Grand City Properties S.A.

Annual Accounts
For the year ended December 31, 2019

(with the report of the Réviseur d'Entreprises agréé thereon)

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1, Avenue du Bois
L-1251 Luxembourg
R.C.S. Luxembourg: B 165.560

Share Capital: EUR 16,789,556

Grand City Properties S.A.

MANAGEMENT REPORT

The management of Grand City Properties S.A. ("the Company", and together with its investees "the Group") presents the Company's audited annual accounts for the year ended December 31, 2019.

CAPITAL STRUCTURE
The Company's shares are listed on the Frankfurt Stock Exchange – Prime Standard. The Company also has Notes and Bonds listed on the Irish Stock Exchange (in particular its EMTN Programme), Swiss stock Exchange and the Frankfurt Stock Exchange. There are no restrictions on the transfer of the Company's traded securities.

LIKELY FUTURE DEVELOPMENTS
The Company continues raising capital and borrowings through its EMTN Programme to fund the acquisition and development of the underlying property portfolio of the Group.

FINANCIAL RISK MANAGEMENT
The Company is exposed to liquidity, operating, market risk and other risks. For more information see note 16 to the accompanying annual accounts.

The Company follows its risk management policy to hedge interest rate and foreign currency risks associated with its financial assets and liabilities. For more information see note 11 to the accompanying annual accounts.

ACTIVITIES IN THE FIELD OF RESEARCH AND DEVELOPMENT
Due to the nature of its business, the Company does not engage in any research and development activities.

BRANCHES OF THE COMPANY
The Company did not operate any branches in 2019.

OWN SHARES
The Company did not acquire any of its own shares in 2019.

INFORMATION ACCORDING TO ARTICLE 11(2) OF THE LUXEMBOURG TAKEOVER LAW

The following disclosure is provided pursuant to article 11 of the Luxembourg law of May 19, 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 on takeover bids, as amended (the "Takeover Law"):

(a) With regard to article 11 (1) (a) and (c) of the Takeover Law (capital structure), the relevant information is available on page 7 and note 8 on page 26- 27 to the accompanying annual accounts. In addition, the Company's shareholding structure showing each shareholder owning 5% or more of the Company's share capital is available below and on the Company's website, where the shareholding structure is updated monthly.

(b) With regard to article 11 (1) (b) of the Takeover Law, the ordinary shares issued by the Company are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and are freely transferable according to the Company's articles of association (the "Articles of Association").

(c) In accordance with the requirements of Article 11 (1) c of the Takeover Law, the following significant shareholdings were reported to the Company, as of December 31, 2019:

Shareholder name	Numbers of shares	Percentage of voting rights
Edolaxia Group Ltd.	66,158,377	39.4 %
EdgePoint Investment Group Inc.	8,340,416	5.0 %

(*) Total number of Grand City Properties S.A. shares as of 31 December 2019: 167,895,560.

(d) With regard to article 11 (1) (d) of the Takeover Law, each ordinary share of the Company gives right to one vote according to article 8 of the Articles of Association. There are no special control rights attaching to the shares.

(e) With regard to article 11 (1) (e) of the Takeover Law, control rights related to the issue of shares are directly exercised by the relevant employees. The key terms and conditions in relation to the Company's incentive share plan are described in note 8a *Share-based payment agreements* to the accompanying annual accounts.

(f) With regard to article 11 (1) (f) of the Takeover Law, the Articles of Association impose no voting rights limitations. However, the sanction of suspension of voting rights automatically applies, subject to the Luxembourg law of January 11, 2008 on transparency requirements for issuers, as amended (the "Transparency Law") to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in the Transparency Law but have not notified the Company accordingly. In this case, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

(g) With regard to article 11 (1) (g) of the Takeover Law, as of December 31, 2019, the Company was not aware of any agreements between shareholders that would lead to a restriction on the transfer of shares or voting rights.

(h) With regard to article 11 (1) (h) of the Takeover Law, according to article 9 of the Articles of Association, the members of the Board of Directors of the Company (the "Board") shall be elected by the shareholders at their annual general meeting by a simple majority vote of the shares present or represented. The term of the office of the members of the Board shall not exceed six years, but they are eligible for re-election. Any member of the Board may be removed from office with or without specifying a reason at any time. In the event of a vacancy in the office of a member of the Board because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, by observing the applicable legal prescriptions. Further details on the rules governing the appointment and replacement of a member of the Board are set out in page 3 – 6 to the accompanying Corporate Governance Statement. According to article 18 of the Articles of Association, any amendment to the Articles of Association made by the general meeting of shareholders shall be adopted with a quorum and majority pursuant to article 450-3 of the law of August 10, 1915 on commercial companies, as amended (the "1915 Law").

(i) With regard to article 11 (1) (i) of the Takeover Law, the Board of Directors is endowed with wide-ranging powers to exercise all administrative tasks in the interest of the Company including the establishment of an Advisory Board, an Audit Committee, a Risk Committee, a Remuneration Committee and a Nomination Committee. Further details on the powers of the Board are described on page 3 – 6 to the to the accompanying Corporate Governance Statement. Pursuant to article 5.2 of the Articles of Association, the Board is authorized to issue shares under the authorised share capital. According to article 5.1 of the Articles of Association, the Company may redeem its own shares to the extent and under the terms permitted by law. The shareholders' meeting did not authorise yet the Board to acquire own shares pursuant to articles 430-15 (1) of the 1915 Law.

(j) With regard to article 11 (1) (j) of the Takeover Law, the Company's (listed on page 30, 31 and 32 to the accompanying annual accounts) convertible bond, straight bonds, perpetual notes and security issuances under the EMTN programme contain change of control provisions that provide noteholders with the right to require the Company to repurchase their notes upon a change of control of the issuer. The Company's ISDA master agreement securing derivate transactions with regard to its listed debts contains a termination right if the Company is financially weaker after a takeover.

(k) With regard to article 11 (1) (k) of the Takeover Law, there are no agreements between the Company and members of the Board or employees according to which, in the event of a takeover bid, the Company may be held liable for compensation arrangements if the employment relationship is terminated without good reason or due to a takeover bid.

Luxembourg, March 16, 2020

CORPORATE GOVERNANCE STATEMENT

ANNUAL GENERAL MEETING

The Annual General Meeting of Grand City Properties S.A. was held on June 26, 2019 in Luxembourg.

All of the items on the agenda were carried by a great majority, including the approval of the statutory financial statements of the Company and the consolidated financial statements of the Company and its group for the year ended December 31, 2018. The Annual General Meeting approved the distribution of a dividend in the amount of €0.7735 (gross) per share for the holders of record in the security settlement systems on June 28, 2019.

The next Annual General Meeting is expected on June 24, 2020.

