GRAND CITY
Properties S.A.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2015

H1 15

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IMPRINT

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CONTENT

KEY FINANCIALS

	H1 2014	change	H1 2015
EBITDA (€'000)	143,461	64%	235,047
ADJUSTED EBITDA (€'000)	49,319	51%	74,550
NET PROFIT (€'000)	122,146	60%	195,349
EPS (BASIC) (€)	0.94	56%	1.47

	Dec 2013	Dec 2014	Jun 2015
TOTAL EQUITY (€'000)	767,925	1,041,650	1,643,777
EPRA NAV (€'000)	861,926	1,439,386	1,638,707

	Dec 2013	Dec 2014	Jun 2015	Jun 2015*
LOAN-TO-VALUE	36%	45%	39%	32%
EQUITY RATIO	47%	40%	45%	50%

* Assuming convertibles conversion. The convertible bond Series C is in the money since Aug 14 and has started to be converted since Dec 14

RENTAL AND OPERATING INCOME (€'000)	H1 2014	change	H1 2015
	94,767	51%	143,430

FFO I (€'000)	H1 2014	change	H1 2015
	33,809	61%	54,475

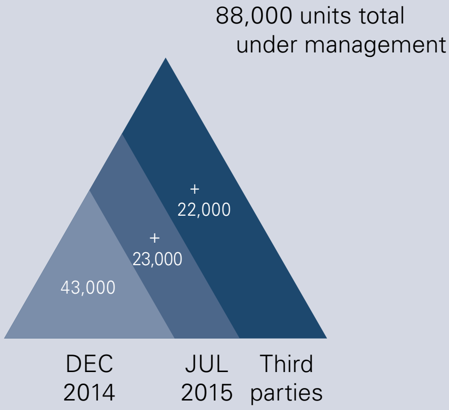
FFO I AFTER HYBRID NOTES ATTRIBUTION, PER SHARE (€)	H1 2014	change	H1 2015
	0.29	41%	0.41

ACHIEVEMENTS – OPERATIONS

GROWTH THROUGH ACQUISITION – SUCCESS THROUGH TURNAROUND

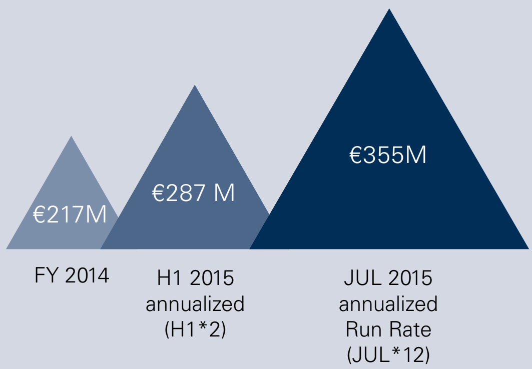
PORTFOLIO GROWTH

Strong growth momentum maintained with portfolio rising from 43,000 units in December 2014 to and 66,000 units as of July 2015. In addition to these 66,000 units GCP manages a portfolio of 22,000 units owned by third parties. Total of 88,000 units are under management.



RENTAL AND OPERATING INCOME

Rental and operating income rose in H1 2015 by 51% to €143.3 million compared to H1 2014. The July 2015 portfolio generates rental and operating income at a run rate (monthly annualized) of approx. €355 million.



FFO RUN RATE

€ 117M — Q2 2015 annualized

€ 130M — JUL 2015

IN-PLACE RENT AND VACANCY

JUL 2015

€ 5.3/m²

12% Vacancy

ACHIEVEMENTS – DEBT STRUCTURE

DEBT-COVERAGE RATIOS

Debt-coverage ratios further strengthened during 2015 with ICR rising to 6.1 in H1 2015 and DSCR increasing to 4.5 over the same period.

6.1 H1 2015

ICR

4.2 H1 2014

4.5 H1 2015

DSCR

3.2 H1 2014

LARGE AMOUNT OF UNENCUMBERED ASSETS

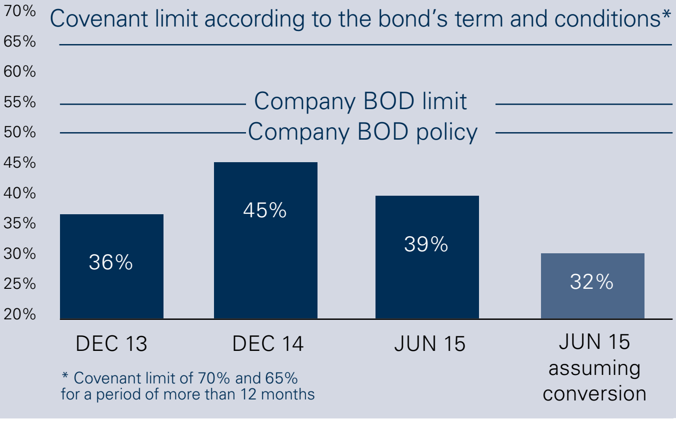
€ 1.85 BN

55% JUL 2015

As of July 2015 55% or €1.85bn of the total portfolio are unencumbered, providing flexibility and comfort for further growth.

SUSTAINING A CONSERVATIVE DEBT STRUCTURE

Sustaining a conservative debt structure with an LTV of 39% as of June 2015 and 32% assuming conversion of convertibles which have been in the money since August 2014 and are being converted since December 2014. Equity ratio of 45% as of June 2015, 50% assuming conversion.

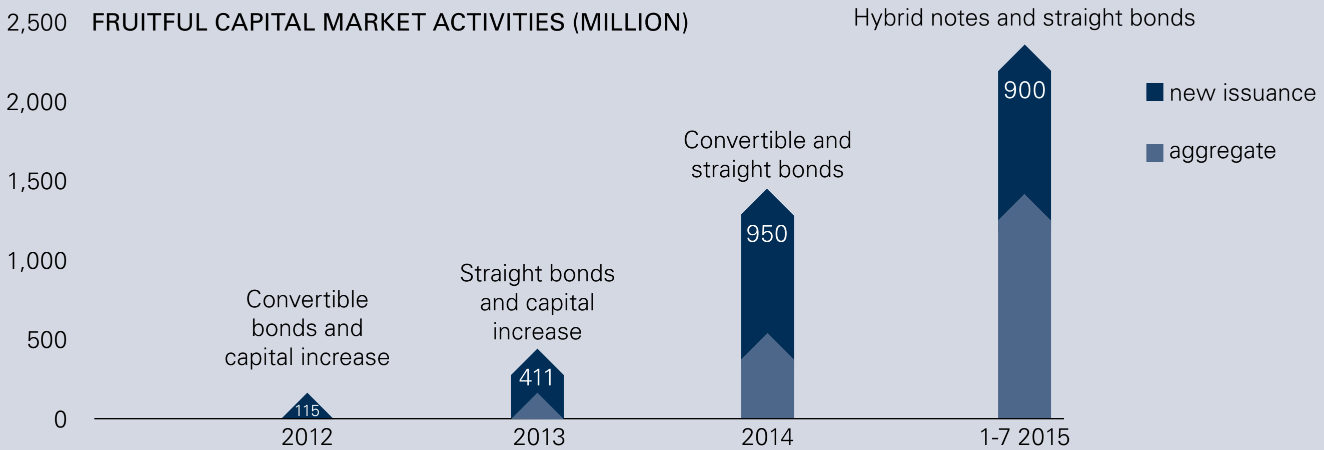


* Covenant limit of 70% and 65% for a period of more than 12 months

ACHIEVEMENTS – CAPITAL MARKETS ACTIVITIES

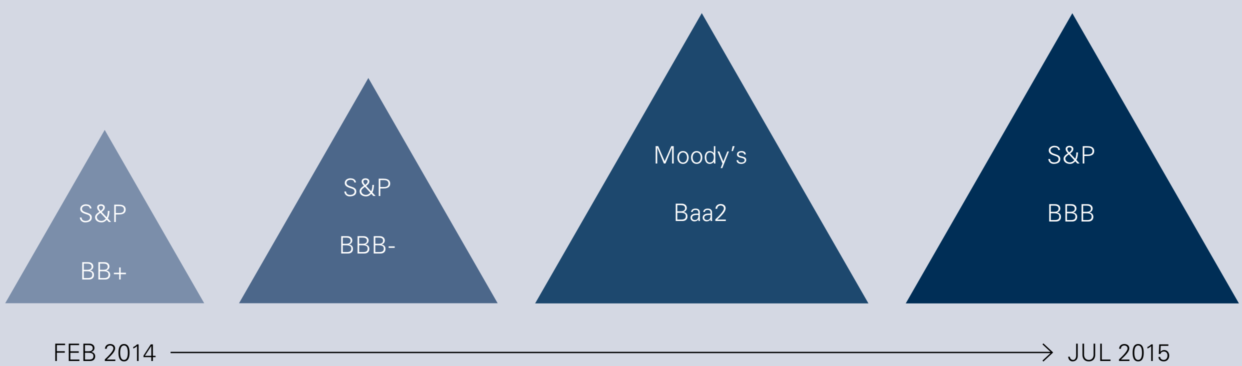
ISSUANCES

Continuous access to capital markets raising €400 million in perpetual hybrid notes in Q1, further €400 million straight bonds of Series E in April and additional €100 million through the tap up of the perpetual hybrid notes in July 2015.



RATING

Financing fundamentals significantly improved through rating increase by S&P to BBB and a stable outlook in July 2015. Earlier in the year GCP was already assigned the same rating of Baa2 with a stable outlook by Moody's, which was a first-time long-term issuer rating.

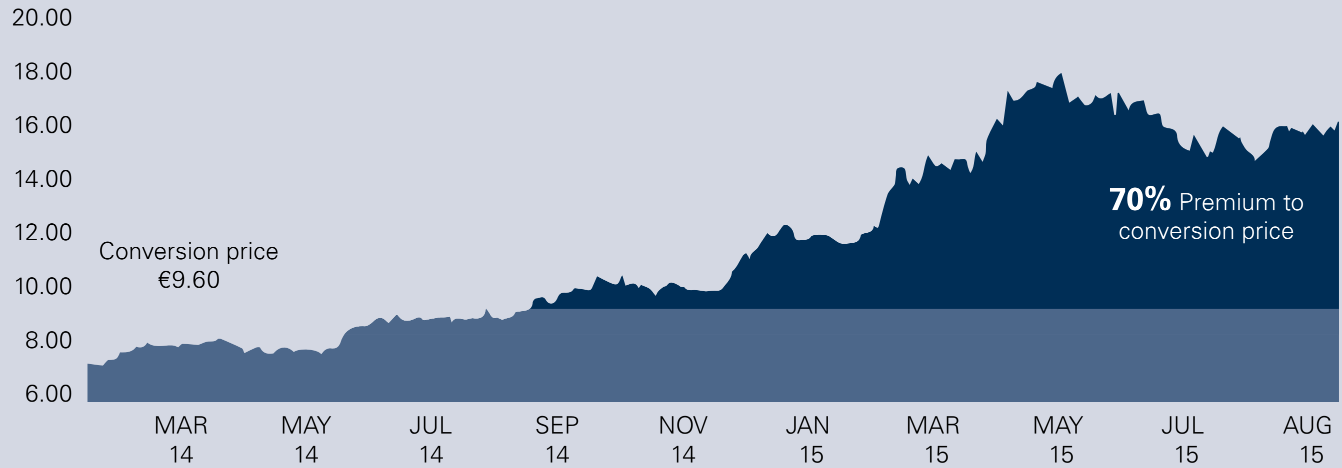


DIVIDEND POLICY

Dividend policy to distribute 30% of FFO I. GCP has distributed a dividend of €0.20 per share.

CONVERTIBLE BONDS

Convertible bonds, Series C, issued in February 2014 and tapped up in June 2014 to an aggregate amount of €290 million. The bonds are being converted since December 2014 as they are deep in the money with 70% above conversion price as of August 2015.



LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

With great pleasure we present the results for the first half of 2015, having successfully continued our growth and operational improvements. We executed our strategy of accretive growth that contributes successfully both to our portfolio's scope and quality as well as to economies of scale. Our portfolio reached 66,000 units as of July 2015. We manage in total 88,000 units including 22,000 units managed for third parties. The first half of 2015 was also successful in regard to the Company's operational performance. Our current portfolio carries a large upside potential in rent and occupancy increase. We are thus able to generate higher total rental income at higher operational efficiency in the future without the necessity to grow externally. Due to the fruitful execution of the turnaround strategies and key operational improvements put in place, the vacancy rate decreased to 12% as of July 2015, compared to 13.3% in December 2014. In-place rent increased to €5.3 compared to €5.1 respectively. Facilitating this rise in occupancy is our exceptional letting team, which accelerated their letting rates with very close contact to perspective tenants and with high internal efficiencies and communications. In particular, changes made to internal processes such as an improved response time of 24 hours to new leads within the sales team and the now even more efficient handling of signing rent contracts made this possible.

As we are consistently adapting to our environment we have stepped up our operational platform in order to maintain our high standards with further growth. On one hand we are further personalizing the local services provided to our tenants, also by raising the local presence to 50 locations around our properties. We introduced a remarkable internal policy of providing an adequate response to every tenant request within 24 hours. The outstanding service provided to our existing and prospective tenants is mirrored by the positive satisfaction feedback, comprising the vast majority of the requests. On the other hand we are optimizing the management of our centralized business units and generate significant economies of scale benefits. To facilitate the strong portfolio growth and our integrated value chain approach we are currently in the process of moving our Berlin management team to a new centralized facility in Berlin. Pooling our centrally managed business units, including the Service Center and the third party management business unit, we will facilitate better communication within the organization, increase responsiveness and bear significant cost saving potential.

Through the portfolio growth we have also been able to broaden our already strong geographical diversification across densely populated areas such as Berlin, NRW, Dresden, Leipzig, Halle, Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg. With several acquisitions we successfully developed another regional stronghold in the up-and-coming metropolitan regions Leipzig, Halle and Dresden. Naturally, our portfolio will further benefit from economies of scale which will enable a more efficient cost structure while additionally benefiting from the great potential in terms of economic development and demographic intra-regional change that these locations are expected to exhibit in the future.

In 2015 we have not just demonstrated again but also outpaced our continuous access to the capital markets by raising €400 million in perpetual hybrid notes in Q1, further €400 million straight bonds in the second quarter of the year and additional €100 million through the tap up of the perpetual hybrid notes in July 2015. The ability to finance our growth through diverse instruments has enabled us to grow significantly while maintaining a very conservative capital structure and strong debt coverage ratios, indicated by an LTV of 39%, an ICR of 6.1 and a DSCR of 4.5.

