

Condensed Interim Consolidated Financial Statements

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2018





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IMPRINT

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Grand City Properties S.A.

1, Avenue du Bois

L-1251 Luxembourg

phone: +352 28 77 87 86

e-mail: info@grandcity.lu

www.grandcityproperties.com

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Notes to the condensed interim consolidated financial statements





Key financials

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	Sep 2018	Dec 2017	Dec 2016
Total Assets	8,913,813	7,508,292	6,153,733
Total Equity	4,479,109	3,849,662	3,065,064
Loan-to-Value	35%	36%	35%
Equity Ratio	50%	51%	50%

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	1-9/2018	Change	1-9/2017
Rental and operating income	403,558	10%	366,432
EBITDA	589,111	3%	570,312
Adjusted EBITDA	204,331	11%	183,495
FFO I	149,805	15%	130,389
FFO I per share (in €)	0.91	10%	0.83
FFO I per share after perpetual notes attribution (in €)	0.77	8%	0.71
FFO II	265,166	72%	154,573
Profit for the period	441,147	9%	403,793
EPS (basic) (in €)	2.31	8%	2.13
EPS (diluted) (in €)	2.15	10%	1.95

NAV HIGHLIGHTS

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNNAV
Sep 2018	4,047,009	3,675,513	4,682,276	3,598,313
Sep 2018 per share (in €)	24.2	22.0	28.0	21.6
Per share growth	8%	9%	16%	11%
Dec 2017	3,691,675	3,327,186	3,993,057	3,206,966
Dec 2017 per share (in €)	22.4	20.2	24.2	19.4

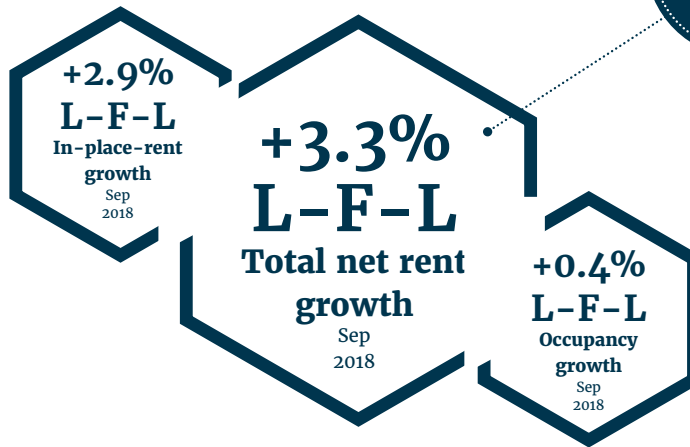
For further clarification of the alternative performance measures please see the relevant section in this report.



Solid internal and external growth continued

STRONG LIKE-FOR-LIKE PERFORMANCE

2018
Guidance
>3%



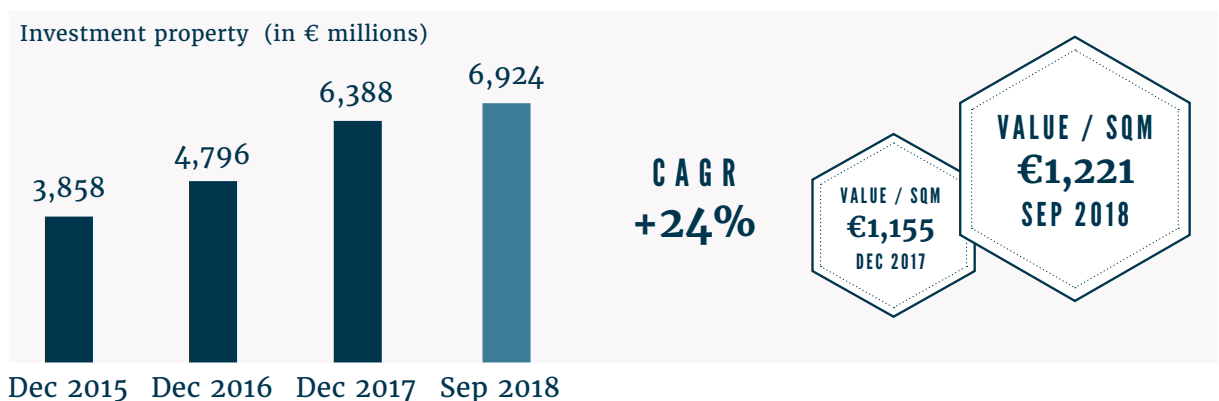
Accretive capital recycling leading to higher asset quality



In the first nine months of 2018, GCP disposed non-core and mature assets for a value of over €400 million, reflecting 6% profit over net book value. The profit over total cost is €115 million generating a margin of 40%. After of the reporting period, GCP has signed disposals of additional approx. €80 million properties bringing the year-to-date disposal to almost €500 million.

- **London:** Further growth into high quality locations primarily with newly built properties, now accounting for 7% of the total portfolio
- **Berlin:** Selective additions in top tier neighborhoods

STEADILY GROWING PORTFOLIO AND SIGNIFICANT VALUE CREATION



Consistently strong operational performance...

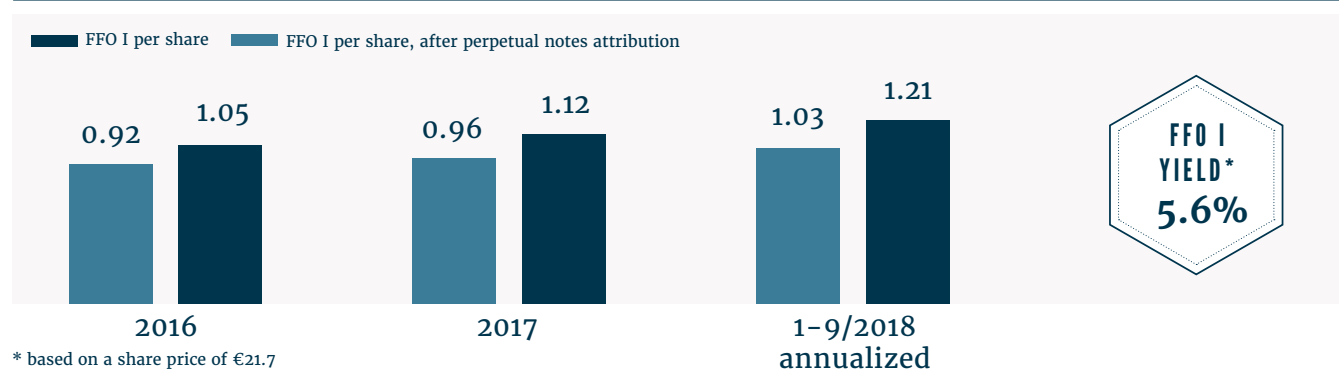
NET RENTAL INCOME GROWTH (IN € MILLIONS)



FFO I GROWTH (IN € MILLIONS)

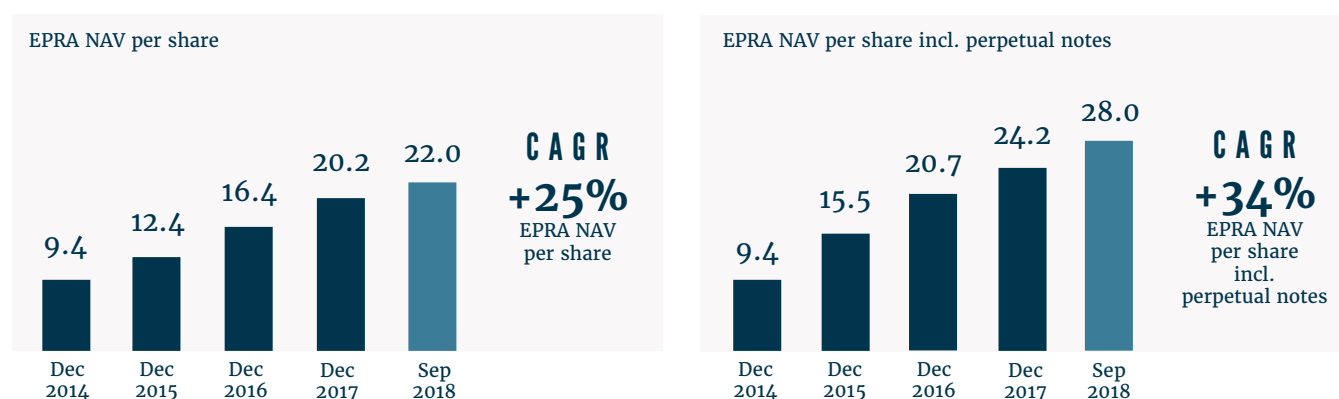


FFO I PER SHARE GROWTH (IN €)



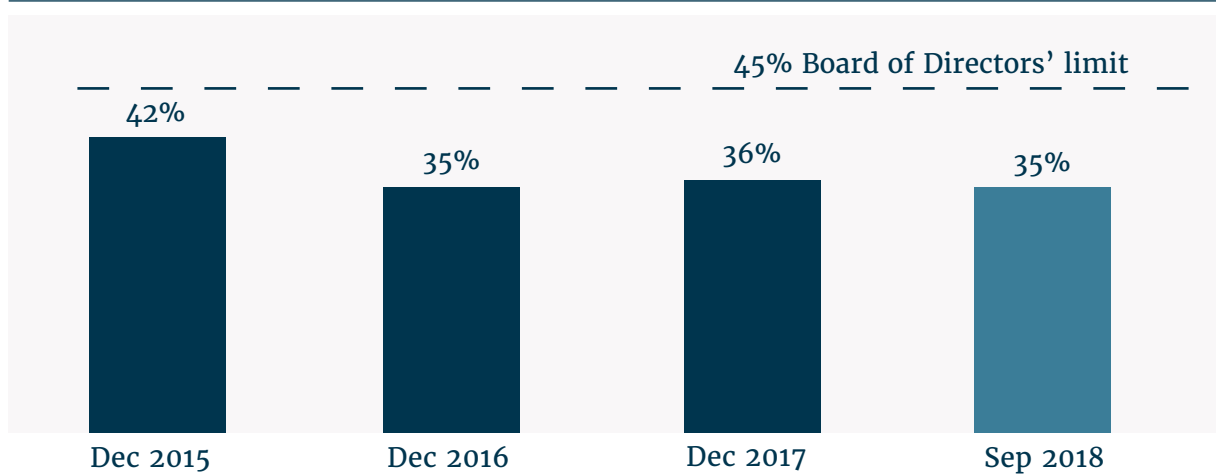
... Supporting value creation

EPRA NAV PER SHARE GROWTH (IN €)

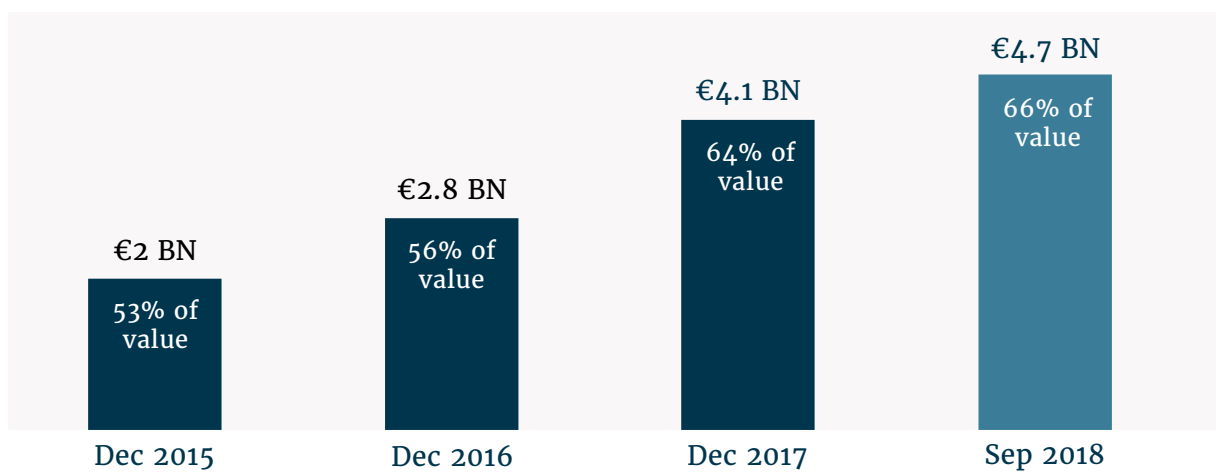


Commitment to long-term financial stability, reflected in sustained conservative leverage and high liquidity

LOW LEVERAGE (LOAN-TO-VALUE)



LARGE POOL OF UNENCUMBERED ASSETS



HIGH FINANCIAL COVERAGE RATIOS (9M 2018)

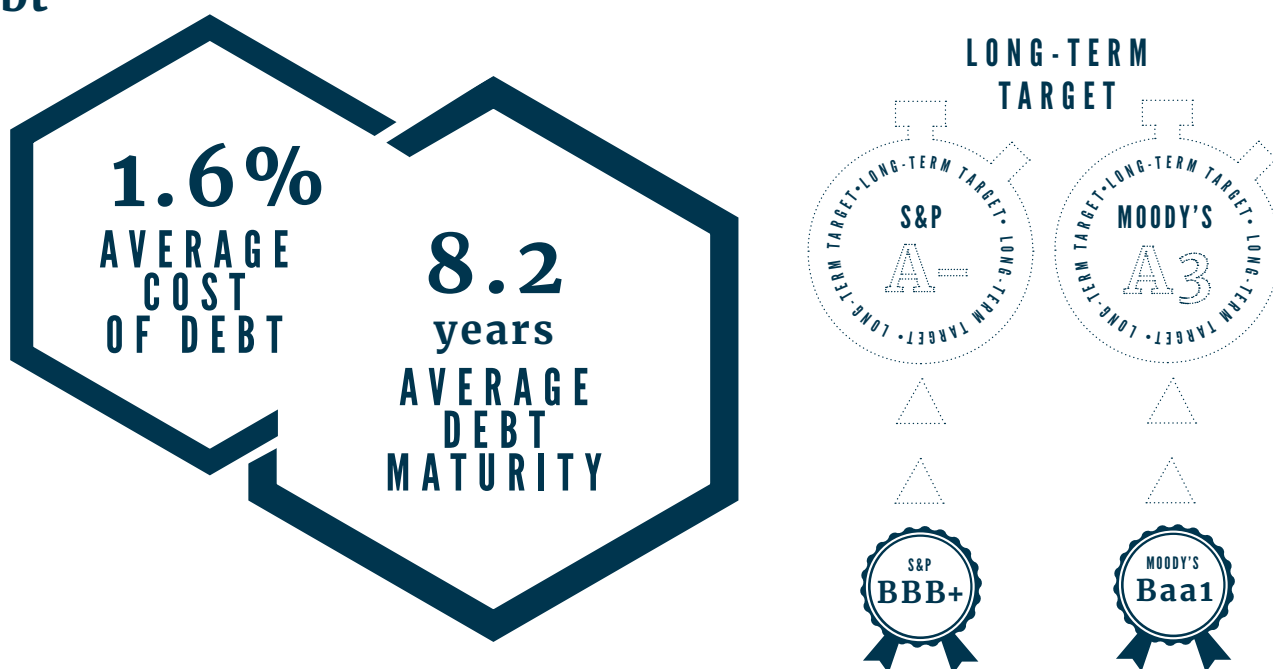


Profound capital market access, supporting solid credit profile...

...further optimizing the capital structure with **€1.3 billion raised in 2018 year-to-date**

- ▶ via various instruments, including **€350 million** perpetual notes issued in April 2018, diversifying the funding sources
- ▶ expanding the investor base via attracting the global markets with foreign currency issuances, with currency hedges in place
- ▶ proceeds utilized to fund the growth of the Company, as well as to redeem shorter term debt of over **€250 million**

...effectively managing debt structure via extending long average debt maturity while maintaining low cost of debt



STRONGER ESG STANDARDS, VERIFIED BY EPRA AWARDS



HIGHEST AWARD CATEGORY FOR THE SECOND CONSECUTIVE YEAR

In September 2018, for the second consecutive year, GCP was awarded the **EPRA BPR Gold Award** for its 2017 annual financial report as well as the **EPRA sBPR Gold Award** for its EPRA sBPR reporting, underlining the Company's commitment to the highest standards of transparency and reporting

PROFITABILITY HIGHLIGHTS

in €'000 unless otherwise indicated	1-9/2018	1-9/2017
Rental and operating income	403,558	366,432
EBITDA	589,111	570,312
Adjusted EBITDA	204,331	183,495
Profit for the period	441,147	403,793
EPS (basic) (in €)	2.31	2.13
EPS (diluted) (in €)	2.15	1.95
FFO I	149,805	130,389
FFO I per share (in €)	0.91	0.83
FFO I per share after perpetual notes attribution (in €)	0.77	0.71
FFO II	265,166	154,573
Interest Cover Ratio	6.0x	6.1x
Debt Service Cover Ratio	4.9x	4.8x

FINANCIAL POSITION HIGHLIGHTS

in €'000 unless otherwise indicated	Sep 2018	Dec 2017
Cash and liquid assets ¹⁾	907,658	402,331
Total Assets	8,913,813	7,508,292
Investment Property ²⁾	6,924,423	6,387,868
Total Equity	4,479,109	3,849,662
EPRA NAV	3,675,513	3,327,186
EPRA NAV including perpetual notes	4,682,276	3,993,057
Total loans and borrowings ³⁾	901,280	940,682
Straight bonds	2,283,127	1,422,920 ⁴⁾
Convertible bond	271,579	432,073
Loan-to-Value	35%	36%
Equity Ratio	50%	51%

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



Essen



Leipzig

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, 2018.

The figures presented in this Board of Directors’ Report are based on the condensed interim consolidated financial statements as of September 30, 2018, unless stated otherwise.

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany. The Group’s portfolio as of September 2018 consists of 83k 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 is complimented by a small-scale, but compelling portfolio in London.

