

# Grand City Properties S.A.

Luxembourg / Real Estate  
 Frankfurt  
 Bloomberg: GYC GR  
 ISIN: LU0775917882

Update

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 14.80**

Return Potential 50.1%  
 Risk Rating Medium

## CLOSING A HARD REFINANCING CYCLE

Grand City Properties announced the completion of a successful perpetual note refinancing with the placement of €600m in new notes bearing a 5.25% coupon. The company launched a simultaneous tender offer for its outstanding €603m perpetual notes callable in 2026. The new notes are intended to finance the concurrent tender offer. Upon completion of the tender, the residential landlord will have successfully refinanced its full perpetual notes portfolio. The next perpetual note reset events are now in 2031. We reckon the deal: (1) closes out a difficult refinancing cycle on sensible terms; (2) removes a near-term capital structure overhang; and (3) leaves GCP with improved funding visibility and materially more breathing room until 2031. We maintain our Buy rating and €148 TP (upside: 50%).

**Closing a hard refinancing cycle** The issuance was oversubscribed by leading institutional investors confirming good appetite for exposure to GCP's residential property business. Including the December 2025 €600m issuance, the landlord has now successfully tapped the markets for €1.2bn in perpetual capital over the trailing 5 months. The new notes will also be considered 100% equity under IFRS and receive a 50% equity content from S&P according to its methodology. The new notes are expected to be rated BB+ by the ratings agency. We had previously factored this refinancing into our forecasts but have made small adjustments to reflect the exact timing and final coupon. Our 2026 FFO 1 target consequently moves to €181m (old: €180m). This compares to GCP's 2026 FFO 1 guide of €175m to €185m.

**Operations still underappreciated** Despite continued sound operational execution, Grand City Properties' share performance still seems to understate the strength of the underlying business. The debate over NAV discounts is old hat now—listed property landlords may never trade anywhere near full underlying value. In our view, the more interesting point is that . . . (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025	2026E	2027E
Rental income (€m)	582.5	607.7	597.0	601.5	626.4	652.9
Y/Y growth	11.0%	4.3%	-1.8%	0.7%	4.1%	4.2%
Adj. EBITDA (€m)	308.1	319.6	335.0	339.6	355.8	374.8
Net income (€m)	179.1	-638.1	242.1	587.6	476.2	491.0
EPRA NTA (€m)	4,655.6	4,014.1	4,279.8	4,514.0	4,819.3	5,140.4
EPRA NTAPS (€)	27.0	23.3	24.3	25.6	27.3	29.1
DPS (€)	0.00	0.00	0.00	0.80	0.77	0.79
FFO 1* (€m)	192.2	184.3	187.5	187.8	180.8	185.4
FFOPS 1* (€)	1.14	1.07	1.08	1.06	1.02	1.05
Liquid assets (€m)	1,113.5	436.8	1,253.8	1,519.8	1,627.7	1,477.4

### RISKS

Risks include, but are not limited to, unfavourable interest rate developments, unfavourable macroeconomic developments, and departure of key personnel.

### COMPANY PROFILE

Grand City Properties is a specialist real estate company focused on investing in and managing value-add opportunities in the German real estate market. The overarching strategy is to improve the portfolio through targeted modernisation and intensive tenant management and thus create value by subsequently raising occupancy and rental levels.

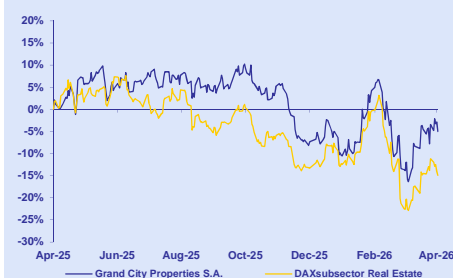
### MARKET DATA

As of 24 Apr 2026

Closing Price	€ 9.86
Shares outstanding	176.19m
Market Capitalisation	€ 1,737.23m
52-week Range	€ 8.68 / 11.44
Avg. Volume (12 Months)	171,928

