

GRAND CITY

Properties S.A.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD
ENDED SEPTEMBER 30, 2015

Q3 15

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IMPRINT

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KEY FINANCIALS

	1-9/2014	change	1-9/2015
EBITDA (€'000)	219,015	62%	354,049

	1-9/2014	change	1-9/2015
ADJUSTED EBITDA (€'000)	78,739	54%	121,616

	1-9/2014	change	1-9/2015
NET PROFIT (€'000)	173,864	65%	286,052

	1-9/2014	change	1-9/2015
EPS (BASIC) (€)	1.23	68%	2.07

	1-9/2014	change	1-9/2015
EPS (DILUTED) (€)	1.09	61%	1.76

	Dec 2013	Dec 2014	Sep 2015
TOTAL EQUITY (€'000)	767,925	1,041,650	2,051,003

	Dec 2013	Dec 2014	Sep 2015
EPRA NAV (€'000)	861,926	1,439,386	1,940,597

	Dec 2013	Dec 2014	Sep 2015	Sep 2015*
LOAN-TO-VALUE	36%	45%	41%	37%

	Dec 2013	Dec 2014	Sep 2015	Sep 2015*
EQUITY RATIO	47%	40%	44%	47%

* Assuming convertibles conversion. The convertible bond Series C is in the money since August 2014 and has started to be converted. As of the date of this report the outstanding amount has decreased to €125.4 million due to conversions.



RENTAL AND OPERATING INCOME (€'000)	1-9/2014 151,073	change 55%	1-9/2015 234,902
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FFO I (€'000)	1-9/2014 53,138	change 65%	1-9/2015 87,570
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FFO I AFTER HYBRID NOTES ATTRIBUTION, PER SHARE (€)	1-9/2014 0.46	change 39%	1-9/2015 0.64
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FFO II (€'000)	1-9/2014 55,650	change 114%	1-9/2015 119,145
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ACHIEVEMENTS – OPERATIONS

GROWTH THROUGH ACQUISITION – SUCCESS THROUGH TURNAROUND

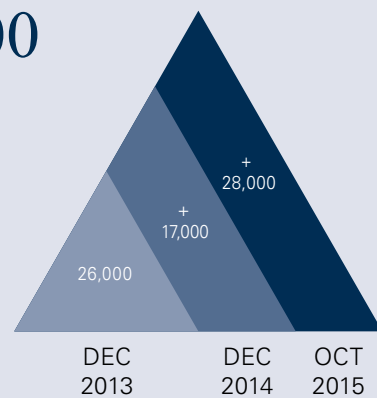




PORTFOLIO GROWTH

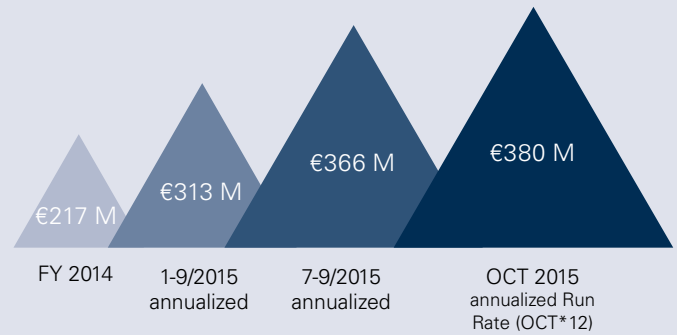
Strong growth momentum maintained with portfolio rising from 43,000 units in December 2014 to 71,000 units as of October 2015. In addition to these 71,000 units GCP manages a portfolio of 20,000 units owned by third parties. Total of 91,000 units are under management.

71,000
total
units



RENTAL AND OPERATING INCOME

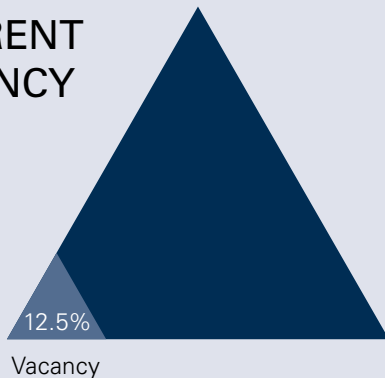
Rental and operating income rose in 1-9/2015 by 55% to €235 million compared to 1-9/2014. The October 2015 portfolio generates rental and operating income at a run rate (monthly annualized) of approx. €380 million.



IN-PLACE RENT AND VACANCY

OCT 2015

€5.3/m²



FFO RUN RATE

€132 M

€138 M



ACHIEVEMENTS – DEBT STRUCTURE



DEBT-COVERAGE RATIOS

Debt-coverage ratios further strengthened during 2015 with ICR rising to 6.5 in 1-9/2015 and DSCR increasing to 4.6 over the same period.

6.5 1-9/2015



4.5 1-9/2014

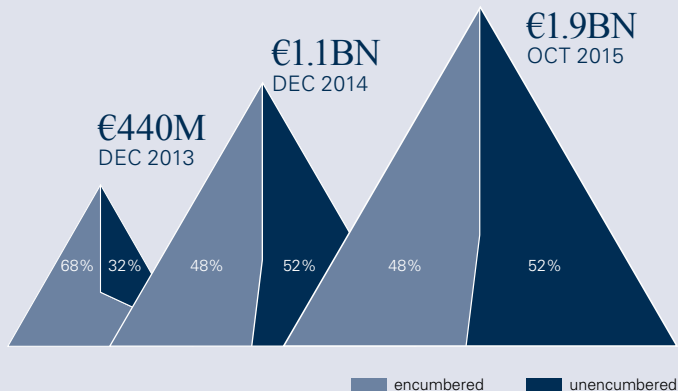
4.6 1-9/2015



3.5 1-9/2014

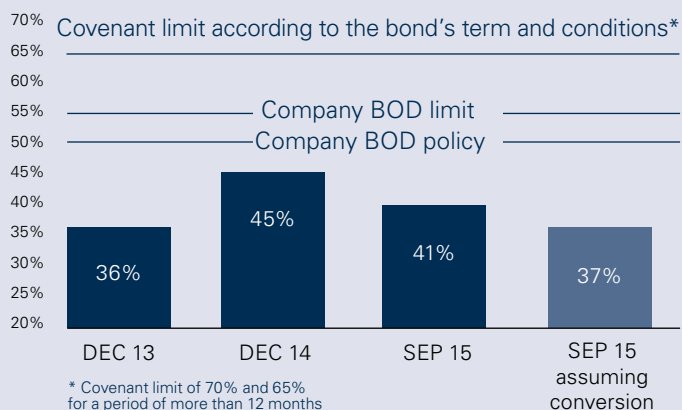
LARGE AMOUNT OF UNENCUMBERED ASSETS

As of October 2015 €1.9 bn of the total portfolio are unencumbered, providing flexibility and comfort for further growth.



SUSTAINING A CONSERVATIVE DEBT STRUCTURE

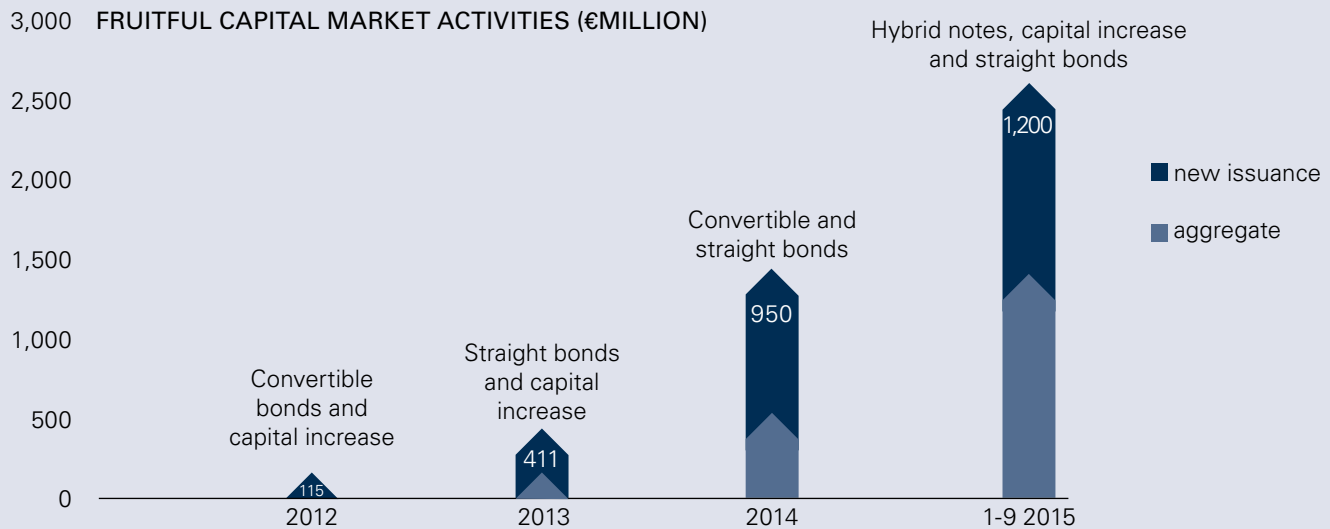
Sustaining a conservative debt structure with an LTV of 41% as of September 2015 and 37% assuming conversion of convertibles which have been in the money since August 2014 and are being converted since December 2014. Equity ratio of 44% as of September 2015, 47% assuming conversion.



ACHIEVEMENTS – CAPITAL MARKETS ACTIVITIES

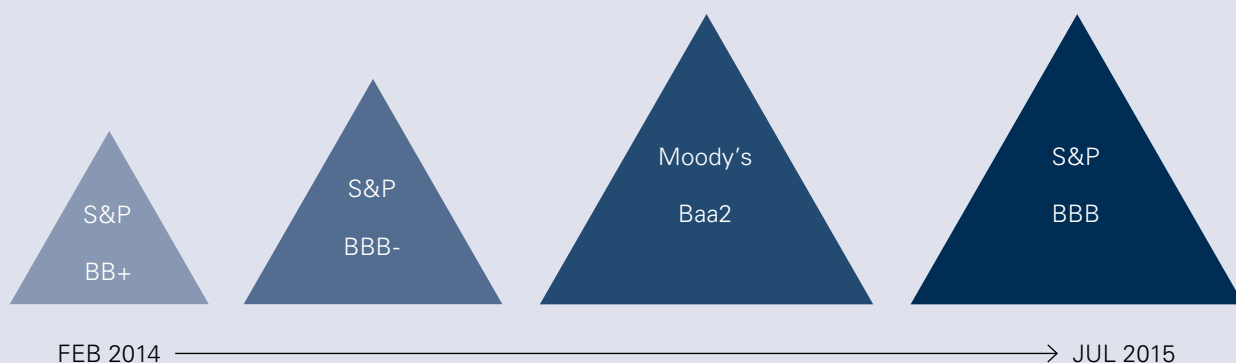
ISSUANCES

Continuous access to capital markets raising in the first three quarters of 2015 €1.2 billion through €500 million in perpetual hybrid notes, €550 million straight bonds of Series E and further €150 million through a capital increase.



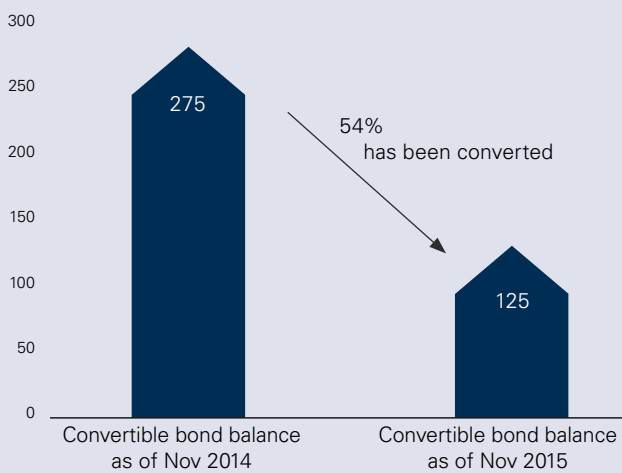
RATING

Financing fundamentals significantly improved through a 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.