CORPORATE GOVERNANCE

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

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

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

The Company has a very strict Code of Conduct which applies to all business partnerships as well as employees. The Code of Conduct addresses issues related to corruption, conflicts of interest, bribery, human rights abuses as well as discrimination based on range of factors such as age, gender, ethnicity, race, coulter, religion, ideology, sexual identity, physical disabilities among others. The Code also clearly lays down a reporting framework for any violations. Additionally, it also provide for investigations and disciplinary measures as may be required in case of violations. The Code has been recently updated with a focus on improved transparency in its reporting lines, which are now supported by the Compliance Department and the whistleblower system.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. In particular, the Company is currently not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to the German corporate governance regime, which are only applicable to domestic issuers.

Nevertheless, the Company intends to voluntarily comply with the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange in the future and is currently evaluating the necessary measures to implement the principles and recommendations of the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange and continues to take steps to implement environmental, social and corporate governance best practices throughout its business.

BOARD OF DIRECTORS

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

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

The members of the Board of Directors are elected by the general meeting of the shareholders for a term not exceeding six years and are eligible for re-election. The directors may be dismissed with or without any cause at any time and at the sole discretion of the general meeting of the shareholders. The Board of Directors currently consists of a total of three members, two of whom are independent, and resolves 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.
All directors have been appointed and the mandate renewed at AGM 2019 until AGM 2021.

MEMBERS OF THE BOARD OF DIRECTORS

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

CEO

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

ADVISORY BOARD

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

ADVISORY BOARD (CONTINUED)

The current members of the Advisory Board are as follows:

NAME	POSITION
Mr. Yakir Gabay	Chairman
Mr. Andrew Wallis	Vice chairman
Mr. Claudio Jarczyk	Member
Mr. David Maimon	Member

AUDIT COMMITTEE

The Board of Directors established an Audit Committee and decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members.

The responsibilities of the Audit Committee relate to the integrity of the statutory and consolidated financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes.

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

RISK COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

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

INTERNAL RISK MITIGATION

Internal controls are constructed from 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.
- 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 places significant value in constantly improving all measures, adjusting to market changes and organizational dynamics.
- ESG risk-related expenditures – the Group has included identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Future expenditures on ESG matters and opportunities are included in the financial budget.

EXTERNAL RISK MITIGATION

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

The Company 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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% when it is informed by the respective shareholder.

The shareholders of The Company 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 The Company, the allocation of the statutory financial results, the appointment of the approved independent auditor, and the discharge 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.

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a large organization with a broad footprint from various operational activities, it is of crucial importance to the Company to maintain and improve the sustainable nature of its operations and properties thereby sustaining a high standard of responsibility to all its stakeholders, including tenants, employees, shareholders, creditors, suppliers, the environment as well as the communities in which the Company operates. The social cohesiveness and wellbeing of the neighborhoods around GCP's assets is important for the Company to achieve its goal of creating affordable communities where people wish to live and stay. A favorable macroeconomic background as well as stable social and institutional conditions in the cities were GCP invests, along with unchanging climatic conditions, together support the company's long-term business interests. During the year 2019, The Company set up the GCP Foundation in order to focus efforts of the organization towards charitable projects involving children, education, sports and elderly, to mention a few. GCP considers ESG to be pivotal for the overall success of the organization and incorporates this into the various functions of the Company. The annual Corporate Responsibility Report for 2019 will be published in April 2020 and will feature efforts and incentives undertaking in 2019. The report will be available for download on GCP's website. GCP's commitment to sustainability measures was recognized in February 2019 by Sustainalytics, a leading sustainability rating agency, which ranked GCP in the 95th percentile among 300 global real estate peers, as well as nothing GCP as a leader in its peer group. In September 2019, for the third year in a row, GCP was awarded the EPRA BPR Gold Award as well as the EPRA Sustainability Best Practices Recommendation (sBPR) Gold Award for its EPRA sBPR reporting, underlining the company's commitment to the highest standards of transparency and reporting.

Grand City Properties S.A.

BOARD OF DIRECTORS APPROVAL

MEMBER	SIGNATURE
Refael Zamir	
Daniel Malkin	
Simone Runge-Brandner	

Date: March 16, 2020

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To the Shareholders of
Grand City Properties S.A.
1, Avenue du Bois
L-1251 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Grand City Properties S.A. (the "Company"), which comprise the balance sheet as at December 31, 2019, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at December 31, 2019, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession ("Law of July 23, 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of July 23, 2016 and ISAs are further described in the "Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of financial assets (shares in affiliated undertakings)

a. Why the matter was considered to be one of the most significant in our audit of the annual accounts of the current period?

Financial assets represent 98.2% of the total assets of the Company as at December 31, 2019.

The assessment of the valuation of financial assets requires significant judgement applied by the management in assessing the recovery value of the financial assets and the durable nature of the value adjustment. Furthermore the financial assets are considered of most significance due to the significance of the amount.

We refer to the accounting policy at note 2.5 on page 21 and Note 5 *Shares in affiliated undertakings* to the annual accounts.

b. How the matter was addressed in our audit?

Our procedures concerning the valuation of financial assets (shares in affiliated undertakings) included, but were not limited to, the following:

- We assessed the design and implementation of the key controls around the determination and monitoring of the assessment of value adjustment;
- We challenged management's assessment of the durable nature of the value adjustment, if any;
- We assessed the fair value of the underlying investments used for the assessment by management of the recoverability of the financial fixed assets.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "Réviseur d'Entreprises agréé" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Director and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on June 26, 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 8 years.

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the management report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, on the audit profession were not provided and that we remain independent of the Company in conducting the audit.

Luxembourg, March 16, 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Alessandro Raone

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RCSL Nr. : B165560 | Matricule : 2011 2227 262

eCDF entry date :

BALANCE SHEET

Financial year from 01 01/01/2019 **to** 02 31/12/2019 (in 03 KEUR)

Grand City Properties S.A.
1, Avenue du Bois
L-1251 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101		102	
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105		106	
B. Formation expenses	1107	4.	107	840,00	108	1.378,00
C. Fixed assets	1109		109	5.104.184,00	110	4.104.186,00
I. Intangible assets	1111		111		112	
1. Costs of development	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible assets under development	1123		123		124	
II. Tangible assets	1125		125	31,00	126	33,00
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

The notes in the annex form an integral part of the annual accounts

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		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131	31,00	132	33,00
4. Payments on account and tangible assets in the course of construction	1133		133		134	
III. Financial assets	1135		135	5.104.153,00	136	4.104.153,00
1. Shares in affiliated undertakings	1137	5.	137	5.104.153,00	138	4.104.153,00
2. Loans to affiliated undertakings	1139	6.	139	0,00	140	0,00
3. Participating interests	1141		141		142	
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Investments held as fixed assets	1145		145		146	
6. Other loans	1147		147		148	
D. Current assets	1151		151	516,00	152	37,00
I. Stocks	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work in progress	1157		157		158	
3. Finished goods and goods for resale	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	97,00	164	2,00
1. Trade debtors	1165		165		166	
a) becoming due and payable within one year	1167		167		168	
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171		172	
a) becoming due and payable within one year	1173		173		174	
b) becoming due and payable after more than one year	1175		175		176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	
4. Other debtors	1183		183	97,00	184	2,00
a) becoming due and payable within one year	1185		185	2,00	186	2,00
b) becoming due and payable after more than one year	1187		187	95,00	188	0,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B165560	Matricule : 2011 2227 262

