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GRAND CITY PROPERTIES S.A. FINANCIAL YEAR 2016 - RESULTS REFLECT A PROFITABLE YEAR AND INCREASED PORTFOLIO QUALITY

- **Rental and operating income at €436 million for FY 2016, up 31% from 2015**
- **EBITDA increased by 69% to €825 million in 2016**
- **Adjusted EBITDA for 2016 at €225 million, an increase of 27% to 2015**
- **FFO I in 2016 amounted to €160 million, up 25% from 2015**
- **FFO I per share at €1.05, FFO I per share after perpetual notes attribution at €0.92 (up 4% and 3% YOY, respectively)**
- **Rating improved to BBB+ by S&P and Baa2 positive by Moody's**
- **FFO II at €229 million for full year 2016, following favorable disposals of non-core properties during the year**
- **Net profit increased by 66% amounting to €653 million in 2016; earnings per share at €3.56, an increase of 31%**
- **Equity at €3.1 billion, reflecting a 41% growth to year-end 2015; Equity ratio at 50%**
- **EPRA NAV including perpetual notes increased to €3.2 billion and €20.7, both up by 34% from year-end 2015**
- **EPRA NAV at €2.5 billion and €16.4 per share, both up 32% from year-end 2015**
- **LTV at 35%, down from 42% as of year-end 2015**
- **Maintaining a conservative financial position with ICR of 6.2x, and DSCR of 4.7x**
- **Like-for-like occupancy growth at 2.9% p.a., I-f-I in-place rent growth at 2% p.a.**
- **Increased dividend payout ratio to 65% of FFO I per share starting from 2016 dividend results in €0.68 dividend per share, up 172% from last year's dividend**

Luxembourg, March 21, 2017 – Grand City Properties S.A. (the "Company") is pleased to publish its FY 2016 results, concluding a highly successful year in which the Company continued to perform profitably, increasing occupancy and rent levels across its portfolio, as well as further expanded the portfolio to 84k units.

The net profit in 2016 amounted to €653 million, with the operational measure of FFO I at €160 million increasing 25% from 2015, following operational improvements alongside new acquisitions made over the year.

Capital gains and revaluations amounted to €598 million for 2016 capturing the discounted long

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term value of GCP's efforts in driving forward the operational quality of its portfolio.

FFO II amounted to €229 million for 2016, a result of €69 million disposal gains that reflect a disposal profit margin of 79%, indicating the importance of the Company's deal sourcing capabilities and its ability to pursue various opportunities to improve the assets under its management.

As of February 2017, GCP's portfolio generates an annualized rental and operating income run rate of €462 million, adjusted EBITDA €237 million and FFO I run rate at €168 million, translating to an FFO I per share run rate of €1.09.

EPRA vacancy at 7.8% in February 2017 down from 12.5% as of December 2015 is indicative of the success of the Company in investing funds and efforts in improving the quality and profitability of its portfolio.

The Board of Directors has decided to increase the long term dividend policy to a payout ratio of 65% of FFO I per share, starting from the 2016 dividend which will be paid after the AGM around July 2017. The revision of the payout ratio from formerly 50% was made in view of the robust balance sheet of the Company, its strengthened position and mature stage, and the objective to enable our investors to further benefit from our accretive shareholder value creation. The Board's 2016 dividend distribution proposal for the AGM results in €0.68 per share, compared to €0.25 per share for 2015, reflecting a 172% increase.

Systematically improving operations, reducing leverage and maintaining outstanding coverage ratios resulted in improved credit rating

As of December 2016 the NAV amounted to €2.7bn and €17.7 per share, reflecting an increase of 33% from year-end 2015. The EPRA NAV resulted to €2.5bn, an increase of 32% from December 2015. EPRA NAV including the equity instrument of perpetual notes amounts to €3.2bn at December 2016, an increase of 34%, supported by the issuance of €200 million perpetual notes in September 2016.

Concluding the financial year, LTV decreased to 34.9% as of December 2016, from 41.9% as of December 2015. The LTV is far clear of the Company's limit of 45% decided upon by the Board of Directors. The strong balance sheet position is further supported by an unencumbered assets level of 56% (€2.8 billion) and cash and liquid asset balance of €632 million as of December 2016.

ICR at 6.2x for 2016 is another result of the modest leverage approach of the Company and its practice of keeping wide financial buffer positions. GCP's conservative financial conduct coupled with steadily strengthening its business position are viewed favorably in the credit rating development of the Company. In November 2016, S&P increased GCP's corporate credit rating to BBB+ (A-2 Short Term) validating the Company's strengthened position within the Business risk profile. Also in November 2016, Moody's changed the rating of GCP's outlook to Baa2 positive.

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Strengthening the Company's position in the capital markets and providing more visibility

GCP announced during the fourth quarter of 2016 its decision to apply for admission to trading of the Company's shares in the Frankfurt Stock Exchange prime standard during 2017. With the FY 2016 publication GCP has implemented EPRA's Best Practice Recommendations including all key financial indicators and has included additional disclosures to increase visibility and crystalize the operational and financial performance.

Christian Windfuhr, CEO of Grand City Properties: "GCP has achieved a very successful year in 2016, a result of us systematically guiding our efforts to where we make an impact – identifying the value add aspects in our assets, and applying decisive, confident and professional actions to improve their operations. In addition, we kept our focus on sourcing new deals that match our investment criteria and complement the strength of our portfolio. The new acquisitions increase the pool of value add drivers available for us to pursue, going into 2017.

The full FY 2016 interim report is available on the Company's website:

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

About the Company:

Grand City Properties is a specialist real estate company focused on investing in and managing value-add opportunities in the residential market in Germany, primarily in densely populated areas. 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. 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 165 560. Since May 2012, Grand City Properties is listed on the Frankfurt Stock Exchange.

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