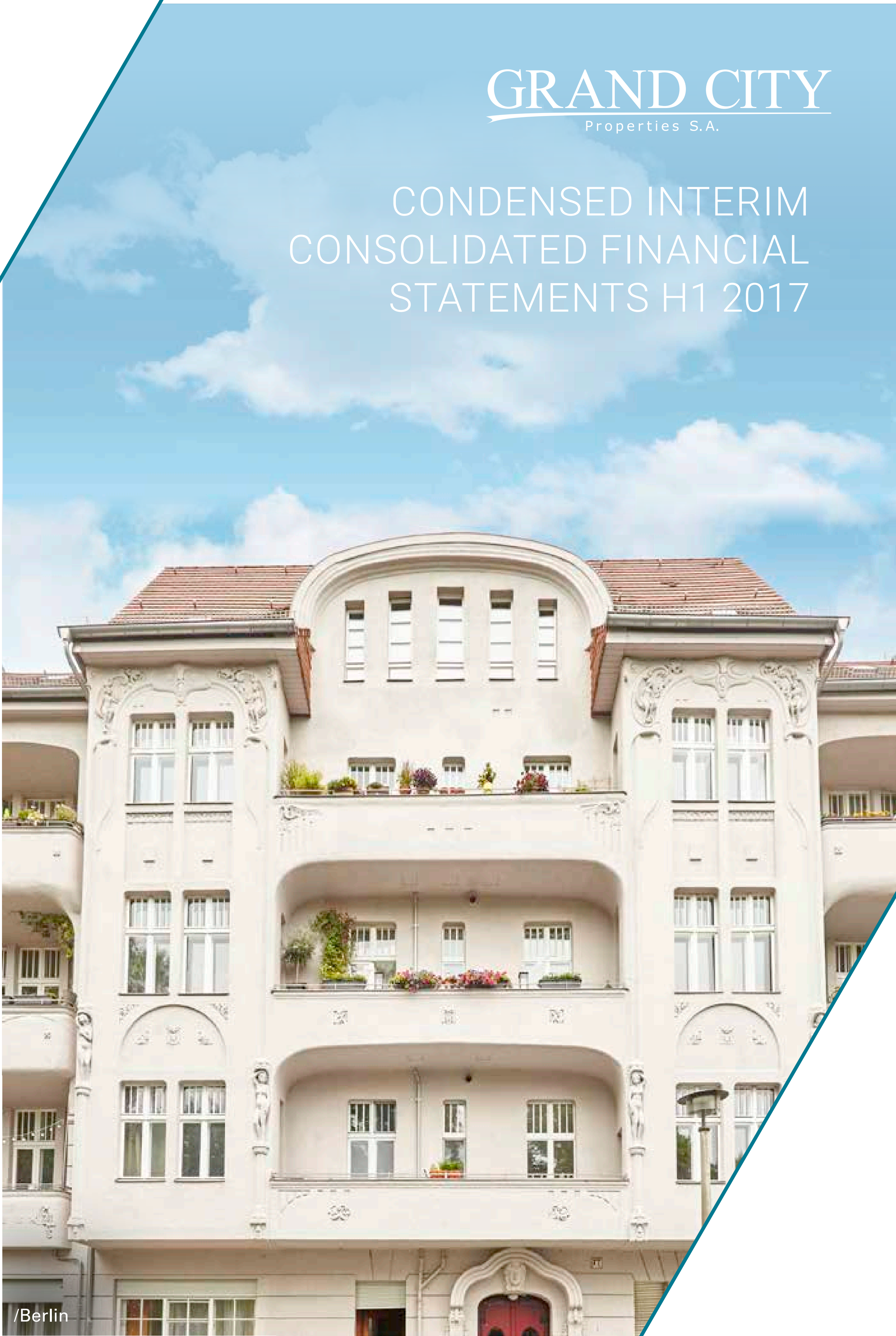
GRAND CITY
Properties S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS H1 2017



/Berlin


/Cologne

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

IMPRINT

Publisher:
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

CONTENT

KEY FINANCIALS

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	JUN 2017	DEC 2016	DEC 2015
TOTAL ASSETS	6,677,572	6,153,733	4,688,903
TOTAL EQUITY	3,370,643	3,065,064	2,172,295
LOAN-TO-VALUE	35%	35%	42%
EQUITY RATIO	50%	50%	46%

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	1-6/2017	CHANGE	1-6/2016
RENTAL AND OPERATING INCOME	239,383	15%	208,804
EBITDA	296,450	-39%	486,578
ADJUSTED EBITDA	120,905	12%	107,706
FFO I	85,188	11%	76,574
FFO I PER SHARE (€)	0.55	10%	0.50
FFO I PER SHARE after perpetual notes attribution (€)	0.47	7%	0.44
NET PROFIT	224,991	-43%	392,088
EPS (BASIC) (€)	1.24	-41%	2.10
EPS (DILUTED) (€)	1.14	-41%	1.94

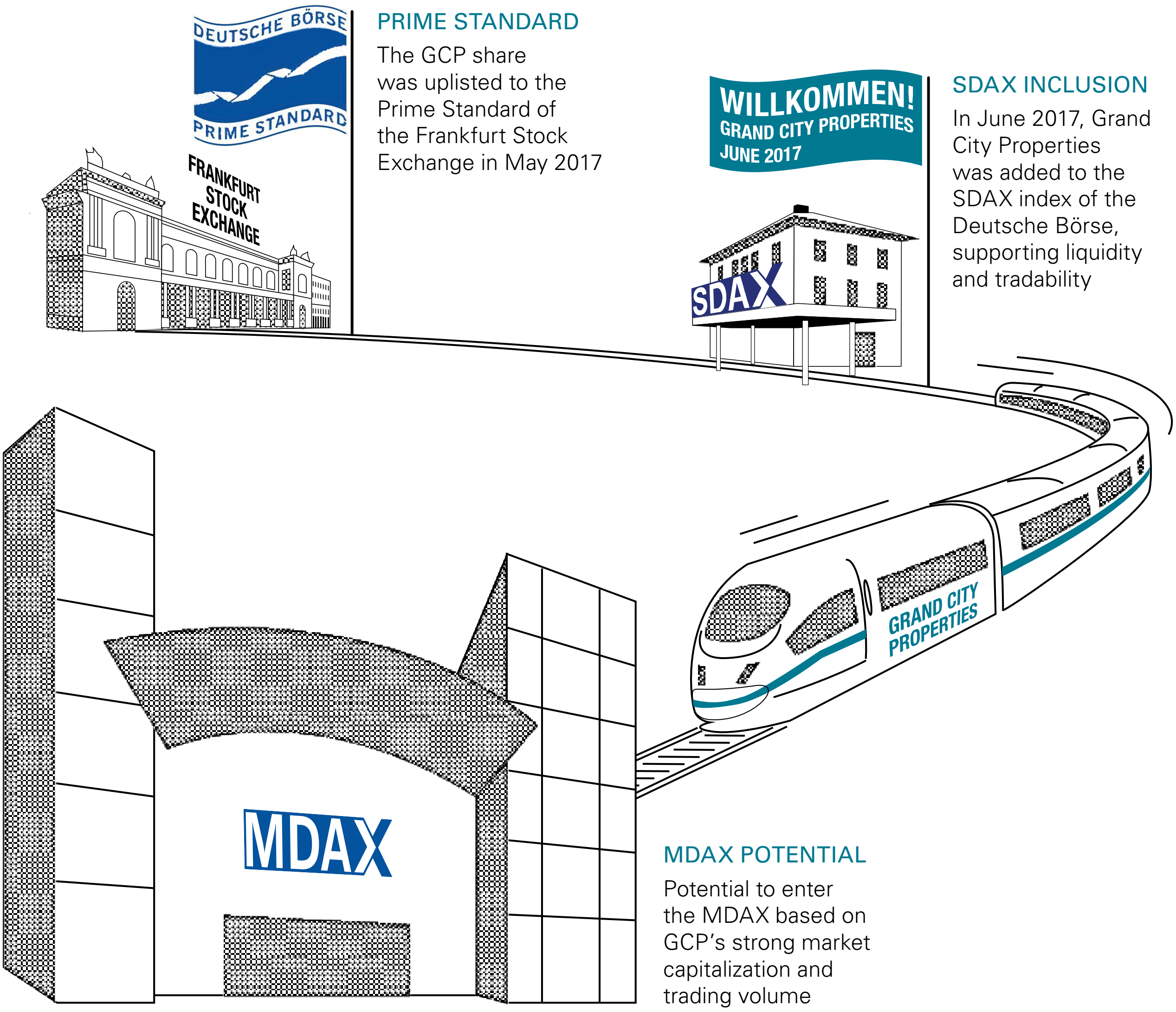
NAV HIGHLIGHTS

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Jun 2017	3,091,146	2,863,893	3,529,764	2,754,287
Jun 2017 per share (€)	18.7	17.4	21.4	16.7
Per share growth	+6%	+6%	+3%	+6%
Dec 2016	2,737,726	2,541,060	3,208,453	2,431,814
Dec 2016 per share (€)	17.7	16.4	20.7	15.7


/Berlin

ACHIEVEMENTS

MILESTONES IN FINANCIAL AND CAPITAL MARKETS



PRIME STANDARD

The GCP share was uplisted to the Prime Standard of the Frankfurt Stock Exchange in May 2017

SDAX INCLUSION

In June 2017, Grand City Properties was added to the SDAX index of the Deutsche Börse, supporting liquidity and tradability

MDAX POTENTIAL

Potential to enter the MDAX based on GCP's strong market capitalization and trading volume

Market Cap[1]
€3bn

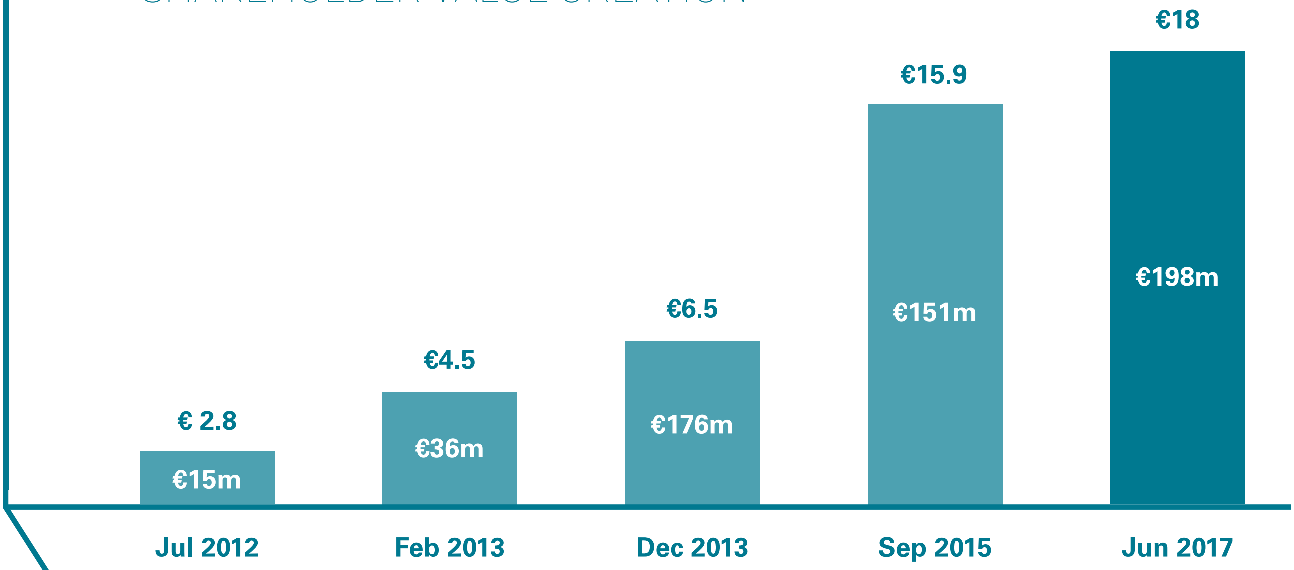
Free float
64%

1) based on a share price of €18

€1.5 BILLION EMTN PROGRAMME ESTABLISHED JULY 2017 AS PLATFORM FOR FURTHER GROWTH

STRENGTHENED THE FINANCIAL POSITION AND DECREASED COST OF DEBT THROUGH THE ISSUANCE OF 1.375% SERIES G BONDS DUE 2026 AND BUYBACK OF €321 MILLION OF 2.0% SERIES D BONDS DUE 2021

INCREASED EQUITY BASE THROUGH A €198 MILLION CAPITAL INCREASE IN JUNE 2017 – LONG-TERM SHAREHOLDER VALUE CREATION



ACHIEVEMENTS

MAINTAINING STEADY PORTFOLIO GROWTH

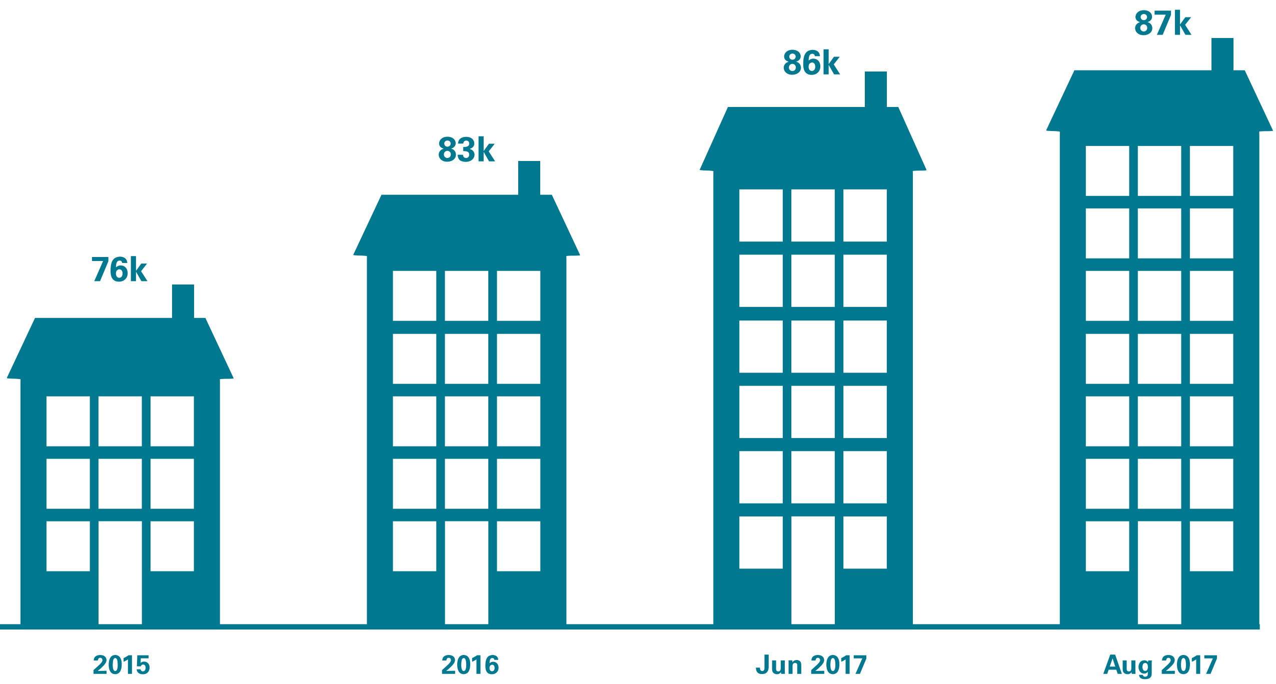
Jun 2017
EPRA Vacancy
7.4%

Jun 2017
In-place rent
5.45€/sqm

Jun 2017
Occupancy growth
LFL +2.3%

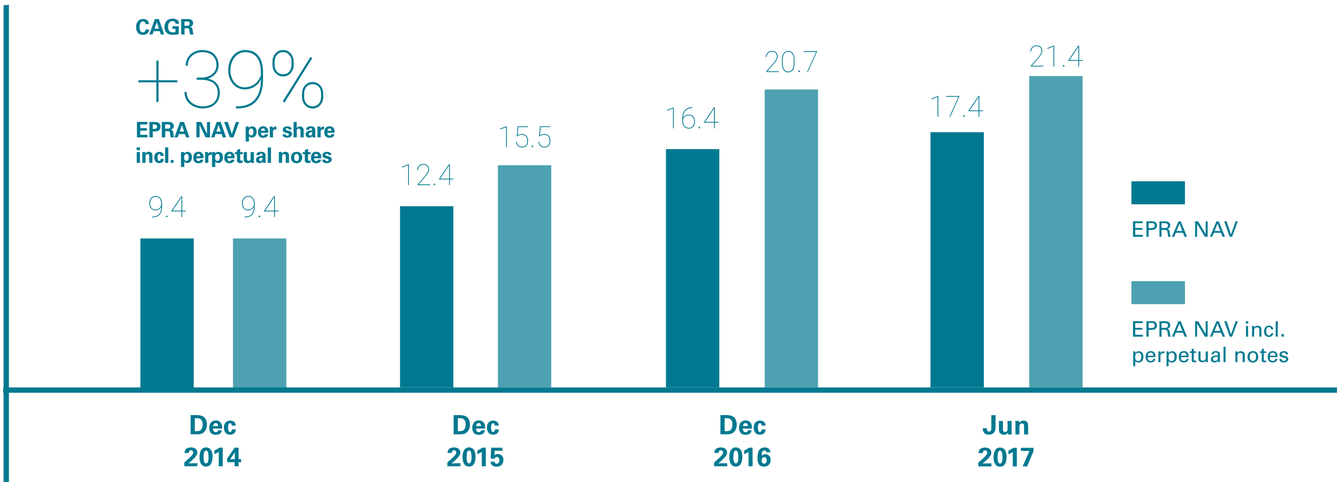
Jun 2017
In-place rent growth
LFL +2%

PORTFOLIO GROWTH

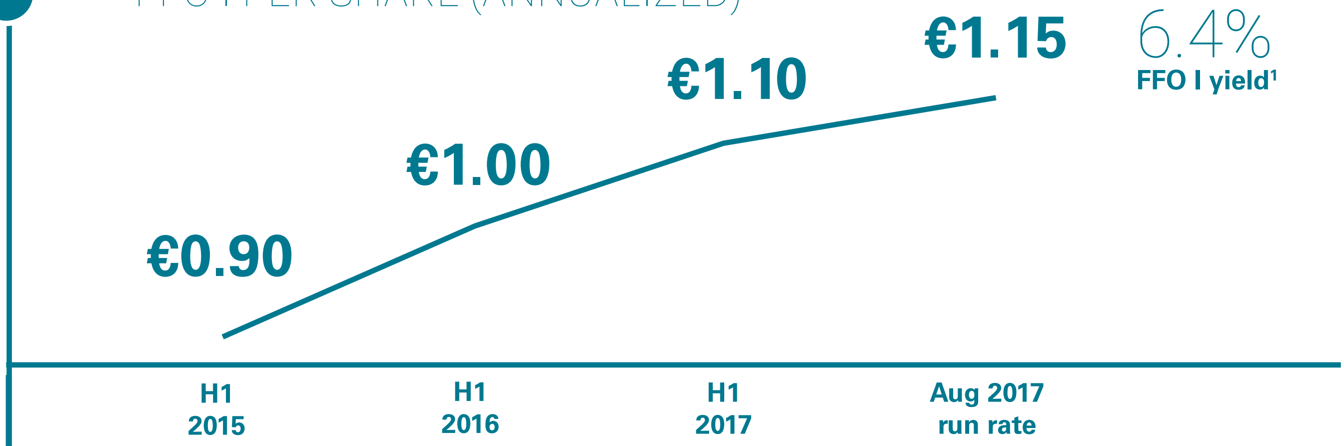


VALUE GENERATION WITH ATTRACTIVE DIVIDEND

EPRA NAV PER SHARE (€)

