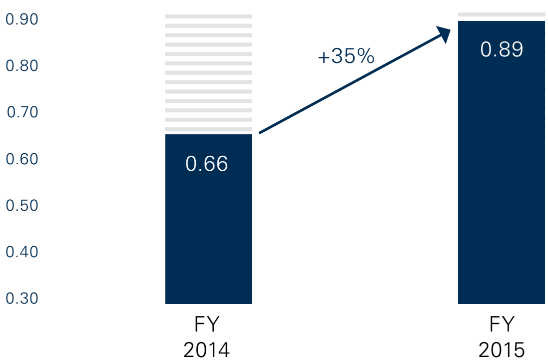
AFFO AND FFO I DEVELOPMENT (IN € MILLION)



For the 12 months ended December 31,	2015	2014
	€'000	
FFO I	**127,915**	**76,106**
Adjustment for the accrued hybrid notes attribution	(14,517)	-
FFO I after Hybrid Notes attribution	**113,398**	**76,106**
FFO I per share in €, after Hybrid Notes attribution	**0.89**	**0.66**

FFO I per share increased to €0.89 in 2015, reflecting an increase of 35% in comparison to 2014. The year-over-year increase mirrors the Company's capability to create increasing operational profits to shareholders on a per share basis after the dilutive effects of conversions of the convertible bonds and equity increase over the period.
Attributions referring to the perpetual hybrid notes are classified as dividends according to IFRS and are not recognized as expenses in the P&L, thus not deducted from the FFO. In the calculation of FFO I per share GCP has adopted a conservative approach, deducting the accrued Hybrid Note coupon attribution.

FFO I PER SHARE AFTER HYBRID NOTES ATTRIBUTION (IN €)



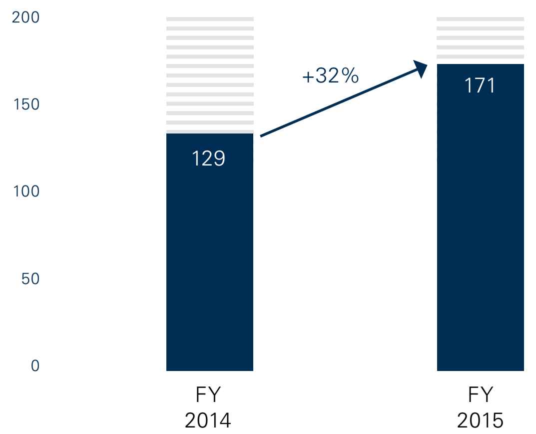
NOTES ON BUSINESS PERFORMANCE

FFO II

For the 12 months ended December 31,	2015	2014
	€'000	
FFO I	127,915	76,106
Result from disposal gain*	42,669	53,106
FFO II	**170,584**	**129,212**

*) the excess amount of the sale price to the cost price of the properties

FFO II DEVELOPMENT (IN € MILLION)



CASH FLOW

For the 12 months ended December 31,	2015	2014
	€'000	
Net cash provided by operating activities	157,448	113,884
Net cash used in investing activities	(1,215,048)	(327,903)
Net cash provided by financing activities	1,023,470	351,608
Net increase in cash and cash equivalents	**(34,130)**	**137,589**

Net cash flow provided by operating activities increased in 2015 by 38% to €157 million in comparison to 2014. Excluding the one-time effect of cash received from sale of buildings in 2014 in the amount of €14.2 million the operating cash flow increase was 58%. The increase is the result of the operational performance of the Company which is a combined effect of portfolio growth, rent and occupancy increase and cost efficiency.

The Company followed in 2015 its strong growth path which is reflected in the cash flow used in investing activities. The increase of 271% in 2015 is the result of strong acquisition activities, asset deals and share deals, offset slightly by disposals, and investments in NPL's, traded securities (liquid assets which used for short-term cash parking to minimize low interest payments on cash) and other financial assets.

GCP financed its growth throughout the year with a wide mix of funds of various bond issuances, hybrid notes, capital increases and bank loans which is expressed in an increase of 191% in net cash flow provided by financing activities. The amount was offset by bank loan repayments which were replaced with favorable capital market financing, loan amortization and dividend payments which were paid first time in 2015.

ASSETS

	Dec 2015	Dec 2014
	€'000	
Non-current assets	**4,061,699**	**2,227,243**
Investment property*	3,859,511	2,191,271
Current assets	**627,204**	**401,815**
Total assets	**4,688,903**	**2,629,058**

*Including advanced payments for investment properties and balance of inventories

The significant growth of GCP is reflected in the €2.1 billion increase of the total assets from €2.63 billion in 2014 to €4.69 billion in 2015, an increase of 78%. The main contribution to this increase is the €1.67 billion growth of investment property, derived from acquisition of new properties, investment in existing properties and property revaluation. The substantial increase in investment properties proves GCP's ability to internally and externally increase the portfolio successfully within a relatively short period of time, internally through value creation from turnaround activities and externally through acquisitions. In 2015, GCP's portfolio increased from 43 thousand units to 76 thousand units through many synergetic deals, enabling the Company to further extract economies of scale and build a stronger platform looking forward.

Current assets increased by €225 million to €627 million which is due mainly to an increase in cash and liquid assets of €116 million and to an increase in trade and other receivables of €103 million which increased along the growth of the Company and the number of tenants. The cash and liquid assets increased mainly due to the unused proceeds from successful capital market activities, raising €1.2 billion of bonds, equity and hybrid notes in 2015. Additionally, GCP issued in February 2016 convertible bonds with a volume of €450 million which provides additional firepower to pursue accretive opportunities.

LIABILITIES

	Dec 2015	Dec 2014
	€'000	
Total loans and borrowings	846,900	543,009
Straight bonds	1,045,413	476,381
Convertible bond*	122,576	240,451
Deferred tax liabilities	239,374	141,003
Other long term liabilities and derivative financial instruments	39,704	39,090
Current liabilities**	222,641	147,474
Total	**2,516,608**	**1,587,408**

* As of Jan 2016 convertible bond Series C has been fully converted
** An amount of €54.7 million is including in total loans and borrowing

Total liabilities increased in 2015 by 59% to €2.52 billion, significantly below the 78% increase of total assets, reflecting the strong and healthy debt structure of the Company. During 2015 nearly 50% of the 2014 outstanding Series C convertible bond balance was converted into equity and as of the beginning of 2016, the conversion into equity was completed, further offsetting the increase in total debt.

The increase in total liabilities is the direct result of financing the Company's growth. The Company focuses on diversifying its financing sources to reduce the dependency and to maintain its high financial headroom. This results in €2 billion of GCP's investment property being unencumbered as of December 2015 and increasing to €2.2 billion as of March 2016. Due to GCP's outstanding access to capital markets the largest increase of the total liabilities derives from straight bonds. In 2015 GCP issued and tapped up its Series E, a 10-year maturity straight bond with a coupon of 1.5%, to the total amount of €550 million. The total loans and borrowings increased in the same period by €304 million to €847 million.

The increase of deferred taxes to €239 million is a direct result of the property revaluations. Deferred taxes are based on the conservative approach to assume sale of properties through asset deals with a full German corporate tax effect of 15.825%.

The increase in total debt and straight bonds was significantly offset by the increase in cash and liquid assets over the period resulting in a net debt of €1.6 billion. The net debt including the full conversion of the convertible bond, completed in the January 2016, was €1.5 billion.

NET DEBT

	Dec 2015	Dec 2014
	€'000	
Total bank debt and straight bonds	1,892,313	1,019,390
Cash and liquid assets	388,925	272,296
Total net debt without convertible bond	**1,503,388**	**747,094**
Convertible bonds*	122,576	240,451
Total net debt with convertible bond	**1,625,964**	**987,545**

* As of Jan 2016 convertible bond Series C has been fully converted

NOTES ON BUSINESS PERFORMANCE

LOAN-TO-VALUE

	Dec 2015	Dec 2014
	€'000	
Investment property*	**3,859,511**	**2,191,271**
Total Debt	2,014,889	1,259,841
Cash and liquid assets	388,925	272,296
Net debt	**1,625,964**	**987,545**
LTV	**42%**	**45%**

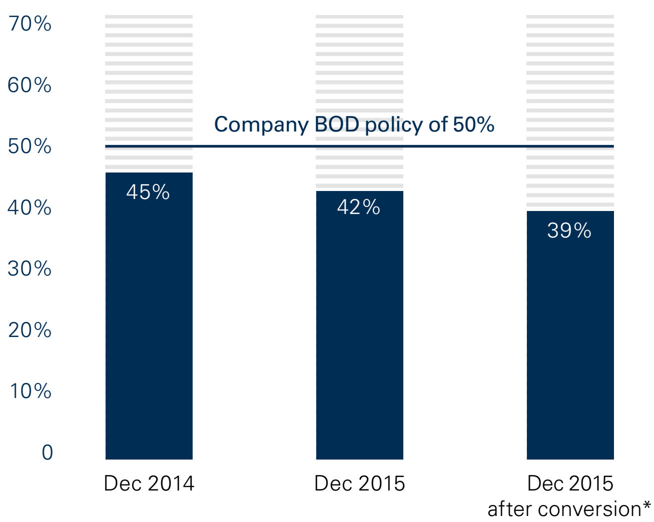
* Including advanced payments for investment properties and balance of inventories.

Total net debt without convertible bond	**1,503,388**	**747,094**
LTV after conversion	**39%**	**34%**

* As of Jan 2016 convertible bond Series C has been fully converted.

The Loan-To-Value ("LTV") as of year-end 2015 is at 42%, reflecting the low leverage and healthy debt structure of GCP. Including the effect of the full conversion of the convertible bond in the beginning of 2016, GCP's leverage is down to 39%. The low leverage is a result of the Company's Board of Directors policy to keep a low level of leverage and thus maintain an LTV of below 50%.

LOAN-TO-VALUE DEVELOPMENT



* As of Jan 2016 convertible bond Series C has been fully converted.

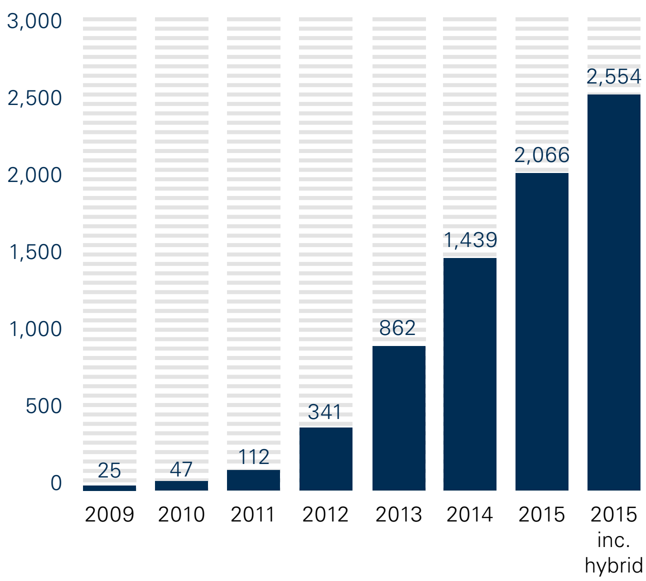
EPRA NAV

	Dec 2015	Dec 2014
	€'000	
Total Equity	2,172,295	1,041,650
Fair Value measurements of derivative financial instruments	6,995	9,282
Deferred tax liabilities	239,374	141,003
Convertible bond*	125,683	247,451
EPRA NAV including hybrid notes	**2,544,347**	**1,439,386**
Equity attributable to Hybrid capital investors	478,146	-
EPRA NAV	**2,066,201**	**1,439,386**

*As of Jan 2016 convertible bond Series C has been fully converted. The amount includes accrued interest and deferred income.