		Reference(s)		Current year		Previous year
III. Investments	1189		189		190	
1. Shares in affiliated undertakings	1191		191		192	
2. Own shares	1209		209		210	
3. Other investments	1195		195		196	
IV. Cash at bank and in hand	1197		197	419,00	198	35,00
E. Prepayments	1199	7.	199	92.265,00	200	107.600,00
TOTAL (ASSETS)			201	5.197.805,00	202	4.213.201,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B165560	Matricule : 2011 2227 262

CAPITAL, RESERVES AND LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	449.326,00	302	575.137,00
I. Subscribed capital	1303	8.	303	16.790,00	304	16.672,00
II. Share premium account	1305	8.	305	583.834,00	306	689.905,00
III. Revaluation reserve	1307		307		308	
IV. Reserves	1309		309		310	
1. Legal reserve	1311		311		312	
2. Reserve for own shares	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves, including the fair value reserve	1429		429		430	
a) other available reserves	1431		431		432	
b) other non available reserves	1433		433		434	
V. Profit or loss brought forward	1319		319	-131.440,00	320	-56.439,00
VI. Profit or loss for the financial year	1321		321	-19.858,00	322	-75.001,00
VII. Interim dividends	1323		323		324	
VIII. Capital investment subsidies	1325		325		326	
B. Provisions	1331		331	1.146,00	332	2.969,00
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337	1.146,00	338	2.969,00
C. Creditors	1435		435	4.740.316,00	436	3.628.078,00
1. Debenture loans	1437	10.	437	4.369.317,00	438	3.627.012,00
a) Convertible loans	1439	10.a.	439	281.029,00	440	281.029,00
i) becoming due and payable within one year	1441		441	229,00	442	229,00
ii) becoming due and payable after more than one year	1443		443	280.800,00	444	280.800,00
b) Non convertible loans	1445	10.b.	445	4.088.288,00	446	3.345.983,00
i) becoming due and payable within one year	1447		447	47.703,00	448	40.102,00
ii) becoming due and payable after more than one year	1449		449	4.040.585,00	450	3.305.881,00
2. Amounts owed to credit institutions	1355		355		356	
a) becoming due and payable within one year	1357		357		358	
b) becoming due and payable after more than one year	1359		359		360	

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B165560	Matricule: 2011 2227 262

	Reference(s)		Current year		Previous year
3. Payments received on account of orders in so far as they are not shown separately as deductions from stocks	1361	361		362	
a) becoming due and payable within one year	1363	363		364	
b) becoming due and payable after more than one year	1365	365		366	
4. Trade creditors	1367	367	214,00	368	641,00
a) becoming due and payable within one year	1369	369	214,00	370	641,00
b) becoming due and payable after more than one year	1371	371		372	
5. Bills of exchange payable	1373	373		374	
a) becoming due and payable within one year	1375	375		376	
b) becoming due and payable after more than one year	1377	377		378	
6. Amounts owed to affiliated undertakings	1379	379		380	
a) becoming due and payable within one year	1381	381		382	
b) becoming due and payable after more than one year	1383	383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	370.763,00	386	375,00
a) becoming due and payable within one year	1387 9.	387	370.763,00	388	375,00
b) becoming due and payable after more than one year	1389	389		390	
8. Other creditors	1451	451	22,00	452	50,00
a) Tax authorities	1393	393	12,00	394	37,00
b) Social security authorities	1395	395	10,00	396	13,00
c) Other creditors	1397	397		398	
i) becoming due and payable within one year	1399	399		400	
ii) becoming due and payable after more than one year	1401	401		402	
D. Deferred income	1403 12.	403	7.017,00	404	7.017,00
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405	5.197.805,00	406	4.213.201,00

The notes in the annex form an integral part of the annual accounts

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RCSL Nr. : B165560	Matricule : 2011 2227 262
	eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2019 **to** 02 31/12/2019 (in 03 KEUR)

Grand City Properties S.A.
1, Avenue du Bois
L-1251 Luxembourg

PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. Net turnover	1701 13.	701 700,00	702 700,00
2. Variation in stocks of finished goods and in work in progress	1703	703	704
3. Work performed by the undertaking for its own purposes and capitalised	1705	705	706
4. Other operating income	1713	713 34,00	714 39,00
5. Raw materials and consumables and other external expenses	1671	671 -2,00	672 -6,00
a) Raw materials and consumables	1601	601 -2,00	602 -6,00
b) Other external expenses	1603	603	604
6. Staff costs	1605	605 1.692,00	606 -250,00
a) Wages and salaries	1607	607 -115,00	608 -236,00
b) Social security costs	1609	609 -16,00	610 -14,00
i) relating to pensions	1653	653 -11,00	654 -8,00
ii) other social security costs	1655	655 -5,00	656 -6,00
c) Other staff costs	1613	613 1.823,00	614
7. Value adjustments	1657	657 -538,00	658 -1.890,00
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 4.	659 -538,00	660 -1.890,00
b) in respect of current assets	1661	661	662
8. Other operating expenses	1621 14.	621 -3.504,00	622 -3.014,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B165560	Matricule : 2011 2227 262

		Reference(s)		Current year		Previous year
9. Income from participating interests	1715		715		716	
a) derived from affiliated undertakings	1717		717		718	
b) other income from participating interests	1719		719		720	
10. Income from other investments and loans forming part of the fixed assets	1721		721	85.323,00	722	71.659,00
a) derived from affiliated undertakings	1723	6.	723	85.323,00	724	71.659,00
b) other income not included under a)	1725		725		726	
11. Other interest receivable and similar income	1727		727	3.359,00	728	5.759,00
a) derived from affiliated undertakings	1729	9.	729	3.057,00	730	5.759,00
b) other interest and similar income	1731		731	302,00	732	
12. Share of profit or loss of undertakings accounted for under the equity method	1663		663		664	
13. Value adjustments in respect of financial assets and of investments held as current assets	1665		665		666	
14. Interest payable and similar expenses	1627	15.	627	-106.917,00	628	-148.002,00
a) concerning affiliated undertakings	1629		629	-2.585,00	630	-4.134,00
b) other interest and similar expenses	1631		631	-104.332,00	632	-143.868,00
15. Tax on profit or loss	1635		635		636	
16. Profit or loss after taxation	1667		667	-19.853,00	668	-75.005,00
17. Other taxes not shown under items 1 to 16	1637		637	-5,00	638	4,00
18. Profit or loss for the financial year	1669		669	-19.858,00	670	-75.001,00

The notes in the annex form an integral part of the annual accounts

Note 1. General

Grand City Properties S.A. ("the Company") was incorporated on December 16, 2011 as a "Société Anonyme" in accordance with the Luxembourg Law of 10 August 1915, as amended, on Commercial Companies for an unlimited period of time. Its registered office is at 1, Avenue du Bois, L-1251 Luxembourg and the Company is registered with the Registre de Commerce et des Sociétés du Grand Duché de Luxembourg (the "Luxembourg R.C.S.") under number B 165.560.

