Grand City Properties S.A.

(a public limited liability company (*société anonyme*),
incorporated under the laws of the Grand Duchy of Luxembourg,
with registered office at 1, avenue du Bois, L-1251 Luxembourg, Grand Duchy of Luxembourg,
registered with the Luxembourg trade and companies register
(*Registre de commerce et des sociétés*) under number B 165560)

ISIN: LU0775917882 WKN: A1JXCV Trading Symbol: GYC (XETRA)

Document containing information pursuant to article 5 (3) lit. d) of the Luxembourg law of 10 July 2005 on prospectuses for securities, as amended, and § 4 (1) No. 4 and (2) No. 5 German Securities Prospectus Act dated 12 June 2018, amended on 28 June 2018, on 5 July 2018 and on 13 July 2018

for the new shares issued on 13 July 2018 under the capital increase for contribution of partial dividend rights, in accordance with the resolution regarding the distribution of a dividend approved by the annual general meeting of the shareholders of Grand City Properties S.A. held on 27 June 2018 (dividends in the form of shares)

I. Purpose

A proposal was made by the Board of Directors under agenda item 8 (resolution on the distribution of a dividend) at the annual general meeting ("**General Meeting**") of Grand City Properties S.A. ("**GCP**" or "**Company**") on 27 June 2018 to distribute a dividend in the amount of EUR 0.73 (gross) per share carrying dividend rights ("**Resolution on Distribution of Dividend**"). Shareholders were able to choose whether to have the dividend paid out (i) only in cash, or (ii) in cash for a portion of the dividend in order to settle tax liabilities and, for the remaining portion of the dividend, in the form of shares of the Company ("**Scrip Dividend**"), or (iii) in cash for a portion of the shareholder's shares and as Scrip Dividend for the other portion of the shareholder's shares. The Board of Directors resolved to create the shares required for the Scrip Dividend through partial use of the authorised share capital pursuant to Article 5.2 of GCP's articles of association ("**Authorised Capital**") against contribution in kind. The partial dividend rights which arose in connection with the Resolution on Distribution of Dividend were transferred as contributions in kind by those shareholders who have chosen the Scrip Dividend.

This document has been prepared to fulfil the requirements of article 5 (3) lit. d) of the Luxembourg law of 10 July 2005 on prospectuses for securities, as amended, ("Luxembourg Prospectus Law") and § 4 (1) No. 4 and (2) No. 5 German Securities Prospectus Act ("WpPG"), which state that there is neither an obligation to

publish a prospectus for the public offering (article 5 (3) lit. d) of the Luxembourg Prospectus Law and § 4 (1) No. 4 WpPG nor for an admission for trading (§ 4 (2) No. 5 WpPG) of dividends paid out to shareholders in the form of shares "provided that a document is made available to the interested parties containing information on the number and nature of the securities and the reasons for and details of the offer".

This document does not constitute a prospectus within the meaning of the Directive 2003/71/EC, as amended by, amongst others, the Directives 2010/73/EU and 2014/51/EU, including all relevant implementation measures, (the "**Prospectus Directive**") and it will furthermore not be submitted to an authority or comparable agency, nor checked or approved by an authority or comparable agency.

Neither the subscription rights, nor the new shares are, or will be, registered in accordance with the U.S. Securities Act of 1933 as amended, or with the securities regulators of individual states or other territories of the United States of America. At no time may the subscription rights and new shares be offered, sold, exercised, pledged, transferred or delivered, either directly or indirectly, to the or within the United States of America, except for Qualified Institutional Buyers as defined in Rule 144A of the U.S. Securities Act of 1933, as amended ("**Securities Act**"), as set out in Section 4 (a) (2) of the Securities Act or due to the existence of an exemption from the registration requirements of the Securities Act or in such a transaction that is not covered by them if it does not constitute a breach of applicable securities legislation in the individual states of the United States of America.