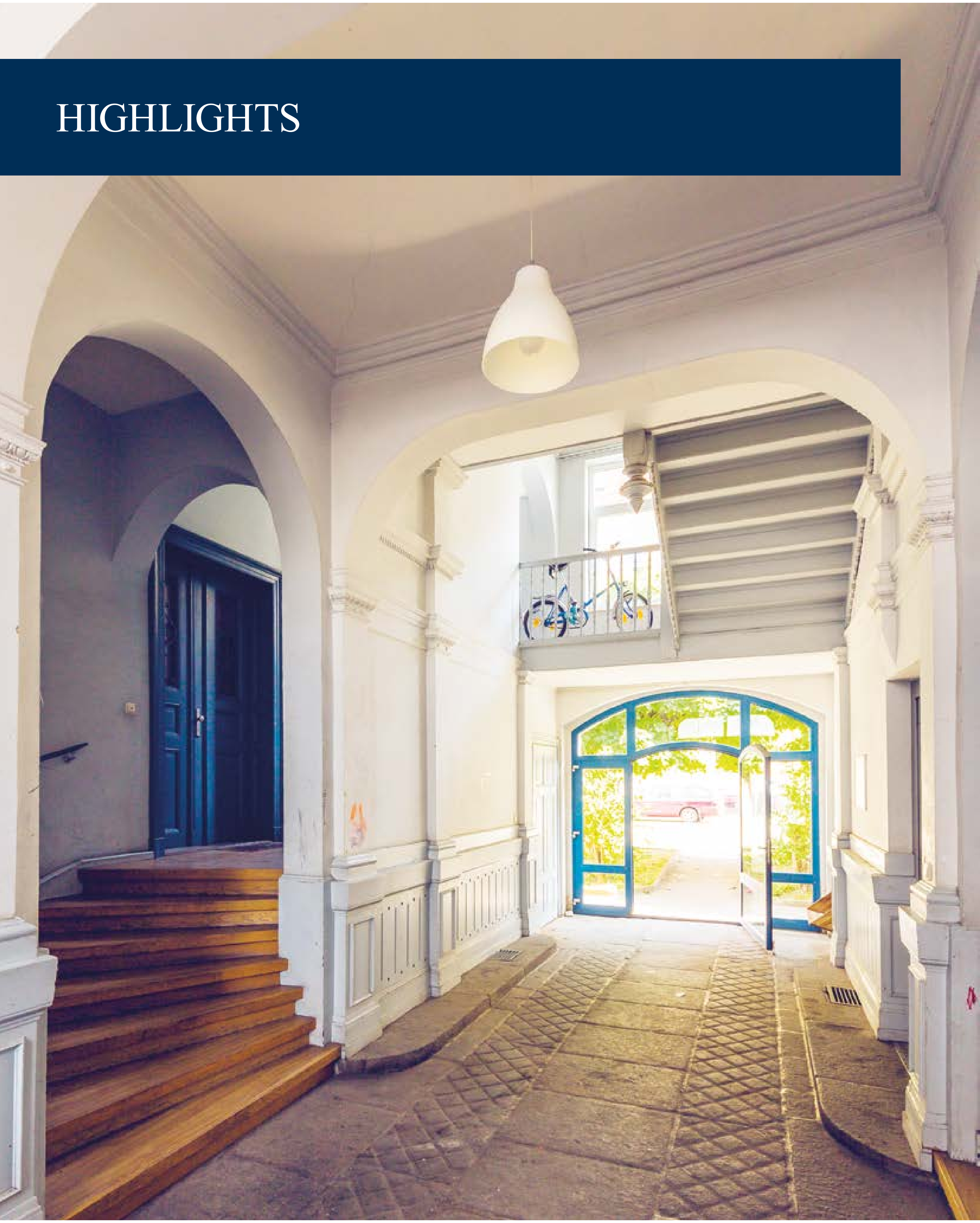
In addition to the €900 million raised in 2015 alone, our financing fundamentals significantly improved since the beginning of the year. After receiving a first-time long term issuer rating of Baa2 by Moody's in February 2015, S&P raised the Company's credit rating to the same level with BBB and a stable outlook in July 2015. S&P based its 4th rating upgrade on the Company's improved business profile. Main factors leading to this improvement were the growth in portfolio size, increased weight of stabilized assets and greater diversification across favorable regions across Germany.

As a direct result of our growing and stronger cash flows we distributed a dividend of €0.20 per share. Amounting to a gross total of €24.3 million, we believe that the distribution rate of 30% of FFO I optimally balances investors' expectations and the current Company's growth strategy.

With the successful first half of the year we look assertively into the future. Based on the operational potential of our portfolio, the improved financing conditions, the potential operational benefits of economies of scale set forth in H1 and a well-stocked pipeline and liquid firepower we are confident that we will continue to create market leading returns for our investors and no less than meet expectations.

Christian Windfuhr CEO	Simone Runge-Brandner Director	Refael Zamir Director, CFO	Daniel Malkin Director

HIGHLIGHTS

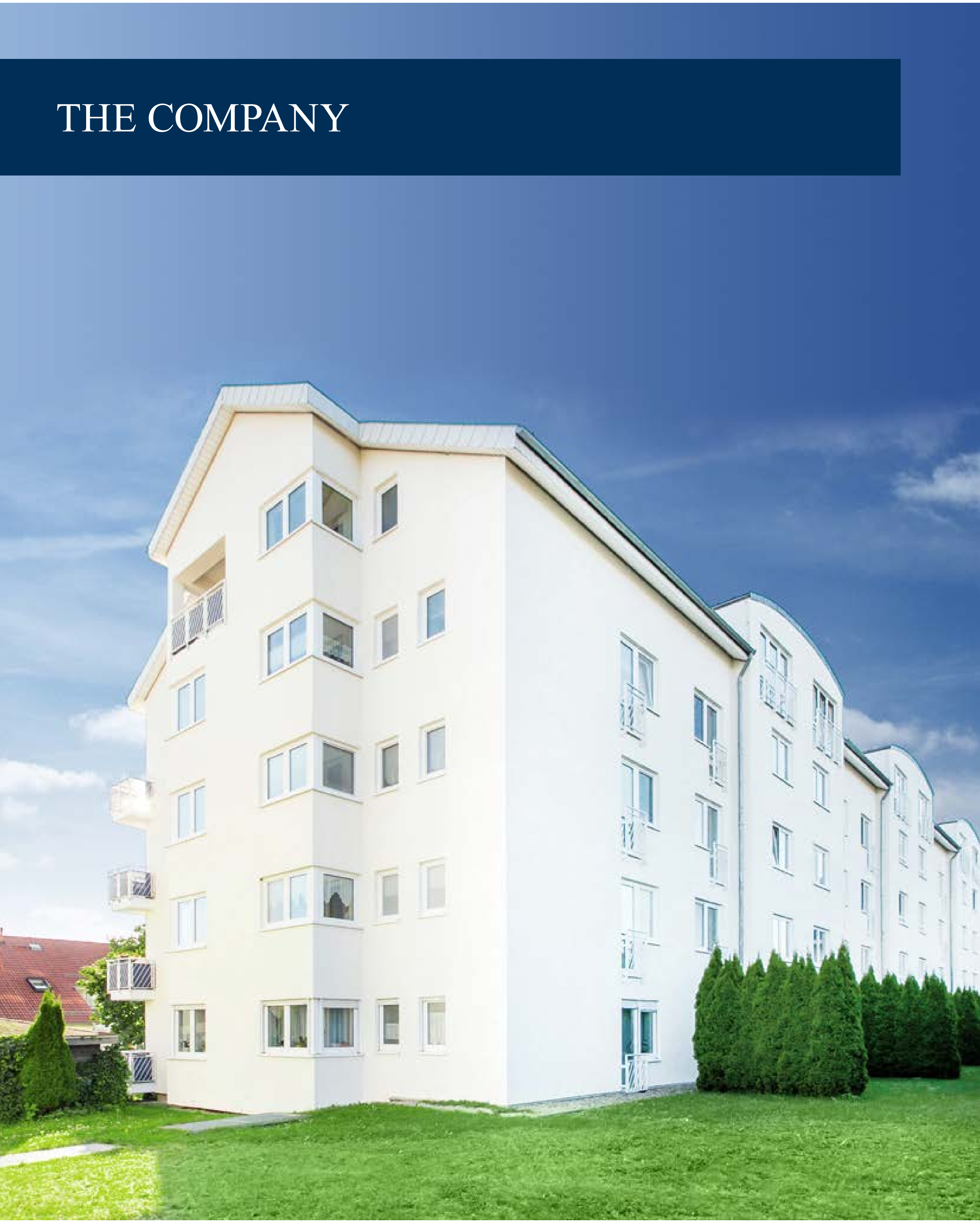


PROFITABILITY HIGHLIGHTS	**H1 2015** €'000	H1 2014 €'000
Rental and operating income	**143,430**	**94,767**
EBITDA	235,047	143,461
Adjusted EBITDA	**74,550**	**49,319**
Profit for the period	195,349	122,146
EPS (basic) in €	1.47	0.94
FFO I	**54,475**	**33,809**
FFO I after Hybrid Notes attribution, per share in €	0.41	0.29
Interest Coverage Ratio	6.1	4.2
Debt Service Coverage Ratio	4.5	3.2

FINANCIAL POSITION HIGHLIGHTS AS OF	**Jun 15** €'000	Dec 2014 €'000
Cash and liquid assets	**454,231**	**272,296**
Total Assets	**3,687,228**	**2,629,058**
Investment Property [1)]	2,991,683	2,191,271
Total Equity	**1,643,777**	**1,041,650**
EPRA NAV	**1,638,707**	**1,439,386**
Total loans and borrowings	556,768	543,009
Straight bonds	860,809	476,381
Convertible bond Series C [2)]	199,822	240,451
Loan-To-Value	39%	45%
Loan-To-Value assuming conversion [2)]	**32%**	**34%**
Equity Ratio	45%	40%
Equity Ratio assuming conversion [2)]	50%	49%

1) including advanced payments and balance of inventories
2) the convertible bond Series C is in the money since August 2014 and being converted since December 2014

THE COMPANY



Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors hereby submits the interim report as of June 30, 2015.

The figures presented in this Board of Directors' Report are based on the interim consolidated financial statements as of June 30, 2015, unless stated otherwise.

Grand City Properties S.A. is a specialist real estate company focused on investing in and managing turnaround opportunities in the German real estate market. The Group's total portfolio as of July 2015 consists of 66,000 units (hereinafter "GCP 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 Leipzig, Halle and Dresden and other densely populated areas. Further, the Company manages an additional portfolio of 22,000 units owned by third parties bringing the total number of units under GCP's management to 88,000.

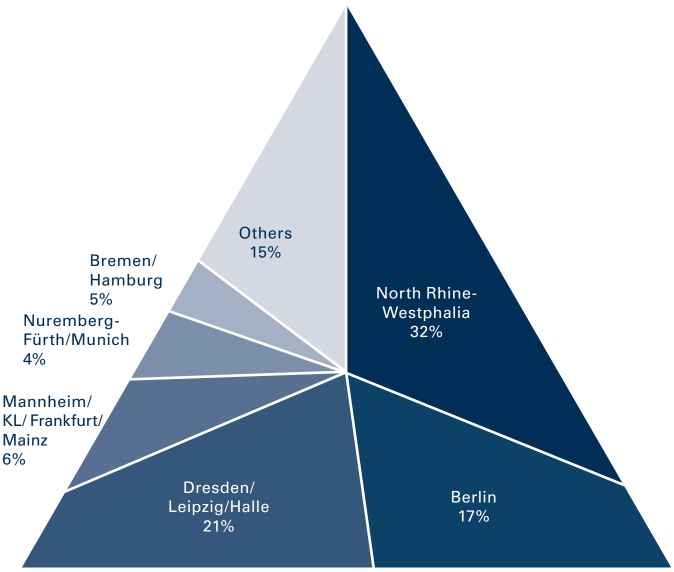
GCP is active in all relevant asset and property management activities along the real estate value chain. The Group's business model is focused on buying real estate properties with strong underlying fundamentals which are not optimally managed or positioned, and turning them around through intense property and tenant management as well as through targeted modernizations. This enables the Company to create significant value in its portfolio.

KEY STRENGTHS

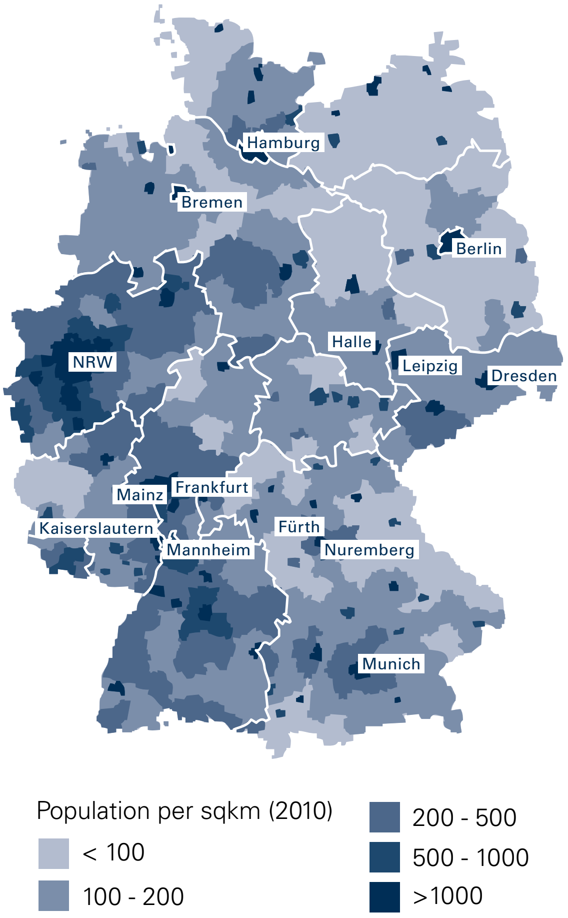
ATTRACTIVE PORTFOLIO WITH SIGNIFICANT REPOSITIONING POTENTIAL AND DEFENSIVE CHARACTERISTICS

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

REGIONAL DISTRIBUTION BY VALUE



POPULATION DENSITY



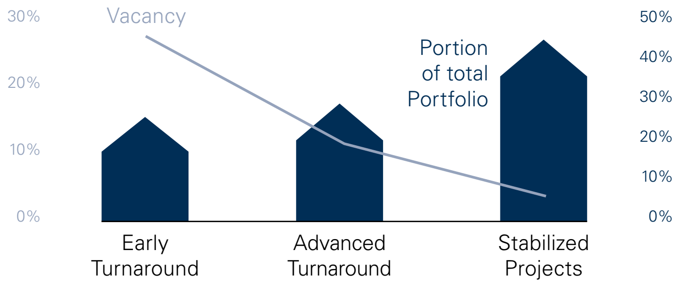
The Group's portfolio growth was accompanied by further diversification, allowing it to increase benefits from economies of scale while reducing geographical clustering and thereby supporting the risk-averse and well allocated portfolio targets set by the Board. GCP's focus on densely populated areas is mirrored by 32% of its portfolio being held in NRW, 17% in Berlin, 21% in the metropolitan regions Leipzig, Halle and Dresden and significant holdings in other major urban markets with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

GCP has grouped the investment property of its real estate portfolio into three categories according to turnaround stage allowing the effective management and constant monitoring of the turnaround progress and repositioning activities: stabilized properties which have lower vacancy rates than 5%; advanced turnaround properties with vacancy rates between 5% and 15% and early turnaround properties with vacancy rates higher than 15%.

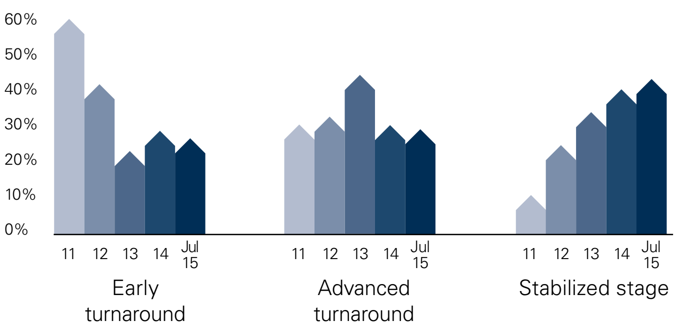
Of the 66,000 units in GCP's portfolio in July 2015 42% (half of the portfolio in terms of value) are in the stabilized stage, 31% are in the advanced turnaround stage and 27% are in the early turnaround stage. The portion of stabilized units has increased in comparison to year-end 2014 where 40% of the portfolio was stabilized, validating the successful execution of the business plan and further enhancing the management track record. The growth of the stabilized portfolio is offset by new acquisitions which are usually acquired in the early and advanced turnaround stages. The current distribution of the Group's portfolio provides stable high cash flows while embedding further growth and value creation potential.

The portfolio's monthly in-place rent as of July 2015 is €5.3 per square meter and the vacancy rate of rentable area is 12%. GCP is buying properties with high vacancies as part of its business strategy and uses its skills and know-how to turn those assets around. GCP's vacancy level is therefore an integral part of its unique business model and represents a major growth driver for the future.

