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Grand City Properties S.A. announces successful half-year results with strong operational growth and a healthy financial position

- Rental and operating income increased to €95 million, up 184% yoy
- Net profit rose to €122 million, up 111% yoy
- Earnings per share (EPS) was €0.94, up 29% yoy
- FFO I of €33.8 million, up 336% yoy; FFO per share of €0.29, up 142% yoy
- FFO I only for Q2 2014 of €17.4 million, up 197% yoy
- EBITDA improved to €143 million, up 107% yoy;
- Adjusted EBITDA increased to €49 million, up 218% yoy
- EPRA NAV improved to €1 billion, 17% increase from year end 2013
- Company maintained a healthy debt structure and leverage at 46% LTV (32% assuming convertibles conversion) with a 39% equity ratio (51% assuming conversion)
- High financial flexibility for upcoming growth targets with cash and liquid assets of €273 million as of June 30, 2014, with over 43% (approx. €800 million) of the assets unencumbered

Luxembourg, August 18, 2014 Grand City Properties S.A. (the “Company”, “GCP”) has continued its impressive growth momentum into the first six months of 2014 with strong growth in rental income, up 184% at €95 million, and FFO per share, up 142% yoy at €0.29.

The Company’s portfolio increased by a further 9,000 units in 2014 (5,000 units after Q1), reaching 35,000 units in July 2014, reflecting approx. a 35% increase since December 2013. The run rate of July 2014’s (annualized) rental income is over €205 million and FFO I is over €70 million.

The Company's portfolio growth was financed through placements of equity, straight and convertible bonds, issued at significantly improved financial conditions. The Company believes that the improved access to debt capital and the positive performance of the Company's shares reflect the growing trust of investors and shareholders in the current business situation and outlook for GCP. The Company continues to keep very conservative and healthy financial ratios, with a high rate of unencumbered assets of 43%. This strong financial discipline is accompanied with further improvements in GCP's business profile: larger asset base of close to €2 billion, diversification in major German cities, and an increase in the proportion of stabilized portfolio from 33% to 37%.

Christian Windfuhr, CEO of Grand City Properties, comments: *"I am pleased with our accelerated external growth in the second quarter of 2014 which is a result of our successful sourcing and deal making ability resulting in highly accretive acquisitions. In addition to this we create significant value for our shareholders through our unique turnaround process. Notable organic growth potential exists because a large portion of our portfolio is still in the early turnaround stage. In addition, the integration of the real estate management company we acquired in 2014 can already be seen in the results and synergies are starting to materialize which we expect to be further realized next year.*

Given this we believe we have the potential to increase the FFO significantly in the coming years without additional external portfolio growth. Additionally, the current high cash and liquid assets provide us with fire power for further external portfolio growth if opportunities present themselves. GCP will continue to keep strong financial discipline with the strategic aim to reach investment grade rating."

Please find the full quarterly report 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 unique strategy is to improve its properties through targeted modernization and intensive tenant management, and then create value by subsequently raising occupancy and rental levels.

Grand City Properties is a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, registered office 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 Entry Standard (ISIN: LU0775917882). Further information: www.grandcityproperties.com

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