II. Reasons

Giving shareholders the choice between a cash dividend and a dividend in the form of shares is common practice at an international level and is chosen by more and more listed companies in Europe. Granting such an option gives shareholders the opportunity for easy re-investment of their dividends into shares of GCP. If the shareholder opts to receive the Scrip Dividend he can prevent his shareholding in GCP from being reduced on a percentage basis as a result of the capital increase. For GCP, dividend payments reduce liquidity outflow to the extent that dividend rights are reinvested in the Company and shares delivered instead of a dividend payment in cash.

III. Subject Matter of this Document/right of choice

The subject matter of this document are the new shares ("**New Shares**"), which were issued in consideration for the contribution of dividend rights by way of the capital increase ("**Capital Increase**"). With this step, GCP has given shareholders who owned shares of GCP at 11:59 p.m. CET on the evening of 27 June 2018, and provided that the shares had not already been sold before, the choice of receiving the dividend on these shares (i) in cash only, or (ii) as Scrip Dividend, or (iii) in cash for a portion of their shares and as Scrip Dividend for the other portion of their shares. Shareholders therefore had the following options:

- The shareholder has made an exclusive decision in favour of a **cash dividend**. In this case, the shareholder did not have to take any measure. The shareholder is entitled to receive a cash dividend of EUR 0.73 (gross) per share held by him once the period between 28 June 2018 and 10 July 2018 ("**Subscription Period**") and the handling period required for the technical transaction are over, presumably on 17 July 2018.

- The shareholder has made an exclusive irrevocable decision in favour of the Scrip Dividend. In this case, the shareholder had to notify his depository bank on the form ("**Declaration of Subscription and Cession**") that the bank provides for this purpose within the stipulated limitation period and cede his partial dividend rights of EUR 0.511 per share held ("**Partial Dividend Rights**") to Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany ("**Berenberg**"). Berenberg acts as settlement agent acting as third-party trustee for the shareholders. As a general rule, the dividend is subject to taxation. Therefore, an amount of EUR 0.219 per share, i.e. a portion of 30 per cent of the dividend ("**Dividend Base Portion**"), is always distributed in cash. Depending on the tax status of the individual shareholder the Dividend Base

Portion is used to cover either, if necessary, the applicable withholding tax of the shareholder to be transferred in cash to the tax authorities by (i) the Company with respect to the Luxembourg dividend withholding tax (of 15%) and, as the case may be, (ii) the depositary bank in case of other applicable tax or (e.g. if an application for exemption is available) is credited to the account of the shareholder[1]. The payment is expected to be made on 17 July 2018. The remaining amount of EUR 0.511 per share was available as Partial Dividend Right for subscription to New Shares. Once the Subscription Period and the handling period required for the technical transaction are over, probably on 17 July 2018, the shareholder will receive the New Shares. The number of Partial Dividend Rights that had to be ceded in order to acquire a New Share was published on 5 July 2018. To the extent a shareholder has ceded Partial Dividend Rights which in total (calculated by multiplying the number of shares for which the Scrip Dividend was chosen with the Partial Dividend Right) exceed an integer multiple of the subscription price, the difference between the largest possible integer multiple of the subscription price and the total of the ceded Partial Dividend Rights as calculated above ("**Residual Balance**") shall be paid out in cash. The New Shares are expected to be delivered on 23 July 2018. In addition, on 17 July 2018 shareholders are expected to receive the Dividend Base Portion, less the withholding tax depending on the investor's tax status, as well as any Residual Balance.

- The shareholder has decided in favour of both the cash dividend for part of his shares and the Scrip Dividend in the form of shares for the remaining part. In this case, the two processes described above applied, with each being applied to the specific shares for which the shareholder has made the relevant decision.