Multiples	2025	2026E	2027E
P/FFO 1	9.3	9.6	9.4
P/NTA	0.4	0.4	0.3
FFO 1 Yield	10.8%	10.4%	10.7%
Div. Yield	8.1%	7.8%	8.0%

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Dec 2025

Liquid Assets	€ 1,623.0m
Investment Properties	€ 8,941.0m
Total Assets	€ 11,503.0m
Current Liabilities	€ 946.0m
EPRA NTA	€ 4,514.0m
Total Equity	€ 5,938.0m

### SHAREHOLDERS

Edolaxia Ltd.	81.5%
Treasury	0.0%
Free float	18.5%



. . . GCP's share price still gives too little credit to the business itself. Resilient residential cash flows, disciplined capital allocation, and a meaningfully improved balance sheet footing remain only partly reflected in the equity story. We maintain our Buy rating and €14.8 target price (upside: 50%).

## VALUATION

Figure 1: DCF model

All figures in EURm	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
AEBITDA	356	375	393	411	429	449	468	489
(-) Tax	-48	-51	-53	-55	-58	-61	-63	-66
<b>(=) Net operating cash flow</b>	<b>308</b>	<b>324</b>	<b>340</b>	<b>355</b>	<b>371</b>	<b>388</b>	<b>405</b>	<b>423</b>
(-) Total investments (CapEx and WC)	-99	-202	-195	-188	-183	-188	-193	-198
(-) Capital expenditures	-88	-194	-191	-183	-178	-183	-188	-193
(-) Working capital	-10	-8	-4	-4	-5	-5	-5	-5
<b>(=) Free cash flows (FCF)</b>	<b>209</b>	<b>123</b>	<b>145</b>	<b>168</b>	<b>188</b>	<b>200</b>	<b>212</b>	<b>225</b>
PV of FCF's	202	112	126	139	148	149	150	151

All figures in EUR '000		Terminal AEBITDA margin							
		80.2%	80.7%	81.2%	81.7%	82.2%	82.7%	83.2%	
PV of FCFs in explicit period	1,940	4.7%	22.3	22.7	23.2	23.6	24.0	24.5	24.9
PV of FCFs in terminal period	4,703	4.9%	19.1	19.5	19.9	20.3	20.7	21.0	21.4
Enterprise value (EV)	6,642	5.1%	16.2	16.6	17.0	17.3	17.7	18.1	18.4
(+) Net cash / (-) net debt	-2,786	5.3%	13.8	14.1	14.4	14.8	15.1	15.4	15.8
Hybrid capital	-1,244	5.5%	11.6	11.9	12.2	12.5	12.8	13.1	13.4
Shareholder value	2,612	5.7%	9.6	9.9	10.2	10.5	10.8	11.1	11.3
<b>Fair value per share in EUR</b>	<b>14.8</b>	5.9%	7.9	8.1	8.4	8.7	8.9	9.2	9.5

		Terminal growth rate							
		1.7%	1.8%	1.9%	2.0%	2.1%	2.2%	2.3%	
Cost of equity	7.6%	4.7%	20.1	21.2	22.4	23.7	25.0	26.5	28.2
Pre-tax cost of debt	3.0%	4.9%	17.2	18.2	19.2	20.3	21.5	22.7	24.1
Tax rate	13.5%	5.1%	14.7	15.6	16.4	17.4	18.4	19.4	20.6
After-tax cost of debt	2.6%	5.3%	12.5	13.2	14.0	14.8	15.7	16.6	17.6
Share of equity capital	45.0%	5.5%	10.5	11.2	11.8	12.5	13.3	14.1	14.9
Share of debt capital	55.0%	5.7%	8.8	9.3	9.9	10.5	11.2	11.9	12.6
<b>WACC</b>	<b>5.3%</b>	5.9%	7.1	7.6	8.2	8.7	9.3	9.9	10.5