GCP is focused on 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, increasing rents to 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 allows 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

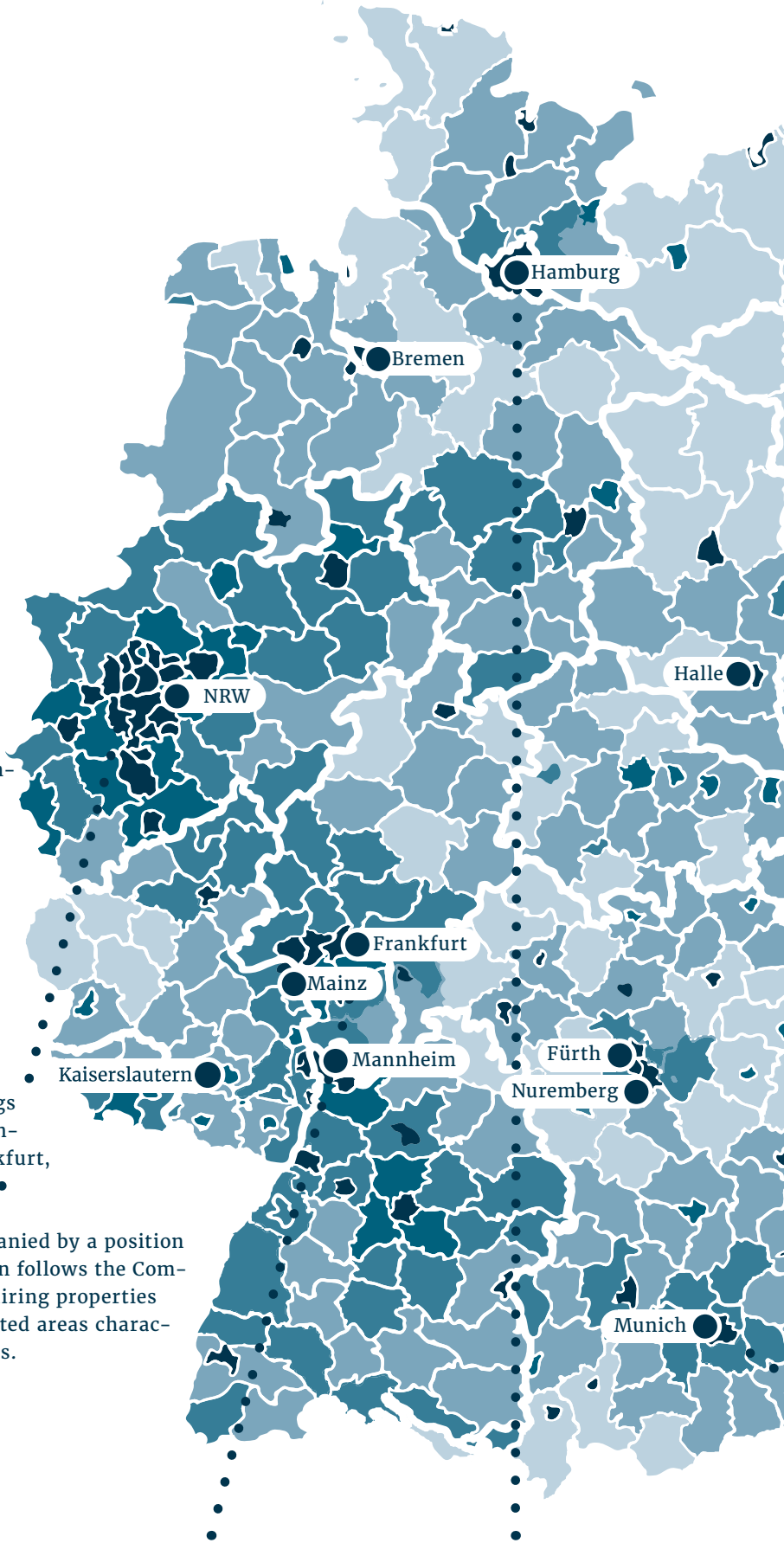


ATTRACTIVE PORTFOLIO CONCENTRATED IN DENSELY POPULATED METROPOLITAN AREAS IN GERMANY WITH VALUE-ADD POTENTIAL

GCP's well-balanced and diversified portfolio is composed of properties in attractive micro-locations with identified value creation potential primarily in major German cities and urban centers.

The Group's well-allocated portfolio provides for strong geographic and tenant diversification as well as benefits from economies of scale, supporting the risk-averse portfolio approach. GCP's focus on densely populated areas is mirrored by 28% of its Portfolio being located in NRW, 23% in Berlin, 15% in the metropolitan regions of Dresden, Leipzig and Halle, with additional holdings in other major urban centers with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Hamburg and Bremen.

Additionally, this diversification is further accompanied by a position of 7% of the total portfolio value in London. London follows the Company's strategy of pursuing opportunities and acquiring properties with significant upside potential in densely populated areas characterized by strong demand and market fundamentals.



London



Dortmund



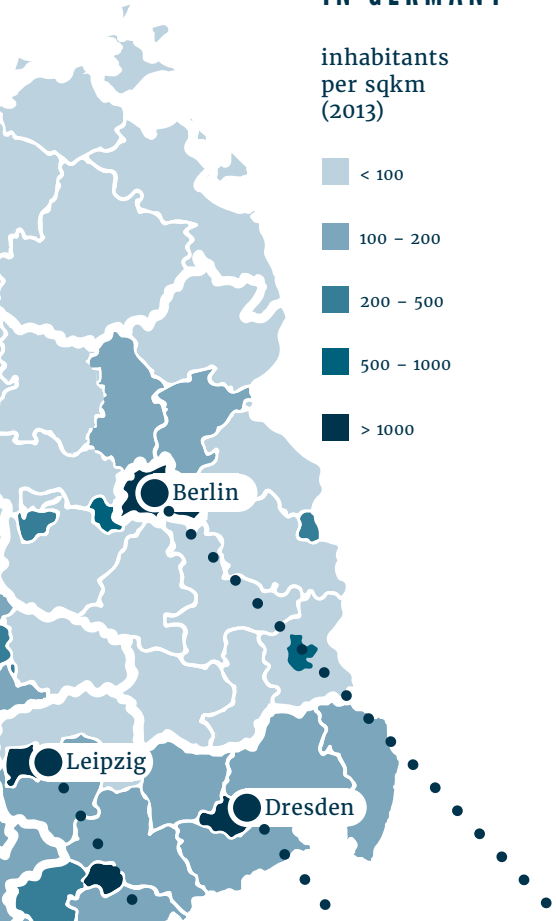
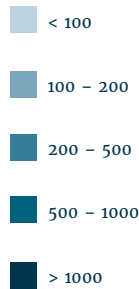
Frankfurt



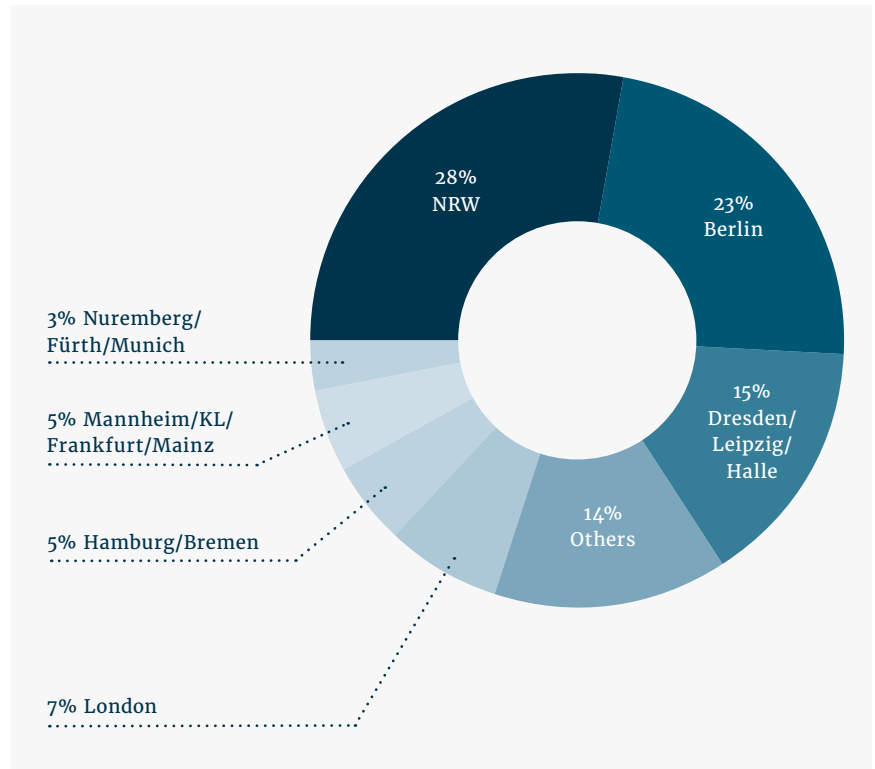
Hamburg

POPULATION DENSITY IN GERMANY

inhabitants
per sqkm
(2013)



REGIONAL DISTRIBUTION BY VALUE



PORTFOLIO OVERVIEW

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

September 2018	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	1,936	1,844	7.8%	114	5.5	27,591	1,049	5.9%
Berlin	1,474	629	5.8%	54	7.5	8,011	2,342	3.7%
Dresden/Leipzig/Halle	1,011	1,076	8.6%	58	5.0	18,537	940	5.7%
Mannheim/KL/Frankfurt/ Mainz	354	256	5.3%	20	6.7	4,216	1,383	5.6%
Nuremberg/Fürth/Munich	211	102	4.4%	10	7.9	1,471	2,069	4.6%
Hamburg/Bremen	349	297	5.1%	20	5.8	4,272	1,172	5.6%
London	211	27	27.6%	7	29.9	491	7,967	3.1%
Others	933	1,076	6.6%	64	5.5	18,280	868	6.9%
Development rights and new buildings*	445							
Total	6,924	5,307	7.5%	347	5.85	82,869	1,221	5.4%

*including land for development, building rights on existing buildings (€164m) and pre-marketed buildings in London (€281m)



Munich



Leipzig



Dresden



Berlin

The Portfolio

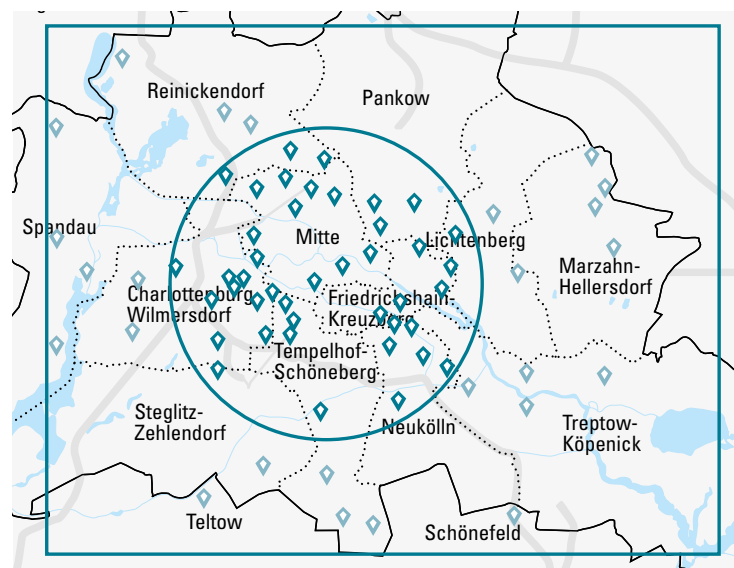
BERLIN: BEST IN CLASS PORTFOLIO, WITH QUALITY LOCATIONS IN TOP TIER NEIGHBORHOODS

2 / 3
IN TOP TIER
LOCATIONS

2/3rd of the Berlin portfolio is located in top tier neighborhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam.

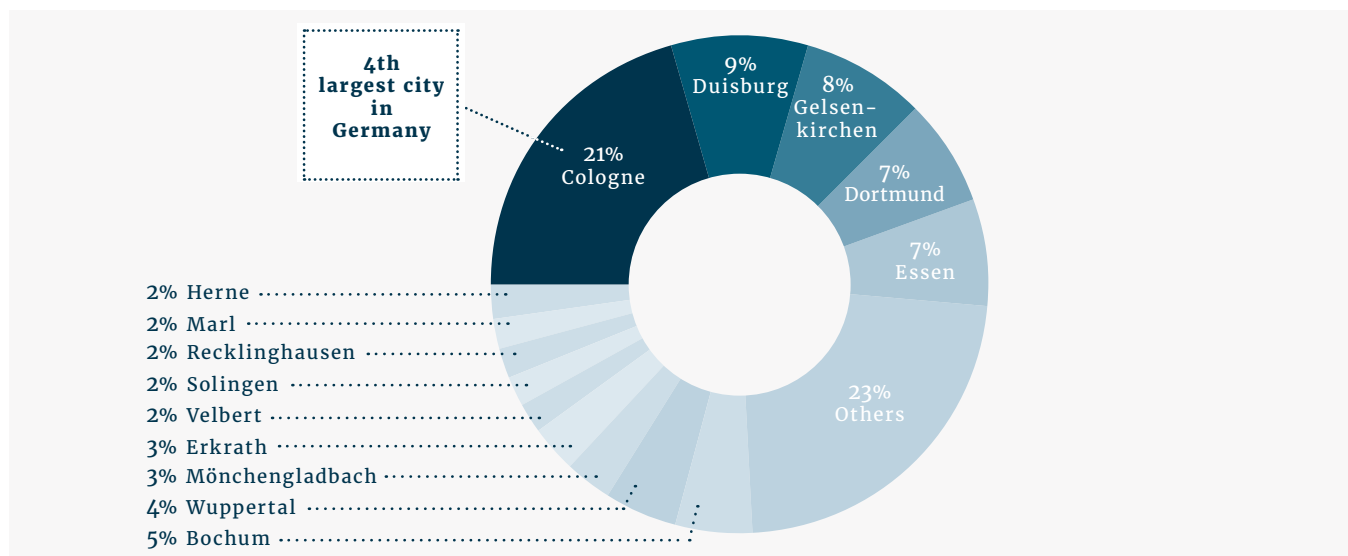
1 / 3
IN AFFORDABLE
LOCATIONS

1/3rd is well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf.



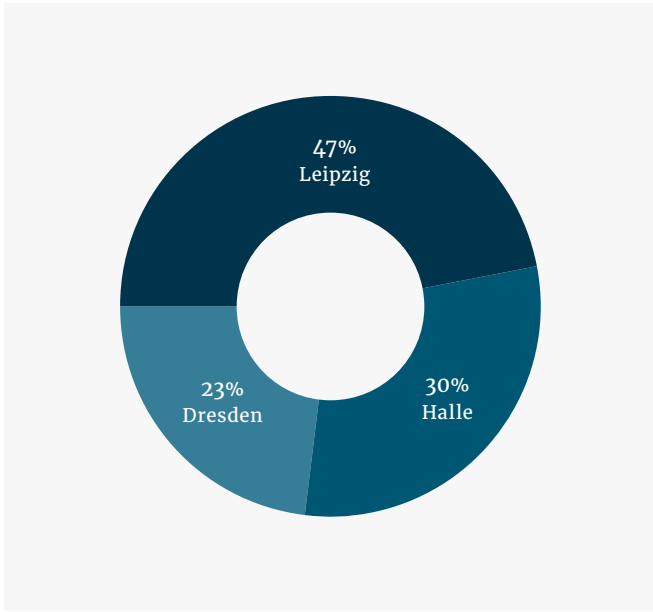
NORTH RHINE-WESTPHALIA (NRW): WELL POSITIONED IN THE LARGEST METROPOLITAN AREA IN GERMANY

The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 21% 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.



QUALITY EAST PORTFOLIO

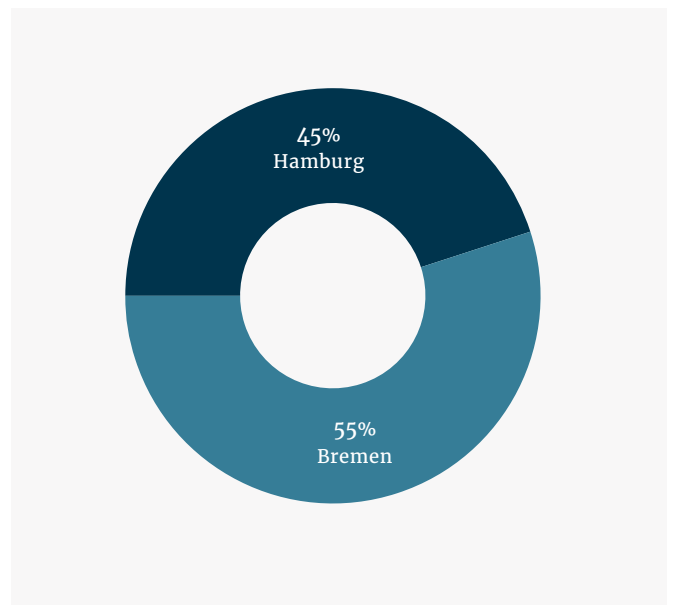
GCP's East portfolio is well distributed in the growing and dynamic cities of Dresden, Leipzig and Halle.



QUALITY NORTH PORTFOLIO



The North portfolio is focused on the major urban centers of Hamburg and Bremen – the largest cities in the north of Germany.



Strong financial position

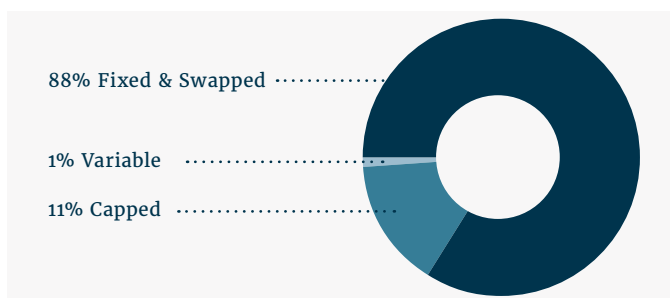
CONSERVATIVE FINANCIAL POLICY

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 which are not subject to Material Adverse Effect clauses
- Dividend of 65% of FFO I per share

As part of the conservative financial approach adopted by the management the Company continuously maintains high liquidity, with €908 million in cash and liquid assets and approx. €100 million in unused credit facilities as of September 30, 2018, providing for high financial flexibility.

HEDGING STRUCTURE



GCP's bank loans are spread across more than 50 separate loans from around 20 different financial institutions that are non-recourse and have no cross-collateral or cross-default provisions.

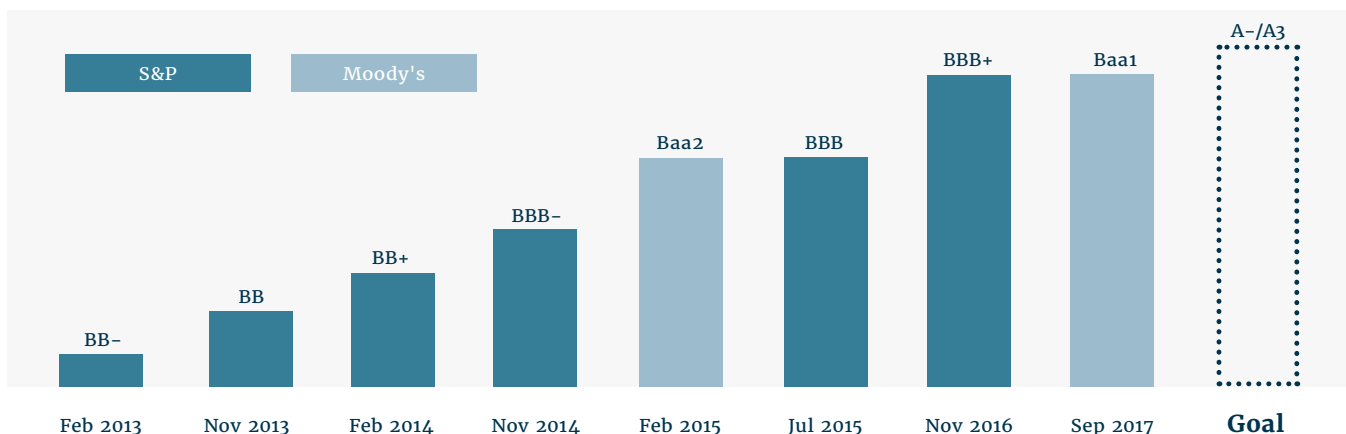
In accordance with the Company's conservative capital structure, 99% of its interest is hedged.