CONTINUOUS CONVERSIONS OF THE CONVERTIBLE BOND



DIVIDEND POLICY AT 30% OF FFO I



LETTER OF THE MANAGEMENT BOARD



DEAR SHAREHOLDERS,

GCP presents the financial results for the first 9 months of 2015, exhibiting both strong internal and external growth. The third quarter of 2015 as a period of solidifying fundamentals, presents further operational improvements, accretive growth and extraction of economies of scale. The portfolio increased to 71,000 units owned and 91,000 units under management as of October 2015, executed through numerous accretive deals. Our well experienced and skilled acquisition team, with the support of the various operational teams, carefully selected properties with a strong contribution to portfolio diversification and quality while maintaining high upside potential in terms of rent, occupancy and efficiency improvements.

In the past period benefits of the Company's operational platforms materialized, which are tailored for property turnaround following swift but thorough property takeovers. The operational structure implemented in the last periods through high local presence in more than 50 locations, together with the centralized support from the Service Centre and headquarter in Berlin, resulted in cross organizational synergies, passed on to existing portfolios and utilizing the takeover process of newly acquired units.

By the end of August, the Berlin management together with the supporting operational teams, completed the process of moving to the new centralized premises in Berlin. The Service Centre installed its new state-of-the-art facility in the Berlin offices as well. The new facility increased its capacity to service both additional portfolio growth and to execute the hands-on strategy with existing and prospective tenants. The "no-leads-get-lost" approach of the Service Centre is carried out through a new monitoring and analysing system, which reduces the waiting time to a minimum, enables to follow-up on open enquiries, prioritizes service requests and monitors the performance of the teams.

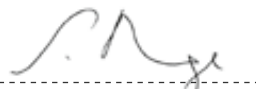
The realisation of operational efforts are reflected in the strong adjusted EBITDA growth which increased year-on-year by 54%. The increase was derived from occupancy, rent increase, cost structure optimization as well as the effect of new acquisitions.

The first 9 months of 2015 were also fruitful in the capital market activities, raising €1.2 billion in equity, debt and perpetual hybrid notes. In the third quarter of 2015, we tapped the existing Series E straight, 10 year bond bearing a 1.5% coupon, by €150 million and tapped the perpetual hybrid notes by €100 million. Additionally, we carried out an equity increase of more than €150 million revalidating the high confidence of our investors in the Company and its business model. The recent capital market activities, together with the high profitability of the Company well positioned the capital structure with an LTV of 41%. The current capital structure provides comfort for debt investors and provides significant headroom for further capital market activities.

The strong capital structure, the operational achievements, together with the growth and diversification of the portfolio, has been acknowledged by the rating agencies with S&P increasing the rating to BBB in July 2015 and with Moody's Baa2 first time issuer rating received in February 2015. Looking forward we are excited to further unfold the significant potential embedded in our portfolio. As of October 2015, the monthly annualized rental income run rate amounted to €380 million, corresponding to €138 million FFO I. We are very confident in the operational ability of our teams to further extract the embedded potential in our existing portfolio and we are well positioned to pursue attractive external growth. We are dedicated to further create significant value to our shareholders and will focus our efforts on maintaining our outstanding performance.



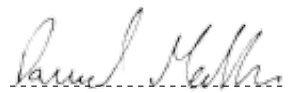
Christian Windfuhr
CEO



Simone Runge-Brandner
Director



Refael Zamir
Director, CFO



Daniel Malkin
Director

HIGHLIGHTS





PROFITABILITY HIGHLIGHTS

	1-9/2015	1-9/2014
	€'000	€'000
Rental and operating income	234,902	151,073
EBITDA	354,049	219,015
Adjusted EBITDA	121,616	78,739
Profit for the period	286,052	173,864
EPS (basic) in €	2.07	1.23
EPS (diluted) in €	1.76	1.09
FFO I	87,570	53,138
FFO I after Hybrid Notes attribution, per share in €	0.64	0.46
FFO II	119,145	55,650
Interest Coverage Ratio	6.5	4.5
Debt Service Coverage Ratio	4.6	3.5

FINANCIAL POSITION HIGHLIGHTS

	AS OF	Sep 2015	Dec 2014
		€'000	€'000
Cash and liquid assets		608,708	272,296
Total Assets		4,640,578	2,629,058
Investment Property ¹⁾		3,565,738	2,191,271
Total Equity		2,051,003	1,041,650
EPRA NAV including hybrid notes		2,430,262	1,439,386
EPRA NAV		1,940,597	1,439,386
Total loans and borrowings		865,105	543,009
Straight bonds		1,045,360	476,381
Convertible bond Series C ²⁾		146,305	240,451
Loan-To-Value		41 %	45 %
Loan-To-Value assuming conversion ²⁾		37%	34%
Equity Ratio		44 %	40 %
Equity Ratio assuming conversion ²⁾		47 %	49 %

¹⁾ including advanced payments and balance of inventories

²⁾ The convertible bond Series C is in the money since August 2014 and has started to be converted. As of the date of this report the outstanding amount has decreased to €125.4 million due to conversions.

THE COMPANY



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

The figures presented in this Board of Directors' Report are based on the interim consolidated financial statements as of September 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 October 2015 consists of 71,000 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 re-



gions Leipzig, Halle and Dresden and other densely populated areas. Further, the Company manages an additional portfolio of 20,000 units owned by third parties bringing the total number of units under GCP's management to 91,000.

GCP is active in all relevant asset and property management activities along the real estate value chain. The Group's busi-

ness 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.

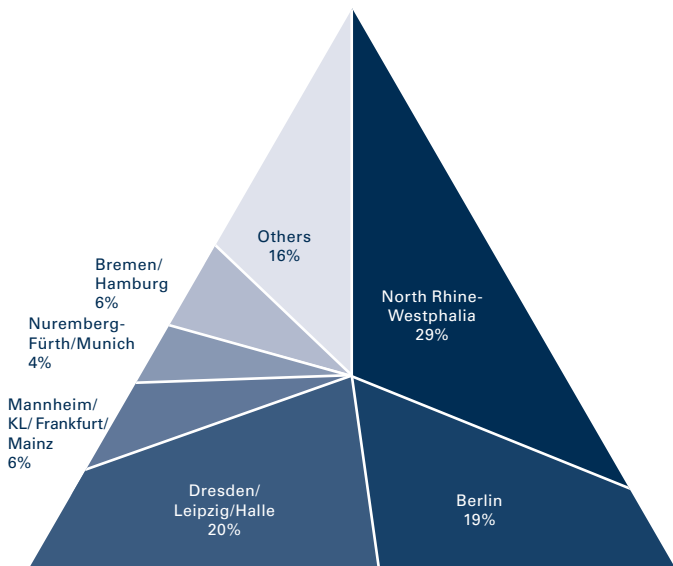
KEY STRENGTHS



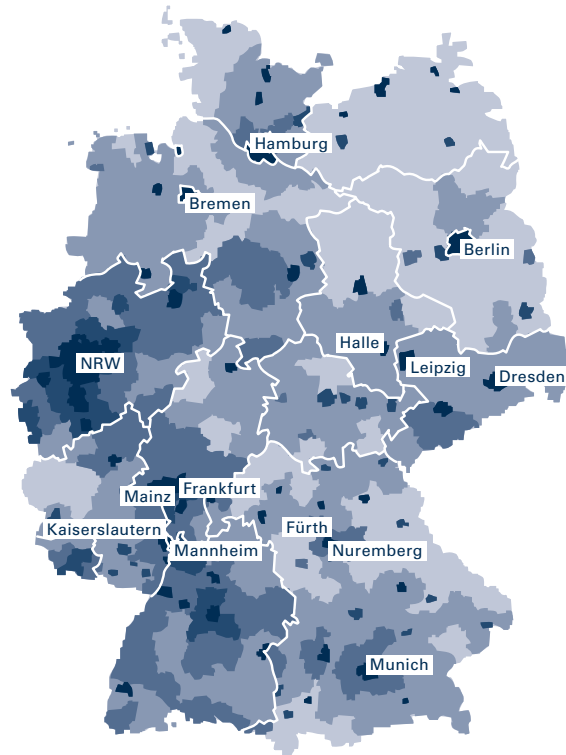
ATTRACTIVE PORTFOLIO WITH SIGNIFICANT REPOSITIONING POTENTIAL AND DEFENSIVE CHARACTERISTICS

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





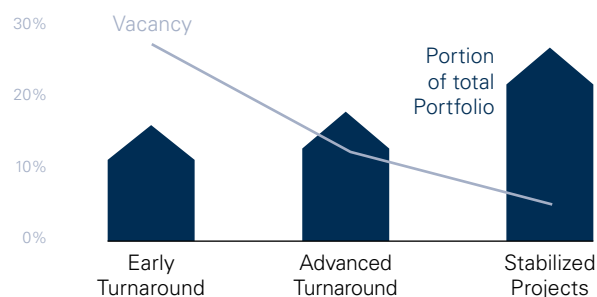
The Group's portfolio growth was accompanied by further diversification, allowing it to increase benefits from economies of scale while reducing geographical clustering and thereby supporting the risk-averse and well allocated portfolio targets set by the Board. GCP's focus on densely populated areas is mirrored by 29% of its portfolio being held in NRW, 19% in Berlin, 20% 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%.

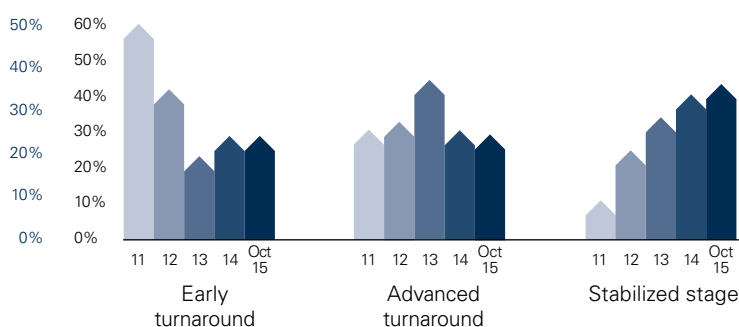
Of the 71,000 units in GCP's portfolio in October 2015 41% are in the stabilized stage, 31% are in the advanced turnaround stage and 28% are in the early turnaround stage. The portion and accordingly the absolute amount of stabilized units has increased in comparison to year-end 2014 where 40% of the portfolio was stabilized, validating the successful execution of the business model 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 October 2015 is €5.3 per square meter and the vacancy rate of rentable area is 12.5%. 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 over 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.

