

GRAND CITY
Properties S.A.

CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS Q3 2017



/Hannover



/Frankfurt am Main

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD
ENDED SEPTEMBER 30, 2017

IMPRINT

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KEY FINANCIALS

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	SEP 2017	DEC 2016	DEC 2015
TOTAL ASSETS	7,147,288	6,153,733	4,688,903
TOTAL EQUITY	3,581,320	3,065,064	2,172,295
LOAN-TO-VALUE	37%	35%	42%
EQUITY RATIO	50%	50%	46%

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	1-9/2017	CHANGE	1-9/2016
RENTAL AND OPERATING INCOME	366,432	14%	320,189
EBITDA	570,312	-10%	630,609
ADJUSTED EBITDA	183,495	11%	165,212
FFO I	130,389	11%	117,007
FFO I PER SHARE (€)	0.83	8%	0.77
FFO I PER SHARE after perpetual notes attribution (€)	0.71	6%	0.67
FFO II	154,573	1%	153,498
NET PROFIT	403,793	-18%	495,340
EPS (BASIC) (€)	2.13	-20%	2.66
EPS (DILUTED) (€)	1.95	-20%	2.43

NAV HIGHLIGHTS

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Sep 2017	3,361,932	3,068,090	3,733,961	2,960,855
Sep 2017 per share (€)	20.4	18.6	22.6	17.9
Per share growth	+15%	+13%	+9%	+14%
Dec 2016	2,737,726	2,541,060	3,208,453	2,431,814
Dec 2016 per share (€)	17.7	16.4	20.7	15.7



/Berlin

ACHIEVEMENTS

CONTINUED SUCCESS ACROSS THE BOARD

MDAX MDAX INCLUSION

In September 2017, Grand City Properties was added to the MDAX index of the Deutsche Börse, ranking among the 80 largest and most liquid companies on the Prime Standard of the Frankfurt Stock Exchange

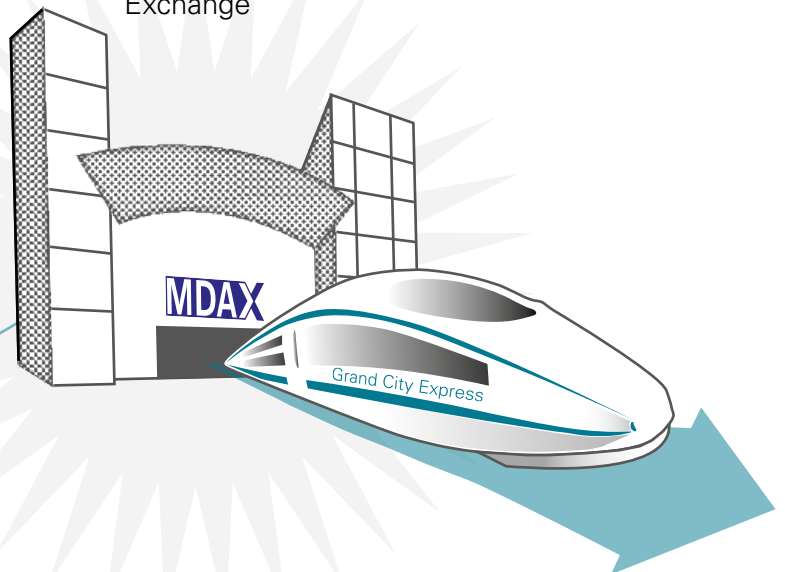
SDAX SDAX INCLUSION

In June 2017, Grand City Properties was added to the SDAX index of the Deutsche Börse, supporting liquidity and tradability



PRIME STANDARD

The GCP share was uplisted to the Prime Standard of the Frankfurt Stock Exchange in May 2017



MDAX INCLUSION VALIDATES
GCP'S STRONG MARKET
POSITION AS ONE OF THE
LEADING REAL ESTATE
COMPANIES IN GERMANY

EPRA AWARDS AND RECOGNITION IN SEP 2017

/ EPRA **BPR GOLD** + MOST IMPROVED FOR FINANCIAL REPORTING STANDARDS

/ EPRA **sBPR GOLD** + MOST IMPROVED FOR SUSTAINABILITY REPORTING

/ 1ST PLACE AWARD FOR **OUTSTANDING CONTRIBUTION TO SOCIETY**



HIGH SUSTAINALYTICS SCORE REFLECTING GCP'S STRONG ESG COMMITMENT

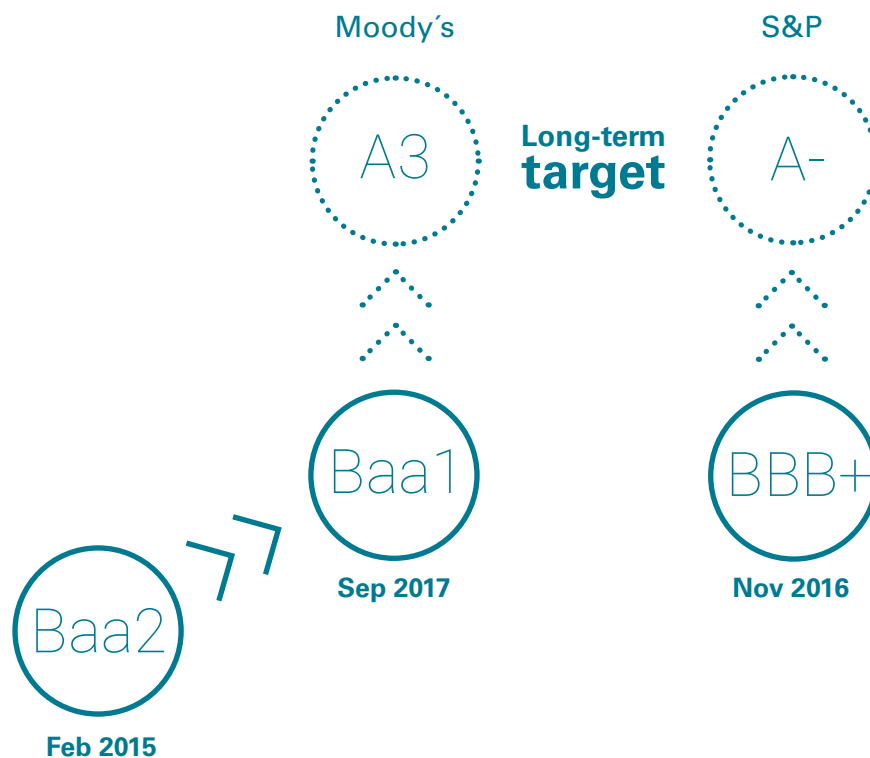


SUSTAINALYTICS

91ST PERCENTILE

/ GRAND CITY PROPERTIES WAS RANKED IN THE **91ST PERCENTILE** AMONG OVER 300 REAL ESTATE PEERS WORLDWIDE BY SUSTAINALYTICS IN NOVEMBER 2017, **RANKING AS OUTPERFORMER**

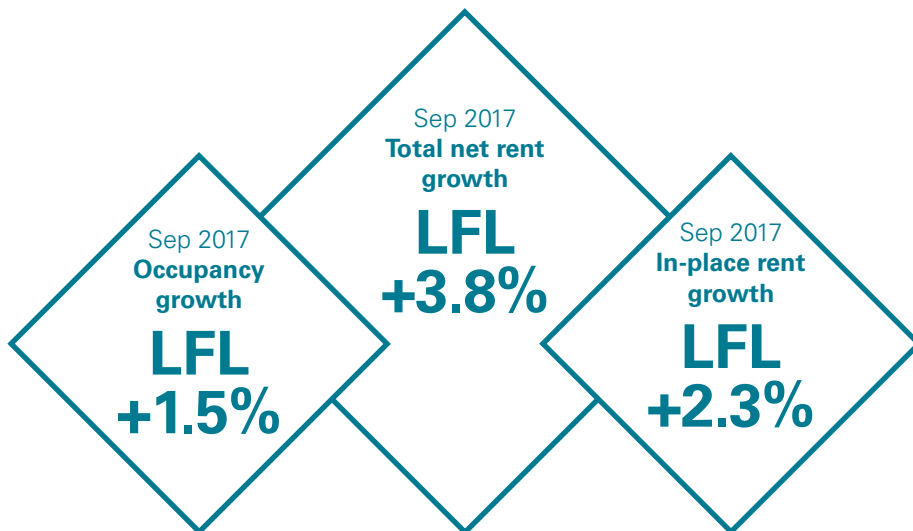
RATING UPGRADE ON THE PATH TO LONG-TERM TARGET



ACHIEVEMENTS

STRONG VALUE CREATION
DRIVEN BY CONSISTENTLY
STRONG OPERATIONAL RESULTS

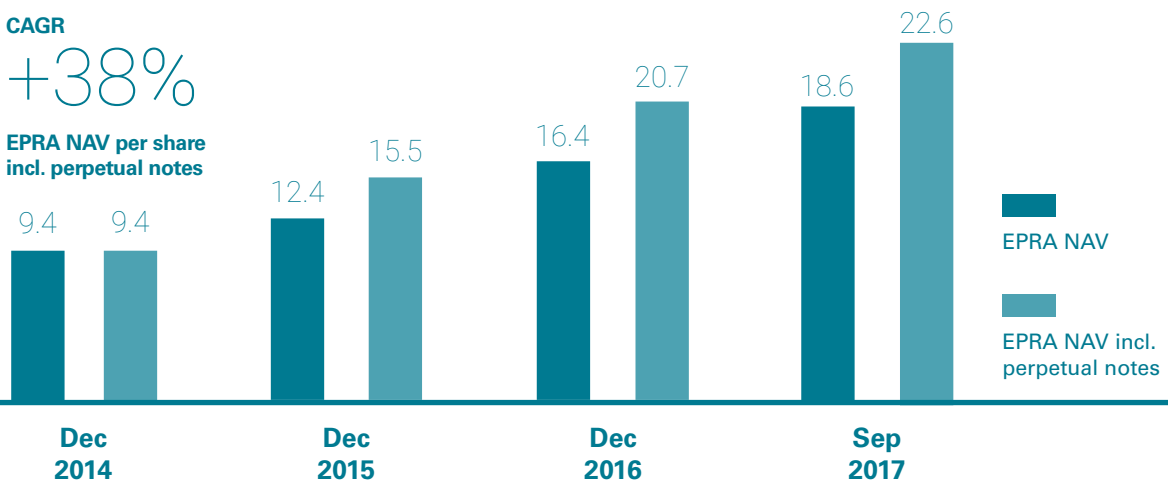
LIKE-FOR-LIKE IMPROVEMENTS ARE A KEY SOURCE OF GROWTH



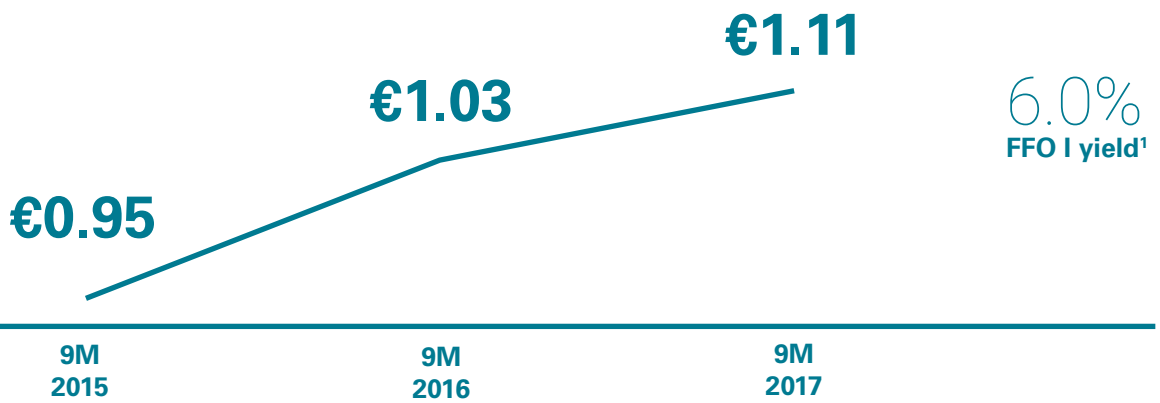
EPRA NAV PER SHARE (€)

CAGR
+38%

EPRA NAV per share
incl. perpetual notes

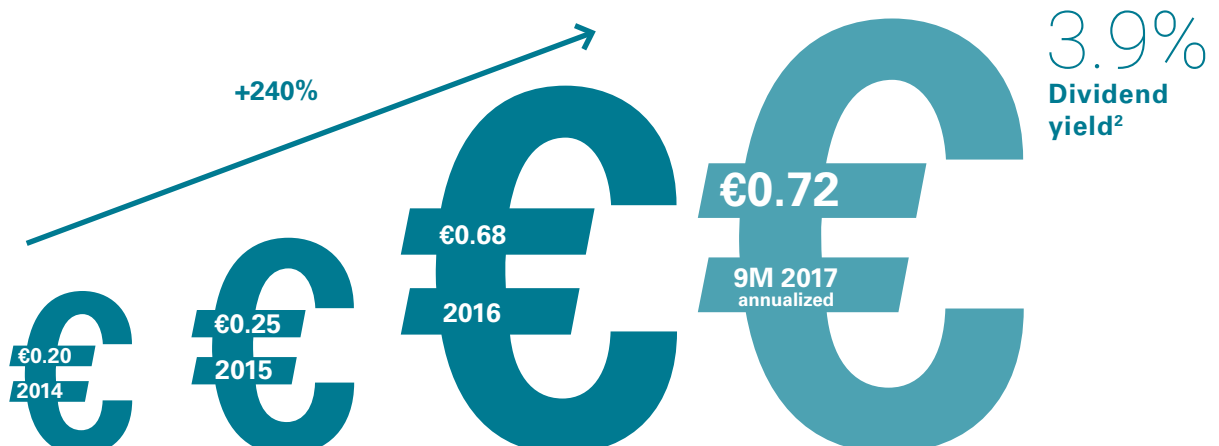


FFO I PER SHARE (ANNUALIZED)