As part of GCP's conservative financial policy, bonds issued in foreign currencies are hedged to Euro until maturity.

CREDIT RATING

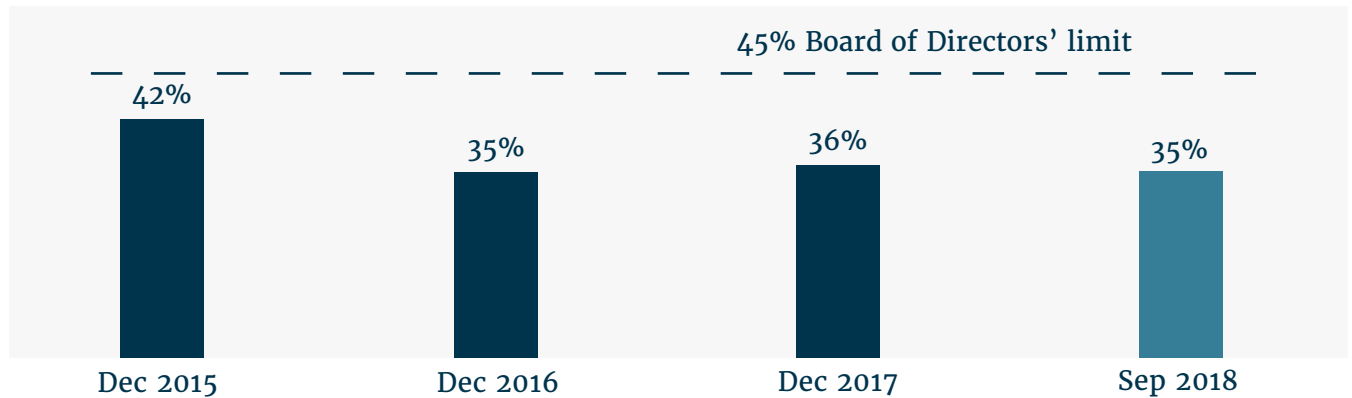
GCP maintains investment-grade credit ratings from both Standard & Poor's (S&P) and Moody's Investors Service (Moody's), with current long-term issuer ratings of BBB+ and Baa1, respectively. Additionally, S&P assigned GCP a short-term rating of A-2. The Company has a long-term goal of achieving an A-/A3 credit rating, an important component of its financial policy, and to that effect the Board of Directors has decided to implement policies as well as management and financial strategies to achieve that target.

The Company has established a strong track record of achieving rating improvements owing to continuous improvements in its business and financial profile. 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.



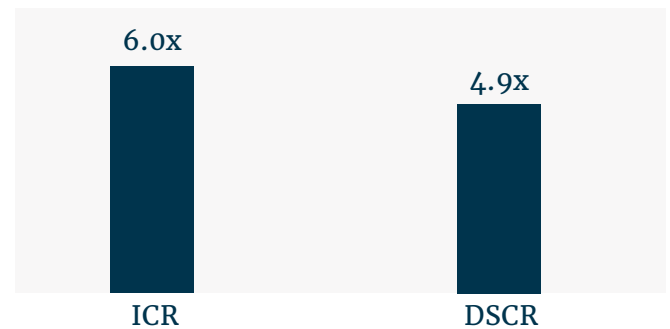
LOAN-TO-VALUE

GCP strategically maintains its strong financial profile characterized by long debt maturities, hedged interest rates, excellent financial coverage ratios, and a low LTV. The LTV as of September 30, 2018 is at 35%, below the management limit of 45%.



DEBT AND INTEREST COVER RATIOS

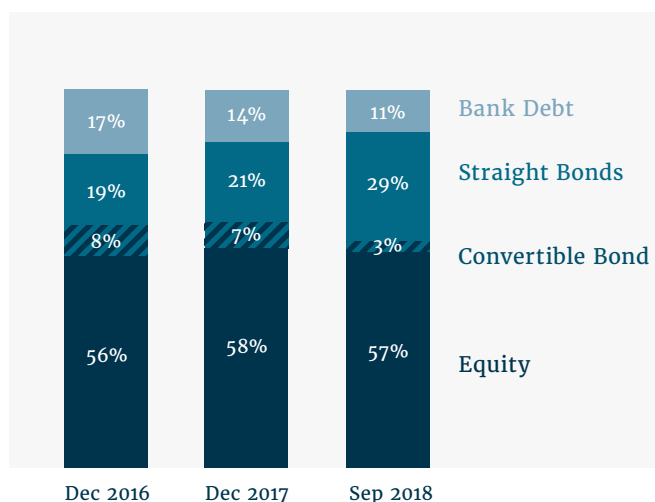
GCP's financial flexibility remains strong over time due to its high profitability, which is reflected in consistently high debt cover ratios. The Interest Cover Ratio for the first nine months of 2018 was 6.0x and the Debt Service Cover Ratio was 4.9x.



FINANCING SOURCES MIX

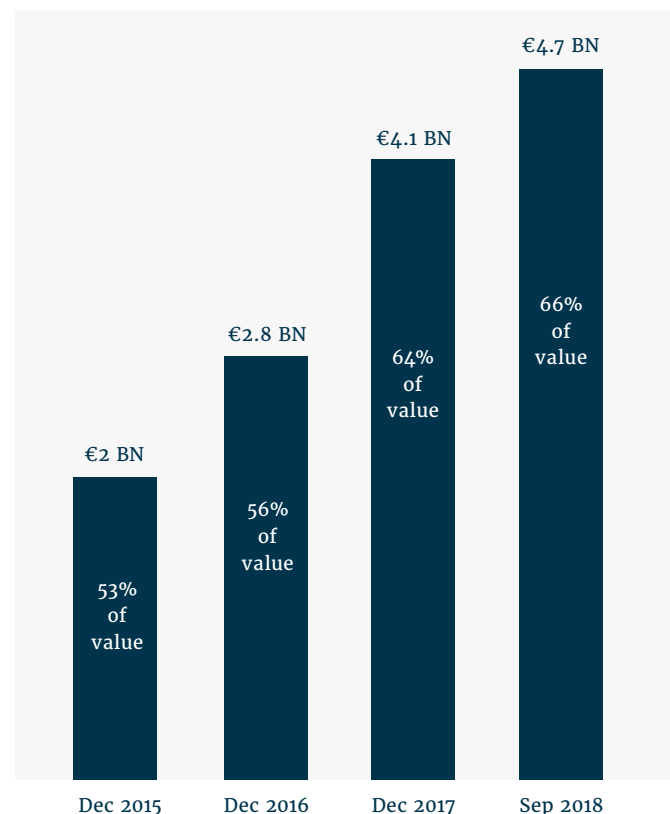
An important component of GCP's financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company's wide reach and proven track record in issuing instruments across various capital markets: straight bonds, convertible bonds, perpetual notes and equity capital. Moreover, GCP's diversity is further improved through issuances in various currencies, issuing straight bonds in CHF, JPY and HKD. All foreign currency issuances are swapped into Euro until maturity. Issuances in various currencies increase the investor base and provide expansion into a wider range of markets to attract funding.

In addition, the Company maintains lasting relationships with numerous banks and financial institutions, providing for access to bank financing.

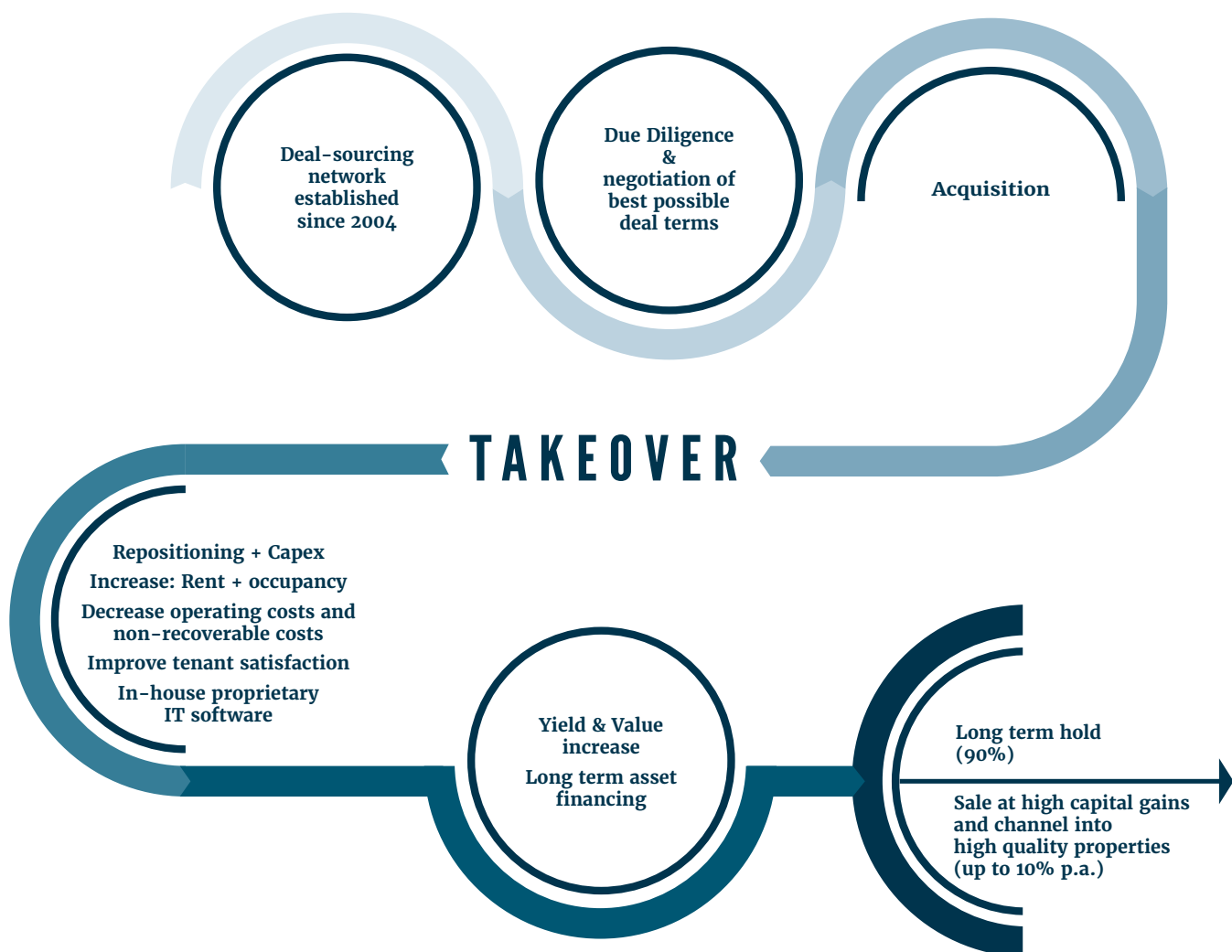


UNENCUMBERED ASSETS

The Company maintains as part of its conservative financial policy a high proportion of unencumbered assets to provide additional financial flexibility and contribute to a strong credit profile, with €4.7 billion in unencumbered assets as of September 2018, representing 66% of the total portfolio value.



Company strategy and business model



FOCUS ON VALUE-ADD OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED REGIONS, 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 for the foreseeable future. The Group's current portfolio is predominantly focused on North Rhine-Westphalia, Berlin, the metropolitan regions of Leipzig, Dresden and Halle, as well as other major cities and urban centers in Germany and is complemented by a stake in London.

The Company believes its platform has the right abilities and systems in place to continue its strong performance and to further realize on the high upside potential embedded in the portfolio. The Group also believes that there are acquisition opportunities in these attractive markets to support its external growth strategy.

For its acquisitions, the Company focuses on the following criteria:

- Acquisition in densely populated areas and major cities
- High cash flow generating assets
- Vacancy reduction potential
- Rent level per sqm 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

SUSTAINABILITY AT THE CORE OF THE BUSINESS

GCP has adopted a strong focus on securing the long-term sustainability of its operations and ensuring that it acts as a responsible corporate citizen, implementing various ESG measures and initiatives on several levels of the Company's business. The Company seeks to leave a positive impact on the environment in the locations in which it operates through sustainable investments, maintaining a high level of commitment and standard of service to its tenants, ensuring the well-being and personal development of its employees, and ensuring high governance standards throughout the organization. Having increased the level of sustainability-related communications and disclosures in recent periods, GCP published its first full annual Sustainability Report for the year 2017 in April 2018, which is available for download on GCP's website.



In September 2018, for the second consecutive year, GCP was awarded the **EPRA BPR Gold Award** for its 2017 annual financial report as well as the **EPRA sBPR Gold Award** for its EPRA sBPR reporting, underlining the Company's commitment to the highest standards of transparency and reporting.



GCP's sustainability measures were assessed in November 2017 by Sustainalytics, a leading sustainability rating agency, who ranked the Company in the **91st percentile** among over 300 peers worldwide, noting GCP as **Outperformer**.



GCP's first full annual sustainability report published for 2017

CASH FLOW IMPROVEMENTS THROUGH FOCUS ON RENTAL INCOME AND COST DISCIPLINE

GCP seeks to maximize cash flows from its portfolio through the effective 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 increase 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 are organized annually. 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 neighborhood.

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 provides management with the detailed information necessary to monitor everything from costs to staff performance.

Capital markets

INVESTOR RELATIONS ACTIVITIES SUPPORTING THE STRONG CAPITAL MARKETS POSITION

The Company continues to proactively present its business strategy and thus enhance perception, as well as awareness, of the Company among capital market investors. GCP seizes opportunities to present a platform for open dialogue, meeting hundreds of investors in dozens of conferences around the globe as well as hosting investors at the Company's offices. The improved perception leads to a better understanding of GCP's business model, operating platform and competitive advantage, and leads to strong confidence from investors. GCP's strong position in equity capital markets is reflected through its membership in key stock market indices, including the MDAX of the Deutsche Börse, the STOXX All Europe 800 index, the FTSE EPRA/NAREIT Global Index series, GPR 250, DIMAX and the MSCI index family. These index inclusions are the result of many years of success in equity markets and the strong investor perception of the Company.

Placement	Frankfurt Stock Exchange
Market segment	Prime Standard
First listing	Q2 2012
Number of shares (as of 30 September 2018)	166,659,831 ordinary shares with a par value of EUR 0.10 per share
Nominal share capital (as of 30 September 2018)	16,665,983.1 EUR
Number of shares on a fully diluted basis (as of 30 September 2018)	179,027,172
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market capitalisation (as of 30 September 2018)	3.7 bn EUR
Shareholder structure	Edolaxia Group 38.6% EdgePoint: 5.1%* Others: 56.3%
Key index memberships	MDAX FTSE EPRA/NAREIT Global FTSE EPRA/NAREIT Developed FTSE EPRA/NAREIT Developed Europe STOXX All Europe 800 MSCI World IMI Core Real Estate GPR 250 DIMAX

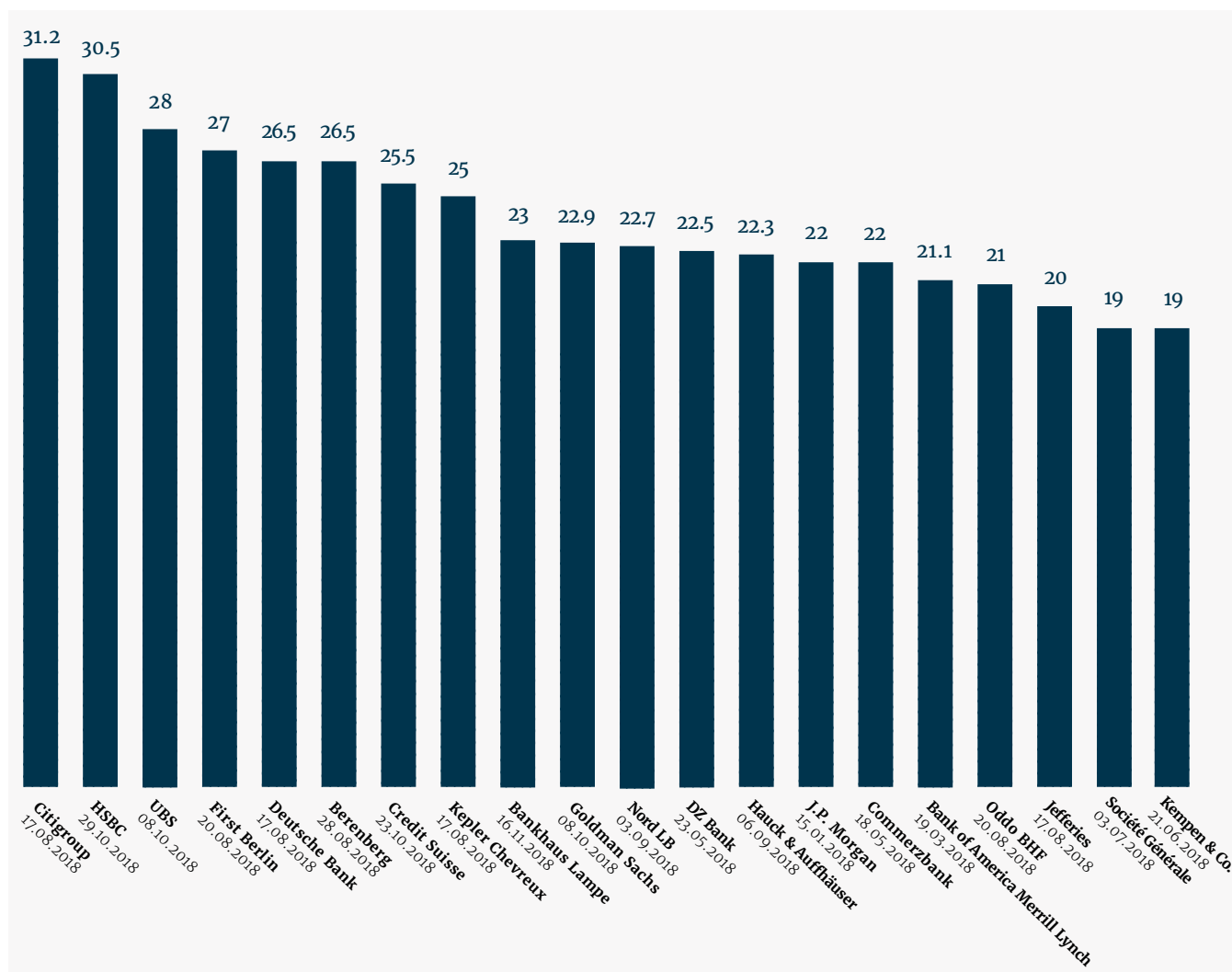
* after the reporting period EdgePoint has announced that their shareholding has reduced to below 5%



VAST AND PROVEN TRACK RECORD IN CAPITAL MARKETS

The Company has established over the years an impressive track record in capital markets, continuously accessing various markets through its strong relationships with the leading investment banks in the market. Supported by two investment-grade credit ratings (BBB+ from S&P and Baa1 from Moody's), GCP is able to quickly and efficiently source funds at attractive interest rates, significantly contributing to its low average cost of debt (of currently 1.6%). Since 2012, GCP has issued approx. €5.5 billion through dozens of issuances of straight bonds, convertible bonds, equity and perpetual notes. The Company launched an EMTN programme, providing significant convenience and flexibility by enabling the issuance in a short period of time of financial instruments of various kinds, sizes, currencies and maturities. Subsequently, the Company's first non-EUR denominated instruments were issued in 2018: a Hong Kong dollar denominated straight bond (Series I), a Swiss Franc denominated straight bond (Series K) and a Japanese yen denominated straight bond (Series L), all with currency hedges in place, demonstrating the strong demand for the Company's instruments from global investors. Through its strong access to capital markets, GCP is able to proactively and effectively manage its debt structure, contributing to a long average debt maturity of approx. 8.2 years.