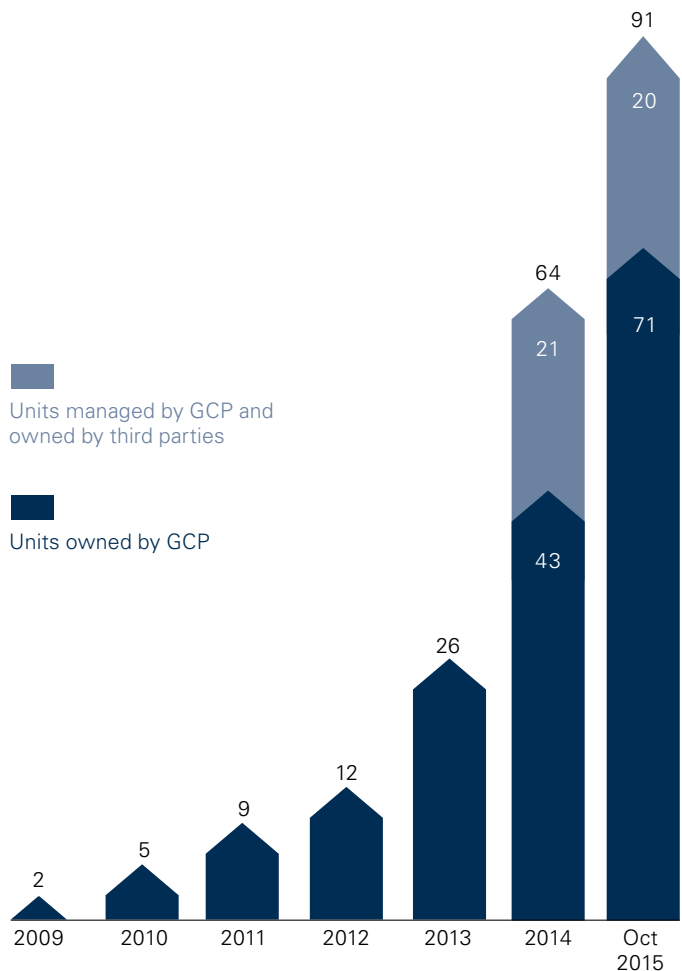
The Group is directed by an experienced and well-balanced management team, led by the Board of Directors. The Company operates through over a dozen different departments which all form an important component in the value creation cycle from acquisition through turnaround to fully stabilized portfolio.

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 October 2015 the portfolio exhibited continuous growth to 71,000 units owned and 91,000 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%.

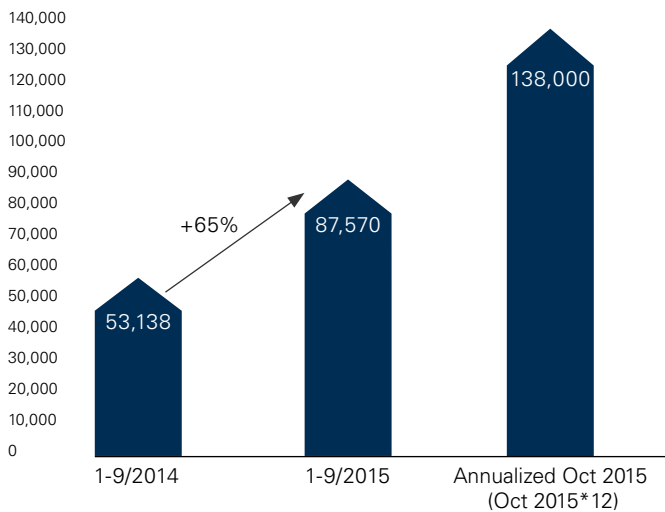


KEY STRENGTHS

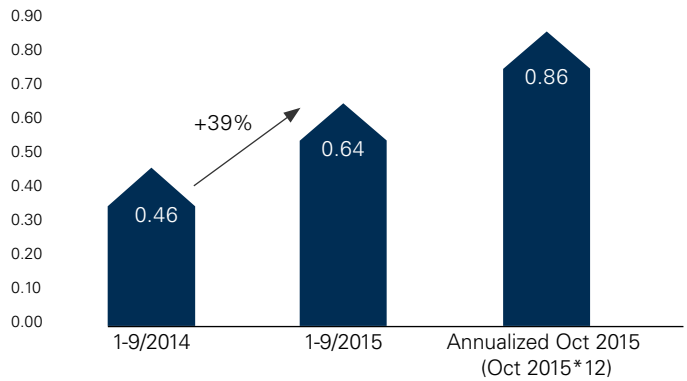
STRONG AND GROWING FFO WITH HIGH RETURN POTENTIAL

GCP's current portfolio generates strongly growing funds from operations, demonstrated by a FFO I increase of 65%. 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 €)

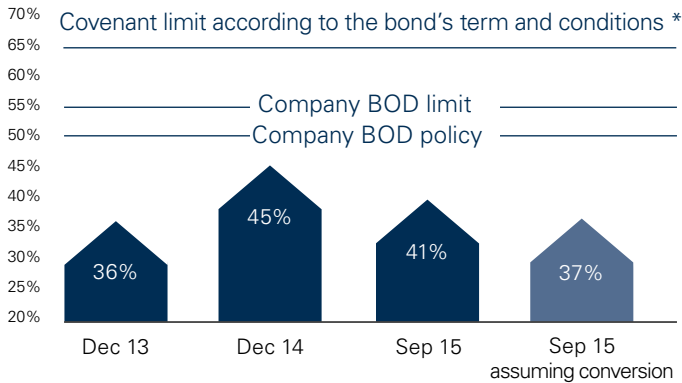


CONSERVATIVE CAPITAL STRUCTURE AND PROVEN ABILITY TO RAISE CAPITAL

With €609 million in liquid assets as of September 30, 2015 GCP has a high amount of financial flexibility which is also reflected in the €1.9 billion of unencumbered assets as of October 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 September 30, 2015 is conservative at 41% (LTV is 37% assuming conversion of the Series C bond, which is deep in the money since August 2014 and as of November 2015 54% have been converted and is 90% 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.

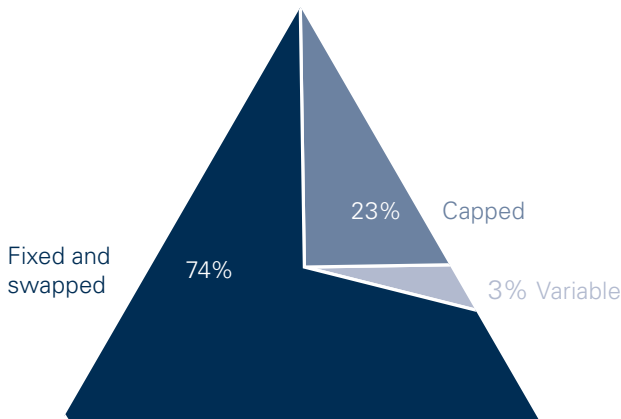


LOAN-TO-VALUE

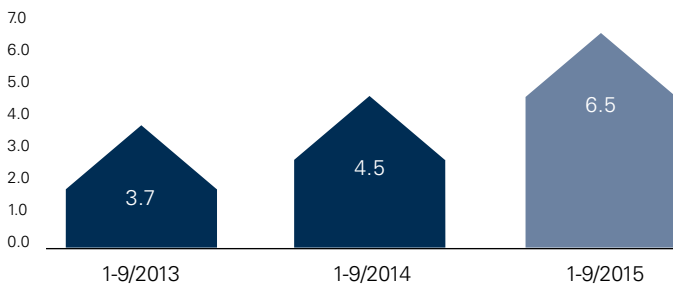


* Covenant limit of 70% and 65% for a period of more than 12 months

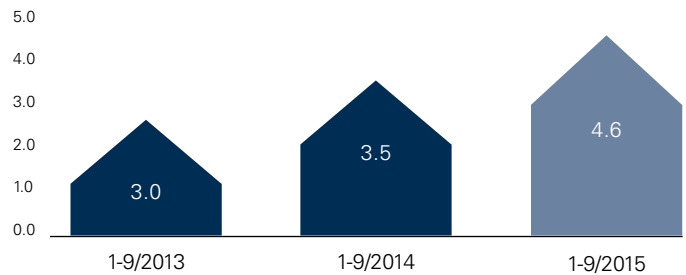
GCP's bank loans are spread across more than 20 separate loans from 15 different financial institutions that are non-recourse and have no cross collateral or cross default provisions. Fitting to the Company's conservative capital structure 97% of its interest is hedged.



INTEREST COVERAGE RATIO (ADJ. EBITDA/INTEREST)



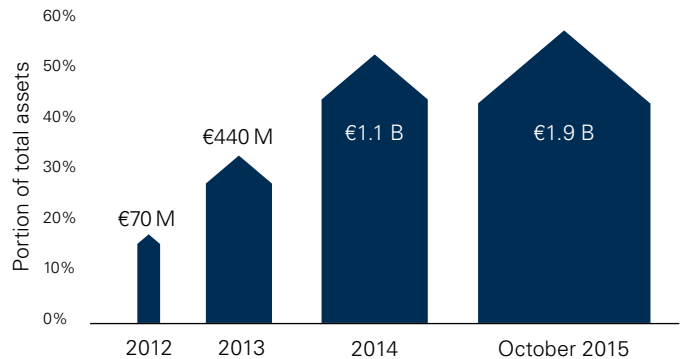
DEBT SERVICE COVERAGE RATIO (DSCR)



GCP's financial flexibility is becoming ever stronger over time, both due to improved fundamentals affecting coverage ratios and improving profitability. On the one hand adjusted EBITDA increased significantly while proportional debt service payments decreased. This led to a shift in its DSCR from 3.5 in the first nine months of 2014 to 4.6 for the current reporting period. An increasing portion of assets are free of lien. As of October 2015, €1.9 billion of the held assets are unencumbered investment properties, in comparison to €1.1 billion in December 2014.

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

UNENCUMBERED ASSETS



CONTINUOUS ACCESS TO CAPITAL MARKETS

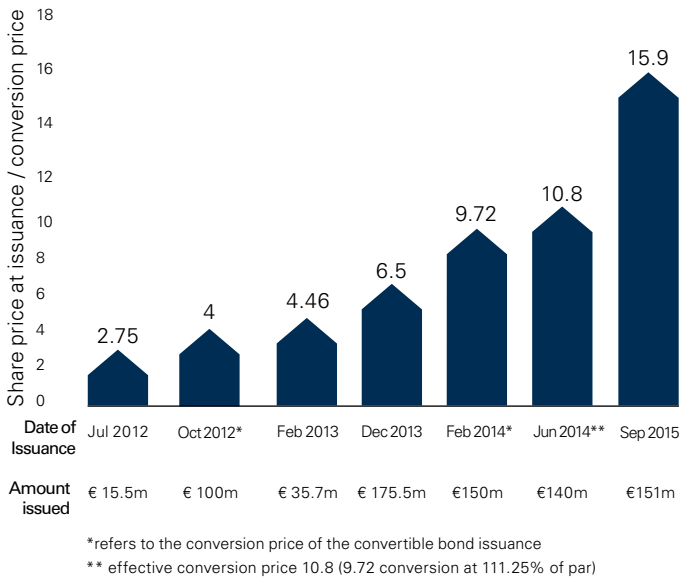
In addition to bank loans GCP has successfully accessed the capital markets in the recent years. Since listing, the Company tapped capital markets in a vast amount of separate issuances, raising successfully €2.7 billion equity, bonds, convertible bond and perpetual hybrid notes. Particularly strong activity took place in the first 9 months of 2015 where a total of €1.2 billion was raised in several issuances (€500 million in perpetual hybrid notes, €550 million in 10 year straight bonds and €150 million in equity). 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



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



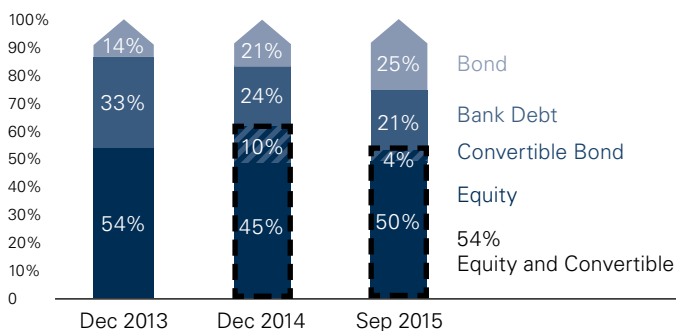
GCP's stronger capital structure was also recognized by Standard & Poor's Ratings Services that upgraded GCP's rating in July 2015 to 'BBB' with a stable outlook on its long-term corporate credit rating and on the Company's senior secured debt.