1) based on a share price of €18.5

DIVIDEND PER SHARE

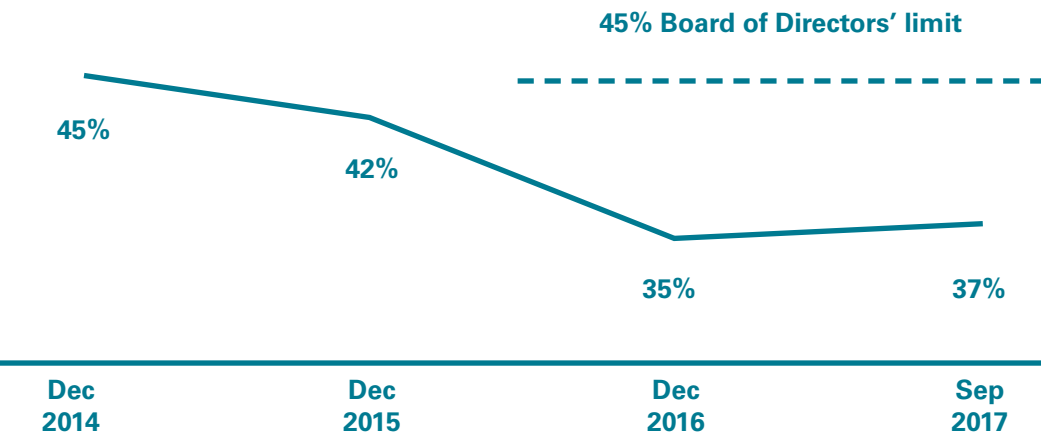


2) based on a share price of €18.5 and a payout ratio of 65% of FFO I per share

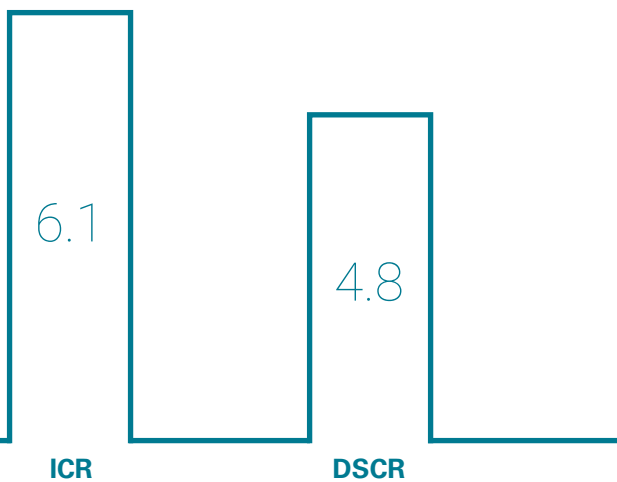
ACHIEVEMENTS

REINFORCING THE SOLID FINANCIAL PROFILE

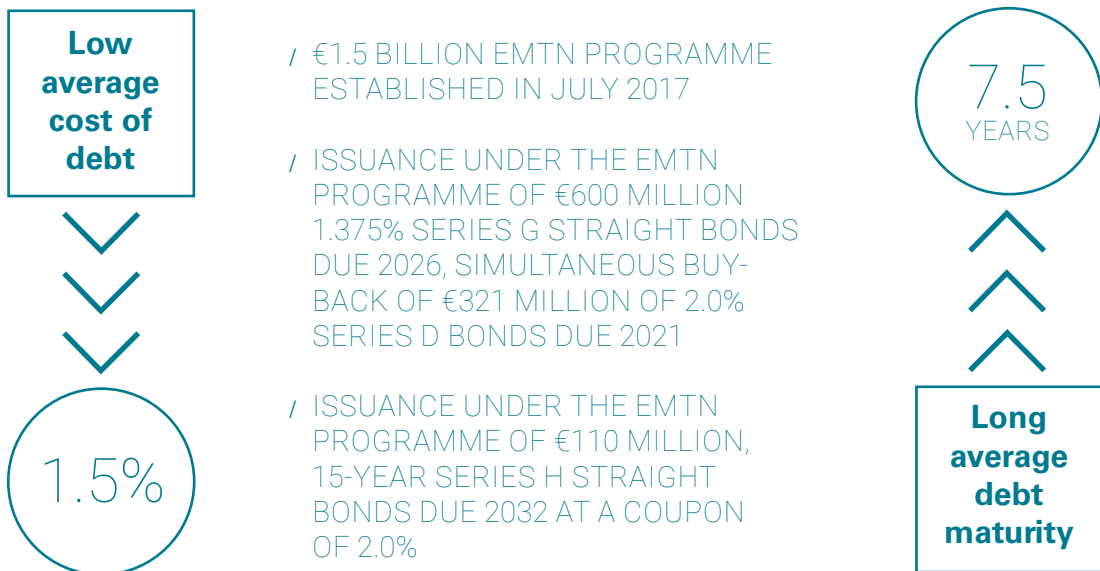
MAINTAINING LOW LEVERAGE (LOAN-TO-VALUE)



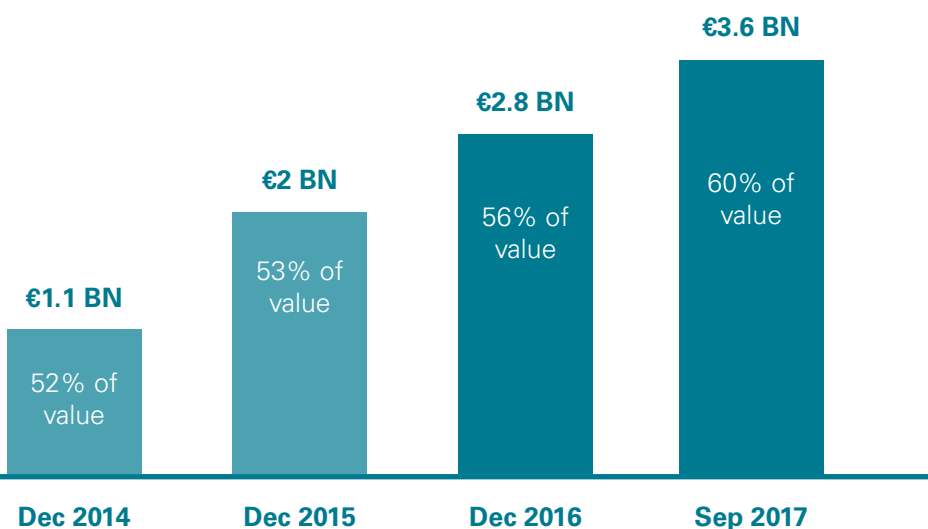
STRONG FINANCIAL COVER RATIOS (1-9/2017)



LOW BORROWING COSTS AND LONG-TERM DEBT PROFILE AS PART OF THE CONSERVATIVE FINANCIAL STRUCTURE



HIGH AMOUNT OF UNENCUMBERED ASSETS



LETTER OF THE MANAGEMENT BOARD



DEAR SHAREHOLDERS,

As we present to you the financial reports for the first nine months of 2017, we are proud to reflect on a highly successful third quarter of the year during which we have once again reached several important targets and milestones that we aimed to achieve. In September 2017, Grand City Properties was added to the MDAX index of the Deutsche Börse, effectively ranking the Company among the 80 largest and most traded listed companies in the Prime Standard of the Frankfurt Stock Exchange, affirming GCP's strong market position and perception among market participants. The inclusion in the MDAX further increases the Company's visibility and strength-

ens GCP's position among peers. Also in September 2017, Moody's increased GCP's long-term credit rating to Baa1 from Baa2, acknowledging the strong diversification and granularity of the portfolio, strong credit metrics, high liquidity and financial flexibility, and strong access to capital markets. In particular, Moody's highlighted GCP's track record in reducing vacancies and increasing rental income successfully. We have moved one step closer towards our strategic long-term target rating of A-/A3 and are currently one notch away from this goal, which we are committed to achieving in the long-term.

Our improvements and achievements on corporate fronts were further recognized by the European Public Real Estate Association (EPRA) with a total of five awards granted in September. For our annual report and high transparency we were awarded EPRA BPR Gold, the highest level of recognition for transparency and reporting standards. We were also granted EPRA sBPR Gold, representing the highest award for sustainability practices recognition, for our sustainability program and our initial environmental report in June 2017. In both categories, GCP was also listed among the Most Improved companies, recognizing the significant progress we have made



EPRA Conference – REthink – 2017, London



since last year. Last but not least, we were awarded 1st place for “Outstanding Contribution to Society” for our Social Tenant Program, our most significant award, recognizing our strong commitment to our tenants.

Our continuous efforts on the ESG front are further evidenced in the high score received from Sustainalytics in November 2017, ranking us in the 91st percentile – and Outperformer – among over 300 peers worldwide. Following our initial sustainability report this year, we are currently hard at work on our first full sustainability report, expected to be published in Spring 2018.

We continuously strive to expand our tenant offerings, incorporate innovation, and stay involved in the community life. For our tenants in Leipzig we recently created a freely-accessible multifunctional library space “Bibliothek Gelbe Galaxie” which offers thousands of books, CDs and DVDs at no charge, organizes children’s games and activities, and holds various tenant events. In Bremen, we have provided rent-free commercial space for a second hand shop for the benefit of our tenants, and provide tenant support through a social worker when need-

ed. Our “Summer Games” initiative has been greatly successful, bringing together families in dozens of tenant locations for fun events and activities, including several football tournaments organized.

Our stable and mature portfolio continues to generate increasing income with a September 2017 net rental income run rate of €338 million, strongly benefitting from internal growth achieved through a net rental income like-for-like of 3.8% as of September 2017. GCP’s lean and efficient cost structure translates this top-line revenue to a bottom-line FFO I of €174 million on an annualized basis, affirming our strong profitability margins. With an FFO I per share of €1.11 on a nine months 2017 annualized basis and a corresponding dividend yield of 3.9%, we continue to represent a profitable investment opportunity. This view is supported by the many equity research analysts covering GCP, with a majority ‘Buy’ consensus.

We continue to proactively manage our strong financial position and to that effect issued in July 2017 a €600 million Series G straight bond with a low coupon of 1.375% under our recently

established EMTN programme, and at the same time repaid a majority of the €500 million Series D straight bond with a coupon of 2%, taking advantage of our low borrowing costs to reduce the average cost of debt to 1.5% and extend our average debt maturity to 7.5 years. Following the reporting period we further reinforced our debt structure with the €110 million 15-year Series H straight bonds issued in October 2017. Our conservative financial profile results in finance costs being kept low in relation to the debt position, translating to higher operational profits.

With the first nine months of the year ending on a highly positive note, and having concluded a period of remarkable achievements and corporate growth, we are in the midst of the final stretch of the year as we continue to reap the rewards of a stable, mature portfolio and a highly profitable operational platform. We look forward to rounding up 2017 with strong financial results, once again reiterating Grand City Properties as a smart and stable investment opportunity.

Christian Windfuhr
CEO

Refael Zamir
Director (chairman), CFO

Simone Runge-Brandner
Independent Director

Daniel Malkin
Independent Director

HIGHLIGHTS

PROFITABILITY HIGHLIGHTS

	1–9/2017	1–9/2016
	€'000	
Rental and operating income	366,432	320,189
EBITDA	570,312	630,609
Adjusted EBITDA	183,495	165,212
Profit for the period	403,793	495,340
EPS (basic) in (€)	2.13	2.66
EPS (diluted) in (€)	1.95	2.43
FFO I	130,389	117,007
FFO I per share (€)	0.83	0.77
FFO I per share, after perpetual notes attribution (€)	0.71	0.67
FFO II	154,573	153,498
Interest Cover Ratio	6.1	6.2
Debt Service Cover Ratio	4.8	4.7

FINANCIAL POSITION HIGHLIGHTS

	Sep 2017	Dec 2016
	€'000	
Cash and liquid assets ¹⁾	536,383	631,904
Total Assets	7,147,288	6,153,733
Investment Property ²⁾	5,814,443	4,795,757
Total Equity	3,581,320	3,065,064
EPRA NAV	3,068,090	2,541,060
EPRA NAV including perpetual notes	3,733,961	3,208,453
Total loans and borrowings ³⁾	1,008,542	937,410
Straight bonds ⁴⁾	1,318,303	1,050,078
Convertible bond Series F	431,021	427,909
Loan-to-Value	37%	35%
Equity Ratio	50%	50%

1) including cash and cash equivalents held for sale

2) including inventories – trading properties

3) including short-term loans and borrowings, loan redemption, and financial debt held for sale

4) including bond redemption



/München



/Berlin

THE COMPANY

Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors (the "Board") hereby submits the interim report as of September 30, 2017.

The figures presented in this Board of Directors' Report are based on the interim consolidated financial statements as of September 30, 2017, unless stated otherwise.

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas in Germany. The Group's total portfolio as of September 2017 consists of 86k units (hereinafter "GCP portfolio" or "the 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 Dresden, Leipzig and Halle and other densely populated areas.

The Portfolio's monthly in-place rent as of September 2017 is €5.5 per square meter and the EPRA Vacancy is 7.3%. GCP is targeting assets in densely populated urban locations with solid sustainable economic and demographic fundamentals, and with multiple value-add drivers that it can pursue using its skills and capabilities such as vacancy reduction, rent below market levels, improving operating cost efficiency, increasing market visibility, potential for high-return capex investments, and potential for significant benefits from the Company's scale. GCP's management has vast experience in the German real estate market with a long track record of success in repositioning properties using its tenant management capabilities, tenant service reputation, and highly professional and specialized employees.

In addition, GCP's economies of scale allow for considerable benefits of a strong bargaining position, a centralized management platform supported by advanced in-house IT/software systems, and a network of professional connections.

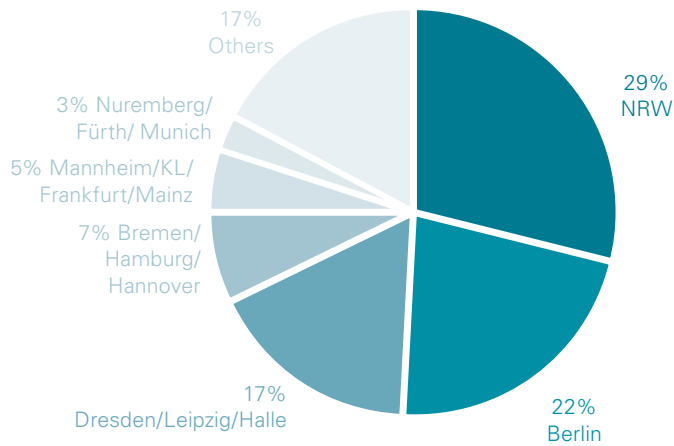
This strategy enables the Company to create significant value in its portfolio and generate stable and increasing cash flows.

THE PORTFOLIO

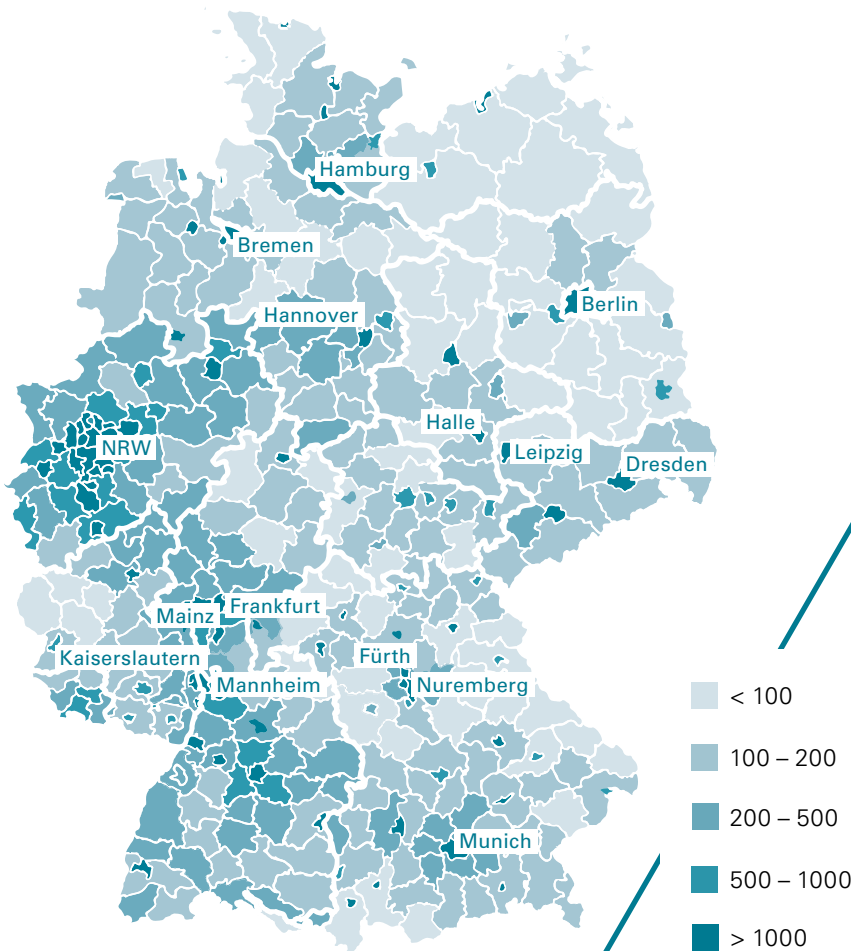
ATTRACTIVE PORTFOLIO IN GERMANY'S DENSELY POPULATED METROPOLITAN AREAS WITH VALUE-ADD POTENTIAL

Properties that are attractively located and have been specifically selected for their value creation potential 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, supporting the risk-averse and well allocated portfolio. GCP's focus on densely populated areas is mirrored by 29% of its Portfolio being held in NRW, 22% in Berlin, 17% in the metropolitan of Dresden, Leipzig and Halle and significant holdings in other major urban centers with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.



PORTFOLIO OVERVIEW

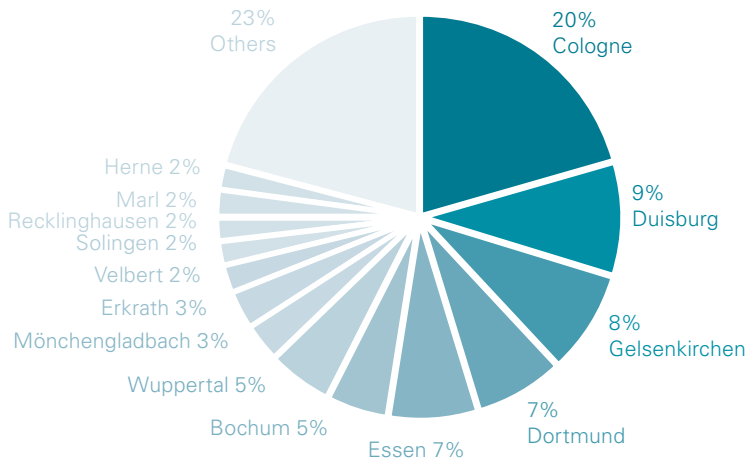
GCP has assembled a high quality portfolio of assets in densely populated metropolitan areas, benefiting from diversification among areas with positive economic fundamentals and demographic prospects.