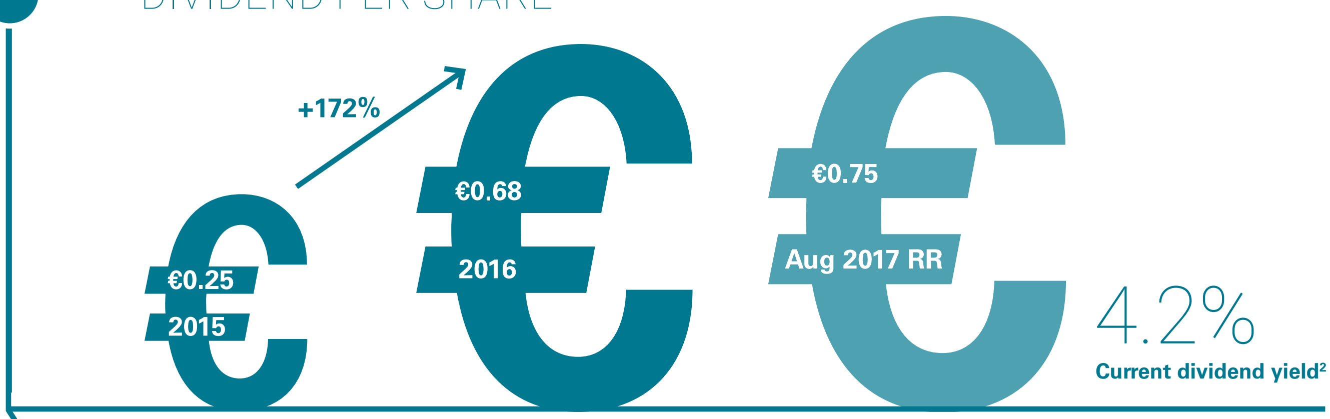


FFO I PER SHARE (ANNUALIZED)



1) based on a share price of €18

DIVIDEND PER SHARE

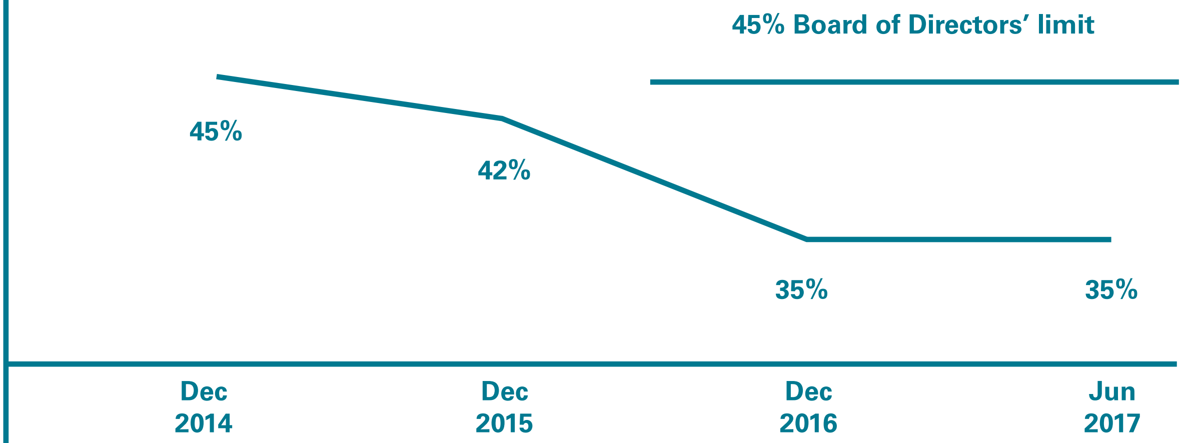


2) based on a share price of €18 and a payout ratio of 65% of FFO I per share

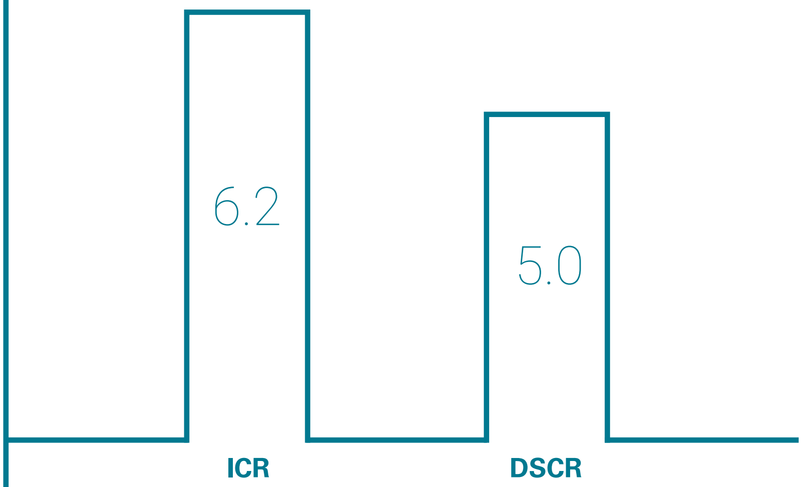
ACHIEVEMENTS

STRONG FINANCIAL POSITION WITH SOUND CREDIT METRICS

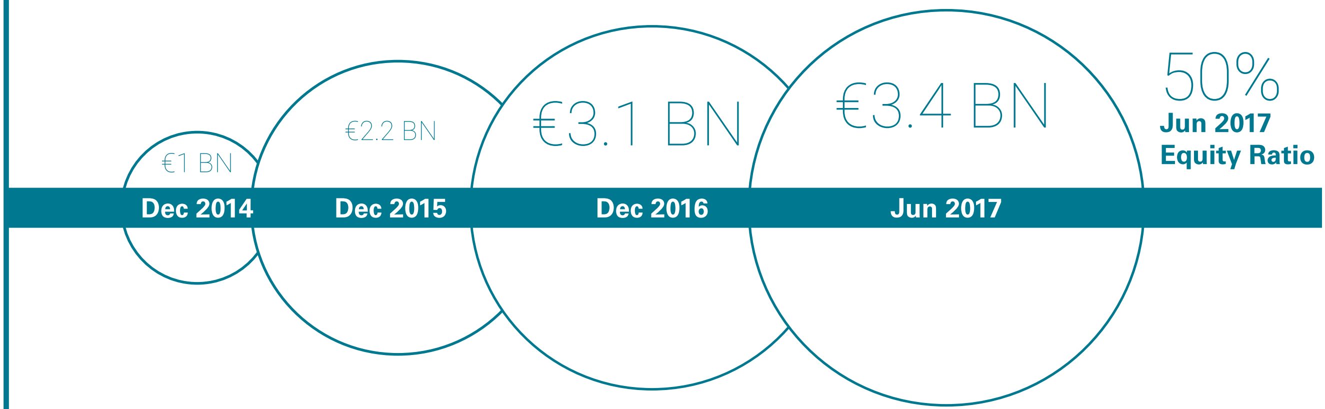
MAINTAINING LOW LEVERAGE (LOAN-TO-VALUE)



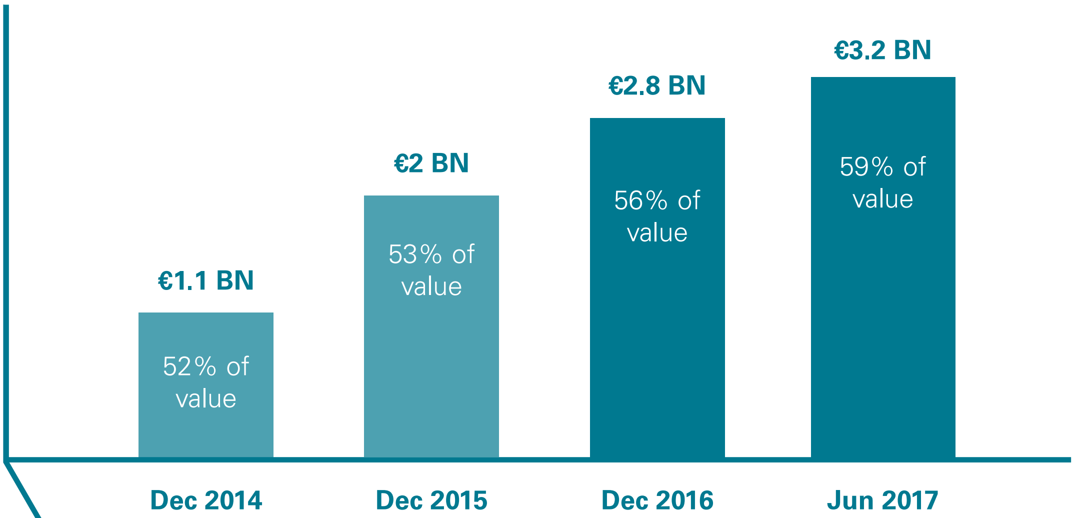
STRONG FINANCIAL COVER RATIOS (1-6/2017)



HIGH EQUITY LEVEL (TOTAL EQUITY)



HIGH AMOUNT OF UNENCUMBERED ASSETS



LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

We are pleased to present to you the financial reports for the first half of 2017, as we reflect on another activity-filled period which witnessed growth on both the operational and the non-operational fronts of our Company. Following our successful uplisting to the Prime Standard of the Frankfurt Stock Exchange in May 2017, Grand City Properties was added to the SDAX index in June 2017 through the fast entry inclusion, representing yet another important milestone in the Company's history. The resulting increase in visibility and share liquidity will provide us with a further boost in our candidacy for a further step-up into the MDAX index in the coming periods.

At the heart of our business is our established portfolio, which experienced further growth and stands at 87k units as of August 2017, while the vacancy rate further declined to 7.5%. The newly acquired properties are located primarily in Berlin, NRW, Hamburg, Hannover and Kaiserslautern, and as such strongly complement our existing portfolio, and represent our ability to source and execute attractive deals in times of increased competition. While we seek to grow externally given the fitting opportunity, we continue to keep a sharp focus on organic growth through operational achievements within our existing portfolio. With a like-for-like occupancy growth of 2.3% and in-place rental rate growth of 2% as of June 2017, we are well on our path to achieving our intended targets.

We continue to ramp up and make progress in our sustainability reporting efforts, which constitutes a key element of our ESG program and subsequently our overall operations. We continuously gather and analyze more and more environmental performance data on an individual asset basis as we aim to establish full portfolio reporting, and in June 2017 have published an initial environmental report following EPRA sBPR (Sustainability Best Practice Recommendations) guidelines. Additionally, we have engaged and are currently working together with leading sustainability rating agencies to evaluate our ESG efforts and provide feedback we can build upon further. Our dedicated ESG team continues to work tirelessly to achieve further results on the sustainability front and ensure that we maintain a high standard of responsibility towards our stakeholders.

Among those stakeholders are of course our tenants, whose satisfaction with our services is paramount to our overall success as an organization. Therefore we are continuously looking to improve our tenant services. Through the recently-launched GCP mobile app (available on iOS and Android), which is available in German as well as English, tenants are able to book consultations with property management online, further distinguishing our client service. Our TÜV double-certified Service Center continues to operate 24/7 to take care of the needs of existing and prospective tenants. As part of our tenant engagement, we organized dozens of fun-filled summer events for our tenants dubbed "GCP-Sommerspiele" throughout our properties where both parents and children alike could enjoy the weather with games, snacks, music and entertainment.

Taking advantage of our strong and established presence in capital markets, we once again accessed the debt and equity markets to source capital and further optimize the capital and financial structures that serve as the backbone of our operations. In July 2017, we established a €1.5 billion Euro Medium Term Note (EMTN) programme providing further financial flexibility, fast reaction ability and facilitating future growth. The subsequently issued €600 million Series G 2026 straight bonds under the programme at the low annual coupon of 1.375%, along with the repayment of €321 of the Series D straight bonds, further strengthened our debt structure by increasing the Company's weighted average debt maturity to 7.5 years while reducing the average cost of debt to 1.5%. Additionally, we further widened our equity base through a €198 million capital raise in June 2017 as the GCP share continues to generate strong demand from investors, validating our value proposition. With the most recent bond issuance in July, we mark an aggregate total of over €4 billion in capital raised through various issuance since our initial listing in July 2012, showing our strong track record in capital markets.

Our portfolio continues to benefit from expert property and asset management, realizing further efficiencies on an individual property level as well as through economies of scale, while our strong marketing team creates creative initiatives to attract new and retain existing tenants. As of August 2017, the portfolio generates a net rental income run rate of €338 million and a bottom line FFO I run rate of €177 million, amounting to an FFO I per share of €1.15 and confirming our sustainable ability to generate increasing shareholder value. This is further supported by the dividend of €0.68 per share for 2016 that was distributed to our shareholders on July 3, 2017, up 172% from the dividend paid for 2015. Based on the August 2017 run rate and the 65% of FFO I per share dividend policy, the current dividend stands at €0.75, reflecting a yield of 4.2%.

We are delighted to be able to continuously communicate to you our ongoing achievements, new milestones, and increasing operational results. Together with our over 800 employees, we continue to work hard in order to report continuing success in the latter half of 2017.

Christian Windfuhr
CEO

Refael Zamir
Director (chairman), CFO

Simone Runge-Brandner
Independent Director

Daniel Malkin
Independent Director

HIGHLIGHTS

PROFITABILITY HIGHLIGHTS

	1-6/2017	1-6/2016
	€'000	
Rental and operating income	**239,383**	**208,804**
EBITDA	296,450	486,578
Adjusted EBITDA	**120,905**	**107,706**
Profit for the period	224,991	392,088
EPS (basic) in (€)	1.24	2.10
EPS (diluted) in (€)	1.14	1.94
FFO I	**85,188**	**76,574**
FFO I per share (€)	0.55	0.50
FFO I per share, after perpetual notes attribution (€)	0.47	0.44
FFO II	**85,437**	**87,796**
Interest Cover Ratio	6.2	6.1
Debt Service Cover Ratio	5.0	4.7

FINANCIAL POSITION HIGHLIGHTS

	Jun 2017	Dec 2016
	€'000	
Cash and liquid assets [1]	**454,770**	**631,904**
Total Assets	**6,677,572**	**6,153,733**
Investment Property [2]	5,424,734	4,795,757
Total Equity	**3,370,643**	**3,065,064**
EPRA NAV	**2,863,893**	**2,541,060**
EPRA NAV including perpetual notes	**3,529,764**	**3,208,453**
Total loans and borrowings [3]	986,771	937,410
Straight bonds	1,052,627	1,050,078
Convertible bond Series F	429,969	427,909
Loan-to-Value	35%	35%
Equity Ratio	50%	50%

1) including cash and cash equivalents held for sale
2) including inventories – traded property
3) including short-term loans and borrowings, loan redemption, and financial debt held for sale


/Berlin


/Dortmund

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 June 30, 2017.

The figures presented in this Board of Directors' Report are based on the interim consolidated financial statements as of June 30, 2017, unless stated otherwise.

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas in Germany. The Group's total portfolio as of August 2017 consists of 87k 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's monthly in-place rent as of August 2017 is €5.5 per square meter and the EPRA Vacancy is 7.5%. GCP is targeting 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, rent below 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 allow 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.

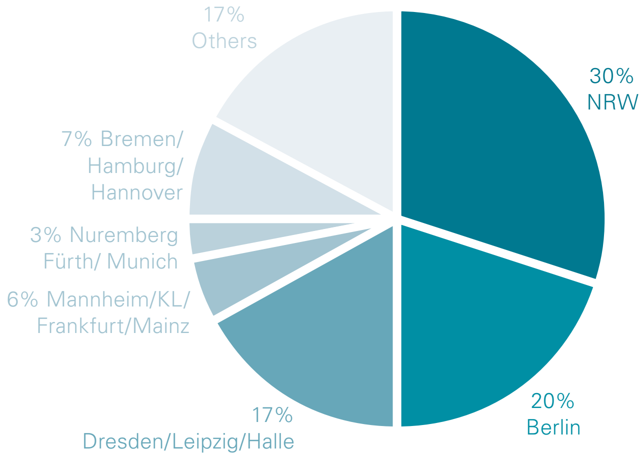
This strategy enables the Company to create significant value in its portfolio and generate stable and increasing cash flows.

THE PORTFOLIO

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

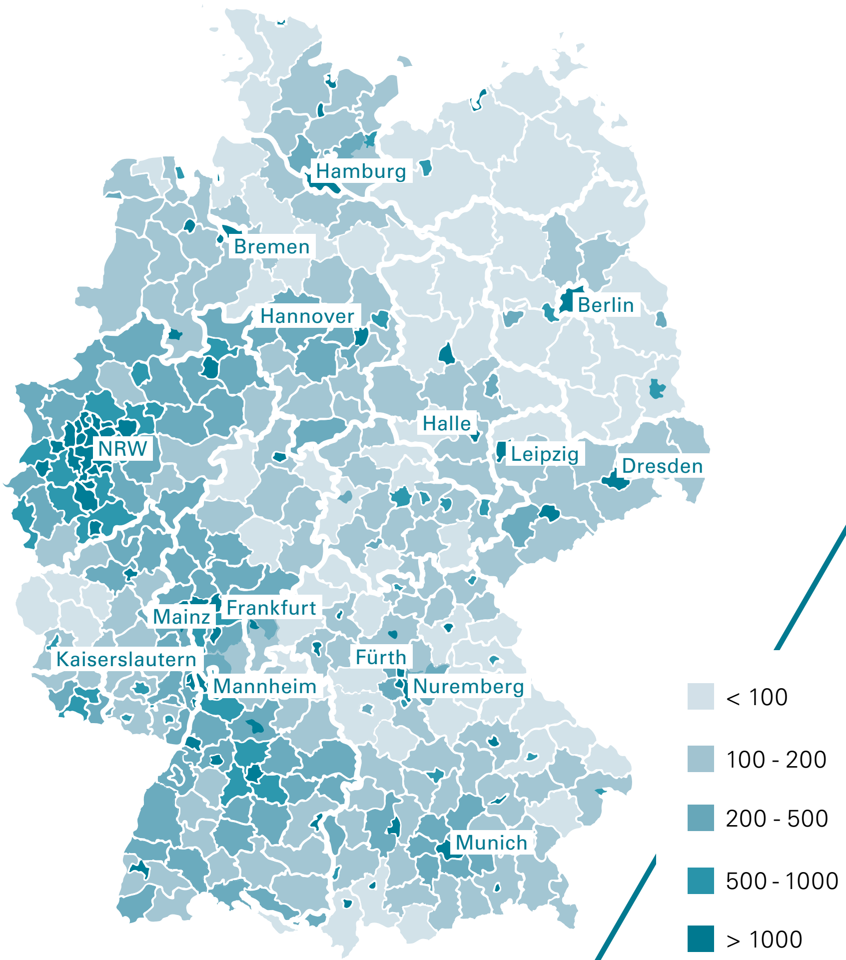
Properties that are attractively located and have been specifically selected for their value creation potential make up GCP's well-balanced portfolio.