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 IMPROVEMENTS 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 organized 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.

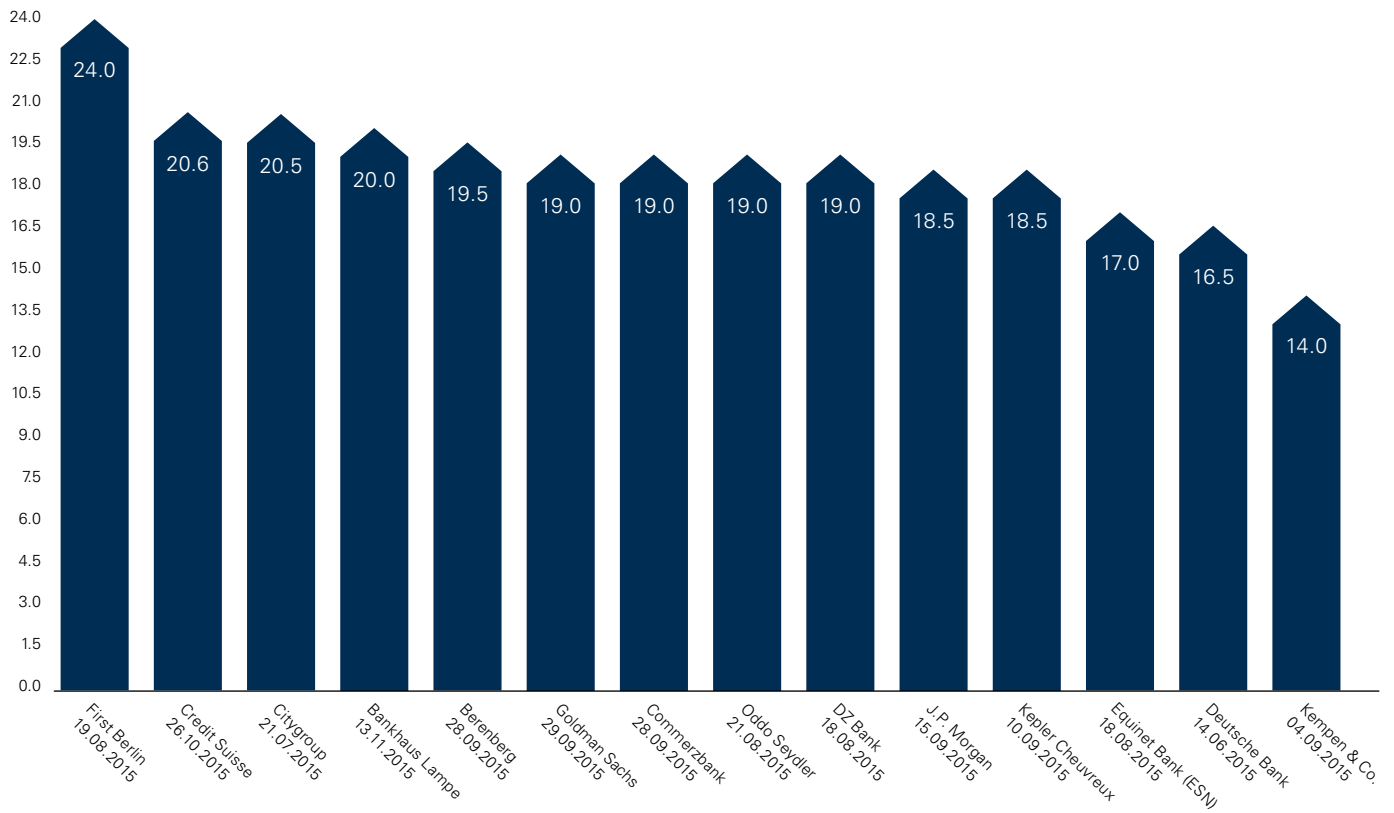
GCP seizes these opportunities to create transparency and present a platform for open dialogue. The improved perception leads to a better understanding of GCP's business model, its competitive advantage and hence to a higher demand among the capital market players for participation in its success. Currently GCP is being covered on an ongoing basis by 14 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 September 2015)	138,469,539 ordinary shares with a par value of EUR 0.10 per share
Nominal Share Capital (as of 30 September 2015)	13,846,954 EUR
Number of shares on a fully diluted basis (as of 30 September 2015)	153,809,743
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 30 September 2015)	2.4 bn EUR





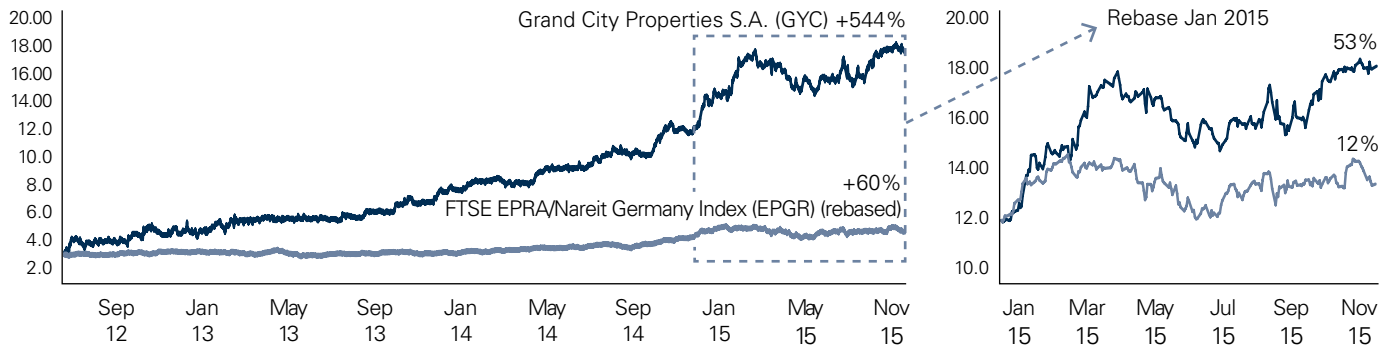
ANALYST RECOMMENDATIONS



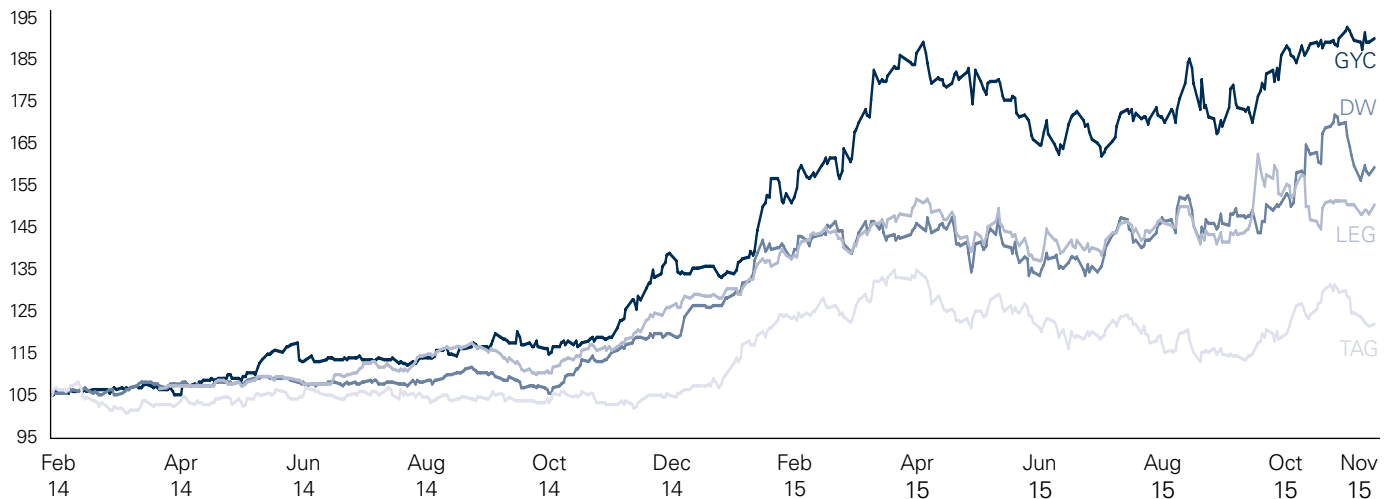
GCP SHARES, BONDS & NOTES PERFORMANCE AND GRAPHS



SHARE PRICE PERFORMANCE COMPARISON

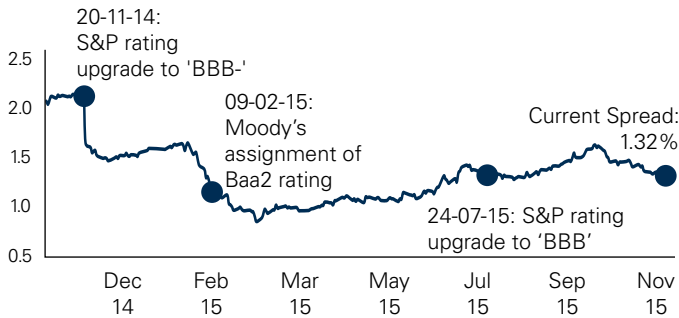


CONVERTIBLE BOND PRICE PERFORMANCE COMPARISON



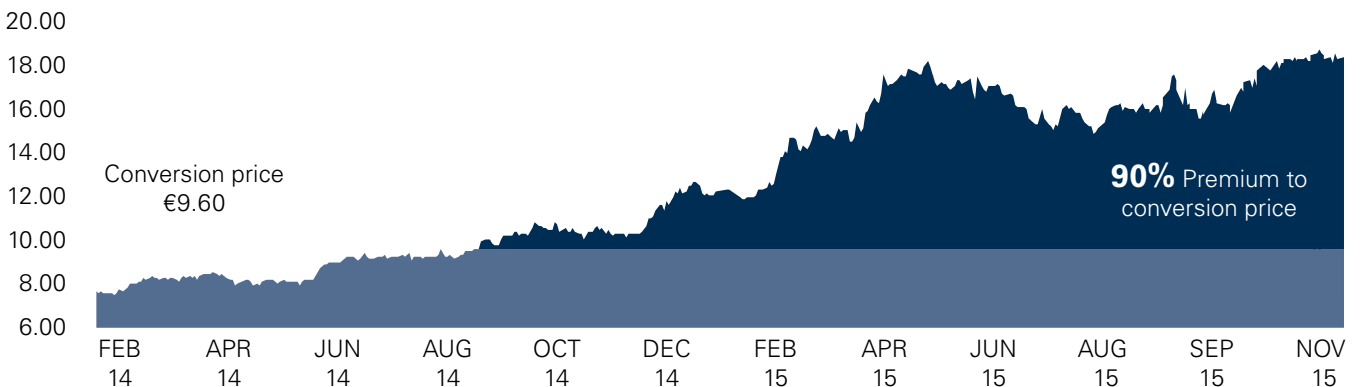


SERIES D – SPREAD OVER MID-€-SWAP



CONVERTIBLE BONDS

Convertible bonds, Series C, issued in February 2014 and tapped up in June 2014 to an aggregate amount of €290 million. 54% of the bonds have been converted since December 2014 as they are deep in the money with 90% above conversion price as of November 2015.