EPRA NAV including the equity attributed to hybrid notes increased to €2.54 billion at year-end 2015, reflecting an increase of 77% from 2014. Excluding the equity attributed to hybrid notes EPRA NAV increased to €2.07 billion, reflecting an increase of 44%. The significant increase is mainly related to GCP's equity which more than doubled in one year to €2.17 billion. The increase in equity is due to an equity increase and hybrid notes issued during 2015 and due to the high value creation ability of GCP during the period. Additionally, the equity increase was supported by the conversion of the convertible bond into equity, although this conversion did not impact the EPRA NAV in 2015 as the bonds were in the money already in 2014. €98 million of the EPRA NAV increase results from the growth of the deferred tax balance, which is the result of non-economic provisions due to property revaluation.

EPRA NAV DEVELOPMENT (IN € MILLION)



€'000	Total Equity*	EPRA NAV	EPRA NAV including hybrid notes	Total number of basic shares	Fully diluted number of shares
Dec 2015	2,172,295	2,066,201	2,544,347	140,971	154,910
Dec 2014	1,041,650	1,439,386	1,439,386	118,541	143,273

* includes non-controlling interest of €142.3 million in Dec 2015 and €90.7 million in Dec 2014.

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.

By order of the Board of Directors,
Luxembourg, March 17, 2016

Simone Runge-Brandner Director	Refael Zamir Director, CFO	Daniel Malkin Director

To the Shareholders of
Grand City Properties S.A.
24, Avenue Victor Hugo
L-1750 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Grand City Properties S.A., which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITY OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises agréé, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the Réviseur d'Entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Grand City Properties S.A. as of December 31, 2015, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Board of Directors report, including the corporate governance statement, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law with respect to the Corporate Governance Statement.

Luxembourg, March 17, 2016

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

J. de Souza

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

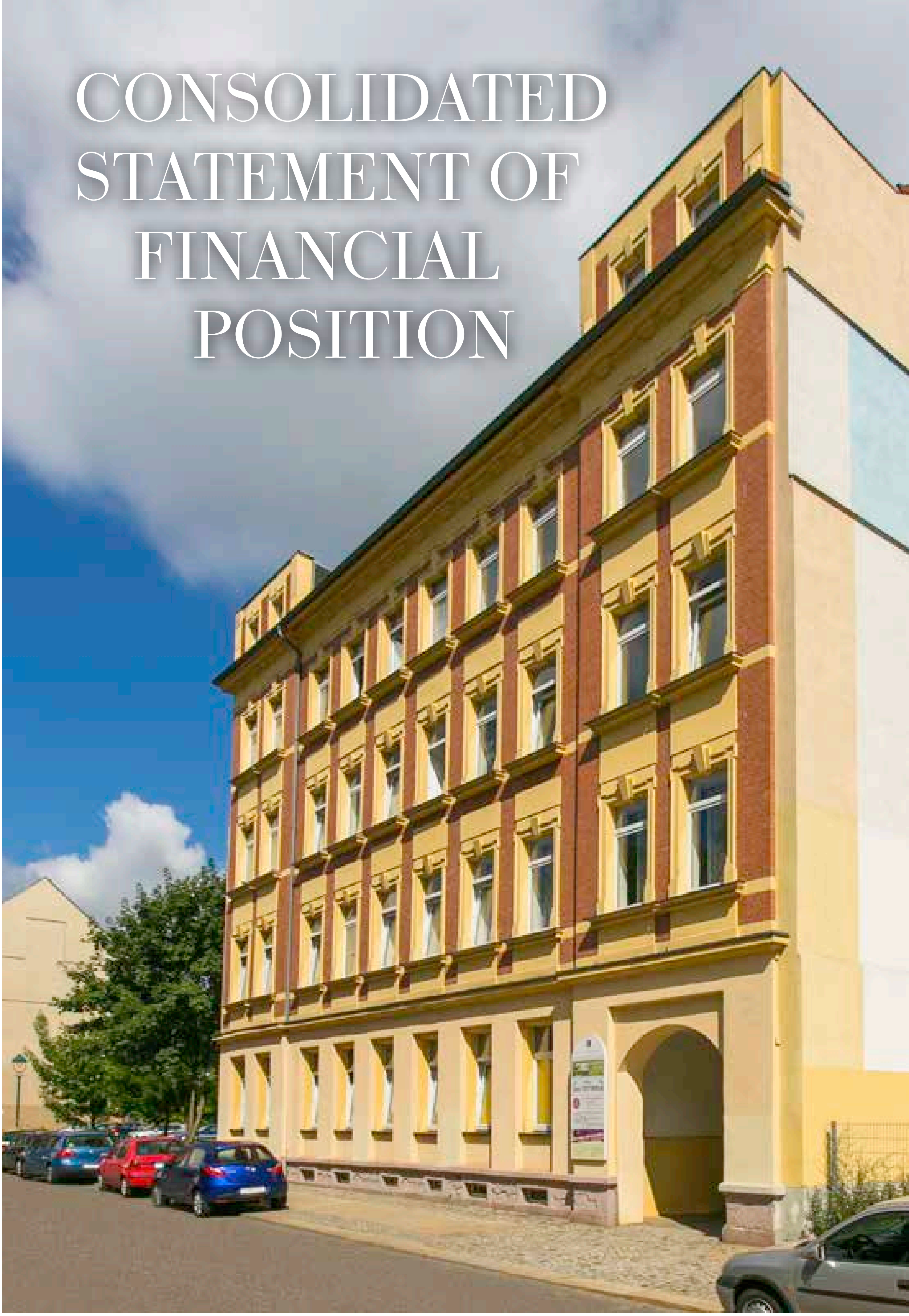
 The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

	Note	For the year ended December 31, 2015	2014
		€'000	
Revenue	5	333,497	231,512
Capital gains, property revaluations and other income	6	311,131	230,969
Share of profit from investments in equity accounted investees		-	94
Property operating expenses	7	(151,552)	(100,175)
Cost of buildings sold	5	-	(14,425)
Administrative & other expenses	8	(7,153)	(5,650)
Operating profit		**485,923**	**342,325**
Finance expenses	9a	(25,830)	(22,040)
Other financial results	9b	(73)	(32,664)
Net finance expenses		**(25,903)**	**(54,704)**
Profit before tax		**460,020**	**287,621**
Current tax expenses	10	(22,776)	(13,863)
Deferred tax expenses	10	(43,674)	(29,924)
Tax and deferred tax expenses		**(66,450)**	**(43,787)**
Profit for the year		**393,570**	**243,834**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**393,570**	**243,834**

	Note	For the year ended December 31, 2015	2014
		€'000	
Profit attributable to:			
Owners of the Company		343,933	205,575
Hybrid capital investors	18D	14,517	-
Non controlling interests		35,120	38,259
Profit for the year		**393,570**	**243,834**
Net earnings per share attributable to the owners of the Company (in euro)			
Basic earnings per share	11	**2.71**	**1.78**
Diluted earnings per share	**11**	**2.35**	**1.53**

The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

	Note	For the year ended December 31, 2015	2014
		€'000	
Assets			
Equipment and intangible assets	13	9,493	7,516
Investment property	14	3,845,979	2,179,982
Other non-current assets	12	195,390	(*)28,552
Deferred tax assets	10C	10,837	11,193
Non-current assets		**4,061,699**	**2,227,243**
Cash and cash equivalents		236,001	270,131
Traded securities at fair value through profit and loss		152,924	2,165
Inventories – trading property	17	11,877	5,814
Trade and other receivables	16	226,402	123,705
Current assets		**627,204**	**401,815**
Total assets		**4,688,903**	**2,629,058**

(*) Reclassified.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	For the year ended December 31, 2015	2014
		€'000	
Equity			
Share capital	18	14,097	11,854
Share premium		582,910	335,171
Other reserves		29,283	22,223
Retained earnings		925,599	581,666
Equity attributable to the owners of the Company		**1,551,889**	**950,914**
Equity attributable to Hybrid capital investors		478,146	-
Equity attributable to the owners of the Company and Hybrid capital investors		**2,030,035**	**950,914**
Non-controlling interests		142,260	90,736
Total equity		**2,172,295**	**1,041,650**
Liabilities			
Loans and borrowings	20	792,224	537,217
Convertible bond	20	122,576	240,451
Straight Bonds	20	1,045,413	476,381
Derivative financial instruments	15	6,995	9,282
Other long term liabilities	22	32,709	29,808
Deferred tax liabilities	10C	239,374	141,003
Non-current liabilities		**2,239,291**	**1,434,142**
Current portion of long term loans	20	19,998	5,792
Loan redemption	20	34,678	-
Trade and other payables	21	190,358	128,837
Tax payable		13,389	5,670
Provisions for other liabilities and charges	23	18,894	12,967
Current liabilities		**277,317**	**153,266**
Total liabilities		**2,516,608**	**1,587,408**
Total equity and liabilities		**4,688,903**	**2,629,058**

The Board of Directors of Grand City Properties S.A. authorized these consolidated financial statements to be issued on March 17, 2016

Simone Runge-Brandner Director	Refael Zamir Director, CFO	Daniel Malkin Director

The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

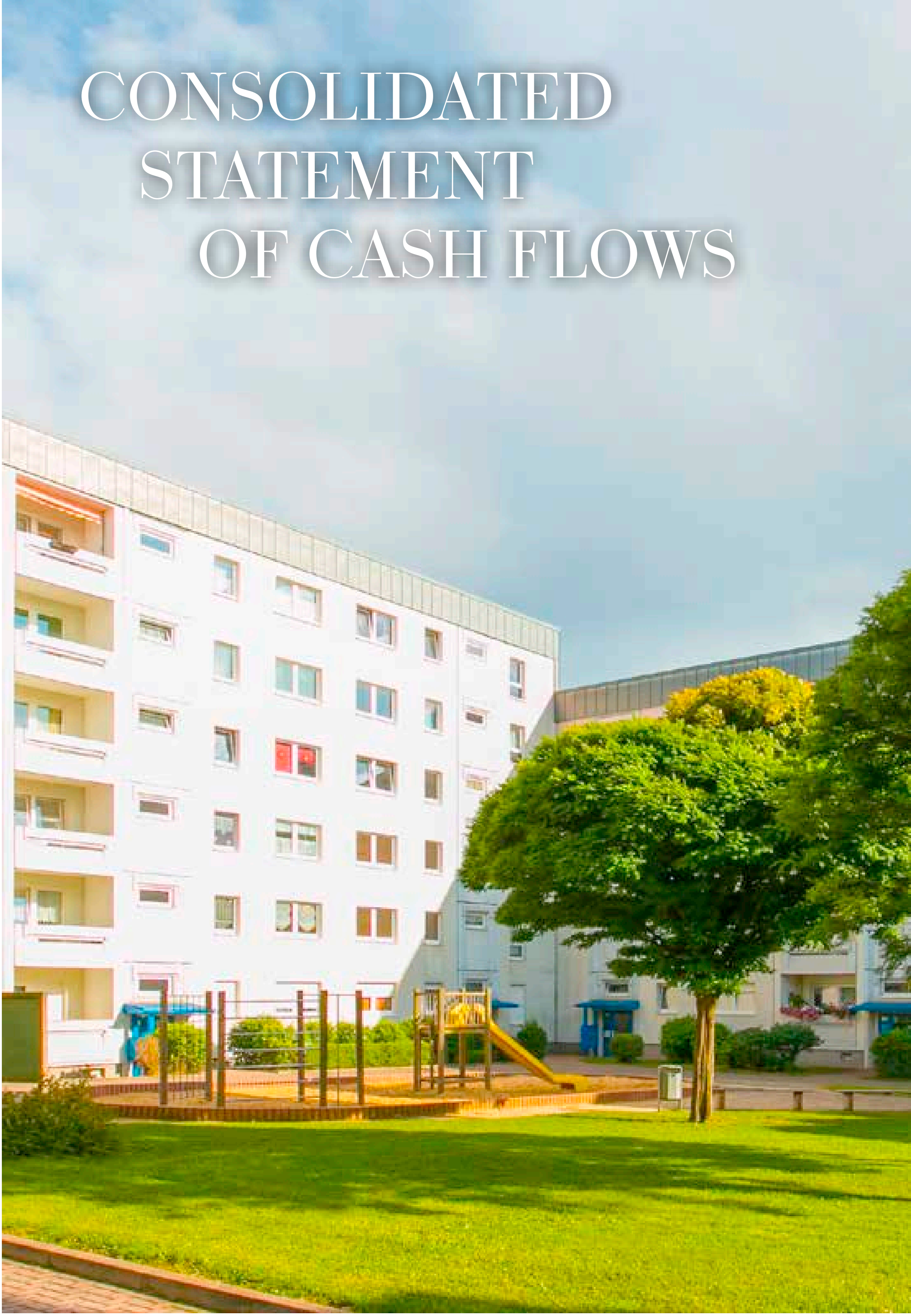
€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Hybrid capital investors	Equity attributable to owners of the Company and Hybrid capital investors	Non-controlling interests	Total equity
	Attributable to the owners of the Company									
Balance as at December 31, 2014	**11,854**	**335,171**	**7,841**	**14,382**	**581,666**	**950,914**	**-**	**950,914**	**90,736**	**1,041,650**
Profit for the year	-	-	-	-	343,933	343,933	14,517	358,450	35,120	393,570
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	343,933	343,933	14,517	358,450	35,120	393,570
Issuance of ordinary shares	981	153,795	-	-	-	154,776	-	154,776	-	154,776
Issuance of shares related to conversion of convertible bond	1,262	118,277	(710)	-	-	118,829	-	118,829	-	118,829
Issuance of Hybrid capital notes	-	-	-	-	-	-	478,146	478,146	-	478,146
Amount due to hybrid capital notes' holders classified as liability	-	-	-	-	-	-	(14,517)	(14,517)	-	(14,517)
Issuance of financial instrument	-	-	-	7,017	-	7,017	-	7,017	-	7,017
Equity settled share based payment	-	-	-	753	-	753	-	753	-	753
Dividend distribution	-	(24,333)	-	-	-	(24,333)	-	(24,333)	-	(24,333)
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	-	-	-	-	-	16,404	16,404
Balance as at December 31, 2015	**14,097**	**582,910**	**7,131**	**22,152**	**925,599**	**1,551,889**	**478,146**	**2,030,035**	**142,260**	**2,172,295**