PORTFOLIO STAGES



DEVELOPMENT PORTFOLIO STAGES



KEY STRENGTHS

FULLY INTEGRATED AND SCALABLE PLATFORM THAT IS TAILORED FOR ACQUISITIONS, TURNAROUND AND FAST GROWTH

Through its purpose-built platform GCP provides efficient in-house management to its existing real estate portfolio as well as support for the execution of its expansion plans. Given its rapid expansion the Group has grown to 500 staff members.

Specialized teams cover the entire range of the real estate value chain from acquisition to construction and refurbishment, sales and marketing, and key support functions such as finance, accounting, legal and IT. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. In particular, its advanced proprietary IT system enables the Company to closely monitor its portfolio and tenants to continuously optimize yields and implement strictest cost discipline. A rigorous focus on cost extends across the entire operations of GCP, including those that are chargeable to its tenants.

GCP strategically positioned itself for a quick and rapid takeover of the current pipeline and further property acquisitions. Given the efficiency measures taken the portfolio today has the capacity to further grow at a marginal cost to the platform, and further create economies of scale. The integrated nature of its platform also means that GCP is well positioned to make important decisions swiftly and efficiently when required, for instance with acquisitions.

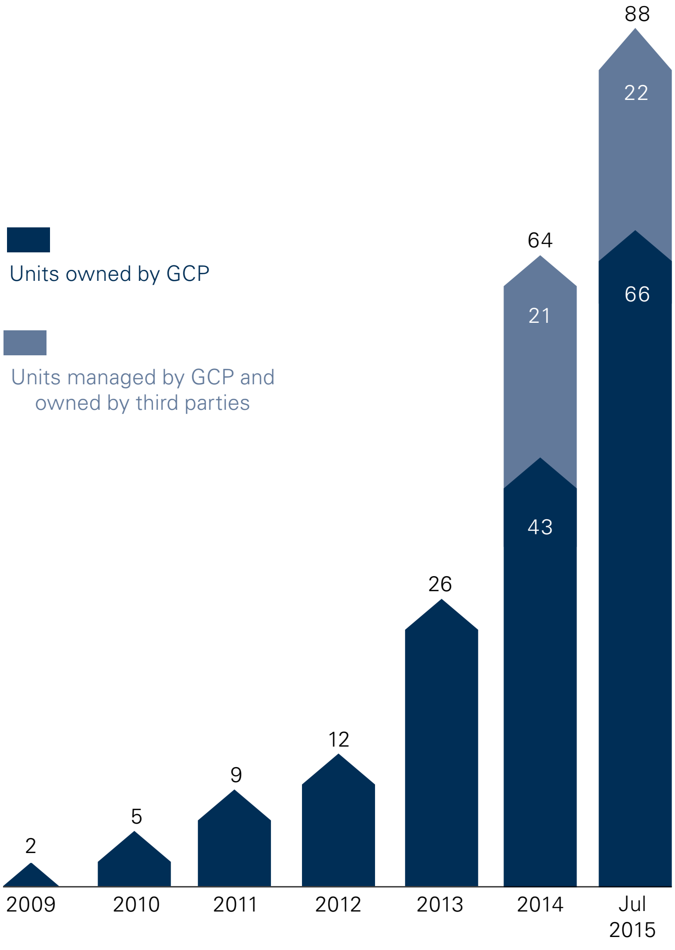
The Group is directed by an experienced and well-balanced management team, led by the Board of Directors. The Company operates through over a dozen different departments which all form an important component in the value creation cycle from acquisition through turnaround to fully stabilized portfolio.

PROVEN SOURCING CAPABILITIES AND SUCCESSFUL PORTFOLIO GROWTH

The Company's track record and established reputation provides access to numerous investment opportunities often before they are widely promoted or publicized, reflecting GCP's preferential counterparty status, both on a local and national level. This advantage is also reflected in improved access to financing and helped establish strong relationships with debt providers. GCP operates in an attractive market niche where the average deal size discourages most market players, as the typical properties it acquires are either too large for private individuals or too small and difficult for institutional investors. GCP's focus on and know-how in taking over mismanaged properties with vacancy and turning them around to stabilized and well managed properties is unique in the German real estate market and a sustainable competitive advantage of the Company.

Between December 2014 and July 2015 the portfolio exhibited continuous growth to 66,000 units owned and 88,000 units under management in comparison to 43,000 units owned and 64,000 under management in December 2014. Through this growth GCP has further reached scalability which enables it to benefit from economies of scale, creating value throughout the Company's value chain: from higher efficiency at the takeover stage to stronger bargaining power with suppliers.

PORTFOLIO DEVELOPMENT IN UNITS ('000)



STRONG TRACK RECORD OF VALUE CREATION FROM RENOVATION AND REPOSITIONING OF ASSETS

Apart from GCP's unique skills in identifying properties with significant upside potential, it is its ability to create and execute tailor made strategies for each asset to optimally improve its operating performance, which is reflected in the significant value appreciation in its portfolio. GCP's continuous asset management efforts result not only in improved cash flow results, but also in tangible value creation that is captured instantly as well as over the long run in the Group's financial performance. The Group's experience and in-house operational skills allow it to continuously maximize returns after the successful repositioning of the assets.

UNIQUE BUSINESS STRATEGY CREATES PORTFOLIO WITH DEFENSIVE CHARACTERISTICS AND UPSIDE POTENTIAL

Given GCP's unique business strategy to acquire assets in an early turnaround stage with high vacancies and to realize their full potential through operational improvements, the overall portfolio's vacancy rate and undervalued assets contain a high upside potential in rent and provide a substantial additional revenue driver while the assets progress through the turnaround cycle. The portion of stabilized units has steadily increased over time, providing a balanced mix of higher performance predictability and further growth potential.

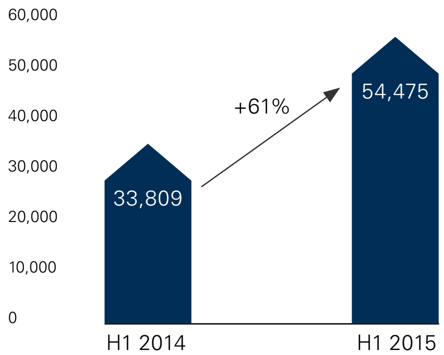
The majority of GCP's portfolio is rented below market rates. Combined with the upside potential of occupancy increases at market rent the management estimates that the current portfolio embeds a potential improvement of rental income of approx. 30%.

KEY STRENGTHS

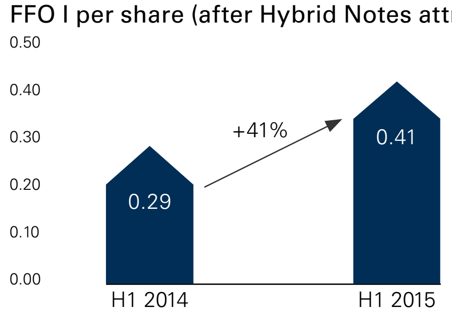
STRONG AND GROWING FFO WITH HIGH RETURN POTENTIAL

GCP's current portfolio generates strongly growing funds from operations, demonstrated by an 61% increase in FFO I. GCP's turnaround management focuses on increasing initial cash flows through raising rental income, decreasing vacancy levels as well as maintaining strict cost discipline through active management. The Group exhibits strong growth from the operational optimization of its existing portfolio as well as expansion through the acquisition of additional properties with great value adding potential.

FFO I (€'000)



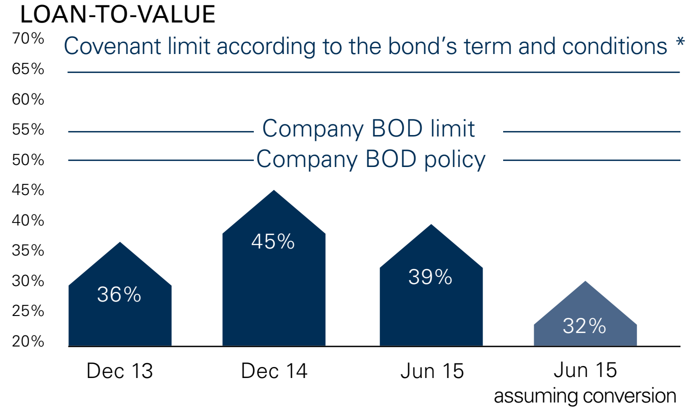
FFO I per share (after Hybrid Notes attribution in €)



CONSERVATIVE CAPITAL STRUCTURE AND PROVEN ABILITY TO RAISE CAPITAL

With €454 million in liquid assets as of June 30, 2015, further supported by the tap issuance of additional €100 million of the perpetual hybrid notes in July 2015, GCP has a high amount of financial flexibility which is also reflected in the €1.85 billion of unencumbered assets as of July 2015. The high amount of liquidity enables GCP on one hand to pursue attractive deals, and on the other provides significant head room and comfort to its debt holders. GCP's conservative capital structure is characterized by long term maturities, low debt amortization rates, hedged interest rates, excellent financial coverage ratios and a low LTV reflecting its disciplined approach. The LTV as of June 30, 2015 is conservative at 39% (LTV is 32% assuming conversion of the Series C bond, which is deep in the money since August 2014 and as of August 2015 70% above the conversion price). The Company's internal target is to maintain an LTV of 50% and set itself a management policy limit at 55%. GCP strategically maintains its strong financial profile. The Board of Directors has decided to implement policies, management and financial strategies to achieve a further improvement of the credit rating.

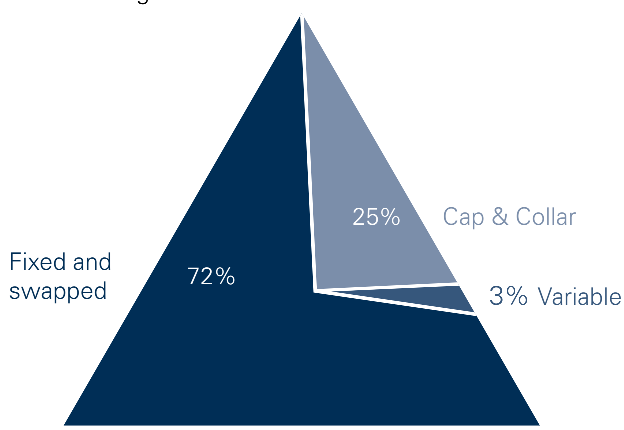
LOAN-TO-VALUE



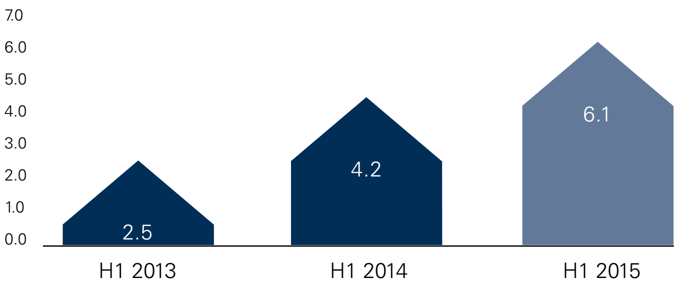
* Covenant limit of 70% and 65% for a period of more than 12 months

GCP's bank loans are spread across more than 20 separate loans from 15 different financial institutions that are non-recourse and have no cross collateral or cross default provisions.

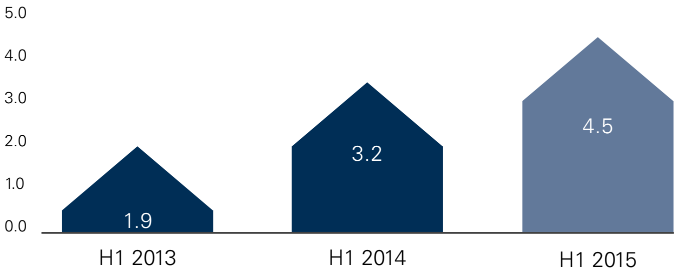
Fitting to the Company's conservative capital structure 97% of its interest is hedged.



INTEREST COVERAGE RATIO (ADJ. EBITDA/INTEREST)



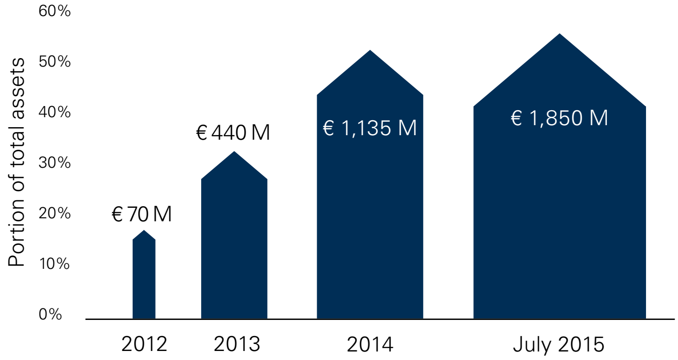
DEBT SERVICE COVERAGE RATIO (DSCR)



GCP's financial flexibility further enhanced since December 2014 both due to improved fundamentals affecting coverage ratios and improving profitability. On the one hand adjusted EBITDA rose noticeably while proportional debt service payments decreased. This led to a shift in its DSCR from 3.2 to 4.5. An increasing portion of assets are free of lien. As of July 2015, 55% of the held assets are unencumbered, amounting to €1.85bn investment properties, in comparison to 52% or €1.14bn in December 2014.

GCP's long maturity schedule enables the Company to fully complete the turnaround cycle of its assets a. These combined affects enable the Company to focus on its core business without the pressure to refinance and ensure a large extent of financial flexibility in the future.

UNENCUMBERED ASSETS



CONTINUOUS ACCESS TO CAPITAL MARKETS

In addition to bank loans GCP has successfully accessed the capital markets in the recent years. Since listing, the Company tapped capital markets in a vast amount of separate issuances, raising successfully €2.4 billion equity and bonds. Particularly strong activity took place in the first 7 months of 2015 where a total of €900 million was raised in two issuances (€500 million in perpetual hybrid notes and €400 million in 10 year straight bonds). Recent capital additions showed both increasing diversification in financing vehicles and global access, with investments coming from international institutional investors including few of the world's largest global investment and sovereign funds.

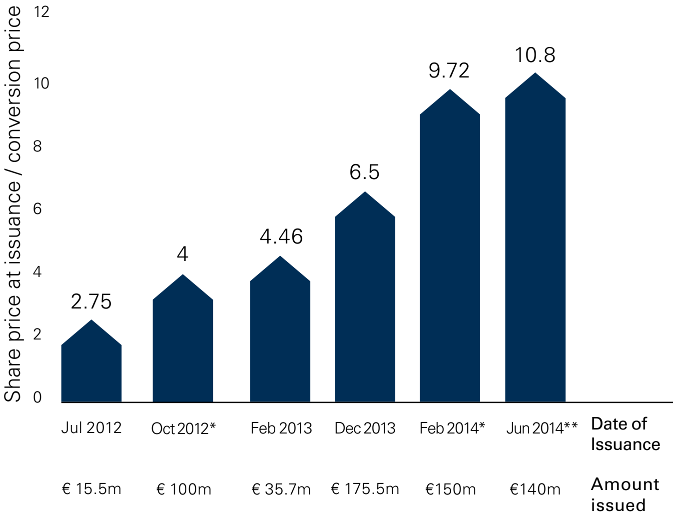
KEY STRENGTHS

BALANCED FUNDING MIX BETWEEN DEBT & EQUITY AND A PROVEN ABILITY TO ACCESS CAPITAL MARKETS

JUL 15	Tap Issuance of perpetual hybrid notes of additional €100. Morgan Stanley served as bookrunner
APR 15	Issuance of Series E, 10 year straight bond of € 400m with a coupon of 1.5% p.a. (issued at 96.76%). Deutsche Bank, J.P. Morgan and Morgan Stanley acted as joint bookrunners
MAR 15	Tap Issuance of perpetual hybrid notes of additional €250 (issued at 97.04%). The initial issuance of €150 million was done in February 2015. Morgan Stanley and J.P.Morgan served as bookrunners
OCT 14	Redemption of Series B. Issuance of Series D, 7 year straight bond of € 500m with a coupon of 2% p.a. (issued at 95.6%). Morgan Stanley, J.P. Morgan and Deutsche Bank acted as joint bookrunners
JUN 14	Tap issuance of Series C with gross proceeds of € 140m at 111.25% reflecting an effective yield of 0.5%. J.P. Morgan and Berenberg acted as bookrunners
APR 14	Tap issuance of Series B with gross proceeds of € 160m at 107.25% with a yield-to-call of 3.85% and Morgan Stanley as bookrunner
FEB 14	Issuance of Series C, 5 year convertible of € 150m and a coupon of 1.50% p.a. with J.P. Morgan, Berenberg and Deutsche Bank as joint bookrunners
DEC 13	Capital increase of € 175m with Berenberg and J.P. Morgan as joint bookrunners
OCT 13	Full conversion of € 100m Series A into equity
JUL 13	Issuance of Series B, 5 year straight bond of € 200m with a coupon of 6.25% p.a.
FEB 13	Capital increase of € 36m
OCT 12	Issuance of Series A, 5 year convertible bond of € 100m and a coupon of 8% p.a. with Credit Suisse as bookrunner
JUL 12	Capital increase of € 15m

JUL 15	BBB S&P rating
FEB 15	Baa2 Moody's rating
NOV 14	BBB- S&P rating
FEB 14	BB+ S&P rating
NOV 13	BB S&P rating
FEB 13	BB- S&P initial rating

The following illustration shows the value creation to the shareholder in each issuance.