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

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
Andrew Wallis	Vice chairman of the advisory board
Mr Claudio Jarczyk	Member
Mr Markus J. Leininger	Member

CORPORATE GOVERNANCE

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 9 months ended September 30,	€'000	
Revenue	234,902	165,573
Rental and operating income	234,902	151,073
Capital gains, property revaluations and other income	232,433	140,026
Property operating expenses	(109,632)	(69,146)
Cost of buildings sold	-	(14,250)
Administrative & other expenses	(4,614)	(3,760)
Operating profit	353,089	218,537
Adjusted EBITDA	121,616	78,739
Finance expenses	(18,609)	(17,692)
Other financial results	(2,768)	220
Current tax expenses	(15,437)	(7,909)
Deferred tax expenses	(30,223)	(19,292)
Profit for the period	286,052	173,864

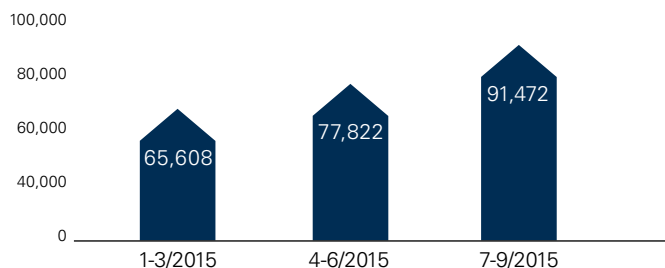
REVENUE

	2015	2014
For the 9 months ended September 30,	€'000	
Rental and operating income	234,902	151,073
Revenue from sales of buildings	-	14,500
Total revenue	234,902	165,573



Total rental and operating income for the first nine months of 2015 amounted to €234.9 million, an increase of 55% to the comparable period. The increase is a result of the growth of the Company, as well as operational improvements in its existing properties through rent and occupancy increase. GCP has grown its portfolio to 71,000 as of October 2015 and is targeting acquisition opportunities which have significant potential to unfold in terms of vacancy decrease and operational improvements as the Company implements its assets turnaround strategy.

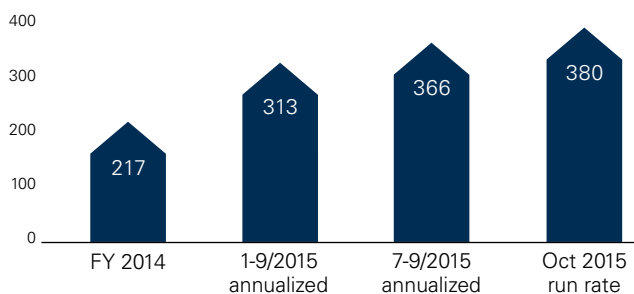
RENTAL AND OPERATING INCOME – QUARTERLY DEVELOPMENT



The results do not present a measure of the full current revenue generation of the portfolio as the considerable amount of new acquisitions made over the period contributed only partially to the period's rental and operating income.

The rental income run rate is the annualized monthly rental income of the current portfolio with its current rent level and occupancy state, i.e. without any operational improvements. GCP's portfolio as of October 2015 generates an annualized rental and operating income run rate of €380 million.

RENTAL AND OPERATING INCOME – ANNUAL DEVELOPMENT



The development of rental and operating income demonstrates the gradually unfolding turnaround process of the properties and the firm guideline of the Company in acquiring accretive cash flow generating properties.

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	2015	2014
For the 9 months ended September 30, €'000		
Change in fair value in investment property	181,596	126,348
Profit arising from business combinations (bargain purchase)	50,016	11,416
Capital gains and other income	821	2,262
Total	232,433	140,026

In the first nine months of 2015 GCP realized capital gains, property revaluations and other income in the amount of €232.4 million, an increase of 66% in comparison to the €140 million result for the first nine months of 2014.

Changes in the fair value of investment property are determined based on external valuation reports performed by independent professionally qualified experts. The strong result of €182 million in the first 3 quarters of the year reflects the value creation of the Company's success over the period, in achieving operational progress of increasing rent and occupancy levels, and tangibly improving the quality of its properties. Profit arising from business combination is attributed to acquisitions of properties through share deals made over the period, where the fair value of the total identifiable net assets of an acquired entity exceeds the purchase price. This item increased from €11.4 million in the first 9 months of 2014 to €50 million in the first 9 months of 2015, reflecting the quality of the Company's sourcing network, market knowledge and experienced management, and its ability to generate a continuous flow of valuable 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 sale of assets above their book value. In the third quarter of 2015, GCP has sold non-core properties through share deals and recognized a capital gain of nearly €1 million. These capital gains mirror GCP's capability to dispose assets above their fair value and reflects the Company's conservative valuation approach. The realized disposal gains deducting the purchase cost from the sales price amounts to €31.6 million.



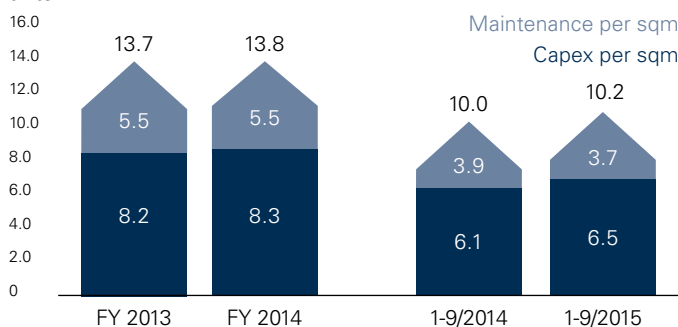
NOTES ON BUSINESS PERFORMANCE



MAINTENANCE AND CAPITAL EXPENDITURES

GCP maintains high standards for its assets' quality through constantly monitoring their physical state, and performing refurbishment and maintenance work quickly and thoroughly. This contributes to the decreasing of the churn rate and vacancy and increasing tenant satisfaction. The Company strives to respond efficiently to maintenance needs and be highly accessible to its tenants, and for this end it operates an in-house maintenance platform. The Service Center, which is available 24/7, is a significant communication channel between the tenants and the maintenance teams, enabling time and cost efficiency. With regard to capex investments, GCP performs a detailed analysis for the unique investments required in each property prior to acquisition, to optimally price those costs into the total price for the asset and reduce the risk of unexpected investments going forward. Through detailed planning and building on its extensive experience, GCP is able to ensure that the most value adding activities are prioritized, and costs rigorously controlled.

Maintenance and capital expenditure in the first nine months of 2015 remained in line with prior periods at €10.2 per average sqm, split into maintenance of €3.7 per sqm and capital expenditure of €6.5 per sqm. The higher portion of capital expenditure to maintenance reflects the Company's turnaround strategy of implementing long term solutions that increase the quality of the assets and require less ongoing maintenance and upkeep costs, a measure favorable to both the Company and the tenants.



PROPERTY OPERATING EXPENSES

	2015	2014
For the 9 months ended September 30,		
	€'000	
Total	(109,632)	(69,146)

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 €69.1 million in the first nine months of 2014 to €109.6 million in the first nine months of 2015.

Although the Company has acquired a substantial amount of assets from mismanaged situations in the first 9 months of 2015 GCP was able to maintain the growth in property operating expenses proportionate to the increase in rental income over the same period due to successful implementation of efficiency measures which are part of the turnaround strategy in which GCP is specialized. As GCP is capitalizing on the different benefits from economies of scale, operational efficiencies are achieved through cost savings from the centralized monitoring of expenses, implementation of consumption based metering, large scale service tenders, and valuable capex investments.

ADMINISTRATIVE AND OTHER EXPENSES

	2015	2014
For the 9 months ended September 30,		
	€'000	
Total	(4,614)	(3,760)

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

These expenses increased by 23% to €4.6 million in the first nine months of 2015, substantially below the rate of increase in rental and operating income over the same period. This result demonstrates GCP's efficient scalable platform that can accommodate significant growth. Notable in this context is the highly advanced IT systems in the organization, which is developed and managed in-house and designed with many modular components that can be easily customized to support the growing operations.



NET FINANCE EXPENSES

	2015	2014
For the 9 months ended September 30,	€'000	
Finance expenses	(18,609)	(17,692)
Other financial results	(2,768)	220
Total	(21,377)	(17,472)

Finance expenses, which are largely of a more recurring nature, increased only marginally over the period to €18.6 million in the first nine months 2015, an increase of 5%. As part of its commitment to sustain a conservative risk profile, the Company has financed its growth over the period with a diverse funding mix, including equity and hybrid instruments. The finance expenses are directly effected by the modest leverage, and in addition by the improving debt environment. GCP is investment grade rated by both S&P and Moody's. In the beginning of 2015 GCP was assigned a Baa2 rating with a stable outlook by Moody's, in July 2015 S&P has upgraded its rating to same level of BBB with a stable outlook. The 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 introducing the Series E (1.5% coupon) bond with a principle amount of €550 million raised in two issuances during Q2 and Q3 2015. The resulting debt structure has an average cost of debt of 2%, and supports a remarkably strong interest coverage ratio (ICR) of 6.5, reflecting GCP ability to implement efficiency measures and benefit from economies of scale not just on the operational level but also on the financing level.

Other financial results are largely attributed to 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 period, including expenses related to the capital market activities.

TAXATION

	2015	2014
For the 9 months ended September 30,	€'000	
Current tax expenses	(15,437)	(7,909)
Deferred tax expenses	(30,223)	(19,292)
Total	(45,660)	(27,201)

Total tax expenses increased in the first nine months of 2015 by 68% to €45.7 million, compared to €27.2 million in the first nine months of 2014. Current tax expenses amounted to €15.4 million in the first nine months of 2015. The current tax expenses consist of property and corporate taxes, which increased as a result of the portfolio's growth and the increased profitability.

Deferred tax expenses, a non-cash item, are accompanying the capital gains result of the Company. GCP adopts a conservative approach with regard to the deferred tax item, providing for the theoretical future 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 9 months ended September 30,	€'000	
Profit for the period	286,052	173,864

The profit for the nine month period increased to €286.1 million in the first nine months of 2015, an increase of 65% to the comparable period in 2014. The result is the combined effect of the overall growth of the portfolio, the operational outcome of the progressing turnaround process of the Company's properties, the value captured through property revaluations, and the achievements on the financing level.

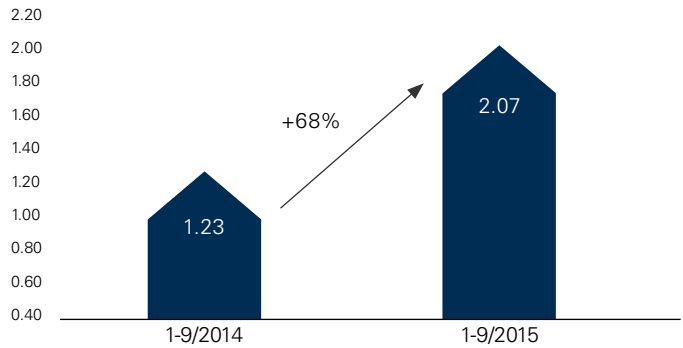
EARNINGS PER SHARE

	2015	2014
For the 9 months ended September 30,		
Basic earnings per share in €	2.07	1.23
Diluted earnings per share in €	1.76	1.09
Weighted average basic shares in thousands	122,438	115,425
Weighted average basic shares (diluted) in thousands	144,409	132,737

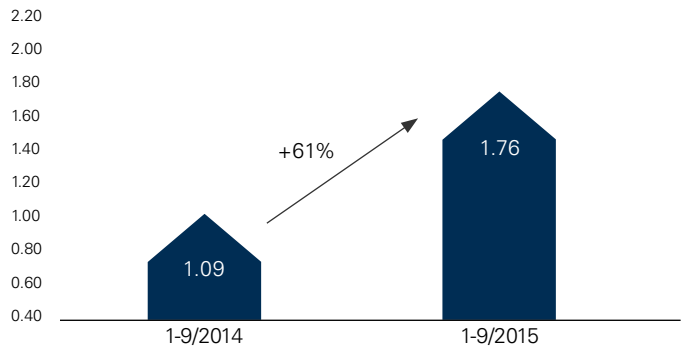
Earnings per share increased by 68% from €1.23 per share in the first nine months of 2014 to €2.07 per share in the first nine months of 2015. This increase in profit per share is offset by the dilutive effect of conversions of the convertible bond which have occurred during the period as well as the capital increase in September 2015.

