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GRAND CITY PROPERTIES S.A. ANNOUNCES STRONG START INTO 2015 WITH Q1 FIGURES SHOWING INTERNAL AND EXTERNAL GROWTH

- Rental and operating income increased to €66 million, up 44% compared to Q1 2014
- EBITDA at €94 million, up 16% compared to Q1 2014
- FFO I increased to €25 million, up 53% compared to Q1 2014
- FFO I after Hybrid Notes attribution per share at €0.20, up 43% compared to Q1 2014
- Adjusted EBITDA increased to €34.2 million, up 49% compared to Q1 2014
- Net profit at €80 million; EPS at €0.63, up 19% compared to Q1 2014
- Equity rose to €1.54 billion, up 48% from year-end 2014
- EPRA NAV climbed to €1.53 billion, up from €1.44 billion year-end 2014
- Leverage is lower at 38% LTV, compared to 45% year-end 2014
- LTV assuming conversion of the convertible bond is at 30% (share price is over 70% premium to the conversion price)
- Cash and liquid assets at €203m, supported by Hybrid Notes issuance in February and March 2015. €400 million Series E issuance in April 2015 provided further acquisition firepower
- Like-for-like in-place rent growth is 2.4% p.a., L-f-l occupancy growth is 2.7% p.a.

Luxembourg, May 20, 2015 – Grand City Properties S.A. (the "Company", "GCP") announces the results for Q1 2015. The figures show ongoing positive development in the overall portfolio of the Company as well as its profitability, primarily stemming from operational initiatives implemented in the first quarter of 2015 and the second half of 2014.

Growth both in the top and bottom line

During the first 3 months of 2015 GCP added 9,000 units to its portfolio, raising the total holdings by 21% to 52,000 units. Including the 22,000 units managed for third parties, the Company managed 74,000 units as of March 2015. As of May 2015 the total portfolio rose to 55,000 units,

bringing the total units under management to 77,000 units. The additions were made through several accretive deals, in line with the Company's acquisition criteria and further adding to the quality of the portfolio and benefits from economies of scale.

The success of the business model was validated at the bottom line with strong net profits of €80 million, supported by operational improvements and further extraction of the potential embedded in the portfolio. As a result, EPRA NAV rose to €1.53 billion, up 6.3% from year-end 2014.

Profitability rises as operational improvements unfold impact

While acquisitions form an essential part of the Company's growth, the turnaround of the properties is the key determinant of the success of the growth and profitability driver. Profitability figures reflect the successful turnarounds in Q1 2015 and the lagged effect of previous periods. FFO I rose by 53% to €25.2 million in comparison to Q1 2014, reflecting over €100 million on a quarterly annualized basis.

Strong capital market access built on conservative capital structure

GCP was able to further improve its capital structure. The LTV fell from 45% as of year-end 2014 to 38% in March 2015. Assuming conversion of the convertible bonds that are deep in the money since August 2014, LTV is at 30%. The equity ratio improved from 40% at the year-end of 2014 to 49% in March 2015, 56% assuming the conversion of the convertibles. Further, the interest coverage ratio significantly improved from 4.5x to 5.7x between Q1 2014 and Q1 2015 as well as the debt service coverage ratio at 4.3x from 3.4x in the respective period. Unencumbered assets amounted to €1.53 billion as of March 2015 (58% of investment property values), further increased to €1.65 billion in May 2015, providing exceptionally high financial flexibility and headroom.

Supported by the strong financial position, the Company accessed capital markets through the issuance of perpetual hybrid notes of €400 million in principal amount with a coupon payment of 3.75% in Q1 2015 as well as through the issuance of additional €400 million 10 year straight bond Series E in April 2015, bearing a coupon payment of 1.5%.

Christian Windfuhr, CEO of Grand City Properties, comments: "We are pleased with the pace the year has started, continuing our remarkable momentum. We are confidently proceeding in 2015, extracting the significant potential from the portfolio and pursuing further attractive deals."

The full Q1 2015 interim report is available on the Company's website:

<http://grandcityproperties.com/downloads.html>

About the Company:

Grand City Properties is a specialist real estate company focused on investing in and managing turnaround opportunities in the real estate property market in Germany, primarily in densely populated areas. The Company's strategy is to improve its properties through targeted modernisation and intensive tenant management, and then create value by subsequently raising occupancy and rental levels. Further information: www.grandcityproperties.com

Grand City Properties (ISIN: LU0775917882) is a public limited liability company (*société anonyme*) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 24, Avenue Victor Hugo , L 1750 Luxembourg and being registered with the Luxembourg trade and companies register (*Registre de Commerce et des Sociétés Luxembourg*) under number B 165560. Since May 2012, Grand City Properties is listed on the Frankfurt Stock Exchange.

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