REGIONAL DISTRIBUTION BY VALUE



POPULATION DENSITY IN GERMANY

(inhabitants per sqkm 2013)



The Group's portfolio growth was accompanied by further diversification, allowing it to increase benefits from economies of scale, supporting the risk-averse and well allocated portfolio. GCP's focus on densely populated areas is mirrored by 30% of its Portfolio being held in NRW, 20% in Berlin, 17% in the metropolitan of Dresden, Leipzig and Halle and significant holdings in other major urban centers with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

PORTFOLIO OVERVIEW

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

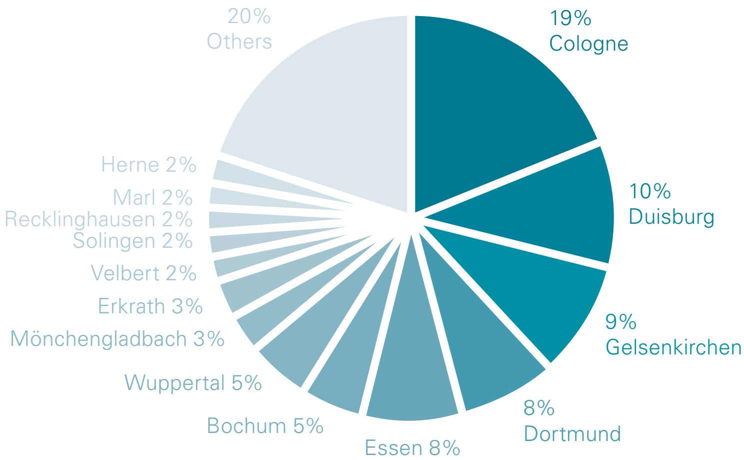
	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,643	1,861	8.0%	108	5.1	28,029	883	6.6%
Berlin	1,077	536	5.2%	44	7.0	6,934	2,009	4.1%
Dresden/Leipzig/Halle	904	1,133	9.1%	60	4.9	19,921	798	6.6%
Mannheim/KL/Frankfurt/Mainz	293	243	4.1%	17	6.0	3,981	1,206	5.8%
Nuremberg/Fürth/Munich	183	102	5.1%	9	7.6	1,471	1,787	5.1%
Bremen/Hamburg/Hannover	381	332	5.5%	23	5.9	5,032	1,147	5.9%
Others	944	1,226	8.1%	70	5.4	20,467	771	7.4%
Total June 2017	**5,425**	**5,433**	**7.4%**	**331**	**5.45**	**85,835**	**998**	**6.1%**
August 2017 Run Rate	**5,500**	**5,516**	**7.5%**	**338**	**5.5**	**86,960**	**997**	**6.1%**

THE PORTFOLIO


/Gelsenkirchen

LARGEST EUROPEAN METROPOLITAN AREA
WELL DISTRIBUTED WITHIN NORTH RHINE-WESTPHALIA

The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 19% of the NRW portfolio is located in Cologne, the largest city in NRW, 10% in Duisburg, 9% in Gelsenkirchen, 8% in Dortmund and 8% in Essen.



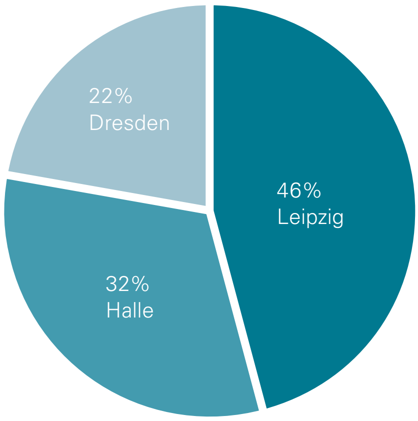
QUALITY BERLIN IN TOP TIER NEIGHBORHOODS

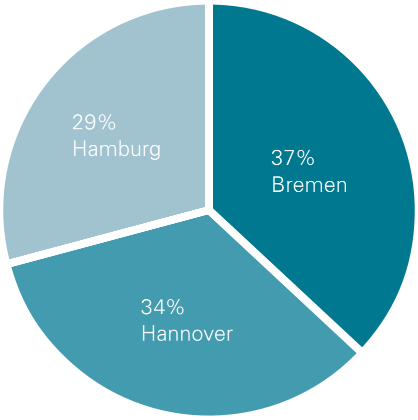
- 68% of the Berlin portfolio is located in top tier neighborhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Lichtenberg, Schöneberg, Neukölln, Schönefeld, Steglitz and Potsdam.
- 32% is well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf


/Halle

WELL DIVERSIFIED EAST AND NORTH PORTFOLIOS

- GCP's East portfolio is well distributed in the growing and dynamic cities Dresden, Leipzig, Halle.
- The North portfolio is focused on the major urban centers Bremen, Hamburg and Hannover





KEY STRENGTHS

CONSERVATIVE FINANCIAL POLICY

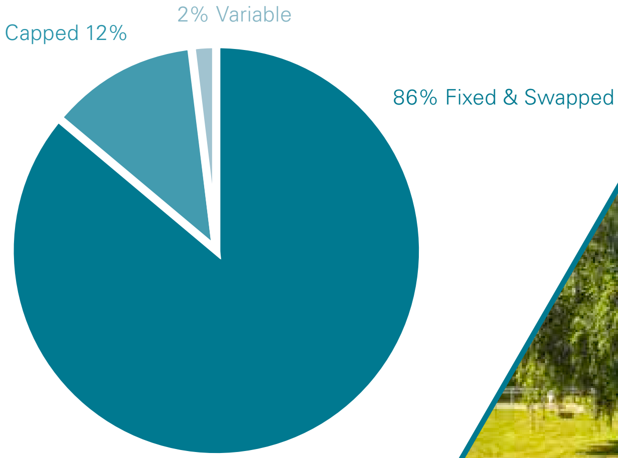
GCP follows a financial policy in order to maintain and improve its strong capital structure:

- **Strive to achieve A- global rating in the long term**
- LTV limit at 45%
- Debt-to-cap ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios
- 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 lines from several banks which are not subject to Material Adverse Effect clauses
- Dividend of 65% of FFO I per share

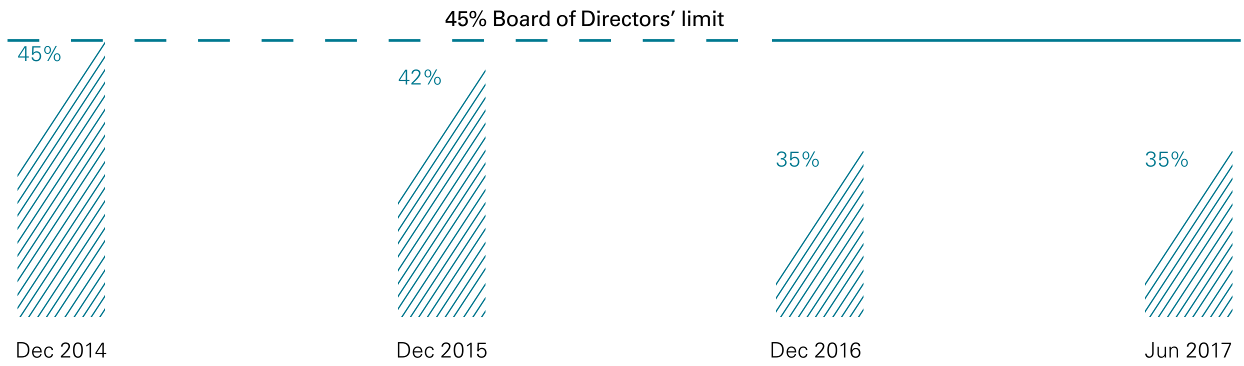
With €455 million in liquid assets and over €200 million unused credit lines as of June 30, 2017, GCP has a high level of financial flexibility, which is also reflected in the €3.2 billion of unencumbered assets. The high amount of liquidity enables GCP to pursue attractive deals, and provides significant headroom and comfort to its debtholders. GCP strategically maintains its strong financial profile characterized by long-term maturities, hedged interest rates, excellent financial coverage ratios, and a low LTV. The LTV as of June 30, 2017 is at 35% and the Company set itself a management limit at 45%. The Board of Directors has decided to implement policies, management and financial strategies to achieve a further improvement of the credit rating to A-.

GCP's bank loans are spread across more than 40 separate loans from around 20 different financial institutions that are non-recourse and have no cross-collateral or cross-default provisions.

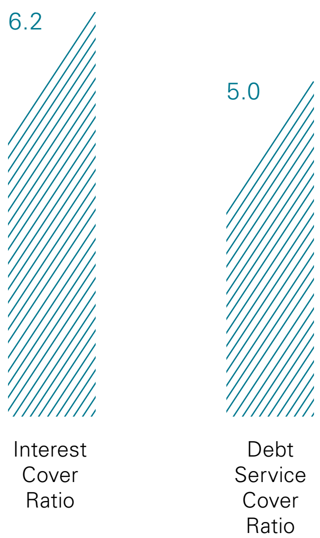
Fitting to the Company's conservative capital structure, 98% of its interest is hedged.



LOAN-TO-VALUE



DEBT COVER RATIOS



GCP's financial flexibility remains strong over time due to its high profitability which is reflected in high debt cover ratios. The Interest Cover Ratio in H1 2017 was 6.2 and the Debt Service Cover Ratio was 5.0.

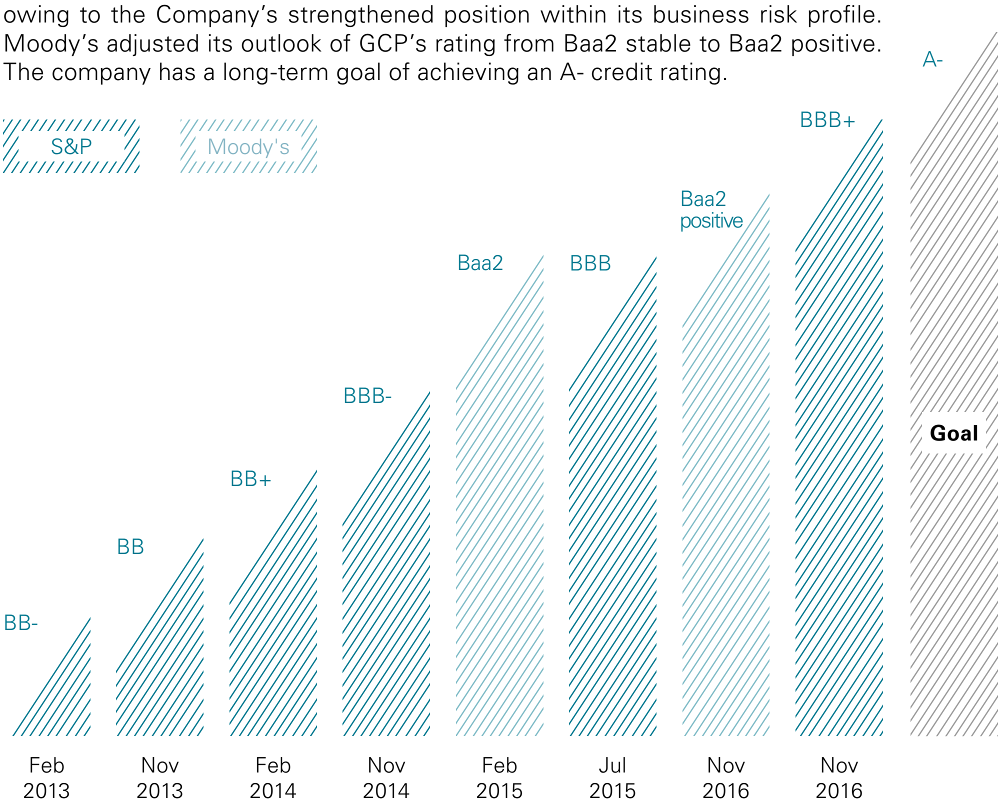
GCP's long maturity schedule enables the Company to fully complete the value-add cycle of its assets. This enables the Company to focus on its core business without the pressure to refinance and ensures a large extent of financial flexibility in the future.

KEY STRENGTHS

/Hamburg

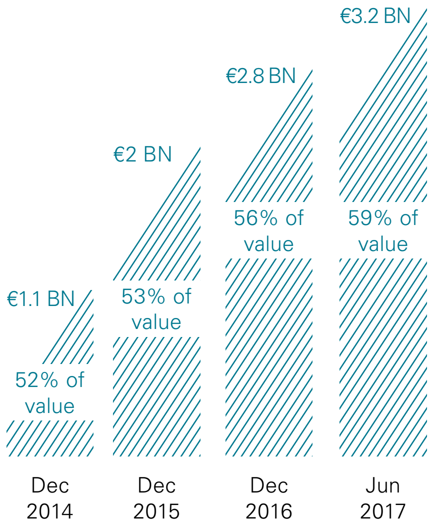
CREDIT RATING

In November 2016, GCP received two updates to its credit rating. S&P increased the Company's corporate credit rating for the 5th time, to BBB+ (A-2 Short Term), owing to the Company's strengthened position within its business risk profile. Moody's adjusted its outlook of GCP's rating from Baa2 stable to Baa2 positive. The company has a long-term goal of achieving an A- credit rating.

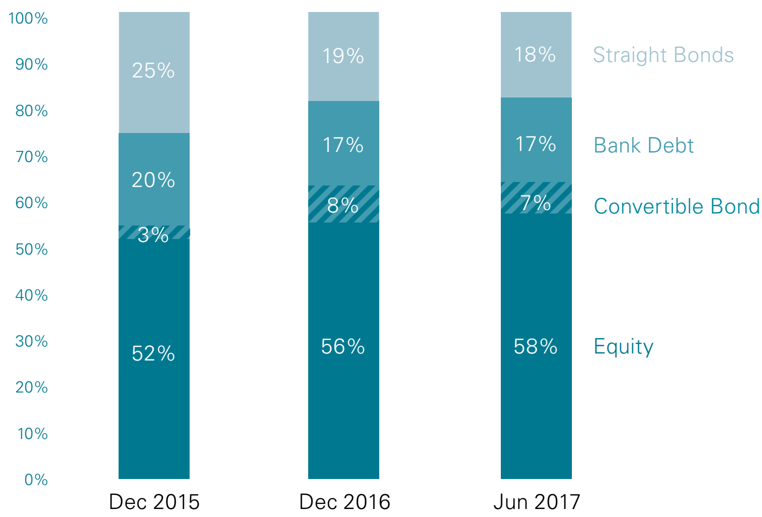


/Essen

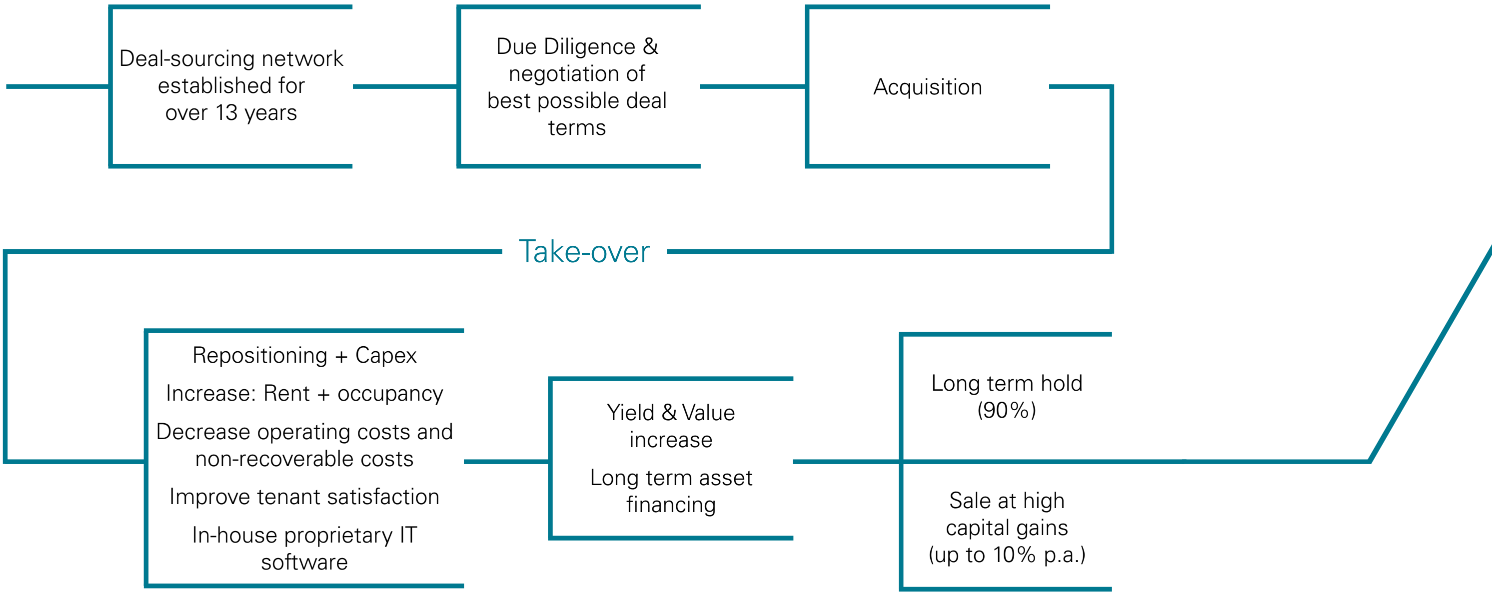
UNENCUMBERED ASSETS



FINANCING SOURCE MIX



COMPANY STRATEGY AND BUSINESS MODEL



FOCUS ON VALUE-ADD OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED AREAS OF THE GERMAN RESIDENTIAL MARKET, 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 in the foreseeable future. The Group's current portfolio is predominantly focused on North Rhine-Westphalia, Berlin, the metropolitan regions of Leipzig, Halle and Dresden, as well as other major cities in Germany. The Company believes its platform has the right abilities and systems to continue to perform strongly and to further extract its portfolio potential. The Group also believes that there are acquisition opportunities in these attractive markets to support its external growth strategy in the medium to long term.

For its acquisitions, the Company adheres to the following specific criteria:

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

CASH FLOW IMPROVEMENTS THROUGH FOCUS ON RENTAL INCOME AND COST DISCIPLINE

GCP seeks to maximize cash flows from its portfolio through the relentless 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 improve cash flows.


/Frankfurt

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 took place this year. 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 neighbourhood.

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

CAPITAL MARKETS

SDAX INCLUSION

Owing to the Company's large market capitalisation, strong share liquidity, and recent upgrade to the Prime Standard, on June 19, 2017 the GCP share was added to the SDAX index of the Deutsche Börse, officially joining the DAX family. This notable event represents an important milestone for the Company and has resulted in further increased visibility and share liquidity, strengthening the potential for a future MDAX inclusion. Additionally, GCP is already a constituent of major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed, and Developed Europe, as well as the GPR 250 index.