\*Please note our model runs through 2038 and we have only shown the abbreviated version for formatting purposes; net debt includes hybrid notes for DCF purposes



## INCOME STATEMENT

All figures in EURm	2022	2023	2024	2025	2026E	2027E
<b>Net rent</b>	<b>396</b>	<b>411</b>	<b>423</b>	<b>429</b>	<b>443</b>	<b>462</b>
<b>Rental and operating income</b>	<b>583</b>	<b>608</b>	<b>597</b>	<b>601</b>	<b>626</b>	<b>653</b>
Property revaluations & capital gains	118	-890	44	273	282	288
Result from equity-accounted investees	0	0	0	0	0	0
Property expenses	-266	-279	-254	-254	-262	-270
Cost of buildings sold	0	0	0	0	0	0
Administration expenses	-11	-11	-11	-11	-11	-11
Depreciation & amortisation	-10	-9	-6	-7	-7	-7
<b>Operating income (EBIT)</b>	<b>413</b>	<b>-582</b>	<b>370</b>	<b>603</b>	<b>628</b>	<b>653</b>
Finance expenses	-47	-57	-59	-66	-73	-79
Other financial results	-137	-86	-11	-46	0	0
<b>Pre-tax income (EBT)</b>	<b>229</b>	<b>-724</b>	<b>300</b>	<b>491</b>	<b>556</b>	<b>573</b>
Current tax	-39	-41	-41	-40	-43	-45
Deferred tax	-11	127	-17	136	-37	-37
<b>Tax result</b>	<b>-50</b>	<b>86</b>	<b>-58</b>	<b>96</b>	<b>-79</b>	<b>-82</b>
Minority interests	-25	124	-3	-76	-6	-6
Hybrid note investors	-25	-33	-42	-41	-55	-60
<b>Net income</b>	<b>129</b>	<b>-547</b>	<b>197</b>	<b>470</b>	<b>415</b>	<b>425</b>
<b>AEBITDA</b>	<b>308</b>	<b>320</b>	<b>335</b>	<b>340</b>	<b>356</b>	<b>375</b>
<b>Ratios</b>						
AEBITDA margin (% of net rent)	77.8%	77.7%	79.3%	79.2%	80.3%	81.2%
Tax rate	12.7%	-12.8%	-12.3%	-11.7%	12.0%	12.0%
<b>Expenses (% of net rent)</b>						
Property expenses	67.2%	67.8%	60.0%	59.2%	59.3%	58.4%
Administration expenses	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%
<b>Y-Y Growth</b>						
Rental and operating income	11.0%	4.3%	-1.8%	0.7%	4.1%	4.2%
Total revenues	11.0%	4.3%	-1.8%	0.7%	4.1%	4.2%
Operating income	-58.1%	n.m.	n.m.	62.7%	4.2%	3.9%
Adjusted EBITDA	3.2%	3.7%	4.8%	1.4%	4.8%	5.4%
Net income/ loss	-75.3%	n.m.	n.m.	139.3%	-11.7%	2.2%
<b>Funds from Operations (FFO)</b>						
<b>Operating profit</b>	<b>413</b>	<b>-582</b>	<b>370</b>	<b>603</b>	<b>628</b>	<b>653</b>
Depreciation and amortisation	10	9	6	7	7	7
<b>EBITDA</b>	<b>423</b>	<b>-572</b>	<b>377</b>	<b>609</b>	<b>635</b>	<b>660</b>
Property revaluations & capital gains	-118	890	-44	-273	-282	-288
Others	3	2	2	3	3	3
<b>Adjusted EBITDA</b>	<b>308</b>	<b>320</b>	<b>335</b>	<b>340</b>	<b>356</b>	<b>375</b>
Financial expense	-47	-57	-59	-66	-73	-79
Tax	-39	-41	-41	-40	-43	-45
Minority & JV contributions	-5	-4	-5	-5	-5	-5
<b>FFO 1 (before perpetuals)</b>	<b>217</b>	<b>218</b>	<b>230</b>	<b>229</b>	<b>235</b>	<b>245</b>
Perpetual note adjustment	-25	-33	-42	-41	-55	-60
<b>FFO 1</b>	<b>192</b>	<b>184</b>	<b>188</b>	<b>188</b>	<b>181</b>	<b>185</b>