*refers to the conversion price of the convertible bond issuance
** effective conversion price 10.8 (9.72 conversion at 111.25% of par)

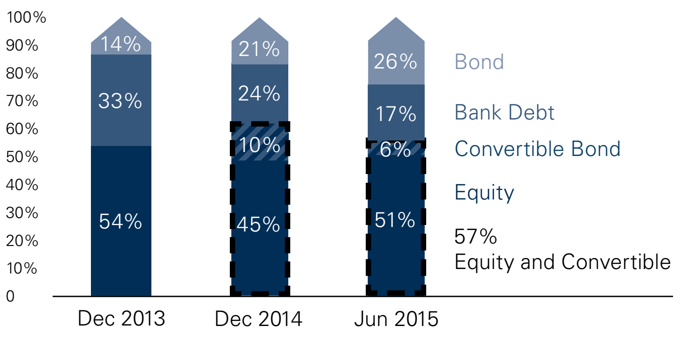
GCP's stronger capital structure was also recognized by Standard & Poor's Ratings Services that upgraded GCP's rating in July 2015 to 'BBB' with a stable outlook on its long-term corporate credit rating and on the Company's senior secured debt.

S&P based the rating increase on GCP's improved business risk profile, an effect from the increased amount of stabilized assets, growth in portfolio size and its broader and well-balanced geographic spread across densely populated regions in Germany. In addition, S&P considers that the main regions where GCP operates are regions with good rental growth prospects with good solid demographic trends.

Additionally, in February 2015, GCP was assigned a first-time long-term issuer rating of Baa2 with a stable outlook by Moody's Investor Service. The rating agency recognized in its decision the Company's stronger financial metrics in relation to similarly rated peers. GCP regards this positive development as a stepping stone towards further rating improvements.

The Group will seek to maintain adequate liquidity to finance on-going investments without limiting its ability to react quickly to attractive market opportunities.

FINANCING SOURCE MIX



COMPANY STRATEGY

FOCUS ON TURNAROUND OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED AREAS OF THE GERMAN REAL ESTATE MARKET, WHILE KEEPING A CONSERVATIVE FINANCIAL POLICY AND AN INVESTMENT GRADE RATING

GCP's investment focus is on the German real estate 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 Leipzig, Halle and Dresden and other major cities in Germany. The Company believes its platform has the right abilities and systems to continue to perform strongly and to further expand successfully in the German market. 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 is applying 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

TARGETED CASH FLOW IMPOVEMENTS THROUGH FOCUS ON RENTAL INCOME, INVESTMENT AND STRICT COST DISCIPLINE

GCP seeks to maximize its cash flows from its portfolio through the relentless management of its assets by increasing rent and occupancy. This process is initiated during the due diligence phase of each acquisition, through the development of a specific plan for each asset. Once acquired and the initial development plan realized, GCP then regularly assesses the merits of on-going 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 improving cash flows.

MAXIMIZE TENANT SATISFACTION TO REDUCE RE-LETTING RISK AND TENANT CHURN

Part of GCP's strategy to minimize tenant churn across its portfolio is to provide a high quality service to its tenants. The Company methodically tracks customer satisfaction and aims to respond quickly and efficiently to the feedback it receives. GCP also 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. In various locations GCP is improving neighborhoods and helps communities to build community spirit. The Company is providing rent free units for institutions which help school children with their homework or offer recreational activities to teenagers. In a different location GCP has rebuilt a vacant unit into an art space. In other locations GCP organizes summer and Christmas events, more than 40 planned for summer 2015 alone, for its tenants, children and friends, focusing on family oriented activities. Reflecting the special needs of the elderly and tenants with physical disabilities, GCP continues to make structural changes to facilitate their requirements.

OPERATIONS SUPPORTED BY ADVANCED AND CENTRALIZED IT SYSTEM

The Group's proprietary and centralized IT system 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 its 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, to spot opportunities for rent increases and manage re-letting risks on a daily basis. GCP's IT system is providing management with the detailed information necessary to monitor everything from costs to staff performance.

CONTINUE TO ACQUIRE PROPERTIES WITH POTENTIAL VALUE APPRECIATION

GCP intends to expand its portfolio via acquisitions which meet its strict investment criteria. The Group constantly evaluates opportunities to identify strong value creation targets for its portfolio and management platform.

COMPANY STRATEGY

BUSINESS MODEL

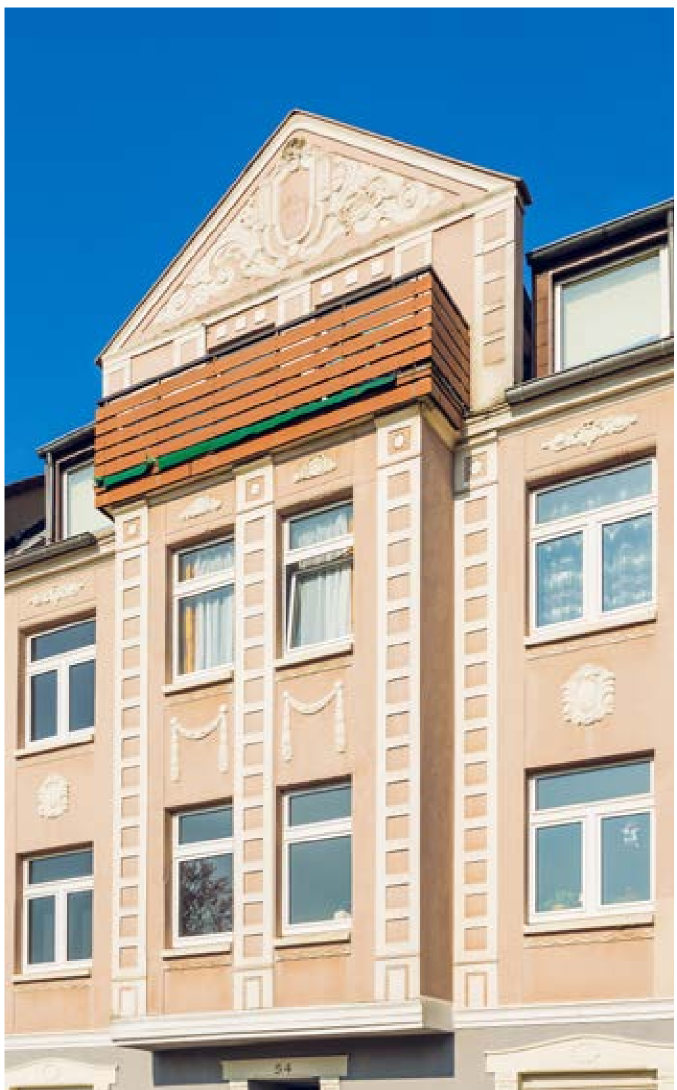
MAINTAIN A CONSERVATIVE CAPITAL STRUCTURE

GCP seeks to preserve its conservative capital structure with an LTV to remain at a target of 50% and a Company limit of 55%, excellent financial coverage ratios and the majority of assets unencumbered, low cost of debt that is mostly hedged, diversified financing sources and long maturities. A key feature of the Group's financing objectives is to maintain ample investment flexibility, in order to take advantage of investment opportunities when they arise.

INVESTOR RELATIONS ACTIVITIES

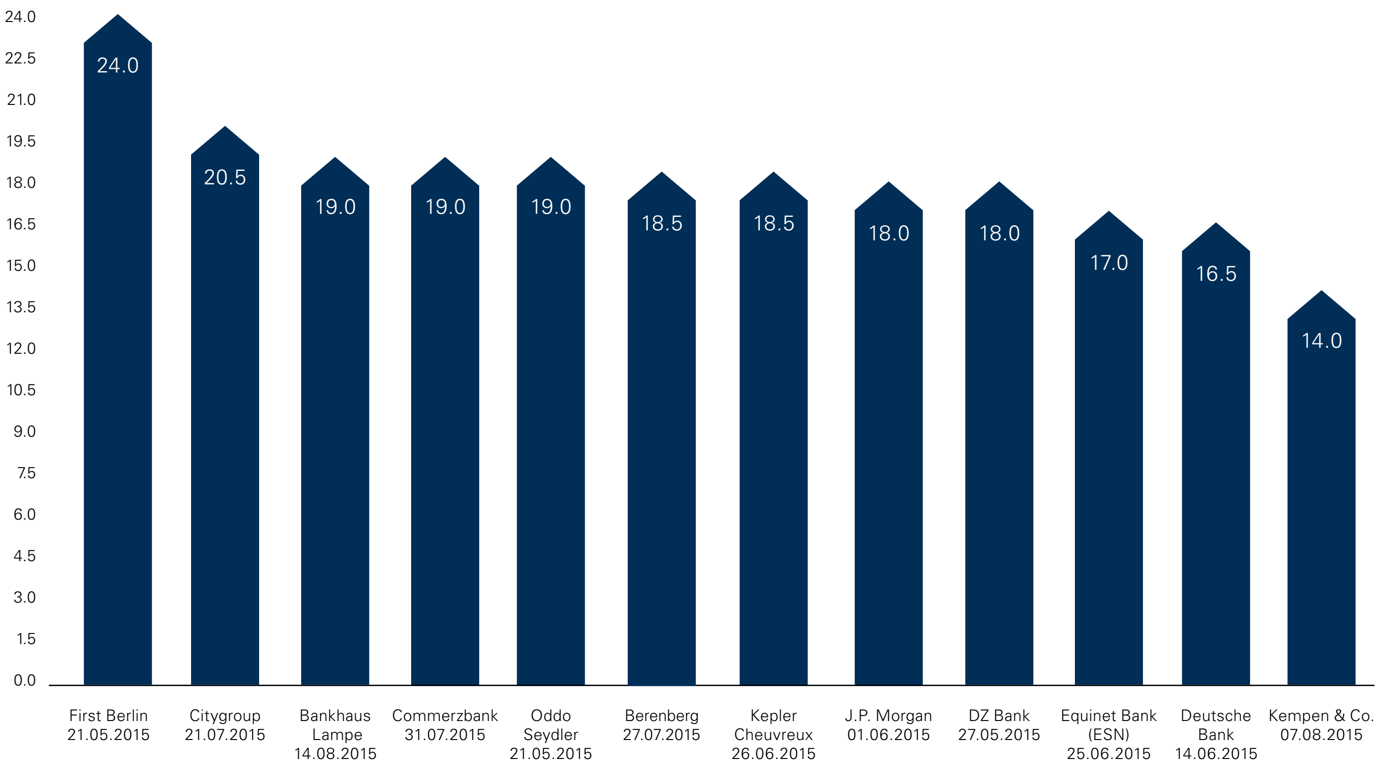
GCP is proactively presenting its business strategy and thus enhancing perception as well as awareness of the Company among the different players of the capital markets through targeted and manifold investor relations activities over the year. In the first half of 2015 the Group attended more than 15 international investor conferences and plans to participate in further 15 events. Additionally the Company is scheduled to go on approx. 20 national and international roadshows, including meetings in Germany, France, Benelux, Scandinavia, UK, USA and Switzerland.
Furthermore, GCP will attend several trade fairs and will host manifold visits at GCP's offices as well as German-wide property tours with shareholders and analysts.

GCP seizes these opportunities to create transparency and present a platform for open dialogue. The improved perception leads to a better understanding of GCP's business model, its competitive advantage and hence to a higher demand among the capital market players for participation in its success. Currently GCP is being covered on an ongoing basis by 12 different equity analysts, who publish their reports regularly. Since March 2015, GCP is part of major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed and Developed Europe.

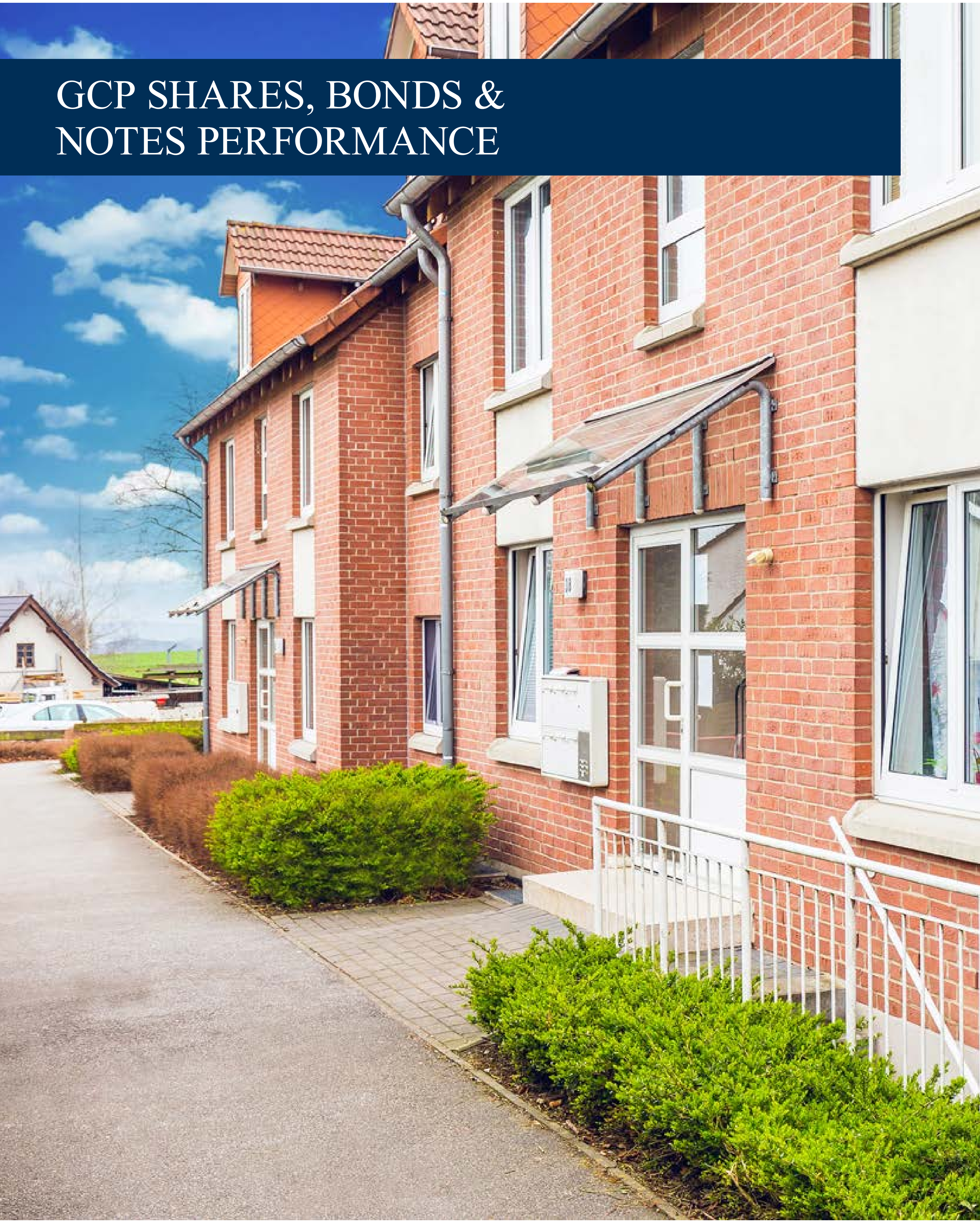


Placement	Frankfurt Stock Exchange
First listing	Q2 2012
Number of shares (as of 30 June 2015)	122,824,952 ordinary shares with a par value of EUR 0.10 per share
Current Capital (as of 30 June 2015)	12,282,495 EUR
Number of shares on a fully diluted basis (as of 30 June 2015)	144,001,104
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 30 June 2015)	1.91 bn EUR