	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,703	1,822	8.1%	109	5.3	27,292	935	6.4%
Berlin	1,256	548	5.0%	47	7.3	7,479	2,290	3.7%
Dresden/Leipzig/Halle	969	1,151	9.1%	61	4.9	20,048	841	6.3%
Mannheim/KL/Frankfurt/Mainz	300	240	4.7%	17	6.0	3,947	1,249	5.6%
Nuremberg/Fürth/Munich	195	102	4.1%	9	7.6	1,471	1,909	4.9%
Bremen/Hamburg/Hannover	425	364	5.6%	25	5.9	5,448	1,169	5.8%
Others	966	1,217	7.4%	70	5.4	20,377	794	7.3%
Total September 2017	5,814	5,444	7.3%	338	5.5	86,062	1,068	5.8%

THE PORTFOLIO

LARGEST EUROPEAN METROPOLITAN AREA WELL DISTRIBUTED WITHIN NORTH RHINE-WESTPHALIA

The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 20% of the NRW portfolio is located in Cologne, the largest city in NRW, 9% in Duisburg, 8% in Gelsenkirchen, 7% in Dortmund and 7% in Essen.



/Halle

QUALITY BERLIN IN TOP TIER NEIGHBORHOODS

- / 70% of the Berlin portfolio is located in top tier neighborhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Lichtenberg, Schöneberg, Neukölln, Schönefeld, Steglitz and Potsdam.
- / 30% is well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf

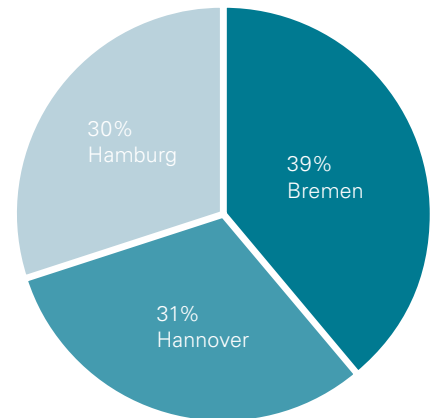
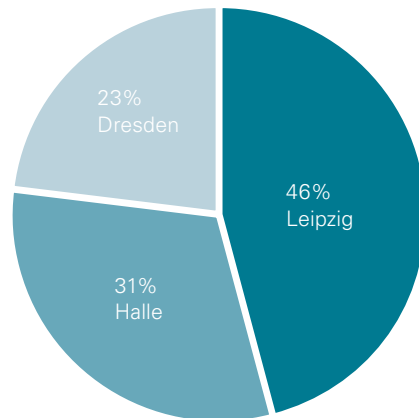


/Berlin



WELL DIVERSIFIED EAST AND NORTH PORTFOLIOS

- / GCP's East portfolio is well distributed in the growing and dynamic cities Dresden, Leipzig, Halle.
- / The North portfolio is focused on the major urban centers Bremen, Hamburg and Hannover



KEY STRENGTHS

CONSERVATIVE FINANCIAL POLICY

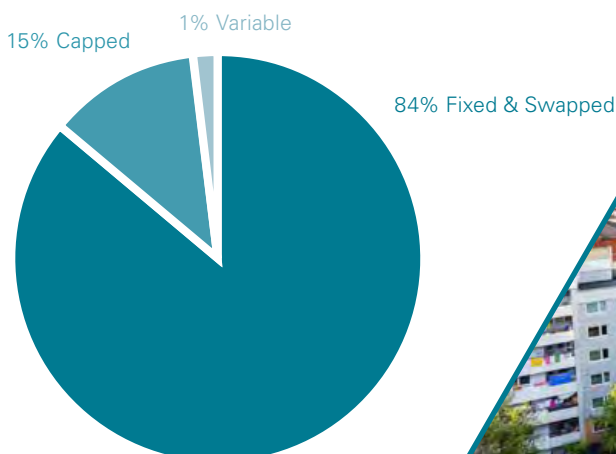
GCP follows a financial policy in order to maintain and improve its strong capital structure:

- / **Strive to achieve A- global rating in the long term**
- / LTV limit at 45%
- / Debt to debt plus equity ratio at 45% (or lower) on a sustainable basis
- / Maintaining conservative financial ratios with a strong ICR
- / Unencumbered assets above 50% of total assets
- / Long debt maturity profile
- / Good mix of long-term unsecured bonds and non-recourse bank loans
- / Maintaining credit lines from several banks which are not subject to Material Adverse Effect clauses
- / Dividend of 65% of FFO I per share

With €536 million in liquid assets and approx. €200 million unused credit lines as of September 30, 2017, GCP has a high level of financial flexibility, which is also reflected in the €3.6 billion of unencumbered assets. The high amount of liquidity enables GCP to pursue attractive deals, and provides significant headroom and comfort to its debtholders. GCP strategically maintains its strong financial profile characterized by long-term maturities, hedged interest rates, excellent financial coverage ratios, and a low LTV. The LTV as of September 30, 2017 is at 37%, below the management limit of 45%. The Board of Directors has decided to implement policies, management and financial strategies to achieve a further improvement of the credit rating to A-.

GCP's bank loans are spread across more than 40 separate loans from around 20 different financial institutions that are non-recourse and have no cross-collateral or cross-default provisions.

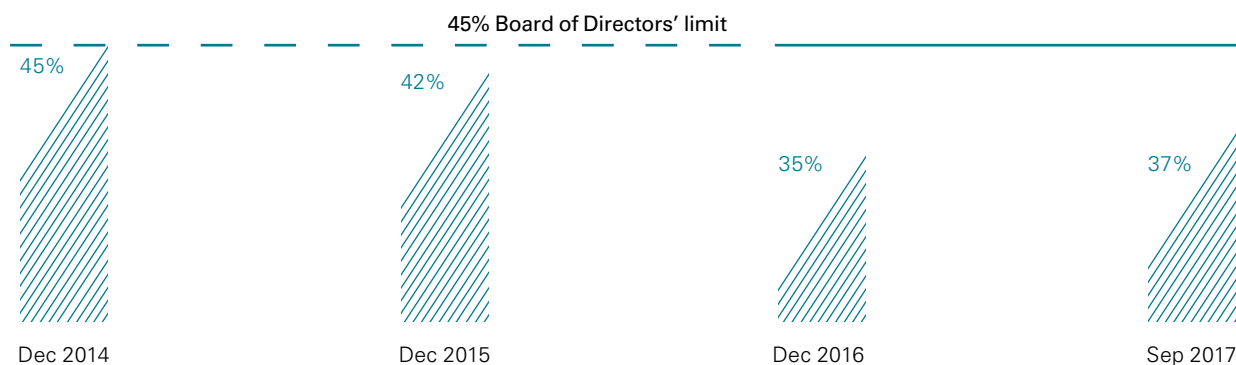
Fitting to the Company's conservative capital structure, 99% of its interest is hedged.



/Bremen



LOAN-TO-VALUE



DEBT COVER RATIOS



GCP's financial flexibility remains strong over time due to its high profitability which is reflected in high debt cover ratios. The Interest Cover Ratio for the first nine months of 2017 was 6.1 and the Debt Service Cover Ratio was 4.8.

GCP's long maturity schedule enables the Company to fully complete the value-add 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.

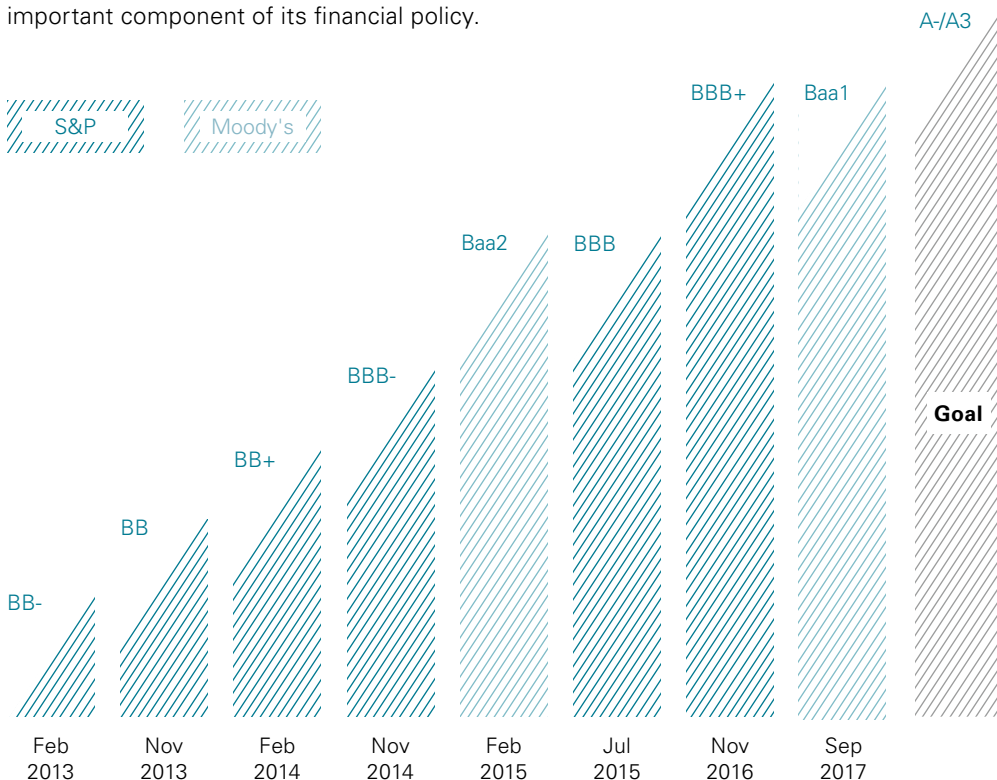
KEY STRENGTHS



CREDIT RATING

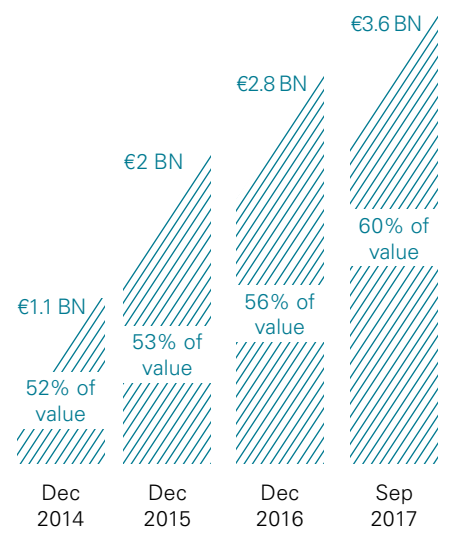
GCP maintains investment-grade credit ratings from both Standard & Poor's (S&P) and Moody's Investors Service (Moody's), with current long-term issuer ratings of BBB+ and Baa1, respectively. Additionally, S&P assigned GCP a short-term rating of A-2.

The Company has established a strong track record of achieving rating improvements owing to continuous improvements in its business and financial profiles. In September 2017, Moody's increased GCP's issuer rating to Baa1, noting the portfolio's strong diversification, the Company's strong credit metrics, high liquidity and financial flexibility, and strong access to capital markets. In November 2016, S&P increased the Company's issuer rating for the 5th time in four years, to BBB+, owing to the Company's strengthened position within its business risk profile. The Company has a long-term goal of achieving an A- credit rating, an important component of its financial policy.

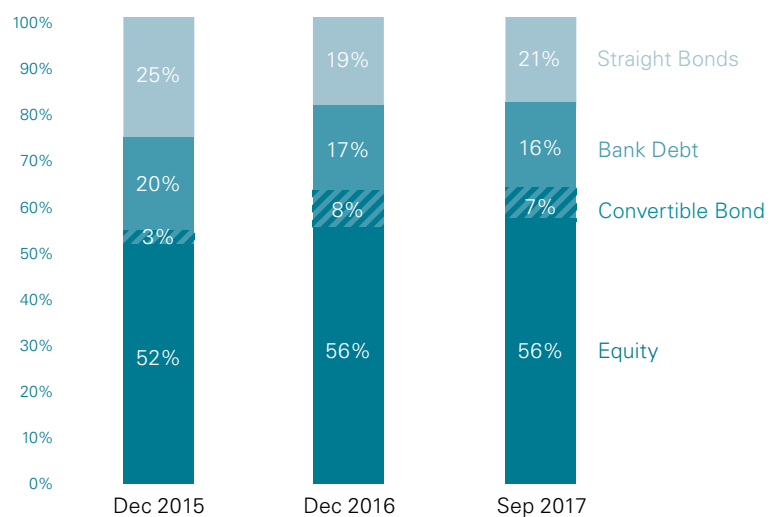




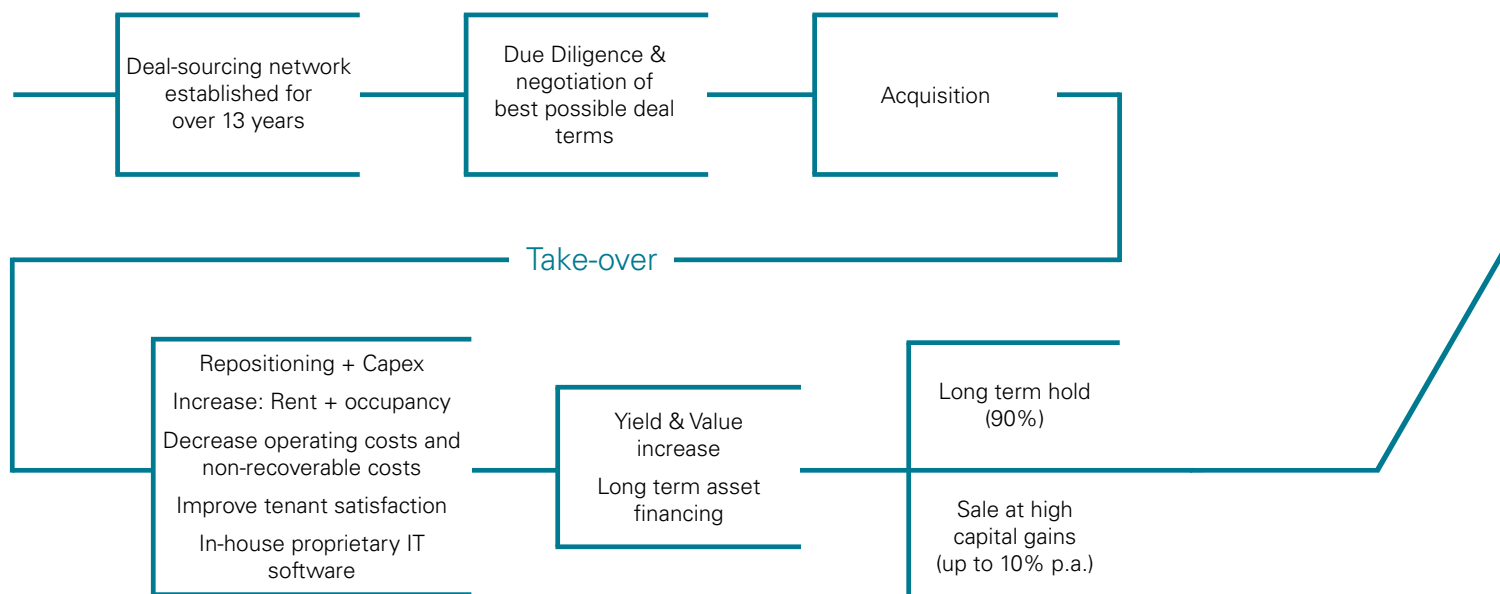
UNENCUMBERED ASSETS



FINANCING SOURCE MIX



COMPANY STRATEGY AND BUSINESS MODEL



FOCUS ON VALUE-ADD OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED AREAS OF THE GERMAN RESIDENTIAL MARKET, WHILE KEEPING A CONSERVATIVE FINANCIAL POLICY AND INVESTMENT GRADE RATING

GCP's investment focus is on the German residential 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

ies in Germany. The Company believes its platform has the right abilities and systems to continue to perform strongly and to further extract its portfolio potential. 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 adheres to 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

CASH FLOW IMPROVEMENTS THROUGH FOCUS ON RENTAL INCOME AND COST DISCIPLINE

GCP seeks to maximize cash flows from its portfolio through the relentless management of its assets by increasing rent, occupancy and cost efficiency. This process is initiated during the due diligence phase of each acquisition, through the development of a specific plan for each asset. Once taken over, and the initial business plan realized, GCP regularly assesses the merits of ongoing 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 improve cash flows.