Diluted earnings per share increased by 61% to €1.76 per share in the first nine months of 2015. The marginally lower growth is related to the increase in number of weighted average diluted basic shares, following the issuance of the convertible bond Series C in February and June 2014.

BASIC EARNINGS PER SHARE (€)



DILUTED EARNINGS PER SHARE (€)



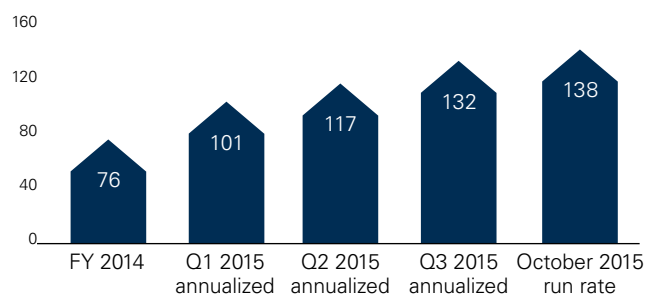
ADJUSTED EBITDA AND FFO I

	2015	2014
For the 9 months ended September 30,	€'000	
EBITDA	354,049	219,015
Capital gains, property revaluations and other income	(232,433)	(140,026)
Result on the disposal of inventories – trading properties	-	(250)
Adjusted EBITDA	121,616	78,739
Finance Expense	(18,609)	(17,692)
Current tax expenses	(15,437)	(7,909)
FFO I	87,570	53,138
Adjustment for the accrued hybrid notes attribution	(9,586)	-
FFO I after Hybrid Notes attribution	77,984	53,138
FFO I per share in €, after Hybrid Notes attribution	0.64	0.46

Funds from Operations I (FFO I), a market standard indication of operational capabilities, reflects the materialized recurring profit from operations, excluding the effect of capital gains and revaluations. The FFO I increased by 65% to €87.6 million in the first 9 months of 2015 compared to the same period of the previous year. Main driver was a rise in rental and operating income that led to an increase in Adjusted EBITDA of 54% over the same period. The FFO I increase was further supported by improved financing conditions of the Company. Due to the strong financial profitability, the proportional growth in FFO I outpaced the growth in Adjusted EBITDA.

GCP's portfolio grew strongly in the first 9 months of 2015 through numerous accretive deals. As acquisitions were carried out throughout the period, the new properties could not fully contribute to the operational profit of the whole period. Therefore, the FFO I figure does not reflect the full impact of the entire portfolio. The FFO I monthly annualized run rate, which fully reflects the FFO I of the current portfolio without accounting for any additional operational or financial improvements amounted to €138 million as of October 2015.

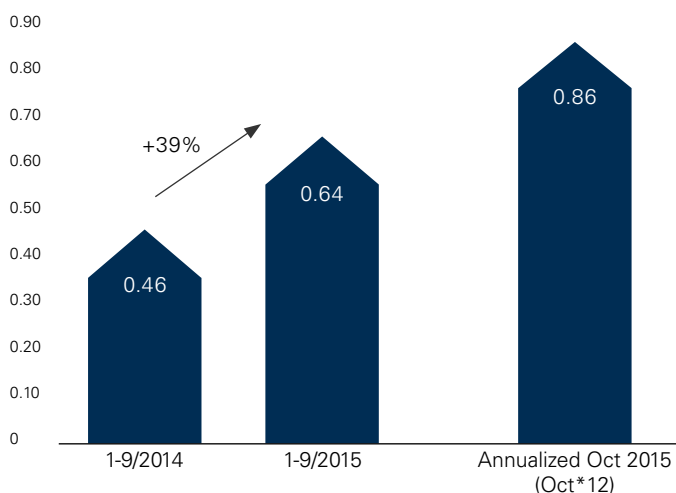
FFO I DEVELOPMENT (IN € MILLION)



NOTES ON BUSINESS PERFORMANCE

FFO I per share rose from €46 cents in the first 9 months of 2014 to €64 cents in the first 9 quarters of 2015, reflecting a 39% increase. The calculation of FFO I per share is also taking into account effects of profit attributed to the hybrid notes attribution as well as the dilutive effect from conversions of the convertible bonds and equity increase over the period. Attributions referring to the perpetual hybrid notes are classified as dividends according to IFRS and are not 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 IN € AFTER HYBRID NOTES ATTRIBUTION



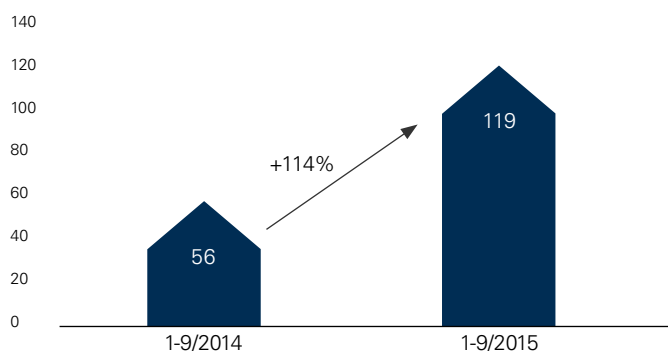
FFO II

	2015	2014
For the 9 months ended September 30,	€'000	
FFO I	87,570	53,138
Result from disposal gain*	31,575	2,512
FFO II	119,145	55,650

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

FFO II, which includes results from the disposal of investment property and inventories, increased in the first 9 months of 2015 by 114% to €119 million. Main driver was the strong rise in FFO I which was enhanced by proportionally bigger disposal gains of €32 million which were generated in the third quarter of 2015. The high disposal gain underlines the Company's capability to materialize the value creation of its turnaround activities.

FFO II DEVELOPMENT (IN € MILLION)



CASH FLOW

	2015	2014
For the 9 months ended September 30,	€'000	
Net cash provided by operating activities	112,562	85,146
Net cash used in investing activities	(933,107)	(332,824)
Net cash provided by financing activities	1,074,035	338,229
Net increase in cash and cash equivalents	253,490	90,551

The cash flow from operating activities increased by 32% to €113 million in the first nine months of 2015 in comparison to the same period in 2014 and excluding the revenue from sales of buildings in 2014 of €14.2 million the increase was 59%. The increase is the result of the operational achievements of the Company, a combined effect from the growth of the Company and the turnaround activities.

The 180% increase of cash flow used in investing activities results from the acquisition activities of the Company as well as its investments in traded securities, a measure for short-term cash parking.

The substantial increase in cash flow provided by financing activities is the result of the various financing and capital market activities of the Company. The additions in 2015 of diverse funding mix instruments of equity, hybrid notes, straight bonds and bank loans were offset by the dividend payments in the third quarter of 2015 and bank loan amortization.

ASSETS

	Sep 2015	Dec 2014
	€'000	
Non-current assets	3,817,572	2,227,243
Investment property*	3,565,738	2,191,271
Current assets	823,006	401,815
Total assets	4,640,578	2,629,058

*Including advanced payments for investment properties and balance of inventories

Total assets rose by 77% from €2.63 billion at the end of 2014 to €4.64 billion at the end of September 2015. The main item, investment property, increased by 63% largely as a result of the Company's growth, as well as value creation of the existing portfolio. The value creation is the result of GCP's turnaround strategy of unfolding its assets' potential, among others rent level, vacancy and profitability.

Current assets increased by 105% over the period. The main component of current assets are cash and liquid assets with €609 million. Cash increased primarily as a result of the Company's capital market activities. During the first 9 months GCP raised an aggregate of approximately €1.2 billion, in several bond, equity and hybrid notes issuances. Most of the newly raised funds were directed to finance the various acquisitions over the period. GCP's liquidity balance as of September 30, 2015 was partly utilized in acquisitions made after the date of the report, and will also enable it to pursue additional purchase opportunities from the existing pipeline.



LIABILITIES

	Sep 2015	Dec 2014
	€'000	
Total loans and borrowings	865,105	543,009
Straight bonds	1,045,360	476,381
Convertible bond*	146,305	240,451
Deferred tax liabilities	223,276	141,003
Other long term liabilities and derivative financial instruments	82,179	39,090
Other current liabilities	227,350	147,474
Total	2,589,575	1,587,408

*) the convertible bond Series C is in the money since August 2014 and has started to be converted. As of the date of this report the outstanding amount has decreased to €125.4 million due to conversions.

The increase in total liabilities of 63% or €1.0 billion in comparison to the increase in total assets, which increased by 77% or €2.0 billion reflects GCP's strategy to maintain a conservative capital structure. The portfolio extension in 2015 was financed with a diverse funding mix to ensure the Company's financial headroom for further growth as well as strong credit metrics and coverage ratios. This approach led to a larger amount of unencumbered assets which amount to €1.9 billion as of October 2015. Due to GCP's financial policy the Company was able to constantly increase its credit rating and is currently rated from S&P and Moody's with the investment grade rating of BBB and Baa2.

Due to GCP's superb access to the capital markets the Company has weighted its funding sources more on bonds than on bank loans. In the first nine months of 2015 GCP has issued and tapped up its Series E straight bonds, 10 year maturity with a coupon of 1.5%, to the total amount of €550 million. The total loans and borrowings increased in the same period by €322 million and due to further conversions in 2015 the convertible bond principle outstanding amount decreased by 39% to €146 million. As of the date of this report the outstanding amount has decreased to €125.4 million due to conversions. The increase in deferred tax liabilities and other current and non-current liabilities is related to the growth of the Company. 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 total bank debt and straight bonds was significantly offset by the increase in cash and liquid assets over the period resulting in a net debt of €1.3 billion, excluding the convertible bond.

NOTES ON BUSINESS PERFORMANCE

NET DEBT

	Sep 2015	Dec 2014
	€'000	
Total bank debt and straight bonds	1,910,465	1,019,390
Cash and liquid assets	608,708	272,296
Total net debt without convertible bond	1,301,757	747,094
Convertible bonds*	146,305	240,451
Total net debt with convertible bond	1,448,062	987,545

*) the convertible bond Series C is in the money since August 2014 and has started to be converted. As of the date of this report the outstanding amount has decreased to €125.4 million due to conversions.

LOAN-TO-VALUE

	Sep 2015	Dec 2014
	€'000	
Investment property*	3,565,738	2,191,271
Total Debt	2,056,770	1,259,841
Cash and liquid assets	608,708	272,296
Net debt	1,448,062	987,545
LTV	41%	45%
Net debt without convertible bond	1,301,757	747,094
LTV assuming conversion	37%	34%

*Including advanced payments for investment properties and balance of inventories

The loan-to-value ("LTV") as of September 2015 of 41% is the effect of the Company's conservative financial policy of low leveraged growth and diverse funding mix. Due to GCP's opportunistic growth strategy low leverage provides sufficient financial headroom to pursue its portfolio extension. The Board of Directors' has set a policy to maintain an LTV level of below 50%, which is significantly below the limit of 55%. Assuming conversion of the convertible bonds which are deep in the money, with shares trading close to 90% above the conversion price at the end of the reporting period, the LTV amounts to 37%.