IV. Details

1. Present capital stock and shares of GCP

Prior to the Capital Increase, GCP's share capital totalled EUR 16,478,888.30, represented by 164,788,883 shares of a par value of ten cents (EUR 0.10) each. Each share entitles the holder to one vote at the Company's general meetings. The existing GCP shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

The existing GCP shares are represented by several bearer certificates in global form deposited with Clearstream Banking AG, Eschborn, Germany ("**Clearstream**"). As long as the shares are represented by bearer certificates in global form deposited with Clearstream, ownership of interests in shares included in the book-entry custody and settlement systems operated by Clearstream ("**Book-Entry Interests**") will be limited to persons that hold interests through admitted participants of Clearstream. Investors in shares will hold interests in these securities through their accounts with these admitted participants. Book-Entry Interests will be shown on, and transfers thereof will be made only through records maintained in book-entry form by Clearstream and admitted participants. All shares issued by GCP are assigned the same rights.

The Company's shares are freely transferable. Announcements and notifications of the Company relating to its shares are published in accordance with the articles of association of the Company and Luxembourg law on the Company's website https://grandcityproperties.com/en/corporate-news.html and in media suitable for distribution across the European Economic Area, and if legally required in addition in the Luxembourg Electronic Platform for Publications Regarding Companies and Associations (*Recueil Electronique des Sociétés et Associations – RESA*) and one Luxembourg newspaper.

The paying agent is Quirin Privatbank AG, Kurfürstendamm 119, 10711 Berlin, Germany.

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1 For further explanation please refer to the "Dividend Base Portion" explanation in the calculation section on page 6 of this document.

2. Details of the Capital Increase

a) Capital Increase for non-cash contributions from Authorised Capital

The Board of Directors has decided to create the New Shares which are the subject matter of this document and which were issued further to the contributions in kind by some shareholders of their respective Partial Dividend Rights during the Capital Increase by making partial use of Authorised Capital.

b) Number of shares offered

The number of New Shares is 1,870,948. It was dependent on the extent to which shareholders exercised their right to receive the Scrip Dividend as well as on the subscription ratio and subscription prices.

c) Actual subscription price of EUR 21.8731 and the actual subscription ratio of 42.8045 : 1

Based on the subscription price of EUR 21.8731 and the subscription ratio of 42.8045 : 1 for approximately 80,084,237 shares carrying dividend rights the Scrip Dividend was chosen, consequently 1,870,948 New Shares were issued.

d) Features of the New Shares

The New Shares, which are the subject matter of this document, were created in accordance with Luxembourg law after the General Meeting on 27 June 2018. They feature the same rights as all other shares of the Company and will not confer any additional rights or benefits. Each of the Company's shares, including the New Shares, entitles the holder to one vote at the Company's general meetings. There are no restrictions on voting rights, except in specific cases prescribed by law. Nor are there different voting rights for certain shareholders of the Company. The New Shares carry full dividend rights from 1 January 2018.

All of the New Shares are exclusively represented by one bearer certificate in global form deposited with Clearstream. The New Shares will be delivered via collective safe custody credit with Clearstream. The New Shares are freely transferable.

e) Capital Increase

The capital increase to create the New Shares was a capital increase under the Authorised Capital.

To simplify the transaction, each shareholder was only able to exercise his subscription right by commissioning and authorising Berenberg within the Subscription Period as third-party trustee – as further specified in the subscription offer and upon the shareholder ceding his Partial Dividend Rights – to subscribe to the New Shares in accordance with the shareholder's Scrip Dividend choice, at the determined subscription ratio and at the determined subscription price, in its own name but on the shareholder's account and, following subscription and execution of the Capital Increase, to transfer the New Shares acquired in this process to the shareholder.

Berenberg was also obliged *vis-à-vis* GCP to contribute the Partial Dividend Rights ceded under its trusteeship to it as contribution in kind and to transfer the shares subscribed to under its trusteeship to the shareholders, according to their choice and on the basis of the subscription ratio and subscription price, and to cede back any Partial Dividend Rights, or parts thereof, that are not required to subscribe to shares, with the assistance of the depository banks.