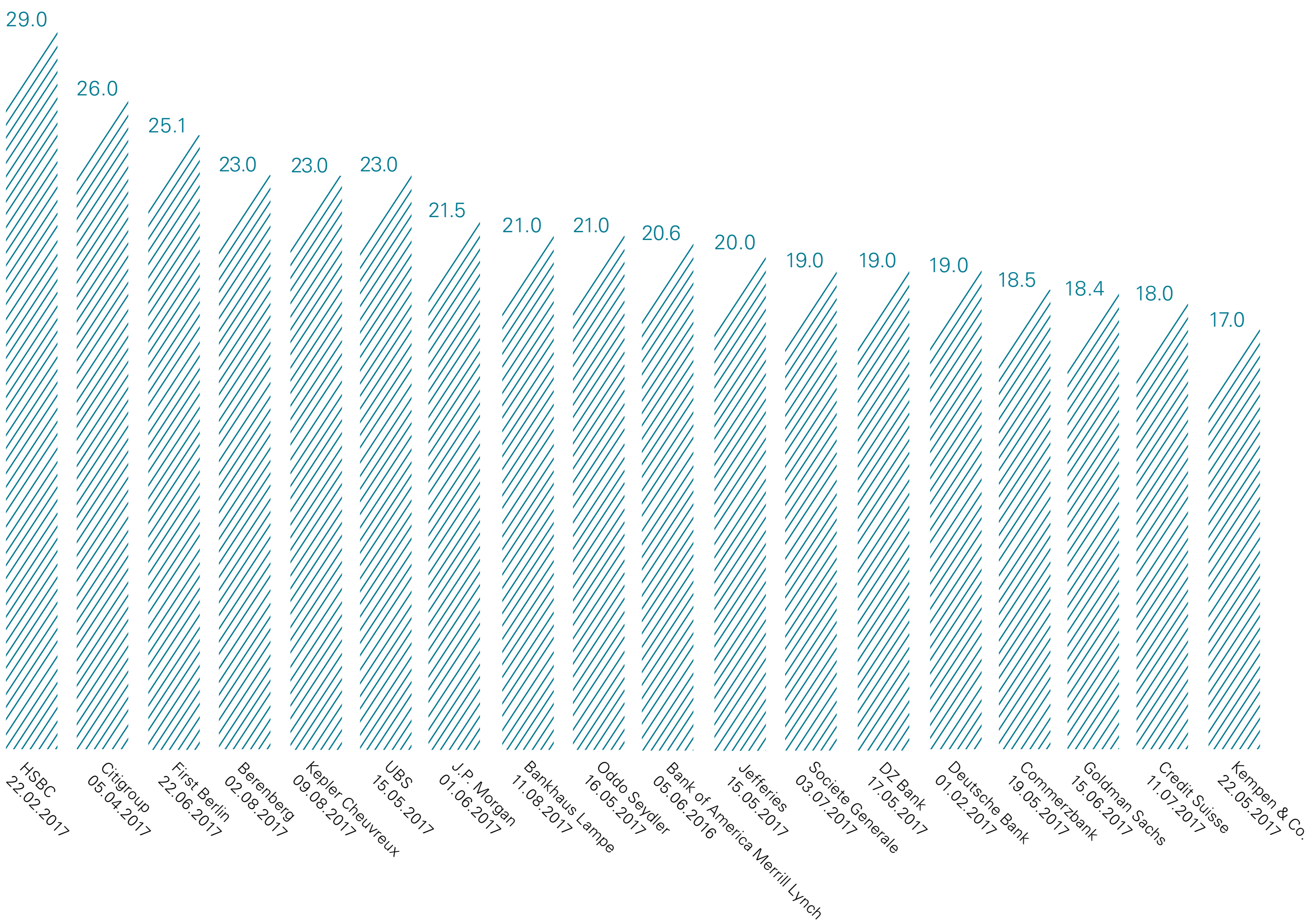
UPGRADE TO PRIME STANDARD

GCP is proactively presenting its business strategy and thus enhancing perception, as well as awareness, of the Company among capital market investors. GCP seizes these opportunities to present a platform for open dialogue. The improved perception leads to a better understanding of GCP's business model and its competitive advantage.

To that effect, on May 9, 2017, GCP's shares were admitted to trading on the Prime Standard of the Frankfurt Stock Exchange. The Company believes that this upgrade serves to further increase investor confidence, raise GCP's visibility and tradability in the European market, and provide for opportunities such as inclusion in further major stock indices.

Placement	Frankfurt Stock Exchange
Market Segment	Prime Standard
First listing	Q2 2012
Number of shares (as of 30 June 2017)	164,788,883 ordinary shares with a par value of EUR 0.10 per share
Nominal Share Capital (as of 30 June 2017)	16,478,888 EUR
Number of shares on a fully diluted basis (as of 30 June 2017)	182,827,173
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 30 June 2017)	2.9 bn EUR
Indices	SDAX FTSE EPRA/NAREIT Global FTSE EPRA/NAREIT Developed FTSE EPRA/NAREIT Developed Europe GPR 250 index

ANALYST RECOMMENDATIONS

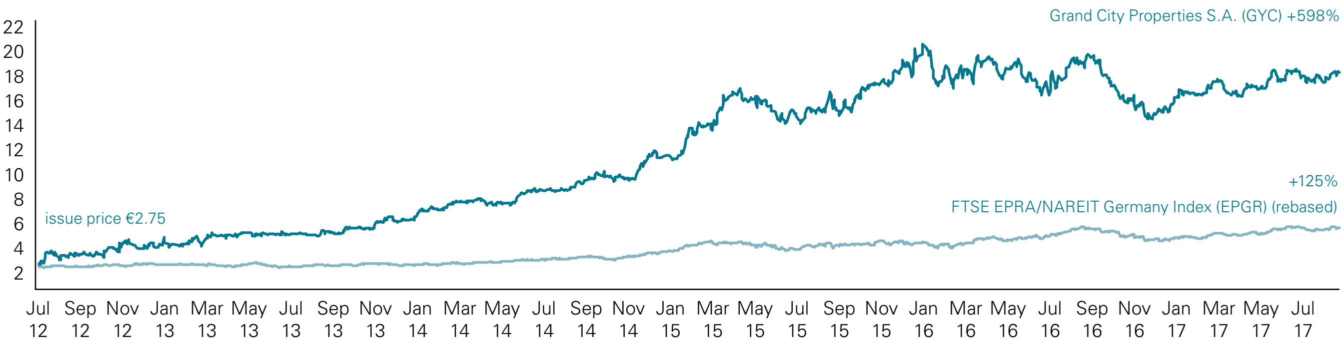


/Berlin

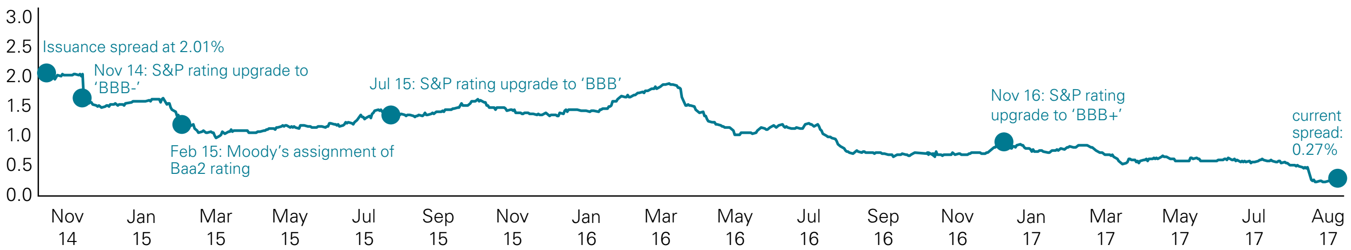
CAPITAL MARKETS

/Wuppertal

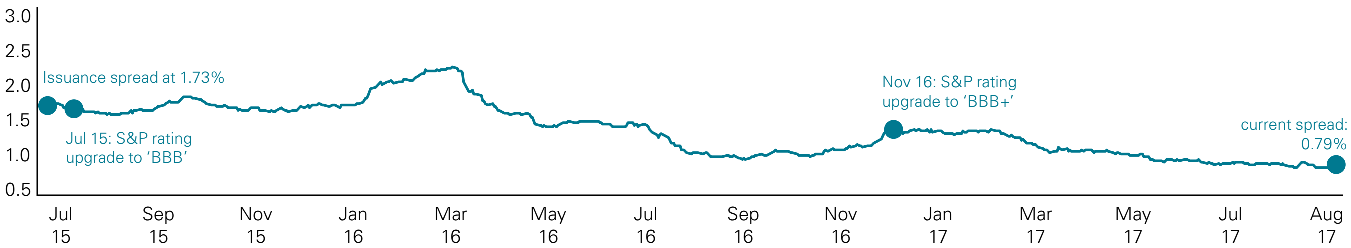
SHARE PRICE PERFORMANCE COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 4 YEARS



STRAIGHT BOND SERIES E – SPREAD OVER MID-€-SWAP, REMAINING 7.5 YEARS



3.75% PERPETUAL NOTES SPREAD OVER MID-€-SWAP

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a large organization with a wide-reaching impact from its operational activities, it is of crucial importance to Grand City Properties to ensure the sustainability of its operations and properties and maintain a high standard of responsibility to all its stakeholders, from tenants to employees to shareholders, as well as creditors, suppliers, the environment and the communities in which GCP operates. This is carried out through the Company's various ESG measures and initiatives which are conceived and implemented by a dedicated ESG department. The Company considers ESG to be a pillar for the overall success of the organization and as such all ESG activity is closely monitored and reviewed by the CEO of the Company, to whom the ESG team reports directly.

ENVIRONMENTAL RESPONSIBILITY

The Company believes that the environmental aspects of its business model are of high importance. GCP pays great attention to the environmental aspects of the repositioning process and includes, as well as improves upon, environmental measures. The Company sees the implementation of environmentally friendly measures as both an important environmental issue as well as an integral part of the optimization of its cost structure.

GCP has recently updated its Environmental Policy which reflects all aspects of energy management and environmental responsibility. Management reviews of the environmental policies are coupled with the ongoing monitoring of environmental performance such as the use of energy and water as well as the reduction of carbon emissions. Data management systems are being developed in order to continuously monitor the development of key environmental indicators. As part of this process the Company has implemented reporting in line with the EPRA sBPR (Sustainability Best Practice Recommendations) guidelines and published an Environmental Report on its website. The published environmental data was externally assured by GUT Certifizierungsgesellschaft für Managementsysteme.

The Company has implemented a Green Procurement Policy that is supplemental to the Environmental Policy overarching this field. The Company partners with vendors that create products and services to a great extent with renewable energy and that are using supplies made from recycled materials. The Company's Supplier Environmental Programme is supported by our Supplier Code of Conduct which pays reference to the use and compliance to environmental regulations and the compliance to legal standards. Suppliers have to proof external certifications that help assess the environmental impact of their activities and products delivered. Currently about 93% of the Company's suppliers have provided external certification (ISO 14001).

Following the established policy, the Company has switched 2/3 of its buildings, as well as all of its offices to electricity from 100 % renewable resources during the past 2 years and will continue to switch as and when existing contracts expire. So far cost savings of 23% compared to previous electricity providers have been realized. Additionally, GCP is working on a Photovoltaic Pilot Project which will supply 150 apartments with solar energy.

Around 1/3 of the portfolio uses gas supplied heating systems. 28% of that energy has been switched to climate neutral gas, resulting in (externally certified) 20k tons reduction of CO_2 emissions. A further 13% will be switched to climate neutral gas during the next two years. The remaining 59% will gradually be changed as existing supply contracts expire. GCP puts great emphasis on new contracts, which will be entered into only with gas suppliers that deliver 100% climate neutral gas. Furthermore, through the changeover to new high efficiency heating systems, we were able to reduce our CO_2 output by 780 tons (10%) per year and a further reduction of 1,000 tons (10%) per year is planned for the coming two years. Looking forward, GCP has set out clear goals to further reduce its CO_2 output by swapping inefficient heating systems with highly efficient systems fuelled by gas or district heating.

The Company emphasizes changing fixed costs to variable costs, which has proven to significantly increase energy savings. In buildings where the charges for water, hot water and heating have been calculated on a per square meter basis in the past, GCP is installing metering systems that allow the charges to be applied based on consumption, which results in tenants becoming more conscious of their consumption level, resulting in lower energy use. This is enhanced by GCP's awareness creation amongst its tenants through several publications in various languages as well as language-independent hand-outs and videos about dealing responsibly with resources and saving costs at the same time.

In many of GCP's locations the Company cooperates with external providers, ensuring proper waste management and waste separation. As a result, waste recycling has been optimized and cost savings of 30% have been achieved. In selected locations the Company has implemented a waste disposal system using an electronic chip, significantly reducing waste in terms of weight and volume.

SOCIAL RESPONSIBILITY

GCP perceives social responsibility as a top priority and is committed towards its tenants and its employees. GCP is fully aware of its responsibility towards its tenants and their well-being in their respective homes. To this end, the Company does not only ensure the quality of its residential units and surroundings, but also provides high quality services to its tenants through its double TÜV-certified (DIN EN 15838) Service Centre, which is available 24/7 and in various languages.

The Company methodically tracks customer satisfaction and aims to respond promptly and efficiently to feedback received. The Company focuses on improving the image of its properties, for instance by designing surrounding gardens, adding indoor and outdoor playgrounds, adding sport facilities, or polishing aged facades. Reflecting the special needs of the elderly and handicapped tenants, GCP continues to implement structural changes to facilitate their accessibility needs.

The social activities organized by GCP are of importance to both the Company and its tenants. These social gatherings bring tenants together, support the community feeling and improve the Company's interactions with its tenants. GCP organizes over 150 interactive tenant events annually, from Easter egg-hunts to Santa Claus visits to barbecues, sports events, soccer club sponsorship, children parties, etc., encouraging social cohesion and interaction between tenants themselves as well as with Grand City team members.

Within the local communities Grand City seeks to contact and develop partnerships with local policy makers, social workers and other constituencies, such as local newspapers, associations, clubs, etc. in order to support and participate in local initiatives, which improve the living conditions of the local community. These include community development in terms of education, integration, local sports events, the installation or improvement of existing playgrounds and sports facilities, as well as deploying Grand City social workers to support and consult tenants on a personal level and provide after-school and homework support for children. Where needed, GCP also provides facilities for such purposes free of charge.

As an employer GCP sees it as its responsibility to provide employees with opportunities for personal development and internal advancement. To this end, the Company provides an ongoing Leadership Program and ongoing employee support. GCP has a high employee retention rate, including among middle and upper management. The Company cares for the well-being of its employees and to that end provides them with a brand new fitness center at its operational headquarters in Berlin free of charge. The fitness center is managed by qualified trainers, who develop and supervise individual training programs for those who wish to take advantage of this service. Additionally, yoga and aerobic classes are offered by specialized coaches.

Over the last six months, GCP placed emphasis on its social responsibility within business partnerships and along the supply chain. The Company has updated its Code of Conduct for Business Partners, which has already been implemented in contracting procedures. In addition, GCP is currently in the process of updating existing business partnerships with the new Code of Conduct.

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

CORPORATE GOVERNANCE

GCP emphasizes the importance of corporate governance with a high standard of transparency, executed by the Board of Directors with a majority of independent directors and the management. The Company directs its efforts in maintaining the high trust it receives from its shareholders and bondholders. GCP is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. GCP's shares and bonds are regularly placed with international leading institutional investors and major global investment and sovereign funds.

In order to maintain high corporate governance and transparency standards, the Company has implemented the Advisory Board, the Risk Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee.

Furthermore, the Company ensures that its Board of Directors and its senior executives have vast experience and skills in the areas relevant to its business. The Company has quarterly reporting standards and updates its corporate presentation on a continuous basis.

The Company has a very strict Code of Conduct which applies to all its employees and main suppliers, and incorporates an Anti-Corruption Policy, Conflict of Interest Policy, Anti-Bribery Policy, Anti-Discrimination Policy and others.

The Company's Code of Conduct has recently been updated with a focus on improved transparency in its reporting lines, which are now supported by the Compliance Department and the whistleblower system.

ANNUAL GENERAL MEETING

The Annual General Meeting of Grand City Properties S.A. for 2017 took place on June 28, 2017 in Luxembourg. The meeting resulted in the approval by shareholders with a great majority of all agenda items, including the proposed dividend for the 2016 fiscal year in the amount of €0.68 per share to be distributed to shareholders.

/Halle


/Dortmund

BOARD OF DIRECTORS

The Company is administered by a Board of Directors that is vested with the powers to perform and manage in the Company's best interests.

The Board of Directors represents the shareholders as a whole and makes decisions solely in the Company's best interests and independently of any conflicts of interest. The Board of Directors and senior management regularly evaluate the effective fulfillment of their remit and compliance with strong corporate governance standards. This evaluation is also performed by the Audit Committee and the Risk Committee.

The members of the Board of Directors are elected by the general meeting of the shareholders for a term not exceeding six years and are eligible for re-election. The directors may be dismissed with or without any cause at any time and at the sole discretion of the general meeting of the shareholders. The Board of Directors currently consists of a total of three members, two of whom are independent, and resolves on matters on the basis of a simple majority, in accordance with the articles of incorporation. The Board of Directors chooses amongst the directors a chairperson who shall have a casting vote.

MEMBERS OF THE BOARD OF DIRECTORS

NAME	POSITION
Mr. Refael Zamir	Director, chairman, CFO
Ms. Simone Runge-Brandner	Independent Director
Mr. Daniel Malkin	Independent Director

CEO

The Board of Directors resolved to delegate the daily management of the Company to Mr. Christian Windfuhr, as Daily Manager (administrateur-délégué) of the Company, under the endorsed denomination (Zusatzbezeichnung) Chief Executive Officer (CEO) for an undetermined period.

ADVISORY BOARD

The Board of Directors established an Advisory Board to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks, and term of the Advisory Board as well as the appointment and dismissal of its members. The Advisory Board has no statutory powers under Luxembourg law or the articles of incorporation of the Company but applies rules adopted by the Board of Directors. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions.

AUDIT COMMITTEE

The Board of Directors established an Audit Committee and decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The responsibilities of the Audit Committee relate to the integrity of the consolidated financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes, and monitoring the accounting processes.

The Audit Committee provides guidance to the Board of Directors on the auditing of the annual consolidated financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points, and the fee agreement with the auditor.

CORPORATE GOVERNANCE

RISK COMMITTEE

The Board of Directors established a Risk Committee to assist and provide expert advice to the Board of Directors in fulfilling its oversight responsibilities relating to the different types of risks the Company is exposed to, recommend a risk management structure including its organization and processes, as well as assess and monitor effectiveness of the overall risk management. The Risk Committee provides advice on actions of compliance, in particular by reviewing the Company's procedures for detecting risk, the effectiveness of the Company's risk management and internal control systems and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks.