MAXIMIZE TENANT SATISFACTION

A key pillar of the overall success of GCP is tenant satisfaction. The Company places strong emphasis on enhancing the living quality and environment of its tenants through various measures. GCP strives to develop a community feeling amongst its tenants by installing playgrounds, improving accessibility at the properties, organizing family-friendly events, supporting local associations as well as through various other initiatives. Some of the Company's regularly organized tenant events include Santa Claus celebrations for Christmas, Easter egg-searching events as well as different summer events, such as the dozens of "GCP Summer Games" parties that took place this year. The Company believes that even minor initiatives, such as providing free plastic bags for dog owners to use in disposing of dog waste, go a long way in promoting a pleasant environment. In addition, GCP identifies opportunities to work with local authorities to improve the existing infrastructure in the community, contributing to increased demand for the neighbourhood.

OPERATIONS SUPPORTED BY 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 the 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, 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.

CAPITAL MARKETS

MDAX MATERIAL

GCP was notched up to the mid-cap MDAX index of the Deutsche Börse on September 18, 2017, following the initial inclusion in the SDAX index in June 2017, owing to the Company's large market capitalisation, strong share liquidity, and upgrade to the Prime Standard earlier in the year, and ranking it among the 80 largest and most liquid stocks listed in the Prime Standard of the Frankfurt Stock Exchange. These highly impressive back-to-back index inclusions are the result of many years of success in equity markets and the strong investor perception of the Company, and represent a landmark achievement for GCP, resulting in further increased visibility and share liquidity. Additionally, GCP is already a constituent of major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed, and Developed Europe, as well as the GPR 250 index.

UPGRADE TO PRIME STANDARD

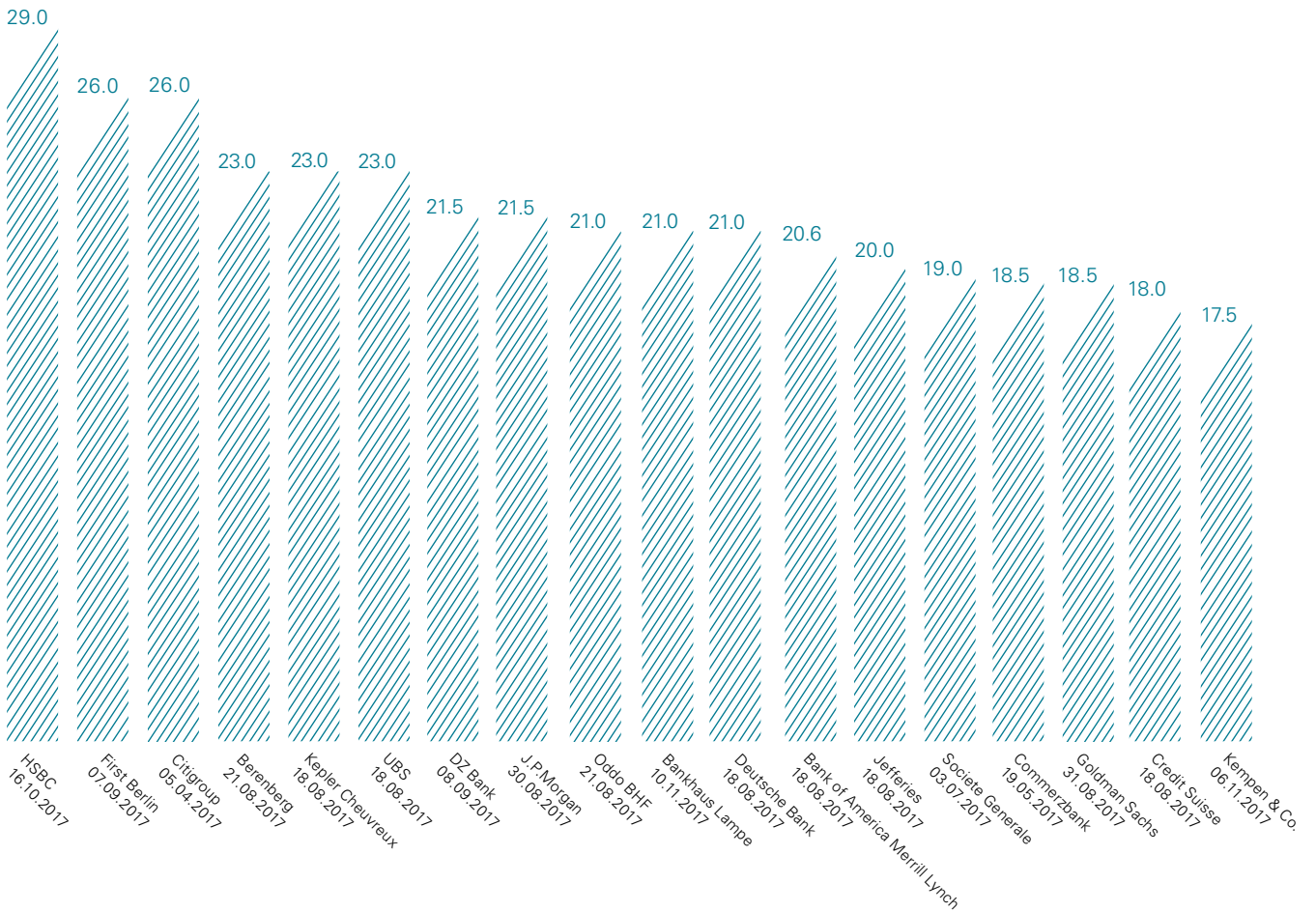
GCP is proactively presenting its business strategy and thus enhancing perception, as well as awareness, of the Company among capital market investors. GCP seizes these opportunities to present a platform for open dialogue. The improved perception leads to a better understanding of GCP's business model and its competitive advantage.

To that effect, on May 9, 2017, GCP's shares were admitted to trading on the Prime Standard of the Frankfurt Stock Exchange. The Company believes that this upgrade serves to further increase investor confidence, raise GCP's visibility and tradability in the European market, and provide for opportunities such as inclusion in further major stock indices.

Placement	Frankfurt Stock Exchange
Market Segment	Prime Standard
First listing	Q2 2012
Number of shares (as of 30 September 2017)	164,788,883 ordinary shares with a par value of EUR 0.10 per share
Nominal share capital (as of 30 September 2017)	16,478,888 EUR
Number of shares on a fully diluted basis (as of 30 September 2017)	183,263,420
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 30 September 2017)	2.9 bn EUR
Indices	MDAX FTSE EPRA/NAREIT Global FTSE EPRA/NAREIT Developed FTSE EPRA/NAREIT Developed Europe GPR 250 index



ANALYST RECOMMENDATIONS



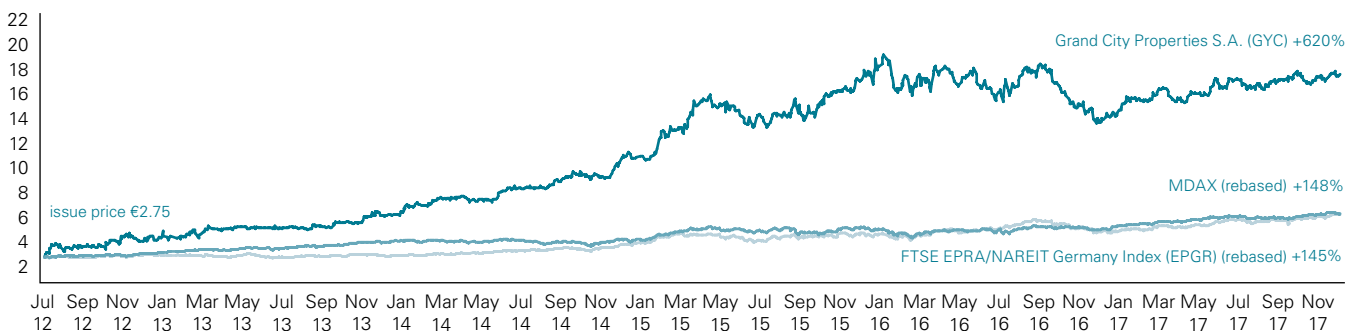
/Dresden

CAPITAL MARKETS

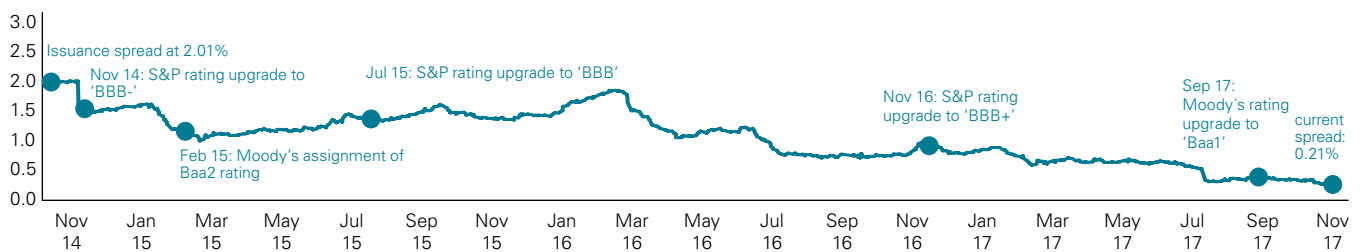


/Cologne

SHARE PRICE PERFORMANCE COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 4 YEARS



STRAIGHT BOND SERIES E – SPREAD OVER MID-€-SWAP, REMAINING 7.5 YEARS



3.75% PERPETUAL NOTES SPREAD OVER MID-€-SWAP



ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a large organization with a wide-reaching impact from its operational activities, it is of crucial importance to Grand City Properties to ensure the sustainability of its operations and properties and maintain a high standard of responsibility to all its stakeholders, from tenants to employees to shareholders, as well as creditors, suppliers, the environment and the communities in which GCP operates. This is carried out through the Company's various ESG measures and initiatives which are conceived and implemented by a dedicated ESG department. The Company considers ESG to be a pillar for the overall success of the organization and as such all ESG activity is closely monitored and reviewed by the CEO of the Company, to whom the ESG team reports directly.

The Company's continuous effort and ongoing commitment to enhancing and expanding its ESG initiatives and reporting was recognized in November 2017 by **Sustainalytics, one of the leading sustainability rating agencies, which ranked GCP in the 91st percentile among over 300 global real estate companies, noting the Company as an Outperformer.**

ENVIRONMENTAL RESPONSIBILITY

The Company believes that the environmental aspects of its business model are of high importance. GCP pays great attention to the environmental aspects of the repositioning process and includes, as well as improves upon, environmental measures. The Company sees the implementation of environmentally friendly measures as both an important environmental issue as well as an integral part of the optimization of its cost structure.

Management reviews of the environmental policies are coupled with the

ongoing monitoring of environmental performance such as the use of energy and water as well as the reduction of carbon emissions. Data management systems are being developed in order to continuously monitor the development of key environmental indicators. As part of this process the Company has implemented reporting in line with the EPRA sBPR (Sustainability Best Practice Recommendations) guidelines and published an initial Environmental Report in June 2017, with the published environmental data externally assured by GUT Zertifizierungsgesellschaft für Managementsysteme. Subsequently, **GCP was awarded the sBPR Gold award by EPRA in September 2017 for meeting the highest sustainability reporting standards.** The initial report is to be followed up by the Company's first full sustainability report, which is expected to be published in H1 2018.

Following the established policy, the Company has switched 2/3 of its buildings, as well as all of its offices to electricity from 100% renewable resources during the past 2 years and will continue to switch as and when existing contracts expire. So far cost savings of 23% compared to previous electricity providers have been realized. All GCP offices are supplied with electricity from renewable resources. Additionally, GCP is working on a Photovoltaic Pilot Project which will supply 150 apartments with solar energy.

The Company has implemented a Green Procurement Policy that is supplemental to the Environmental Policy overarching this field. The Company partners with vendors that create products and services to a great extent with supplies made from recycled materials. The Company's Supplier Environmental Programme is supported by our Supplier Code of Conduct which pays reference to the use and compliance to environmental regulations and the compliance to legal standards. Suppli-

ers have to proof external certifications that help assess the environmental impact of their activities and products delivered.

The Company is using strategic partners for energy supply (gas and electricity), who possess all relevant certifications and analyze the 'energy portfolio' they have with us on a regular basis. GCP's agreement with its energy suppliers requires that all GHG emissions be 100% offset. The statistical data provided to the Company by the supplier provides a thorough overview of its energy consumption level, and provides forecasts of the tons of GHG saved and offset as part of the agreement.



Ranked Outperformer at the 91st percentile among over 300 real estate peers





/Wuppertal

SOCIAL RESPONSIBILITY

GCP perceives social responsibility as a top priority and is committed towards its tenants and its employees. GCP is fully aware of its responsibility towards its tenants and their well-being in their respective homes. To this end, the Company does not only ensure the quality and accessibility of its residential units and surroundings, but also provides high quality services to its tenants through its double TÜV-certified (DIN EN 15838) Service Centre, which is available 24/7 and in various languages. The Company's commitment to its tenants on the social front through its Social Tenant Manager program was recognized by the **European Public Real Estate Association (EPRA), which awarded GCP 1st place for Outstanding Contribution to Society** in September 2017.

The Company methodically tracks customer satisfaction and aims to respond promptly and efficiently to feedback received. The Company 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 handicapped tenants, GCP continues to implement structural changes to facilitate their accessibility needs.

The social activities organized by GCP are of importance to both the Company and its tenants. These social gatherings bring tenants together, support the community feeling and improve the Company's interactions with its tenants. GCP organizes over 150 interactive tenant events annually, from Easter egg-hunts to Santa Claus visits to barbecues, sports events, soccer club sponsorship, children parties, etc., en-

couraging social cohesion and interaction between tenants themselves as well as with Grand City team members.

Within the local communities Grand City seeks to contact and develop partnerships with local policy makers, social workers and other constituencies, such as local newspapers, associations, clubs, etc. in order to support and participate in local initiatives, which improve the living conditions of the local community. These include community development in terms of education, integration, local sports events, the installation or improvement of existing playgrounds and sports facilities, as well as deploying Grand City social workers to support and consult tenants on a personal level and provide after-school and homework support for children. Where needed, GCP also provides facilities for such purposes free of charge.

As an employer GCP sees it as its responsibility to provide employees with opportunities for personal development and internal advancement. To this end, the Company provides an ongoing Leadership Program and ongoing employee support. The Company founded its own in-house academy in 2014 which provides employees and managers with training and development. GCP has a high employee retention rate, including among middle and upper management. The Company cares for the well-being of its employees and to that end provides them with a fitness center at its operational headquarters in Berlin free of charge. The fitness center is managed by qualified trainers, who develop and supervise individual training programs for those who wish to take advantage of this service. Additionally, yoga and aerobic classes are offered by specialized coaches.

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

CORPORATE GOVERNANCE

GCP emphasizes the importance of corporate governance with a high standard of transparency, executed by the Board of Directors with a majority of independent directors and the management. The Company directs its efforts in maintaining the high trust it receives from its shareholders and bondholders. 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 are regularly placed with international leading institutional investors and major global investment and sovereign funds.

In order to maintain high corporate governance and transparency standards, the Company has implemented the Advisory Board, the Risk Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee.

Furthermore, the Company ensures that its Board of Directors and its senior executives have vast experience and skills in the areas relevant to its business. The Company has quarterly reporting standards and updates its corporate presentation on a continuous basis.

The Company has a very strict Code of Conduct which applies to all its employees and main suppliers, and incorporates an Anti-Corruption Policy, Conflict of Interest Policy, Anti-Bribery Policy, Anti-Discrimination Policy and others. The Code has been recently updated with a focus on improved transparency in its reporting lines, which are now supported by the Compliance Department and the whistleblower system.

ANNUAL GENERAL MEETING

The Annual General Meeting of Grand City Properties S.A. for 2017 took place on June 28, 2017 in Luxembourg. The meeting resulted in the approval by shareholders with a great majority of all agenda items, including the proposed dividend for the 2016 fiscal year in the amount of €0.68 per share to be distributed to shareholders.