The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Hybrid capital investors	Equity attributable to owners of the Company and Hybrid capital investors	Non-controlling interests	Total equity
	Attributable to the owners of the Company									
Balance as at December 31, 2013	**11,543**	**305,029**	**-**	**14,211**	**374,141**	**704,924**	**-**	**704,924**	**63,001**	**767,925**
Profit for the year	-	-	-	-	205,575	205,575	-	205,575	38,259	243,834
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	205,575	205,575	-	205,575	38,259	243,834
Equity portion of convertible bond	-	-	7,841	-	-	7,841	-	7,841	-	7,841
Issuance of shares related to conversion of convertible bond	311	30,142	-	-	-	30,453	-	30,453	-	30,453
Equity settled share based payment	-	-	-	171	-	171	-	171	-	171
Transactions with non-controlling interests	-	-	-	-	1,950	1,950	-	1,950	(13,600)	(11,650)
Change in non-controlling interests due to acquisitions and disposals of subsidiaries	-	-	-	-	-	-	-	-	3,076	3,076
Balance as at December 31, 2014	**11,854**	**335,171**	**7,841**	**14,382**	**581,666**	**950,914**	**-**	**950,914**	**90,736**	**1,041,650**

The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS



 The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

		For the year ended December 31,	
		2015	2014
	Note	€'000	
Cash flows from operating activities:			
Profit for the year		**393,570**	**243,834**
Adjustments for the profit:			
Depreciation and amortization		1,729	903
Share of profit from investments in equity accounted investees		-	(94)
Profit from business combination, other income and sale of investments	6	(86,700)	(39,097)
Change in fair value of investment property	14	(224,431)	(191,871)
Net finance expenses	9	25,903	54,704
Tax and deferred tax expenses	10	66,450	43,787
Equity settled share-based payment	19	753	171
		177,274	**112,337**
Changes in:			
Inventories - trading property		(943)	14,134
Trade and other receivables		(24,825)	(39,030)
Trade and other payables		20,234	31,359
Provisions for other liabilities and charges		4,506	5,875
		176,246	**124,675**
Tax paid		(18,798)	(10,791)
Net cash provided by operating activities		**157,448**	**113,884**
Cash flows from investing activities			
Acquisition of equipment and intangible assets, net		(3,680)	(1,847)
Capex, investments and acquisitions of investment property and advances paid, net	14	(406,475)	(349,944)
Acquisition of subsidiaries and shareholder loans , net of cash acquired		(540,043)	(*) (177,641)
Disposal of subsidiaries, net of cash disposed		94,121	(*)139,080
Investment in trade securities and financial assets		(358,971)	62,449
Net cash used in investing activities		**(1,215,048)**	**(327,903)**

(*) Reclassified.

The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

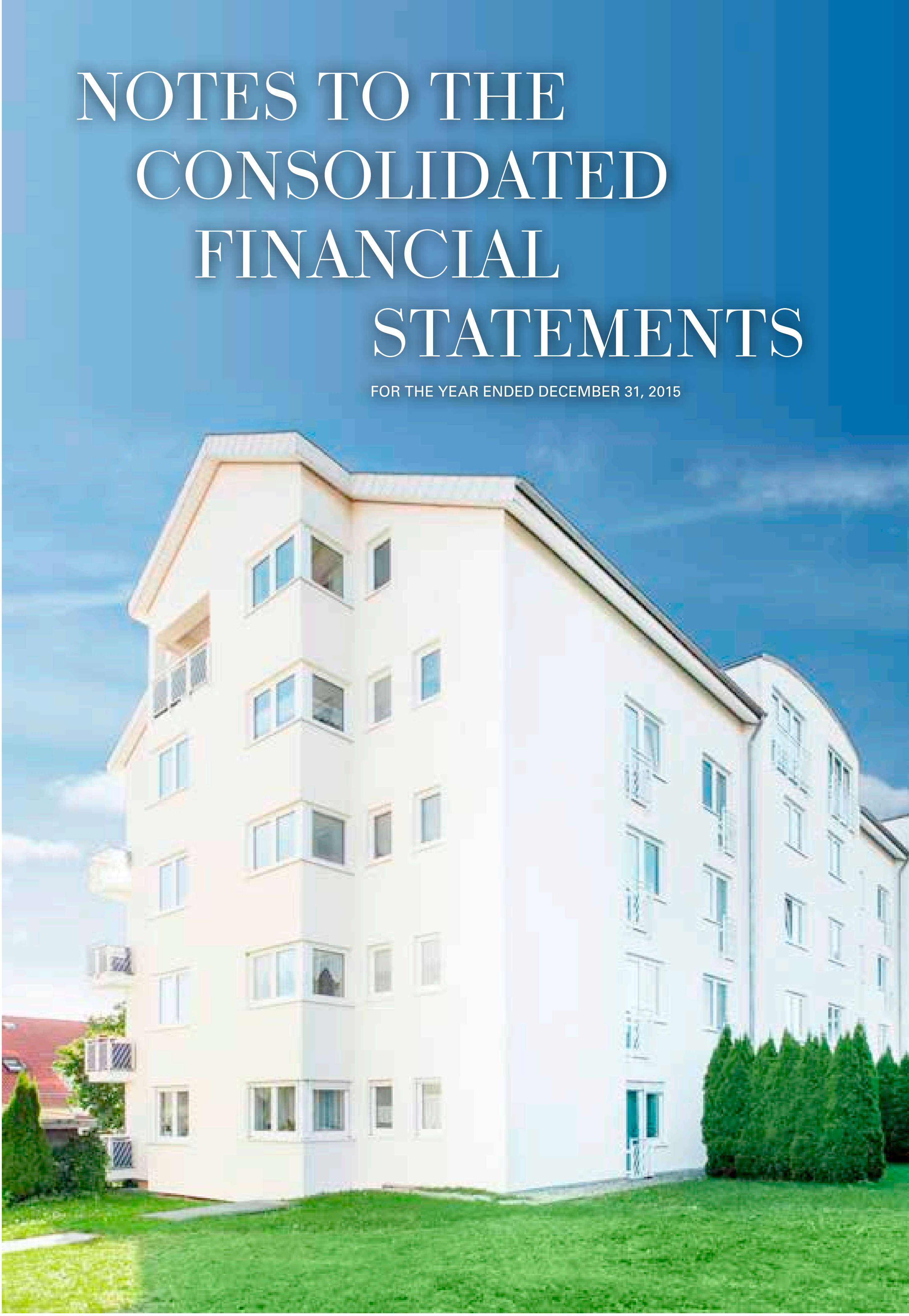
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	For the year ended December 31, 2015	2014
		€'000	
Cash flows from financing activities			
Proceeds from issuance of ordinary shares and financial instrument, net	18	161,793	-
Amortizations of loans from financial institutions		(11,572)	(6,209)
Repayments of loans from financial institutions, net		(62,694)	(132,994)
Proceeds from Convertible bond, net	20	-	284,672
Proceeds from Straight bonds, net	20	514,396	247,674
Proceeds from Hybrid capital notes, net	18	478,146	-
Transactions with non-controlling interests		598	(11,648)
Dividend distributed to the shareholders		(24,333)	-
Interest and other financial expenses, net		(32,864)	(29,887)
Net cash provided by financing activities		**1,023,470**	**351,608**
Net increase in cash and cash equivalents		**(34,130)**	**137,589**
Cash and cash equivalents at January 1		270,131	132,542
Cash and cash equivalents at December 31		**236,001**	**270,131**

The notes on pages 72 to 124 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015



1. GENERAL

(A) INCORPORATION AND PRINCIPAL ACTIVITIES

Grand City Properties S.A. ("the Company") was incorporated in Luxembourg on December 16, 2011 as a private company with limited liability. Its registered office is at 24, Avenue Victor Hugo, L-1750 Luxembourg.
The consolidated financial statements for the year ended December 31, 2015 consist of the financial statements of the Company and its subsidiaries ("the Group" or "GCP").
The Group's vision is buying, redeveloping, turning around and optimizing real estate properties in Germany.

(B) LISTING ON THE FRANKFURT STOCK EXCHANGE

On May 28, 2012 the Company was listed on the Frankfurt Stock Exchange in the Entry Standard market segment. As of the report date the issued share capital consists 153,788,883 shares with a par value of euro 0.10 per share.

(C) CAPITAL AND BOND INCREASES

For information regarding capital and bond increases, please see notes 18 and 20, respectively.

(D) GROUP RATING

In November 2014, Standard & Poor's Rating Services upgraded the Company's rating as an issuer, its "Series B" straight bonds, "Series C" convertible bonds and "Series D" straight bonds, to "BBB-" investment grade rating, with a stable outlook. The stable outlook reflects the current liquidity position of the Group and the estimation of cash production capacity from its current operations, among other factors.

On February 9, 2015, Moody's Investors Services ("Moody's") has assigned a first-time long-term issuer rating of "Baa2" to the Group, with a stable outlook. Moody's state that the Group's rating is based on moderate leverage, financial strength metrics stronger than those of similarly rated peers and good liquidity profile. The rating is supported by the Group's prudent financial policies and the healthy debt maturity profile.

During the first quarter of 2015, S&P and Moody's rated the Hybrid capital notes as BB and Ba1, respectively, both with a stable outlook.