REMUNERATION COMMITTEE

The Board of Directors established a Remuneration Committee. The Remuneration Committee shall submit proposals regarding the remuneration of executive managers to the Board, ensuring that these proposals are in accordance with the remuneration policy adopted by the Company and the performance evaluation results of the persons concerned. To that end, the committee shall be informed of the total remuneration paid to each member of the executive management by other companies affiliated with the group.

NOMINATION COMMITTEE

The Board of Directors established a Nomination Committee. The Nomination Committee shall be composed of a majority of Non-Executive Directors. For every significant position to be filled, the committee will make an evaluation of the existing and required skills, knowledge and experience. Based on this assessment, a description of the role, together with the skills, knowledge and experience required shall be drawn up. As such, the committee shall act in the best interests of the Company, and among others, prepare plans for succession of Directors, evaluate existing and required skills, knowledge, and experience, consider proposals from shareholders, the Board and executive management, and suggest candidates to the Board.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Company closely monitors and manages potential risks and sets appropriate measures in order to mitigate the occurrence of possible failures to a minimum. The risk management is led by the Risk Committee, which constructs the risk management structure, organization, and processes. The Risk Committee monitors the effectiveness of risk management functions throughout the organization, ensures that infrastructure, resources, and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline. The Company categorizes the risk management systems into two main categories: internal risk mitigation and external risk mitigation.

INTERNAL RISK MITIGATION

Internal controls are constructed from five main elements:

- Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses.
- Control discipline – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.
- Control features – the Company sets physical controls, compliance checks, and verifications such as cross departmental checks. Grand City Properties S.A. puts strong emphasis on separation of duties, as approval and payments are done by at least two separate parties. Payment verification is cross checked and confirmed with budget and contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.
- Monitoring procedures – the Company monitors and tests unusual entries, mainly through a detailed monthly actual vs. budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.
- ESG risk-related expenditures – the Group has included identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Future expenditures on ESG matters and opportunities are included in the financial budget.

/Berlin

EXTERNAL RISK MITIGATION

Through ordinary course of business, the Company is exposed to various external risks. The Risk Committee is constantly determining whether the infrastructure, resources, and systems are in place and adequate to maintain a satisfactory level of risk. The potential risks and exposures are related, inter alia, to volatility of interest risks, liquidity risks, credit risk, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments, and market downturn risk.

Grand City Properties S.A. sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

SHAREHOLDERS' RIGHTS

The Company respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels as well as in a specific section on the Company's website. The Company discloses its share ownership and additionally discloses any shareholder position above 5% when it is informed by the respective shareholder.

The shareholders of Grand City Properties S.A. exercise their voting rights at the Annual General Meeting of the shareholders, whereby each share is granted one vote. The Annual General Meeting of the shareholders takes place on the last Wednesday of the month of June at 11:00 a.m. at the registered office of the Company, or at such other place as may be specified in the notice of the meeting. If such day is a legal holiday, the Annual General Meeting of the shareholders shall be held on the following business day. At the Annual General Meeting of the shareholders the Board of Directors presents, among others, the management report as well as the statutory and consolidated financial statements to the shareholders.

The Annual General Meeting resolves, among others, on the statutory and consolidated financial statements of Grand City Properties S.A., the allocation of the statutory financial results, the appointment of the approved independent auditor, and the discharge to the (re-)election of the members of the Board of Directors. The convening notice for the Annual General Meeting of the shareholders contains the agenda and is publicly announced twice, with a minimum interval of eight days, and eight days before the meeting in the Mémorial, in a Luxembourg newspaper, and on the Company's website.

NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

For the 6 months ended June 30,	2017	2016
	€'000	
Revenue	240,123	208,804
Rental and operating income	**239,383**	**208,804**
Net rent	159,306	137,487
Capital gains, property revaluations and other income	168,450	379,310
Result on the disposal of inventories - trading properties	249	-
Property operating expenses	(114,100)	(98,431)
Administrative & other expenses	(5,800)	(4,038)
Share in profit from investment in equity-accounted investees	7,302	(70)
Operating profit	295,484	485,575
Adjusted EBITDA	**120,905**	**107,706**
Finance expenses	(19,622)	(17,764)
Other financial results	(4,578)	(5,873)
Current tax expenses	(15,294)	(12,670)
Deferred tax expenses	(30,999)	(57,180)
Profit for the period	**224,991**	**392,088**
FFO I	**85,188**	**76,574**


/Gelsenkirchen

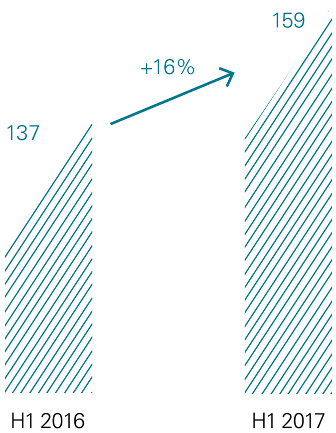

/Bremen

REVENUE

For the 6 months ended June 30,	2017	2016
	€'000	
Net rent	**159,306**	**137,487**
Operating and other income	80,077	71,317
Rental and operating income	**239,383**	**208,804**
Revenue from sales of inventories - trading properties	740	-
Total revenue	**240,123**	**208,804**

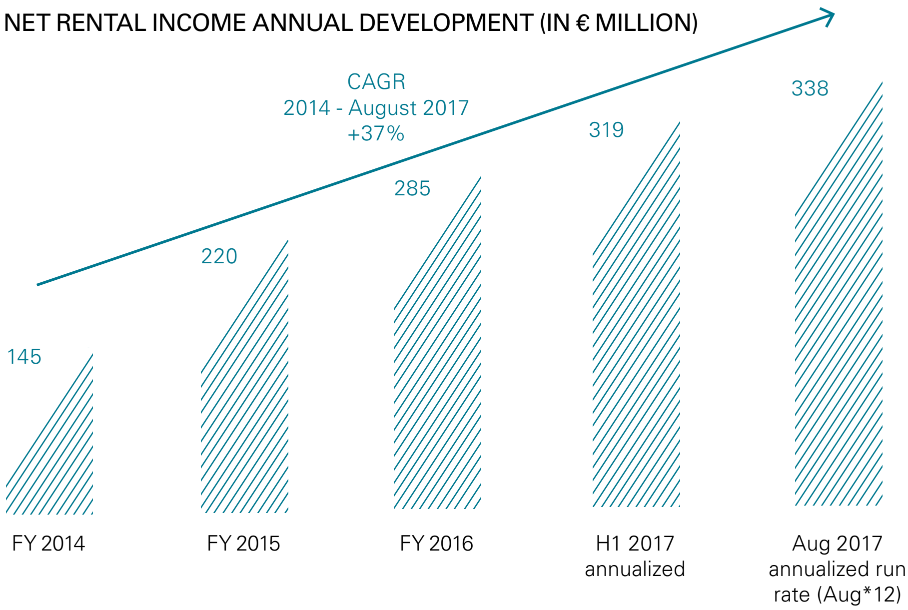
GCP generated in the first half of 2017 total revenue in the amount of €240 million which increased by 15% from the first six months of 2016. Revenues are made up mostly of rental and operating income in the amount of €239 million in the first half of 2017, representing an increase of 15% from €209 million in the first half of 2016. Of that amount, €159 million is attributable to net rent, which increased by 16% year-over-year from €137 million in the first six months of 2016. The revenue is both externally and internally driven, with the portfolio having increased to 86 thousand units as of June 2017 from 80 thousand units in June 2016, while strong operational performance resulted in increased occupancy and rental rates throughout the portfolio. On a like-for-like basis, the occupancy increased by 2.3% and in-place rents grew by 2%, resulting in a combined like-for-like rental income growth of over 4% year-over-year. An additional €0.7 million of revenue from sales of inventories was recorded during the current period, compared to nil during the comparable period in 2016, and relates to the disposal of units which were held as inventories - trading property. Additional sales are expected to be recognized in the next periods.

NET RENTAL INCOME PERIODIC DEVELOPMENT (IN € MILLION)



The year-over-year growth in rental income continues to demonstrate the Company's proven ability to consistently generate increasing top-line revenue through both accretive portfolio growth as well as continuous operational achievements.

NET RENTAL INCOME ANNUAL DEVELOPMENT (IN € MILLION)



NOTES ON BUSINESS PERFORMANCE

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 6 months ended June 30,	2017	2016
	€'000	
Capital gains, property revaluations and other income	**168,450**	**379,310**

GCP recorded capital gains, property revaluations and other income in the amount of €168 million in the first six months of 2017, compared to €379 million in the comparable period in 2016. The ongoing asset revaluation gains are mainly the result of the continuously successful delivery of the Company's business strategy of acquiring properties with significant value upside potential and realizing on it through repositioning and operational improvements, such as occupancy and rental growth. As of the end of June 2017, the portfolio rental yield is 6.1% and the value per sqm is at €998.

PROPERTY OPERATING EXPENSES

For the 6 months ended June 30,	2017	2016
	€'000	
Property operating expenses	**(114,100)**	**(98,431)**

Property operating expenses totaled €114 million in the first six months of 2017, increasing in line with the larger portfolio and more rented units due to higher occupancy levels from €98 million in the first six months of 2016, and relate mainly to recoverable ancillary costs (such as heating and water costs), maintenance, and personnel expenses tied to property operations.

The Company continues to take advantage of its operational expertise in the field of cost management to keep operating costs at low levels and implement efficiencies where possible, while sustaining the quality of the service provided to our tenants. Cost saving measures include implementing advanced metering systems which track individual usage based on consumption instead of a square meter basis for heating and energy systems, improving insulation, upgrading to energy-efficient elevator systems, and raising tenant awareness regarding energy efficient behavior. Owing to its size, GCP is also able to benefit from significant economies of scale through centralized management and operations, large-scale tenders for service providers, facility management, energy providers, outsourced maintenance and capex measures. The Company continues to provide top notch tenant service through its centralized, TÜV-certified Service Center, which is available 24/7 for all tenant inquiries and requests and in various languages, while also helping to minimize operating costs through a centralized and efficient process flow.

/Mannheim

NOTES ON BUSINESS PERFORMANCE

MAINTENANCE AND CAPEX

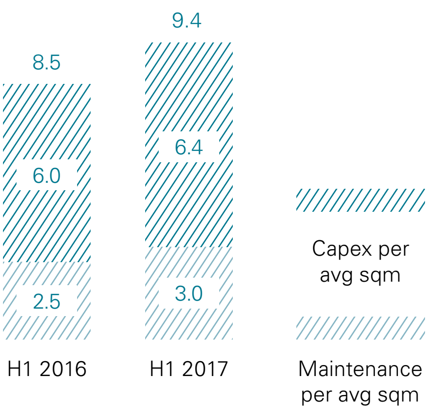
The ongoing maintenance and upkeep of the assets along with capital investments comprises an important component of GCP's business strategy and is coupled with ongoing asset quality improvements through selective, value-add capex initiatives where feasible. These expenditures aim to increase occupancy rates, increase rents towards market levels and further increase the overall asset quality.

Maintenance and refurbishment expenses in the first half of 2017 amounted to €16 million, equal to €3.0 per average sqm, compared to €2.5 per average sqm in the first half of 2016. The maintenance process is centrally coordinated and supported through GCP's double TÜV-certified 24/7 Service Center, through which tenants are able to submit service requests to property management and monitor the status of their requests.

Capex measures, which are undertaken on a selective value-add basis with the aim of increasing the asset quality, reduce the number of vacant units and bring rents up to market levels, amounted to €34 million in the first six months of 2017, equal to €6.4 per average sqm and compared to €6.0 per average sqm in the respective period in 2016. Examples of capex initiatives undertaken include upgrading and adding balconies, windows, insulation systems, heating systems, playgrounds, surroundings, elevators and ramps, among others.

Altogether, GCP's maintenance and capex expenditures for the first six months of 2017 amounted to €50 million, translating to €9.4 per average sqm compared to €8.5 per average sqm in the respective period in 2016.

MAINTENANCE AND CAPEX DEVELOPMENT (€/SQM)




/Essen

ADMINISTRATIVE AND OTHER EXPENSES

For the 6 months ended June 30,	2017	2016
	€'000	
Administrative and other expenses	**(5,800)**	**(4,038)**

In the first six months of 2017 the administrative and other expenses amounted to €5.8 million, up from €4 million in the comparable period in 2016. These expenses relate primarily to administrative personnel expenses, marketing costs, legal, consulting fees and depreciation. The year-over-year increase in this line item is the result of the growth of the Company, including one-off expenses relating to the up-listing to the Prime Standard of the Frankfurt Stock Exchange which was completed during the period, and the efforts required to support and maintain GCP's increased scale of operations.

FINANCE EXPENSES

For the 6 months ended June 30,	2017	2016
	€'000	
Finance expenses	**(19,622)**	**(17,764)**

The Company recorded finance expenses in the amount of €19.6 million in the first half of 2017, compared to €17.8 million recorded in the corresponding period in 2016. The increase is associated with the increased amount of loans from financial institutions as compared to the end of June 2016. GCP enjoyed a low weighted average cost of debt of 1.6% during the reporting period, which has further decreased to 1.5% after the end of the period with the issuance in July 2017 of €600 million 1.375% p.a. straight bonds due 2026 and the repurchase of €321 million nominal amount of the Series D straight bonds bearing a higher coupon of 2%. The low level of financing costs in relation to the Company's strong operational results is further reflected in the high Interest Coverage Ratio of 6.2x for the period.

NOTES ON BUSINESS PERFORMANCE


/Wuppertal

OTHER FINANCIAL RESULTS

For the 6 months ended June 30,	2017	2016
	€'000	
Other financial results	**(4,578)**	**(5,873)**

Other financial results relate mainly to non-cash effects such as the change in fair value of financial assets which result from the value changes of financial derivatives and traded securities, bank fees as well as prepayment fees and one-off financial costs associated with the up-listing of the Company's shares to the Prime Standard of the Frankfurt Stock Exchange. These results amounted to an expense of €4.6 million in the first six months of 2017.

TAXATION

For the 6 months ended June 30,	2017	2016
	€'000	
Current tax expenses	(15,294)	(12,670)
Deferred tax expenses	(30,999)	(57,180)
Total tax expenses	**(46,293)**	**(69,850)**

Total tax expenses amounted to €46 million in the first half of 2017, down from €70 million in the respective period in 2016. Two-thirds of this amount is attributable to deferred tax expenses, a non-cash item associated with the revaluation gain recorded by the Company. While this expense usually does not materialize due to the Company's strategy of holding assets over the long term and largely remains a non-cash item, GCP nevertheless employs a conservative approach with regard to deferred taxes, accounting for the theoretical future property disposal through asset deal structures at the full German real estate tax rate of 15.825%. Moreover, GCP's assets are mainly held in separate SPV's, which enables sales through share deals where the effective capital gain tax is less than 1%.

The current tax expenses, which account for property and corporation taxes, increased in the first six months of 2017 to €15.3 million compared to €12.7 million in the first six months of 2016 as a result of the growth of the Company's recurring operational results over the period.

PROFIT FOR THE PERIOD

For the 6 months ended June 30,	2017	2016
	€'000	
Profit for the period	**224,991**	**392,088**

The Company recorded a net profit of €225 million in the first half of 2017, compared to €392 million in the respective period in 2016. While recurring operational results increased with double-digit growth during the period owing to an increased portfolio and ongoing operational improvements, the bottom line has decreased year-over-year due to lower revaluation gains, which are non-cash and non-recurring profits, as very strong gains were recorded in the first half of 2016.

EARNINGS PER SHARE

For the 6 months ended June 30,	2017	2016
Basic earnings per share in (€)	1.24	2.10
Diluted earnings per share in (€)	1.14	1.94
Weighted average basic shares in thousands	154,336	151,807
Weighted average basic shares (diluted) in thousands	170,758	165,254

Basic earnings per share for the first half of 2017 amounted to €1.24, compared to €2.10 in the first half of 2016, with the decrease attributable entirely to the lower profit for the period resulting from lower revaluation gains recorded in the current period in comparison to the first half of 2016, which witnessed very high valuation gains. Diluted earnings per share for the current period amounted to €1.14, compared to €1.94 in the respective period in 2016, being further impacted by the potential conversion into shares of the Series F convertible bonds issued in February 2016.

NOTES ON BUSINESS PERFORMANCE

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS (FFO I)

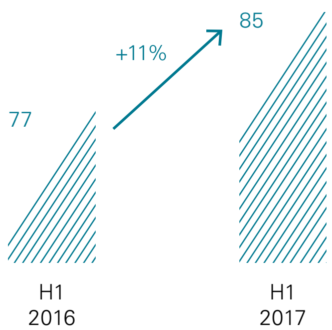
For the 6 months ended June 30,	2017	2016
	€'000	
Operating Profit	295,484	485,575
Total depreciation and amortization	966	1,003
EBITDA	**296,450**	**486,578**
Capital gains, property revaluations and other income	(168,450)	(379,310)
Result on the disposal of inventories – trading properties	(249)	-
Share in profit from investment in equity-accounted investees	(7,302)	70
Management long-term share incentive plan	456	368
Adjusted EBITDA	**120,905**	**107,706**
Finance expenses	(19,622)	(17,764)
Current tax expenses	(15,294)	(12,670)
Contribution to minorities	(801)	(698)
FFO I	**85,188**	**76,574**
Weighted average basic shares in thousands*	154,336	151,807
FFO I per share in (€)	**0.55**	**0.50**

* 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 in profit from investment in equity accounted investees and the provisions for the management long-term share incentive plan. GCP's strong operational performance resulted in an adjusted EBITDA of €121 million in the first six months of 2017, reflecting a year-over-year increase of 12% from €108 million in the first six months of 2016, achieved through external growth via selective acquisitions as well as rent and occupancy increases across the existing portfolio, with like-for-like occupancy and in-place rent growth of 2.3% and 2% as of June 2017, respectively. Slightly offsetting the increased rental income are the letting efforts and higher maintenance costs associated with the higher occupancy, as well as one-off overhead expenses related to the up-listing of the Company's shares to the Prime Standard of the Frankfurt Stock Exchange.

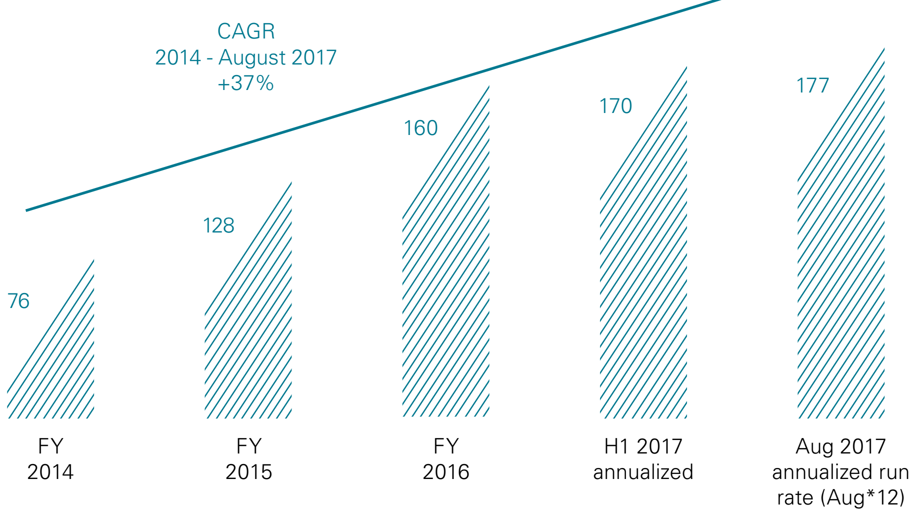
Funds from Operations I (FFO I) reflects the recurring profits from operations after deducting finance expenses, current tax expenses and the respective minority contributions from the adjusted EBITDA, and likewise serves as a market standard indicator in the real estate market to reflect the bottom line operational profits. GCP generated an FFO I of €85 million in the first half of 2017, representing an increase of 11% from €76.5 million in the comparable period in 2016, increasing in line with the corresponding growth in adjusted EBITDA.