## BALANCE SHEET

All figures in EURm	2022	2023	2024	2025	2026E	2027E
<b>Current assets, total</b>	<b>1,134</b>	<b>1,841</b>	<b>2,202</b>	<b>2,053</b>	<b>1,938</b>	<b>2,101</b>
Cash and cash equivalents	325	1,129	1,373	1,532	1,380	1,528
Traded securities at fair value though P&L	112	125	147	96	97	98
Trade and other receivables	353	391	449	337	360	376
Inventories - Trading property	0	0	0	0	0	0
Assets held for sale	344	196	233	88	100	100
<b>Non-current assets, total</b>	<b>9,997</b>	<b>9,078</b>	<b>9,017</b>	<b>9,451</b>	<b>9,825</b>	<b>10,324</b>
Equipment and intangible assets	11	16	17	14	16	17
Investment property	9,550	8,650	8,650	8,974	9,332	9,814
Equity accounted investees	0	0	0	0	0	0
Other LT assets	382	345	266	392	400	408
Deferred tax assets	54	66	84	70	77	85
<b>Total assets</b>	<b>11,131</b>	<b>10,918</b>	<b>11,219</b>	<b>11,503</b>	<b>11,763</b>	<b>12,426</b>
<b>Current liabilities, total</b>	<b>309</b>	<b>654</b>	<b>705</b>	<b>946</b>	<b>1,007</b>	<b>1,529</b>
Short-term debt	5	299	270	550	591	1,097
Trade and other payables	225	254	279	268	280	288
Other current liabilities	79	101	156	128	136	144
<b>Long-term liabilities, total</b>	<b>4,908</b>	<b>5,034</b>	<b>5,099</b>	<b>4,620</b>	<b>4,568</b>	<b>4,408</b>
Long-term debt	319	863	917	937	1,420	2,300
Convertible and straight bonds	3,612	3,271	3,248	2,922	2,341	1,254
Deferred taxes	789	662	692	520	557	594
Other LT liabilities	189	239	243	241	251	261
Minority interests	666	516	502	635	641	648
<b>Shareholders' equity</b>	<b>5,249</b>	<b>4,714</b>	<b>4,913</b>	<b>5,302</b>	<b>5,546</b>	<b>5,841</b>
<b>Total consolidated equity and debt</b>	<b>11,131</b>	<b>10,918</b>	<b>11,219</b>	<b>11,503</b>	<b>11,763</b>	<b>12,426</b>
<b>Ratios</b>						
EPRA NTA* (€m)	4,656	4,014	4,280	4,514	4,819	5,140
EPRA NTAPS* (€)	27.0	23.3	24.3	25.6	27.3	29.1
Net debt (€m)	3,506	3,202	2,921	2,786	2,874	3,025
Net debt / equity (x)	0.7	0.7	0.6	0.5	0.5	0.5
Net debt / EBITDA (x)	11.4	10.0	8.7	8.2	8.1	8.1
Interest cover (x)	6.6	5.6	5.7	5.2	4.9	4.7
Loan-to-value (LTV)	36%	37%	33%	31%	31%	31%
Equity ratio	53%	48%	48%	52%	53%	52%
Return on equity (ROE)	3.0%	-12.2%	4.5%	9.9%	7.7%	7.6%