The Company`s financial year starts on January 1st and ends on December 31st of each year.

The Company together with its investees ("the Group") is a specialist in residential real estate, value-add opportunities, mainly in densely populated areas in Germany.

It may further acquire through contributions, firm purchases or options, patents, service marks, trademarks licenses, know-how and other industrial, commercial or intellectual property rights and generally hold, license the right to use it, sublicense, sell or dispose of the same, into whole or in part, for such consideration as the Company may think fit, and to subcontract the management and development of those rights, trademarks and licenses and to obtain and make any registration required in this respect.

The Company can also take whatever action necessary to protect rights derived from patents, trademarks, service marks, licenses, know-how and other industrial, commercial or intellectual property rights, licenses, sublicenses and similar rights against infringement by third party.

The Company can furthermore provide or cause to provide know how, development consulting advice and operating services, promotion, representation and all operations of such nature.

The Company may make any transactions pertaining directly or indirectly to the taking of participating interests in any enterprises in whatever form, as well as the administration, the management, the control and the development of such participating interests.

It may participate in the creation, development, management and control of any company or enterprise. The Company may borrow in any form whatever.

The Company may grant to the companies of the Group or to its shareholders, any support, loans, advances or guarantees, within the limits of the Law.

Within the limits of its activity and the limits of the concerning legal dispositions, the Company can grant mortgage, contract loans, with or without guarantee, and stand security for other persons or companies.

The Company may take any measure to safeguard its rights and make any transactions whatsoever which are directly or indirectly connected with its purposes and which are liable to promote its development or extension.

The Company also prepares consolidated financial statements, which are published in accordance with the provisions of the Law. The Company's accounts are included in the consolidated financial statements of the Company. These consolidated financial statements are also available at the registered office of the Company or its website (www.grandcityproperties.com).

Note 2. Summary of Significant Accounting Policies

2.1 Basis of presentation

The annual accounts of the Company are presented in thousands of Euro (KEUR), rounded to the nearest thousand Euro unless otherwise stated and prepared in accordance with current legal and regulatory requirements and generally accepted accounting principles in the Grand Duchy of Luxembourg.

The accounting and valuation policies are determined by the Board of Directors in compliance with the amended Law of December 19, 2002. These policies have been consistently applied to the annual periods presented.

The annual accounts have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

2.2 Foreign currency transactions

Tangible fixed assets expressed in another currency than EUR are translated into EUR using historical exchange rate.

All other assets and liabilities expressed in another currency other than EUR are translated into EUR at the exchange rate effective at the balance sheet date.

Income and expenses expressed in currencies other than EUR are translated at the exchange rate applicable at the date of transactions.

Exchange gains and losses are recognized in the profit and loss account.

2.3 Formation expenses

Formation expenses consist of share capital increase costs and are amortized on a straight-line basis over a period of 5 years.

2.4 Prepayments

Prepayments and accrued income consist of bond issuance costs and of discount from placement of bonds. These financing costs are amortized on a straight-line basis over the lifetime of the related financial facility. If the bonds are repaid, converted repurchased or redeemed on an earlier date, the related remaining balances of unamortized financing costs are directly fully expensed in the profit and loss Account in the year of repayment/conversion.

2.5 Financial assets

Financial assets are recorded at cost. A value adjustment is recorded if the expected realization value is permanently lower than the carrying amount in the opinion of the Board of Directors. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.5.1 Investments

Investments may include transferable securities, as well as other investments in shares and other securities equivalent to shares and in bonds or other forms of securitised debts.
Transferable securities and other investments are valued at the lower of cost, including expenses incidental thereto and calculated on the basis of the FIFO method or market value. A value adjustment is recorded where the market value is lower than the cost of purchase. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

Note 2. Summary of Significant Accounting Policies (continued)

***2.5.1 Investments* (continued)**

The market value corresponds to:

a. the last available quoted price in an active market for quoted securities;
b. the fair value estimated with due care and in good faith by the Board of Directors based on market and business assumptions.

2.6 Derivatives

Derivative financial instruments include mainly cross currency and interest swap and forward contracts.
Derivatives are initially stated at cost for derivatives purchased. At year-end, when a value adjustment is deemed necessary, a value adjustment is set up in respect of individual unrealised losses resulting from their revaluation.
In case of hedging an asset and/or a liability that is not recorded at fair value, unrealised gains or losses are deferred until the recognition of the realised losses or gains on the hedged items.

Commitments on those derivative financial instruments are disclosed in the notes to the annual accounts.

2.7 Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply. Value adjustments are recorded at the end of the financial year if the net realizable value is lower than the book value.

2.8 Provisions

Provisions are intended to cover losses or debts, the nature of which is clearly defined and, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

2.9 Creditors

The creditors are recorded at their reimbursement value.

2.9.1 Other creditors

Other creditors are recorded at their nominal value.

2.10 Income and charges

Income and charges are recorded on the accrual basis of accounting and as services are provided for fees invoiced.

2.10.1 Interest income and interest charges

Interest income and interest charges are accrued on a timely basis, by reference to the principal outstanding and at the nominal interest rate applicable.

2.11 Dividend income

Dividend income from investments is recognised when the shareholder's right to receive the payment has been established.

Note 2. Summary of Significant Accounting Policies (continued)

2.12 Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to directors and senior management is generally recognized as an expense, with a corresponding increase in provision, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

2.13 Net turnover

Net turnover comprises the amount derived from the provision of services net of value added tax and other taxes directly linked to turnover.

2.14 Taxation

The Company is subject to the general tax regulation applicable to commercial companies in Luxembourg.

Note 2a. Critical accounting estimates

The preparation of the annual accounts and the application of the accounting policies and methods described below require critical accounting estimates that involve judgements and the use of assumptions. By their nature, the assessments necessary for drawing up the annual accounts require the formulation of hypotheses and carry risks and uncertainties as to their occurrence in the future.

Although the Board of Directors believes that it has taken all available information into account in determining these judgements and estimates, the actual future profits and losses from the operations concerned could differ from these estimates and therefore have a material impact on the annual accounts.

The use of estimates mainly concerns the following valuations:

1. the estimation of the recoverable amount of the potentially impaired financial fixed assets.

The use of critical judgements in applying accounting policies may comprise the following:

1. income recognition;
2. classification of financial instruments.