FFO I PERIODIC DEVELOPMENT (IN € MILLION)



While the H1 2017 annualized FFO I of €170 million reflects impressive year-over-year growth, it does not paint the full picture of the Company's current bottom-line profit generation as it does not capture the full rental income effect of properties acquired towards the end of the reporting period, as well as those acquired since. The August 2017 annualized FFO I run rate, which reflects GCP's current level of operational profitability, further increased by 4% over the H1 2017 annualized figure to €177 million.

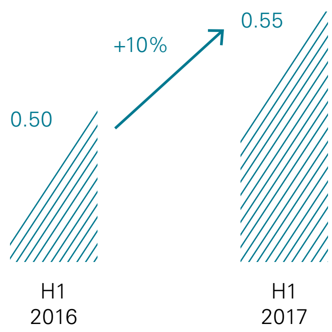
FFO I ANNUAL DEVELOPMENT (IN € MILLION)



FFO I PER SHARE

The FFO I per share for the first half of 2017 increased to €0.55, up 10% from €0.50 in the respective period in 2016, in line with the corresponding growth in FFO I during the period, offset slightly by dilution effects. By realizing on its proven business model through effective management, GCP is able to consistently generate increasing shareholder value on a per share basis.

FFO I PER SHARE DEVELOPMENT (IN €)



NOTES ON BUSINESS PERFORMANCE

FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

For the 6 months ended June 30,	2017	2016
	€'000	
FFO I	**85,188**	**76,574**
Adjustment for accrued perpetual notes attribution	(12,025)	(9,606)
FFO I after perpetual notes attribution	**73,163**	**66,968**
Weighted average basic shares in thousands	154,336	151,807
FFO I per share in €, after perpetual notes attribution	**0.47**	**0.44**

To enhance transparency, GCP calculates an FFO I per share after perpetual notes attribution. According to IFRS accounting treatment, these attributions are accounted for as a dividend and recorded through changes in equity, not as a financial expense in the P&L and thus not deducted otherwise from the FFO. The FFO I per share after perpetual notes attribution for the first half of 2017 increased by 7% to €0.47 from €0.44 in the first half of 2016, as the increase in FFO I during the period was offset by a larger attribution arising from the additional issuance of €200 million 2.75% coupon perpetual notes in September 2016.

ADJUSTED FUNDS FROM OPERATION (AFFO)

For the 6 months ended June 30,	2017	2016
	€'000	
FFO I	**85,188**	**76,574**
Capex	(34,107)	(30,076)
AFFO	**51,081**	**46,498**

The adjusted Funds from Operations (AFFO) calculation deducts from FFO I the capitalized expenditures undertaken during the period, which increase the asset quality and improve occupancy rates. The AFFO for the first six months of 2017 amounted to €51 million, an increase of 10% from €46 million in the respective period in 2016.

/Dresden

NOTES ON BUSINESS PERFORMANCE

/Berlin

/Nuremberg

CASH FLOW

For the 6 months ended June 30,	2017	2016
	€'000	
Net cash provided by operating activities	99,051	95,270
Net cash used in investing activities	(381,664)	(298,501)
Net cash provided by financing activities	152,448	341,921
Net increase in cash and cash equivalents	**(130,165)**	**138,690**

Net cash provided from operating activities amounted to €99 million in the first half of 2017, compared to €95 million in the respective period in 2016. The increase is the combined result of the larger portfolio of units generating more rent and the operational improvements evident through the increased occupancy rates and the like-for-like improvements.

Net cash used in investing activities increased in the first six months of 2017 to €382 million, compared to €299 million in the first six months of 2016, reflecting GCP's ability to utilize its vast deal network to continuously source attractive acquisitions that meet the Company's defined acquisition criteria, enabling consistent portfolio growth.

The net cash provided by financing activities amounted in the first half of 2017 to €152 million, representing a substantial decrease compared to €342 million net cash provided in the comparable period in 2016. This variance is attributable to the amount of proceeds received from the issuance of the €450 million Series F convertible bond in February 2016, and was partially offset by the proceeds received from the €198 million equity capital increase in June 2017.

The net effect of a €130 million decrease in cash and cash equivalents results in a balance of liquid assets as of June 30, 2017 of €455 million and thus maintaining the Company's strong liquidity position, together with access to over €200 million in undrawn credit lines.

ASSETS

	Jun 2017	Dec 2016
	€'000	
Non-current assets	**5,735,348**	**5,126,031**
Investment property*	5,424,734	4,795,757
Current assets	**942,224**	**1,027,702**
Total Assets	**6,677,572**	**6,153,733**

* including inventories - trading properties

The total assets of the Company increased to €6.7 billion as of the end of June 2017, up 9% from €6.15 billion at year-end 2016, with the increase driven primarily by a 13% increase in investment properties to €5.4 billion during the period.

The growth in the balance of investment properties is the result of external growth through selective acquisitions and the positive revaluation of the existing portfolio throughout the period. In the first six months of 2017, GCP has acquired approximately 3,200 units across strategic portfolio locations, such as Berlin, NRW, Hamburg, Hannover and Kaiserslautern, at an average multiple of 20x. The fair values of the properties are externally appraised by independent and certified valuators at least once a year. The primary appraiser is Jones Lang LaSalle (JLL).

Current assets amounted to €942 million at the end of June 2017 and consist primarily of cash and liquid assets in the amount of €455 million, which decreased from €632 million at year-end 2016. The current level of liquidity remains strong, providing financial flexibility, keeping sufficient financial headroom and enabling the Company to pursue attractive opportunities without the need to arrange alternative financing.

Assets held for sale, which have been identified by the Company as non-core holdings with the intent to dispose of them, amounted to €149 million as of the end of June 2017. These assets are located throughout the portfolio's locations and currently generate about €10 million in annual rental income. Investments in equity-accounted investees, which reflect GCP's holdings in non-consolidated entities, amounted to €84 million as of the end of June 2017. Non-current assets also include advance payments for investment property, deposits, prepayments and investments in financial assets such as NPL's and options for deals.

NOTES ON BUSINESS PERFORMANCE

LIABILITIES

	Jun 2017	Dec 2016
	€'000	
Total loans and borrowings*	986,771	937,410
Straight bonds	1,052,627	1,050,078
Convertible bond	429,969	427,909
Deferred tax liabilities **	377,630	328,519
Other long term liabilities and derivative financial instruments	46,088	49,798
Current liabilities ***	413,844	294,955
Total Liabilities	**3,306,929**	**3,088,669**

* excluding short-term loans and borrowings, loan redemption, and financial debt held for sale
** including deferred tax liabilities of assets held for sale
*** excluding short-term loans and borrowings, loan redemption, and financial debt held for sale

Total liabilities amounted at the end of June 2017 to €3.3 billion, representing an increase of 7% from €3.1 billion at year-end 2016 and driven by a mix of factors, mainly borrowings from financial institutions, deferred taxes, and trade and other payables. The lower periodic increase in total liabilities compared to the increase in total assets and total equity is representative of the Company's conservative financial structure and commitment to maintain low leverage. The Company's financial structure was further strengthened following the reporting period in July 2017 with the issuance of the €600 million Series G straight bonds due 2026 at a coupon of 1.375% and the repurchase of €321 million nominal amount of the Series D straight bonds due 2021 at a coupon of 2%, extending the average debt maturity and reducing the financing costs.

Non-current liabilities increased in the first half of 2017 by 3% to €2.8 billion, resulting from an increase in the amount of loans and borrowings and the increase in deferred tax liabilities. Deferred tax liabilities are a subsequent result of the revaluation gains recorded during the period. The Company follows a conservative approach in its deferred taxes accounting treatment by accounting for the full German real estate tax effect of 15.825% on revaluations gains, assuming theoretical future disposals by means of asset deals.

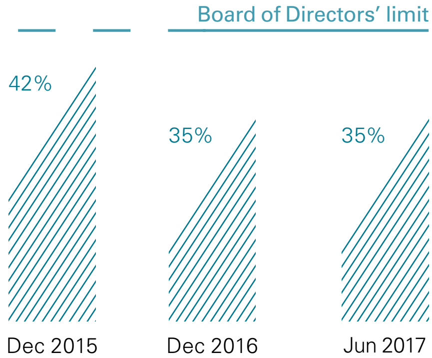
The increase in current liabilities is driven mainly by a provision made for the 2016 dividend which was paid in July 2017, after the reporting period.

LOAN-TO-VALUE

	Jun 2017	Dec 2016
	€'000	
Investment property*	5,466,598	4,850,634
Investment properties of assets held for sale	145,580	146,078
Equity-accounted investees	84,106	117,785
Total value	**5,696,284**	**5,114,497**
Total debt**	2,469,367	2,415,397
Cash and liquid assets***	454,770	631,904
Net debt	**2,014,597**	**1,783,493**
LTV	**35%**	**35%**

* including advanced payments for investment properties and inventories - trading property
** including loans and borrowings held for sale
*** including cash and cash equivalents held for sale

GCP's conservative financial policy, as set out by the management, is reflected in the LTV limit of 45%. As of June 2017 the LTV stood well below the internal limit at 35%, stable in comparison to the end of 2016. The Company's conservative approach and low level of leverage result in strong credit metrics with an ICR of 6.2x and DSCR of 5.0x as of June 2017, and allow for a large headroom towards its specified debt covenants. Additionally, management views the high buffer between the current leverage and the internal limit as headroom and protection in case of market downturn.



NOTES ON BUSINESS PERFORMANCE

EPRA NAV

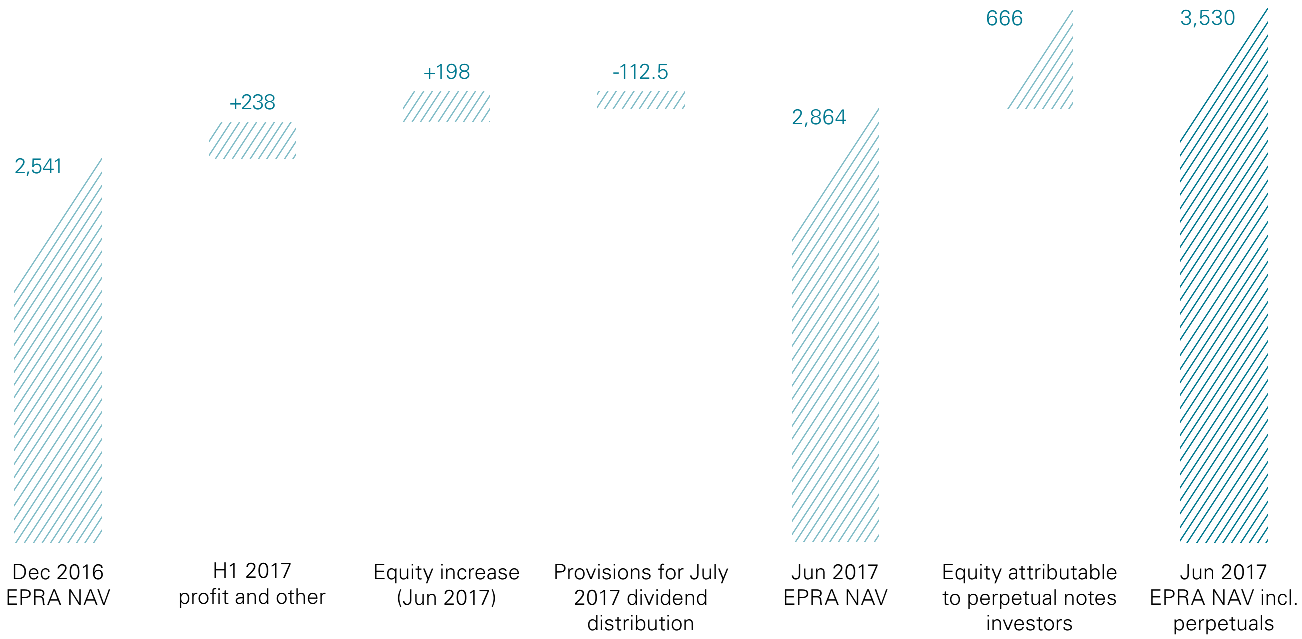
	Jun 2017		Dec 2016	
	€'000	€ per share	€'000	€ per share
Equity per the financial statements	**3,370,643**		**3,065,064**	
Equity attributable to perpetual notes investors	(665,871)		(667,393)	
Equity excluding perpetual notes	**2,704,772**		**2,397,671**	
Fair Value measurements of derivative financial instruments	8,744		11,536	
Deferred tax liabilities*	377,630		328,519	
NAV	**3,091,146**	**18.7**	**2,737,726**	**17.7**
Non-controlling interests	(227,253)		(196,666)	
EPRA NAV	**2,863,893**	**17.4**	**2,541,060**	**16.4**
Equity attributable to perpetual notes investors	665,871		667,393	
EPRA NAV incl. perpetual notes	**3,529,764**	**21.4**	**3,208,453**	**20.7**
Basic amount of shares, including in-the-money dilution effects ('000)	165,043		154,910	

(*) including balances held for sale

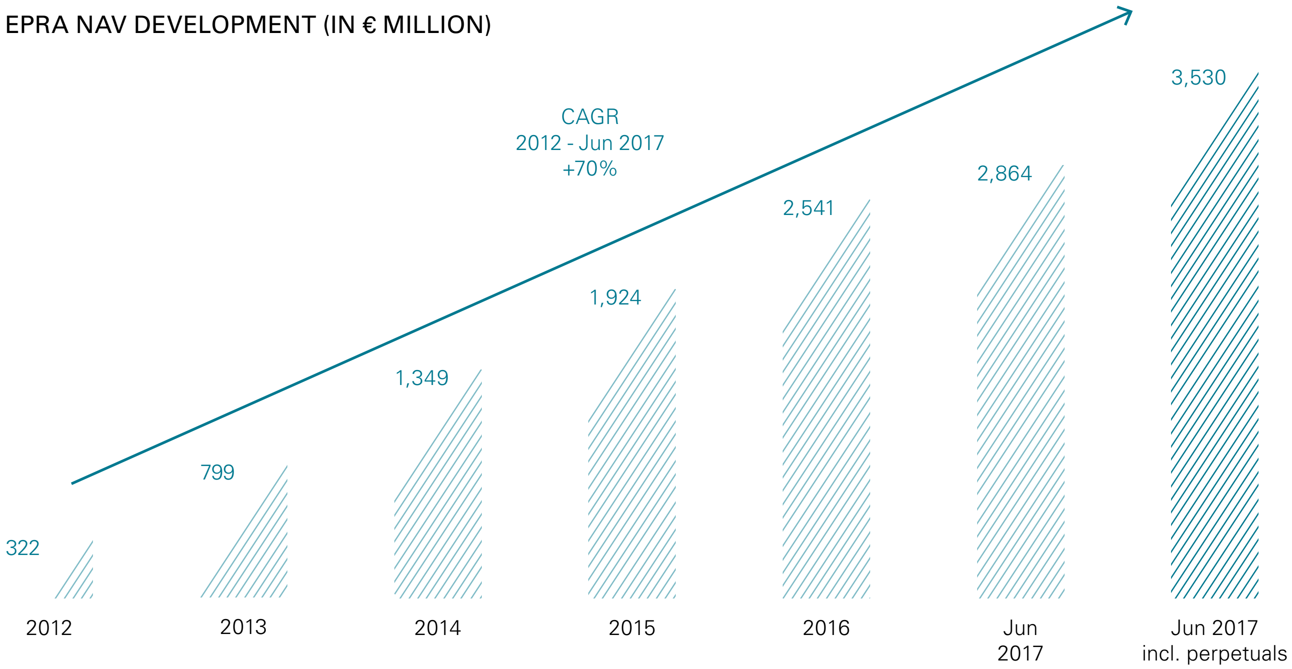
The Company's EPRA NAV as of the end of June 2017 stood at €2.9 billion, an increase of 13% from €2.5 billion at year-end 2016. As perpetual notes are classified as equity in accordance with IFRS treatment, GCP additionally reports the EPRA NAV including the perpetual notes, which amounted to €3.5 billion as of the end of the current period, compared to €3.2 billion at year-end 2016. The increases are primarily the result of the profits for the period and the €198 million equity capital raise in June 2017, offset by the dividend provision for the July 2017 distribution, which took place after the reporting date.

The EPRA NAV per share as of June 30, 2017 amounted to €17.4, up by 6% from €16.4 at year-end 2016, while the EPRA NAV including perpetual notes increased to €21.4 from €20.7 at year-end 2016. These improvements on a per share basis were achieved despite the higher amount of shares outstanding resulting from the aforementioned capital increase at the end of the reporting period.

EPRA NAV BRIDGE (IN € MILLION)



EPRA NAV DEVELOPMENT (IN € MILLION)



RESPONSIBILITY STATEMENT

To the best of our knowledge, the condensed 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.