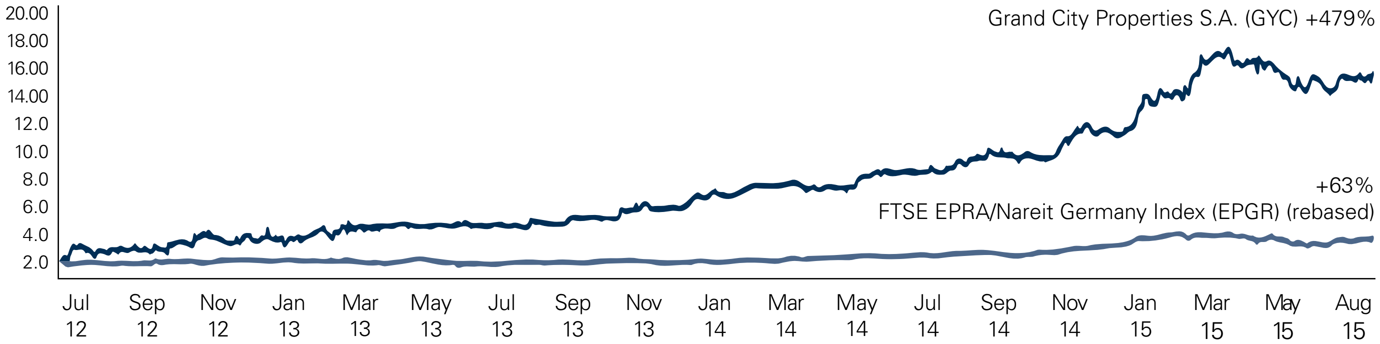
ANALYST RECOMMENDATIONS



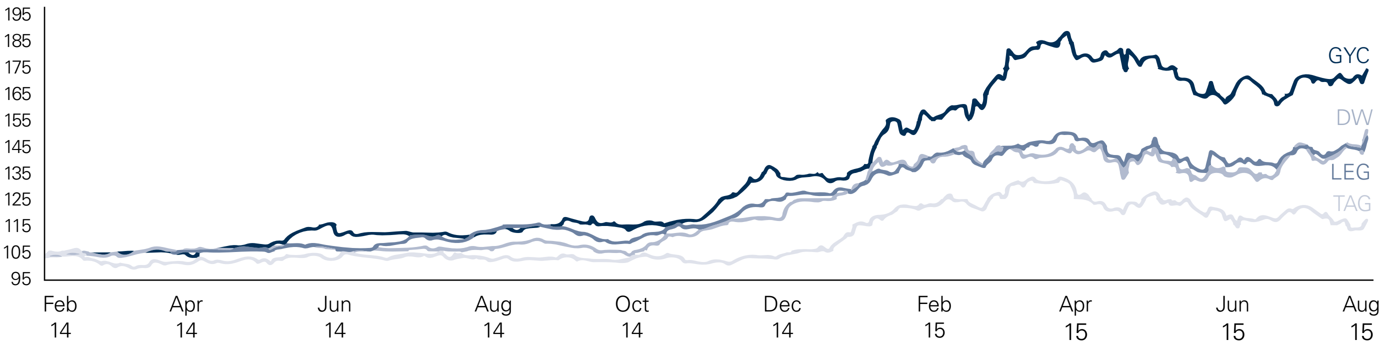
GCP SHARES, BONDS & NOTES PERFORMANCE



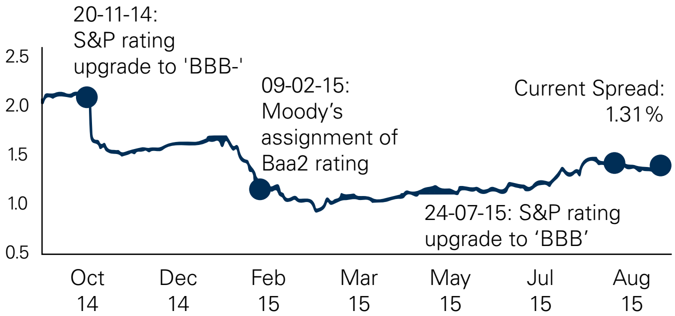
SHARE PRICE PERFORMANCE COMPARISON



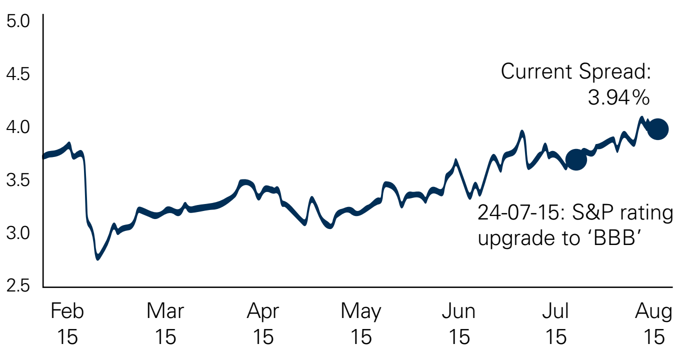
CONVERTIBLE BOND PRICE PERFORMANCE COMPARISON



SERIES D – SPREAD OVER MID-€-SWAP



PERPETUAL HYBRID NOTE SPREAD OVER MID-€-SWAP



CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING
The Annual General Meeting of Grand City Properties S.A. was held on June 24, 2015 in Luxembourg.

All of the items on the agenda were carried by a great majority, including the approval of the consolidated financial statements of the Group for the year ended 31 December 2014. The Annual General Meeting approved the distribution of a dividend in the amount of €0.20 per share for the holders of record on 24 June 2015.

CORPORATE GOVERNANCE
GCP puts a strong emphasis on corporate governance with high transparency, executed responsibly by the Board of Directors, advisory and the management teams. The Company directs its efforts in maintaining the high trust it received from its shareholders to balance interests. 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 were placed in recent issuances into many international leading institutional investors and the major global investment and sovereign funds.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. Section 161 of the German Stock Corporation Act (AktG) does not apply, since the Company is a joint stock corporation under the laws of the Grand Duchy of Luxembourg (société anonyme, S.A.) and not a German Stock Corporation. The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange do not apply, since the shares of the Company are not admitted to trading on a regulated market operated by the Luxembourg Stock Exchange. In addition, nor the UK Corporate Governance Code nor the Irish Corporate Governance Annex apply to the Company.

Nevertheless, the Company strives to put a strong emphasis on high standards of corporate governance and transparency. This is particularly the case with the implementation of the Advisory Board, the Risk Committee and the Audit Committee. Furthermore, the Company ensures that its Board of Directors and its senior management are comprised of senior executives with vast experience and skills in the areas relevant to the business of the group. The Company has adopted quarterly reporting standards and updates its corporate presentation and most updated run rate figures on a continuous basis.

BOARD OF DIRECTORS
The Company is administered and managed by a Board of Directors that is vested with the broadest powers to perform all acts of administration and management in the Company's interest.
All powers not expressly reserved by the Luxembourg law or by the articles of incorporation to the general meeting of the shareholders fall within the competence of the Board of Directors.

The Board of Directors represents the shareholders as a whole and makes decisions solely on the Company's interest and independently of any conflict of interest. Regularly, the Board of Directors and its senior management evaluate the effective fulfillment of their remit and compliance with strong corporate governance rules. This evaluation is also performed on and 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. At Grand City Properties S.A., the Board of Directors currently consists of a total of three members 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
Ms Simone Runge-Brandner	Chairperson
Mr Daniel Malkin	Member
Mr Refael Zamir	Member

CORPORATE GOVERNANCE

SENIOR MANAGEMENT

The Board of Directors resolved to delegate the daily management of the Company to Mr Christian Windfuhr, as Daily Manager (administrateur-délégué) of the Issuer, 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, capital markets activities, corporate rating and in fostering contact with the business community, governmental authorities, financial institutions, analysts, and investors.
The current members of the Advisory Board are as follows:

MEMBERS OF THE ADVISORY BOARD

Name	Position
Mr Yakir Gabay	Chairman of the Advisory Board
Mr Claudio Jarczyk	Vice-Chairman of the Advisory Board
Mr Markus J. Leininger	Member

AUDIT COMMITTEE

The Board of Directors established an Audit Committee. The members of the Audit Committee are Mr Markus J. Leininger, Mr Reshef Ish-Gur as well as Mr Christian G. Windfuhr. The Board of Directors 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 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 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.

RISK COMMITTEE

The Board of Directors established a Risk Committee for assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommend a risk management structure including its organization and its process as well as assess and monitor effectiveness of the 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 system and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks.

The members of the Risk Committee are Ms Simone Runge-Brandner, Mr Markus J. Leininger, Mr Refael Zamir and Mr Timothy Wright. The Board of Directors decides on the composition, tasks and term of the Risk Committee as well as the appointment and dismissal of its members.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Company closely monitors and manages any potential risk and sets appropriate measures in order to mitigate the occurrence of any possible failure 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 four main elements:

- Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies in the organization and executes issues raised by internal audit impacting the risk management framework.
- 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.

EXTERNAL RISK MITIGATION

As 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 on a specific section on its website. The Company discloses its share ownership and additionally discloses any shareholder structure above 5% if 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 next 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 and (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

	2015	2014
For the 6 months ended June 30,	€'000	
Revenue	143,430	109,267
Rental and operating income	**143,430**	**94,767**
Capital gains, property revaluations and other income	160,497	93,892
Property operating expenses	(66,343)	(43,278)
Cost of buildings sold	-	(14,250)
Administrative & other expenses	(3,115)	(2,667)
Operating profit	234,469	143,058
Adjusted EBITDA	**74,550**	**49,319**
Finance expenses	(12,299)	(11,775)
Other financial results	231	5,316
Current tax expenses	(7,776)	(3,735)
Deferred tax expenses	(19,276)	(10,718)
Profit for the period	**195,349**	**122,146**

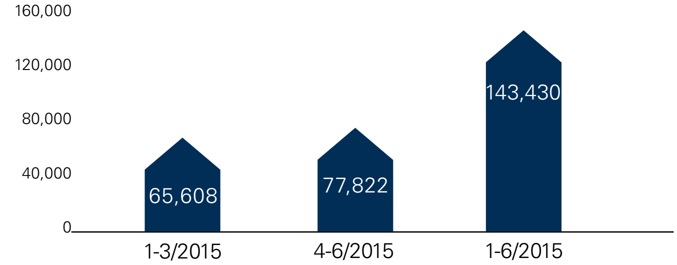
REVENUE

	2015	2014
For the 6 months ended June 30,	€'000	
Rental and operating income	143,430	94,767
Revenue from sales of buildings	-	14,500
Total	**143,430**	**109,267**

Total revenue, which includes rental and operating income as well as revenue from the sales of buildings, increased by 31% from €109.3 million in the first 6 months of 2014 to €143.4 million in H1 2015. The rise stems from a strong growth in rental and operating income of 51% and was partially offset as no revenue from the sale of buildings was generated in the first half of 2015.

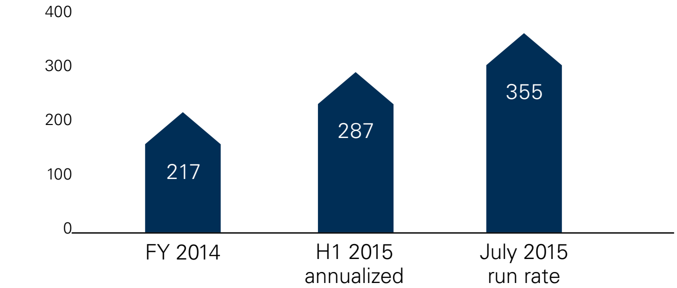
The two predominant factors leading to the substantial increase in rental and operating income were the successful turnaround of the existing portfolio through rent and occupancy increase as well as the numerous acquisitions.

RENTAL AND OPERATING INCOME – QUARTERLY DEVELOPMENT



As GCP acquired a substantial amount of properties during the period these newly acquired properties could not contribute to the full half year and the rental and operating income does not reflect the full impact of the entire portfolio.
Rental Income run rates reflect the annualized monthly rental income of the current portfolio without accounting for any operational improvements. The 66 thousand units held as of July 2015 generate an annualized rental and operating income at a run rate of €355 million.

RENTAL AND OPERATING INCOME - ANNUAL DEVELOPMENT



The development of rental and operating income displays a gradual and consistent increase, based on the ongoing improvements in the assets' quality and the acquisition of accretive cash flow generating properties.

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	2015	2014
For the 6 months ended June 30,	€'000	
Change in fair value in investment property	120,203	78,725
Profit arising from business combinations (bargain purchase)	40,294	13,901
Capital gains and other income	-	1,266
Total	**160,497**	**93,892**

In the first six months of 2015 GCP realized capital gains, property revaluations and other income in the amount of €160.5 million compared to €93.9 million in the comparable period of July 2014.

Property revaluations are based on changes in the fair value of properties, which are determined based on external valuation reports performed by independent professionally qualified experts. The strong increase by 53% to €120.2 million, compared to H1 2014 validates the Company's ability to implement its turnaround strategies, thereby increasing rents and occupancy, and creating a portfolio with higher recurring cash flows. This in turn leads to a value appreciation of investment property.

Profit arising from business combination, which occurs in acquisitions of properties through share deals where the fair value of the total identifiable net assets of the acquired company exceeds the purchase price, increased from €13.9 million in H1 2014 to €40.3 million in H1 2015. The persistent profits the Company is able to generate through bargain purchases illustrate its strong market knowledge and its excellent sourcing network which generates a continuous flow of attractive deals. Further details on the calculation of business combinations are found in note 4 to the financial statements.

Capital gains and other income correspond predominately to gains from the sale of assets above their book value. As GCP did not sell any assets in the first half of 2015 no capital gains have been accounted for in the reporting period.

NOTES ON BUSINESS PERFORMANCE

PROPERTY OPERATING EXPENSES

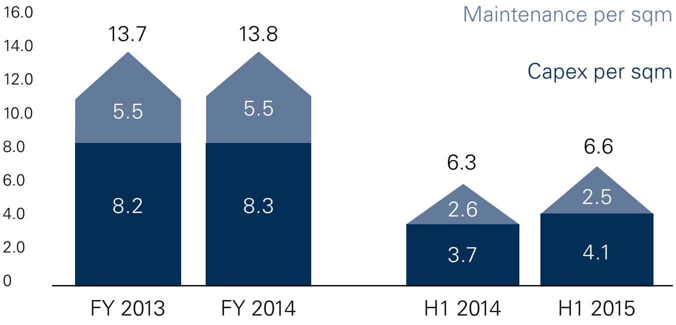
	2015	2014
For the 6 months ended June 30,	€'000	
Total	**(66,343)**	**(43,278)**

Property operating expenses, which consist for the most part of recoverable expenses, such as heating and water outlays, as well as maintenance and personnel related costs, increased from €43.3 million in the first six months of 2014 to €66.3 million in H1 2015.
These expenses increased due to the significant growth of the portfolio and are in accordance with the top line increases. GCP maintains low operating expenses through operational efficiencies and benefits from economies of scale. Among others, operational efficiencies are achieved through cost savings from the centralized monitoring of expenses and the introduction of consumption based metering.