Note 3. Organization

On April 6, 2012, the Company acquired 94.80% of the shares of Grandcity Property Ltd (“GCP LTD”) (Formerly: Adminond Trading & Investment Ltd) from its shareholders. For additional information regarding investments in GCP LTD see note 5.

Since 2012 the Company’s shares are listed on the Frankfurt Stock Exchange. From May 9, 2017 the Company is listed in the Prime Standard segment of Frankfurt Stock Exchange.

The Company listed its different bonds series (see note 10) for trading in Frankfurt, Irish and in the Swiss stock exchanges.

Note 4. Formation expenses

Formation expenses consist of capital increase fees as disclosed below:

	2019	2018
	KEUR	
Gross book value - opening balance	**13,913**	**13,893**
Additions for the year	-	20
Gross book value - closing balance	**13,913**	**13,913**
Amortisation - opening balance	**(12,535)**	**(10,645)**
Amortisation for the year	(538)	(1,890)
Amortisation - closing balance	**(13,073)**	**(12,535)**
Net book value - opening balance	**1,378**	**3,248**
Net book value - closing balance	**840**	**1,378**

Note 5. Shares in affiliated undertakings

On April 6, 2012, the Company entered into an agreement with its parent companies, Edolaxia Group Limited and Interactive Worldwide Limited for the acquisition of 94.8% of the shares of GCP LTD, reflecting 948 ordinary shares with the amount of KEUR 1,620.

On December 18, 2018, the Company entered into an agreement with GCP LTD to convert KEUR 4,000,000 of its outstanding loans granted to GCP LTD (including accrued interest of KEUR 50,796) into 10 redeemable preference shares in GCP LTD ("Redeemable Preference Shares"). The Redeemable Preference Shares have similar rights as the ordinary shares have, with the exception that they accumulate their right for dividends, in a way that any future dividend will be first paid to the Redeemable Preference Shares holders and the remaining part will be paid to the ordinary shareholders pro-rata, and that the Redeemable Preference Shares are redeemable at the sole discretion of GCP LTD.

On December 31, 2018, the Company entered into an additional agreement with GCP LTD to convert KEUR 100,014 of its outstanding loans granted to GCP LTD (including accrued interest of KEUR 25) into 1 additional Redeemable Preferred Share in GCP LTD.

During the year, GCP LTD distributed a preferred dividend to the Redeemable Preference Shares' holders. The dividend has been calculated at a rate of 2% of the nominal amount of the shares. As a result, the Company is entitled to a dividend on its investment in the Redeemable Preference Shares in total amount of KEUR 82,083 (2018: nil).

On December 31, 2019, the Company entered into an additional agreement with GCP LTD in which the Company invested KEUR 1,000,000 in additional 3 Redeemable Preference Shares in GCP LTD (the "Consideration Payable"). As part of the transaction, KEUR 547,404 of the Company's outstanding loans granted to GCP LTD (see note 6) and KEUR 82,083 dividend receivable were offset against the Consideration Payable.

As at December 31, 2019, the outstanding Consideration Payable to GCP LTD amounted to KEUR 370,513 (see also note 9).

Note 5. Shares in affiliated undertakings (continued)

The Company beneficially owns the following shares in affiliated undertakings:

Affiliate	Country	Percentage Holding	Acquisition Cost	Equity (deficit) as at December 31, 2019 (**)	Profit (loss) for the year ended December 31, 2019 (**)
			KEUR		
Grandcity Property Ltd (With registered office at 54B Artemidos & Nikou Dimitriou Corner, Scanner Avenue Tower, 6027 Larnaca, Cyprus)	Cyprus	94.80%	5,104,153	5,852,582	348,984
Grandcity Holdings Ltd (ex: Tespomo Limited, With registered office at 54B Artemidos & Nikou Dimitriou Corner, Scanner Avenue Tower, 6027 Larnaca, Cyprus)	Cyprus	100%	(*-	(48)	(43)

(*) Less than one thousand.
(**) Based on unaudited individual financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union as of December 31, 2019.

In the opinion of the Board of Directors, no value adjustments were required in respect of shares in affiliated undertakings as of December 31, 2019.

Note 6. Loans to affiliated undertakings

The movement in loans to affiliated undertakings for the year was as follow:

	Principal amount	Accrued interest	Total
	KEUR	**KEUR**	**KEUR**
Balance as at January 1, 2019	-	-	-
New loans granted	611,419	-	611,419
Interest income	-	3,240	3,240
Interest received	-	(3,240)	(3,240)
Loan repayments	(64,015)	-	(64,015)
Conversion to Redeemable Preference Shares (see note 5)	(547,404)	-	(547,404)
Balance as at December 31, 2019	-	-	-

The Company recorded interest income of KEUR 3,240 related to these loans for the year ended December 31, 2019 (2018: KEUR 71,659). In addition, see note 5 for conversions of loans to Reedemable Preference Shares and dividend income.

As of December 31, 2019 and 2018 there is no outstanding principal and accrued interest.

Note 7. Prepayments

Prepayments mainly consist of bond issuance costs for all the bonds series and of discount on bonds that were raised as disclosed below:

	2019	2018
	KEUR	
Gross book value - opening balance	**187,156**	**147,597**
Additions for the year	795	39,559
Gross book value - closing balance	**187,951**	**187,156**
Amortisation - opening balance	**(79,556)**	**(49,686)**
Amortisation for the year	(16,130)	(29,870)
Amortisation - closing balance	**(95,686)**	**(79,556)**
Net book value - opening balance	**107,600**	**97,911**
Net book value - closing balance	**92,265**	**107,600**

Note 8. Capital and Reserves

Share capital

		2019		2018	
		Number of shares	KEUR	Number of shares	KEUR
Authorized					
Ordinary shares of EUR 0.10 each		400,000,000	40,000	400,000,000	40,000
Issued and fully paid					
Balance as of January 1,		**166,718,395**	**16,672**	**164,788,883**	**16,479**
Issuance of new ordinary share as part of scrip dividend	(a)	1,118,687	112	1,870,948	187
Issuance of new ordinary shares as part of share-based payment	(b)	58,478	6	58,564	6
Balance on December 31,	(c)	**167,895,560**	**16,790**	**166,718,395**	**16,672**

Issued capital during 2019

(a) On July 22, 2019, the company issued 1,118,687 (2018: 1,870,948) new shares in total value of EUR 22 million (2018: EUR 41 million) in connection with the scrip dividend as explained below.
(b) During the year, the Company issued 58,478 (2018: 58,564) new shares in total value of EUR 1.8 million (2018: EUR 1.3 million) in connection with incentive share plan (see note 8a).
(c) As at December 31, 2019, the subscribed and fully paid-up share capital amounts to KEUR 16,790 represented by 167,895,560 ordinary shares with par value of EUR 0.10 per share. The Company did not acquire its own shares.

Note 8. Capital and Reserves (continued)

Share premium

The share premium derives directly from the capital increases which were performed since the date of incorporation and exercise conversions of bonds into shares.

