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GRAND CITY PROPERTIES S.A. ANNOUNCES H1 2016 RESULTS WITH HIGH PROFITABILITY ARISING FROM VALUE MATERIALIZATION

- **Rental and operating income at €209 million, a 46% increase to YOY**
- **EBITDA increased 107% YOY to €487 million**
- **Adjusted EBITDA up 44% YOY, amounted to €107 million for H1 2016**
- **FFO I for the first six months of 2016 increased to €76 million, 40% YOY**
- **FFO I per share €0.50 and FFO I after perpetual notes attribution at €0.44 per share (up 11% and 7% YOY, respectively)**
- **Net profit reached €392 million, 101% increase to H1 2015; earning per share at €2.10, 43% increase YOY**
- **Equity at €2.7 billion, up 23% since year-end 2015; Equity ratio at 47%**
- **EPRA NAV including perpetual notes increased to €3 billion, EPRA NAV €2.5 billion**
- **LTV at 39%, down from 42% as of December 2015**
- **Maintaining a conservative financial position with ICR of 6.0x, and DSCR of 4.7x**
- **Like-for-like occupancy growth at 3.2% p.a., I-f-I in-place rent growth at 2.3% p.a.**

In view of positive portfolio developments and cash flow robustness the Board Directors updates two key policies:

- **LTV limit decreased to 45% on a sustainable basis from 50%**
- **Dividend policy of 50% of FFO I starting from the next dividend payment in 2017, from previously 30%**

Luxembourg, August 17, 2016 – Grand City Properties S.A. (the "Company") closes the first half of 2016 with a momentum of successful operational growth, achieving high profitability with €392 million net profit and an FFO of €76.1 million. The portfolio increased to 82 thousand as of August 2016, generating an annualized rental and operating income run rate of €440 million and an FFO I run rate of €159 million.

Operational improvement impacts the top and bottom lines, resulting in significant value creation

Maintaining a strong trend of increasing occupancy across the portfolio, the total vacancy rate on rentable area has gone down to 8.3% as of August 2016. Rent contribution of newly occupied units, as well as income from newly acquired units, are contributing strongly to GCP's top and bottom line. The adjusted EBITDA increased in the first half year to €107 million, a 44% increase

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to the comparable period in 2015, confirming GCP's capability to successfully operate an increasing portfolio, while further extracting the operational potential of its existing portfolio.

As a result of the increasing operational profits and the improvement of the portfolio, GCP has recorded €379 million gains for the first half of 2016. Following the high profitability, as of June 30, 2016 the EPRA NAV amounted to €2.5, or €3bn including the perpetual notes.

As of June 2016 GCP further strengthened its financial position with an LTV of 39% and an equity ratio of 47%. The Board of Directors has decided on further reducing the conservative internal LTV limit to 45%, from previously 50%. Additionally, GCP has updated the Company's dividend policy to 50% of the FFO I from previously 30%.

Christian Windfuhr, CEO of Grand City Properties: "Grand City Properties is maintaining its good momentum in extracting the high upside potential embedded in its portfolio. The cash flow generation quality of our portfolio keeps increasing, allowing us to confidently increase the profit distribution to our shareholders, as the liquidity level and debt service strength of the Company improve, and we position ourselves to steer GCP towards further profitability".

The full H1 2016 interim report is available on the Company's website:

<http://www.grandcityproperties.com/en/downloads.html>

About the Company:

Grand City Properties is a specialist real estate company focused on investing in and managing value-add opportunities in the real estate property market in Germany, primarily in densely populated areas. The Company's strategy is to improve its properties through targeted modernization and intensive tenant management, and then create value by subsequently raising occupancy and rental levels. Further information: www.grandcityproperties.com

Grand City Properties (ISIN: LU0775917882) is a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 24, Avenue Victor Hugo, L 1750 Luxembourg and being registered with the Luxembourg trade and companies register (Registre de Commerce et des Sociétés Luxembourg) under number B 165 560. Since May 2012, Grand City Properties is listed on the Frankfurt Stock Exchange.

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