On July 24 2015, S&P raised the Company's rating on its long-term corporate credit rating to 'BBB' from 'BBB-'. The rating of the Company's senior unsecured and subordinated hybrid debt instruments improved by one notch as well to 'BBB' for its senior secured debt and 'BB+' for its hybrid notes.

(E) DEFINITIONS

In these consolidated financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
GCP ltd	Grandcity Property Limited
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS).

Certain profit or loss, balance sheet and cash flow's items related to the year ended December 31, 2014 have been reclassified to enhance comparability with 2015 figures and are marked as "reclassified".

The consolidated financial statements were authorized to be issued by the Board of Directors on March 17, 2016.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of the following:

- Traded securities at fair value through profit or loss;
- Investment properties are measured at fair value;
- Derivative financial instruments;
- Deferred tax liability on fair value gain on investment property.

(C) USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on current knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a regular basis. Revisions in accounting estimates are recognized in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described below:

- FAIR VALUE OF INVESTMENT PROPERTY
  The Group uses external valuation reports issued by independent professionally qualified valuers to determine the fair value of its investment properties. Changes in their fair value are recognized in consolidated statement of comprehensive income.
  The fair value measurement of investment property requires valuation experts and the Company's management to use certain assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

- IMPAIRMENT OF INVESTMENTS IN ASSOCIATES
  The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future undiscounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

- TAX AND DEFERRED TAX EXPENSES
  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- IMPAIRMENT OF INTANGIBLE ASSET
  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with an indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- IMPAIRMENT OF GOODWILL
  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating units using a suitable discount rate in order to calculate present value.

- LEGAL CLAIMS
  In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the Group relies on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and historical legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates.

- PROVISIONS
  Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

- FAIR VALUE HIERARCHY
  Please see note 14(b) and 25(v).

(D) FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in euro which is also the functional currency of the Group, and rounded to the nearest thousand (euro '000), except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION

The Group's consolidated financial statements comprise the financial statements of the parent company Grand City Properties S.A. and the financial statements of its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Group has considered the impact of the amendment to IFRS 10 – Investment Entities, and has determined that it does not meet the definition of an "Investment entity".

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied by all entities in the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

CHANGES IN THE GROUP'S OWNERSHIP INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. Those transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisitions.

(B) BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method, i.e. when control is transferred to the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the fair value of any non controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated income statement as a bargain purchase gain.

Non controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in consolidated income statements.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) INVESTMENTS IN ASSOCIATES AND EQUITY - ACCOUNTED INVESTEES

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity in which two or more parties have interest.

The results and assets and liabilities of associates and equity accounted investees are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the consolidated income statement and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount; any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements, however only to the extent of interests in the associate that are not related to the Group.

(D) REVENUE RECOGNITION

Revenue is recognized in the consolidated statement of comprehensive income when it can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- RENTAL AND OPERATING INCOME
  Rental operating income from investment properties are recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental operating income, over the term of the lease.
  Operating income also includes service charges to third parties and payments for utilities if the costs and the amount of the income can be reliably determined. The revenue is recognized once the service is provided.

- SALE OF BUILDINGS
  Revenue from the sale of buildings in the course of ordinary activities is measured as the fair value of the consideration received or receivable. Revenue is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the buildings can be reliably estimated.

- OTHER
  Other income is used to represent income resulting in the release of provisions, tax repayments, cancellation of debts and others.

(E) NET FINANCE EXPENSES

- FINANCE INCOME AND EXPENSES
  Finance income comprises interest income on funds invested.
  Finance expenses comprise interest expense on loans and borrowings, bonds and loans from third parties.

- OTHER FINANCIAL RESULTS
  Other financial results represent changes in the time value of provisions, changes in the fair value of traded securities, profit or losses on derivative financial instruments, borrowing and redemption costs, loan arrangement fees and other one-time payments.

Net finance expenses are recognized as they accrue in the statement of comprehensive income, using the effective interest method.

(F) DEFERRED TAX, INCOME TAX AND PROPERTY TAXES

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

German property taxation includes taxes on the holding of real estate property and construction.

(G) CURRENT TAX

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(H) DEFERRED TAX

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. The Company estimates such utilization of the deferred tax assets to be taken in place within the period of 1-5 years from the balance sheet date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled (liabilities method), based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) EQUIPMENT AND INTANGIBLE ASSETS

Equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized in profit or loss using the straight line method over the useful lives of each part of an item of equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Furniture, fixtures and office equipment	10-50

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated income statement.

The intangible assets of the Group consist of goodwill and software. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization, and any accumulated impairment losses.

(J) DEFERRED INCOME

Deferred income represents income which relates to future periods.

i. PREPAYMENTS
   Payments received in advance on development contracts for which no revenue has been recognized yet, are recorded as prepayments for clients as at the reporting date and carried under liabilities.

ii. TENANCY DEPOSITS
   Tenancy deposits are paid to ensure the apartment is returned in good condition. The tenancy deposits can also be used if a loss of rent occurs.

(K) INVESTMENT PROPERTY

An investment property is property comprising buildings held by the owner to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

Investment property is measured initially at cost, including costs directly attributable to the acquisition. After initial recognition, investment property is measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are included in profit or loss when they arise.

Investment property is derecognized on disposal or when the investment property ceases to be used and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of the disposal.

The Group determines the fair value of investment property on the basis of valuations by independent valuers who hold recognized and relevant professional qualifications and have the necessary knowledge and experience.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) FINANCIAL INSTRUMENTS

1. NON-DERIVATIVE FINANCIAL ASSETS:

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables.

a) Traded securities at fair value through profit or loss
Traded securities are classified as at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Traded securities are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Traded securities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.
Traded securities designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

b) Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

c) Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

2. NON-DERIVATIVE FINANCIAL LIABILITIES

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3. SHARE CAPITAL

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

4. COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments issued by the Group comprise convertible notes denominated in euro that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

5. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are initially accounted for at cost and subsequently measured at fair value. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative. The adjustments on the fair value of derivatives held at fair value are transferred to the consolidated income statement.

6. BORROWINGS

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

7. TRADE PAYABLES

Trade payables are initially measured at fair value.

8. HYBRID CAPITAL NOTES

The capital raised is recognize in equity following a deduction for the costs of raising the capital. The interest payments to be made to the Hybrid capital notes holders are recognized directly in equity after a deduction of deferred taxes.

(M) DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(I) FINANCIAL ASSETS

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

(II) FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

(N) IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(O) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) PROPERTY OPERATING EXPENSES

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

(Q) OPERATING SEGMENTS

The Group meets the definition of operating in two operating segments. An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which separate financial information is available.

The main operating segment is rental income relates to owned investment properties. The second operating segment relates to services charges to third parties (e.g. property management) The results from this segment is minor and does not meet the threshold to show as a separate reporting segment, therefore only one reporting segment is presented.

(R) COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

(S) EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted number of Ordinary shares outstanding during the period. Basic earnings per share only include shares that were actually outstanding during the period. Potential Ordinary shares (convertible securities such as convertible debentures, warrants and employee options) are only included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Further, potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Company.

(T) SHARE-BASED PAYMENT TRANSACTIONS

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(U) LEASED ASSETS

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
Determining whether an arrangement contains a lease at inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

(V) TRADING PROPERTY (INVENTORIES)

Inventories are trading properties acquired with the clear intention that they are to be sold in the ordinary course of business. Trading properties considered as inventories are shown at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Trading properties are purchased and sold on a portfolio basis. Each separately identifiable portfolio of trading properties is held by a Group subsidiary entity established and/or acquired for the purpose of holding the respective trading property portfolio. Trading properties are recognized in the balance sheet only when full control is obtained. Trading properties are de-recognized in the consolidated financial statements only when full control is transferred outside of the Group. Cost of trading properties is determined on the basis of specific identification of the individual costs of the trading property including acquisition costs such as transfer taxes, legal and due diligence fees.

(W) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(I) IFRS 9 – FINANCIAL INSTRUMENTS (2009, 2010)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(II) IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 **Revenue**, IAS 11 **Construction Contracts** and IFRIC 13 **Customers Loyalty Programs**. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Group has considered the above new standards, interpretations and amendments to published standards and will continue to evaluate the impact on the Group's consolidated financial statements. At this time, the impact of the above publications is not expected to be material to the Group's consolidated financial statements.

4. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(A) ACQUISITIONS

The Group generally seeks for properties (through share or asset deals) which are undermanaged and with embedded upside potential. In case that the fair value of the total identifiable net assets exceeds the purchase price, the excess amount is recognized in the consolidated comprehensive income statement as a profit from a bargain purchase.

During the reporting period the Group through its subsidiaries obtained control of several companies through acquisitions. The significant transactions are as follows:

1. PORTFOLIO 1

At the beginning of 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 94 percent of the shares, voting interests and shareholders loan by GCP ltd for the amount of euro 1,804 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 19,665 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interests at the amount of euro 1,370 thousand.
From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 13,077 thousand and euro 6,966 thousand, respectively.

Identifiable assets and liabilities acquired as of the date of the transaction are as follows:

	€'000
Investment property	102,670
Cash and Cash equivalents	264
	102,934
Working capital, net	(1,541)
Bank loans	(76,081)
Other liabilities, net	(2,473)
	(80,095)
Total identifiable net assets	**22,839**
Non-controlling interests arising from initial consolidation	(1,370)
Consideration paid regarding acquisition	(1,804)
Profit arising from business combination (bargain purchase)	19,665

2. PORTFOLIO 2

At the end of March 2015, the Group obtained control of two companies, which holds real estate properties in Germany by acquiring 94.9-100 percent of the shares, voting interests and shareholders loan by GCP ltd for the amount of euro 32,457 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 1,522 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interest at the amount of euro 1,417 thousand.
From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 2,926 thousand and euro 993 thousand, respectively.

Identifiable assets and liabilities acquired as of the date of the transaction are as follows:

	€'000
Investment property	36,049
Working capital, net	15
Cash and Cash equivalents	12
	36,076
Other liabilities, net	(680)
	(680)
Total identifiable net assets	**35,396**
Non-controlling interests arising from initial consolidation	(1,417)
Consideration paid regarding acquisition	(32,457)
Profit arising from business combination (bargain purchase)	1,522

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 26 thousand, and the Group's net profit would have increased by euro 20 thousand.

3. PORTFOLIO 3

At the end of March 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 94.95 percent of the shares, voting interests and shareholders loan for the amount of euro 84,540 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 3,151 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interest at the amount of euro 205 thousand.

From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 7,754 thousand and euro 2,934 thousand, respectively.

The result of initial consolidation is as follows:

	€'000
Investment property	87,100
Working capital, net	1,190
Cash and Cash equivalents	487
	88,777
Other liabilities, net	(881)
	(881)
Total identifiable net assets	**87,896**
Non-controlling interests arising from initial consolidation	(205)
Consideration paid regarding acquisition	(84,540)
Profit arising from business combination (bargain purchase)	3,151

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 3,004 thousand, and the Group's net profit would have decreased by euro 460 thousand.

4. PORTFOLIO 4

At the end of March 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 94.9 percent of the shares, voting interests and shareholders loan for the amount of euro 26,756 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 7,332 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interests at the amount of euro 360 thousand.

From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 7,811 thousand and euro 3,565 thousand, respectively.

The result of initial consolidation is as follows:

	€'000
Investment property	111,100
Cash and Cash equivalents	1,084
	112,184
Working capital, net	(867)
Bank loans	(60,910)
Other liabilities, net	(15,959)
	(77,736)
Total identifiable net assets	**34,448**
Non-controlling interests arising from initial consolidation	(360)
Consideration paid regarding acquisition	(26,756)
Profit arising from business combination (bargain purchase)	7,332

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 2,626 thousand, and the Group's net profit would have decreased by euro 1,981 thousand.

4. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

5. PORTFOLIO 5

At the end of May 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 94.9 percent of the shares, voting interests and shareholders loan for the amount of euro 76,314 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 5,290 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized negative non-controlling interest at the amount of euro 541 thousand.

From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 4,754 thousand and euro 1,714 thousand, respectively.

The result of initial consolidation is as follows:

	€'000
Investment property	82,530
Working capital, net	414
Cash and Cash equivalents	160
	83,104
Other liabilities, net	(2,041)
	(2,041)
Total identifiable net assets	**81,063**
Non-controlling interests arising from initial consolidation	541
Consideration paid regarding acquisition	(76,314)
Profit arising from business combination (bargain purchase)	5,290

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 3,013 thousand, and the Group's net profit would have decreased by euro 998 thousand.

6. PORTFOLIO 6

At the end of June 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 80-94.9 percent of the shares, voting interests and shareholders loan for the amount of euro 31,163 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 6,369 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interest at the amount of euro 1,096 thousand.

From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and loss in amount of euro 1,826 thousand and euro 7 thousand, respectively.

The result of initial consolidation is as follows:

	€'000
Investment property	39,740
Working capital, net	385
Cash and Cash equivalents	579
	40,704
Other liabilities, net	(2,076)
	(2,076)
Total identifiable net assets	**38,628**
Non-controlling interests arising from initial consolidation	(1,096)
Consideration paid regarding acquisition	(31,163)
Profit arising from business combination (bargain purchase)	6,369

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 1,459 thousand, and the Group's net profit would have increased by euro 340 thousand.

7. PORTFOLIO 7

At the beginning of July 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 100 percent of the shares, voting interests and shareholders loan for the amount of euro 99,126 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 2,934 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interests at the amount of euro 2,946 thousand.

From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 18,504 thousand and euro 5,128 thousand, respectively.

The result of initial consolidation is as follows:

	€'000
Investment property	339,450
Cash and Cash equivalents	4,948
	344,398
Bank loans	(147,094)
Bond	(52,077)
Working capital, net	(812)
Other liabilities, net	(39,409)
	(239,392)
Total identifiable net assets	**105,006**
Non-controlling interests arising from initial consolidation	(2,946)
Consideration paid regarding acquisition	(99,126)
Profit arising from business combination (bargain purchase)	2,934

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 18,517 thousand, and the Group's net profit would have decreased by euro 1,699 thousand.

8. PORTFOLIO 8

At the end of August 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 85.7 percent of the shares, voting interests and shareholders loan for the amount of euro 32,876 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 7,282 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interests at the amount of euro 3,185 thousand.

From the date in which the Group has obtained control, until the end of the reporting period, the Group recorded revenue and profit in amount of euro 3,182 thousand and euro 1,420 thousand, respectively.

The result of initial consolidation is as follows:

	€'000
Investment property	79,881
Working capital, net	232
Cash and Cash equivalents	5,507
	85,620
Other liabilities, net	(3,184)
Bank loans	(39,093)
	(42,277)
Total identifiable net assets	**43,343**
Non-controlling interests arising from initial consolidation	(3,185)
Consideration paid regarding acquisition	(32,876)
Profit arising from business combination (bargain purchase)	7,282

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 5,542 thousand, and the Group's net profit would have increased by euro 493 thousand.

4. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

9. PORTFOLIO 9

At the end of December 2015, the Group obtained control of a company, which holds real estate properties in Germany by acquiring 94.9 percent of the shares, voting interests and shareholders loan for the amount of euro 139,817 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 27,555 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interest at the amount of euro 2,297 thousand.

The result of initial consolidation is as follows:

	€'000
Investment property	175,169
Cash and Cash equivalents	2,207
	177,376
Working capital, net	(48)
Other liabilities, net	(7,659)
	(7,707)
Total identifiable net assets	**169,669**
Non-controlling interests arising from initial consolidation	(2,297)
Consideration paid regarding acquisition	(139,817)
Profit arising from business combination (bargain purchase)	27,555

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 12,784 thousand, and the Group's net profit would have increased by euro 5,325 thousand.

10. PORTFOLIO 10

During 2015, the Group obtained control of several companies, which hold real estate properties in Germany by acquiring 53.7-94.9 percent of the shares, voting interests and shareholders loans for the amount of euro 32,744 thousand. As a result of the business combination, the Group recorded profit arising from business combination (due to a bargain purchase) of euro 4,663 thousand in Capital gains, property revaluations and other income in the consolidated statement of comprehensive income. The Group recognized non-controlling interests at the amount of euro 5,527 thousand.

The result of initial consolidation is as follows:

	€'000
Investment property	84,805
Working capital, net	2,143
Cash and Cash equivalents	2,308
	89,256
Bank loans	(36,319)
Other liabilities, net	(10,003)
	(46,322)
Total identifiable net assets	**42,934**
Non-controlling interests arising from initial consolidation	(5,527)
Consideration paid regarding acquisition	(32,744)
Profit arising from business combination (bargain purchase)	4,663

If the purchase was carried out at the beginning of the reporting period, the Group's revenues would have increased by euro 5,325 thousand, and the Group's net profit would have decreased by euro 930 thousand.

(B) DISPOSALS

During the reporting period, the Group sold several non-core properties (through share deals) for a total consideration of euro 94 million. The Group recorded capital gain in amount of euro 1 million as part of the consolidated statement of comprehensive income.

5. REVENUE

	Year ended December 31	
	2015	2014
	€'000	
Rental and operating income	333,497	216,837
Revenue from sales of buildings	-	(*)14,675
	333,497	231,512

(*) Of which euro 14.4 million refers to cost of building sold in 2014 (see also note 17).

6. CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	Year ended December 31	
	2015	2014
	€'000	
Change in fair value in investment property (see note 14)	224,431	191,871
Profit arising from business combinations (Bargain Purchase – see note 4)	85,763	35,472
Capital gains and other income	937	3,626
	311,131	230,969

7. PROPERTY OPERATING EXPENSES

	Year ended December 31	
	2015	2014
	€'000	
Purchased services	(114,449)	(73,838)
Maintenance and refurbishment	(21,202)	(14,761)
Personnel expenses	(12,119)	(7,376)
Depreciation and amortization	(1,382)	(*) (572)
Other operating costs	(2,400)	(*) (3,628)
	(151,552)	(100,175)

(*) reclassified.

8. ADMINISTRATIVE & OTHER EXPENSES

	Year ended December 31	
	2015	2014
	€'000	
Personnel expenses	(2,084)	(1,772)
Audit and accounting costs (*)	(1,630)	(1,230)
Legal and professional consultancy fees	(1,500)	(1,121)
Depreciation and amortization	(347)	(331)
Marketing and other expenses	(1,592)	(1,196)
	(7,153)	(5,650)

(*) Out of which euro 1,096 thousand and euro 449 thousand related to audit and audit-related fees provided by KPMG audit firms and other audit firms, respectively, and euro 75 thousand and euro 10 thousand related to tax and consultancy services provided by KPMG audit firms and other audit firms, respectively.

9. NET FINANCE EXPENSES

	Year ended December 31	
	2015	2014
	€'000	
a. Finance expenses		
Finance expenses from financial institutions and third parties, net	(10,496)	(7,842)
Finance expenses from straight and convertible bonds, net	(15,320)	(14,180)
Other finance expenses	(14)	(18)
	(25,830)	(22,040)
b. Other financial results		
Changes in fair value of financial assets and liabilities, net (a)	2,816	(26,211)
Finance-related costs	(2,889)	(6,453)
	(73)	(32,664)

(a) In 2014, mainly reflect early redemption fee of bond series B during 2014 (see also note 20 (B)(b)).

10. TAXATION

A. TAX RATES APPLICABLE TO THE GROUP

The Company is subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 29.22% (2014: 29.22%).

The German subsidiaries are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2015 (2014: the same), plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%).

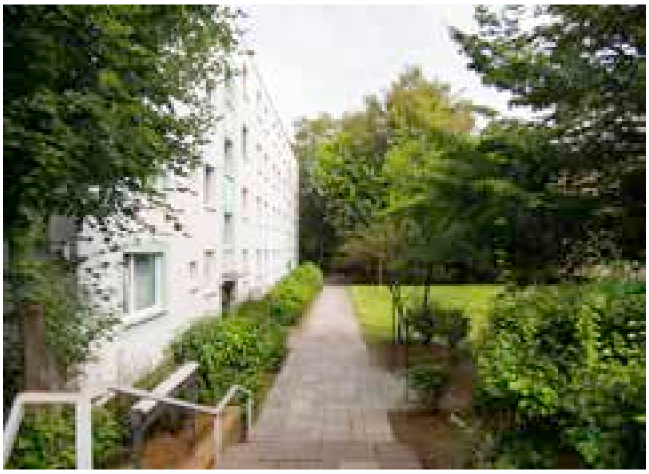
The Cyprus subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cyprus companies is 12.5% (2014: 12.5%).
Under certain conditions interest income of the Cyprus companies may be subject to defence contribution at the rate of 30% (2014: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for 2014 and thereafter.

The Netherlands subsidiary is subject to taxation under the laws of the Netherlands. The corporation tax rate for Netherlands companies is 25% and 20% for profit before tax above euro 200 thousands and below euro 200 thousands respectively (2014: the same).

German property taxation includes taxes on the holding of real estate property.

B. TAXES INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31	
	2015	2014
	€'000	
Corporation tax	(11,912)	(6,144)
Deferred tax, see also (c) below	(43,674)	(29,924)
Property tax	(10,864)	(7,719)
Charge for the year	(66,450)	(43,787)



C. MOVEMENT ON THE DEFERRED TAXATION ACCOUNT IS AS FOLLOWS:

DEFERRED TAX LIABILITIES

	Fair value gains on investment property	Other deferred tax	Total
		€'000	
Balance as at December 31, 2013	**80,169**	**-**	**80,169**
Charged to:			
Consolidated statement of comprehensive income	34,153	1,270	35,423
Deferred tax arising from initial consolidation	36,284	-	36,284
Deconsolidation	(10,873)	-	(10,873)
Transfer to deferred tax assets	(2,411)	2,411	-
Balance as at December 31, 2014	**137,322**	**3,681**	**141,003**
Charged to:			
Consolidated statement of comprehensive income	43,422	-	43,422
Deferred tax arising from initial consolidation	62,497	-	62,497
Deconsolidation	(7,548)	-	(7,548)
Balance as at December 31, 2015	**235,693**	**3,681**	**239,374**

10. TAXATION (CONTINUED)

DEFERRED TAX ASSETS

	Derivative financial instruments, net	Deferred taxes – loss carried forward, net	Other deferred tax	Total
	€'000			
Balance as at December 31, 2013	**1,768**	**723**	**-**	**2,491**
Charged to:			-	
Consolidated statement of comprehensive income	(999)	6,498	-	5,499
Deferred tax arising from initial consolidation	13	3,190	-	3,203
Balance as at December 31, 2014	**782**	**10,411**	**-**	**11,193**
Charged to:				
Consolidated statement of comprehensive income	(570)	(87)	405	(252)
Deconsolidation	401	(505)	-	(104)
Balance as at December 31, 2015	**613**	**9,819**	**405**	**10,837**

The Group contains immaterial carried forward losses on which no deferred tax assets were recognized.