	2019	2018
	KEUR	**KEUR**
Balance as of January 1,	**689,905**	**768,175**
Dividend distribution	(129,002)	(120,296)
Issuance of new ordinary shares	22,931	42,026
Balance on December 31,	**583,834**	**689,905**

As a result of the issuance of the scrip dividend on 22 July 2019 and the issuance and in connection with incentive share plan, the share premium increased by EUR 21.6 million and EUR 1.3 million respectively.

Resolution of dividend distribution

For the year	Amount per share (in cents)	Gross amount (KEUR)	Ex-date	Payment date
2014	20.00	24,344	June 25, 2015	July 3, 2015
2015	25.00	38,447	June 30, 2016	July 1, 2016
2016	68.25	112,468	June 29, 2017	July 1, 2017
2017	73.00	120,296	June 30, 2018	July 17, 2018
2018	77.35	(*)129,002	June 27, 2019	July 22, 2019

(*) On June 26, 2019, the annual general meeting of shareholders of the Company has resolved upon the distribution of a dividend of EUR 0.7735 (2018: EUR 0.73) (gross) per share (in total KEUR 129,0002) to the holders of record on June 28, 2019.
The Company has also provided shareholders with the option to receive their dividend through a scrip dividend. From June 27, 2019 to July 9, 2019, shareholders of the Company could elect to receive up to 85% of their dividend in the form of shares of the Company, with the reminder paid in cash.
Shareholders who did not elect to participate in the scrip dividend have received their dividend in cash. The cash dividend has been paid in July 2019, and the company issued 1.1 million (2018: 1.9 million) new shares in total value of KEUR 21,757 on July 22, 2019.

The dividend distributions were paid out of the share premium.

The proposed dividend for the year 2019, based on the Company's dividend policy and subject to the shareholders' annual general meeting which will take place on June 24, 2020, is euro 0.8238 per share. The proposed dividend has not been recognized as a liability in the annual account.

Legal reserve

Luxembourg companies are required by law to allocate at least 5% of their annual net profits to a legal reserve, until such time as the legal reserve reaches 10% of the issued share capital. This reserve is not available for distribution. No allocation has been made to the legal reserve as the Company has losses brought forward.

Note 8a. Share-based payment agreements

A. Description of share-based payment arrangements

As of December 31, 2019, the Company had the following share-based payment arrangements:

Incentive Share plan

The annual general meeting has approved to authorize the Board of Directors to issue up to one million shares for an incentive program for the directors, key management personnel and senior employees. The incentive plan has up to four years vesting period with fix and specific milestones to enhance management's long-term commitment to the Company's strategic targets. Main strategic targets are long-term improvement in operational and financial targets such as increasing NAV per share, FFO per share and further improvement in the Group's rating to A-.

The key terms and conditions related to the program are as follows:

Grant date	Number of shares	Weighted vesting period	Contractual life of the incentive
January 1, 2016 – September 30, 2023	383,696	2 years	Up to 4 years

B. Reconciliation of outstanding share options

The number and weighted average of share options under the share incentive program and replacement awards were as follows:

	2019	2018
	Number of shares	Number of shares
	In thousands	
Outstanding on January 1	251	325.5
Granted (forfeited) during the year, net	241	30.5
Exercised during the year (*)	(108)	(105)
Outstanding on December 31	**384**	**251**

(*) In accordance with the terms and conditions of the incentive share plan, the Group withheld 50 (2018: 47) thousands shares equal to the monetary value of the employee's tax obligation from the total number of shares exercised. As a result, only 58 (2018: 58) thousand shares were issued. See note 8.

Note 9. Related parties

During the year the Company had the following transactions with related parties:

		2019	2018
		KEUR	**KEUR**
Management fees	(a)	700	700
Finance service fees	(b)	3,057	5,759
Brokerage fee expenses	(c)	(2,000)	(4,134)
Rental income		34	39
Consultancy services expenses		(500)	(375)

The Company is engaged with GCP LTD in the following agreements:

(a) Consultancy Services Agreement, according to which the Company is entitled to receive from GCP LTD an annual payment of KEUR 700 (2018: KEUR 700) for the provided consultancy services.
(b) Finance Services Fee Agreement, according to which the Company is entitled to receive from GCP LTD a one-time fee equals to 0.5% (2018: 0.5%) of any loan amount exceeding KEUR 500 that the Company will grant or has granted in the past to GCP LTD.
(c) Brokerage fees agreement with GCP LTD for providing the Company with brokerage services.

As at December 31, 2019 the Company had outstanding payable to related parties in total amount of KEUR 370,763 (2018: KEUR 375). See also note 5.

There were no other transactions between the Company and its key management or related parties during the year (except those described in note 5, 6, 8a and 9 above).

Note 10. Convertible bond, Straight bond and Perpetual notes

	Note	Nominal amount outstanding	Effective coupon (*)	Maturity	As at December 31	
					2019	**2018**
					KEUR	
10a. Convertible bond						
becoming due and payable after more than one year						
Convertible bond series F	(a)	EUR 280,800	0.25%	Mar-2022	280,800	280,800
becoming due and payable in less than one year						
Accrued interest on convertible bond					229	229
					281,029	**281,029**
10b. Straight bonds and perpetual notes						
becoming due and payable after more than one year						
Straight bond series D	(b)	EUR 25,000	2.00%	Oct-2021	25,000	25,000
Straight bond series E		EUR 550,000	1.50%	Apr-2025	550,000	550,000
Straight bond series G		EUR 600,000	1.38%	Aug-2026	600,000	600,000
Straight bond series H	(c)	EUR 255,000	2.00%	Oct-2032	255,000	255,000
Straight bond series I	(d)	HKD 900,000	(*) 1.00%	Feb-2028	102,889	100,362
Straight bond series J	(e)	EUR 667,600	1.50%	Feb-2027	667,600	500,000
Straight bond series K	(f)	CHF 125,000	0.96%	Sep-2026	115,165	110,924
Straight bond series L	(g)	JPY 7,500,000	1.40%	Jun-2038	61,506	59,595
Straight bond series M	(h)	EUR 55,000	(*) 1.70%	Jul-2033	55,000	55,000
Straight bond series N	(i)	EUR 88,000	(*) 3M Euribor + 1.71%	Feb-2039	88,000	-
Straight bond series O	(j)	EUR 15,000	(*) 3M Euribor + 1.68%	Feb-2034	15,000	-
Straight bond series P	(k)	HKD 290,000	(*) 3M Euribor + 1.38%	Mar-2029	33,153	-
Straight bond series Q	(l)	CHF 130,000	0.57%	Jun-2024	119,772	-
Straight bond series R	(m)	EUR 40,000	2.50%	Jun-2039	40,000	-
Straight bond series S	(n)	EUR 60,500	0.00%	Jan-2021	60,500	-
Straight bond series T	(o)	EUR 52,000	3M Euribor + 0.60%	Jul-2021	52,000	-
Straight bond series U	(p)	EUR 80,000	0.75%	Jul-2025	80,000	-
Straight bond series V	(q)	EUR 70,000	(*) 1.50%	Aug-2034	70,000	-
Perpetual Notes 1		EUR 500,000	3.75%	Feb-2022	500,000	500,000
Perpetual Notes 2		EUR 200,000	2.75%	Jan-2023	200,000	200,000
Perpetual Notes 3	(r)	EUR 350,000	2.5%	Oct-2023	350,000	350,000
					4,040,585	**3,305,881**
becoming due and payable in less than one year						
Accrued interest straight bonds					24,400	16,799
Accrued interest perpetual notes					23,303	23,303
					47,703	**40,102**
Total					**4,088,288**	**3,345,983**