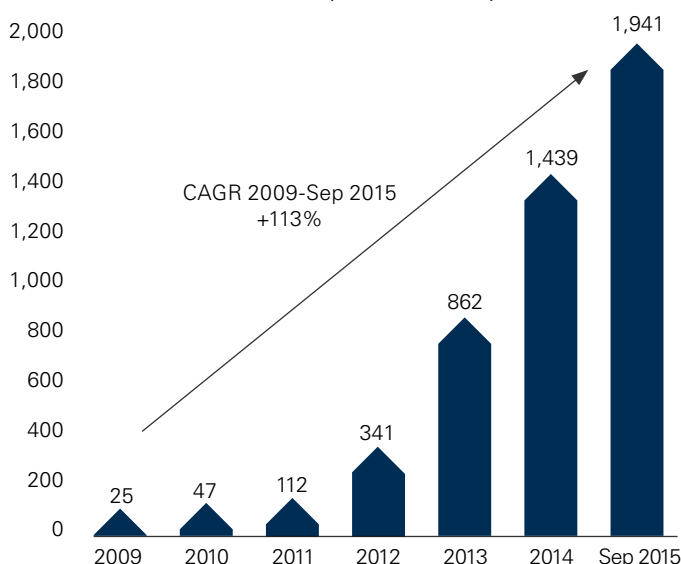
EPRA NAV

	Sep 2015	Dec 2014
	€'000	
Total Equity	2,051,003	1,041,650
Fair Value measurements of derivative financial instruments	5,702	9,282
Deferred tax liabilities	223,276	141,003
Convertible bond *	150,281	247,451
EPRA NAV including hybrid notes	2,430,262	1,439,386
Equity attributable to Hybrid capital investors	489,665	-
EPRA NAV	1,940,597	1,439,386

* The convertible bonds are deep in the money and includes accrued interest

In the first 9 months of 2015 EPRA NAV including hybrid notes has increased from year-end 2014 by 69% to €2.43 billion. Excluding the hybrid notes, EPRA NAV increased by 35% to €1.94 billion which is a direct result of the Company's strong profit generation and the capital increase of €150 million executed in September 2015. The increase in deferred tax liabilities is the result of the revaluation gains of the Company's turnaround activities. As the convertible bond is deep in the money since August 2014 at a current premium of 90% conversions to equity have been ongoing since the year end of 2014.

EPRA NAV DEVELOPMENT (IN € MILLION)



€'000	Total Equity	EPRA NAV	EPRA NAV including hybrid notes	Total number of basic shares	Fully diluted number of shares
Sep 2015	2,051,003	1,940,597	2,430,262	138,470	153,810
Dec 2014	1,041,650	1,439,386	1,439,386	118,541	143,273

* includes non-controlling interest of € 123.5 million





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, November 18, 2015

Simone Runge-Brandner
Director

Refael Zamir
Director, CFO

Daniel Malkin
Director

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the nine months ended September 30,		For the three months ended September 30,	
		2015	2014	2015	2014
		€'000			
Revenue		234,902	165,573	91,472	56,306
Capital gains, property revaluations and other income	4, 5	232,433	140,026	71,936	46,134
Share of profit from investments in equity accounted investees		-	94	-	-
Property operating expenses		(109,632)	(69,146)	(43,289)	(25,868)
Cost of buildings sold		-	(14,250)	-	-
Administrative and other expenses		(4,614)	(3,760)	(1,499)	(1,093)
Operating profit		353,089	218,537	118,620	75,479
Finance expenses		(18,609)	(17,692)	(6,310)	(5,917)
Other financial results		(2,768)	220	(2,999)	(5,096)
Net finance expenses		(21,377)	(17,472)	(9,309)	(11,013)
Profit before tax		331,712	201,065	109,311	64,466
Current tax expenses	6	(15,437)	(7,909)	(7,661)	(4,174)
Deferred tax expenses	6	(30,223)	(19,292)	(10,947)	(8,574)
Tax and deferred tax expenses		(45,660)	(27,201)	(18,608)	(12,748)
Profit for the period		286,052	173,864	90,703	51,718
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		286,052	173,864	90,703	51,718



	For the nine months ended September 30,		For the three months ended September 30,	
	2015	2014	2015	2014
	€'000			
Profit attributable to:				
Owners of the Company	253,952	142,182	77,227	33,905
Hybrid capital investors	9,586	-	4,649	-
Non-controlling interests	22,514	31,682	8,827	17,813
	286,052	173,864	90,703	51,718
Net earnings per share attributable to the owners of the Company (in euro):	€			
Basic earnings per share	2.07	1.23	0.61	0.29
Diluted earnings per share	1.76	1.09	0.53	0.25

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Note	September 30	December 31
		2015 Unaudited	2014 Audited
		€'000	
ASSETS			
Equipment and intangible assets		12,244	7,516
Investment property	5	3,556,600	2,179,982
Other non-current assets		234,427	(*) 28,552
Deferred tax assets		14,301	11,193
Non-current assets		3,817,572	2,227,243
Cash and cash equivalents		523,621	270,131
Traded securities at fair value through profit and loss		85,087	2,165
Inventories – Trading property		6,200	5,814
Trade and other receivables		208,098	123,705
Current assets		823,006	401,815
Total assets		4,640,578	2,629,058

(*) Reclassified

	Note	September 30	December 31
		2015 Unaudited	2014 Audited
		€'000	
EQUITY			
Share capital	8	13,847	11,854
Other reserves		29,237	22,223
Share premium		583,516	335,171
Retained earnings		811,285	581,666
Total equity attributable to the owners of the Company		1,437,885	950,914
Equity attributable to Hybrid capital investors	8	489,665	-
Total equity attributable to the owners of the Company and Hybrid capital investors		1,927,550	950,914
Non-controlling interests		123,453	90,736
Total equity		2,051,003	1,041,650
LIABILITIES			
Loans and borrowings	7A	834,941	537,217
Convertible bond	7B	146,305	240,451
Straight Bonds	7C-7E	1,045,360	476,381
Derivative financial instruments		5,702	9,282
Other non-current liabilities		76,477	29,808
Deferred tax liabilities		223,276	141,003
Non-current liabilities		2,332,061	1,434,142
Current portion of long term loans	7	17,143	5,792
Loan redemption	7	13,021	-
Trade and other payables		202,855	128,837
Tax payable		7,248	5,670
Provisions for other liabilities and charges		17,247	12,967
Current liabilities		257,514	153,266
Total liabilities		2,589,575	1,587,408
Total equity and liabilities		4,640,578	2,629,058

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



Simone Runge-Brandner (Director)



Refael Zamir (Director, CFO)



Daniel Malkin (Director)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015



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	Total 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	-	-	-	-	253,952	253,952	9,586	263,538	22,514	286,052
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	253,952	253,952	9,586	263,538	22,514	286,052
Issuance of ordinary shares	981	153,795	-	-	-	154,776	-	154,776	-	154,776
Issuance of shares related to conversion of convertible bond	1,012	94,550	(493)	-	-	95,069	-	95,069	-	95,069
Issuance of Hybrid capital notes	-	-	-	-	-	-	480,079	480,079	-	480,079
Issuance of financial instrument	-	-	-	7,017	-	7,017	-	7,017	-	7,017
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	-	-	-	-	-	10,203	10,203
Equity settled share-based payment	-	-	-	490	-	490	-	490	-	490
Dividend distribution	-	-	-	-	(24,333)	(24,333)	-	(24,333)	-	(24,333)
Balance as at September 30, 2015 (Unaudited)	13,847	583,516	7,348	21,889	811,285	1,437,885	489,665	1,927,550	123,453	2,051,003
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	-	-	-	-	142,182	142,182	-	142,182	31,682	173,864
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	142,182	142,182	-	142,182	31,682	173,864
Equity component of convertible bond	-	-	7,995	-	-	7,995	-	7,995	-	7,995
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	2,190	2,190
Acquisition of non-controlling interests	-	-	-	-	1	1	-	1	(3,849)	(3,848)
Balance as at September 30, 2014 (Unaudited)	11,543	305,029	7,995	14,211	516,324	855,102	-	855,102	93,024	948,126

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the nine months ended September 30,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		€'000	
	Note		
Profit for the period		286,052	173,864
Adjustments for the profit:			
Depreciation and amortization		960	478
Share of profit from investments in equity accounted investees		-	(94)
Profit from business combinations, other income and sale of investments	4	(50,837)	(13,678)
Change in fair value of investment property	5	(181,596)	(126,348)
Net finance expenses		21,377	17,472
Tax and deferred tax expenses	6	45,660	27,201
Equity settled share-based payment		490	-
		122,106	78,895
Changes in:			
Inventories – Trading property		(385)	14,215
Trade and other receivables		(74,377)	(33,352)
Trade and other payables		75,051	31,478
Provisions for other liabilities and charges		2,790	1,819
		125,185	93,055
Tax paid		(12,623)	(7,909)
Net cash provided by operating activities		112,562	85,146
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment and intangible assets, net		(3,302)	(1,260)
Capex, investments and acquisitions of investment property and advances paid, net		(329,374)	(317,266)
Acquisition of subsidiaries and shareholder loans, net of cash acquired		(400,526)	(24,636)
Disposal of subsidiaries, net of cash disposed		60,013	24,718
Investment in trade securities and other non-current financial assets		(259,918)	(14,380)
Net cash used in investing activities		(933,107)	(332,824)



		For the nine months ended September 30,	
		2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES	Note	€'000	
Proceeds from issuance of ordinary shares and financial instrument, net		161,793	-
Amortization of loans from financial institutions		(7,756)	(4,834)
Repayments of loans from financial institutions, net		(31,635)	(79,625)
Proceeds from Convertible bonds, net	7B	-	284,672
Proceeds from Straight bonds, net	7D	516,624	158,584
Proceeds from Hybrid capital notes, net	8	480,079	-
Transactions with non-controlling interests		538	(3,848)
Dividend distributed to the shareholders		(24,333)	-
Interest and other financial expenses, net		(21,275)	(16,720)
Net cash provided by financing activities		1,074,035	338,229
Net increase in cash and cash equivalents		253,490	90,551
Cash and cash equivalents at the beginning of the period		270,131	132,542
Cash and cash equivalents at the end of the period		523,621	223,093

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 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 nine months ended September 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. As at the reporting date, the issued and fully paid share capital consists 138,469,539 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 reporting period	The nine months ended on September 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 November 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.