D. RECONCILIATION OF EFFECTIVE TAX RATE

	Year ended December 31	
	2015	2014
	€'000	
Profit before tax	460,020	287,621
Statutory tax rate	29.22%	29.22%
Tax computed at the statutory tax rate	134,418	84,043
Decrease in taxes on income resulting from the following factors:		
Group's share of earnings from companies accounted for at equity	-	(15)
Effect on tax rates in foreign jurisdictions (at 15.825%)	(50,223)	(36,097)
Effect on tax rates in foreign jurisdictions (at 12.5%)	(8,496)	(1,575)
Others (including property tax)	(9,249)	(2,569)
Tax and deferred tax expenses	66,450	43,787

11. NET EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

A. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as of December 31, 2015 is based on the profit attributable to ordinary shareholders of euro 343,933 thousand (2014: euro 205,575 thousand), and a weighted average number of ordinary shares outstanding of 126,932 thousand (2014: 115,577 thousand), calculated as follows:

1. PROFIT ATTRIBUTED TO ORDINARY SHAREHOLDERS (BASIC)

	Year ended December 31	
	2015	2014
	€'000	
Profit for the year, attributable to the owners of the Company	343,933	205,575

2. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)

	Year ended December 31	
	2015	2014
	'000	
Issued ordinary shares on January 1	118,541	115,425
Capital increase	2,994	
Effect of exercise of convertible bond "Series C"	5,397	152
Weighted average number of ordinary shares as at December 31,	**126,932**	**115,577**
Basic earnings per share (euro)	**2.71**	**1.78**

B. DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2015 is based on profit attributable to ordinary shareholders of euro 344,346 thousand (2014: euro 207,420 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 146,725 thousand (2014: 135,400 thousand), calculated as follows:

1.PROFIT ATTRIBUTED TO ORDINARY SHAREHOLDERS (DILUTED)

	Year ended December 31	
	2015	2014
	€'000	
Profit for the year, attributable to the owners of the Company (basic)	343,933	205,575
Interest expense on convertible bonds, net of tax	413	1,845
Profit for the year, attributable to the owners of the Company (diluted)	**344,346**	**207,420**

2. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)

	Year ended December 31	
	2015	2014
	'000	
Issued ordinary shares on January 1	118,541	115,425
Capital increase	2,994	-
Effect of exercise of convertible bond "Series C"	25,168	19,971
Effect of warrants	22	-
Effect of equity settle share based payment	-	4
Weighted average number of ordinary shares as at December 31,	**146,725**	**135,400**
Diluted earnings per share (euro)	**2.35**	**1.53**

12. OTHER NON-CURRENT ASSETS

	Year ended December 31	
	2015	2014
	€'000	
Tenancy deposit (a)	36,617	13,118
Advanced payment for investment property	1,655	(*) 5,475
Investment in other long term assets	154,129	(*) 6,967
Finance lease asset	2,989	2,992
	195,390	28,552

(*) Reclassified.

(a) Tenancy deposits mainly include 1-3 months net rent from the tenants which is paid at the beginning of the lease. The deposits are considered as a security payment by the tenant and the Group can use those funds mainly if the tenant has unpaid debts or causes damages to the property. Past experience shows that the majority of the leases are long term and therefore the deposits are presented as long term assets.

13. EQUIPMENT AND INTANGIBLE ASSETS

	Furniture, fixtures and office equipment	Goodwill	Computer software	Total
		€'000		
Cost				
Balance as at January 1, 2014	1,188	2,700	814	4,702
Additions	1,177	-	611	1,788
Equipment and intangible assets arising from initial consolidation	353	1,904	-	2,257
Deconsolidation	(9)	-	-	(9)
Balance as at December 31, 2014	**2,709**	**4,604**	**1,425**	**8,738**
Additions	3,600	-	80	3,680
Equipment and intangible assets arising from initial consolidation, net	-	-	26	26
Balance as at December 31, 2015	**6,309**	**4,604**	**1,531**	**12,444**
Depreciation/Amortization				
Balance as at January 1, 2014	239	72	8	319
Depreciation/Amortization for the year	450	-	453	903
Balance as at December 31, 2014	**689**	**72**	**461**	**1,222**
Depreciation/Amortization for the year	1,382	-	347	1,729
Balance as at December 31, 2015	**2,071**	**72**	**808**	**2,951**
Carrying amounts				
Balance as at December 31, 2015	**4,238**	**4,532**	**723**	**9,493**
Balance as at December 31, 2014	**2,020**	**4,532**	**964**	**7,516**

14. INVESTMENT PROPERTY

A. COMPOSITION

	Year ended December 31	
	2015	2014
	€'000	
Balance as of January 1	2,179,982	1,368,281
Acquisitions of investment property during the year	409,912	319,293
Investment property arising from initial consolidation	1,138,494	470,543
Disposal of investment property due to loss of control	(101,720)	(170,006)
Transfer to Inventories - trading property	(5,120)	-
Fair value adjustment (see note 6)	224,431	191,871
Balance as at December 31	3,845,979	2,179,982

B. MEASUREMENT OF FAIR VALUE

(I) FAIR VALUE HIERARCHY

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio at least once a year.
The range of the discount rates applied to the net annual rentals to determine the fair value of property is between 5%-7.5% (2014: 6.00%-7.25%).
All the investment properties in the group in total fair value amount of euro 3,845,979 (2014: 2,179,982) thousand has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(II) LEVEL 3 FAIR VALUE

The table in part A above shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

Valuation technique
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free period and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

Significant unobservable inputs
- Assumed market rental growth weighted average 1.5% (2014: 1.2%);
- Void periods -average 2-4 months after the end of each lease (2014: the same);
- Assumed future occupancy rate in the range of 93% to 100%. Occupancy rate is as of December 2015, 87.5% (2014: 86.7%);
- Risk adjusted discount rates in the range of 5%-7.5%. Weighted average 6.19% (2014: 6.7%).
- Increase / decrease of one per cent in discount rate would lead to decrease / increase the Investment property fair value by euro 49,556,038 thousand and euro 35,551,070 thousand, respectively.

Inter-relationship between key unobservable inputs and fair value measurement
The estimated fair value would increase (decrease) if:
- Expected market rental growth is higher (lower);
- Void periods were shorter (longer);
- The occupancy rates were higher (lower);
- The risk-adjusted discount rate is lower (higher).

15. DERIVATIVE FINANCIAL INSTRUMENTS

		Year ended December 31	
		2015	2014
	Year of maturity	€'000	
Liabilities			
Non-current portion	2016 - 2024	6,995	9,282

The Group uses interest rate swaps, collars, caps and floors ("hedging instruments") to manage its exposure to interest rate movements on its bank borrowings. All of the Group's derivatives financial instruments are linked to the bank loans maturity (see note 21A). The calculation of the fair value of hedging instruments is based on discounted cash flows of future anticipated interest payments in place compared with the discounted cash flows of anticipated interest payments at market interest rates based on the hedging instrument agreement at the reporting date.

16. TRADE AND OTHER RECEIVABLES

	Year ended December 31	
	2015	2014
	€'000	
Operating costs prepayments	127,662	80,172
Rent and other receivables (a)	48,329	28,623
Prepaid expenses	1,120	587
Other short term assets	49,291	14,323
	226,402	123,705

(a) Of which euro 19.9 million refers to rent receivables (2014: euro 14.1 million)

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

17. INVENTORIES - TRADING PROPERTY

	Year ended December 31	
	2015	2014
	€'000	
Inventories - trading property	11,877	5,814
	11,877	5,814

a. During 2014, the Group has sold approximately 210 units (16 thousand square meters) which were presented as inventory trading property for gross proceeds at the amount of euro 14.7 million. See also note 5.

18. EQUITY

A. SHARE CAPITAL

	As at December 31,			
	2015		2014	
	Number of shares	**euro in thousands**	Number of shares	euro in thousands
Authorized				
Ordinary shares of euro 0.10 each	200,000,000	20,000	200,000,000	20,000
Issued and fully paid				
Balance as of January 1,	118,541,449	11,854	115,425,000	11,542.5
Issuance of new ordinary shares	9,808,641	981	-	-
Exercise of convertible bond "Series C"	12,620,565	1,262	3,116,449	311.5
Balance on December 31,	140,970,655	14,097	118,541,449	11,854

18. EQUITY (CONTINUED)

B. AUTHORIZED CAPITAL

Under its Memorandum of association the Shareholders set the authorized share capital at 200,000,000 ordinary shares of nominal value of euro 0.10 each.

C. ISSUED CAPITAL DURING THE REPORTING PERIOD

(1) On September 10, 2015 the Company received gross proceeds of euro 151 million from a capital increase against a cash contribution. A total of 9.5 million new ordinary shares were placed at an issue price of euro 15.9 as part of a private placement to institutional investors.

(2) On September 29, 2015 the Company received gross proceeds of euro 5 million from capital increase against a cash contribution. A total of 308.6 thousand new shares were placed at an issue price of euro 16.35.

(3) On September 29, 2015 the Company received gross proceeds of euro 7 million from a placement of a financial instrument – a 1.1 million call options convertible to the Company's shares (in ratio of 1:1) for an additional price of euro 17.17 per option and exercisable in the period between March 2016 to August 2021.

(4) During 2015, a total amount of euro 121.5 million of convertible bonds "Series C" were converted to shares, according to the convertible bond's terms. A total of 12.6 million shares were issued. See also note 29a.

D. ISSUANCE OF HYBRID CAPITAL NOTES

(1) On February 13, 2015, the Company successfully placed euro 150 million in aggregate principal amounts of Hybrid capital notes. These notes were issued at a price of 96.3% of the principal amount. These Hybrid capital notes are of unlimited duration and can only be called back by the Company only on certain contractually fixed dates or occasions. Up until the first call date in February 2022, the Hybrid capital notes shall bear a coupon rate of 3.75% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (February 2027) shall correspond to the five-year swap rate plus a margin of 388.8 basis points p.a. The mark-up will increase by 25 basis points (to 413.8 basis points p.a.) as of February 2027 and by another 75 basis points (to 488.8 basis points p.a.) as of February 2042.

(2) On March 3, 2015, the Company placed a tap issue of euro 250 million in aggregate principal amounts of the Hybrid capital notes. These notes were issued at a price of 97.04% of the principal amount.

(3) On July 29 2015, the Company completed a successful tap up of its 3.75% Hybrid capital notes by euro 100 million. The new notes have the same terms and conditions as the existing ones and increased the nominal amount of the outstanding 3.75% Hybrid capital notes to euro 500 million

(4) These Hybrid capital notes are presented in the consolidated statement of financial position as equity attributable to its Hybrid capital investors, which is part of the total equity of the Group. The coupon is deferrable until resolution of a dividend to the shareholders. The deferred amounts shall not bear interest. Due to dividend distribution, an amount of euro 14.5 million payable to the Hybrid capital notes holders has been reclassified and presented in Trade and other payables.

E. SHARE PREMIUM

The share premium derives directly from the capital increases which were affected since the date of incorporation and exercise conversions of bonds into shares.

F. OTHER RESERVES

The other reserves include shareholders loan that were converted to equity and therefore can be distributed at any time, as well as share-based payment reserve, financial instrument and an equity component of Convertible bond C, which temporally cannot be distributed.

G. RESOLUTION OF DIVIDEND DISTRIBUTION

On June 24 2015, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.2 per share (ex – date and payment date were on June 25, 2015 and on July 3, 2015, respectively).

19. SHARE BASED PAYMENT AGREEMENTS

A. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

On December 31, 2015 and 2014, the Group had the following share-based payment arrangements:

(I) INCENTIVE SHARE PLAN

The annual general meeting has approved to authorize the board of Directors to issue up to one million shares for an incentive plan for the board of directors, key management and senior employee's. The incentive plan has 4 years vesting period with specific milestones to enhance management long term commitment to GCP strategic targets. Main strategic targets are long term improvement in operational and financial targets such as Like for Like vacancy reduction and like-for-like rent increase, operational efficiency, increase in adjusted EBIDTA per share, FFO per share and EPS. Management will be incentivized for keeping conservative financial ratios, with the strategic target to further improve the Group's rating.