(*) Including hedging impact

Note 10. Convertible bond, Straight bond and Perpetual notes (continued)

The EMTN programme

On July 2017, the Company established a EUR 1.5 billion EMTN programme. Notes issued under the EMTN programme will be guaranteed by the Company. The base prospectus for the EMTN programme was dated July 2017. On February 2018 the Board of Directors has resolved to increase the program to EUR 10 billion.

(a) On February 22, 2018 the Company bought back euro 169.2 Million principal amount of convertible bond series F for a purchase price of 101.000 per cent of the principal amount excluding any accrued interest.
As a result of the dividend distribution in June 2018 the conversion price has been adjusted from euro 26.1844 to EUR 25.5419. As a result of the dividend distribution in June 2019 (see note 8), the conversion price has been adjusted from euro 25.5419 to EUR 24.8141.

(b) During 2018, the Company bought back additional principal amount of euro 40.6 Million and euro 113.8 Million of straight bond series D for a purchase price of 106.129 per cent and 105.454 per cent of the principal amount excluding any accrued interest, respectively.

(c) On March 7, 2018, the Company successfully completed with the tap placement of additional euro 145 million (nominal value) of straight bond series H, for a consideration that reflected 93.369% of their principal amount. The total aggregated principal amount of the straight bond series H increased to euro 255 million (nominal value).

(d) On February 2, 2018, under the EMTN Programme, the Company issued Hong Kong Dollars (HKD) 900 million (euro 93 million) due 2028 straight bond series I. The Company hedged the currency risk of the principal amount and the interest. The effective euro coupon is 1% for the first 5 years and 6M Euribor + 1.1725% for the following 5 years.

(e) On February 22, 2018, under the EMTN Programme, the Company issued euro 500 million 1.5% due 2027 straight bond series J, at an issue price of 97.115% of the principal amount.
On July 24, 2019, under the EMTN Programme, the Company issued euro 167.6 million tap up straight bond series J due 2027, at an issue price of 103.328% of the principal amount with euro coupon 1.5%.

(f) On February 21, 2018 under the EMTN Programme, the Company issued Swiss Franc (CHF) 125 million (euro 108 million) 0.956% coupon due 2026 straight bond series K. The Company hedged the currency risk of the principal amount.

(g) On June 5, 2018 under the EMTN Programme, the Company issued Japanese yen (JPY) 7.5 Billion (euro 57 million) 1.4% coupon due 2038 straight bond series L. The Company hedged the currency risk of the principal amount.

(h) On June 26, 2018, under the EMTN Programme, the Company issued euro 40 million Straight bond series M due 2033 at an issue price of 100% of the principal amount. The Company hedged the interest payments. The effective interest rate for the first 5 years is 1.7% and for the next 10 years 1.355% +6m Euribor. In addition, on July 5, 2018 the Company successfully completed the tap placement of additional euro 15 million of Straight bond series M. The Company hedged the interest payments. The effective interest rate for the first 5 years is 1.7% and for the next 10 years 1.593% +6m Euribor. Settlement date was on July 10 2018.

(i) On February 25, 2019, under the EMTN Programme, the Company issued euro 88 million straight bond series N due 2039, at an issue price of 95.822% of the principal amount with effective euro coupon 1.707% + 3m Euribor.

(j) On February 25, 2019, under the EMTN Programme, the Company issued euro 15 million Straight bond series O due 2034, at an issue price of 97.327% of the principal amount with effective euro coupon 1.677% + 3m Euribor.

Note 10. Convertible bond, Straight bond and Perpetual notes (continued)

(k) On March 19, 2019, under the EMTN Programme, the Company issued Hong Kong Dollars (HKD) 290 million (euro 33 million) straight bond series P due 2029, at an issue price of 100% of the principal amount. The Company hedged the currency risk of the principal amount and the interest payments. The effective euro coupon is 1.382% plus 3M Euribor.

(l) On June 24, 2019, under the EMTN Programme, the Company issued Swiss Franc (CHF) 130 million (euro 116 million) straight bond series Q due 2024, at an issue price of 100% of the principal amount. The Company hedged the currency risk of the principal amount. The CHF coupon is 0.57%.

(m) On June 27, 2019, under the EMTN Programme, the Company issued euro 40 million straight bond series R due 2039, at an issue price of 100% of the principal amount. The euro coupon is 2.5%.

(n) On July 23, 2019, under the EMTN Programme, the Company issued euro 60.5 million straight bond series S due 2021, at an issue price of 100% of the principal amount with euro coupon 0%.

(o) On July 24, 2019, under the EMTN Programme, the Company issued euro 52 million straight bond series T due 2021, at an issue price of 100% of the principal amount with euro coupon 0.6% + 3m Euribor.

(p) On July 25, 2019, under the EMTN Programme, the Company issued euro 80 million straight bond series U due 2025, at an issue price of 100% of the principal amount with euro coupon 0.75%.

(q) On August 8, 2019, under the EMTN Programme, the Company issued euro 70 million straight bond series V due 2034, at an issue price of 100% of the principal amount. The effective interest rate for the first 5 years is 1.5% and for the next 10 years 1.472% + 6m Euribor.

(r) On April 24, 2018, the Company issued euro 350 million in aggregate principal amounts of perpetual notes. These notes were issued at a price of 98.125% of the principal amount. These Perpetual notes are of unlimited duration and can only be called back by the Company only on certain contractually fixed dates or occasions. Up until the first call date in October 2023, the perpetual notes shall bear a coupon rate of 2.5% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (October 2028) shall correspond to the five-year swap rate plus a margin of 243.2 basis points p.a. The mark-up will increase by 25 basis points (to 268.2 basis points p.a.) as of October 2028 and by another 75 basis points (to 343.2 basis points p.a.) as of October 2043.
Perpetual notes have no maturity date and may be redeemed by the Company, at its sole discretion, on certain dates. The Company may, at its sole discretion, elect to defer the payment of interest on the notes (referred to as Arrears of Interest). Arrears of Interest must be paid by the Company upon the occurrence of certain events, including but not limited to, dividends, distributions or other payments made to instruments such as the Company's ordinary shares, which rank junior to the Perpetual notes. The deferred amounts shall not bear interest

Note 10.1. Security, negative pledge

The Company undertakes to secure and pledge the following items to the bondholders as agreed in the Terms and Conditions of its Bonds:
- a first ranking charge, governed by Cyprus law, over all ordinary shares held by the Company in GCP LTD;
- a first-ranking account pledge, governed by Luxembourg law, over the bank account held by the Company;
- first-ranking account pledges, governed by Luxembourg law, over each bank account held by GCP LTD; and
- first-ranking charges, governed by Cypriot law, over each bank account held by GCP LTD;
- a first-ranking account pledge, governed by English law, over the bank account held by the Company.