/Leipzig

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.

AUDIT COMMITTEE

The Board of Directors established an Audit Committee and 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 consolidated 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 consolidated 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.

/Mannheim

MEMBERS OF THE BOARD OF DIRECTORS

NAME	POSITION
Mr. Refael Zamir	Director, chairman, CFO
Ms. Simone Runge-Brandner	Independent Director
Mr. Daniel Malkin	Independent Director

CEO

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.

BOARD OF DIRECTORS

The Company is administered by a Board of Directors that is vested with the powers to perform and manage in the Company's best interests.

The Board of Directors represents the shareholders as a whole and makes decisions solely in the Company's best interests and independently of any conflicts of interest. The Board of Directors and senior management regularly evaluate the effective fulfillment of their remit and compliance with strong corporate governance standards. This evaluation is also performed 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. The Board of Directors currently consists of a total of three members, two of whom are independent, 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.

CORPORATE GOVERNANCE

RISK COMMITTEE

The Board of Directors established a Risk Committee to assist and provide expert advice to the Board of Directors in fulfilling its oversight responsibilities relating to the different types of risks the Company is exposed to, recommend a risk management structure including its organization and processes, as well as assess and monitor effectiveness of the overall 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 systems and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks.

REMUNERATION COMMITTEE

The Board of Directors established a Remuneration Committee. The Remuneration Committee shall submit proposals regarding the remuneration of executive managers to the Board, ensuring that these proposals are in accordance with the remuneration policy adopted by the Company and the performance evaluation results of the persons concerned. To that end, the committee shall be informed of the total remuneration paid to each member of the executive management by other companies affiliated with the group.

NOMINATION COMMITTEE

The Board of Directors established a Nomination Committee. The Nomination Committee shall be composed of a majority of Non-Executive Directors. For every significant position to be filled, the committee will make an evaluation of the existing and required skills, knowledge and experience. Based on this assessment, a description of the role, together with the skills, knowledge and experience required shall be drawn up. As such, the committee shall act in the best interests of the Company, and among others, prepare plans for succession of Directors, evaluate existing and required skills, knowledge, and experience, consider proposals from shareholders, the Board and executive management, and suggest candidates to the Board.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Company closely monitors and manages potential risks and sets appropriate measures in order to mitigate the occurrence of possible failures 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 five main elements:

- / Risk assessment – set by the Risk Committee and guided by an on-going analysis of the organizational structure and by identifying potential weaknesses.
- / 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.
- / ESG risk-related expenditures – the Group has included identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Future expenditures on ESG matters and opportunities are included in the financial budget.



/Cologne

EXTERNAL RISK MITIGATION

Through 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 in a specific section on the Company's website. The Company discloses its share ownership and additionally discloses any shareholder position above 5% when 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 Gen-

eral Meeting of the shareholders shall be held on the 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 the (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 9 months ended September 30,	2017	2016
	€'000	
Revenue	367,172	326,666
Rental and operating income	366,432	320,189
Net rent	241,526	210,325
Capital gains, property revaluations and other income	381,005	463,837
Property operating expenses	(176,973)	(150,437)
Administrative & other expenses	(8,012)	(6,612)
Share in profit from investment in equity-accounted investees	6,134	86
Operating profit	568,835	629,090
Adjusted EBITDA	183,495	165,212
Finance expenses	(30,325)	(26,653)
Other financial results	(43,323)	(10,321)
Current tax expenses	(21,624)	(20,478)
Deferred tax expenses	(69,770)	(76,298)
Profit for the period	403,793	495,340
FFO I	130,389	117,007



/Dortmund



/Leipzig



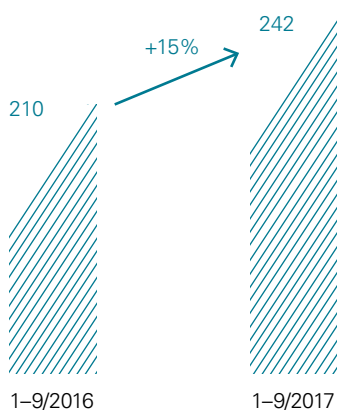
REVENUE

For the 9 months ended September 30

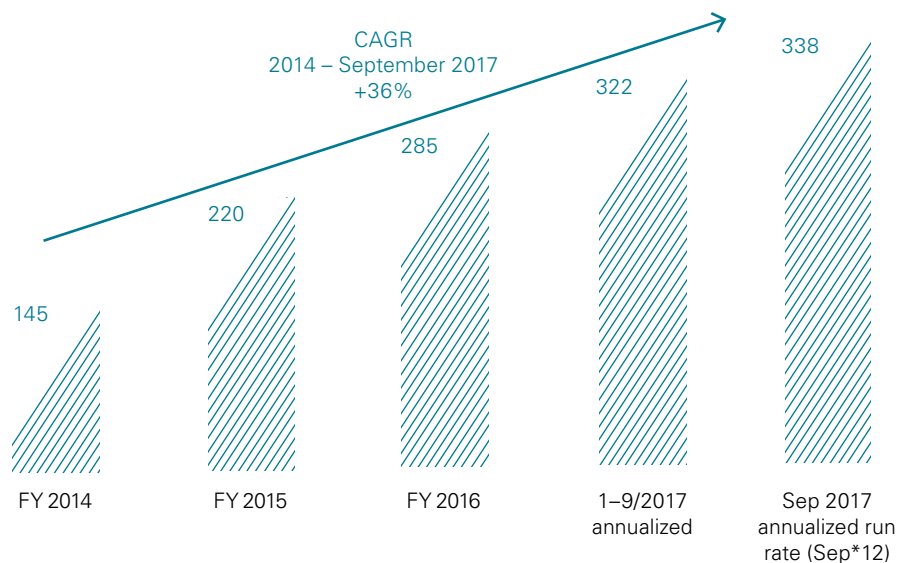
	2017	2016
	€'000	
Net rent	241,526	210,325
Operating and other income	124,906	109,864
Rental and operating income	366,432	320,189
Revenue from sales of inventories – trading properties	740	6,477
Total revenue	367,172	326,666

In the first nine months of 2017 the Company recorded total revenues of €367 million, reflecting an increase of 12% compared to the €327 million recorded in the first nine months of 2016. The vast majority of the revenue share is attributed to rental and operating income which amounted to €366 million in the first nine months of 2017, an increase of 14% over the comparable period in 2016. Net rental income amounted to €242 million in the first nine months of 2017, representing an increase of 15% over the €210 million generated in the first nine months of 2016, with the year-over-year growth resulting from a larger portfolio due to acquisitions and strong operational developments. The external growth was strongly supplemented by a like-for-like rental income increase of 3.8%, of which 2.3% refer to the increase in in-place rents and 1.5% refer to the increase in occupancy. Consistently strong like-for-like improvements validate GCP's ability to acquire properties with a substantial long-term orientated upside potential and the management's ability to raise its portfolio's embedded potential. The remainder of the revenues for the period in the amount of €0.7 million result from sales of inventories relating to the disposal of units which were held as inventories – trading property, compared to €6 million in the comparable period in 2016.

NET RENTAL INCOME PERIODIC DEVELOPMENT
(IN € MILLION)



NET RENTAL INCOME ANNUALIZED DEVELOPMENT (IN € MILLION)



GCP continues to consistently demonstrate its ability of generating growing rental income through accretive acquisitions and leveraging its strong operational platform to extract value from the existing portfolio through operational improvements.

NOTES ON BUSINESS PERFORMANCE

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 9 months ended September 30,	2017	2016
	€'000	
Capital gains, property revaluations and other income	381,005	463,837

Capital gains, property revaluations and other income amounted in the first nine months of 2017 to €381 million, compared to €464 million recorded in the comparable period in 2016, attributable to property revaluation gains which are the result of the continuously successful delivery of GCP's business strategy of acquiring properties with significant value upside potential and realizing on it through repositioning and operational improvements, such as occupancy and rental growth. As of the end of September 2017, the portfolio generates a rental yield of 5.8% with an average value per sqm of €1,068.

PROPERTY OPERATING EXPENSES

For the 9 months ended September 30,	2017	2016
	€'000	
Property operating expenses	(176,973)	(150,437)

Property operating expenses, which relate mainly to recoverable ancillary costs (such as heating and water costs), maintenance, and personnel expenses tied to property operations, amounted to €177 million for the first nine months of 2017, up from €150 million for the first nine months of 2016. The increase in operating expenses is tied directly to the increase in the portfolio over the comparable period in 2016, as well as the increase in occupancy year-over-year, as the majority of the ancillary expenses are tied to rented units. Further contributing to the increase are maintenance and refurbishment expenses of €24 million, compared to €19 million in the first nine months of 2016, increasing with the size of the portfolio in order to maintain the high asset quality.

GCP taps its cost savings potentials from its operational platform mainly through exploitation of economies of scale. GCP's centralized Service Center provides high operating efficiency at low costs while providing 24/7 availability to its tenants in various languages. This centralized operational unit ensures a full process overview which increases execution efficiency and minimizes operating costs. Due to GCP's strong market presence and size the Company is carrying out nationwide tenders for various service providers, such as energy, insurance, facility services etc. in order to keep ancillary and other operating expenses at a minimum. GCP is also incentivizing tenants to keep the ancillary low through advanced metering systems which track individual usage based on consumption instead of a square meter basis as well as through educational hand-outs and videos for waste, energy, heat and water consumption. Further cost saving measures include improving insulation as well as upgrading to energy-efficient elevator and heating systems.

/Bremen



NOTES ON BUSINESS PERFORMANCE

MAINTENANCE AND CAPEX

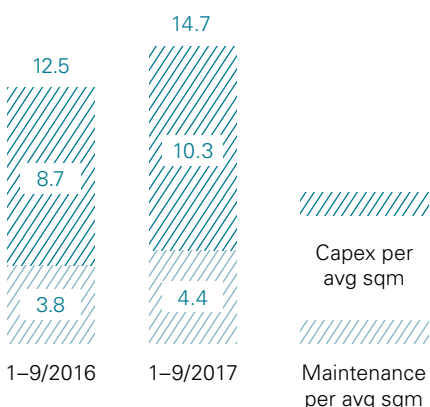
The ongoing maintenance and upkeep of the assets, along with capital investments, comprises an important component of GCP's business strategy and is coupled with ongoing asset quality improvements through selective, value-add capex initiatives. These expenditures aim to increase occupancy rates, increase rents towards market levels and further increase the overall asset quality.

Maintenance and refurbishment expenses totaled €24 million in the first nine months of 2017, equal to €4.4 per average sqm, compared to €3.8 per average sqm spent in the first nine months of 2016. The maintenance process is centrally coordinated and supported through GCP's double TÜV-certified 24/7 Service Center, through which tenants are able to submit service requests to property management and monitor the status of their requests.

Capex investments totaled €55 million in the first nine months of 2017, equal to €10.3 per average sqm, compared to €8.7 per average sqm spent in the respective period in 2016. Capex work is undertaken on a selective value-add basis with the aim of increasing the asset quality, increasing occupancy and bringing rents up to market levels, with examples including upgrading and adding balconies, windows, insulation systems, heating systems, playgrounds, surroundings, elevators and ramps, among others.

The Company's combined maintenance and capex expenditures for the first nine months of 2017 amounted to €79 million, translating to €14.7 per average sqm compared to €12.5 per average sqm in the respective period in 2016.

MAINTENANCE AND CAPEX DEVELOPMENT (€/SQM)



ADMINISTRATIVE AND OTHER EXPENSES

For the 9 months ended September 30,	2017	2016
	€'000	
Administrative and other expenses	(8,012)	(6,612)

Administrative and other expenses, which relate primarily to administrative personnel expenses, marketing costs, legal, consulting fees and depreciation, amounted in the first nine months of 2017 to €8.0 million, increasing from €6.6 million in the first nine months of 2016. The increase over the comparable period last year is the result of the growth of the Company on all fronts, including the increased focus on ESG and sustainability reporting, one-off expenses relating to the up-listing to the Prime Standard earlier in the year, and the ongoing efforts required to support and maintain GCP's increased scale of operations.



FINANCE EXPENSES

For the 9 months ended September 30,	2017	2016
	€'000	
Finance expenses	(30,325)	(26,653)

Finance expenses amounted to €30.3 million in the first nine months of 2017, up from €26.7 million in the first nine months of 2016. GCP's cost efficiency approach is also reflected in its financing measures. Following the issuance of the Series G 2026 straight bonds in July 2017, bearing a low coupon of 1.375% p.a., and the simultaneous buyback of €321 million nominal amount of the higher-coupon €500 million Series D 2021 straight bonds bearing a coupon of 2.0%, the Company's average cost of debt further decreased to 1.5% and respectively the average debt maturity increased to 7.5 years. GCP's low cost of debt in relation to its strong operational results continues to be reflected in its consistently high Interest Coverage Ratio, which stood at 6.1x for the first nine months of 2017.

NOTES ON BUSINESS PERFORMANCE

OTHER FINANCIAL RESULTS

For the 9 months ended September 30,	2017	2016
	€'000	
Other financial results	(43,323)	(10,321)

Other financial results relate mainly to financial one-time expenses and to changes of financial assets. This item amounted to an expense of €43 million in the first nine months of 2017, which is mainly the result of the buyback of the higher-coupon Series D straight bonds in July 2017 and the associated fees.

Other financial results further include non-cash items such as the change in fair value of financial assets which result from the value changes of financial derivatives and traded securities, bank fees as well as prepayment fees and one-off financial costs associated with the Company's up-listing to the Prime Standard during the year.

TAXATION

For the 9 months ended September 30,	2017	2016
	€'000	
Current tax expenses	(21,624)	(20,478)
Deferred tax expenses	(69,770)	(76,298)
Total tax expenses	(91,394)	(96,776)

Tax expenses totaled €91 million in the first nine months of 2017, compared to €97 million in the first nine months of 2016. Most of this amount is attributable to deferred tax expenses, a non-cash item associated with the revaluation gain recorded by the Company. While this expense usually does not materialize due to the Company's strategy of holding assets over the long term and largely remains a non-cash item, GCP nevertheless employs a conservative approach with regard to deferred taxes, accounting for the theoretical future property disposal through asset deal structures at the full German corporate tax rate of 15.825%. Moreover, GCP's assets are mainly held in separate SPV's, which enables sales through share deals where the effective capital gain tax is less than 1%.

Current tax expenses, which are composed of property and corporate taxes, are closely aligned with the recurring operational performance of the Company. In the first nine months of 2017, current tax expenses increased to €21.6 million compared to €20.5 million in the respective period in 2016, as a result of the increase in GCP's recurring operational results.



/Mönchengladbach



PROFIT FOR THE PERIOD

For the 9 months ended September 30,	2017	2016
	€'000	
Profit for the period	403,793	495,340

GCP recorded a net profit of €404 million for the first nine months of 2017, compared to €495 million in the first nine months of 2016, with the year-over-year decrease in the bottom line attributable entirely to less revaluation gains, which are non-cash and non-recurring profits, recorded in the current period as compared to the very strong operational profits recorded in the respective period in 2016. More importantly, the Company's recurring operational profits have increased with double-digit growth between the two periods, as reflected in the 11% growth in FFO I from the first nine months of 2016.

EARNINGS PER SHARE

For the 9 months ended September 30,	2017	2016
Basic earnings per share in (€)	2.13	2.66
Diluted earnings per share in (€)	1.95	2.43
Weighted average basic shares in thousands	157,858	152,472
Weighted average basic shares (diluted) in thousands	174,833	167,148

GCP generated a basic earnings per share of €2.13 in the first nine months of 2017, compared to €2.66 in the first nine months of 2016. The year-over-year decrease is attributed for the most part to the lower revaluation gains recorded in the current period in comparison to the respective period in 2016, which witnessed very high valuation gains. Per share earnings were further impacted by the equity increase in June 2017 which resulted in an increased number of shares outstanding. Diluted earnings per share for the first nine months of 2017 amounted to €1.95, compared to €2.43 in the respective period in 2016, being further impacted by the potential conversion into shares of the Series F convertible bonds issued in February 2016.