ANALYST RECOMMENDATIONS

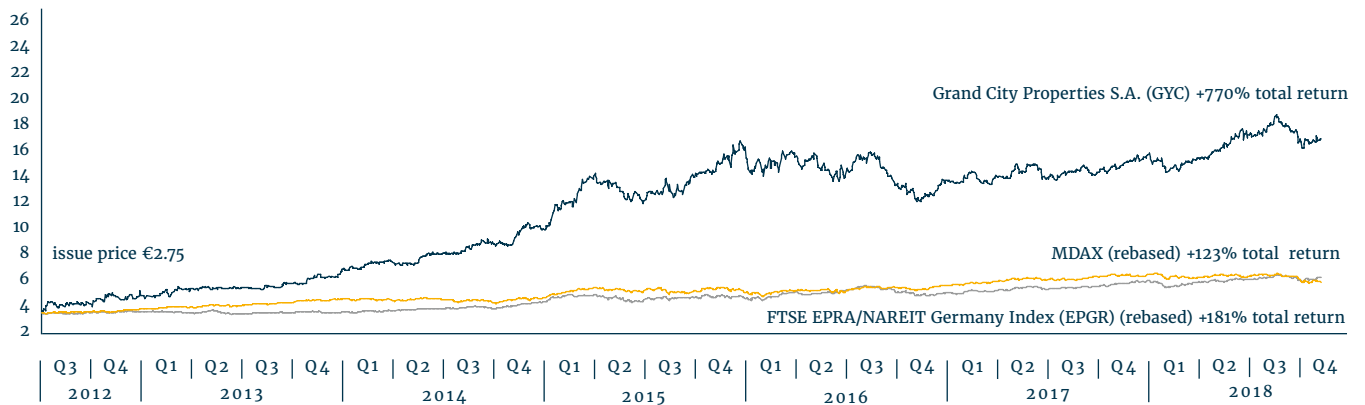


Capital markets



Berlin

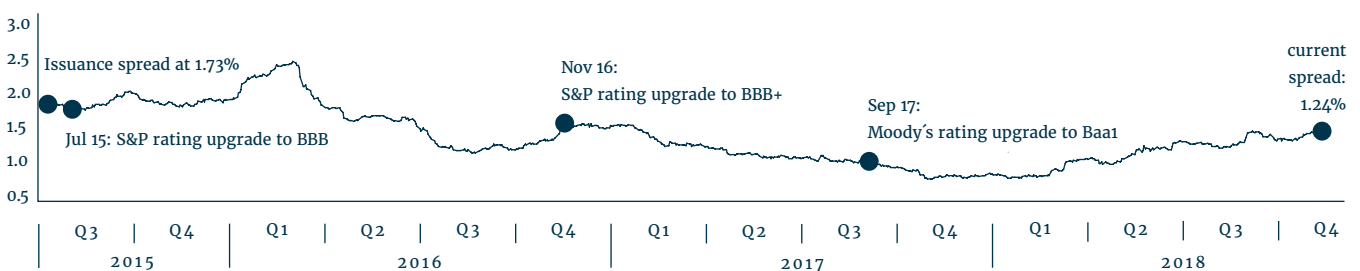
SHARE PRICE PERFORMANCE AND TOTAL RETURN COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



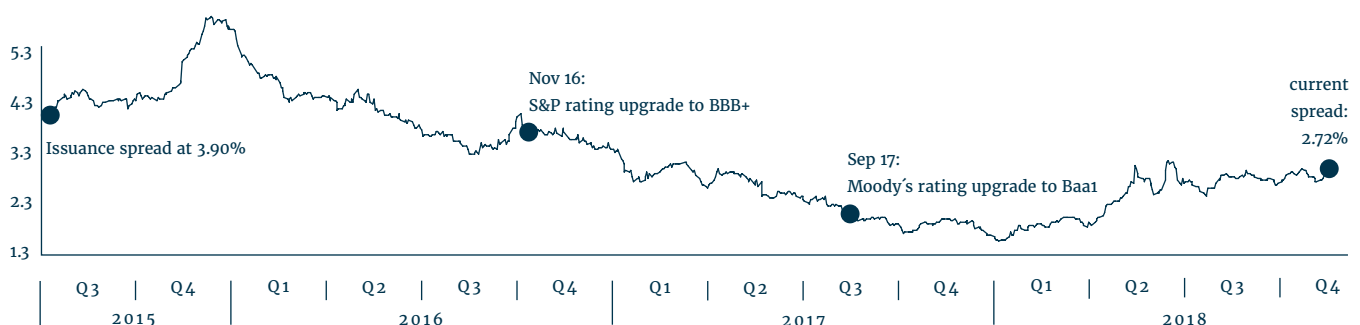
STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 3 YEARS



STRAIGHT BOND SERIES E – SPREAD OVER MID-€-SWAP, REMAINING 6.5 YEARS



3.75% PERPETUAL NOTES SPREAD OVER MID-€-SWAP



Notes on business performance

SELECTED CONSOLIDATED INCOME STATEMENT DATA

For the 9 months ended September 30,	2018	2017
	€'000	
Revenue	4,03,808	367,172
Rental and operating income	403,558	366,432
Net rent	271,854	241,526
Capital gains, property revaluations and other income	384,293	381,005
Property operating expenses	(192,592)	(176,973)
Administrative & other expenses	(9,283)	(8,012)
Share in profit from investment in equity-accounted investees	1,350	6,134
Operating profit	587,382	568,835
Adjusted EBITDA	204,331	183,495
Finance expenses	(34,119)	(30,325)
Other financial results	(15,411)	(43,323)
Current tax expenses	(19,404)	(21,624)
Deferred tax expenses	(77,301)	(69,770)
Profit for the period	441,147	403,793
FFO I	149,805	130,389
FFO II	265,166	154,573

REVENUE

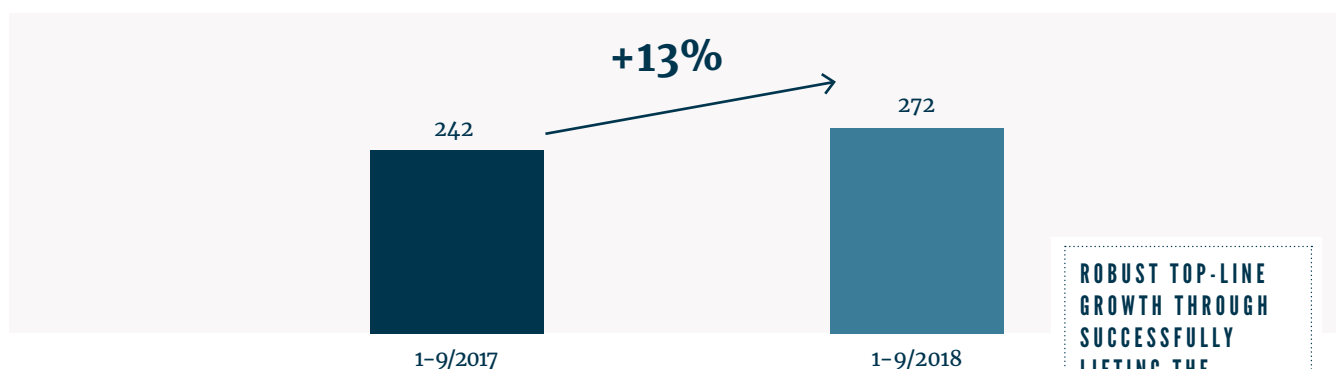
For the 9 months ended September 30,	2018	2017
	€'000	
Net rent	271,854	241,526
Operating and other income	131,704	124,906
Rental and operating income	403,558	366,432
Revenue from sales of inventories – trading properties	250	740
Total revenue	403,808	367,172

GCP generated in the first nine months of 2018 total revenues of €404 million, reflecting an increase of 10% over €367 million recorded in the comparable period of 2017, of which the increase in rental and operating income had the main impact. Of the €404 million rental and operating income generated in the first nine months of 2018, €272 million results from net rental income representing an increase of 13% compared to €242 million recorded in the first nine months of 2017. This solid growth in the net rents is a result of GCP's success in lifting its internal growth potential and its operational performance, as well as accretive external growth achieved year-over-year. GCP maintained its robust organic growth momentum in the first three quarters of 2018, demonstrated by a 3.3% like-for-like net rent growth, of which 2.9% results from rent increases and 0.4% from occupancy increases. GCP

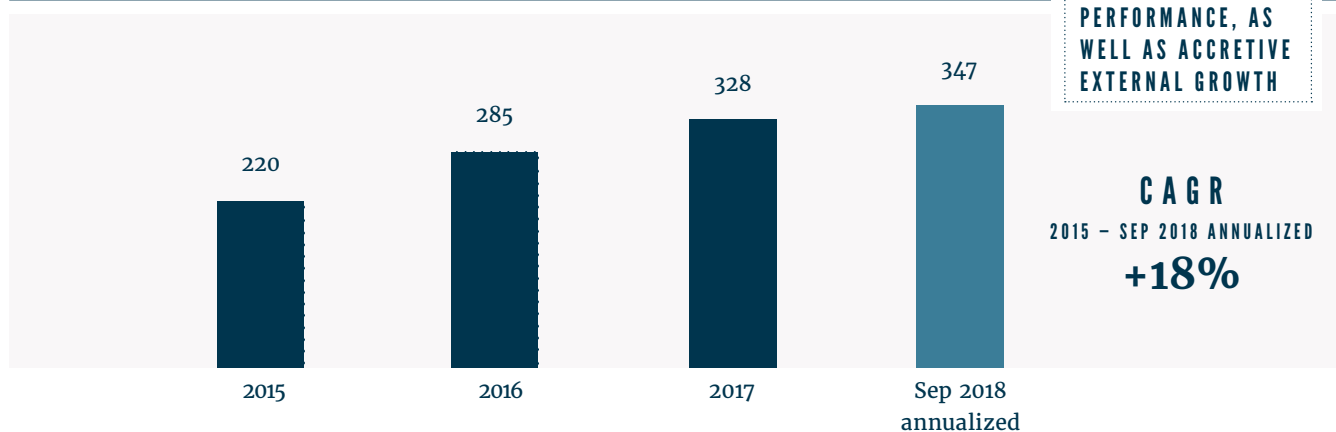
once again maintained a high level of like-for-like performance, testifying to the management's ability to execute GCP's business model via increasing the rent per sqm and occupancies. Following the Company's capital recycling strategy, GCP has disposed non-core and mature properties which slightly offset the rental growth in the first nine months of 2018. As the disposals were during the reporting period, the full effect of the disposals on the rental income will start from the next reporting period. As of September 2018, the annualized net rental income of the portfolio is €347 million.

Additionally, GCP recorded a revenue of €0.3 million in the first nine months of 2018 from sales of assets which were held as inventories – trading properties.

NET RENTAL INCOME PERIODIC DEVELOPMENT (IN € MILLIONS)



NET RENTAL INCOME ANNUAL DEVELOPMENT (IN € MILLIONS)



Notes on business performance

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 9 months ended September 30,	2018	2017
	€'000	
Capital gains, property revaluations and other income	384,293	381,005

Capital gains, property revaluations and other income amounted to €384 million in the first nine months of 2018. GCP continuously creates value by successfully executing every step in its value creation chain. Overall, repositioning efforts and operational improvements continuously lift the upside potential in the portfolio, resulting in high value creation. The favorable markets GCP operates in provide tailwind to the value creation process and validate the success of the Company in acquiring quality assets with embedded upside potential.

This item includes the profit GCP gained from the disposals above book value. GCP disposed non-core and mature assets for a value of over €400 million, reflecting 6% profit over the net book value.

The fair values of the properties are externally appraised by independent, certified valuers at least once a year. The main external valuers are Jones Lang LaSalle (JLL), Savills, NAI Apollo, CBRE and Cushman & Wakefield. As of the end of September 2018, the portfolio's average value per sqm was €1,221, compared to €1,155 at the end of 2017, reflecting a net rental yield of 5.4%.

PROPERTY OPERATING EXPENSES

For the 9 months ended September 30,	2018	2017
	€'000	
Property operating expenses	(192,592)	(176,973)

In the first nine months of 2018, GCP recorded €193 million of property operating expenses, increasing less than the 10% increase of the rental and operating income, reflecting the operational improvements, supported by GCP's large scale and scope. These expenses are tied to the operations of the Company and mainly represent recoverable ancillary costs (including heating, water and other recoverable costs), maintenance and operational personnel expenses. Along with the portfolio's growth, GCP has been executing cost reduction strategies while realizing the upside potential in the portfolio. Accordingly, high tenant satisfaction

being a key pillar of GCP's success, GCP takes initiatives to improve the quality of services that are provided to the tenants. This manifests itself in the Company's in-house state-of-the-art Service Center, which provides scalable ways to broaden the level of tenant services and ensures a high level of service quality. These initiatives enable GCP to attract and retain stronger tenants. Additionally, filling vacancies in the portfolio leads to higher letting and marketing activities, and higher ancillary and maintenance costs are linked to higher amount of occupied units.

MAINTENANCE, CAPEX AND MODERNIZATION

GCP is strongly committed to maintain a high level of asset quality. A key pillar of the Company's business strategy is to implement cost efficient maintenance and refurbishment activities, as well as capital investments, which are aimed towards improving the asset's quality, and thus increasing rent and occupancy levels while also lowering tenant churn. Both, maintenance and capital investments, are executed through a careful selection process. GCP has a long-term approach while undertaking these investments which results in value appreciation in the long run as well as cost savings, supported by the Company's large scale platform.

Maintenance and refurbishment expenses amounted to €24 million in the first nine months of 2018, equivalent to €4.4 per average sqm, in line with €24 million and €4.4 per average sqm in the first nine months of 2017, respectively. These expenses are directed towards sustaining the high asset quality as well as accommodating comfortable living standards for the tenants, higher tenant satisfaction being at the core of the Company's success. The Service Center enables the tenants to submit and monitor their maintenance requests, providing a healthier communication with property managers. As a result, the Service Center empowers higher efficiency in the Company's maintenance process, ensuring a higher quality of organization and coordination across the portfolio.

In the first nine months of 2018, GCP invested €58 million in repositioning capex and €17 million in modernization. A key component of GCP's long-term strategy is to realize the embedded value potential in the portfolio by repositioning efforts and operational improvements which proceeds towards value appreciation in the overall portfolio. For this reason, GCP diligently undertakes capex projects based on their expected return on costs. GCP pursues ways to increase efficiency in this process, by applying scruti-

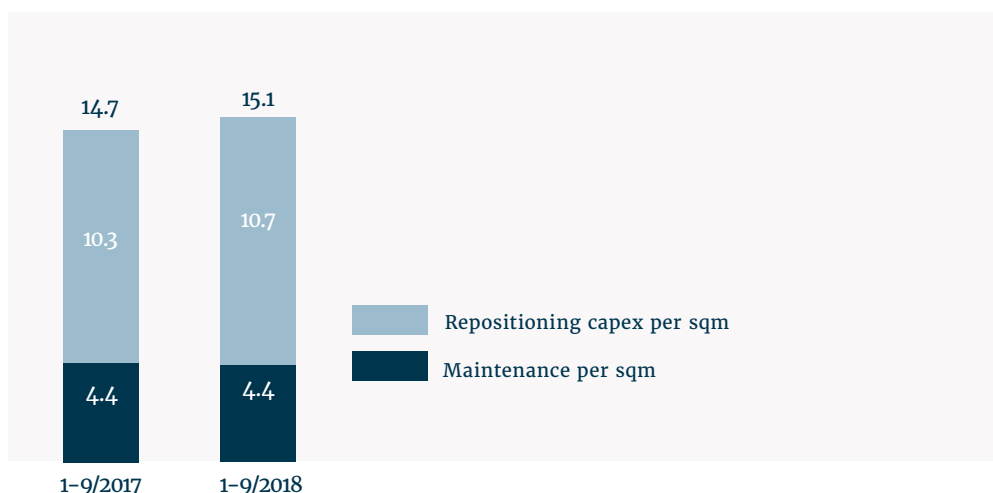
ny to its cost discipline and maximizing the cash flows through increasing the occupancy and rent levels. GCP has consistently proven itself to administer this approach successfully, which is evident in ongoing value and quality creation in the portfolio.

Repositioning capex investments are directed at generating long-term value appreciation in the portfolio through increasing the asset quality. These initiatives include full apartment upgrades, improving staircases and public areas, fire-life safety upgrades, as well as other improvements. Among other improvements, the installation of playgrounds and common facilities are targeted at increasing the attractiveness of the neighborhoods. Repositioning capex amounted to €10.7 per average sqm in the first nine months of 2018, increasing from €10.3 per average sqm in the comparable period of 2017. Increasing portfolio scale along with increasing cost of labor and materials are further contributors to the growth in these investments, of which the latter is impacted by the growing economy and the strong real estate market.

Modernization capex investments are aimed towards facilitating higher standards for the apartments, as well as increasing the energy saving levels. These investments include the addition of balconies, energy saving measures such as insulation improvements, façade reconditioning, window replacements and additional upscale apartment refurbishing targeted for rent increase, which totaled to €3.1 per average sqm in the first nine months of 2018. These initiatives mainly target rent increases and their direct contribution to the like-for-like net rent growth accounts for 0.8% year-over-year, testifying to GCP's successful execution of such investments.

Additionally, in the first nine months of 2018, GCP invested €9 million in pre-letting modifications, which account mainly for investments in snagging and final preparation of new buildings and/or re-opening of converted/refurbished old buildings prior to letting.

MAINTENANCE AND CAPEX DEVELOPMENT (€/SQM)



Notes on business performance

ADMINISTRATIVE AND OTHER EXPENSES

For the 9 months ended September 30,	2018	2017
	€'000	
Administrative and other expenses	(9,283)	(8,012)

Administrative and other expenses amounted to €9 million in the first nine months of 2018, compared to €8 million recorded in the first nine months of 2017. These overhead costs consist of administrative personnel salaries, mar-

keting costs, audit and accounting fees, legal and consulting fees, depreciation and amortization, as well as other expenses and grow along with the Company's growth.

FINANCE EXPENSES

For the 9 months ended September 30,	2018	2017
	€'000	
Finance expenses	(34,119)	(30,325)

Finance expenses in the first nine months of 2018 amounted to €34 million, compared to €30 million recorded in the comparable period in 2017. Major contributor to the increase in finance expenses is the issuances of approx. €1.1 billion straight bonds in the last twelve months, through the Euro Medium Term Note (EMTN) programme which was established in 2017. The increase was partially offset by prepayment and redemption of shorter term debt of over €250 million.