The subscription offer was published on 28 June 2018 on GCP's website at https://grandcityproperties.com/en/annual-general-meeting-2018.html under the link "Information regarding the scrip dividend". The subscription ratio and the subscription price were set and published on the aforementioned GCP's website three business days prior to the end of the Subscription Period on 5 July 2018.

In order to present the Scrip Dividend as an attractive option for the shareholders, the Company has offered the New Shares to the shareholders at a subscription price below the volume-weighted average price forming the Reference Price (as defined below). This discount is taken into account in the following calculation of subscription ratio and subscription price such that 3.0% are deducted from the result of dividing the Reference Price by the Partial Dividend Right.

The subscription ratio is calculated as follows: The Reference Price (as defined below) is divided by the Partial Dividend Right. GCP granted a discount of 3.0% on this result. The resulting figure was then rounded down to four decimal places and set as a ratio in relation to one New Share ("**Subscription Ratio**"). The Subscription Ratio is 42.8045 : 1. It indicates how many existing shares were required – and at the same time how many Partial Dividend Rights had to be ceded and contributed – in order to acquire one New Share.

The subscription price corresponds to the number of Partial Dividend Rights that had to be ceded and contributed in order to subscribe to one New Share or the number of existing shares that entitled the holder to subscribe to one New Share, respectively (see calculation of the Subscription Ratio), multiplied by the Partial Dividend Right and rounded down to four decimal places (the "**Subscription Price**"). The Subscription Price is EUR 21.8731. The Reference Price is the volume-weighted average price of GCP shares in euro in the Xetra trading system on the Frankfurt Stock Exchange on the last trading day before the date on which the Subscription Price is set ("**Reference Price**"). The Reference Price is EUR EUR 22.5496. The day for fixing the Reference Price was 4 July 2018.

Calculation

Reference Price
EUR 22.5496

Subscription Ratio
Calculation: Result of dividing EUR 22.5496 by EUR 0.511, less 3.0%, equals, rounded down to four decimal places: 42.8045, i.e. one New Share can be acquired for 42.8045 existing shares (and 42.8045 Partial Dividend Rights as contribution in kind).

Subscription Price
Calculation: 42.8045 multiplied by EUR 0.511. This leads, rounded down to four decimal places, to a Subscription Price of EUR 21.8731.

Residual Balance
If, for example, a shareholder has ceded 43 Partial Dividend Rights, and it turns out that he has ceded too many Partial Dividend Rights, the Residual Balance is paid out to the shareholder in cash. This is calculated as follows:

The shareholder is entitled to subscribe to one New Share, corresponding to a Subscription Price of EUR 21.8731.

The difference between the sum of the ceded Partial Dividend Rights (43 x EUR 0.511 = EUR 21.973) and the Subscription Price is accordingly EUR 0.0999 (EUR 21.973 – EUR 21.8731 = EUR 0.0999), if required, rounded down to the nearest whole cent EUR 0.01. In this example, the shareholder would receive one New Share and a Residual Balance of EUR 0.09 in cash for 43 Partial Dividend Rights.

Dividend Base Portion
Each shareholder additionally receives, for each share that he holds, an amount of EUR 0.219. This portion is used (if required) to withhold and pay any withholding tax. Any difference is credited to the shareholder's account. If the shareholder is not subject to withholding tax, the entire Dividend Base Portion is credited to him.

Sample calculation for the Dividend Base Portion
The dividend for each share held is EUR 0.73 (gross). For shareholders who are only subject to Luxembourg withholding tax (15%), the pay-out amount for the Dividend Base Portion is approximately EUR 0.10 per share held. The Dividend Base Portion of EUR 0.219 is credited to the shareholder in full if he is not subject to withholding tax (e.g. if an application for exemption is available).

Although the subscription rights were transferable, they could only be transferred together with the Partial Dividend Rights in the corresponding amount, because the subscription right could only be exercised if the corresponding Partial Dividend Right was also ceded.