NOTES ON BUSINESS PERFORMANCE

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS (FFO I)

For the 9 months ended September 30,	2017	2016
	€'000	
Operating Profit	568,835	629,090
Depreciation and amortization	1,477	1,519
EBITDA	570,312	630,609
Capital gains, property revaluations and other income	(381,005)	(463,837)
Result on the disposal of inventories – trading properties	(249)	(2,027)
Share in profit from investment in equity-accounted investees	(6,134)	(86)
Other adjustments	571	553
Adjusted EBITDA	183,495	165,212
Finance expenses	(30,325)	(26,653)
Current tax expenses	(21,624)	(20,478)
Contribution to minorities	(1,157)	(1,074)
FFO I	130,389	117,007
Weighted average basic shares in thousands*	157,858	152,472
FFO I per share in (€)	0.83	0.77

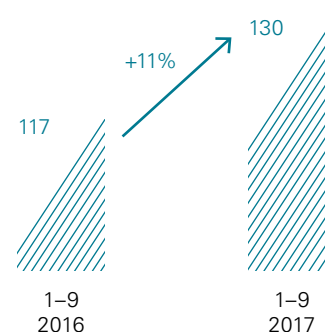
* not considering the dilution effect of the management share plan as it is immaterial

The adjusted EBITDA is an industry standard figure indicative of the Company's recurring operational profits before interest and tax expenses, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of inventories, share in profit from investment in equity accounted investees and other adjustments. GCP's strong operational performance continued with an adjusted EBITDA of €183 million in the first nine months of 2017, representing year-over-year growth of 11% compared to €165 million in the first nine months of 2016, achieved through external growth via selective acquisitions as well as rent and occupancy increases within the existing portfolio, with net rent like-for-like increase of 3.8% as of September 2017. The higher increase in rental income between the two periods was offset by letting efforts, as well as one-off overhead expenses related to the up-listing of the Company's shares to the Prime Standard this year.

Funds from Operations I (FFO I) reflect the recurring profits from operations after deducting finance expenses, current tax expenses and the respective minority contributions from the adjusted EBITDA, and likewise serves as an industry standard indicator in the real estate sector to reflect the bottom line operational profits. GCP generated an FFO I of €130 million in the first three quarters of 2017, an increase of 11% from €117 million in the respective period in 2016, increasing in line with the corresponding growth in adjusted EBITDA.



FFO I PERIODIC DEVELOPMENT (IN € MILLION)

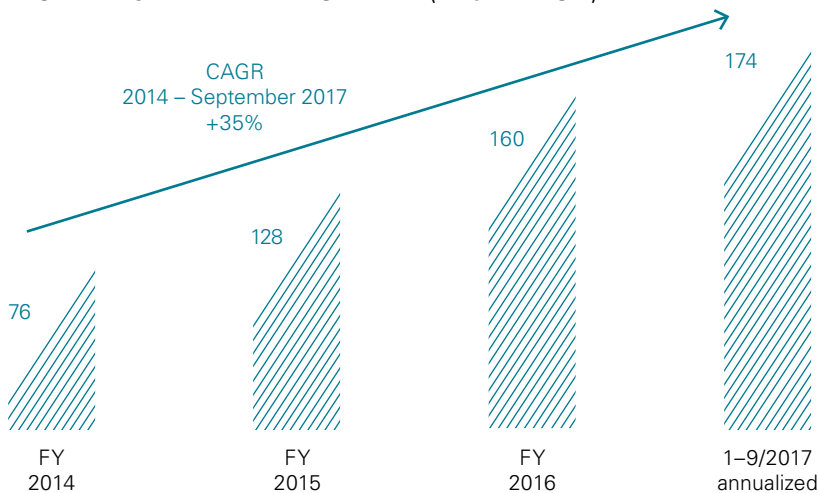




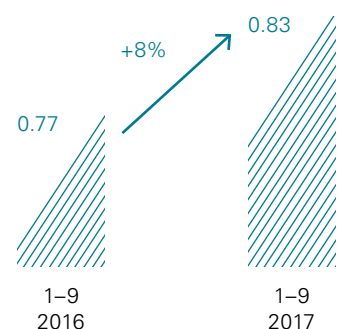
FFO I PER SHARE

In the first three quarters of 2017 the FFO I per share grew by 8% to €0.83, compared to €0.77 in the first three quarters of 2016, due to the growth in FFO I between the periods, and despite share dilution from the equity increases in June 2017. On an annualized basis, the FFO I per share in the first nine months of 2017 amounted to €1.11. The consistently strong and increasing per share figures is currently reflecting an FFO I yield of 6.0% and mirrors GCP's track record of translating its proven business model into continuously growing accretive shareholder value through effective and disciplined management.

FFO I ANNUALIZED DEVELOPMENT (IN € MILLION)



FFO I PER SHARE DEVELOPMENT (IN €)



NOTES ON BUSINESS PERFORMANCE

FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

For the 9 months ended September 30,	2017	2016
	€'000	
FFO I	130,389	117,007
Adjustment for accrued perpetual notes attribution	(18,137)	(14,414)
FFO I after perpetual notes attribution	112,252	102,593
Weighted average basic shares in thousands	157,858	152,472
FFO I per share in €, after perpetual notes attribution	0.71	0.67

To enhance transparency, GCP additionally reports an FFO I per share after attribution of perpetual notes. According to IFRS accounting treatment, these attributions are recorded through changes in equity, not as a financial expense in the P&L and thus not deducted otherwise from the FFO. The FFO I per share after perpetual notes attribution for the first nine months of 2017 amounted to €0.71, up 6% from €0.67 in the comparable period in 2016, with the growth in FFO I between the two periods offset by a larger attribution arising from the additional issuance of €200 million 2.75% coupon perpetual notes in September 2016, as well as the higher share count as a result of the equity increase carried out in June 2017.

ADJUSTED FUNDS FROM OPERATION (AFFO)

For the 9 months ended September 30,	2017	2016
	€'000	
FFO I	130,389	117,007
Capex	(55,433)	(43,748)
AFFO	74,956	73,259

The adjusted Funds from Operations (AFFO) calculation deducts the capitalized expenditures from FFO I recorded in the period, which result in increased asset quality and occupancy. The Company's AFFO in the first nine months of 2017 amounted to €75 million, increased from €73 million in the comparable period in 2016 as the growth in FFO I outpaced the increase in capex spend in the first nine months of 2017 in comparison to the first nine months of 2016. The increased level of capex is the result of the ongoing vacancy reduction efforts as well as to further increase the asset quality.

FFO II

For the 9 months ended September 30,

	2017	2016
	€'000	
FFO I	130,389	117,007
Result from disposal of properties*	24,184	36,491
FFO II	154,573	153,498

* the excess amount of the sale price to cost price plus capex of the disposed properties

FFO II, which includes results from asset disposals, amounted to €155 million in the first nine months of 2017, in line with €153 million in the comparable period in 2016. In the first nine months of 2017, GCP disposed of assets valued at approximately €50 million, including non-core properties located in NRW, land with building rights in the center of Berlin and several units in Berlin. The disposal of land with building rights is part of GCP's value-add process, identifying the development potential of the current portfolio and preparing for future disposal or reserve. The total result from the disposals, calculated as the difference between the disposal price and the property cost including capex, reflects the economic profit achieved on the sale of the assets and amounted to €24 million.



/Dortmund

NOTES ON BUSINESS PERFORMANCE



CASH FLOW

For the 9 months ended September 30,	2017	2016
	€'000	
Net cash provided by operating activities	151,247	151,055
Net cash used in investing activities	(382,127)	(517,936)
Net cash provided by financing activities	240,105	629,562
Net increase in cash and cash equivalents	9,225	262,681

GCP generated in the first nine months of 2017 net cash from operating activities in the amount of €151 million, in line with the respective period in 2016. While recurring cash flows from letting activities increased by a double-digit figure between the two periods as a result of the larger portfolio and the internal rental growth achieved through like-for-like gains, the net cash from operating activities remained in line due to advance payments to suppliers and tax authorities and investments in trade properties.

Net cash used in investing activities in the first nine months of 2017 amounted to €382 million, compared to the €518 million used in the first nine months of 2016 mainly due to the lower amount of net acquisitions carried out in 2017 to date. While the Company continues to grow opportunistically by seizing on the attractive opportunities generated by its pipeline and long-established deal network, investment amounts vary between periods due to the timing and availability of such opportunities. The Company takes pride in its responsible acquisition criteria and in its discipline to avoid acquisitions which do not include sufficient value-add potential.

Net cash provided by financing activities amounted in the first nine months of 2017 to €240 million, considerably lower than the €630 million provided in the comparable period in 2016, with various factors contributing to this decreased level. While a healthy amount of financing was raised through the equity capital increase in June 2017 and the Series G straight bonds in July 2017, these were largely offset by the simultaneous buyback of the Series D straight bonds and the larger dividend distributed to shareholders for the 2016 fiscal year as a result of the significantly higher year-over-year operational profits.

The net effect resulted in a €9 million increase in the balance of cash and cash equivalents, resulting in total cash and liquid assets of €536 million as of September 30, 2017. Together with access to approx. €200 million in undrawn credit facilities, the Company continues to preserve its extremely strong liquidity position, allowing for great financial flexibility and the ability to access funds internally and without the need to obtain financing.



ASSETS

	Sep 2017	Dec 2016
	€'000	
Non-current assets	6,120,213	5,126,031
Investment property*	5,814,443	4,795,757
Current assets	1,027,075	1,027,702
Total assets	7,147,288	6,153,733

* including inventories – trading properties

The total assets of the Company increased to €7.1 billion as of the end of September 2017, up 16% from €6.2 billion at year-end 2016, with the increase driven primarily by a 21% increase in investment properties to €5.8 billion during the period.

The growth in the balance of investment properties is the result of external growth through selective acquisitions and the positive revaluations of the existing portfolio throughout the period. Additionally GCP is identifying and including building rights for future reserves and value creation. In the first three quarters of 2017, GCP has acquired approximately 4,500 units across strategic portfolio locations, such as Berlin, NRW, Hamburg, Hannover and Kaiserslautern, at an average multiple of 22x. The fair values of the properties are externally appraised by independent and certified valuers at least once a year. The primary appraiser is Jones Lang LaSalle (JLL). Investments in equity-accounted investees, which reflect GCP's holdings in non-consolidated entities, amounted to €65 million as of the end of September 2017. Non-current assets also include advanced payments for investment property, deposits, prepayments and investments in financial assets such as NPL's and options for deals.

Current assets amounted to €1.0 billion at the end of September 2017 and consist primarily of cash and liquid assets in the amount of €536 million, which decreased from €632 million at year-end 2016. The current level of liquidity remains very strong, providing financial flexibility and keeping sufficient financial headroom and enabling the Company to pursue attractive opportunities without the need to arrange financing. Assets held for sale, which have been identified by the Company as non-core holdings with the intent to dispose of them, amounted to €154 million as of the end of September 2017. These assets are located throughout the portfolio's locations and currently generate about €9 million in annual rental income. The remainder of the current assets is composed of rent and other receivables, prepayments for operating costs, prepaid expenses and trading inventories.

NOTES ON BUSINESS PERFORMANCE

LIABILITIES

	Sep 2017	Dec 2016
	€'000	
Total loans and borrowings ¹⁾	1,008,542	937,410
Straight bonds ²⁾	1,318,303	1,050,078
Convertible bond	431,021	427,909
Deferred tax liabilities ³⁾	439,342	328,519
Other long term liabilities and derivative financial instruments	50,553	49,798
Current liabilities ⁴⁾	318,207	294,955
Total liabilities	3,565,968	3,088,669

1) including short-term loans and borrowings, loan redemption, and financial debt held for sale

2) including bond redemption

3) including deferred tax liabilities of assets held for sale

4) excluding short-term loans and borrowings, debt redemption, and financial debt held for sale

Total liabilities amounted at the end of September 2017 to €3.6 billion, representing an increase of 15% from €3.1 billion at year-end 2016, driven by the increase in non-current liabilities as the balance of current liabilities remained largely unchanged. The marginally lower periodic increase in total liabilities compared to the increase in total assets is representative of the Company's conservative financial structure and commitment to maintain a low level of leverage.

Non-current liabilities increased in the first nine months of 2017 by 15% to €3.2 billion, resulting from an increase in the amount of straight bonds, loans and borrowings, and the balance of deferred tax liabilities. The Company's financial structure was reinforced in July 2017 with the issuance of the €600 million Series G straight bonds due 2026 at a coupon of 1.375% and the simultaneous repurchase of €321 million nominal amount of the €500 million Series D 2.0% straight bonds due 2021, extending the average debt maturity to 7.5 years and reducing the financing costs with a further decreased average cost of debt of 1.5%. The balance of straight bonds further increased following the reporting period in October 2017 with the issuance of €110 million 15-year Series H straight bonds due 2032 with a coupon of 2.0%, the longest maturing debt ever issued by GCP. Deferred tax liabilities, which contributed to a quarter of the total increase in liabilities during the reporting period, are a subsequent result of the revaluation gains. The Company follows a conservative approach in its deferred taxes accounting treatment by accounting for the full German corporate tax effect of 15.825% on revaluations gains, assuming theoretical future disposals by means of asset deals.



/Berlin



LOAN-TO-VALUE

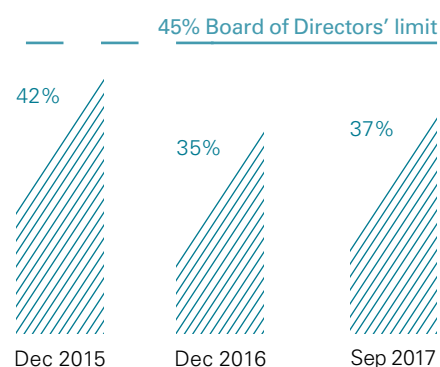
	Sep 2017	Dec 2016
	€'000	
Investment property*	5,846,580	4,850,634
Investment properties of assets held for sale	148,409	146,078
Equity-accounted investees	64,519	117,785
Total value	6,059,508	5,114,497
Total debt**	2,757,866	2,415,397
Cash and liquid assets***	536,383	631,904
Net debt	2,221,483	1,783,493
LTV	37%	35%

* including advanced payments for investment properties and inventories – trading properties

** including loans and borrowings held for sale

*** including cash and cash equivalents held for sale

GCP's conservative financial policy, as set out by the management, is reflected in the LTV limit of 45%. As of September 2017 the LTV stood well below the internal limit at 37%, remaining stable in comparison to 35% at the end of 2016, with the slight increase resulting mainly from the net increase in the balance of straight bonds as a result of the Series G bonds issued and Series D bonds bought back simultaneously in July 2017. The Company's conservative approach and low level of leverage result in strong credit metrics with an ICR of 6.1x and DSCR of 4.8x as of September 2017, and allow for a large headroom towards its specified debt covenants. Additionally, management views the high buffer between the current leverage and the internal limit as headroom and protection in case of market downturn.



NOTES ON BUSINESS PERFORMANCE


EPRA NAV

	Sep 2017		Dec 2016	
	€'000	€ per share	€'000	€ per share
Equity per the financial statements	3,581,320		3,065,064	
Equity attributable to perpetual notes investors	(665,871)		(667,393)	
Equity excluding perpetual notes	2,915,449		2,397,671	
Fair Value measurements of derivative financial instruments	7,141		11,536	
Deferred tax liabilities*	439,342		328,519	
NAV	3,361,932	20.4	2,737,726	17.7
Non-controlling interests	(293,842)		(196,666)	
EPRA NAV	3,068,090	18.6	2,541,060	16.4
Equity attributable to perpetual notes investors	665,871		667,393	
EPRA NAV incl. perpetual notes	3,733,961	22.6	3,208,453	20.7
Basic amount of shares, including in-the-money dilution effects ('000)	164,978		154,910	

* including balances held for sale

The Company's EPRA NAV as of the end of September 2017 amounted to €3.1 billion, an increase of 21% from €2.5 billion at year-end 2016. As perpetual notes are classified as equity in accordance with IFRS treatment, GCP additionally reports the EPRA NAV including the perpetual notes, which amounted to €3.7 billion as of the end of the current period, compared to €3.2 billion at year-end 2016. The increases are primarily the result of the profits for the period and the equity capital raise in June 2017, partially offset by the dividend distribution for the 2016 fiscal year in July 2017.