MAINTENANCE AND CAPITAL EXPENDITURES

GCP maintains high standards for its assets' quality through performance of refurbishment investments and continuous maintenance that target decreasing of the churn rate and vacancy and increasing of tenant satisfaction. The Company's operating platform includes in-house maintenance services and a Service Center, which is available 24/7, enabling time and cost efficiency. With regard to capex investments, a detailed analysis of capex measures for each property is conducted and calculated into the business plan prior to acquisition. Through advanced planning and integrated operational facilities the Group is able to control costs and results, ensuring that value adding activities are conducted and costs minimized.

Maintenance and capital expenditure in the first half of the year remained in line with prior periods at €6.6 per average sqm, split into maintenance of €2.5/sqm and capital expenditure of €4.1/sqm. The higher portion of capital expenditure reflects the Company's turnaround strategy to invest more in capex and thus leading to less future maintenance costs by improving the assets' quality, which further supports vacancy reduction and rent increases.



ADMINISTRATIVE AND OTHER EXPENSES

	2015	2014
For the 6 months ended June 30,	€'000	
Total	**(3,115)**	**(2,667)**

Administrative and other expenses include among others payroll expenses, accounting and audit fees and legal and marketing costs.

These expenses rose by 17% to €3.1 million in the first half of 2015, substantially below the increase in rental and operating income over the same period. As GCP's strong management platform includes efficient administrative processes and benefits from economies of scale on the administrative level, these expenses do not increase in proportion to portfolio growth, enabling the Company to grow at marginal costs.

NET FINANCE EXPENSES

	2015	2014
For the 6 months ended June 30,	€'000	
Finance expenses	(12,299)	(11,775)
Other financial results	231	5,316
Total	**(12,068)**	**(6,459)**

Net finance expenses rose from €6.5 million in the first half of 2014 to €12.1 million in the comparable period of 2015, mainly due to the other financial items.
Finance expenses increased marginally from €11.8 million in H1 14 to €12.3 million in H1 15. This immaterial change in light of the rise in total debt illustrates the substantially improved debt raising abilities of the Company and successful refinancing activities over the past 12 months. Strong financial ratios combined with the credit rating upgrades enabled GCP to refinance and issue debt at more attractive rates by replacing in Q4 2014 its outstanding straight bonds, Series B (6.25% coupon), with more favorable straight bonds, Series D (2% coupon) as well as issuance of further straight bonds, Series E (1.5% coupon), during Q2 2015, resulting in average cost of debt of 2%. The remarkably strong interest coverage ratio (ICR) of 6.1 reflects GCP ability to implement efficiency measures not just on the operational level but also on the financing level.

The decrease in other financial results mainly stems from non-cash items and were impacted mainly from changes in the fair value of derivatives and traded securities, and one-off costs incurred over the 6 month period, including expenses related to the capital market activities.

TAXATION

	2015	2014
For the 6 months ended June 30,	€'000	
Current tax expenses	(7,776)	(3,735)
Deferred tax expenses	(19,276)	(10,718)
Total	**(27,052)**	**(14,453)**

Total tax expenses rose from €14.5 million in the first six months of 2014 to €27.1 million in the first six months of 2015, primarily due to the growth of the Company and the rise in profits from revelations.

Current tax expenses, consisting of property and corporate taxes, increased due to the growth of the portfolio and the rise in operating profits. Deferred tax expenses, a non-cash item, made up the bulk of the rise in total tax expenses and are composed of provisions on the revaluation of investment property. The increase of these provisions is related to the portfolio growth and the strong rise in profits from the revaluations. GCP uses a conservative approach as it accounts for the theoretical property disposal through asset deals subject to the full German real estate tax of 15.825%.

NOTES ON BUSINESS PERFORMANCE

PROFIT FOR THE PERIOD

	2015	2014
For the 6 months ended June 30,	€'000	
Profit for the period	**195,349**	**122,146**

The profit for the 6 month period soared from €122.1 million in H1 2014 to €195.3 million in H1 2015. The two main factors leading to this increase were the strong rise in rental income and in revaluation profits. In particular the successful turnaround of its portfolio leading to higher occupancy rates, rents and cost efficiencies manifested itself on the bottom line.

Solely operational and financial performances are reflected in the strong increase in FFO I in the first 6 months of 2015.

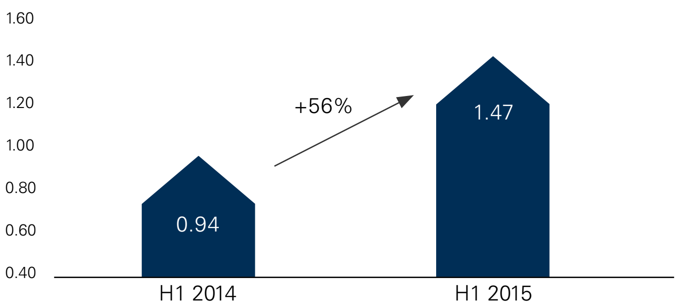
EARNINGS PER SHARE

	2015	2014
For the 6 months ended June 30,	€'000	
Basic earnings per share	1.47	0.94
Diluted earnings per share	1.24	0.86
Weighted average basic shares in thousands	120,345	115,425
Weighted average basic shares (diluted) in thousands	143,719	127,159

Earnings per share increased by 56% from €0.94/share in the first 6 months of 2014 to €1.47/share in the first half of 2015. This significant increase in shareholder profit was partially offset by the dilutive effect of conversions of the convertible bonds which occurred in the period.

Diluted earnings per share rose by 44% to €1.24/share in comparison to the corresponding period in 2014. The marginally lower growth is related to the higher number of weighted average diluted basic shares that were affected by the issuance of the convertible bond Series C in February and June 2014.

BASIC EARNINGS PER SHARE (€)



FFO I

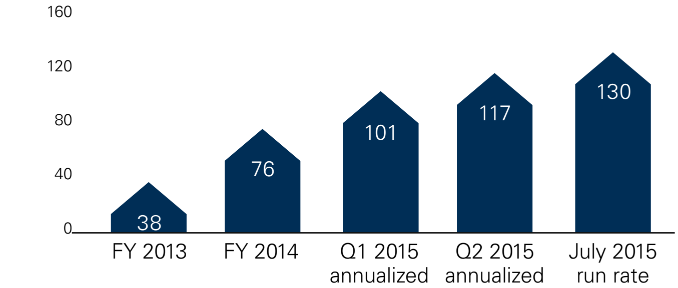
	2015	2014
For the 6 months ended June 30,	€'000	
EBITDA	**235,047**	**143,461**
Capital gains, property revaluations and other income	(160,497)	(93,892)
Result on the disposal of inventories – trading properties	-	(250)
Adjusted EBITDA	**74,550**	**49,319**
Finance expenses	(12,299)	(11,775)
Current tax expenses	(7,776)	(3,735)
FFO I	**54,475**	**33,809**
Adjustment for the accrued hybrid notes attribution	4,937	-
FFO I after Hybrid Notes attribution	**49,538**	**33,809**
FFO I per share in €, after Hybrid Notes attribution	**0.41**	**0.29**

Funds From Operations I (FFO I) reflect the materialized profit from operations and is calculated by deducting tax and net finance expenses from the adjusted EBITDA, not taking into account the effect of capital gains and revaluations.

FFO I rose from €33.8 million in the first half of 2014 to €54.5 million in the first half of 2015. The 61% increase stems from the strong growth in rental and operating income combined with the rise in operational and financial profitability. The financial profitability is reflected in the larger FFO I increase in comparison to the increase in adj. EBITDA.

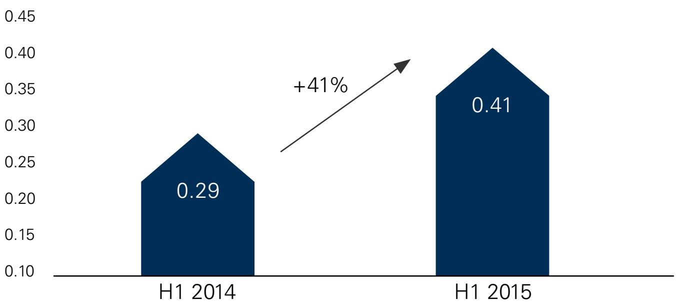
As GCP acquired a substantial amount of properties during the first six months of 2015 these newly acquired properties could not contribute to the full half year and hence the FFO I does not reflect the full impact of the entire portfolio. Run rates reflect the annualized monthly FFO I of the current portfolio without accounting for any operational or financial improvements. The FFO I run rate (monthly annualized) as of July 2015 amounted to €130 million.

FFO I DEVELOPMENT (IN € MILLION)



Attributions referring to the perpetual hybrid notes are classified as dividends according to IFRS and are not be recognized as interest expenses, thus not deducted from the FFO. In the calculation of the FFO I per share GCP has adopted a conservative approach, deducting the accrued Hybrid Note coupon attribution. FFO I per share, after Hybrid Notes attribution, amounted to €0.41 in the first half of 2015, reflecting a 41% increase in comparison to the first half of 2014.

FFO I PER SHARE IN € AFTER HYBRID NOTES ATTRIBUTION



FFO II

For the 6 months ended June 30,	2015	2014
	€'000	
FFO I	54,475	33,809
Result from disposal gain*	-	1,516
FFO II	**54,475**	**35,325**

*) the excess amount of the sale price to the cost price

FFO II, which includes results from the disposal of investment property and inventories, increased in the first half of 2015 solely due the rise in FFO I as no disposals took place in H1 2015. The Company sells properties on an opportunistic basis and disposals are not expected to exceed 10% of the portfolio annually.

CASH FLOW

For the 6 months ended June 30,	2015	2014
	€'000	
Net cash provided by operating activities	66,534	60,503
Net cash used in investing activities	(636,953)	(386,811)
Net cash provided by financing activities	635,209	402,529
Net increase in cash and cash equivalents	**64,790**	**76,221**

The cash flows provided by operating activities amounted in the first six months of 2015 to €66.5 million. By neutralizing the revenue from sales of buildings the first half of 2014 of €14.4 million from the operating cash flow, the comparative figure amounts to €46.1 million, reflecting a 44% increase. The increase of the net cash provided by operating activities reflects the significant operational growth the Company has undergone in the comparable periods.

The €637 million net cash used in investing activities reflects the external growth the Company exhibited in first six months of 2015 by asset and share deal acquisitions and includes advanced payments for future deals. Due to over liquidity during the second quarter of 2015, the Company invested large amounts in liquid traded securities.

The €635 million net cash provided by financing activities includes the proceeds from the Hybrid Notes issued in two tranches in February and March 2015, in total net consideration of €384 million and the €383 million net proceeds from Series E bond issued in April 2015. The €122 million prepayment of loans further supports GCP's low cost of debt and maintains the strong financial position.

NOTES ON BUSINESS PERFORMANCE

ASSETS

	June 15	Dec 14
	€'000	
Non-current assets	**3,051,315**	**2,227,243**
Investment property*	2,991,683	2,191,271
Current assets	**635,913**	**401,815**
Total assets	**3,687,228**	**2,629,058**

*Including advanced payments for investment properties and balance of inventories

Total assets rose from €2.63 billion at the end of December 2014 to €3.69 billion at the end of June 2015. Investment property rose by 37% due to the implementation of the Company's growth strategy and the rise in property revaluations over the six months to nearly €3 billion.

Current assets, mostly consisting of cash and liquid assets with €454 million, also strongly contributed to the rise in total assets. Funds raised through the issuances of perpetual hybrid notes and Series E bonds, which was offset to a large extent by the numerous acquisitions over the period, contributed to a significant rise in cash and liquid assets. This liquidity is further enhanced by the €100 million tap up of the perpetual hybrid notes in July 2015 and will enable the Company to continue to grow its portfolio through acquisitions on an opportunistic basis.

LIABILITIES

	June 15	Dec 14
	€'000	
Total loans and borrowings	556,768	543,009
Straight bonds	860,809	476,381
Convertible bonds	199,822	240,451
Deferred tax liabilities	178,376	141,003
Other long term liabilities and derivative financial instruments	52,630	39,090
Other current liabilities	195,046	147,474
Total	**2,043,451**	**1,587,408**

*) the convertible bond Series C is in the money since August 2014 and has started to be converted

GCP maintains a conservative capital structure to comply with its internal targets, keep financing costs low and sustain a high degree of flexibility for its continuous growth and turnaround projects. This conservative approach is portrayed in its high amount of unencumbered assets as well as strong credit metrics such as a low LTV and a high ICR and DSCR. As a result the Company benefits from an investment grade rating and low cost of debt.

Between the end of 2014 and June 2015 total liabilities increased from €1.6 billion to €2.0 billion, primarily caused by the issuance of the straight bonds, Series E, of €400 million in Q2 2015 which funds were used to finance the growth of the Company. Throughout the growth period the Company retained its conservative financing approach and was able to further improve its capital structure, indicated by an LTV which decreased from 45% in December 2014 to 39%, 32% assuming conversion, at the end of this current reporting period.

The Company constantly evaluates several financing options for its portfolio expansion to keep financing costs low and retain a high degree of flexibility in the future. The first half of 2015 presented favorable conditions in the capital markets, allowing GCP to raise €800 million in several issuances. Total loans and borrowings increased only slightly to €557 million. The amount related to outstanding convertible bonds decreased by 17% between the end of 2014 and June 2015 as they are deep in the money and numerous conversions took place. The increase in deferred tax liabilities and other current and non-current liabilities is related to the growth of the Company. Approximately €24 million increase in other current liabilities refers to dividend distribution which was declared in June but paid in July. Deferred taxes are based on the conservative approach to assume sale of properties through asset deals with a full German real estate tax effect of 15.825%.

The increase in net debt was significantly offset by the increase in cash and liquid assets over the period resulting in a net debt of €963 million, excluding the convertible bond.

NET DEBT

	June 15	Dec 14
	€'000	
Total bank debt and straight bonds	1,417,577	1,019,390
Cash and liquid assets	454,231	272,296
Total net debt without convertible bond	**963,346**	**747,094**
Convertible bond	199,822	240,451
Total net debt with convertible bond	**1,163,168**	**987,545**

*) the convertible bond Series C is in the money since August 2014 and has started to be converted

LOAN-TO-VALUE

	June 15	Dec 14
	€'000	
Investment property*	**2,991,683**	**2,191,271**
Total Debt	1,617,399	1,259,841
Cash and liquid assets	454,231	272,296
Net debt	**1,163,168**	**987,545**
LTV	**39%**	**45%**

*including advanced payments for investment properties and balance of inventories

Total net debt without convertible bond	**963,346**	**747,094**
LTV assuming conversion	**32%**	**34%**

The loan-to-value ("LTV") improved to 39% as of June 2015 from 45% at the end of December 2014 due to a stronger rise in investment property of 37% in comparison to an increase in net debt of 18%. Thereby the LTV is well below the Board of Directors' target of 50% and significantly below the internal limit of 55%, indicating the Company's conservative approach and access to a diverse funding mix.