GCP's proven access to the capital markets was reiterated in the last twelve months, further optimizing the debt structure. GCP issued Series H straight bonds at €255 million (€110 million initial issuance and €145 million tap issuance), HKD 900 million of Series I straight bonds (equivalent to over €90 million, with full currency hedge to maturity), €500 million of Series J straight bonds, CHF 125 million of Series K straight bonds (equivalent to nearly €110 million, with full currency hedge of principal amount to maturity), JPY 7.5 billion of Series L straight bonds (equivalent to nearly €60 million, with full currency hedge to maturity) and €55 million of Series M straight bonds under the EMTN programme. Locking in longer maturity debt at low rates enables GCP to optimize its debt struc-

ture with maintaining low cost of debt and long average debt maturity. Some of the proceeds were utilized to repay shorter term and more expensive debt, further improving the debt profile of the Company. Accordingly, GCP repurchased €170 million of Series F convertible bonds, €41 million Series D straight bonds and €45 million of straight bond Series CHF. Adherence to its conservative long-term financial policy provides GCP with a strong credit profile, demonstrated by two high investment-grade ratings of BBB+ from S&P and Baa1 from Moody's.

This strong capital market activity, supported by the EMTN programme, allows GCP to achieve enhanced diversification of its capital structure, as well as to expand the investor base via attracting global markets with foreign currency issuances, with currency hedges in place. As a result of its long term conservative financial approach, GCP reinforced its financial stability by maintaining a long average debt maturity of 8.2 years and low average cost of debt of 1.6%. Optimization in the debt profile reflects itself in strong bottom-line results, which contributes further towards sustaining high debt coverage ratios, with an ICR of 6.0x and DSCR of 4.9x for the first nine months of 2018.



London

OTHER FINANCIAL RESULTS

For the 9 months ended September 30,

	2018	2017
	€'000	
Other financial results	(15,411)	(43,323)

GCP recorded an expense of €15 million for other financial results in the first nine months of 2018. These expenses are mainly non-recurring and one-off financial expenses, such as the costs relating to the buyback of Series D and Series F bonds for a nominal amount of over €210 million, amortization of issuance costs and changes in fair value of financial assets and liabilities. Other financial results in the first nine months of 2017 amounted to an expense of €43 million, which have mainly been impacted by the buyback of €321 million of the shorter and higher coupon Series D.

This item includes also movements in derivative financial instruments, traded securities and effects from foreign

currency exchanges. These expenses vary from one period to another depending on the extent of capital market activities as well changes in the fair value of financial assets and liabilities. Moreover, a proportion of these expenses relates to refinancing fees and fees that arise from new issuances of 5 straight bonds for over €810 million and a tap issuance of a bond with €145 million in the first nine months of 2018. The Company incurs such fees since the purpose of these initiatives is to fund the corporate activities and to strengthen the credit profile by obtaining low cost of debt with longer maturities, supporting its long-term oriented conservative financial policy.

Notes on business performance

TAXATION

For the 9 months ended September 30,	2018	2017
	€'000	
Current tax expenses	(19,404)	(21,624)
Deferred tax expenses	(77,301)	(69,770)
Total tax expenses	(96,705)	(91,394)

GCP recorded in the first nine months of 2018 total tax expenses of €97 million, compared to €91 million in the first nine months of 2017. The increase is the result of higher deferred tax expenses. Deferred tax expenses are non-cash items that are associated with higher revaluation gains recorded by the Company. These expenses normally do not materialize due to GCP's strategy of long-term holding of its assets and thus largely remain a non-cash item. The Company nevertheless employs a conservative approach with regards to deferred taxes, accounting for

theoretical future property disposals through asset deal structures at the full corporate tax rate subject to the location of the property. It should be noted that GCP's assets are mainly held in separate SPV's, enabling sales through share deal structures where the effective capital gain tax is minimized.

Current tax expenses amounted to €19 million in the first nine months of 2018, reflecting a slight decrease in relation to the comparable period in 2017.

PROFIT FOR THE PERIOD

For the 9 months ended September 30,	2018	2017
	€'000	
Profit for the period	441,147	403,793
Profit attributable to the owners of the Company	381,538	336,294
Profit attributable to the perpetual notes investors	21,949	18,137
Profit attributable to non controlling interests	37,660	49,362

GCP recorded for the first nine months of 2018 a profit of €441 million, with the profit attributable to the owners of the Company amounted to €382 million. This solid bottom-line result was achieved by a combination of various factors: strong top-line driven by high operational performance and accretive external growth, as well as value appreciation in the portfolio and accretive disposal gains from non-core assets.

The profit attributable to the perpetual notes investors increased from €18 million to €22 million for the first nine months of 2018 due to the new issuance of €350 million 2.5% perpetual notes.

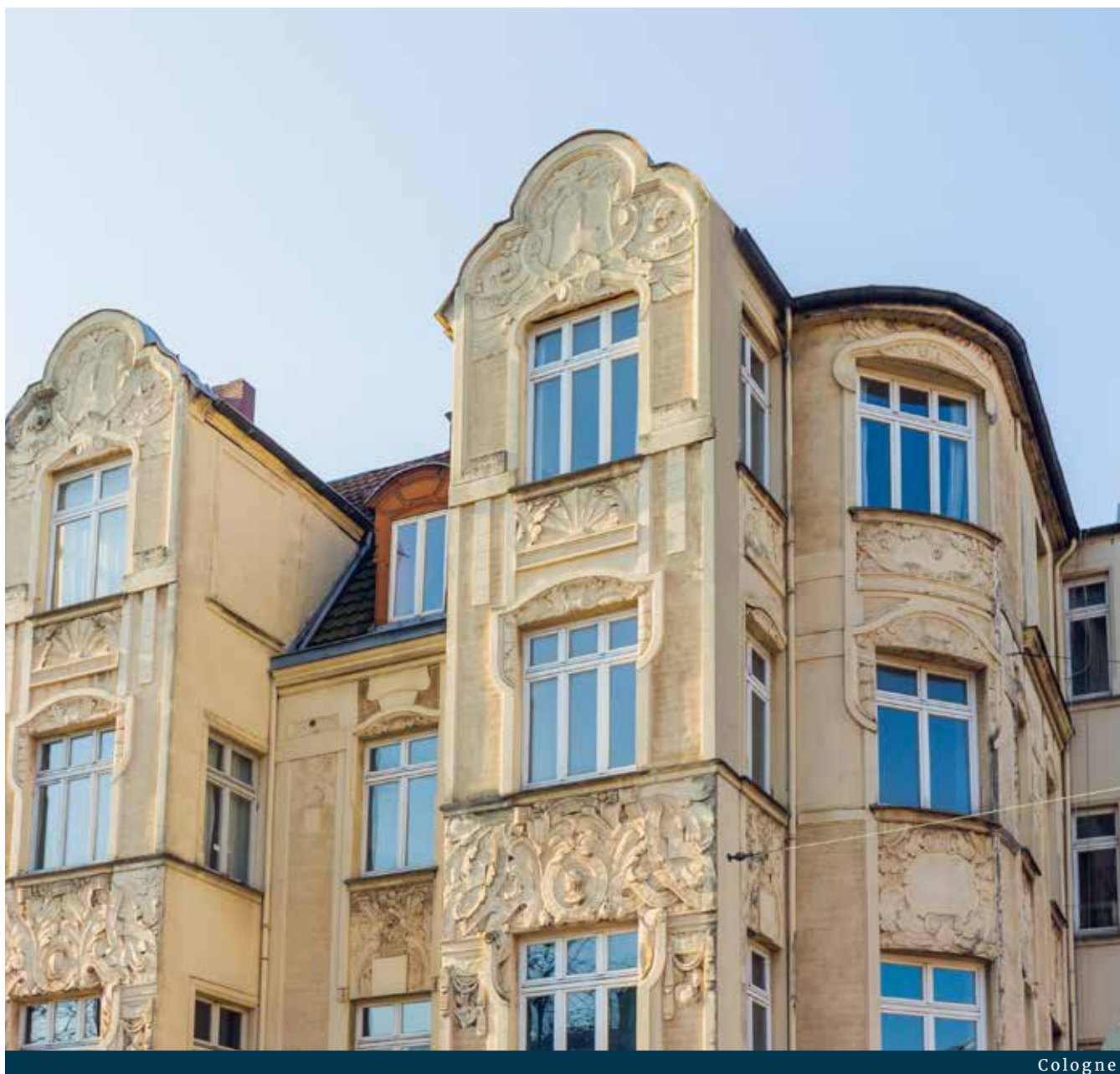
EARNINGS PER SHARE

For the 9 months ended September 30,

	2018	2017
Basic earnings per share (in €)	2.31	2.13
Diluted earnings per share (in €)	2.15	1.95
Weighted average basic shares (in thousands)	165,262	157,858
Weighted average diluted shares (in thousands)	178,442	174,833

GCP recorded in the first nine months of 2018 €2.31 basic earnings per share and €2.15 diluted earnings per share, increasing by 8% and 10% respectively compared to €2.13 basic earnings per share and €1.95 diluted earnings per share recorded in the first nine months of 2017, testifying to the Company's success in generating higher profits on

the shareholder level. Repurchase of €170 million Series F convertible bonds further contributed towards the growth in diluted earnings per share by reducing the dilution effect, now reflecting the theoretical impact of the remaining €281 million bonds which are out-of-the-money.



Cologne

Notes on business performance

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS (FFO I)

For the 9 months ended September 30,	2018	2017
	€'000	
Operating profit	587,382	568,835
Depreciation and amortization	1,729	1,477
EBITDA	589,111	570,312
Capital gains, property revaluations and other income	(384,293)	(381,005)
Result on the disposal of inventories – trading properties	(56)	(249)
Share of profit from investment in equity-accounted investees	(1,350)	(6,134)
Other adjustments	919	571
Adjusted EBITDA	204,331	183,495
Finance expenses	(34,119)	(30,325)
Current tax expenses	(19,404)	(21,624)
Contribution to minorities	(1,003)	(1,157)
FFO I	149,805	130,389
Weighted average basic shares in thousands*	165,262	157,858
FFO I per share (in €)	0.91	0.83

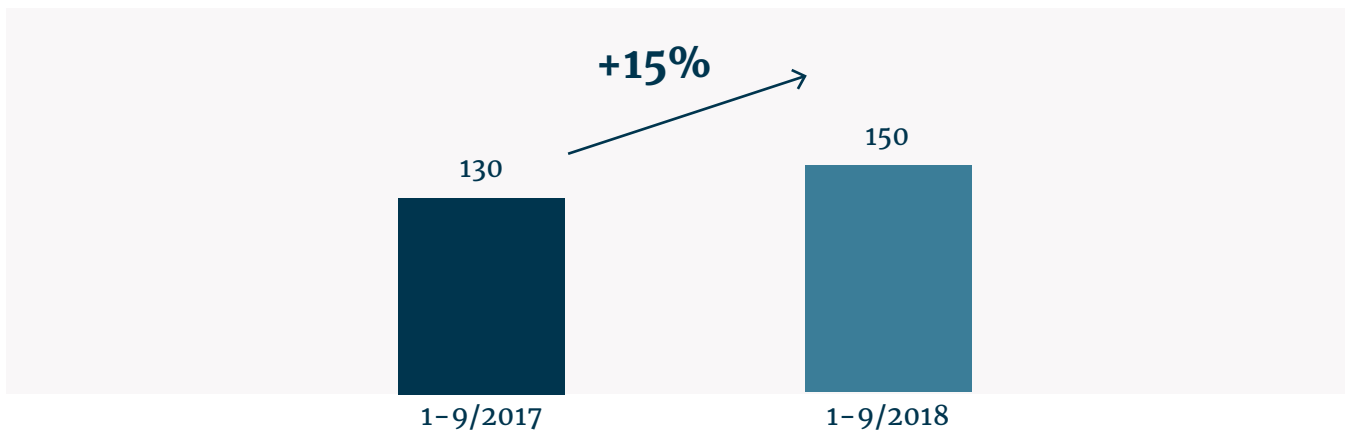
* not considering the dilution effect of the management share plan as it is immaterial

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 of profit from investment in equity-accounted investees and other adjustments. GCP recorded €204 million of adjusted EBITDA in the first nine months of 2018, up by 11% from €183 million recorded in the first nine months of 2017. This growth was accomplished through both internal and external drivers. GCP's acquisition strategy enables the Company to selectively identify and acquire accretive assets and uplift the potential through repositioning efforts and improvements. Which is

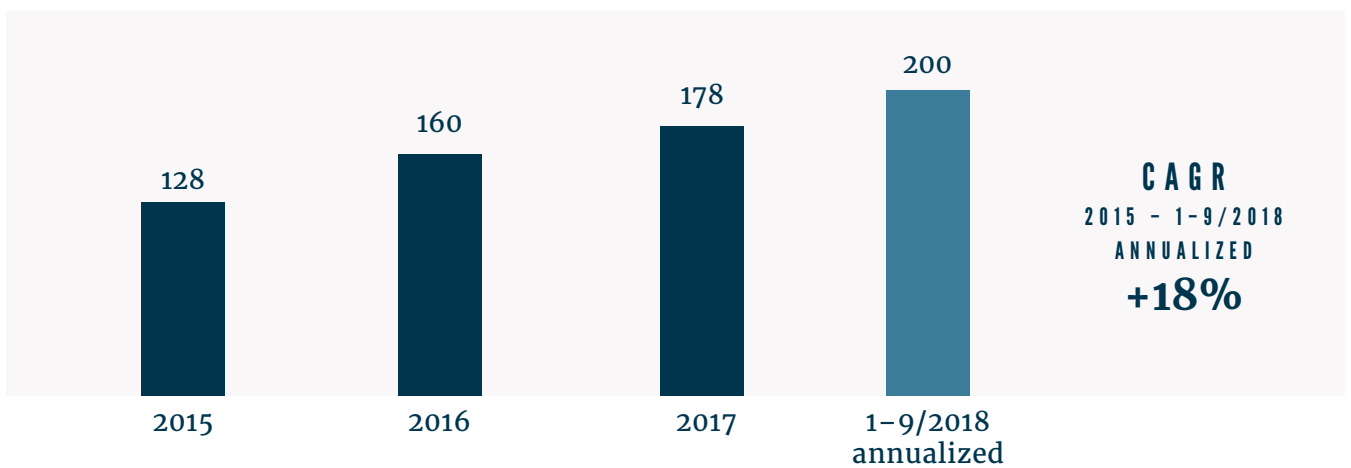
then refined by GCP's high operational performance, reflecting itself in strong like-for-like net rent growth of 3.3%, achieved by its ability to increase rental income.

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilized as a key industry performance indicator. It is calculated by deducting finance expenses, current tax expenses and contribution to minorities from the adjusted EBITDA. FFO I for the first nine months of 2018 amounted to €150 million, increasing by 15% compared to €130 million recorded in the comparable period of 2017, which reflects a stronger increase than the increase in rental and operating income.

FFO I PERIODIC DEVELOPMENT (IN € MILLIONS)



FFO I ANNUAL DEVELOPMENT (IN € MILLIONS)

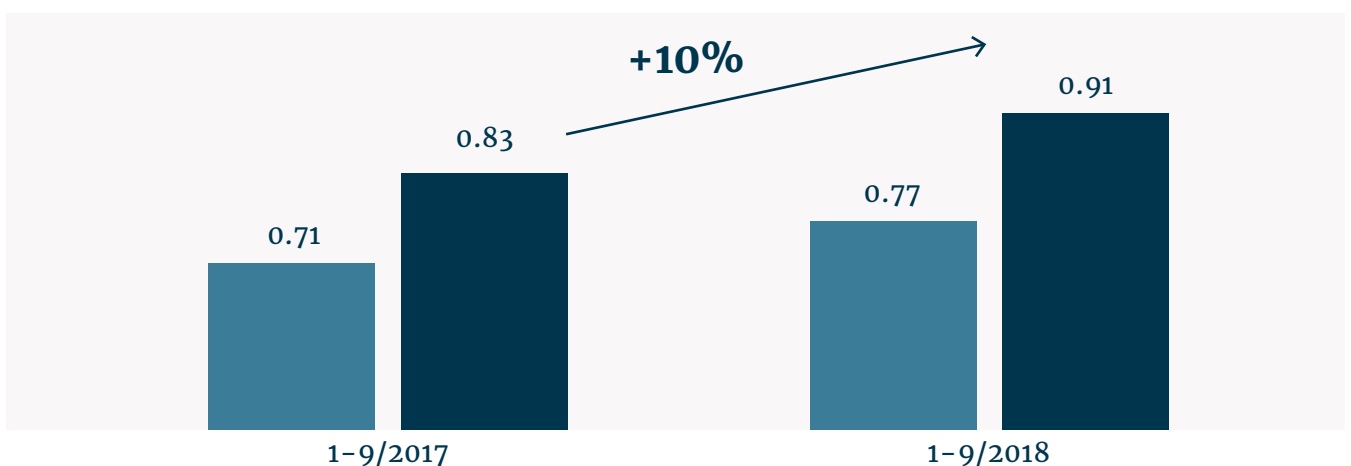


FFO I PER SHARE

GCP's ability to generate accretive value for its shareholders once again resulted in strong FFO I per share result. GCP recorded an FFO I per share of €0.91 in the first nine

months of 2018, up by 10% compared to €0.83 recorded in the comparable period of 2017. The annualized FFO I per share amounted to €1.21, reflecting an FFO I yield of 5.6%.

FFO I PER SHARE PERIODIC DEVELOPMENT (IN €)



■ FFO I per share
■ FFO I per share after perpetual notes attribution

Notes on business performance

FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

For the 9 months ended September 30,	2018	2017
	€'000	
FFO I	149,805	130,389
Adjustment for accrued perpetual notes attribution	(21,949)	(18,137)
FFO I after perpetual notes attribution	127,856	112,252
Weighted average basic shares (in thousands)*	165,262	157,858
FFO I per share after perpetual notes attribution (in €)	0.77	0.71

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

According to IFRS accounting treatment, the perpetual notes are accounted for as equity and therefore, these attributions are recorded through changes in equity and not as a financial expense in the P&L and thus not otherwise reflected in the FFO. For enhanced transparency, GCP additionally reports its FFO I per share after attributing the share of profit attributable to the Company's perpetual notes investors. FFO I per share after perpetual notes attribution amounted to €0.77 in the first nine months of

2018, compared to €0.71 recorded in the first nine months of 2017. This increase was partially offset by attributions from additional €350 million of perpetual notes that were issued in April 2018 at a coupon of 2.5%. These additionally issued perpetual notes have the lowest perpetual notes coupon of the Company yet, and provide further diversification into a different financing vehicle and wider investor base which was accomplished by GCP's strong access to the capital markets.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

For the 9 months ended September 30,	2018	2017
	€'000	
FFO I	149,805	130,389
Repositioning capex	(57,884)	(55,433)
AFFO	91,921	74,956

The Adjusted Funds from Operations (AFFO) is a supplementary measure for the Company's recurring operational cash flow. GCP's AFFO is derived by deducting repositioning capex from the FFO I. GCP provides a further distinction of capex investments into repositioning capex, modernization capex and pre-letting modifications which are treated differently. Modernization capex is aimed towards increasing rents, therefore treated similar to the acquisition of properties and so is the case with pre-letting modifications. Repositioning

capex investments, on the other hand, target value creation and quality increase which is relevant to the AFFO calculation. GCP's AFFO amounted to €92 million in the first nine months of 2018, up by 23% compared to €75 million recorded in the first nine months of 2017. The Company diligently assesses the marginal benefits of each repositioning opportunity on an ongoing basis and applies scrutiny to its cost efficiency once a project is identified.