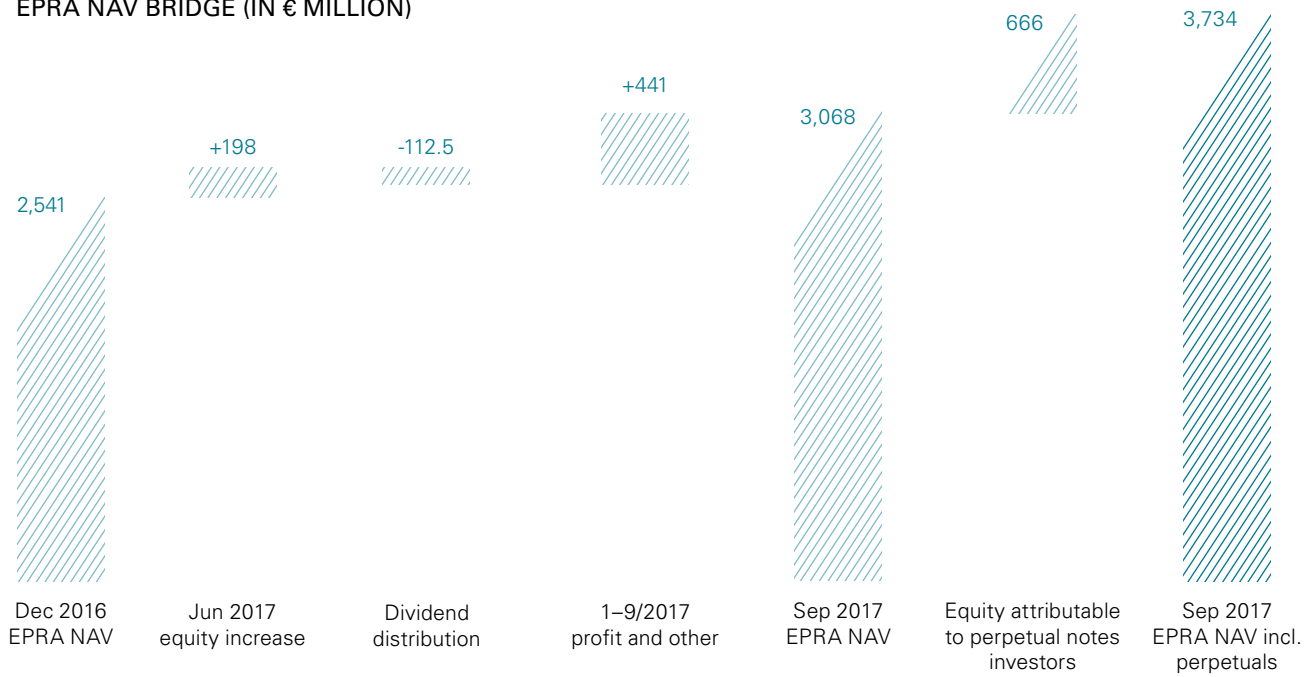
The EPRA NAV per share as of September 30, 2017 amounted to €18.6, up by 13% from €16.4 at year-end 2016, while the EPRA NAV including perpetual notes increased to €22.6 from €20.7 at year-end 2016.



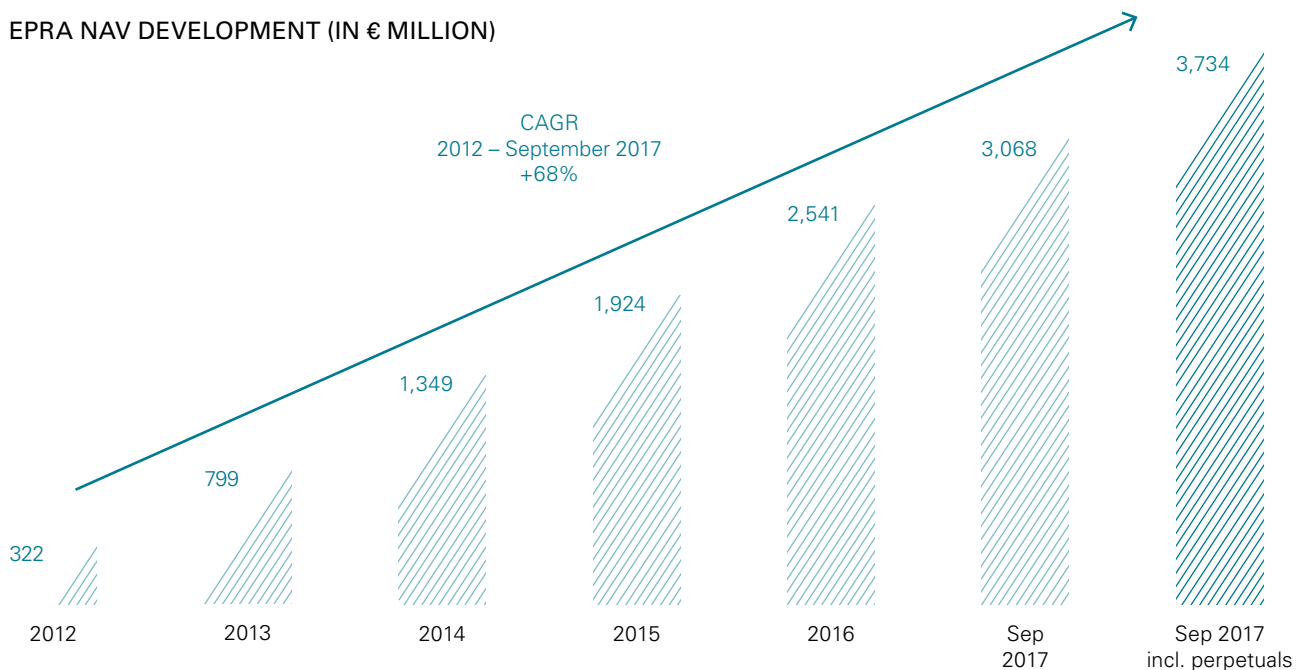
/Duisburg



EPRA NAV BRIDGE (IN € MILLION)



EPRA NAV DEVELOPMENT (IN € MILLION)



RESPONSIBILITY STATEMENT

To the best of our knowledge, the condensed interim consolidated financial statements of Grand City Properties S.A., prepared in accordance with the applicable reporting principles for financial statements, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the management report of the Group includes a fair view of the development of the business, and describes the main opportunities, risks, and uncertainties associated with the Group.



/Berlin



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, November 17, 2017

Refael Zamir
Director (chairman), CFO

Simone Runge-Brandner
Independent Director

Daniel Malkin
Independent Director



INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the nine months ended September 30,		For the three months ended September 30,	
		2017	2016	2017	2016
		Unaudited		Unaudited	
		€'000		€'000	
Revenue		367,172	326,666	127,049	117,862
Capital gains, property revaluations and other income	5	381,005	463,837	212,555	84,527
Share of profit from investments in equity accounted investees		6,134	86	(1,168)	156
Property operating expenses		(176,973)	(150,437)	(62,873)	(52,006)
Cost of buildings sold		(491)	(4,450)	-	(4,450)
Administrative and other expenses		(8,012)	(6,612)	(2,212)	(2,574)
Operating profit		568,835	629,090	273,351	143,515
Finance expenses		(30,325)	(26,653)	(10,703)	(8,889)
Other financial results		(43,323)	(10,321)	(38,745)	(4,448)
Profit before tax		495,187	592,116	223,903	130,178
Current tax expenses	6	(21,624)	(20,478)	(6,330)	(7,808)
Deferred tax expenses	6	(69,770)	(76,298)	(38,771)	(19,118)
Tax and deferred tax expenses		(91,394)	(96,776)	(45,101)	(26,926)
Profit for the period		403,793	495,340	178,802	103,252
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		403,793	495,340	178,802	103,252

The notes on pages 70 to 94 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(CONTINUED)

	For the nine months ended September 30,		For the three months ended September 30,	
	2017	2016	2017	2016
	Unaudited		Unaudited	
	€'000		€'000	
Profit attributable to:				
Owners of the Company	336,294	406,185	144,568	86,858
Perpetual notes investors	18,137	14,414	6,112	4,808
Non-controlling interests	49,362	74,741	28,122	11,586
	403,793	495,340	178,802	103,252
Net earnings per share attributable to the owners of the Company (in euro):				
Basic earnings per share	2.13	2.66	0.88	0.56
Diluted earnings per share	1.95	2.43	0.79	0.51

/Leipzig



/Frankfurt am Main (Neu-Isenburg)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	September 30,	December 31,
		2017	2016
		Unaudited	Audited
		€'000	
Assets			
Equipment and intangible assets		19,221	15,833
Investment property	5	5,803,964	4,768,487
Advanced payments for real estate transactions		32,137	54,877
Investment in equity-accounted investees		64,519	117,785
Other non-current assets		173,304	154,520
Deferred tax assets		27,068	14,529
Non-current assets		6,120,213	5,126,031
Cash and cash equivalents		459,332	448,873
Traded securities at fair value through profit and loss		76,651	181,397
Inventories – trading property		10,479	27,270
Trade and other receivables		327,101	219,668
Assets held for sale	11	153,512	150,494
Current assets		1,027,075	1,027,702
Total assets		7,147,288	6,153,733



/Velbert

/Gelsenkirchen



/Solingen

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)



/Leipzig

	Note	September 30,	December 31,
		2017	2016
		Unaudited	Audited
		€'000	
Equity			
Share capital	8A	16,479	15,379
Share premium		752,748	670,038
Capital reserves		44,031	43,460
Retained earnings		1,808,349	1,472,128
Total equity attributable to the owners of the Company		2,621,607	2,201,005
Equity attributable to Perpetual notes investors	8B	665,871	667,393
Total equity attributable to the owners of the Company and Perpetual notes investors		3,287,478	2,868,398
Non-controlling interests		293,842	196,666
Total equity		3,581,320	3,065,064
Liabilities			
Loans and borrowings	7	971,224	896,577
Convertible bond	7	431,021	427,909
Straight bonds	7	1,272,786	1,050,078
Derivative financial instruments		7,141	11,536
Other non-current liabilities		43,412	38,262
Deferred tax liabilities		437,434	325,982
Non-current liabilities		3,163,018	2,750,344
Current portion of long-term loans	7	20,282	18,406
Loan and straight bond redemption	7	45,517	10,830
Trade and other payables		274,009	251,503
Tax payable		9,101	15,843
Provisions for other liabilities and charges		17,374	14,185
Liabilities held for sale	11	36,667	27,558
Current liabilities		402,950	338,325
Total liabilities		3,565,968	3,088,669
Total equity and liabilities		7,147,288	6,153,733

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on November 17, 2017.



Refael Zamir
Director, CFO



Simone Runge-Brandner
Director



Daniel Malkin
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND SEPTEMBER 30, 2016

Attributable to the owners of the Company

€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2016 (Audited)	15,379	670,038	20,284	23,176	1,472,128	2,201,005	667,393	2,868,398	196,666	3,065,064
Profit for the period	-	-	-	-	336,294	336,294	18,137	354,431	49,362	403,793
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	336,294	336,294	18,137	354,431	49,362	403,793
Issuance of new ordinary shares	1,100	(*)195,178	-	-	-	196,278	-	196,278	-	196,278
Dividend distribution	-	(112,468)	-	-	-	(112,468)	-	(112,468)	-	(112,468)
Amount due to Perpetual notes investors	-	-	-	-	-	-	(19,659)	(19,659)	-	(19,659)
Non-controlling interests arising from initially consolidated companies	-	-	-	-	(73)	(73)	-	(73)	47,814	47,741
Equity settled share-based payment	-	-	-	571	-	571	-	571	-	571
Balance as at September 30, 2017 (Unaudited)	16,479	752,748	20,284	23,747	1,808,349	2,621,607	665,871	3,287,478	293,842	3,581,320

(*) net of issuance cost amounted to euro 1.7 million.



/Wuppertal

Attributable to the owners of the Company

€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2015 (Audited)	14,097	582,910	7,131	22,152	925,599	1,551,889	478,146	2,030,035	142,260	2,172,295
Profit for the period	-	-	-	-	406,185	406,185	14,414	420,599	74,741	495,340
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	406,185	406,185	14,414	420,599	74,741	495,340
Issuance of shares related to conversion of convertible bond C	1,282	125,899	(7,131)	-	-	120,050	-	120,050	-	120,050
Equity component of convertible bond F	-	-	20,289	-	-	20,289	-	20,289	-	20,289
Amount attributed to Perpetual notes investors	-	-	-	-	-	-	(14,293)	(14,293)	-	(14,293)
Issuance of perpetual notes	-	-	-	-	-	-	188,400	188,400	-	188,400
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	-	1,708	1,708	-	1,708	11,403	13,111
Equity settled share-based payment	-	-	-	553	-	553	-	553	-	553
Dividend distribution	-	(38,447)	-	-	-	(38,447)	-	(38,447)	-	(38,447)
Balance as at September 30, 2016 (Unaudited)	15,379	670,362	20,289	22,705	1,333,492	2,062,227	666,667	2,728,894	228,404	2,957,298

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the nine months ended September 30,	
		2017	2016
		Unaudited	Unaudited
		€'000	
	Note		
Cash flows from operating activities			
Profit for the period		403,793	495,340
Adjustments for the profit:			
Depreciation and amortization		1,477	1,519
Capital gains, property revaluations and other income	5	(381,005)	(*) (463,837)
Share of profit from investments in equity accounted investees		(6,134)	(86)
Net finance expenses		73,648	36,974
Tax and deferred tax expenses	6	91,394	96,776
Equity settled share-based payment		571	553
		183,744	167,239
Changes in:			
Inventories – trading property		(4,867)	3,366
Trade and other receivables		(54,806)	(77,089)
Trade and other payables		46,372	71,985
Provisions for other liabilities and charges		(9)	43
		170,434	165,544
Taxes paid		(19,187)	(14,489)
Net cash provided by operating activities		151,247	151,055
Cash flows from investing activities			
Acquisition of equipment and intangible assets, net		(4,744)	(2,682)
Investments and acquisitions of investment property, capex and advances paid, net		(219,810)	(251,723)
Acquisition of investees and loans, net of cash acquired		(256,467)	(236,910)
Disposal of subsidiaries, net of cash disposed		21,308	39,961
Investment in trade securities and other financial assets		77,586	(66,582)
Net cash used in investing activities		(382,127)	(517,936)

(*) Reclassified.



For the nine months
ended September 30,

		2017	2016
		Unaudited	Unaudited
	Note	€'000	
Cash flows from financing activities			
Amortization of loans from financial institutions		(8,253)	(8,805)
Proceeds (repayments) from (of) loans from financial institutions, net		(13,376)	99,336
Proceeds from Convertible bonds, net		-	444,868
Proceeds from Capital increase, net		196,278	-
Proceeds from Straight bond series G		576,683	-
Proceeds (payment) from (to) Perpetual notes investors, net		(20,583)	171,405
Buyback of Straight bond CHF		-	(2,595)
Buyback of Straight bond series D		(344,365)	-
Transactions with non-controlling interests		(926)	(3,335)
Dividend distributed to the shareholders		(112,468)	(38,447)
Interest and other financial expenses, net		(32,885)	(32,865)
Net cash provided by financing activities		240,105	629,562
Net increase in cash and cash equivalents			
Cash and cash equivalents held for sale	11	1,234	-
Cash and cash equivalents at the beginning of the period		448,873	236,001
Cash and cash equivalents at the end of the period		459,332	498,682

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017

1. GENERAL

(A) INCORPORATION AND PRINCIPAL ACTIVITIES

Grand City Properties S.A. ("the Company") was incorporated in Luxembourg on December 16, 2011 as a société anonyme (private company with limited liability). Its registered office is at 1, Avenue du Bois L-1251 Luxembourg.

The condensed interim consolidated financial statements ("interim financial statements") for the nine months ended September 30, 2017 consist of the financial statements of the Company and its investees ("the Group").

(B) CAPITAL AND BOND INCREASES DURING THE REPORTING PERIOD

Since 2012, the Company undertook several capital market transactions which include the issuance of straight bonds, convertible bonds, perpetual notes and equity. In addition, the Company established an EMTN program of 1.5 billion euro in July 2017. For more information please see note 7 and 8, respectively.

(C) LISTING ON THE FRANKFURT STOCK EXCHANGE

Since 2012, the Company's shares are listed on the Frankfurt Stock Exchange. On May 9, 2017 the Company's shares were up-listed to the Prime Standard of the Frankfurt Stock Exchange. Effective September 18, 2017, the Company's shares were included in the MDAX index of the Deutsche Börse.