A stock exchange trading of the subscription rights was not provided.

The Partial Dividend Rights and the inseparably associated subscription rights from each GCP share held in the respective depositary account as at the evening of 29 June 2018 (Record Date) were booked automatically to the depository banks by Clearstream. Since the technical settlement of share transfers regarding the securities account takes two trading days, such depositary account reflected the shareholder position as at the evening of 27 June 2018. The posted Partial Dividend Rights included the associated subscription rights.

The GCP shares were listed "ex dividend" and hence also "ex subscription right" from 28 June 2018.

The Subscription Period ran from the publication of the subscription offer on 28 June 2018 to 10 July 2018 (inclusively in each case). Subscription rights that were not exercised within the prescribed period expired without compensation – in this case shareholders will receive the dividend in cash only.

3. Costs and benefits of the offer for GCP

GCP did not receive any cash as a result of the Capital Increase, since the Partial Dividend Rights were contributed in consideration for the New Shares. To the extent that shareholders opted to receive the Scrip Dividend, they contributed these Partial Dividend Rights through Berenberg, thereby reducing the dividend to be paid out in cash by GCP for the 2017 financial year.

The Scrip Dividend was selected for approximately 80,084,237 shares of the Company. The actual amount of contributed Partial Dividend Rights, which reduced the dividend to be paid out in cash by the Company, was EUR 40,923,432.6988. The cash dividend amounts to approximately EUR 79.3 million.

The costs of this action for GCP, including the remuneration to be paid to Berenberg, which is processing the transaction, is expected to amount to approximately EUR 0.4 million.

4. Information about exercising the right of choice

a) Entitled shareholders

The right to opt to have dividends paid out (i) in cash only, or (ii) as Scrip Dividend, or (iii) in cash for a portion of their shares and as Scrip Dividend for the other portion of their shares, existed for all holders of shares of the Company.

b) Relevant date

Shareholders who owned shares of the Company in the evening of 27 June 2018, at 11.59 p.m. CET and had not sold them beforehand received one dividend right for each share. Under this dividend right, the Dividend Base Portion of EUR 0.219 was not subject to the shareholder's right of choice and will consequently in any event be paid in cash to all shareholders – regardless of whether they opted for the cash dividend only, or for the Scrip Dividend – after deduction of the withholding tax to be withheld. The purpose of the Dividend Base Portion is to cover the possible tax liability on the part of the shareholder (withholding tax) with regard to the entire dividend right of EUR 0.73 (gross) per share. This ensured that a shareholder who opted for the Scrip Dividend was not required to make any additional cash payment in order to meet his potential tax liability. With regard to the remaining partial amount of EUR 0.511, the shareholder was free to choose whether he wished to (i) receive it in cash, or (ii) contribute it to subscribe for New Shares. This Partial Dividend Right was inseparably linked to the subscription right. The deciding factor in receiving the dividend rights and the subscription rights was that shareholders held the GCP shares in their respective depositary account on the evening of 29 June 2018 at 11.59 p.m. CET; subsequent transfers to or from the depositary account, except for adjustment entries as a result of sold but not yet transferred shares, had no impact on the ownership of the subscription rights.

c) Expected Schedule

<u>27 June 2018</u>
GCP's General Meeting

<u>28 June 2018</u>
Publication of the subscription offer on the GCP website

Commencement of the Subscription Period

Commencement of the GCP shares trade "ex dividend"

<u>Until 2 July 2018 at the latest</u>
Dividend rights were posted to shareholders' depositary accounts with the subscription right inseparably associated with the Partial Dividend Right according to the depositary account balance on 29 June 2018 in the evening (with the exception of adjustment entries)

<u>5 July 2018</u> (three business days before end of subscription period)
The Subscription Price and the Subscription Ratio were set and announced on the GCP website

<u>10 July 2018</u>
End of the Subscription Period

<u>13 July 2018</u>
Announcement of the participation ratio

Resolution of the Board of Directors to increase the share capital by issuing the New Shares