The key terms and conditions related to program are as follows:

Incentive granted to Board of Directors, key management and senior employees	Number of instruments in thousands	Vesting period	Contractual life of the incentive
On October 1, 2014	157 - 295	4 years	4 years

B. RECONCILIATION OF OUTSTANDING SHARE OPTIONS

The number and weighted-average exercise prices of share options under the share incentive program and replacement awards were as follows:

	Year ended December 31	
	2015	2014
	Number of shares	Number of shares
Outstanding on January 1	157	-
Granted during the year	116	157
Outstanding on December 31	**273**	**157**

During the reporting period, the total amount recognized as share-based payment was euro 753 thousand. It was presented as administrative and other expenses in the consolidated statement of comprehensive income and as share-based payment reserve in the consolidated statement of changes in equity.

20. LOANS AND BORROWINGS

A. COMPOSITION

	Weighted average interest rate	Maturity date	Year ended December 31 2015	2014
			€'000	
Long - term liabilities				
Bank loans (*)	2.2%	2017-2042	792,224	536,830
Other loans	3%		-	387
Total long term loans			**792,224**	**537,217**
Straight and convertible Bonds				
Convertible bond (C)	1.5%	2019	122,576	240,451
Series D bond (D)	2%	2021	479,032	476,381
Series E bond (E)	1.5%	2025	516,517	-
Staright bond – CHF (F)	4.75%	2018	49,864	-
Total Straight and convertible Bonds			**1,167,989**	**716,832**
Short - term liabilities				
Loan redemption	2.2%	2016	34,678	-
Bank loans	2.2%	2016	19,998	5,792
Total Short - term loans			**54,676**	**5,792**

(*) approx. Euro 1.8B of investment properties are encumbered.

B. BOND SERIES B

On June 3, 2013 the Company issued in a private placement euro 100 million unsubordinated straight bonds maturing in June 2020, bearing a coupon of 6.25% p.a. payable semi-annually in arrears ("Series B bond").

On July 24, 2013, the Company successfully increased the Series B bond issued in June by additional euro 100 million (nominal value).

On April 15, 2014, the Company successfully completed with the placement of additional euro 150 million (nominal value) of Series B bond, for a consideration that reflects 107.25% of their principal amount. The total aggregate principal amount of the series B bond was thereby increased to euro 350 million (nominal value). Morgan Stanley acted as the sole underwriter.

During the fourth quarter of 2014, the Company redeemed the whole outstanding amount of Series B bonds (see also (b) below).

	Year ended December 31	
	2015	2014
	€'000	
Balance at the beginning of the year	-	195,681
Proceeds from issuance of bond during the year (200,000 notes at euro 1,000 par value)	-	-
Proceeds from issuance of bond during the year (150,000 notes at euro 1,000 par value) (a)	-	160,875
Issuance costs	-	(2,291)
Net proceeds during the year	-	158,584
Financial expenses for the year	-	12,337
Financial expenses paid	-	(16,602)
Redemption of bond "Series B" (b)	-	(350,000)
Carrying amount of liability at the end of the year	-	-
Non-current portion of bond series B	-	-
Accrued interest	-	-
Total bond series B	-	-

a. This amount includes additional euro 10,875 thousand (reflects 7.25% of the par value), allocated as deferred income and presented in other long term liabilities account balance. As at December 31 2014, due to the redemption of Series B bonds (see (b) below) the Company has realized all the deferred income.

b. During the fourth quarter of 2014, the Company resolved to redeem the outstanding euro 350 million Series B bonds in two phases; first, the Company redeemed an outstanding amount of euro 331,833 thousand, at 109.5% of their principle amount (together with accrued and unpaid interest to that date). Second, the Company exercised its rights to redeem the outstanding amount of euro 18,167 thousand, at their principle amount (together with the accrued and unpaid interest to that date).

20. LOANS AND BORROWINGS (CONTINUED)

C. CONVERTIBLE BOND SERIES C

On February 24, 2014, the Company issued euro 150 million (nominal value) bonds, convertible into ordinary shares of the Company and bear a coupon of 1.50% p.a. payable semi-annually in arrears ("Convertible bond series C"). The initial conversion price was fixed at euro 9.72. The bonds were issued at 100% of their principle amount and will be redeemed at maturity at 106.65% of their principle amount.

On June 19, 2014, the Company successfully completed the tap up placement of additional euro 125 million (nominal value) of Convertible bond series C, for consideration that reflects 111.25% of their principal amount. The total aggregate principal amount of the Convertible bond series C increased to euro 275 million (nominal value).

During December 2014, a total amount of euro 30 million of convertible bonds "Series C" were converted to shares, according to the convertible bond's terms. A total of 3.1 million shares were issued.

During 2015, a total amount of 121.5 million of convertible bonds "Series C" were converted to shares, according to the convertible bond's terms. A total of 12.6 million shares were issued. See also note 29a.

	Year ended December 31	
	2015	2014
	€'000	
Balance at the beginning of the year	247,451	-
Proceeds from issuance of convertible bond series C (1,500 notes at euro 100,000 par value)	-	150,000
Proceeds from tap up issuance of convertible bond series C (1,250 notes at euro 100,000 par value) (a)	-	139,063
Total issuance costs	-	(4,391)
Net proceeds during the year	-	284,672
Amount initially classified as equity (a) (b)	-	(7,995)
Financial expenses for the year	583	2,538
Financial expenses paid	(3,433)	(1,464)
Conversion to ordinary shares	(118,918)	(30,300)
Carrying amount of liability at the end of the year	125,683	247,451
Non-current portion of Convertible bond series C	122,576	240,451
Accrued interest	-	1,297
Total convertible bond series C	122,576	241,748
Deferred income	**3,107**	**5,703**

(a) This amount includes additional euro 14 million that were received as part of the bond placement (reflects 11.25% of the par value), out of which euro 7.3 million were allocated as an equity component according to external economic valuer. The residual amount of euro 6.7 million was allocated as a deferred income and presented in other long term liabilities account balance.

(b) The equity component referring to the first placement of convertible bond series C is euro 0.6 million.

D. BOND SERIES D

On October 29, 2014, the Company successfully completed the placement EUR 500 million, in aggregate principal amount of new fixed-rate secured bonds, due 2021 with a coupon of 2 per cent and a price of 95.564% of their principal amount (the "Series D Bonds"). The offer was over-subscribed.
Starting that day, "Series D" bond is traded on the Irish stock exchange, on its regulated market.

	Year ended December 31	
	2015	2014
	€'000	
Balance at the beginning of the year	478,107	-
Proceeds from issuance of bond during the year (500,000 notes at euro 100,000 par value)	-	477,820
Issuance costs	(610)	(1,971)
Net proceeds during the year	(610)	475,849
Expenses for the year	13,261	2,258
Financial expenses paid	(10,000)	-
Carrying amount of liability at the end of the year	480,758	478,107
Non-current portion of bond series D	479,032	476,381
Accrued interest	1,726	1,726
Total bond series D	480,758	478,107

20. LOANS AND BORROWINGS (CONTINUED)

E. BOND SERIES E

On April 17, 2015, the Company successfully placed euro 400 million in aggregate principal amount of series E straight bonds. The new bond series was placed of an issue price of 96.76% of the principal amount and mature after 10 years. It bears a coupon of 1.5% p.a., payable semi-annually in arrears starting from October 2015.
On September 18, 2015, the Company successfully completed with the tap up placement of additional euro 150 million (nominal value) of straight bond series E, for a consideration that reflected 89.21% of their principal amount. The total aggregated principal amount of the straight bond series E increased to euro 550 million (nominal value).

	Year ended December 31	
	2015	2014
	€'000	
Proceeds from issuance of bond series E (550,000 notes at euro 100,000 par value)	520,860	-
Issuance costs	(5,854)	-
Net proceeds during the year	515,006	-
Expenses for the year	6,342	
Financial expenses paid	(3,135)	-
Carrying amount of liability at the end of the year	518,213	-
Non-current portion of bond series E	516,517	-
Accrued interest	1,696	-
Total bond series E	518,213	-

F. STRAIGHT BOND CHF

In July 2015 the Group acquired a subsidiary (through business combination) which placed on July 8, 2013 a Swiss Franc (CHF) 55 million straight bond maturing in July 2018. The bond bears a coupon of 4.75% p.a., payable annually in arrears starting from July 2014. The bond is listed on the SIX Swiss Exchange.

	Year ended December 31	
	2015	2014
	€'000	
Balance as at the business combination (July 2, 2015)	54,582	-
Finance income for the year, net	(1,058)	-
Expenses paid	(2,495)	
Carrying amount of liability at the end of the year	51,029	-
Non-current portion of straight bond	49,864	-
Accrued interest	1,165	-
Total bond	51,029	-

G.

(1) SECURITY, NEGATIVE PLEDGE

(a) A first ranking charge, governed by Cyprus law, over all ordinary shares held by the Company in GCP ltd.;

(b) A first-ranking account pledge, governed by Luxembourg law, over each bank account held by the Company;

(c) First-ranking account pledges, governed by Luxembourg law, over each bank account held by GCP ltd.; and

(d) First-ranking charges, governed by Cypriot law, over each bank account held by GCP ltd.

(e) For Gutburg Immobilien S.A. (hereafter – "Gutburg"), a wholly-owned subsidiary of the Company, and its subsidiaries (hereafter – "Gutburg Group"), a negative pledge, default including cross default and change of control.

(2) COVENANTS (AS DEFINED IN THE TERMS AND CONDITIONS OF THE BONDS)

The Company undertakes that it will not, and will procure that none of its subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence:

(a) The sum of: (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

(b) The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness);

(c) The Company undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 2.0;

(d) The Company undertakes that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125% of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date;

(e) GCP ltd. will not open, maintain or hold any interest, in each case directly or indirectly, in any account whatsoever with any bank or financial institution except for the charged accounts, unless the Issuer or GCP ltd., respectively, grant a first-ranking security interest, satisfactory to the Trustee, over the respective account in favor of the Trustee, for the benefit of the Trustee and the Bondholders;

(f) Will not permit any restriction on the ability of any subsidiary of the Company to (i) make or pay dividends or any other distributions on its share capital to the Company or any of the Company's investees or (ii) (a) pay any indebtedness owed to the Company or any of the Company's subsidiaries (b) make loans or advances to the Company or any of the Company's subsidiaries or (c) transfer any of its properties or assets to the Company or any of the Company's subsidiaries; and

(g) The total indebtedness incurred by the group in respect of project financing debt shall not exceed the higher of euro 65 million or 25% of the portfolio value.

For Gutburg's CHF bond:

(h) All current and future financial liabilities of the Gutburg Group in total (excluding the bond) is not more than 75% of the total market value of the investment properties;

(i) The total equity of the Gutburg Group which is adjusted for deferred taxes, subordinated instruments as well as interest rate swaps related to senior loans is more than 17.5% of all the assets;

(j) The payment of dividends, repayment of capital or a similar benefit to shareholders and/or participants (hereafter - "Distribution") which in total is not more than 50% of the profit of the year which is adjusted for market value changes of the investment properties, market value changes of interest rate swaps related to secured loans, deferred taxes expenses as well as expenses for refurbishments and investments;

(k) The adjusted equity ratio of the Gutburg Group must not fall below 22.5% because of a Distribution.