FFO II

For the 9 months ended September 30,

	2018	2017
	€'000	
FFO I	149,805	130,389
Result from disposal of properties*	115,361	24,184
FFO II	265,166	154,573

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

FFO II is an additional measure that incorporates the disposals effects on top of FFO I by adding the results from disposal of properties. Result from disposal of properties is the excess amount of the sale price to cost price plus capex of disposed properties. GCP recorded FFO II of €265 million in the first nine months of 2018, increasing substantially by 72% compared to €155 million recorded in the first nine months of 2017. During the course of year 2018, GCP has been following an accretive capital recycling program by which proceeds from disposals of non-core and

mature assets are channeled into accretive deals in strong locations, directed towards increasing the portfolio quality. These assets were disposed with a total disposal value of over €400 million, generating profits over total costs of €115 million, which reflects a margin of approx. 40%. Moreover, the properties were disposed at 6% above their last fair value. Such margins are testimony to the high demand of these properties and their conservative valuations.



Frankfurt

Notes on business performance

CASH FLOW

For the 9 months ended September 30,	2018	2017
	€'000	
Net cash provided by operating activities	170,851	151,247
Net cash used in investing activities	(578,872)	(382,127)
Net cash provided by financing activities	874,891	240,105
Net increase in cash and cash equivalents	466,870	9,225

The net cash provided by operating activities for the first nine months of 2018 amounted to €171 million compared to €151 million recorded in the comparable period of 2017, reflecting an increase of 13%. The increase in the operating cash flow is the direct result of the increase in the operational result of the Company, driven by internal growth and acquisitions.

Net cash used in investing activities for the first nine months of 2018 amounted to €579 million, increasing by 51% compared to €382 million recorded in the first nine months of 2017. This was driven by higher net acquisitions and capex investments carried out during the year. GCP continued its accretive external growth path during the course of 2018 via seizing attractive opportunities following its selective acquisition criteria.

Net cash provided by financing activities for the first nine months of 2018 amounted to €875 million, compared to €240 million recorded in the first nine months of 2017.

This significant growth was provided by GCP's profound capital market activities during the reporting period via issuances of €1.0 billion straight bonds and €350 million perpetual notes. The proceeds from these issuances were utilized in repaying or redeeming shorter term debt of over €250 million which further optimized the debt profile of the Company. The increase in net cash provided by financing activities was partially offset by dividend distribution for the year 2017 that were paid out in July 2018.

As a result, net change in cash and cash equivalents for the first nine months of 2018 amounted to €467 million, compared to €9 million recorded in the first nine months of 2017, resulting in a cash and liquid assets balance of €908 million as of September 30, 2018. This high liquidity position is further supplemented by approx. €100 million in available undrawn credit facilities and a large pool of unencumbered assets, providing the Company with a high degree of financial flexibility and reflecting its conservative financial approach.



Berlin

ASSETS

	Sep 2018	Dec 2017
	€'000	
Non-current assets	7,315,915	6,712,360
Investment property ¹⁾	6,924,423	6,387,868
Current assets	1,597,898	795,932
Cash and liquid assets ²⁾	907,658	402,331
Total Assets	8,913,813	7,508,292

1) including inventories – trading properties

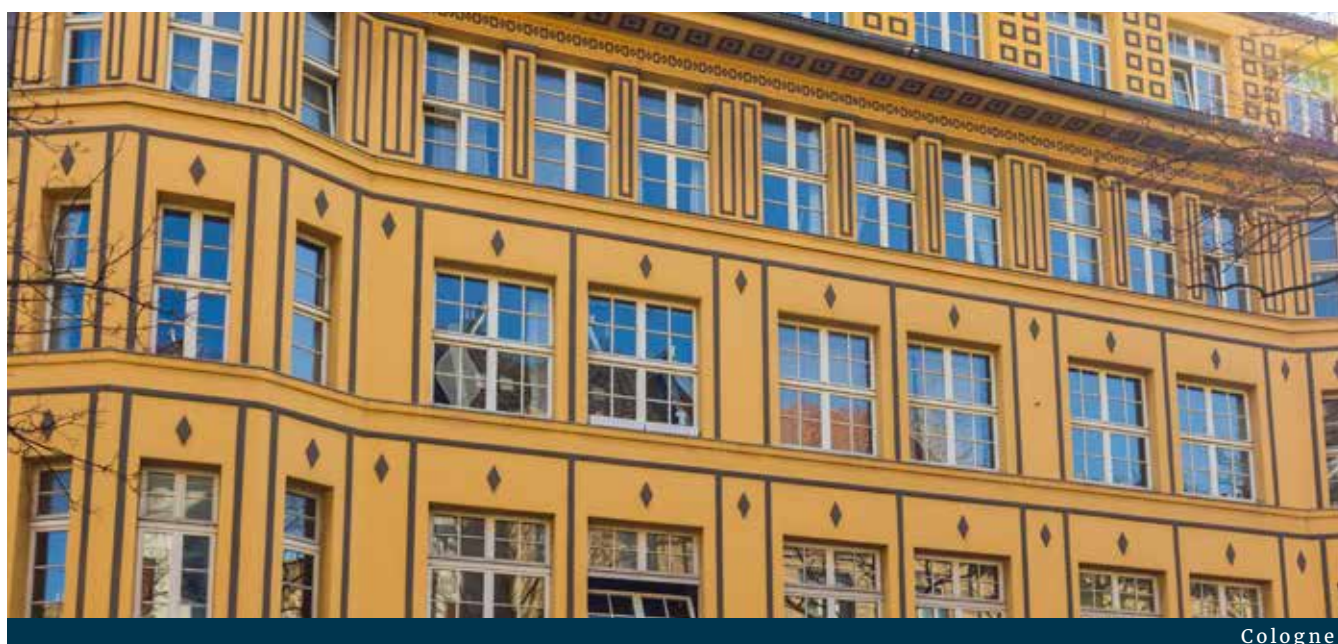
2) including cash and cash equivalents held for sale

Total assets at the end of September 2018 amounted to €8.9 billion, reflecting an increase of 19% over €7.5 billion recorded at year-end 2017. This substantial increase was mainly driven by value appreciation in the portfolio, accretive acquisitions as well as robust capital market activities carried out during the year.

GCP's non-current assets amounted to €7.3 billion as of the end of September 2018, up by 9% from €6.7 billion at year-end 2017. Non-current assets mainly consist of investment properties which amounted to €6.9 billion as of September 2018, up by 8% compared to €6.4 billion at year-end 2017. This growth in investment properties results from both the external growth through selective acquisitions and the positive revaluations in the existing portfolio driven by repositioning efforts and improvements. In coherence to its strict acquisition criteria, GCP grew further in high quality locations with strong fundamentals. During the first nine months of 2018, GCP acquired over 1,500 units mainly in London, Berlin, NRW and Frankfurt at an average multiple of 25x. The London portfolio represents, as of the end of September 2018, 7% of the total portfolio and is comprised of 1,200 units, of which 700 units are pre-marketed and newly built units which are expected to be marketed and rented in the upcoming quarters. Growth in non-current assets was partially offset by classification of non-core assets into held for sale as a part of GCP's

disposal strategy. In the first nine months of 2018, GCP sold over €400 million of non-core and mature properties, which either are not located in GCP's core locations or are mature properties which embed further lower upside potential. The proceeds from disposals are then recycled into higher quality acquisitions in GCP's top strategic locations. After the reporting period, GCP has further signed disposals of approx. additional €80 million non-core properties marked for sale as of the date of this report.

Current assets as of the end of September 2018 increased to €1.6 billion from €0.8 billion at year-end 2017, driven primarily by the increase in cash and liquid assets, supported by the capital market activities. In order to fund the Company's growth, as well as to optimize the debt profile of the Company, GCP engaged in various capital market activities by issuing €1 billion straight bonds and €350 million perpetual bonds in the first nine months of 2018 which contributed towards higher cash balance. Some of the proceeds were utilized in realizing refinancing opportunities where GCP repurchased or redeemed over €250 million bonds' nominal amount. The higher current assets balance is also explained by reclassification of certain non-core assets into assets held for sale which does not have effect on the total asset balance but only on its composition.



Cologne

Notes on business performance

LIABILITIES

	Sep 2018	Dec 2017
€'000		
Total loans and borrowings ¹⁾	901,280	940,682
Straight bonds	2,283,127	1,422,920 ²⁾
Convertible bond	271,579	432,073
Deferred tax liabilities ³⁾	561,723	501,999
Other long-term liabilities and derivative financial instruments ⁴⁾	67,544	59,229
Current liabilities ⁵⁾	349,451	301,727
Total Liabilities	4,434,704	3,658,630

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) including short-term derivative financial instruments

5) excluding short-term loans and borrowings, debt redemption, short-term derivative financial instruments, and financial debt held for sale

GCP's total liabilities as of the end of September 2018 amounted to €4.4 billion, compared to €3.7 billion recorded at year-end 2017. This increase is due to the growth in non-current liabilities which is mainly attributed to the increase in straight bonds balance. Capitalizing on its strong capital market access, GCP prudently pursued ways to optimize its debt structure by attracting low cost and long-term debt and repay the ones with the shorter maturity. During the first nine months of 2018, GCP had 6 straight bond issuances in total of €1 billion: the first foreign currency straight bond Series I with HKD 900 million (over €90 million), followed by other foreign currency straight bond issuances Series K with CHF 125 million (nearly €110 million) and Series L with JPY 7.5 billion (nearly €60 million), all with currency hedges until maturity in place, Series J straight bond issuance of €500 million, tap issuance of Series H straight bonds by €145 million (to an aggregate notional amount of €255 million) and Series M straight bond issuance of €55 million. Foreign currency issuances provide GCP with the opportunity to expand and diversify its investor base by attracting funds in further markets. As part of its conservative financial policy, GCP proactively seeks ways to grow while

maintaining a low cost of debt and a long average debt maturity. Furthermore, some of the issuances were utilized to refinance over €250 million of short maturity debt. Accordingly, GCP repurchased €170 million of Series F convertible bonds, €41 million of Series D straight bonds and redeemed €45 million straight bond Series CHF.

Another major item among the remaining liabilities relates to the deferred tax liabilities which amounted to 13% of the total liabilities and are impacted by the valuation gains. GCP follows a conservative approach in its deferred taxes accounting treatment by accounting for the full corporate tax effect, assuming the theoretical future disposals in the form of asset deals. It should be noted that GCP's assets are mainly held in separate SPV's, enabling sales through share deal structures where the effective capital gain tax is minimized.

The increase in the total liabilities was partially offset by a lower total loans and borrowings balance. Driven by the capital recycling program, disposals of non-core and encumbered assets reduced the total loan balance, further supported by the repayment of bank debt.

LOAN-TO-VALUE

	Sep 2018	Dec 2017
	€'000	
Investment property ¹⁾	6,966,557	6,425,430
Investment property of assets held for sale	215,243	117,246
Investment in equity-accounted investees	26,575	37,261
Total value	7,208,375	6,579,937
Total debt ²⁾	3,455,986	2,795,675
Cash and liquid assets ³⁾	907,658	402,331
Net debt	2,548,328	2,393,344
LTV	35%	36%

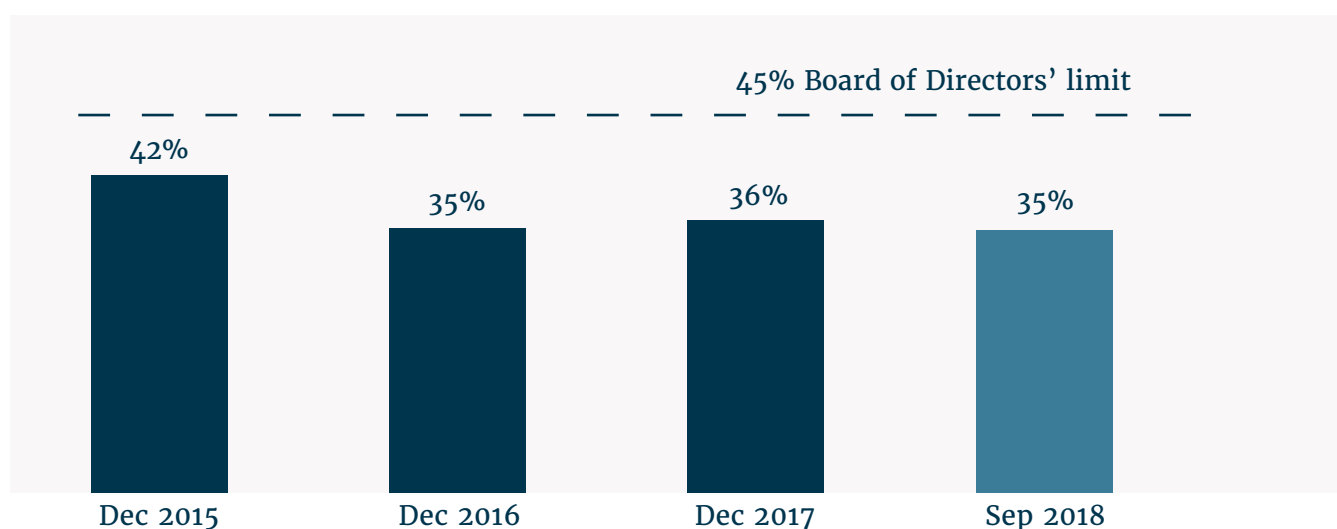
1) including advanced payments for investment properties and inventories – trading properties

2) including loans and borrowings held for sale

3) including cash and cash equivalents held for sale

GCP follows a conservative financial policy which is reflected in the LTV limit of 45% which was set by the Board of Directors. As of the end of September 2018, the LTV of 35% stood well below this internal limit, as well as below the year-end 2017 LTV of 36%. The high buffer between the current level and the Company's internal limit serves as an additional headroom and protection in case of a market downturn. Value creation in the portfolio through

positive revaluations and accretive acquisitions, combined with the high liquidity position supports the Company in maintaining a consistently low leverage position. GCP's conservative approach and low leverage profile contribute further towards strong credit metrics, with an ICR of 6.0x and a DSCR of 4.9x in the first nine months of 2018, which provide a comfortable headroom by being significantly above the debt covenants.



Notes on business performance

EPRA NAV

The EPRA NAV is defined by EPRA as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items which are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust the IFRS NAV in order to provide

stakeholders with the most relevant information on the Group's balance sheet items in the context of a true real estate investment company with a long-term oriented investment strategy. As perpetual notes are classified as equity in accordance with IFRS treatment, GCP additionally reports the EPRA NAV including the perpetual notes.

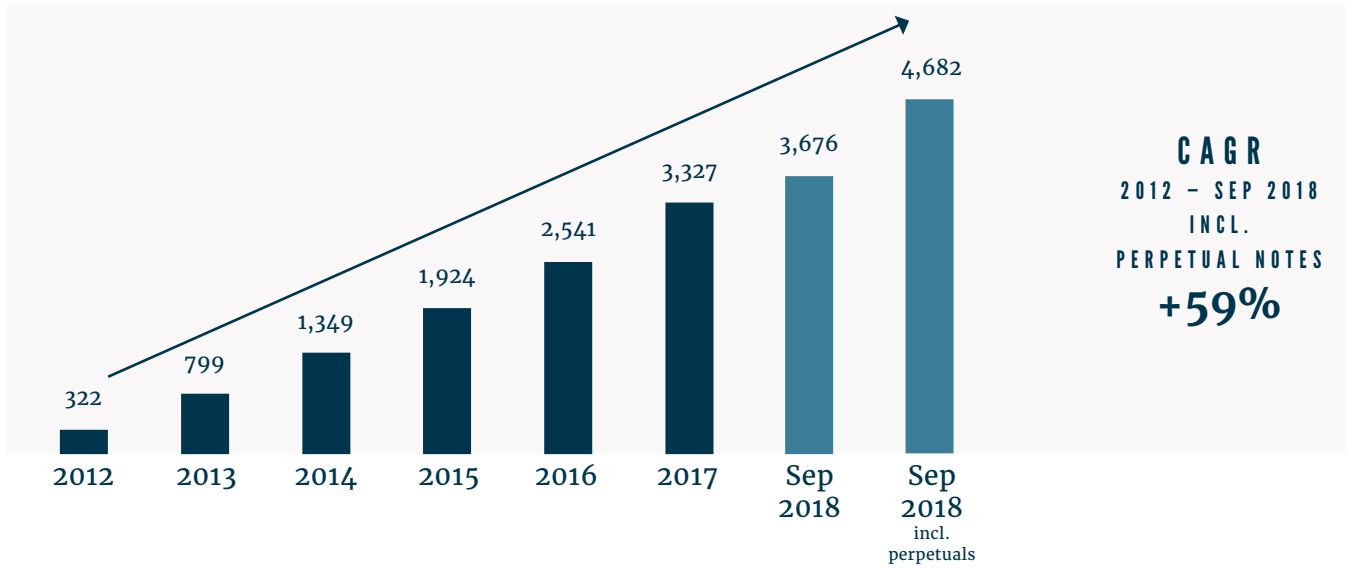
	Sep 2018		Dec 2017	
	€'000	€ per share	€'000	€ per share
Equity per the financial statements	4,479,109		3,849,662	
Equity attributable to perpetual notes investors	(1,006,763)		(665,871)	
Equity excluding perpetual notes	3,472,346		3,183,791	
Fair value measurements of derivative financial instruments, net	12,940		5,885	
Deferred tax liabilities*	561,723		501,999	
NAV	4,047,009	24.2	3,691,675	22.4
Non-controlling interests	(371,496)		(364,489)	
EPRA NAV	3,675,513	22.0	3,327,186	20.2
Equity attributable to perpetual notes investors	1,006,763		665,871	
EPRA NAV incl. perpetual notes	4,682,276	28.0	3,993,057	24.2
Basic amount of shares including in-the-money dilution effects (in thousands)	166,933		165,004	

* including balances held for sale

EPRA NAV as of the end of September 2018 amounted to €3.7 billion, up by 10% compared to €3.3 billion at year-end 2017, reflecting the growth in the equity base which was driven by high profits and was partially offset by the dividend distribution for the 2017 fiscal year, carried out in July 2018. Accordingly, the EPRA NAV per share increased to €22.0, up by 9% compared to €20.2 recorded at year-end 2017, which reflects GCP's continues achievement in

creating value for its shareholders. The EPRA NAV including perpetual notes amounted to €4.7 billion as of the end of September 2018 and grew by 17% from €4.0 billion at year-end 2017, also increasing by 16% on a per share basis to €28.0 from €24.2 as of year-end 2017. This increase was further driven by additional €350 million of perpetual notes which were issued in April 2018.