Note 10.2. Covenants in accordance with the bonds' terms and conditions

The Company undertakes to comply with several covenants as defined in the Terms and Conditions of its straight and convertible bonds. During the years ended at December 31, 2019 and 2018, there were no breaches of any of the covenants applicable to the Company.

Note 11. Derivative financial instruments

The Company uses derivative financial instruments to hedge its foreign exchange and the interest rate risk associated with its straight bonds and to hedge the foreign currency risk derives from its indirectly holding of several subsidiaries which operate in foreign currency.

During the year the Company entered into foreign exchange and interest rate contracts as detailed below:

Risk hedged	Derivative type	Amount receivable	Amount Payable	Maturity	Fair value as at December 31, 2019	Unrealised gains (losses) not recorded in profit or loss account	Realised gains (losses) recorded in profit or loss account
					in KEUR	in KEUR	in KEUR
Currency risk	Forward /Option	KEUR 1,134,986	KGBP 1,025,000	2020	(61,861)	(64,265)	(515)
Currency risk	Swap	KCHF 130,000	KEUR 119,441	2024	1,982	1,982	-
Currency risk	Swap	KCHF 125,000	KEUR 116,233	2026	1,400	1,123	-
Currency risk	Swap	KHKD 900,000	KEUR 92,631	2028	13,949	7,476	2,422
Currency risk	Swap	KHKD 290,000	KEUR 32,768	2029	1,893	1,893	-
Currency risk	Swap	KJPY 7,500,000	KEUR 75,500	2038	(5,289)	(5,119)	-

The Company hedged its net investment in UK portfolio (through subsidiaries) using forward and option contracts.
In addition, the Company hedged the currency risk of its foreign exchange straight bonds series I, K, L, P and Q as well as the interest rate risk for straight bonds series O, N, M and V using swap contracts. For additional info see note 10.

Note 12. Deferred income

On September 29, 2015 the Company received gross proceeds of KEUR 7,017 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 EUR 17.17 per share (the "strike price") and exercisable in the period between March 2016 to August 2021. The premium has been recorded as deferred income until such time as the option is either exercised or expired.
Due to dividend distribution the strike price has been adjusted to 15.992 (2018: EUR 16.4).

Note 13. Turnover

The net turnover concerns consultancy services (see note 9).

Note 14. Other operating expenses

	For the year ended December 31, 2019	2018
	KEUR	
Insurance, telephone and other administrative expenses	657	850
Legal and professional fees	2,361	1,645
Advertising and marketing	209	324
Audit fees	277	195
Total	**3,504**	**3,014**

Note 14.1. Audit and non-audit services

For the financial year, the fees the Company has been charged with by the réviseur d'entreprises agréé were as follows:

	For the year ended December 31,	
	2019	2018
	KEUR	
Audit fees	277	190
Audit related fees	50	100
Tax related and other fees	72	92
Total	**399**	**382**

Note 15. Interest and other financial charges

Interest payable and other financial charges consist of the following:

	For the year ended December 31,	
	2019	2018
	KEUR	
Straight and convertible bonds	43,859	36,141
Perpetual Notes	33,000	30,267
Other finance costs (*)	27,473	77,460
Brokerage fees	2,000	4,134
Loan from affiliated undertakings	585	-
Total	**106,917**	**148,002**

(*) Other finance costs in 2018 included one-off losses on buyback of bonds series D and F (KEUR 46,876).

Note 16. Financial risk management

Financial risk factors

The Company is exposed to the following major risks from its use of financial instruments:

- Liquidity risk
- Operating risk
- Market risk
- Other risks

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Company's activities.

Note 16. Financial risk management (continued)

(i) *Liquidity risk*

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of loss. The Company has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(ii) *Operating risk*

Operational risk is the risk that derives from the deficiencies relating to the Company's information technology and control systems as well as the risk of human error and natural disasters. The Company's systems are evaluated, maintained and upgraded continuously.

(iii) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and currency risk. The Company enters into hedging transactions to hedge currency and interest risk related to its bonds issued in HKD, CHF and JPY, and to hedge currency risk related to its indirectly investment in foreign operation in the UK.

(iv) *Other risks*

The general economic environment prevailing internationally may affect the Company's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

Brexit

On 29 March 2017, the United Kingdom (UK) informed the European Council about its intention to withdraw from the European Union (EU). Following extended negotiations between all stakeholders as well as a fresh election in the country, the UK parliament voted in favor of the withdrawal from the EU and officially withdrew from the EU on 31 January 2020 and enters a transitionary period during which time the nature of the relationship with the EU will be negotiated. The uncertainty of the outcome of these negotiations could lead to volatilities in financial markets which may adversely impact the Group’s ability to refinance its debt and/or gain access to new financing while also resulting in decreasing prices and rents in the UK and in particular, London. Barriers to trade in the region could also lead to an economic downturn in the UK and/or the EU. The impact of Brexit on the Company is limited to its GBP forward contracts as disclosed in note 11.

Note 17. Staff

The company employed an average of 2 persons (2018: 2) during the financial year.

Note 18. Taxation

The company is subject in Luxembourg to the general tax regulations applicable to all companies.

Note 19. Commitment and contingencies

The Company has no material commitments as at December 31, 2019 and 2018, except for the commitments detailed in note 11.

Note 20. Subsequent events

The Coronavirus (COVID-19) outbreak started in December 2019 and as of the date of this report the impact of the virus on the global economy is unclear. The virus has been affecting over 100 countries, including Luxemburg and Germany. As such, the Company does not anticipate any substantial impact to its internal operations due to the virus since the Company's operations are not significantly reliant on a supply chain of any sort. The resulting uncertainty from the outbreak has also led to a significant decline in financial markets, however, such times making it an attractive investment option. In response to this outbreak, the Company has prohibited travel to regions considered as high-risk regions while also putting on hold participation in business events and fairs. All employees have been advised to take necessary precautions and follow guidelines prescribed by authorities. As of the date of this report, the Company is not aware of any cases of coronavirus within its workforce.

The Company is of the opinion that any downside is expected to be temporary in nature. the Group's strong liquidity combination with the Group's conservative financial policy, would enable the Group to continue operations as is.