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## **GRAND CITY PROPERTIES S.A. ANNOUNCES STRONG RESULTS FOR 2014 DRIVEN BY OPERATIONAL AND FINANCIAL ACHIEVEMENTS**

- **FFO I of €76 million, up 100% YOY; FFO I per share of €0.66, up 32% YOY**
- **FFO II of €129 million, up 143% YOY**
- **Rental and operating income increased to €217 million, up 118% YOY**
- **EBITDA at €343 million, Net profit at €244 million**
- **Adjusted EBITDA increased to €112 million, up 106 % YOY**
- **EPRA NAV rose to €1.44 billion, 67% increase from year end 2013**
- **Maintaining conservative leverage with 45% LTV**
- **LTV is 34% assuming conversion of the convertible bond (share price is at 66% premium to the conversion price)**
- **High financial flexibility with high amount of liquid assets, unencumbered assets and continuous access to capital markets**
- **GCP received Investment Grade Rating from both S&P (BBB-) and Moody's (Baa2).**

**Luxembourg, March 18, 2015** – Grand City Properties S.A. (the "Company", "GCP") announces the full year results for 2014. The results reflect an excellent operational performance in 2014 built on ongoing internal improvements, portfolio growth and solid financial stand benefiting from the corporate and financial achievements.

### **Portfolio growth led by operational accomplishments**

The portfolio has increased in size from 26,000 units in December 2013 to 43,000 units in December 2014 (65% growth) and to 52,000 units in March 2015. The portfolio is well diversified and reflects exciting turnaround opportunities for the future. During 2014, the stabilized portion of the portfolio was increased from 33% to 40% and further increased to 43% until March 2015. Additionally, GCP accomplished a high adjusted EBITDA growth of 106% while maintaining balanced investments into its portfolio of €13.8 per sqm in CapEx and maintenance.

**Financial achievements substantially decreasing cost-of-debt**

GCP's prudent financial stand is reflected in the 2014 interest-coverage-ratio of over 5 (adj. EBITDA to interest) and debt-service-coverage-ratio of 4 (adj. EBITDA to interest and debt amortization). Due to its financial and operational improvements the Company obtained investment grade ratings of Baa2 from Moody's (February 2015) and BBB- from S&P (November 2014).

In 2014 GCP achieved a low cost-of-debt of 2%, resulting from successful bond and convertible bond issuances, by refinancing bank loans at improved conditions and early redemption of straight bond Series B. Furthermore, in 2014 10% of the convertible bond, Series C, were converted to equity, triggered by the increasing share price which is 66% above the conversion price. GCP also announced a dividend policy for distributing 30% of the Company's FFO I.

**Continuous operational profitability, with further potential to unfold**

The operational and financial results are captured in an FFO I of €76m, €0.66 per share. The FFO I for the fourth quarter of 2014 alone amounted to €23 million, a quarterly annualized FFO of €92 million.

The achievements of 2014 together with recent acquisitions will unfold their full impact in 2015, which is partially reflected in the March 2015 rental and operating income run rate (monthly annualized) of €280 million and FFO I run rate (monthly annualized) of €102 million (€0.84 per share).

Furthermore, GCP has high financial flexibility including €270 million cash as of year-end 2014, which is supported by the recent issuance of €400 million perpetual hybrid notes in 2015 and €1.45 billion of unencumbered assets as of March 2015.

Christian Windfuhr, CEO of Grand City Properties, comments: "Our annual results present an outstanding operational and financial performance, supported by the turnaround of our portfolio and by further growth opportunities. We are confidently progressing into 2015 and are looking forward to maintain the strong momentum and to exciting turnaround opportunities."

The full 2014 annual 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](http://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.

**Contact:**

Grand City Properties S.A.  
24, Avenue Victor Hugo  
L-1750 Luxembourg  
T: +352 28 77 87 86  
E: info@grandcity.lu  
www.grandcityproperties.com

**Press Contact:**

Katrin Petersen  
Grand City Properties S.A.  
T: +49 (30) 887088-1128  
E: katrin.petersen@grandcity.lu

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