EPRA NAV DEVELOPMENT (IN € MILLIONS)



Nuremberg (Fürth)

Alternative Performance Measures

In this section, GCP provides an overview of the use of its alternative performance measures.

For enhanced transparency and more industry specific comparative basis, the Company provides market and industry standard performance indicators. GCP provides a set of measures that can be utilized to assess the Company's operational earnings, net value of the Company, leverage position, debt coverage abilities as well as liquidity headroom. Following measurements apply to the real estate industry's specifications and include adjustments where necessary that are in compliance with the standards.

RECONCILIATION OF ADJUSTED EBITDA

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 of profit from investment in equity-accounted investees and other adjustments. GCP starts from its *Operating profit* and adds back the item *Depreciation and amortization* to arrive at *EBITDA* value. Non-recurring and non-operational items are deducted such as the *Capital gains, property revaluations and other income, Result on the disposal of inventories-trading properties* and *Share in profit from investment in equity-accounted investees*. Further adjustments are labeled as *Other adjustments* which are equity settled share-based payments since these are non-cash expenses.

ADJUSTED EBITDA RECONCILIATION

Operating Profit
(+) Depreciation and amortization
(=) EBITDA
(-) Capital gains, property revaluations and other income
(-) Result on the disposal of inventories - trading properties
(-) Share in profit from investment in equity-accounted investees
(+) Other adjustments
(=) Adjusted EBITDA

RECONCILIATION OF FUNDS FROM OPERATIONS I (FFO I)

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilized as a key industry performance indicator. It is calculated by deducting the *Finance expenses, Current tax expenses* and *Contribution to minorities* from the *Adjusted EBITDA*.

FFO I RECONCILIATION

Adjusted EBITDA
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities
(=) FFO I

RECONCILIATION OF FFO I AFTER PERPETUAL NOTES ATTRIBUTION

In line with the IFRS standards, GCP recognizes perpetual notes as equity in its balance sheets. Therefore, attributions to this item is recorded through changes in equity. GCP reports FFO I after perpetual notes attribution for enhanced transparency. In this case, GCP deducts the *Adjustment for accrued perpetual notes attribution* from the *FFO I*.

FFO I AFTER PERPETUAL NOTES ATTRIBUTION RECONCILIATION

FFO I
(-) Adjustment for accrued perpetual notes attribution
(=) FFO I after perpetual notes attribution

RECONCILIATION OF ADJUSTED FUNDS FROM OPERATIONS (AFFO)

The Adjusted Funds From Operations (AFFO) is an additional measure of comparison which factors into the FFO I, the Company's repositioning capex, which targets value enhancement and quality increase in the portfolio. Modernization and pre-letting capex are not included in the AFFO as they are considered as additional investment programs, similar to the property acquisitions, which are conducted at the Company's discretion. Therefore, in line with the industry practices, GCP deducts the *Repositioning capex* from the *FFO I* to arrive at the *AFFO*. As a result, *AFFO* is another widely-used indicator which tries to assess residual cash flow for the shareholders by adjusting *FFO I* for recurring expenditures that are capitalized.

AFFO RECONCILIATION

FFO I

(-) Repositioning capex

(=) **AFFO**

RECONCILIATION OF FUNDS FROM OPERATIONS II (FFO II)

FFO II additionally incorporates on top of the FFO I the results from asset disposals, calculated as the difference between the disposal values and the property acquisition costs plus capex, reflecting the economic profit generated on the sale of the assets. Although, property disposals are non-recurring, disposal activities provide further cash inflow that increase the liquidity levels. As a result, this measure is an indicator to evaluate operational cash flow of a company including the effects of disposals.

FFO II RECONCILIATION

FFO I

(+) Result from disposal of properties*

(=) **FFO II**

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



London

Alternative Performance Measures

RECONCILIATION OF THE NET ASSET VALUE ACCORDING TO EPRA (EPRA NAV)

The European Public Real Estate Association (EPRA) is the widely-recognized market standard guidance and benchmark provider for the European real estate industry. EPRA's Best Practices Recommendations dictate the ongoing reporting of a set of performance metrics intended to enhance the quality of reporting by bridging the gap between the regulated IFRS reporting presented and specific analysis relevant to the European real estate industry.

The EPRA NAV is defined by EPRA as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust the IFRS NAV in order to provide stakeholders with the most relevant information on the Group's balance sheet items in the context of a true real estate investment company with a long-term oriented investment strategy. As perpetual notes are classified as equity in accordance with IFRS treatment, GCP additionally reports the EPRA NAV including the perpetual notes.

The reconciliation of the EPRA NAV starts from the *Equity per the financial statements* and deducts the *Equity attributable to perpetual notes investors* to get to the *Equity excluding perpetual notes*. Adding the *Fair value measurements of derivative financial instruments* and the *Deferred tax liabilities* which include balances from held for sale results into the NAV. Both of these items are added back in line with EPRA standards since they are not expected to materialize in a long-term basis. Finally, equity that is attributable to the *Non-controlling interests* is deducted from the NAV to derive at the EPRA NAV. Adding to the EPRA NAV the balance of the *Equity attributable to perpetual investors* results in the EPRA NAV including perpetual notes.

EPRA NAV RECONCILIATION

Equity per the financial statements

(-) Equity attributable to perpetual notes investors

(=) **Equity excluding perpetual notes**

(+) Fair value measurements of derivative financial instruments, net

(+) Deferred tax liabilities*

(=) **NAV**

(-) Non-controlling interests

(=) **EPRA NAV**

(+) Equity attributable to perpetual investors

(=) **EPRA NAV incl. perpetual notes**

* including balances held for sale



Dortmund

RECONCILIATION OF THE TRIPLE NET ASSET VALUE ACCORDING TO EPRA (EPRA NNAV)

The EPRA NNAV is derived by adjusting the EPRA NAV by marking to market the values of the Company's financial debt, derivative financial instruments and deferred taxes. The purpose of the EPRA NNAV is to provide stakeholders with the most relevant information on the Company's financial liabilities by reporting them at their fair values as of the end of the period. Accordingly, to derive at the EPRA NNAV, the *Fair value measurements of derivative financial instruments* is deducted from the EPRA NAV as well as an *Adjustment to reflect fair value of debt*. The adjustment is the difference between the market value of debt and book value of debt, adjusted for taxes. Lastly, *Deferred tax liabilities*, which according to EPRA's best practice recommendations should be based on evidence observed in the market, are deducted to reach to the EPRA NNAV.

EPRA NNAV RECONCILIATION

EPRA NAV

(-) Fair value measurements of derivative financial instruments

(-) Adjustment to reflect fair value of debt

(-) Deferred tax liabilities*

(=) EPRA NNAV

*adjustment based on the Company's corporate structure and from actual transactions



RECONCILIATION OF LOAN-TO-VALUE (LTV)

LTV ratio is an acknowledged measurement of the leverage position of a given firm in the real estate industry. This ratio highlights to which extent financial liabilities are covered by the Company's real estate asset value as well as how much headroom of the fair value of real estate portfolio is available compared to the net debt. Following the industry specifications, GCP calculates the LTV ratio by dividing the total net debt to the total value at the balance sheet date. Total value of the portfolio is a combination of *Investment property* which includes *Advanced payments for investment property and inventories - trading properties*, *Investment property of assets held for sale* and *Investment in Equity-accounted investees*. For the calculation of net debt, total *Cash and liquid assets* are deducted from the *Straight bonds*, *Convertible Bonds* and *Total loan and borrowings*. Total loan and borrowings include the *Short-term loans and borrowings*, *Loan redemption*, and *Financial debt held for sale* while Straight bonds include the *Bond redemption*. Cash and liquid assets is the sum of *Cash and cash equivalents*, *Traded securities at fair value through profit and loss*, and *Cash and cash equivalents held for sale*.

LOAN-TO-VALUE RECONCILIATION

(+) Investment property ¹

(+) Investment property of assets held for sale

(+) Investment in equity-accounted investees

(=) (a) Total value

(+) Total debt ²

(-) Cash and liquid assets ³

(=) (b) Net debt

(=) (b/a) LTV

1) including advanced payments for investment properties and inventories - trading properties

2) including loans and borrowings held for sale

3) including cash and cash equivalents held for sale

Alternative Performance Measures

RECONCILIATION OF UNENCUMBERED ASSETS RATIO

The unencumbered assets ratio is a liquidity measure as it reflects the Company's ability to raise secure debt over these assets and thus provides an additional layer of financial flexibility and liquidity. Moreover, the unencumbered assets ratio is important for unsecured bondholders, providing them with an asset backed security. Hence, the larger the ratio is, the more flexibility a firm has in terms of headroom and comfort to its debtholders. Unencumbered assets ratio is calculated by dividing the *Unencumbered investment property* of the portfolio by the *Total investment properties* which is the sum of *Investment property*, *Inventories - trading property* and *Investment property of assets held for sale*.

UNENCUMBERED ASSETS RATIO RECONCILIATION

(a) Unencumbered assets

(b) Total investment properties*

(=) (a/b) Unencumbered Assets Ratio

* including investment properties, investment properties of assets held for sale and inventories - trading property

RECONCILIATION OF ICR AND DSCR

Two widely-recognized debt metrics Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) are utilized to demonstrate the strength of GCP's credit profile. These metrics are often used to see the extent to which interest and debt servicing are covered by recurring operational profits and provides implications on how much of cash flow is available after debt obligations. Therefore, ICR is calculated by dividing the *Adjusted EBITDA* by the *Finance expenses* and DSCR is calculated by dividing the *Adjusted EBITDA* by *Finance expenses* plus *Amortization of loans from financial institutions*. With this ratio, GCP is able to show that with its high profitability and long-term oriented conservative financial structure, GCP consistently exhibits high debt cover ratios.

ICR RECONCILIATION

(a) Finance expenses

(b) Adjusted EBITDA

(=) (b/a) ICR

DSCR RECONCILIATION

(a) Finance expenses

(b) Amortization of loans from financial institutions

(c) Adjusted EBITDA

(=) [c/(a+b)] DSCR



Berlin

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.

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 19, 2018

Refael Zamir
Director (chairman), CFO

Simone Runge-Brandner
Independent Director

Daniel Malkin
Independent Director



Condensed interim consolidated statement of profit or loss

	Note	For the nine months ended September 30,		For the three months ended September 30,	
		2018	2017	2018	2017
		Unaudited			
		€'000			
Revenue		403,808	367,172	135,283	127,049
Capital gains, property revaluations and other income		384,293	381,005	134,308	212,555
Share of profit from investments in equity-accounted investees		1,350	6,134	-	(1,168)
Property operating expenses		(192,592)	(176,973)	(65,516)	(62,873)
Cost of buildings sold		(194)	(491)	-	-
Administrative and other expenses		(9,283)	(8,012)	(3,221)	(2,212)
Operating profit		587,382	568,835	200,854	273,351
Finance expenses		(34,119)	(30,325)	(10,797)	(10,703)
Other financial results		(15,411)	(43,323)	8,650	(38,745)
Profit before tax		537,852	495,187	198,707	223,903
Current tax expenses	5	(19,404)	(21,624)	(5,804)	(6,330)
Deferred tax expenses	5	(77,301)	(69,770)	(23,213)	(38,771)
Profit for the period		441,147	403,793	169,690	178,802
Profit attributable to:					
Owners of the Company		381,538	336,294	145,729	144,568
Perpetual notes investors		21,949	18,137	8,317	6,112
Non controlling interests		37,660	49,362	15,644	28,122
		441,147	403,793	169,690	178,802
Net earnings per share attributable to the owners of the Company (in euro):					
Basic earnings per share		2.31	2.13	0.88	0.88
Diluted earnings per share		2.15	1.95	0.82	0.79

Condensed interim consolidated statement of comprehensive income

	For the nine months ended September 30,		For the three months ended September 30,	
	2018	2017	2018	2017
	Unaudited			
	€'000			
Profit for the period	441,147	403,793	169,690	178,802
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to profit or loss in subsequent periods, net of tax:				
Hedge reserve	(7,615)	-	3,984	-
Exchange differences on translating foreign operations	(2,403)	-	(1,409)	-
Other comprehensive loss for the period, net of tax	(10,018)	-	2,575	-
Total comprehensive income for the period	431,129	403,793	172,265	178,802
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	371,520	336,294	148,304	144,568
Perpetual notes investors	21,949	18,137	8,317	6,112
Non controlling interests	37,660	49,362	15,644	28,122
	431,129	403,793	172,265	178,802



Condensed interim consolidated statement of financial position

	Note	As at September 30,	As at December 31,
		2018	2017
		Unaudited	Audited
		€'000	
ASSETS			
Equipment and intangible assets		22,050	19,649
Investment property	4	6,908,696	6,376,224
Advanced payments for real estate transactions		42,134	37,562
Investment in equity-accounted investees		26,575	37,261
Derivative financial assets		799	-
Other non-current assets		284,292	213,920
Deferred tax assets		31,369	27,744
Non current assets		7,315,915	6,712,360
Cash and cash equivalents		779,031	312,058
Financial assets at fair value through profit and loss	9	127,883	89,426
Inventories – Trading property		15,727	11,644
Trade and other receivables		450,849	259,774
Derivative financial assets		3,117	-
Assets held for sale	10	221,291	123,030
Current assets		1,597,898	795,932
Total assets		8,913,813	7,508,292

	Note	As at September 30,	As at December 31,
		2018	2017
		Unaudited	Audited
		€'000	
EQUITY			
Share capital	7(a)	16,666	16,479
Share premium		673,271	753,226
Capital reserves		27,232	43,842
Retained earnings		2,383,681	2,005,755
Total equity attributable to the owners of the Company		3,100,850	2,819,302
Equity attributable to Perpetual notes investors	7(b)	1,006,763	665,871
Total equity attributable to the owners of the Company and Perpetual notes investors		4,107,613	3,485,173
Non controlling interests	7(c)	371,496	364,489
Total equity		4,479,109	3,849,662
LIABILITIES			
Loans and borrowings		881,815	918,669
Convertible bond	6	271,579	432,073
Straight Bonds	6	2,283,127	1,378,299
Derivative financial instruments		14,859	5,885
Other non-current liabilities		50,688	53,344
Deferred tax liabilities		559,983	499,674
Non-current liabilities		4,062,051	3,287,944
Current portion of long term loans		16,486	11,485
Loan and straight bond redemption		-	50,832
Trade and other payables		310,786	266,587
Derivative financial instruments		1,997	
Tax payable		10,888	8,954
Provisions for other liabilities and charges	10	22,820	20,232
Liabilities held for sale		9,676	12,596
Current liabilities		372,653	370,686
Total liabilities		4,434,704	3,658,630
Total equity and liabilities		8,913,813	7,508,292

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on November 19, 2018



Refael Zamir
Director, CFO



Simone Runge-Brandner
Director



Daniel Malkin
Director

Condensed interim consolidated statement of changes in equity

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

€'000	Equity attributable to the owners of the Company								Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
	Share capital	Share Premium	Equity portion of convertible bond	Translation reserves	Hedge reserve	Other reserves	Retained earnings	Total				
Balance as at December 31, 2017 (audited)	16,479	753,226	20,284	(511)	-	24,069	2,005,755	2,819,302	665,871	3,485,173	364,489	3,849,662
Profit for the period	-	-	-	-	-	-	381,538	381,538	21,949	403,487	37,660	441,147
Other comprehensive income (loss) for the period	-	-	-	(2,403)	(7,615)	-	-	(10,018)	-	(10,018)	-	(10,018)
Total comprehensive income (loss) for the period	-	-	-	(2,403)	(7,615)	-	381,538	371,520	21,949	393,585	37,660	431,129
Amount due to Perpetual notes investors	-	-	-	-	-	-	-	-	(21,949)	(21,949)	-	(21,949)
Issuance of Perpetual notes	-	-	-	-	-	-	-	-	340,892	340,892	-	340,892
Equity settled share-based payment	-	-	-	-	-	919	-	919	-	919	-	919
Dividend distribution*	187	(79,580)	-	-	-	-	-	(79,393)	-	(79,393)	-	(79,393)
Buyback of Convertible bond F	-	(375)	(7,627)	-	-	-	-	(8,002)	-	(8,002)	-	(8,002)
Change in non-controlling interests	-	-	-	-	-	-	(3,612)	(3,612)	-	(3,612)	(30,653)	(34,265)
Disposal of foreign operation	-	-	-	116	-	-	-	116	-	116	-	116
Balance as at September 30, 2018 (unaudited)	16,666	673,271	12,657	(2,798)	(7,615)	24,988	2,383,681	3,100,850	1,006,763	4,107,613	371,496	4,479,109

* See also note 7

The notes on pages 60 to 76 form an integral part of these condensed interim consolidated financial statements.

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2017

€'000	Equity attributable to the owners of the Company						Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total				
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)
Change in non-controlling interests	-	-	-	-	(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.

Condensed interim consolidated statement of cash flows

		For the nine months ended September 30,	
		2018	2017
		Unaudited	
		€'000	
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period		441,147	403,793
Adjustments for the profit:			
Depreciation and amortization		1,729	1,477
Capital gains, property revaluations and other income		(384,293)	(381,005)
Share of profit from investments in equity-accounted investees		(1,350)	(6,134)
Net finance expenses		49,530	73,648
Tax and deferred tax expenses	5	96,705	91,394
Equity settled share-based payment		919	571
Change in working capital		(13,307)	(*) (13,310)
Taxes paid		(20,229)	(19,187)
Net cash provided by operating activities		170,851	151,247
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and intangible assets, net		(3,593)	(4,744)
Investments and acquisitions of investment property, capex and advances paid, net		(408,245)	(219,810)
Disposal (acquisition) of investees and loans, net of cash acquired (disposed)		(71,602)	(*) (235,159)
Proceeds (Investment) from (in) trade securities and other financial assets		(95,432)	77,586
Net cash used in investing activities		(578,872)	(382,127)

(*) restated.



Wuppertal

		For the nine months ended September 30,	
		2018	2017
		Unaudited	
		€'000	
	Note		
CASH FLOWS FROM FINANCING ACTIVITIES:			
Amortization of loans from financial institutions		(7,433)	(8,253)
Proceeds from loans from financial institutions, net		17,330	(13,376)
Proceeds from Straight bonds	6	929,407	576,683
Proceeds (payment) from (to) Perpetual notes investors, net	7(b)	316,641	(20,583)
Proceeds from capital increase, net	7(a)	-	196,278
Buyback of Convertible bond series F	6(b1)	(170,892)	-
Buyback of Straight bond series D	6(a)	(43,358)	(344,365)
Repayment Straight bond CHF	6(h)	(49,934)	-
Transactions with non-controlling interest		-	(926)
Dividend distributed to the shareholders	7(d)	(79,393)	(112,468)
Interest and other financial expenses, net		(37,477)	(32,885)
Net cash provided by financing activities		874,891	240,105
Net increase in cash and cash equivalents		466,870	9,225
Cash and cash equivalents held for sale	10	103	1,234
Cash and cash equivalents at the beginning of the year		312,058	448,873
Cash and cash equivalents at the end of the period		779,031	459,332

Notes to the condensed interim consolidated financial statements

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

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 (public limited liability company). Its registered office is at 1, Avenue du Bois L-1251 Luxembourg.