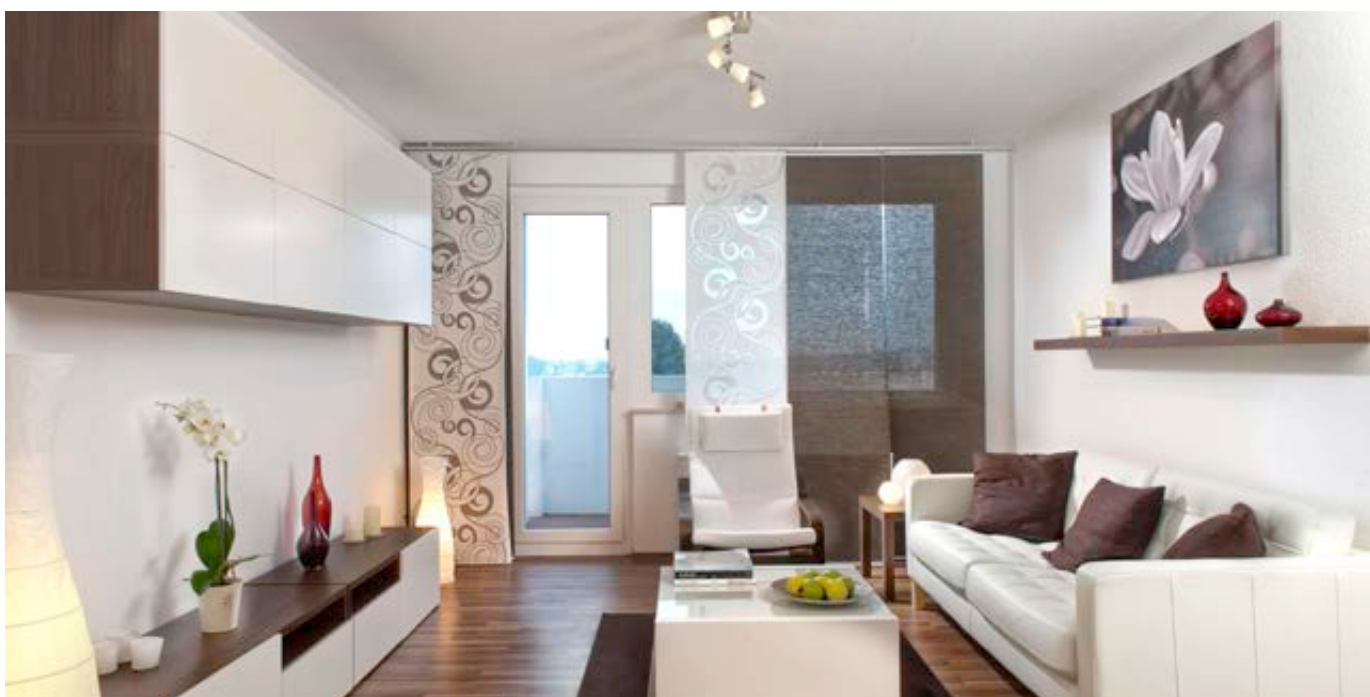
3. SIGNIFICANT ACCOUNTING POLICIES

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, 2018, 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

a. ACQUISITIONS

During the reporting period the Group obtained control of several companies through acquisitions in a total consideration of euro 400.5 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 50 million, Goodwill at the amount of euro 2.4 million and non-controlling interests at the amount of euro 11.5 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 34,890 thousand and euro 11,150 thousand, respectively.

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

	€'000
Investment property	929,881
Working capital, net	1,722
Cash and Cash equivalents	14,778
	946,381
Bank loans and straight bond	(401,836)
Other liabilities, net	(70,126)
	(471,962)
Total identifiable net assets	474,419
Non-controlling interests arising from initial consolidation	(11,484)
Consideration paid	(415,304)
Profit arising from business combination (bargain purchase)	50,016
Goodwill recognized	2,385

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 36,813 thousand and the Group's net profit would have been decreased by euro 1,321 thousand.

b. DISPOSALS

During the reporting period, the Group sold several non-core properties (through share deals) for a total consideration of euro 60 million. The Group recorded capital gain in amount of euro 1 million as part of the consolidated statement of comprehensive income.



5. INVESTMENT PROPERTY

	Nine months ended September 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	335,001	319,293
Investment property arising from initial consolidation (see note 4a)	929,881	470,543
Disposal of investment property	(69,860)	(170,006)
Fair value adjustment	181,596	191,871
Balance as at September 30 / December 31	3,556,600	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 nine months ended September 30, 2015, is euro 45,660 thousand (2014: euro 27,201 thousand). The Company recorded euro 7,709 thousand for corporation tax (2014: euro 2,592 thousand), euro 30,223 thousand for deferred tax and euro 7,728 thousand for property tax (2014: euro 19,292 thousand and euro 5,317 thousand, respectively).



7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

A. COMPOSITION

	Note	September 30	December 31
		2015	2014
		Unaudited	Audited
		€'000	
Long - term loans			
Bank loans		834,941	536,830
Other loans		-	387
Total long term loans		834,941	537,217
Straight and Convertible bonds			
Convertible bond series C	B	146,305	240,451
Straight bond series D	C	478,211	476,381
Straight bond E	D	517,329	-
Straight bond CHF	E	49,820	-
Total Straight and Convertible bonds		1,191,665	716,832
Short - term loans			
Bank loans		17,143	5,792
Loan redemption		13,021	-
Total short - term loans		30,164	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).

On June 25, 2015, as a result of the resolved dividend distribution (see note 8) 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.

During the reporting period, a total amount of euro 97.5 million of Convertible bond series C were converted to shares. According to the convertible bond's terms, a total of 10.12 million shares were issued.

	Nine months ended September 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	1,261	2,538
Expenses paid	(3,359)	(1,464)
Conversion to ordinary shares	(95,072)	(30,300)
Carrying amount of liability at the end of the period / year	150,281	247,451
Non-current portion of Convertible bond series C	146,305	240,451
Accrued interest	224	1,297
Total convertible bond series C	146,529	241,748
Deferred income	3,752	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.

	Nine months ended September 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	(609)	(1,971)
Net proceeds during the period / year	(609)	475,849
Expenses for the period / year	9,933	2,258
Expenses paid	(5,000)	-
Carrying amount of liability at the end of the period / year	482,431	478,107
Non-current portion of bond series D	478,211	476,381
Accrued interest	4,220	1,726
Total bond series D	482,431	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.

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

	Nine months ended September 30, 2015 Unaudited
	€'000
Proceeds from issuance of bond series E (550,000 notes at euro 100,000 par value)	520,860
Issuance costs	(4,236)
Net proceeds during the period	516,624
Expenses for the period	3,465
Carrying amount of liability at the end of the period	520,089
Non-current portion of bond series E	517,329
Accrued interest	2,760
Total bond series E	520,089

E. STRAIGHT BOND CHF

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

	From July 2, 2015 until September 30, 2015 Unaudited
	€'000
Balance as at the business combination	54,582
Finance income for the period, net	(1,714)
Expenses paid	(2,495)
Carrying amount of liability as at September 30, 2015	50,373
Non-current portion of straight bond	49,820
Accrued interest	553
Total bond	50,373



F. (1) SECURITY, NEGATIVE PLEDGE

- a. A first ranking charge, governed by Cyprus law, over all ordinary shares held by the Company in GCP Ltd.;
- b. A first-ranking account pledge, governed by Luxembourg law, over each bank account held by the Company;
- c. First-ranking account pledges, governed by Luxembourg law, over each bank account held by GCP Ltd.; and
- d. First-ranking charges, governed by Cypriot law, over each bank account held by GCP Ltd.
- e. For Gutburg Immobilien S.A. (hereafter – “Gutburg”), a wholly-owned subsidiary of the Company, and its subsidiaries (hereafter – “Gutburg Group”), a negative pledge, default including cross default and change of control.

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

- a. The sum of: (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and
- b. The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness);
- c. The Company undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 2.0;
- d. The Company undertakes that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125% of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the

Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date;

- e. 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;
- f. 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
- g. 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.

For Gutburg’s CHF bond:

- h. All current and future financial liabilities of the Gutburg Group in total (excluding the bond) is not more than 75% of the total market value of the investment properties;
- i. The total equity of the Gutburg Group which is adjusted for deferred taxes, subordinated instruments as well as interest rate swaps related to senior loans is more than 17.5% of all the assets;
- j. The payment of dividends, repayment of capital or a similar benefit to shareholders and/or participants (hereafter - “Distribution”) which in total is not more than 50% of the profit of the year which is adjusted for market value changes of the investment properties, market value changes of interest rate swaps related to secured loans, deferred taxes expenses as well as expenses for refurbishments and investments;
- k. The adjusted equity of the Gutburg Group must not fall below 22.5% because of a Distribution.



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 September 30, 2015, a total amount of 127.8 million bonds were converted into shares. According to the convertible bond's terms, a total of 13.2 million shares were issued.
- g. On September 10, 2015 the Company received gross proceeds of euro 151 million from a capital increase against a cash contribution. A total of 9.5 million new shares were placed at an issue price of euro 15.9 as part of a private placement to institutional investors.
- h. On September 29, 2015 the Company received gross proceeds of euro 5 million from capital increase against a cash contribution. A total of 308.6 thousand new shares were placed at an issue price of euro 16.35.
- i. On September 29, 2015 the Company received gross proceeds of euro 7 million from a placement of a financial instrument – a 1.1 million call options convertible to the Company's shares (in ratio of 1:1) for an additional price of euro 17.17 per option and exercisable in the period between March 2016 to August 2021.

ISSUANCE OF HYBRID CAPITAL PERPETUAL NOTES

- a. On February 13, 2015, the Company successfully placed euro 150 million in aggregate principal amounts of Hybrid capital perpetual 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.

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

RESOLUTION OF DIVIDEND DISTRIBUTION

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 and payment date were on June 25, 2015 and on July 3, 2015, respectively).

Share capital composition:

	Nine months ended September 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 at the begin- ning of the period/year	118,541,449	11,854	115,425,000	11,542.5
Exercise of Convert- ible bond series C into shares	10,119,449	1,012	3,116,449	311.5
Issuance of new ordi- nary shares	9,808,641	981	-	-
Balance at the end of the period/year	138,469,539	13,847	118,541,449	11,854

9. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

(I) LOANS FROM ASSOCIATED UNDERTAKINGS

	September 30	December 31
	2015	2014
	Unaudited	Audited
	€'000	
Other associated undertakings	262	81

(II) INTEREST ON LOANS FROM RELATED PARTIES

	For the nine months ended September 30,	
	2015	2014
	€'000	
Interest expenses	40	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				
September 30, 2015 (Unaudited)				
Traded securities at fair value through profit or loss	85,087	-	-	85,087
Total assets	85,087	-	-	85,087
Derivative financial instruments (a)	-	5,702	-	5,702
Total liabilities	-	5,702	-	5,702
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

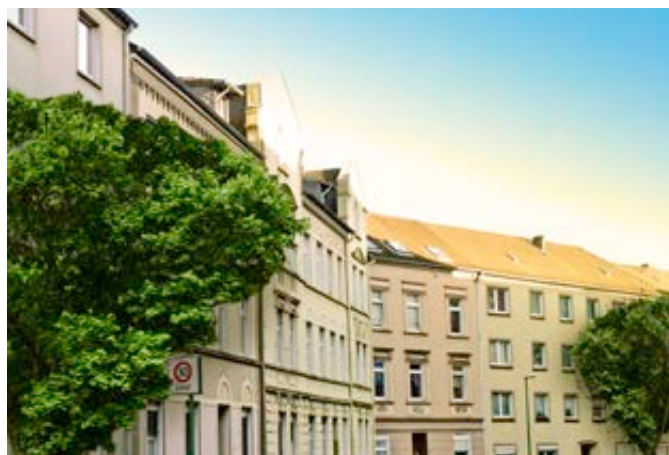
The Group had no significant commitments as at September 30, 2015.

12. CONTINGENT ASSETS AND LIABILITIES

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

13. EVENTS AFTER THE REPORTING PERIOD

After the reporting period, a total amount of 21.8 million convertible bonds series C were converted into shares. According to the convertible bond's terms, a total of 2.3 million shares were issued.





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