## CASH FLOW STATEMENT

All figures in EURm	2022	2023	2024	2025	2026E	2027E
<b>Net income</b>	<b>179</b>	<b>-638</b>	<b>242</b>	<b>588</b>	<b>476</b>	<b>491</b>
Depreciation and amortisation	10	9	6	7	7	7
Profit from equity accounted investees	0	0	0	0	0	0
Change in fair value of investment properties	-118	890	-44	-273	-282	-288
Net finance expenses	184	143	70	111	73	79
Tax result	50	-86	58	-96	79	82
Others	3	2	2	3	0	0
<b>Operating cash flow</b>	<b>308</b>	<b>320</b>	<b>335</b>	<b>340</b>	<b>353</b>	<b>372</b>
Change in working capital	-61	-38	-10	-20	0	3
Tax paid	-31	-32	-41	-39	-43	-45
<b>Net cash flow from operating activities</b>	<b>216</b>	<b>249</b>	<b>284</b>	<b>280</b>	<b>310</b>	<b>330</b>
Investment in fixed/intangible assets	-5	-3	-3	-2	-8	-9
Net property investments / disposals	-242	51	-32	-171	-88	-194
Acquisition of subsidiaries	-4	0	0	0	0	0
Proceeds from investments in financial assets	82	99	87	134	-9	-9
<b>Cash flow from investing</b>	<b>-168</b>	<b>148</b>	<b>52</b>	<b>-39</b>	<b>-105</b>	<b>-212</b>
Debt financing, net	-486	496	38	-27	-57	298
Equity financing, net	0	0	0	0	0	0
Share buyback	0	0	0	0	0	0
Dividend paid	-56	0	0	0	-140	-135
Treasury share disposal	0	0	43	0	0	0
Other financing activities	-27	-42	-109	5	-86	-55
Net paid financing expenses	-47	-49	-65	-63	-73	-79
<b>Cash flow from financing</b>	<b>-617</b>	<b>405</b>	<b>-93</b>	<b>-85</b>	<b>-356</b>	<b>29</b>
Assets held for sale	-1	2	0	0	0	0
Fx effects	-1	0	1	2	0	0
<b>Net cash flows</b>	<b>-571</b>	<b>804</b>	<b>244</b>	<b>159</b>	<b>-151</b>	<b>147</b>
Cash, start of the year	895	325	1,129	1,373	1,532	1,380
<b>Cash, end of the year</b>	<b>325</b>	<b>1,129</b>	<b>1,373</b>	<b>1,532</b>	<b>1,380</b>	<b>1,528</b>
<b>AEBITDA / share (€)</b>	<b>1.75</b>	<b>1.81</b>	<b>1.90</b>	<b>1.93</b>	<b>2.02</b>	<b>2.13</b>
<b>FFO 1</b>	<b>192</b>	<b>184</b>	<b>188</b>	<b>188</b>	<b>181</b>	<b>185</b>
<b>FFOPS 1 (€)</b>	<b>1.14</b>	<b>1.07</b>	<b>1.08</b>	<b>1.06</b>	<b>1.02</b>	<b>1.05</b>
<b>Y-Y Growth</b>						
Operating cash flow	-0.4%	15.4%	14.1%	-1.4%	10.5%	6.4%
Adjusted EBITDA / share	3.2%	3.7%	4.8%	1.4%	4.8%	5.4%
FFO 1	3.2%	-4.1%	1.8%	0.2%	-3.8%	2.5%
FFOPS 1	2.8%	-6.6%	1.6%	-2.0%	-3.6%	2.5%

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**PRICE TARGET DATES**

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First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

**ASSET RECOMMENDATION**

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

**RISK ASSESSMENT**

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

**RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	21 January 2013	€4.37	Buy	€14.30
2...64	↓	↓	↓	↓
65	12 March 2025	€9.50	Buy	€14.40
66	20 March 2025	€9.47	Buy	€14.20
67	5 May 2025	€10.50	Buy	€14.20
68	15 May 2025	€10.26	Buy	€14.20
69	14 August 2025	€11.00	Buy	€15.00
70	17 November 2025	€10.60	Buy	€15.00
71	18 December 2025	€9.62	Buy	€14.80
72	9 March 2026	€10.58	Buy	€14.80
73	Today	€9.86	Buy	€14.80

### INVESTMENT HORIZON

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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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