The Company is a specialist in residential real estate, value-add opportunities in densely populated areas, mainly in Germany. The Company’s strategy is to improve its properties through targeted modernization and intensive tenant management, and then create value by subsequently raising occupancy and rental levels.

The condensed interim consolidated financial statements for the nine months ended September 30, 2018 consist of the financial statements of the Company and its investees (“the Group”).

(b) 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.

(c) 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 July 2017, the Company established a Euro Medium Term Notes Programme (“the EMTN programme”).

For information about bonds and capital increase, please see note 6 and 7, respectively.



Dresden

(d) GROUP RATING

On November 23 2016, S&P revised its long-term corporate credit rating of the Company to 'BBB+' from 'BBB' with stable outlook. In addition, S&P has revised the ratings of the senior unsecured debt of the Company to 'BBB+' from 'BBB' and on 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'.

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

(e) DEFINITIONS

Throughout these notes to the condensed consolidated financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
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, 2018

2. Basis of preparation

(a) STATEMENT OF COMPLIANCE (c) OPERATING SEGMENTS

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as applicable in the European Union ("EU"). They do not include all the information required for a complete set of IFRS financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2017.

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, 2017. These condensed interim consolidated financial statements have not been reviewed by the auditor, unless written "audited". These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on November 19, 2018.

(b) JUDGMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements, management applies judgments, estimates and special 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, 2017.

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.

(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.

(f) FUNCTIONAL AND PRESENTATION CURRENCY

The condensed interim consolidated financial statements are presented in thousands of euro, which is also the functional currency of the Group, except for a net investment in foreign operation for which its functional currency is the British Pound (GBP).

In addition, as at September 30, 2018, the Company had issued financial instruments in Hong Kong Dollar (HKD), Swiss Franc (CHF) and Japanese Yen (JPY).

	EUR/ GBP	EUR/ HKD	EUR/ CHF	EUR/ JPY
As of December 31, 2017	0.887	9.372	1.170	135.010
As of September 30, 2018	0.887	9.058	1.132	131.230
Percentage change	(0.0%)	(3.4%)	(3.3%)	(2.8%)
Average exchange rate during the period	0.884	9.363	1.161	130.947



Braunschweig

3. Accounting policies

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards, amendments to standards and interpretations effective as at January 1, 2018.

(a) IFRS 9 - FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting. The application of the new standard is not material.

(b) IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. Lease contracts are scoped out of IFRS 15, and are accounted for under IAS 17 (from 2019: IFRS 16), and therefore the application of the new standard does not have any impact in terms of amounts on the recognition of rental income.

(c) IFRIC 22 - FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any material impact on the Group's consolidated financial statements.

(d) AMENDMENTS TO IAS 40: TRANSFERS OF INVESTMENTS PROPERTY

The amendments clarify when an entity should transfer property, including property under construction or develop-

ment into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

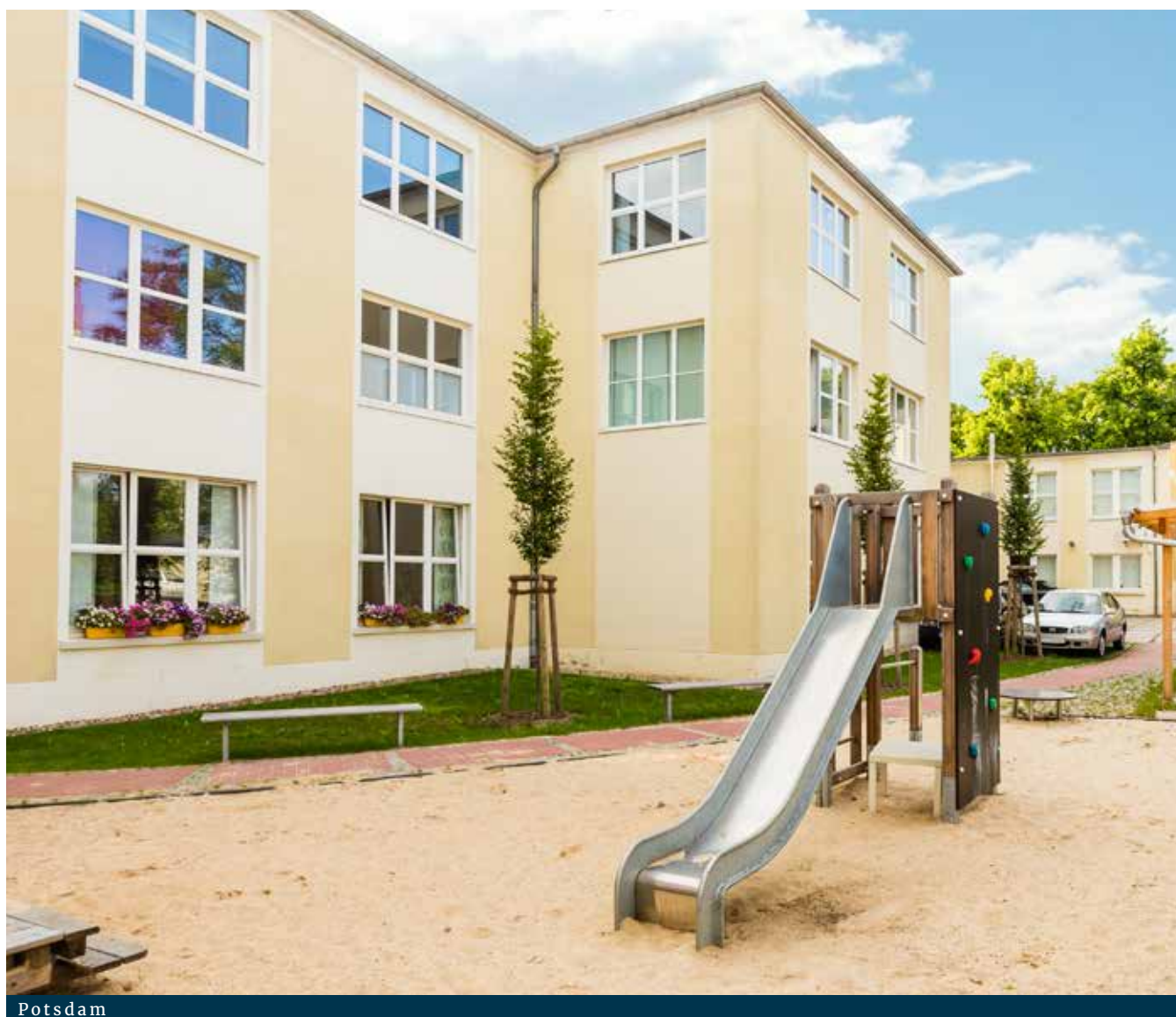
(e) AMENDMENTS TO IFRS 2 - CLASSIFICATIONS AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS

The IASB issued amendments to IFRS 2 Share-based payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments do not have a material impact on the Group's consolidated financial statements.

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.

(f) IFRS 16 - LEASES

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Group plans to apply IFRS 16 initially on January 1 2019.



4. Investment property

	For the nine months ended September 30,	Year ended December 31,
	2018	2017
	Unaudited	Audited
	€'000	
Balance as at January 1	6,376,224	4,768,487
Acquisitions of investment property and capex during the period / year	651,734	(*) 1,071,556
Disposal of investment property during the period / year	(220,503)	(*) (23,800)
Effect of foreign currency exchange differences	(2,967)	(1,726)
Transfer from (to) assets held for sale (see note 10)	(260,508)	2,912
Fair value adjustment	364,716	616,459
Balance as at September 30 / December 31	6,908,696	6,376,224

(*) reclassified

5. Tax and deferred tax expenses

For the nine months ended September 30,

	2018	2017
	Unaudited	
	€'000	
Corporation tax	(6,948)	(10,306)
Property tax	(12,456)	(11,318)
Deferred tax	(77,301)	(69,770)
Tax and deferred tax expenses for the period	(96,705)	(91,394)



Mannheim

6. Straight and convertible bonds

Set out below, is an overview of the Group's straight and convertible bonds in issue as at September 30, 2018 and December 31, 2017:

Bond	Nominal Amount	Effective Coupon	Issuance - Maturity	As at	As at
				September 30, 2018	December 31, 2017
	'000			€'000	
Straight bond series D (a)	EUR 138,800	2.000%	10/2014-10/2021	135,596	174,312
Straight bond series E	EUR 550,000	1.500%	04/2015-04/2025	525,302	522,571
Straight bond series G	EUR 600,000	1.375%	08/2017-08/2026	579,344	577,511
Straight bond series H (f)	EUR 255,000	2.000%	10/2017-10/2032	239,683	103,905
Straight bond series I (c)	HKD 900,000	1.000%	02/2018-02/2028	98,675	-
Straight bond series J (d)	EUR 500,000	1.500%	02/2018-02/2027	483,998	-
Straight bond series K (e)	CHF 125,000	0.956%	03/2018-09/2026	109,818	-
Straight bond series L (g)	JPY 7,500,000	1.400%	06/2018-06/2038	55,867	-
Straight bond series M (i)	EUR 55,000	1.700%	07/2018-07/2038	54,844	-
Straight bond series CHF (h)	CHF 52,380	4.750%	07/2013-repaid	-	44,621
Total straight bonds				2,283,127	1,422,920
Total accrued interest on straight bonds				18,391	7,151
Convertible bond series F (b)	EUR 280,800	0.250%	03/2016-03/2022	271,579	432,073
Total convertible bond				271,579	432,073
Total accrued interest on straight bonds				55	374

- (a) During 2017, the Company bought back euro 320.6 Million principal amount of straight bond series D for a purchase price of 106.888 per cent of the principal amount excluding any accrued interest. During the reporting period, the company bought back additional euro 40.6 Million principal amount of straight bond series D for a purchase price of 106.129 per cent of the principal amount excluding any accrued interest.
- (b) 1. During the reporting period, the Company bought back euro 169.2 Million principal amount of convertible bond series F for a purchase price of 101.000 per cent of the principal amount excluding any accrued interest.
2. As a result of the dividend distribution in June 2018 (see note 7), the conversion price has been adjusted to euro 25.5419 from euro 26.1844.
- (c) On January 25, 2018, the Company successfully completed the placement of Hong Kong Dollars (HKD) 900 million (euro 93 million) due 2028 straight bond series I under the EMTN Programme. The Company hedged the currency risk of the principal amount and the interest. The effective euro coupon is 1% for the first 5 years and 6M Euribor + 1.1725% for the following 5 years.
- (d) On February 19, 2018, the Company successfully completed the placement of euro 500 million 1.5% due 2027 straight bond series J under the EMTN Programme, at an issue price of 97.115% of the principal amount.
- (e) On February 21, 2018 the Company successfully completed the placement of Swiss Franc (CHF) 125 million (euro 108 million) 0.96% coupon due 2026 straight bond series K under the EMTN Programme. The Company hedged the currency risk of the principal amount.
- (f) On February 28, 2018, the Company successfully completed with the tap placement of additional euro 145 million (nominal value) of straight bond series H, for a consideration that reflected 93.369% of their principal amount. The total aggregated principal amount of the straight bond series H increased to euro 255 million (nominal value).
- (g) On June 5, 2018 the Company successfully completed the placement of Japanese yen (JPY) 7.5 Billion (euro 57 million) 1.4% coupon due 2038 straight bond series L under the EMTN Programme. The Company hedged the currency risk of the principal amount.
- (h) As of June 30, 2018, the straight bond series CHF including accrued interest has been fully repaid.
- (i) On June 26, 2018, the Company issued euro 40 million Straight bond series M due 2033 under the EMTN Programme ("Straight bond series M") at an issue price of 100% of the principal amount. The Company hedged the interest payments. The effective interest rate for the first 5 years is 1.7% and for the next 10 years 1.355% +6m Euribor. In addition, On July 5, 2018 the Company successfully completed the tap placement of additional euro 15 million of Straight bond series M. The Company hedged the interest payments. The effective interest rate for the first 5 years is 1.7% and for the next 10 years 1.593% +6m Euribor. Settlement date was on July 10 2018.

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 Company undertakes that it will not, and will procure that none of its subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence:
 - a. The sum of: (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and
 - b. The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series 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;



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 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 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); and
 - 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.



Düsseldorf



Wuppertal

7. Equity

(a) SHARE CAPITAL

	For the nine months ended September 30,		Year ended December 31,	
	2018		2017	
	Number of shares	€'000	Number of shares	€'000
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	164,788,883	16,479	153,788,883	15,379
Issuance of new ordinary shares	1,870,948	187	11,000,000	1,100
Balance at the end of the period/year	166,659,831	16,666	164,788,883	16,479

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.

On July 23, 2018, the company issued 1,870,948 new shares in total value of euro 41 million in connection with the scrip dividend. See note 7d.

(b) ISSUANCE OF PERPETUAL NOTES

On April 24, 2018, the Company successfully placed euro 350 million in aggregate principal amounts of perpetual notes. These notes were issued at a price of 98.125% 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 October 2023, the perpetual notes shall bear a coupon rate of 2.5% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (October 2028) shall correspond to the five-year swap rate plus a margin of 243.2 basis points p.a. The mark-up will increase by 25 basis points (to 268.3 basis points p.a.) as of October 2028 and by another 75 basis points (to 343.3 basis points p.a.) as of October 2043.

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.

(c) NON-CONTROLLING INTERESTS

- 1) During and after the reporting period the Group have had several transactions with non-controlling interests without losing control.
- 2) As of the September 30, 2018, the non-controlling interests is primarily held indirectly by Edolaxia Group.

(d) RESOLUTION OF DIVIDEND DISTRIBUTION

On June 27, 2018, the annual general meeting of shareholder of the company has resolved upon the distribution of a dividend of EUR 0.73 (gross) per share to the holders of record on 29 June 2018.

The company has also provided shareholders with the option to receive their dividend through a scrip dividend. From 28 June 2018 to 10 July 2018, shareholders of the company could elect to receive up to 70% of their dividend in the form of shares of the company, with the reminder paid in cash. Shareholders who did not elect to participate in the scrip dividend have received their dividend in cash. The cash dividend has been paid on July 17, 2018 and the new shares resulting from the scrip dividend have been issued on July 23, 2018.



Neu-Isenburg (Frankfurt)

8. Related party transactions

During the reporting period the Group's related party transactions were as follows:

For the nine months ended September 30,

	2018	2017
	Unaudited	
	€'000	
Rental and operating income ⁽ⁱ⁾	738	317
Interest income on loans to equity-accounted investees ⁽ⁱⁱ⁾	715	760
Consulting services income	250	-
Consulting services expenses	(200)	-

(i) As of September 30, 2018 the Group has receivables in the amount of euro 13 thousands.

(ii) As of June 30, 2018 the Group invested in loans to associates euro 27 million.

9. Financial instruments

Set out below, is an overview of financial assets, other than cash and cash equivalents, held by the Group as at September 30, 2018 and December 31, 2017:

	As at September 30,	As at December 31,
	2018	2017
	€'000	
FINANCIAL ASSETS AT AMORTIZED COST:		
Trade and other receivables (*)	455,250	264,246
Other non-current assets (*)	284,966	214,200
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Financial assets at fair value through profit or loss	127,883	89,426
Derivative financial assets	3,916	-
Total	872,015	567,872

(*) Including assets held for sale.

Set out below, is an overview of financial liabilities, held by the Group as at September 30, 2018 and December 31, 2017:

	As at September 30,	As at December 31,
	2018	2017
	€'000	
FINANCIAL LIABILITIES AT AMORTIZED COST:		
Trade and other payables (*)	314,803	269,500
Tax payable	10,888	8,954
Loans and borrowings (*)	901,280	940,682
Straight bonds (**)	2,283,127	1,422,920
Accrued interest on straight bonds	18,391	7,151
Convertible bond	271,579	432,073
Accrued interest on convertible bonds	55	374
Other long-term liabilities (*)	51,220	55,997
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Derivative financial liabilities	16,856	5,885
Total	3,868,199	3,143,536

(*) Including liabilities held for sale and loan redemption.

(**) including bond redemption



Berlin

RISK MANAGEMENT ACTIVITIES

CURRENCY AND INTEREST RISKS

During the reporting period, the Company issued several straight bonds in different currencies and in fixed and floating interest. The Company used cross currency swap contracts to hedge the fair value risk derived from the changes in exchange rates and interest rates as explained in note 6.

In addition, the Company used forwards contracts to hedge the fair value of its net investment in foreign operation which operates in British pound (GBP).

As at September 30, 2018, an unrealized loss of euro 7.6 million and an unrealized gain of euro 0.2 million relating to the cross currency swap and the forward contracts are included in other comprehensive income and in the consolidated financial statement of profit or loss, respectively.

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).

1. Financial assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
€'000				
As at September 30, 2018 (Unaudited)				
Financial assets at fair value through profit or loss	63,426	64,457	-	127,883
Derivative financial assets	-	3,916	-	3,916
Total assets	63,426	68,373	-	131,799
Derivative financial liabilities	-	16,856	-	16,856
Total liabilities	-	16,856	-	16,856
As at December 31, 2017 (Audited)				
Financial assets at fair value through profit or loss	89,426	-	-	89,426
Total assets	89,426	-	-	89,426
Derivative financial liabilities	-	5,885	-	5,885
Total liabilities	-	5,885	-	5,885

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.

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

	As at September 30, 2018				As at December 31, 2017			
	Carrying amount	Fair value			(*) Carrying amount	Fair value		
		Level 1	Level 2	Total		Level 1	Level 2	Total
€'000								
Convertible bond	271,634	307,403		307,403	432,446	451,080	-	451,080
Straight bonds	2,301,518	2,130,708	152,411	2,283,119	1,429,666	1,501,439	-	1,501,439

(*) Restated

The carrying amount include the accrued interest.

The fair value of all other financial assets and liabilities approximates their carrying amount.

10. 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.

During the reporting period the Company classified additional non-core investment properties in total value of euro 260.5 million as assets held for sale.

During the the reporting period the Company completed the sale transactions of several non-core properties in a total value of euro 162.5 million. For additional sales after the reporting period see note 13.

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,
	2018	2017
	Unaudited	Audited
	€'000	
ASSETS CLASSIFIED AS HELD FOR SALE		
Investment property	215,243	117,246
Cash and cash equivalents	744	847
Other assets	5,304	4,937
Total assets classified as held for sale	221,291	123,030
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Loans and borrowings	2,979	4,317
Other liabilities	6,697	8,279
Total liabilities classified as held for sale	9,676	12,596



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11. Commitments

During the reporting period, the Group signed several real estate transactions which as at September 30, 2018 were not yet completed and are subject to standard condition precedents.

In addition, the Group has approximately 10 million commitment for future capital expenditure on the properties.

12. Contingent assets and liabilities

The Group had no significant contingent assets and liabilities as of September 30, 2018.

13. Events after the reporting period

After the reporting period, the Group completed the sale transactions of properties in total value of euro 80 million, which were mainly non-core properties held for sale.



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