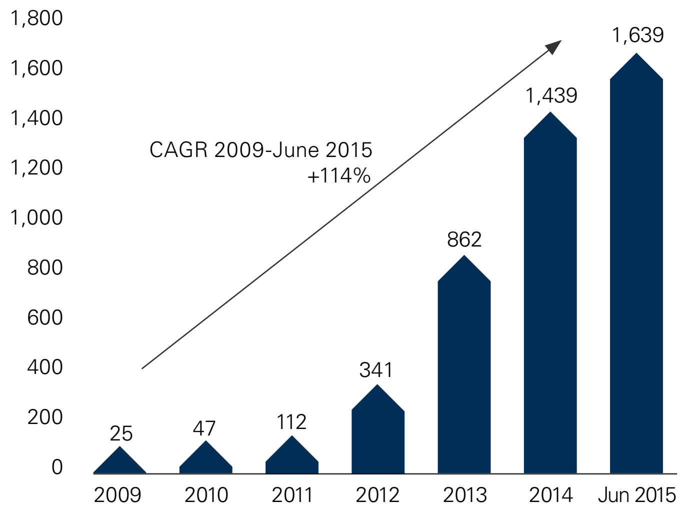
Assuming conversion of the convertible bonds which are deep in the money, with shares trading at 70% above the conversion price at the end of the reporting period, the LTV amounts to 32%.

EPRA NAV

	June 15	Dec 14
	€'000	
Total Equity, excluding Hybrid notes	1,254,925	1,041,650
Fair Value measurements of derivative financial instruments	115	9,282
Deferred tax liabilities	178,376	141,003
Convertible bond*	205,291	247,451
EPRA NAV	**1,638,707**	**1,439,386**

* The convertible bond is in the money. The amount includes accrued interest and deferred income balance

EPRA NAV rose from €1.44 billion at the end of 2014 to €1.64 billion at the end of June 2015. The primary driver of the increase were the strong profits generated in the first 6 months of the year. As of the end of June 2015, the Company's basic amount of shares amounted to 122,824,952 and the diluted amount of shares amounted to 144,001,104.



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. These condensed interim consolidated financial statements have not been reviewed by the auditor.

By order of the Board of Directors,

Luxembourg, August 18, 2015

Simone Runge-Brandner	Refael Zamir	Daniel Malkin
Director	Director, CFO	Director

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended June 30,		For the three months ended June 30,	
		2015	2014	**2015**	2014
	Note	€'000			
Revenue		**143,430**	**109,267**	**77,822**	**49,109**
Capital gains, property revaluations and other income	4, 5	160,497	93,892	100,869	36,134
Share of profit from investments in equity accounted investees		-	94	-	-
Property operating expenses		(66,343)	(43,278)	(36,131)	(21,705)
Cost of buildings sold		-	(14,250)	-	-
Administrative and other expenses		(3,115)	(2,667)	(1,703)	(1,362)
Operating profit		**234,469**	**143,058**	**140,857**	**62,176**
Finance expenses		(12,299)	(11,775)	(6,263)	(6,598)
Other financial results		231	5,316	(893)	2,530
Net finance expenses		(12,068)	(6,459)	(7,156)	(4,068)
Profit before tax		**222,401**	**136,599**	**133,701**	**58,108**
Current tax expenses	6	(7,776)	(3,735)	(4,776)	(2,310)
Deferred tax expenses	6	(19,276)	(10,718)	(13,874)	(3,977)
Tax and deferred tax expenses		(27,052)	(14,453)	(18,650)	(6,287)
Profit for the period		**195,349**	**122,146**	**115,051**	**51,821**
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		**195,349**	**122,146**	**115,051**	**51,821**

The notes on pages 50 to 61 form an integral part of these interim consolidated financial statements.

	For the six months ended June 30,		For the three months ended June 30,	
	2015	2014	**2015**	2014
	€'000			
Profit attributable to:				
Owners of the Company	176,725	108,277	101,677	47,128
Hybrid capital investors	4,937	-	3,740	-
Non-controlling interests	13,687	13,869	9,634	4,693
	195,349	**122,146**	**115,051**	**51,821**

Net earnings per share attributable to the owners of the Company	€		€	
Basic earnings per share	1.47	0.94	0.84	0.41
Diluted earnings per share	1.24	0.86	0.71	0.36

The notes on pages 50 to 61 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		June 30	December 31
		2015	2014
		Unaudited	Audited
ASSETS	Note	€'000	
Equipment and intangible assets		8,966	7,516
Investment property	5	2,971,790	2,179,982
Advanced payment for investment property		13,894	5,475
Other long-term assets		43,908	23,077
Deferred tax assets		12,757	11,193
Non-current assets		**3,051,315**	**2,227,243**
Cash and cash equivalents		334,921	270,131
Traded securities at fair value through profit and loss		119,310	2,165
Inventories – Trading property		5,999	5,814
Trade and other receivables		175,683	123,705
Current assets		**635,913**	**401,815**
Total assets		**3,687,228**	**2,629,058**

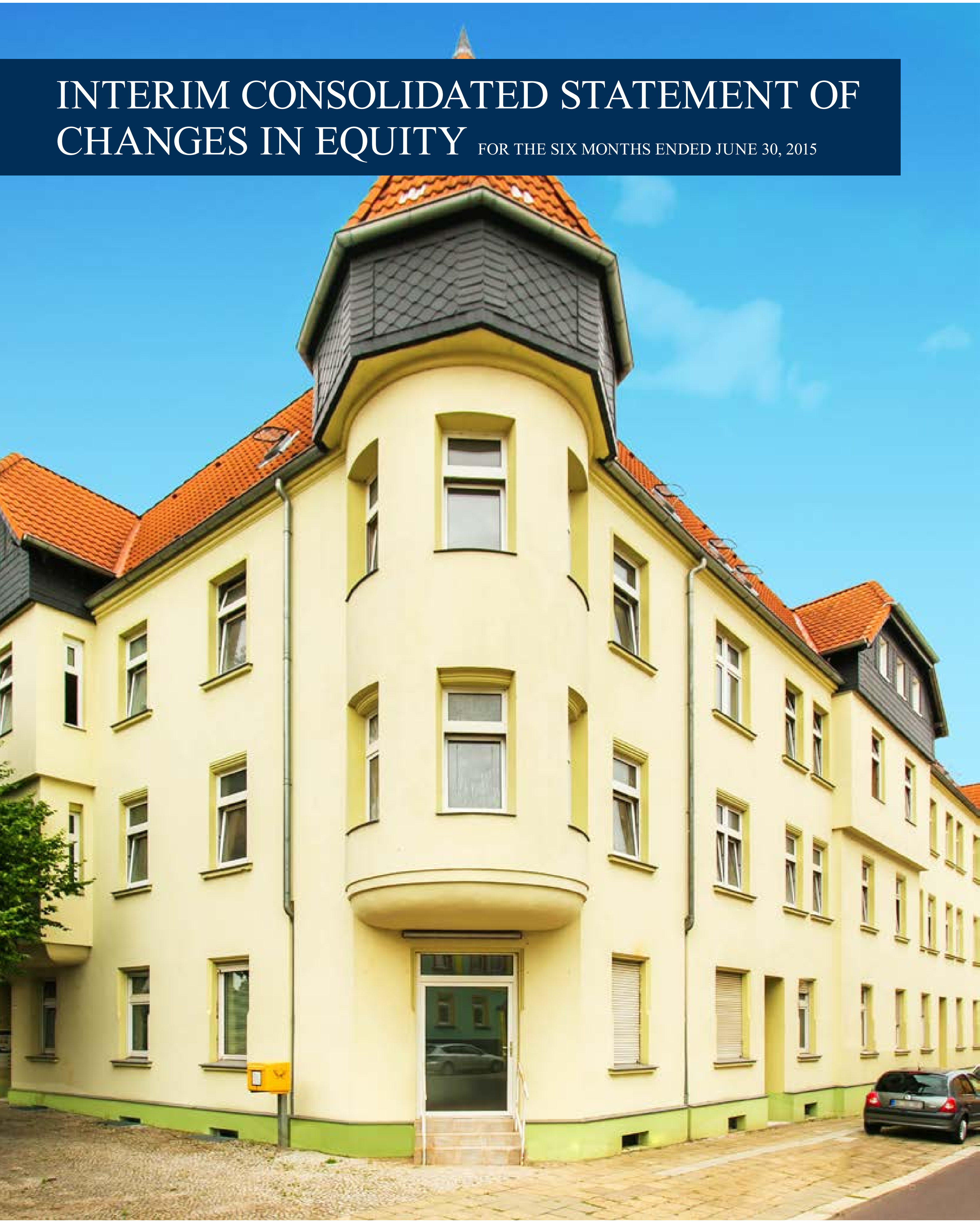
The notes on pages 50 to 61 form an integral part of these interim consolidated financial statements.

		June 30	December 31
		2015	2014
		Unaudited	Audited
EQUITY	Note	€'000	
Share capital	8	12,282	11,854
Other reserves		22,342	22,223
Share premium		376,684	335,171
Retained earnings		734,058	581,666
Total equity attributable to the owners of the Company		**1,145,366**	**950,914**
Equity attributable to Hybrid capital investors		388,852	-
Total equity attributable to the owners of the Company and Hybrid capital investors		**1,534,218**	**950,914**
Non-controlling interests		109,559	90,736
Total equity		**1,643,777**	**1,041,650**
LIABILITIES			
Loans and borrowings	7A	546,240	537,217
Convertible bond	7B	199,822	240,451
Straight bonds	7C, 7D	860,809	476,381
Derivative financial instruments		115	9,282
Other long term liabilities		52,515	29,808
Deferred tax liabilities		178,376	141,003
Non-current liabilities		1,837,877	1,434,142
Current portion of long term loans	7	10,528	5,792
Trade and other payables		175,765	128,837
Tax and real estate tax payable		6,146	5,670
Provisions for other liabilities and charges		13,135	12,967
Current liabilities		205,574	153,266
Total liabilities		**2,043,451**	**1,587,408**
Total equity and liabilities		**3,687,228**	**2,629,058**

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on August 18, 2015

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2015



The notes on pages 50 to 61 form an integral part of these interim consolidated financial statements.

	Attributable to the owners of the Company									
	Share capital	Share premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Hybrid capital investors	Equity attributable to the owners of the Company and Hybrid capital investors	Non-controlling interests	Total equity
					€'000					
Balance as at December 31, 2014 (Audited)	**11,854**	**335,171**	**7,841**	**14,382**	**581,666**	**950,914**	**-**	**950,914**	**90,736**	**1,041,650**
Profit for the period	-	-	-	-	176,725	176,725	4,937	181,662	13,687	195,349
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	176,725	176,725	4,937	181,662	13,687	195,349
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	-	-	-	-	-	5,136	5,136
Issuance of shares related to conversion of convertible bond	428	41,513	(210)	-	-	41,731	-	41,731	-	41,731
Issuance of Hybrid capital notes	-	-	-	-	-	-	383,915	383,915	-	383,915
Equity settled share-based payment	-	-	-	329	-	329	-	329	-	329
Dividend distribution	-	-	-	-	(24,333)	(24,333)	-	(24,333)	-	(24,333)
Balance as at June 30, 2015 (Unaudited)	**12,282**	**376,684**	**7,631**	**14,711**	**734,058**	**1,145,366**	**388,852**	**1,534,218**	**109,559**	**1,643,777**
Balance as at December 31, 2013 (Audited)	**11,543**	**305,029**	**-**	**14,211**	**374,141**	**704,924**	**-**	**704,924**	**63,001**	**767,925**
Profit for the period	-	-	-	-	108,277	108,277	-	108,277	13,869	122,146
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	108,277	108,277	-	108,277	13,869	122,146
Equity component of convertible bond	-	-	7,995	-	-	7,995	-	7,995	-	7,995
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	2,279	2,279
Transactions with non-controlling interests	-	-	-	-	1	1	-	1	(3,849)	(3,848)
Balance as at June 30, 2014 (Unaudited)	**11,543**	**305,029**	**7,995**	**14,211**	**482,419**	**821,197**	**-**	**821,197**	**75,300**	**896,497**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended June 30,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	Note	€'000	
Profit for the period		195,349	122,146
Adjustments for the profit:			
Depreciation and amortization		578	403
Share of profit from investments in equity accounted investees		-	(94)
Profit from business combinations, other income and sale of investments	4	(40,294)	(15,168)
Change in fair value of investment property	5	(120,203)	(78,724)
Finance expenses, net		12,068	6,459
Tax and deferred tax expenses	7	27,052	14,453
Equity settled share-based payment		329	-
		74,879	49,475
Changes in:			
Inventories – trading property		(185)	14,402
Trade and other receivables		(34,960)	(22,475)
Trade and other payables		36,407	21,983
Provisions for other liabilities and charges		(4,553)	478
		71,588	63,863
Tax paid		(5,054)	(3,360)
Net cash provided by operating activities		**66,534**	**60,503**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment and intangible assets, net		(2,027)	(1,179)
Capex, investments and acquisitions of investment property and advances paid, net		(227,992)	(321,878)
Acquisition of subsidiaries and shareholder loans, net of cash acquired		(256,098)	(23,503)
Investment in trade securities and other financial assets		(150,836)	(40,251)
Net cash used in investing activities		**(636,953)**	**(386,811)**

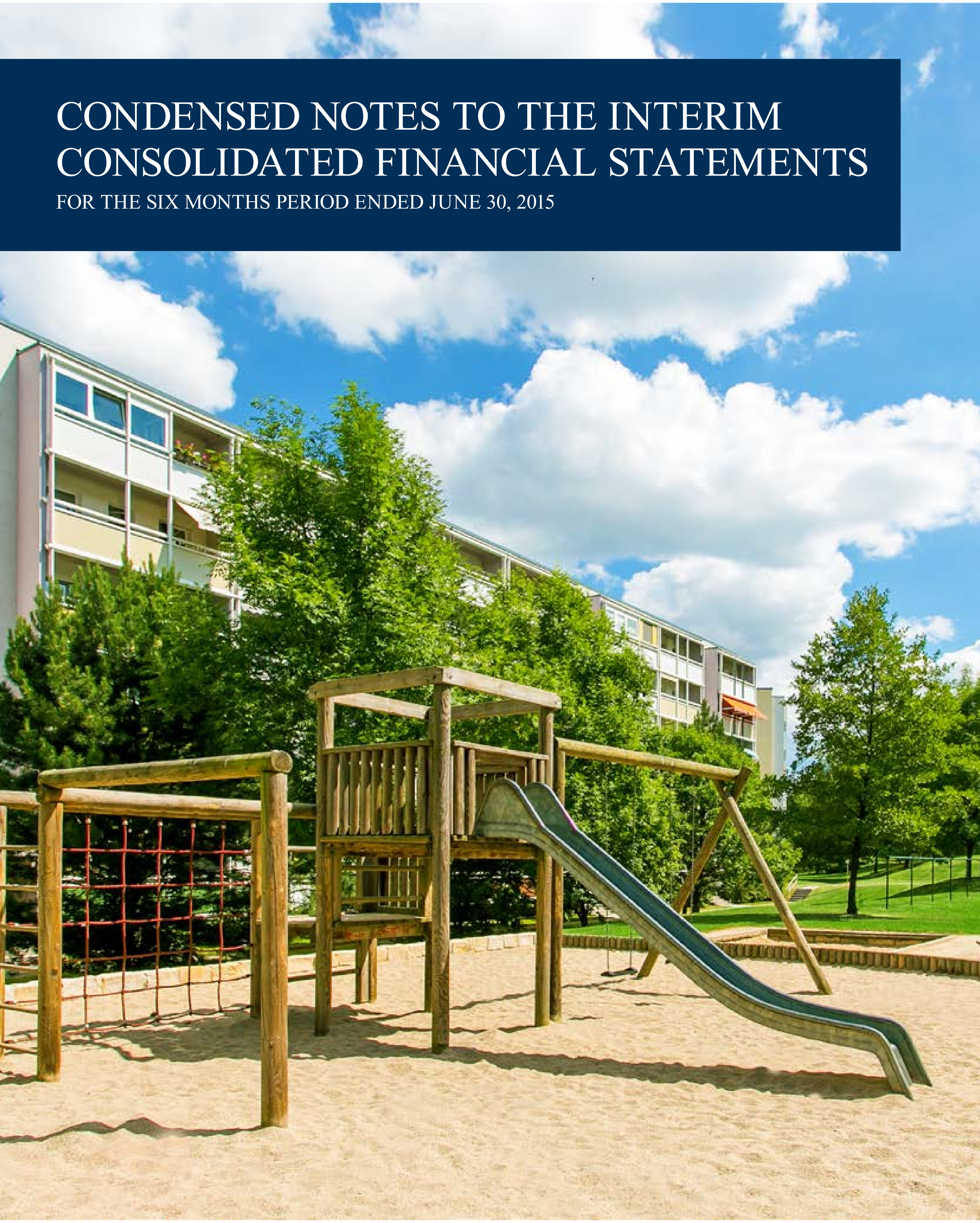
The notes on pages 50 to 61 form an integral part of these interim consolidated financial statements.