(D) GROUP RATING

On November 23, 2016, S&P upgraded its long-term corporate credit rating of the Company to 'BBB+' with a stable outlook from 'BBB' as well as the senior unsecured debt of the Company and its subordinated perpetual notes to 'BBB-' from 'BB+'.

On December 21, 2016, S&P assigned the Company a short-term corporate credit rating of 'A-2'.

On September 07, 2017, Moody's Investors Service ("Moody's") upgraded to 'Baa1' from 'Baa2' the long-term issuer rating of the Company as well as its senior unsecured debt and to 'Baa3' from 'Ba1' the Company's subordinated perpetual notes.



(E) DEFINITIONS

Throughout these notes to the interim 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 Group
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
The reporting period	The nine months ended on September 30, 2017

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 interim financial reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2016. These condensed interim consolidated financial statements have not been reviewed by the auditor, unless written "audited".

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2016, which are the basis for these interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 17, 2017.

(B) JUDGMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements, management applies judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

(C) OPERATING SEGMENTS

The Group meets the definition of operating in one operating segment which refers to rental income from owned investment properties.

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.



/Hannover

(D) SEASONALITY OF OPERATIONS

Rental income, other revenues and costs are received and incurred smoothly over the accounting period. Therefore no additional disclosures are made in the interim condensed consolidated financial statements.

(E) GOING CONCERN

The condensed interim consolidated financial statements are prepared on a going concern basis.

3. SIGNIFICANT ACCOUNTING POLICIES

The following new and revised standards and interpretations are in issue and have been endorsed by the EU but are not yet effective for these consolidated financial statements.

(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 five step approach to accounting for revenue from contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The following new and revised standards and interpretations are in issue but have not yet been endorsed by the EU and are hence not yet effective for these financial statements.

(III) IFRS 16 – LEASES

IFRS 16 introduces a single, on balance sheet approach to lease accounting for lessees with optional exemptions for short-term leases and leases of low value items.

(IV) IFRS 2 – CLASSIFICATIONS AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS

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.



/Duisburg



4. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

ACQUISITIONS

During the reporting period, the Group obtained control over several companies. The purchase of these entities was treated as a purchase of a group of assets and liabilities. Therefore the total purchase costs were allocated to the assets and liabilities based on their relative fair value at the purchase date without the recognition of goodwill and deferred taxes.

The aggregated identifiable assets and liabilities acquired as at the date of each transaction were as follows:

	Unaudited €'000
Investment property	502,064
Cash and Cash equivalents	2,098
Total assets	504,162
Working capital, net	11,692
Bank loans	93,641
Other liabilities, net	55,878
Total liabilities	161,211
Total identifiable net assets	342,951
Non-controlling interests arising from initial consolidation	45,008
Total consideration (*)	297,943

(*) including de-recognition of the carrying amount of investment in equity-accounted investees amounted to euro 44.5 million.

Since the date whereby the Group obtained control over the above entities and until the end of the reporting period, the Group recorded aggregate revenues and results from operation in the amount of euro 5,678 thousands and euro 2,441 thousands, respectively.

Had all the above acquisitions been carried out at the beginning of the reporting period, the Group's revenues would have been increased by euro 7,645 thousands, and the Group's results from operation would have increased by euro 4,040 thousands.



Berlin

5. INVESTMENT PROPERTY

	Nine months ended September 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance as at January 1	4,768,487	3,845,979
Acquisitions of investment property and capex during the period / year	202,616	440,301
Investment property arising from initial consolidation	502,064	414,270
Disposal of investment property	(47,876)	(347,971)
Transfer to assets held for sale	(2,332)	(146,078)
Fair value adjustment	381,005	561,986
Balance as at September 30 / December 31	5,803,964	4,768,487

6. TAX AND DEFERRED TAX EXPENSES

Tax and deferred tax expenses are recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

	Nine months ended September 30,	
	2017	2016
	Unaudited	Unaudited
	€'000	
Corporation tax	(10,306)	(9,989)
Property tax	(11,318)	(10,489)
Deferred tax	(69,770)	(76,298)
Tax and deferred tax expenses for the period	(91,394)	(96,776)



/Bremen



/Essen

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

7.1. COMPOSITION

		September 30, 2017 Unaudited	December 31, 2016 Audited
	Note	€'000	
Non-current			
Bank loans (a)		971,224	896,577
Total non-current bank loans		971,224	896,577
Straight and Convertible bonds			
Straight bond series D	7.3	173,999	482,379
Straight bond series E	7.4	521,730	519,252
Straight bond CHF	7.5	-	48,447
Convertible bond series F	7.6	431,021	427,909
Straight bond series G	7.7.1	577,057	-
Total non-current portion of Straight and Convertible bonds		1,703,807	1,477,987
Current			
Bank loans (a)		20,282	18,406
Loan and straight bond redemption		45,517	10,830
Total current		65,799	29,236

(a) All bank loans are non-recourse loans from banks with the related assets serving as their only security. As at September 30, 2017 under the existing loan agreements, the Group is fully compliant with its obligations (including loan covenants) to the financing banks. For the security condition over the Bonds see note 7.8.

(b) The weighted average interest rate on the outstanding loans, borrowings and bonds is 1.5%.

/Hannover





7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

7.2 CONVERTIBLE BOND SERIES C

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 series C (hereafter – “Convertible bond”) in accordance with the terms and conditions of the Convertible bond. As of the resolution day, the principal amount of the Convertible bond which has been converted and/or redeemed was 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 resulted in a decrease of debt in the same amount. As a result, the equity of the company increased by euro 123 million. The outstanding Convertible bond in the amount of euro 200,000 has been redeemed at its principal amount and accrued interest.

7.3. STRAIGHT BOND SERIES D

On October 29, 2014, the Company successfully completed the placement of euro 500 million (nominal value), in aggregate principal amount of new fixed-rate secured bonds, due 2021 with a coupon of 2% p.a., payable semi-annually in arrears at a price of 95.564% of their principal amount. The offer was over-subscribed. Starting that day, the series D bond is traded on the Irish Stock Exchange, on its regulated market.

	Nine months ended September 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	484,105	480,758
Expenses for the period / year	8,690	13,347
Financial expenses paid	(5,000)	(10,000)
Buyback of Straight bond series D (a)	(312,282)	-
Carrying amount of liability at the end of the period / year	175,513	484,105
Non-current portion of bond series D	173,999	482,379
Accrued interest	1,514	1,726
Total bond series D	175,513	484,105

(a) During the reported period, the company bought back euro 320.6 Million principal amount of straight bond series D for a purchase price of 106.888 percent of the principal amount excluding any accrued interest.

7.4 STRAIGHT 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 at 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).

	Nine months ended September 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	520,948	518,213
Issuance costs	-	(497)
Expenses for the period / year	8,659	11,482
Financial expenses paid	(4,125)	(8,250)
Carrying amount of liability at the end of the period / year	525,482	520,948
Non-current portion of bond series E	521,730	519,252
Accrued interest	3,752	1,696
Total bond series E	525,482	520,948



/Dresden

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

7.5. 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 NINE Swiss Exchange.

	Nine months ended September 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	49,566	51,029
Financial expenses (income) for the period / year, net	(1,283)	3,418
Expenses paid	(2,266)	(2,405)
Buyback of straight bond CHF (*)	-	(2,476)
Carrying amount of liability at the end of the period / year	46,017	49,566
Non-current portion of bond CHF	-	48,447
Current portion of bond CHF	45,517	-
Accrued interest	500	1,119
Total bond CHF	46,017	49,566

(*) As of September 30, 2017 the Group holds Swiss franc 2.6M nominal value of straight bond CHF.



/Dortmund

7.6 CONVERTIBLE BOND SERIES F

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 bearing 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.

On June 29, 2017 as a result of the resolved dividend distribution (see note 8C) and in accordance with the terms and conditions of the bond, the Company adjusted the conversion price for the Convertible bond series F to be euro 26.1844 per share.

	Nine months ended September 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	428,283	-
Proceeds from issuance of Convertible bond series F (4,500 notes at euro 100,000 par value)	-	450,000
Issuance costs	-	(5,236)
Net proceeds during the period / year	-	444,764
Amount classified as equity component	-	(20,284)
Expenses for the period / year	3,951	4,366
Expenses paid	(1,125)	(563)
Carrying amount of liability at the end of the period / year	431,109	428,283
Non-current portion of Convertible bond series F	431,021	427,909
Accrued interest	88	374
Total convertible bond series F	431,109	428,283

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

7.7 EMTN PROGRAMME

On July 2017, the Company established of a euro 1.5 billion Euro Medium Term Notes Programme (“the EMTN programme”). Notes issued under the EMTN programme will be guaranteed by the Company. The base prospectus for the EMTN programme was dated July 2017. The EMTN notes have been admitted to trading on the regulated market of the Irish Stock Exchange.

7.7.1 STRAIGHT BOND SERIES G

On August 2, 2017 under its EMTN programme, the Company successfully completed the placement of euro 600 million (nominal value), in aggregate principal amount of new fixed-rate secured bonds, due 2026 with a coupon of 1.375% p.a., payable semi-annually in arrears at a price of 96.82% of their principal amount. Starting that day, the series G bond is traded on the Irish Stock Exchange, on its regulated market.

	Nine months ended September 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Proceeds from issuance of straight bond series G (6,000 notes at euro 100,000 par value)	580,920	-
Issuance costs	(4,237)	-
Net proceeds during the period / year	576,683	-
Expenses for the period / year	1,708	-
Carrying amount of liability at the end of the period / year	578,391	-
Non-current portion of straight bond series G	577,057	-
Accrued interest	1,334	-
Total straight bond series G	578,391	-



7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

7.8 MAIN SECURITY, PLEDGE AND NEGATIVE PLEDGE AS DEFINED IN THE BONDS' TERMS AND CONDITIONS

(1) SECURITY, NEGATIVE PLEDGE

- (a) 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

Under its outstanding bond series, the Company has covenanted, among other things, the following (capitalized terms have the meanings set forth in the relevant bond series):

1. 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
 - (a) The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series D Bonds, the Series E Bonds and any further

secured bonds of any series and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series D Bonds and the Series E Bonds and any further secured bonds of any series 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);

- (b) The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series D Bonds, the Series E Bonds and any further secured bonds of any series and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series D Bonds and the Series E Bonds and any further secured bonds of any series 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);

2. The Company undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 2.0;
3. 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; at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date;

The Company has covenanted, among other things, the following under its EMTN Programme (capitalized terms having the meaning set forth in the EMTN Programme):

1. 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 (other than any Refinancing Indebtedness) if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence, the sum of:

a. (i) the Consolidated Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the value of all assets acquired or contracted for acquisition by the Group, as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Issuer in the latest Financial Statements as certified by the auditors of the Issuer, 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).

b. (i) the Consolidated Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the value of all assets acquired or contracted for acquisition by the Group, as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Issuer in the latest Financial Statements as certified by the auditors of the Issuer, 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).

2. The Issuer 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 per cent. 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.

3. Up to and including the Final Discharge Date, the Issuer undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 1.8.

For straight CHF bond:

a. 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;

b. 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;

c. 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;

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

8. EQUITY

A) SHARE CAPITAL

	Nine months ended September 30, 2017		Year ended December 31, 2016	
	Unaudited		Audited	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
Authorized				
Ordinary shares of euro 0.10 each	400,000,000	40,000	400,000,000	40,000
Issued and fully paid				
Balance at the beginning of the period/year	153,788,883	15,379	140,970,655	14,097
Exercise of Convertible bond series C into shares	-	-	12,818,228	1,282
Issuance of new ordinary shares	11,000,000	1,100	-	-
Balance at the end of the period/year	164,788,883	16,479	153,788,883	15,379

1. On August 9, 2016 at the Extraordinary General Meeting of the Company, it was decided to increase its existing authorized share capital from its present amount of euro 20,000,000 to euro 40,000,000.
2. On June 21, 2017 the Company received gross proceeds of euro 198 million from a capital increase against cash contribution. A total of 11 million new shares were placed at an issue price of euro 18 as part of a private placement to institutional investors.



/Hamburg

B) ISSUANCE OF PERPETUAL NOTES

- 1) On February 13, 2015, the Company successfully placed euro 150 million in aggregate principal amounts of Perpetual notes. These notes were issued at a price of 96.3% of the principal amount. These Perpetual 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 Perpetual 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, Company placed a tap issue of euro 250 million in aggregate principal amounts of the Perpetual notes. These notes were issued at a price of 97.04% of the principal amount. The total aggregated principal amount of the notes at the end of the reporting period was euro 400 million.
- 3) On July 29, 2015, the Company completed a successful tap up of its 3.75% Perpetual 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% Perpetual notes to euro million 500.
- 4) On September 22, 2016, the Company successfully placed euro 200 million in aggregate principal amounts of Perpetual notes. These notes were issued at a price of 95.27% of the principal amount. These Perpetual notes are of unlimited duration and can only be called back by the Company on certain contractually fixed dates or occasions. Up until the first call date in January 2023, the Perpetual notes shall bear a coupon rate of 2.75% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (January 2028) shall correspond to the five-year swap rate plus a margin of 363.7 basis points p.a. The mark-up will increase by 25 basis points (to 388.7 basis points p.a.) as of January 2028 and by another 75 basis points (to 463.7 basis points p.a.) as of January 2043.
- 5) These Perpetual notes are presented in the consolidated statement of financial position as equity reserve attributable to its holders, which is part of the total equity of the Group. The coupon is deferrable until payment resolution of a dividend to the shareholders. The deferred amounts shall not bear interest. Due to the resolution of the shareholders' annual meeting upon the distribution of a dividend, an amount of euro 15.5 million payable to the Perpetual notes holders has been reclassified and presented in Trade and other payables.

C) RESOLUTION OF DIVIDEND DISTRIBUTION

1. 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).
2. On June 29, 2016, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.25 per share (ex-date and payment date were on June 30, 2016 and on July 1, 2016, respectively).
3. On June 28, 2017, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.6825 per share (ex-date and payment date were on June 29, 2017 and on July 3, 2017, respectively).



9. RELATED PARTY TRANSACTIONS

Except for the incentive share agreement, the transactions and balances with related parties are as follows:

(i) Rental and operating income from related party

For the nine months ended
September 30,

	2017	2016
	Unaudited	Unaudited
	€'000	
Rental and operating income from related party during the period ^(*)	317	-

(*) as of September 30, 2017 the Group received an advanced payment of euro 32 thousands.

Except for the above mentioned transactions and the management share incentive plan there are no further transactions with related parties.

10. FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

The table below analyses 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 liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	€'000			
September 30, 2017 (Unaudited)				
Traded securities at fair value through profit or loss	76,651	-	-	76,651
Total assets	76,651	-	-	76,651
Derivative financial instruments (a)	-	7,141	-	7,141
Total liabilities	-	7,141	-	7,141
December 31, 2016 (Audited)				
Traded securities at fair value through profit or loss	181,397	-	-	181,397
Total assets	181,397	-	-	181,397
Derivative financial instruments (a)	-	11,536	-	11,536
Total liabilities	-	11,536	-	11,536

(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. All of the Group's derivatives financial instruments are linked to the bank loans maturity.

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.



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11. DISPOSAL GROUP HELD FOR SALE

The Group resolved an intention to sell several properties, some of them through the sale of subsidiaries. Accordingly, assets and liabilities relating to this disposal group are presented as disposal group held for sale.

Efforts to sell the disposal group have started and a sale is expected within twelve months.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	Nine months ended September 30,	Year ended December 31,
	2017	2016
Unaudited		
€'000		
Assets classified as held for sale		
Investment property	148,409	146,078
Cash and cash equivalents	400	1,634
Other assets	4,703	2,782
Total assets classified as held for sale	153,512	150,494
Liabilities classified as held for sale		
Loans and borrowings	17,036	11,597
Other liabilities	19,631	15,961
Total liabilities classified as held for sale	36,667	27,558

12. COMMITMENTS

During and after the reporting period, the Group signed several real estate transactions which as at September 30, 2017 were not yet completed and are subject to standard condition precedents.

13. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as of September 30, 2017.

14. EVENTS AFTER THE REPORTING PERIOD

On October 25, 2017, the Company issued euro 110 million straight bonds (Series H) under its EMTN Programme, due 2032 with a coupon of 2% per annum payable annually in arrears.





#Berlin

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