/Berlin

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, August 17, 2017

Simone Runge-Brandner Independent Director	Refael Zamir Director (chairman), CFO	Daniel Malkin Independent Director

/Leipzig

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended June 30,		For the three months ended June 30,	
		2017	2016	**2017**	2016
		Unaudited		Unaudited	
	Note	€'000		€'000	
Revenue		**240,123**	**208,804**	**121,426**	**108,053**
Capital gains, property revaluations and other income	5	168,450	379,310	113,716	310,093
Share of profit from investments in equity accounted investees		7,302	(70)	4,588	(70)
Property operating expenses		(114,100)	(98,431)	(57,901)	(52,267)
Cost of buildings sold		(491)	-	-	-
Administrative and other expenses		(5,800)	(4,038)	(2,879)	(2,176)
Operating profit		**295,484**	**485,575**	**178,950**	**363,633**
Finance expenses		(19,622)	(17,764)	(10,012)	(8,645)
Other financial results		(4,578)	(5,873)	(5,781)	(3,107)
Profit before tax		**271,284**	**461,938**	**163,157**	**351,881**
Current tax expenses	6	(15,294)	(12,670)	(7,828)	(6,238)
Deferred tax expenses	6	(30,999)	(57,180)	(22,571)	(44,012)
Tax and deferred tax expenses		**(46,293)**	**(69,850)**	**(30,399)**	**(50,250)**
Profit for the period		**224,991**	**392,088**	**132,758**	**301,631**
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		**224,991**	**392,088**	**132,758**	**301,631**

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

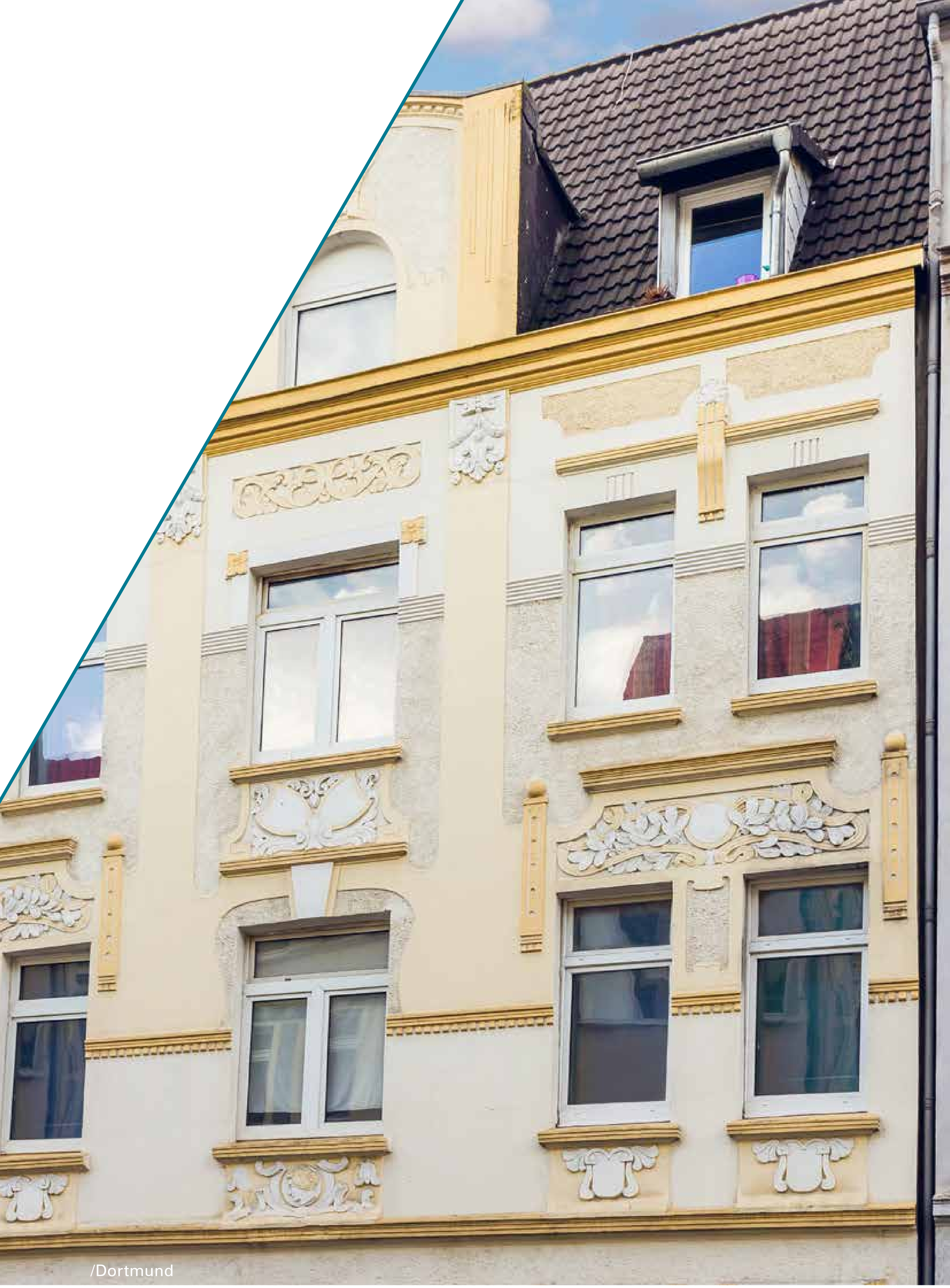
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(CONTINUED)

	For the six months ended June 30,		For the three months ended June 30,	
	2017	2016	**2017**	2016
	Unaudited		Unaudited	
	€'000		€'000	
Profit attributable to:				
Owners of the Company	191,726	319,327	113,526	249,454
Perpetual notes investors	12,025	9,606	6,082	4,675
Non-controlling interests	21,240	63,155	13,150	47,502
	224,991	**392,088**	**132,758**	**301,631**
Net earnings per share attributable to the owners of the Company (in euro):				
Basic earnings per share	**1.24**	**2.10**	**0.73**	**1.62**
Diluted earnings per share	**1.14**	**1.94**	**0.66**	**0.91**

/Berlin

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.



/Dortmund

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2017 Unaudited	December 31, 2016 Audited
		€'000	
Assets			
Equipment and intangible assets		18,868	15,833
Investment property	5	5,393,019	4,768,487
Advanced payments for real estate transactions		41,864	54,877
Investment in equity-accounted investees		84,106	117,785
Other non-current assets		177,945	154,520
Deferred tax assets		19,546	14,529
Non-current assets		**5,735,348**	**5,126,031**
Cash and cash equivalents		318,163	448,873
Traded securities at fair value through profit and loss		136,062	181,397
Inventories – trading property		31,715	27,270
Trade and other receivables		307,428	219,668
Assets held for sale	11	148,856	150,494
Current assets		**942,224**	**1,027,702**
Total assets		**6,677,572**	**6,153,733**


/Dresden

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.


/Gelsenkirchen


/Mönchengladbach

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)


/Bremen

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

	Note	June 30, 2017 Unaudited	December 31, 2016 Audited
		€'000	
Equity			
Share capital	8A	16,479	15,379
Share premium		753,344	670,038
Capital reserves		43,916	43,460
Retained earnings		1,663,780	1,472,128
Total equity attributable to the owners of the Company		**2,477,519**	**2,201,005**
Equity attributable to Perpetual notes investors	8B	665,871	667,393
Total equity attributable to the owners of the Company and Perpetual notes investors		**3,143,390**	**2,868,398**
Non-controlling interests		227,253	196,666
Total Equity		**3,370,643**	**3,065,064**
Liabilities			
Loans and borrowings	7	927,877	896,577
Convertible bond	7F	429,969	427,909
Straight bonds	7C- 7E	1,052,627	1,050,078
Derivative financial instruments		8,744	11,536
Other non-current liabilities		37,344	38,262
Deferred tax liabilities		374,681	325,982
Non-current liabilities		**2,831,242**	**2,750,344**
Current portion of long-term loans	7	16,795	18,406
Loan redemption	7	30,413	10,830
Trade and other payables		377,522	251,503
Tax payable		14,890	15,843
Provisions for other liabilities and charges		16,932	14,185
Liabilities held for sale	11	19,135	27,558
Current liabilities		**475,687**	**338,325**
Total liabilities		**3,306,929**	**3,088,669**
Total equity and liabilities		**6,677,572**	**6,153,733**

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on August 17, 2017

Refael Zamir
Director, CFO

Simone Runge - Brandner
Director

Daniel Malkin
Director

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND JUNE 30, 2016

	Attributable to the owners of the Company									
€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
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	-	-	-	-	191,726	191,726	12,025	203,751	21,240	224,991
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**191,726**	**191,726**	**12,025**	**203,751**	**21,240**	**224,991**
Issuance of new ordinary shares	1,100	(*) 195,774	-	-	-	196,874	-	196,874	-	196,874
Dividend to be distributed	-	(112,468)	-	-	-	(112,468)	-	(112,468)	-	(112,468)
Amount due to Perpetual notes investors	-	-	-	-	-	-	(13,547)	(13,547)	-	(13,547)
Non-controlling interests arising from initially consolidated companies	-	-	-	-	(74)	(74)	-	(74)	9,347	9,273
Equity settled share based payment	-	-	-	456	-	456	-	456	-	456
Balance as at June 30, 2017 (Unaudited)	**16,479**	**753,344**	**20,284**	**23,632**	**1,663,780**	**2,477,519**	**665,871**	**3,143,390**	**227,253**	**3,370,643**

(*) net of issuance cost amounting to euro 1.1 million.

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

/Hannover

	Attributable to the owners of the Company									
€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2015 (Audited)	**14,097**	**582,910**	**7,131**	**22,152**	**925,599**	**1,551,889**	**478,146**	**2,030,035**	**142,260**	**2,172,295**
Profit for the period	-	-	-	-	319,327	319,327	9,606	328,933	63,155	392,088
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**319,327**	**319,327**	**9,606**	**328,933**	**63,155**	**392,088**
Issuance of shares related to conversion of convertible bond C	1,282	125,899	(7,131)	-	-	120,050	-	120,050	-	120,050
Equity component of convertible bond F	-	-	20,351	-	-	20,351	-	20,351	-	20,351
Amount due to Perpetual notes investors	-	-	-	-	-	-	(9,639)	(9,639)	-	(9,639)
Non-controlling interests arising from initially consolidated companies	-	-	-	-	982	982	-	982	9,536	10,518
Equity settled share-based payment	-	-	-	368	-	368	-	368	-	368
Dividend to be distributed	-	(38,447)	-	-	-	(38,447)	-	(38,447)	-	(38,447)
Balance as at June 30, 2016 (Unaudited)	**15,379**	**670,362**	**20,351**	**22,520**	**1,245,908**	**1,974,520**	**478,113**	**2,452,633**	**214,951**	**2,667,584**

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended June 30,	
		2017	2016
		Unaudited	Unaudited
	Note	€'000	
Cash flows from operating activities			
Profit for the year		**224,991**	**392,088**
Adjustments for the profit:			
Depreciation and amortization		966	1,003
Capital gains, property revaluations and other income	5	(168,450)	(*) (379,310)
Share of profit from investments in equity accounted investees		(7,302)	70
Net finance expenses		24,200	23,637
Tax and deferred tax expenses	6	46,293	69,850
Equity settled share-based payment		456	368
		121,154	**107,706**
Changes in:			
Inventories – trading property		(4,445)	(815)
Trade and other receivables		(52,624)	(23,123)
Trade and other payables		50,003	22,653
Provisions for other liabilities and charges		767	(315)
		114,855	**106,106**
Taxes paid		(15,804)	(10,836)
Net cash provided by operating activities		**99,051**	**95,270**
Cash flows from investing activities			
Acquisition of equipment and intangible assets, net		(3,878)	(1,369)
Investments and acquisitions of investment property, capex and advances paid, net		(159,795)	(127,418)
Acquisition of investees and loans, net of cash acquired		(233,858)	(129,438)
Disposal of investees and loans, net of cash disposed		-	40,257
Investment in trade securities and other financial assets		15,867	(80,533)
Net cash used in investing activities		**(381,664)**	**(298,501)**

(*) Reclassified.

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

	Note	For the six months ended June 30, 2017 Unaudited	2016 Unaudited
		€'000	
Cash flows from financing activities			
Amortization of loans from financial institutions		(4,712)	(4,923)
Proceeds (repayments) from (of) loans from financial institutions, net		6,100	(53,975)
Proceeds from Convertible bonds, net		-	445,454
Proceeds from Capital increase, net		196,874	-
Payment to Perpetual notes investors		(20,583)	(17,068)
Transactions with non-controlling interests		(926)	(4,067)
Interest and other financial expenses, net		(24,305)	(23,500)
Net cash provided by financing activities		**152,448**	**341,921**
Net increase in cash and cash equivalents		**(130,165)**	**138,690**
Cash and cash equivalents held for sale	11	(545)	-
Cash and cash equivalents at the beginning of the period		448,873	236,001
Cash and cash equivalents at the end of the period		**318,163**	**374,691**

The notes on pages 70 to 92 form an integral part of these consolidated financial statements.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2017

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

The condensed interim consolidated financial statements ("interim financial statements") for the six months ended June 30, 2017 consist of the financial statements of the Company and its investees ("the Group").

(B) CAPITAL AND BOND INCREASES DURING THE REPORTING PERIOD

For information about bonds and capital increase, please see note 7 and 8, respectively.

(C) 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.


/Leipzig

(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 its 'A-2' short-term corporate credit rating of the Company.

On November 29, 2016, Moody's Investors Service ("Moody's") revised the outlook to positive from stable on the Baa2 long-term issuer rating.

(E) DEFINITIONS

Throughout these notes to the interim financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
GCP ltd	Grandcity Property Limited
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 six months ended on June 30, 2017

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 interim financial reporting. They do not include all the information required for a complete set of IFRS financial statements. 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, 2016. These condensed interim consolidated financial statements have not been reviewed by the auditor, unless written "audited".

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2016, which are the basis for these interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 17, 2017.

(B) JUDGMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements, management applies judgments, estimates and 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, 2016.

(C) OPERATING SEGMENTS

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The following new and revised standards and interpretations are in issue and have been endorsed by the EU but are not yet effective for these consolidated financial statements.

(I) IFRS 9 – FINANCIAL INSTRUMENTS (2009, 2010)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(II) IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 establishes a five step approach to accounting for revenue from contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

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.

(IV) IFRS 16 – LEASES

IFRS 16 introduces a single, on balance sheet approach to lease accounting for lessees with optional exemptions for short-term leases and leases of low value items.

(V) IFRS 2 – CLASSIFICATIONS AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS

The Group has considered the above new standards, interpretations and amendments to published standards and will continue to evaluate the impact on the Group's consolidated financial statements. At this time, the impact of the above publications is not expected to be material to the Group's consolidated financial statements.

/Cologne

4. ACQUISITION OF SUBSIDIARIES AND NON–CONTROLLING INTERESTS

(A) ACQUISITIONS

During the reporting period, the Group obtained control over several companies. The purchase of these entities was treated as a purchase of a group of assets and liabilities. Therefore the total purchase costs were allocated to the assets and liabilities based on their relative fair value at the purchase date without the recognition of goodwill and deferred taxes.

The aggregated identifiable assets and liabilities acquired as at the date of each transaction were as follows:

	Unaudited
	€'000
Investment property	326,498
Cash and Cash equivalents	1,253
	327,751
Working capital, net	8,672
Bank loans	46,843
Other liabilities, net	30,052
	85,567
Total identifiable net assets	**242,184**
Non-controlling interests arising from initial consolidation	3,052
Total consideration	**239,132**

Since the date whereby the Group obtained control over the above entities and until the end of the reporting period, the Group recorded aggregate revenues and results from operation in the amount of euro 3,269 thousands and euro 2,178 thousands, respectively.

Had all the above acquisitions been carried out at the beginning of the reporting period, the Group's revenues would have been increased by euro 3,874 thousands, and the Group's results from operation would have been increased by euro 2,382 thousands.

/Berlin

5. INVESTMENT PROPERTY

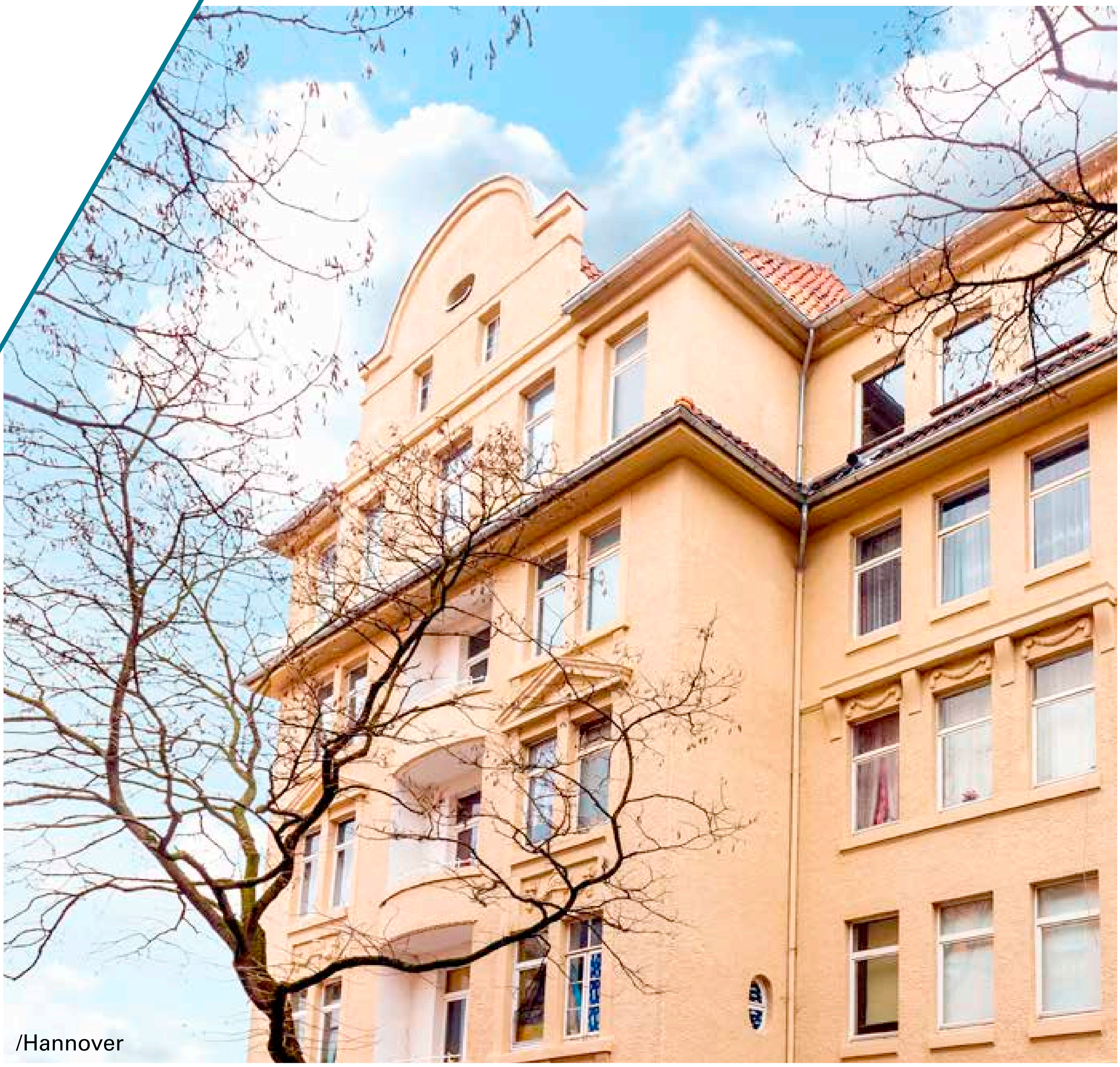
	Six months ended June 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance as at January 1	4,768,487	3,845,979
Acquisitions of investment property and capex during the period / year	130,361	440,301
Investment property arising from initial consolidation	326,498	414,270
Disposal of investment property	(279)	(347,971)
Change in assets held for sale	(498)	(146,078)
Fair value adjustment	168,450	561,986
Balance as at June 30 / December 31	5,393,019	4,768,487

6. TAX AND DEFERRED TAX EXPENSES

Tax and deferred tax expenses are recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

	Six months ended June 30,	
	2017	2016
	Unaudited	Unaudited
	€'000	
Corporation tax	(7,657)	(5,834)
Deferred tax	(30,999)	(57,180)
Property tax	(7,637)	(6,836)
Tax and deferred tax expenses for the period	(46,293)	(69,850)


/Berlin


/Hannover

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

A. COMPOSITION

	Note	June 30 2017 Unaudited	December 31, 2016 Audited
		€'000	
Long - term loans			
Loans and borrowings		927,877	896,577
Total long - term loans		**927,877**	**896,577**
Straight and Convertible bonds			
Straight bond series D	C	484,078	482,379
Straight bond E	D	520,892	519,252
Straight bond CHF	E	47,657	48,447
Convertible bond series F	F	429,969	427,909
Total Straight and Convertible bonds		**1,482,596**	**1,477,987**
Short - term loans			
Loans and borrowings		16,795	18,406
Loan redemption		30,413	10,830
Total short - term loans		**47,208**	**29,236**


/Berlin

/Dusseldorf

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

B. CONVERTIBLE BOND SERIES C

On January 11, 2016 the Company has resolved to exercise its right to redeem the outstanding euro 275 million 1.5 per cent Convertible bond series C (hereafter – "Convertible bond") in accordance with the terms and conditions of the Convertible bond. As of the resolution day, the principal amount of the Convertible bond which has been converted and/or redeemed was euro 151,800,000. As of February 1, 2016 the principal amount of the Convertible bond which has been converted into share capital of the Company was euro 274,800,000, which represents 99.93 per cent of the aggregate principal amount of the Convertible bond and resulted in a decrease of debt in the same amount. As a result, the equity of the company increased by euro 123 million. The outstanding Convertible bond in the amount of euro 200,000 has been redeemed at its principal amount and accrued interest.