21. TRADE AND OTHER PAYABLES

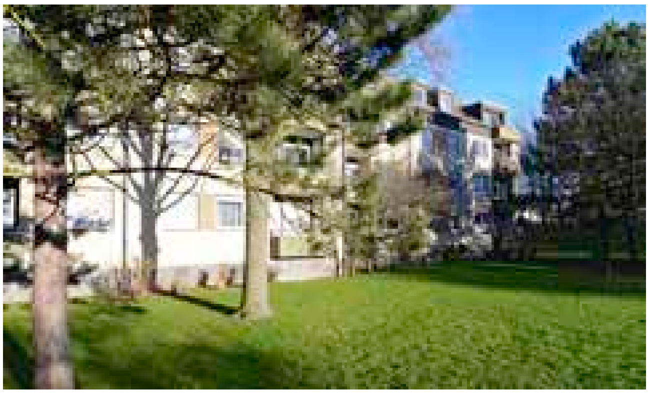
	Year ended December 31	
	2015	2014
	€'000	
Trade and other payables	40,869	28,730
Prepayments received from tenants	118,645	75,249
Deferred income	5,545	2,816
Other liabilities	25,299	22,042
	190,358	128,837

22. OTHER LONG TERM LIABILITIES

	Year ended December 31	
	2015	2014
	€'000	
Tenancy deposits	21,370	13,270
Finance lease liability	2,989	2,991
Loan from associate undertakings (see note 24)	54	81
Deferred income	3,107	5,703
Others	5,189	7,763
	32,709	29,808

23. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	€'000
Balance as at January 1, 2014	5,059
Movement during the year	7,908
Balance as at December 31, 2014	12,967
Movement during the year	5,927
Balance as at December 31, 2015	18,894



24. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

(i) Loans from associated undertakings (see note 22)

	Year ended December 31	
	2015	2014
	€'000	
Other associate undertakings	54	81
	54	81

(ii) Interest on loans from related parties

	Year ended December 31	
	2015	2014
	€'000	
Interest on loans from related party during the year	14	18
	14	18

There were no transactions between the group and its key management during the year (except as described in note 19)

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group is exposed to the following major risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

The Group is not exposed to currency risk except for Swiss Franc (CHF) 55 million straight bond maturing in July 2018 as all other investments and financing arrangements are in euro. The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework.
The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

(I) CREDIT RISK

Credit risk arises because of a failure of counter parties discharging their obligations which could result in a reduction of the amount of future cash inflows from financial assets at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and the Group monitors the ageing profile of its receivables on a continuous basis.

(a) Rent and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance to a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

(b) Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Carrying amount	
	2015	2014
	€’000	
Rent and other receivables (see note 16)	48,329	28,623
Traded securities at fair value through profit and loss	152,924	2,165
	201,253	30,788

The maximum exposure to credit risk for the end of the reporting period derived by the tenants and trade securities’ risk profile.

I. IMPAIRMENT LOSSES

The aging of rent receivables at the end of the reporting period that were not impaired was as follows:

	Year ended December 31	
	2015	2014
	€'000	
Neither past due and past due 1–30 days	8,013	2,569
Past due 31–90 days	9,024	5,815
Past due above 90 days	2,860	5,717
(*)	19,897	14,101

(*) Of which euro 4.8 million derives from year end acquisitions. (2014: euro 1.7 million)

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

II. CASH AND CASH EQUIVALENTS

The Group held cash and cash equivalents of euro 236,001 thousand as of December 31, 2015 (2014: euro 270,131 thousand), which represents its maximum credit exposure on these assets. There are no restrictions on the Cash and cash equivalents balances of the Group.

(II) LIQUIDITY RISK

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Group has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.
The following are the remaining contractual maturities at the end of the reporting period and at the end of 2015 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

As at December 31, 2015

		Contractual cash flows including interest					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-3 years**	**More than 3 years**
	€'000						
Non-derivative financial liabilities							
Bank loans	846,900	943,980	41,754	30,286	70,835	55,712	745,393
Straight bonds	1,045,413	1,246,119	-	20,651	20,651	71,192	1,133,625
Convertible bond C	122,576	126,896	924	924	125,048	-	-
Trade payables	40,869	40,869	6,811	34,058	-	-	-
Total	2,055,758	2,357,864	49,489	85,919	216,534	126,904	1,879,018

As at December 31, 2014

		Contractual cash flows including interest					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-3 years**	**More than 3 years**
	€'000						
Non-derivative financial liabilities							
Bank loans	542,622	634,905	983	18,686	36,131	93,391	485,714
Straight bonds	476,381	570,000	-	10,000	10,000	10,000	540,000
Convertible bond C	240,451	277,487	1,835	1,835	3,670	3,670	266,477
Other loans	387	403	-	13	390	-	-
Trade payables	28,730	28,730	4,788	23,942	-	-	-
Total	1,288,571	1,511,525	7,606	54,476	50,191	107,061	1,292,191

(III) MARKET RISK

a. Profile

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

	Nominal amount, as at December 31	
	2015	2014
	€'000	
Hedge instruments		
Swap	155,937	97,023
Cap, collar	383,463	260,308
Total hedge instruments	539,401	357,331
Fixed interest rate	1,403,080	862,714
Variable rate instruments		
Variable	72,409	39,796
Total interest-bearing financial instruments	**2,014,889**	**1,259,841**

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	€'000		€'000	
December 31, 2015				
Variable, Cap, collar rate instruments	(4,324)	585	(4,324)	585
Cash flow sensitivity	(4,324)	585	(4,324)	585
December 31, 2014				
Variable, Cap, collar rate instruments	(2,578)	216	(2,578)	216
Cash flow sensitivity	(2,578)	216	(2,578)	216

(IV) OPERATING RISK

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(V) ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair value hierarchy
The table below analyzes financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

1. Financial assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
	€'000			
December 31, 2015				
Traded securities at fair value through profit or loss	152,924	-	-	152,924
Total assets	152,924	-	-	152,924
Derivative financial instruments	-	6,995	-	6,995
Total liabilities	-	6,995	-	6,995
December 31, 2014				
Traded securities at fair value through profit or loss	2,165	-	-	2,165
Total assets	2,165	-	-	2,165
Derivative financial instruments	-	9,282	-	9,282
Total liabilities	-	9,282	-	9,282

(a) The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

(b) All of the Group's derivative financial instruments are linked to the bank loan maturities.
The calculation of the fair value of hedging instruments is based on discounted cash flows of future anticipated interest payments in place compared with the discounted cash flows of anticipated interest payments at market interest rates based on the hedging instrument agreement at the reporting date.

(c) As of December 31, 2015 and 2014, the fair value and the carry amount of the financial instruments are the same (except for the convertible bond see also note 29a).

2. Financial assets and liabilities not measured at fair value:

	Level 1	Level 2	Level 3	Total
	€'000			
December 31, 2015				
Cash and cash equivalents	-	236,001	-	236,001
Trade and other receivables	-	226,402	-	226,402
Total assets	**-**	**462,403**	**-**	**462,403**
Loans and borrowings (*)	-	846,900	-	846,900
Convertible bond	-	122,576	-	122,576
Straight Bonds	-	1,045,413	-	1,045,413
Tax payables	-	13,389	-	13,389
Trade and other payables	-	190,358	-	190,358
Total liabilities	**-**	**2,218,636**	**-**	**2,218,636**
December 31, 2014				
Cash and cash equivalents	-	270,131	-	270,131
Trade and other receivables	-	123,705	-	123,705
Total assets	**-**	**393,836**	**-**	**393,836**
Loans and borrowings (*)	-	543,009	-	543,009
Convertible bond	-	240,451	-	240,451
Straight Bonds	-	476,381	-	476,381
Tax payables	-	5,670	-	5,670
Trade and other payables	-	128,837	-	128,837
Total liabilities	**-**	**1,394,348**	**-**	**1,394,348**

(*) including short term bank loan and loan redemption.

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(VI) OTHER RISKS

The general economic environment prevailing internationally may affect the Group's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Group.

The Group's portfolio is located in major cities and strong markets throughout Germany. The current regional distribution structure enables the Group on one hand to benefit of economic scale, and on the other provides a diverse, well allocated and risk-averse portfolio.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio (LTV), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with an LTV to remain at a target below 50% and an entity limit of 55%. As at December 31, 2015 and 2014 the LTV ratio was 42.1% and 45.1%, respectively, and the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg and local regulations regarding restrictions on minimum capital. During the years covered by these consolidated financial statements, the Company complied with all externally imposed capital requirements.

26. OPERATING LEASE

The Group entered into long term rent agreements as a lessor of its investment property. The future minimum rent income which will be received is as follows:

	Year ended December 31	
	2015	2014
	€'000	
Less than a year	23,512	32,631
Between one to five years	49,137	80,869
More than five years	21,306	49,515
	93,955	163,015

27. COMMITMENTS

The Group does not have significant commitments as at December 31, 2015 and 2014.

28. CONTINGENT ASSETS AND LIABILITIES

The Group does not have significant contingent assets and liabilities as at December 31, 2015 and 2014.

29. EVENTS AFTER THE REPORTING PERIOD

a. On January 11, 2016 the Company has resolved to exercise its right to redeem the outstanding euro 275 million 1.5 per cent Convertible bond C (hereafter – "Convertible bond") in accordance with the terms and conditions of the Convertible bond. As of the resolution day, the principle amount of the Convertible bond which has been converted and/or redeemed is euro 151,800,000. As of February 1, 2016 the principal amount of the Convertible bond which has been converted into share capital of the Company was euro 274,800,000 which represents 99.93 per cent of the aggregate principal amount of the Convertible bond and results a decrease of debt in the same amount. As a result, the equity of the company increase by euro 125.7 million .The outstanding Convertible bond in the amount of Euro 200,000 will be redeemed at their principal amount.

b. On February 24, 2016 the Company successfully completed the placement of euro 450 million bonds series F, convertible into ordinary shares of the Company and bear a coupon of 0.25% p.a. payable semi-annually in arrears. The bonds were issued at 100% of their principal amount and will be redeemed at maturity of 6 years at par value. The initial conversion price was set at euro 26.9713.

30. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings in the Group are as follows:

NAME	Place of incorporation	Principal activities	December 31, 2015 Holding %	December 31, 2014 Holding %
Subsidiaries held directly by the Company				
Grandcity Property Ltd	Cyprus	Holding of investments	94.8%	94.8%

NAME	Place of incorporation	Principal activities	December 31, 2015 Holding %	December 31, 2014 Holding %
Significant subsidiaries held directly under Grandcity Property Ltd.				
Brencere Investments Limited	Cyprus	Holding of investments	100%	100%
Pesoria Limited	Cyprus	Holding of investments	100%	100%
Sedoy Investments Limited	Cyprus	Holding of investments	100%	100%
Bunavento Limited	Cyprus	Holding of investments	100%	-
Bafitek Limited	Cyprus	Holding of investments	100%	100%
Sparol Limited	Cyprus	Holding of investments	100%	100%
Gutburg holdings Limited	Cyprus	Holding of investments	100%	-
GCP Real Estate Holdings GmbH	Germany	Holding of investments	100%	100%
MBG Portfoliogesellschaft GmbH	Germany	Holding of investments	100%	100%
Brown Grodaldo Grundstücks GmbH	Germany	Investing in real estate properties	94.8%	94.8%
Cerise Hollyhock Grundstücks GmbH	Germany	Investing in real estate properties	94.9%	94.9%
TH Zwei Terra GmbH	Germany	Investing in real estate properties	94%	94%
Cato zweite Immobilienbesitz und -verwaltungs GmbH	Germany	Investing in real estate properties	94%	94%
AssetCo Halle GmbH & Co KG	Germany	Investing in real estate properties	94%	-
Bonny 35. GmbH	Germany	Investing in real estate properties	94.87%	-
Gutburg Immobilien S.A	Luxembourg	Holding of investments	100%	-

(a) Details of the most significant Group entities referring to investing in real estate properties in Germany and their mother companies.

(b) The holding percentage in each entity equals to the voting rights the holder has in it.

(c) There are no restrictions on the ability of the Group to access or use the assets of its subsidiaries to settle the liabilities of the Group.

GRAND CITY
Properties S.A.

GRAND CITY PROPERTIES S.A.

24, Avenue Victor Hugo
L-1750 Luxembourg

www.grandcityproperties.com