CASH FLOWS FROM FINANCING ACTIVITIES	Note	For the six months ended June 30, 2015	2014
		€'000	
Amortization of loans from financial institutions		(4,116)	(3,417)
Repayments of loans from financial institutions, net		(112,056)	(20,756)
Proceeds from bond series B, net		-	158,718
Proceeds from Convertible bond series C, net	7B	-	284,801
Proceeds from bond series E, net	7D	383,235	-
Proceeds from Hybrid capital notes, net	8	383,915	-
Transactions with non-controlling interests		538	(3,848)
Interest and other financial expenses, net		(16,307)	(12,969)
Net cash provided by financing activities		**635,209**	**402,529**
Net increase in cash and cash equivalents		**64,790**	**76,221**
Cash and cash equivalents at the beginning of the period		270,131	132,542
Cash and cash equivalents at the end of the period		**334,921**	**208,763**

The notes on pages 50 to 61 form an integral part of these interim consolidated financial statements.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2015



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 24 Avenue Victor Hugo, L – 1750, Luxembourg.
The condensed interim consolidated financial statements ("interim financial statements") for the six months ended June 30, 2015 consist of the financial statements of the Company and its subsidiaries ("the Group").
The Group's vision is buying, redeveloping, turning around and optimizing real estate properties in Germany.

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

On May 28, 2012 the Company was listed on the Frankfurt Stock Exchange in the Entry Standard market segment. The Company has registered 50,000,000 ordinary shares with a par value of euro 0.10 per share. Currently the issued share capital consists 122,824,952 shares with a par value of euro 0.1 per share.

d. GROUP RATING

In November 2014, Standard & Poor's Rating Services ("S&P") upgraded the Company's rating as an issuer, its "Series B" straight bonds, "Series C" convertible bonds and "Series D" straight bonds, to "BBB-" investment grade rating, with a stable outlook. The stable outlook reflects the current liquidity position of the Group and the estimation of cash production capacity from its current operations, among other factors. S&P has maintained the stable outlook based on the steady tenant demand in GCP's locations which effect rental income growth.

On February 9, 2015, Moody's Investors Services ("Moody's") has assigned a first-time long-term issuer rating of "Baa2" to the Group, with a stable outlook. Moody's state that the Group's rating is based on moderate leverage, financial strength metrics stronger than those of similarly rated peers and good liquidity profile. The rating is supported by the Group's prudent financial policies and the healthy debt maturity profile.

During the first quarter of 2015, S&P and Moody's rated the Hybrid capital notes as BB and Ba1, respectively, both with a stable outlook.

On July 24 2015, S&P raised the Company's rating on its long-term corporate credit rating to 'BBB' from 'BBB-'. The rating of the Company's senior secured and subordinated hybrid debt instruments improved by one notch as well to 'BBB' for its senior secured debt and 'BB+' for its subordinated hybrid notes.

e. DEFINITIONS

Throughout these notes to the interim financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
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 and that are not subsidiaries. The Company's investment therein is included in the interim financial statements of the Group at equity
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24
The period	The six months ended on June 30, 2015

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, 2014. These condensed interim consolidated financial statements have not been reviewed by the auditor.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2014, 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 18, 2015.

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, 2014.

c. OPERATING SEGMENTS

The Group meets the definition of operating in two operating segments. 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 accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended on December 31, 2014. The following standards have been issued but are not yet effective for annual periods beginning on January 1, 2015. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(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 comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customers Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted.

The Group has considered the above new 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.

4. ACQUISITION OF SUBSIDIARIES AND NON–CONTROLLING INTERESTS

During the reporting period the Group obtained control of several companies through acquisitions in a total consideration of euro 256.1 million, net of cash acquired. As an outcome of the business combinations, the Group recorded profit arising from bargain purchases at the amount of euro 40.3 million, which was presented in Capital gains, property revaluations and other income within the interim consolidated statement of comprehensive income. The Group recognized non-controlling interests in the amount of euro 4.6 million.
Since the date whereby the Group obtained control on the above entities until the end of the reporting period, it recorded aggregated revenue and net profit at the amount of euro 13,359 thousand and euro 2,591 thousand, respectively.

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

	€'000
Investment property	468,017
Working capital, net	3,948
Cash and Cash equivalents	2,610
	474,575
Bank loans	(143,161)
Other liabilities, net	(27,814)
	(170,975)
Total identifiable net assets	**303,600**
Non-controlling interests arising from initial consolidation	(4,598)
Consideration paid regarding acquisition	(258,708)
Profit arising from business combination (bargain purchase)	40,294

If all the above purchases were carried out at the beginning of the reporting period, the Group's revenue would have been increased by euro 10,680 thousand, and the Group's net profit would have been increased by euro 3,084 thousand.

5. INVESTMENT PROPERTY

	Six months ended June 30	Year ended December 31
	2015	2014
	Unaudited	Audited
	€'000	
Balance as at January 1	2,179,982	1,368,281
Additions during the period / year	203,588	319,293
Investment property arising from initial consolidation (see note 4)	468,017	470,543
Disposal of investment property due to loss of control	-	(170,006)
Fair value adjustment	120,203	191,871
Balance as at June 30 / December 31	2,971,790	2,179,982

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.

The Group tax and deferred tax expenses for the six months ended June 30, 2015, is euro 27,052 thousand (2014: euro 14,453 thousand). The Company recorded euro 3,198 thousand for corporation tax (2014: euro 750 thousand), euro 19,276 thousand for deferred tax and euro 4,578 thousand for property tax (2014: euro 10,718 thousand and euro 2,985 thousand, respectively).

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

A. COMPOSITION

	June 30	December 31
	2015	2014
	Unaudited	Audited
	€'000	
Long – term liabilities		
Bank loans	546,240	536,830
Other loans	-	387
Total long term loans	**546,240**	**537,217**
Straight and convertible bonds		
Convertible bond series C (B)	199,822	240,451
Straight bond series D (C)	477,272	476,381
Straight bond E (D)	383,537	-
Total Straight and convertible Bonds	**1,060,631**	**716,832**
Short – term liabilities		
Bank loans	**10,528**	**5,792**

B. CONVERTIBLE BOND SERIES C

On February 24, 2014, the Company issued euro 150 million (nominal value) bonds, convertible into ordinary shares of the Company and bear a coupon of 1.50% p.a., payable semi-annually in arrears. The initial conversion price was fixed at euro 9.72. The bonds were issued at 100% of their principle amount and will be redeemed at maturity at 106.65% of their principle amount.

On June 19, 2014, the Company successfully completed with the tap up placement of additional euro 125 million (nominal value) of Convertible bond series C, for a consideration that reflected 111.25% of their principal amount. The total aggregated principal amount of the Convertible bond series C increased to euro 275 million (nominal value).

During the reporting period, a total amount of euro 41.5 million of Convertible bond series C were converted to shares. According to the convertible bond's terms, a total of 4.28 million shares were issued.

On June 25, 2015, as a result of the resolved dividend distribution (see note 8i) and in accordance with the terms and conditions of the bond, the Company adjusted the conversion price for the Convertible bond series C to be euro 9.5957 per share.

	Six months ended June 30	Year ended December 31
	2015	2014
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	247,451	-
Proceeds from issuance of convertible bond series C (1,500 notes at euro 100,000 par value)	-	150,000
Proceeds from tap issuance of convertible bond series C (1,250 notes at euro 100,000 par value)	-	139,063
Transaction costs	-	(4,391)
Net proceeds during the period / year	-	284,672
Amount classified as equity	-	(7,995)
Expenses for the period / year	1,175	2,538
Expenses paid	(1,835)	(1,464)
Conversion to ordinary shares	(41,500)	(30,300)
Carrying amount of liability at the end of the period / year	205,291	247,451
Non-current portion of Convertible bond series C	199,822	240,451
Accrued interest	1,052	1,297
Total convertible bond series C	200,874	241,748
Deferred income	4,417	5,703

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

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 in a price of 95.564% of their principal amount. The offer was over-subscribed. Starting that day, series D bond is traded on the Irish stock exchange, on its regulated market.

	Six months ended June 30	Year ended December 31
	2015	2014
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	478,107	-
Proceeds from issuance of bond series D (500,000 notes at euro 100,000 par value)	-	477,820
Issuance costs	(722)	(1,971)
Net proceeds during the period / year	(722)	475,849
Expenses for the period / year	6,586	2,258
Expenses paid	(5,000)	-
Carrying amount of liability at the end of the period / year	478,971	478,107
Non-current portion of bond series D	477,272	476,381
Accrued interest	1,699	1,726
Total bond series D	478,971	478,107

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

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 in 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.

	Six months ended June 30, 2015 Unaudited
	€'000
Proceeds from issuance of bond series E (400,000 notes at euro 100,000 par value)	387,040
Issuance costs	(3,805)
Net proceeds during the period	**383,235**
Expenses for the period	1,518
Carrying amount of liability at the end of the period	**384,753**
Non-current portion of bond series E	383,537
Accrued interest	**1,216**
Total bond series E	**384,753**

E. (1) SECURITY, NEGATIVE PLEDGE

- A first ranking charge, governed by Cyprus law, over all ordinary shares held by the Company in GCP ltd.;
- A first-ranking account pledge, governed by Luxembourg law, over each bank account held by the Company;
- First-ranking account pledges, governed by Luxembourg law, over each bank account held by GCP ltd.; and
- First-ranking charges, governed by Cypriot law, over each bank account held by GCP ltd.

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

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:

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

- 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;
- Will not permit any restriction on the ability of any subsidiary of the Company to (i) make or pay dividends or any other distributions on its share capital to the Company or any of the Company's investees or (ii) (a) pay any indebtedness owed to the Company or any of the Company's subsidiaries (b) make loans or advances to the Company or any of the Company's subsidiaries or (c) transfer any of its properties or assets to the Company or any of the Company's subsidiaries; and
- The total indebtedness incurred by the group in respect of project financing debt shall not exceed the higher of euro 65 million or 25% of the portfolio value.

8. CAPITAL AND RESERVES

ISSUANCE OF ORDINARY SHARES

a. On April 12, 2012 the Company increased its share capital to euro 5,000,000 (50,000,000 shares of euro 0.10 per share).

b. On July 19, 2012 the Company received gross proceeds of euro 15.1 million from a capital increase against a cash contribution. A total of 5.5 million new shares were placed at an issue price of euro 2.75 as part of an international private placement to institutional investors.

c. On February 19, 2013 the Company received gross proceeds of euro 35.7 million from a second capital increase against a contribution in cash. A total of 8 million new shares were placed at an issue price of euro 4.46 as part of an international private placement to institutional investors.

d. As at September 30, 2013 a total amount of euro 99.7 million of the convertible bonds 2012-2017 were converted to shares. Accordingly, 24.9 million shares with nominal value of euro 0.1 each per share were issued.

e. On December 3, 2013, the Company received gross proceeds of euro 175.5 million in a capital increase against a contribution in cash. A total of 27 million new shares, with a par-value of euro 0.10 each, were placed at an issue price of euro 6.5 as part of an international private placement to institutional investors. The funds are primarily intended to be used for the acquisition of additional real estate portfolios.

f. Since the initial placement of Convertible bond series C and until June 30, 2015, a total amount of 71.8 million bonds were converted into shares. According to the convertible bond's terms, a total of 7.4 million shares were issued.

ISSUANCE OF HYBRID CAPITAL NOTES

g. On February 13, 2015, the Company successfully placed euro 150 million in aggregate principal amounts of Hybrid capital notes. These notes were issued at a price of 96.3% of the principal amount. These Hybrid capital 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 Hybrid capital 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.

h. On March 3, 2015, Company placed a tap issue of euro 250 million in aggregate principal amounts of the Hybrid capital 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.

These Hybrid capital 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. For additional tap issue of the Hybrid capital notes, see note 13c.

RESOLUTION OF DIVIDEND DISTRIBUTION

i. On June 24 2015, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.2 per share (ex – date on June 25, 2015).

SHARE CAPITAL COMPOSITION:

	Six months ended June 30, 2015		Year ended December 31, 2014	
	Unaudited		Audited	
	Number of shares	€'000	Number of shares	€'000
Authorized				
Ordinary shares of euro 0.10 each	200,000,000	20,000	200,000,000	20,000
Issued and fully paid				
Balance as at the beginning of the period	118,541,449	11,854	115,425,000	11,542.5
Exercise of Convertible bond series C into shares	4,283,503	428	3,116,449	311.5
Balance at the end of the period	122,824,952	12,282	118,541,449	11,854

9. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

(I) LOANS FROM ASSOCIATED UNDERTAKINGS

	June 30	December 31
	2015	2014
	Unaudited	Audited
	€'000	
Other associated undertakings	192	81

(II) INTEREST ON LOANS FROM RELATED PARTIES

	For the six months ended June 30,	
	2015	2014
	€'000	
Interest expenses	28	65

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, 2015 (Unaudited)				
Traded securities at fair value through profit or loss	119,310	-	-	119,310
Total assets	**119,310**	**-**	**-**	**119,310**
Derivative financial instruments (a)	-	115	-	115
Total liabilities	**-**	**115**	**-**	**115**
December 31, 2014 (Audited)				
Traded securities at fair value through profit or loss	2,165	-	-	2,165
Total assets	**2,165**	**-**	**-**	**2,165**
Derivative financial instruments (a)	-	9,282	-	9,282
Total liabilities	**-**	**9,282**	**-**	**9,282**

(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. COMMITMENTS

The Group had no significant commitments as at June 30, 2015.

12. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at June 30, 2015.

13. EVENTS AFTER THE REPORTING PERIOD

a. After the reporting period, the Company expanded its portfolio to 66,000 units via the successful acquisition of 10,500 units in several transactions with total net rent of euro million 28.5 and vacancy of 17% at a cost of euro million 330 and offset with the sell in process of 4,500 non-core units.
The net growth effect will be mainly in Leipzig which is one of the strategic locations of the Company and will thus enhance the Company's economies of scale. Considering these transactions the portfolio generates a rental income run rate of euro million 355. Based on the current geographical distribution, the unique asset repositioning and Company's turnaround skills, the Company is positioned to perform a successful takeover and realize the upside potential in occupancy and rent levels.
b. On July 24 2015, S&P raised the Company's rating on its long-term corporate credit rating to 'BBB' from 'BBB-'. The rating of the Company's senior secured and subordinated hybrid debt instruments improved by one notch as well to 'BBB' for its senior secured debt and 'BB+' for its subordinated hybrid notes.

c. On July 29 2015, the Company completed a successful tap up of its 3.75% Hybrid capital notes by an incremental notional amount of euro 100 million. Settlement of the new notes took place on August 4, 2015. The new notes have the same terms and conditions as the existing ones and will increase the nominal amount of the outstanding 3.75% Hybrid capital notes to euro million 500.

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