C. STRAIGHT BOND SERIES D

On October 29, 2014, the Company successfully completed the placement of euro 500 million (nominal value), in aggregate principal amount of new fixed-rate secured bonds, due 2021 with a coupon of 2% p.a., payable semi-annually in arrears at a price of 95.564% of their principal amount. The offer was over-subscribed. Starting that day, the series D bond is traded on the Irish Stock Exchange, on its regulated market.

	Six months ended June 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the year	484,105	480,758
Expenses for the period / year	6,672	13,347
Financial expenses paid	(5,000)	(10,000)
Carrying amount of liability at the end of the period / year	**485,777**	**484,105**
Non-current portion of bond series D	484,078	482,379
Accrued interest	1,699	1,726
Total bond series D	**485,777**	**484,105**

After the reporting period, the Company bought back part of its straight bond series D. See note 14(b).

D. STRAIGHT BOND SERIES E

On April 17, 2015, the Company successfully placed euro 400 million in aggregate principal amount of series E straight bonds. The new bond series was placed at an issue price of 96.76% of the principal amount and mature after 10 years. It bears a coupon of 1.5% p.a., payable semi-annually in arrears starting from October 2015.

On September 18, 2015, the Company successfully completed with the tap up placement of additional euro 150 million (nominal value) of straight bond series E, for a consideration that reflected 89.21% of their principal amount. The total aggregated principal amount of the straight bond series E increased to euro 550 million (nominal value).

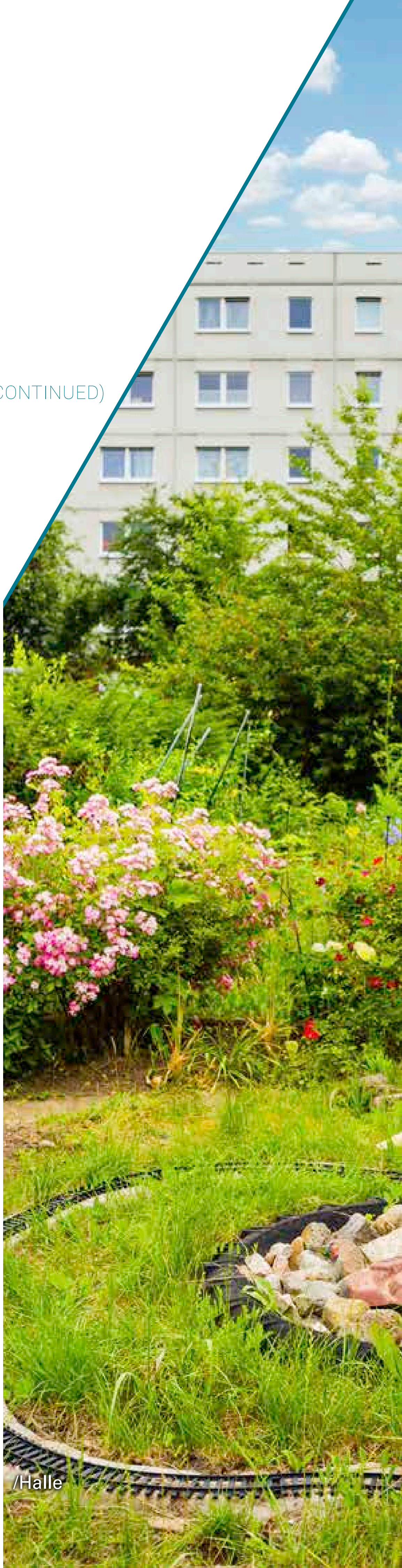
	Six months ended June 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	520,948	518,213
Issuance costs	-	(497)
Expenses for the period / year	5,742	11,482
Financial expenses paid	(4,125)	(8,250)
Carrying amount of liability at the end of the period / year	**522,565**	**520,948**
Non-current portion of bond series E	520,892	519,252
Accrued interest	1,673	1,696
Total bond series E	**522,565**	**520,948**

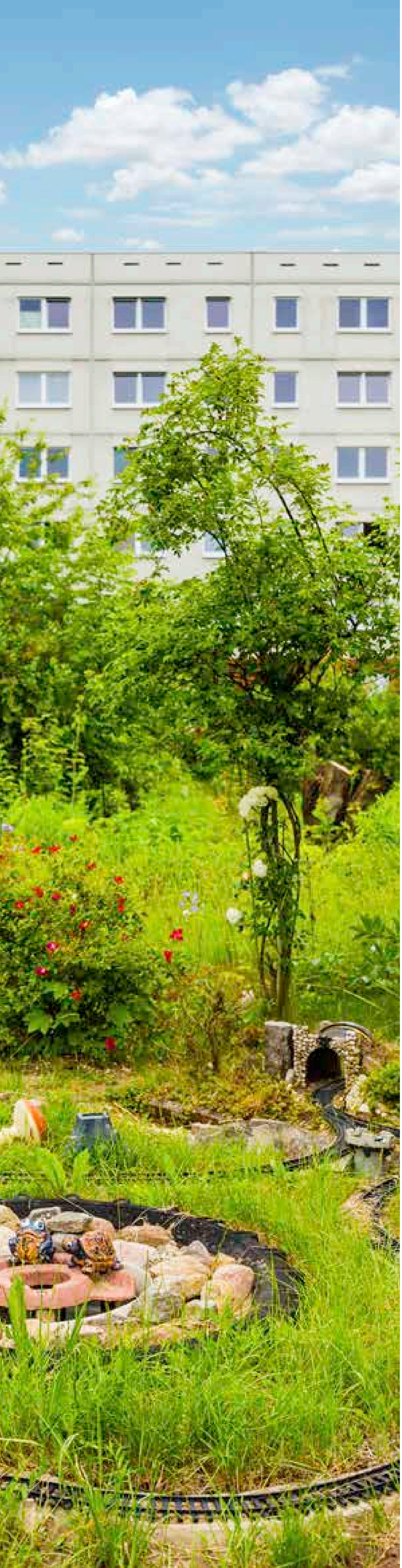
7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

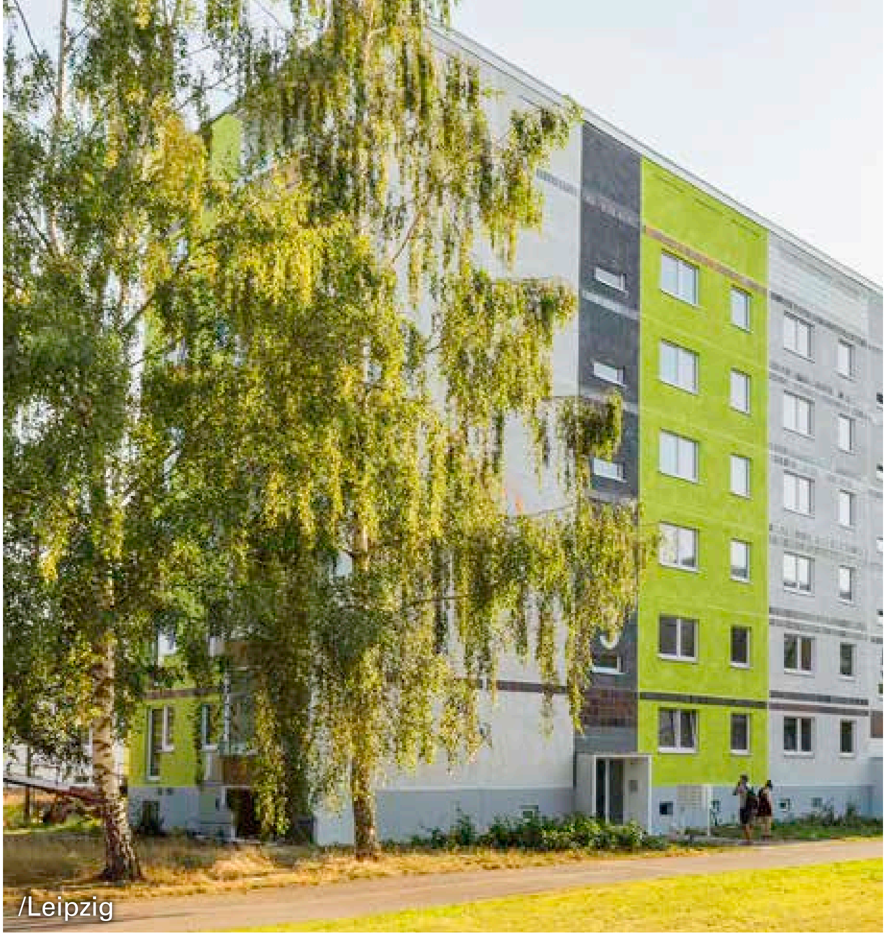
E. STRAIGHT BOND CHF

In July 2015 the Group acquired a subsidiary (through business combination) which placed on July 8, 2013 a Swiss Franc (CHF) 55 million straight bond maturing in July 2018. The bond bears a coupon of 4.75% p.a., payable annually in arrears starting from July 2014. The bond is listed on the SIX Swiss Exchange.

	Six months ended June 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	49,566	51,029
Financial expenses for the period / year, net	318	3,418
Expenses paid	-	(2,405)
Held in Group treasury	-	(2,476)
Carrying amount of liability at the end of the period / year	**49,884**	**49,566**
Non-current portion of bond CHF	47,657	48,447
Accrued interest	2,227	1,119
Total bond CHF	**49,884**	**49,566**







/Leipzig

F. CONVERTIBLE BOND SERIES F

On February 24, 2016 the Company successfully completed the placement of euro 450 million bonds series F, convertible into ordinary shares of the Company and bearing a coupon of 0.25% p.a. payable semi-annually in arrears. The bonds were issued at 100% of their principal amount and will be redeemed at maturity of 6 years at par value. The initial conversion price was set at euro 26.9713.

On June 29, 2017 as a result of the resolved dividend distribution (see note 8C) and in accordance with the terms and conditions of the bond, the Company adjusted the conversion price for the Convertible bond series F to be euro 26.1844 per share.

	Six months ended June 30,	Year ended December 31,
	2017	2016
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	428,283	-
Proceeds from issuance of Convertible bond series F (4,500 notes at euro 100,000 par value)	-	450,000
Issuance costs	-	(5,236)
Net proceeds during the period / year	-	444,764
Amount classified as equity component	-	(20,284)
Expenses for the period / year	2,616	4,366
Expenses paid	(563)	(563)
Carrying amount of liability at the end of the period / year	**430,336**	**428,283**
Non-current portion of Convertible bond series F	429,969	427,909
Accrued interest	367	374
Total convertible bond series F	**430,336**	**428,283**

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

/Berlin

G.

(1) SECURITY, NEGATIVE PLEDGE

(a) For Gutburg Immobilien S.A. (hereafter – "Gutburg"), a wholly-owned subsidiary of the Company, and its subsidiaries (hereafter – "Gutburg Group"), a negative pledge, default including cross default and change of control.

(2) COVENANTS (AS DEFINED IN THE TERMS AND CONDITIONS OF THE BONDS)

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 B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds 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);

(c) The Company undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 2.0;

(d) 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;

(e) The Company and GCP ltd. will not open, maintain or hold any interest, in each case directly or indirectly, in any account whatsoever with any bank or financial institution except for the charged accounts, unless the Issuer or GCP ltd., respectively, grant a first-ranking security interest, satisfactory to the Trustee, over the respective account in favor of the Trustee, for the benefit of the Trustee and the Bondholders;

For straight CHF bond:

(f) All current and future financial liabilities of the Gutburg Group in total (excluding the bond) is not more than 75% of the total market value of the investment properties;

(g) The total equity of the Gutburg Group which is adjusted for deferred taxes, subordinated instruments as well as interest rate swaps related to senior loans is more than 17.5% of all the assets;

(h) The payment of dividends, repayment of capital or a similar benefit to shareholders and/or participants (hereafter - "Distribution") which in total is not more than 50% of the profit of the year which is adjusted for market value changes of the investment properties, market value changes of interest rate swaps related to secured loans, deferred taxes expenses as well as expenses for refurbishments and investments;

(i) The adjusted equity ratio of the Gutburg Group must not fall below 22.5% because of a Distribution.

8. EQUITY

A) SHARE CAPITAL

	Six months ended June 30, 2017		Year ended December 31, 2016	
	Unaudited		Audited	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
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	153,788,883	15,379	140,970,655	14,097
Exercise of Convertible bond series C into shares	-	-	12,818,228	1,282
Issuance of new ordinary shares	11,000,000	1,100	-	-
Balance at the end of the period/year	164,788,883	16,479	153,788,883	15,379

1. On August 9, 2016 at the Extraordinary General Meeting of the Company, it was decided to increase its existing authorized share capital from its present amount of euro 20,000,000 to euro 40,000,000.

2. 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.

/Essen

B) ISSUANCE OF PERPETUAL NOTES

1) On February 13, 2015, the Company successfully placed euro 150 million in aggregate principal amounts of Perpetual notes. These notes were issued at a price of 96.3% 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 February 2022, the Perpetual notes shall bear a coupon rate of 3.75% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (February 2027) shall correspond to the five-year swap rate plus a margin of 388.8 basis points p.a. The mark-up will increase by 25 basis points (to 413.8 basis points p.a.) as of February 2027 and by another 75 basis points (to 488.8 basis points p.a.) as of February 2042.

2) On March 3, 2015, the Company placed a tap issue of euro 250 million in aggregate principal amounts of the Perpetual notes. These notes were issued at a price of 97.04% of the principal amount. The total aggregated principal amount of the notes at the end of the reporting period was euro 400 million.

3) On July 29, 2015, the Company completed a successful tap up of its 3.75% Perpetual notes by euro 100 million. The new notes have the same terms and conditions as the existing ones and increased the nominal amount of the outstanding 3.75% Perpetual notes to euro million 500.

4) On September 22, 2016, the Company successfully placed euro 200 million in aggregate principal amounts of Perpetual notes. These notes were issued at a price of 95.27% of the principal amount. These Perpetual notes are of unlimited duration and can only be called back by the Company on certain contractually fixed dates or occasions. Up until the first call date in January 2023, the Perpetual notes shall bear a coupon rate of 2.75% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (January 2028) shall correspond to the five-year swap rate plus a margin of 363.7 basis points p.a. The mark-up will increase by 25 basis points (to 388.7 basis points p.a.) as of January 2028 and by another 75 basis points (to 463.7 basis points p.a.) as of January 2043.

5) 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. Due to the resolution of the shareholders' annual meeting upon the distribution of a dividend, an amount of euro 9.5 million payable to the Perpetual notes holders has been reclassified and presented in Trade and other payables.

C) RESOLUTION OF DIVIDEND DISTRIBUTION

1. On June 29, 2016, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.25 per share (ex–date and payment date were on June 30, 2016 and on July 1, 2016, respectively).

2. On June 28, 2017, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.6825 per share (ex–date and payment date were on June 29, 2017 and on July 3, 2017, respectively).

9. RELATED PARTY TRANSACTIONS

Except for the incentive share agreement, the transactions and balances with related parties are as follows:

(i) Rental and operating income from related party

	For the six months ended June 30,	
	2017	2016
	Unaudited	Unaudited
	€'000	
Rental and operating income from related party during the period (*)	240	-

(*) as of June 30, 2017 the Group received an advanced payment of euro 28 thousands.

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions, are made only if such terms can be substantiated.

10. FINANCIAL INSTRUMENTS

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).

	Level 1	**Level 2**	**Level 3**	**Total**
	€'000			
June 30, 2017 (Unaudited)				
Traded securities at fair value through profit or loss	136,062	-	-	136,062
Total assets	**136,062**	**-**	**-**	**136,062**
Derivative financial instruments (a)	-	8,744	-	8,744
Total liabilities	**-**	**8,744**	**-**	**8,744**
			-	
December 31, 2016 (Audited)				
Traded securities at fair value through profit or loss	181,397	-	-	181,397
Total assets	**181,397**	**-**	**-**	**181,397**
Derivative financial instruments (a)	-	11,536	-	11,536
Total liabilities	**-**	**11,536**	**-**	**11,536**

(a) 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.

11. 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.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	Six months ended June 30,	Year ended December 31,
	2017	2016
	Unaudited	
	€'000	
Assets classified as held for sale		
Investment property	145,580	146,078
Cash and cash equivalents	545	1,634
Other assets	2,731	2,782
Total assets classified as held for sale	148,856	150,494
Liabilities classified as held for sale		
Loans and borrowings	11,686	11,597
Other liabilities	7,449	15,961
Total liabilities classified as held for sale	19,135	27,558

12. COMMITMENTS

The Group had no significant commitments as of June 30, 2017.

13. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as of June 30, 2017.

14. EVENTS AFTER THE REPORTING PERIOD

a) On July 21, 2017, the Company established a Euro Medium Term Notes Programme ("the EMTN Programme") in the amount of €1.5 bn. The EMTN Programme will facilitate the issuance by the Company of senior notes over time in various currencies and maturities as a continuing element of the Company's financing strategy. Notes issued under the EMTN Programme will rank pari passu with the Company's outstanding senior notes.

b) On July 31, 2017, the Company finalized the tender offer to buy back a principal amount of €320.6m of its €500 million 2% Series D straight bonds due 2021.

c) On July 25, 2017, the Company issued €600 million straight bonds with a coupon of 1.375%, due 2026 (Series G) under its EMTN Programme. The Company used part of the amount raised by the Series G bonds to fund the buy-back of its Series D straight bonds.

/Berlin

/Cologne

GRAND CITY PROPERTIES S.A.

1, Avenue du Bois
L-1252 Luxembourg
www.grandcityproperties.com