Execution of the Capital Increase

<u>17 July 2018</u>
Distribution (i) of the cash dividend, (ii) of the Residual Balance and (iii) of the Dividend Base Portion

20 July 2018
Admission of the New Shares to the regulated market for trading on the Frankfurt Stock Exchange (*Prime Standard*)

23 July 2018
First day of trading, inclusion of the New Shares into the existing listing

Book delivery of the subscribed New Shares

d) Mixed exercise of right of choice

Shareholders were not required to make the choice uniformly for all their shares (even if they are held in a single depositary account), but were free to choose to receive the dividend (i) for all shares in cash only, or (ii) for all shares as Scrip Dividend, or (iii) in cash for a portion of their shares and as Scrip Dividend for the other portion of their shares. For the dividend right of each single share, however, only (i) cash payment or (ii) the Scrip Dividend could have been requested.

e) Irrevocability of choice

Shareholders who exercised their right of choice could not revoke their choice once it had been made.

f) Information on choosing the dividend in cash

A dividend per GCP share of EUR 0.73 (gross) was proposed to and resolved by the General Meeting on 27 June 2018. The dividend in cash, less the withholding tax to be withheld, is expected to be paid on 17 July 2018 via the depository banks. Since investors had the option of receiving the dividend as Scrip Dividend, the cash-only dividend is paid out in the form of two cash bookings. In the course of the first booking, the shareholder receives the Dividend Base Portion of EUR 0.219 per share held, less the withholding tax payable by the depository bank to the tax authorities on the entire dividend amount of EUR 0.73 (gross) per share held. For shareholders who are only subject to Luxembourg withholding tax (15%), the pay-out amount for the Dividend Base Portion is approximately EUR 0.10 per share held. The full Dividend Base Portion is credited to the shareholder if he is not subject to withholding tax (e.g. if an application for exemption is available). In the course of the second booking, the investor receives an amount of EUR 0.511 net per share held, i.e. without any further deductions, since the withholding tax on the entire dividend amount was already withheld in the course of the first booking. Shareholders who opted to receive their dividend solely in cash could notify this to their depository bank but did not need to take any special steps during the Subscription Period.

g) Information on choosing the Scrip Dividend

aa) Partial cash distribution

Part of the dividend right, the Dividend Base Portion of EUR 0.219 was not subject to the shareholder's right of choice and will consequently be paid in cash to all shareholders in all events – regardless of whether they opted for the cash dividend only, or for the Scrip Dividend – after deduction of the withholding tax to be withheld. The purpose of the Dividend Base Portion is to cover the possible tax liability on the part of the shareholder (withholding tax) with regard to the entire dividend right of EUR 0.73 (gross) per share. This ensures that a shareholder who has opted for the Scrip Dividend was not required to make any additional cash payment in order to meet his possible tax liability. With regard to the remaining partial amount of EUR 0.511, the shareholder was free to choose whether he wished to (i) receive it in cash, or (ii) contribute it to subscribe for New Shares.

bb) Information on the New Shares

Regarding the New Shares, see above under IV 2.

cc) Setting the Subscription Ratio

The Subscription Ratio together with the Subscription Price was published three business days prior to the end of the Subscription Period on 5 July 2018, on GCP's website at https://grandcityproperties.com/en/annual-general-meeting-2018.html under the link "Information regarding the scrip dividend". The Subscription Ratio is the relation of (i) the result of dividing the Reference Price by EUR 0.511 less 3.0% of this result and rounded down to four decimal places, to (ii) one New Share.

dd) Fixing the Subscription Price

The Subscription Price corresponds to the number of Partial Dividend Rights that had to be ceded and contributed in order to subscribe to one New Share, multiplied by EUR 0.511 and rounded down to four decimal places. If a shareholder's Partial Dividend Rights were not sufficient to cover subscription to one full New Share, this is compensated for by making a dividend payment in cash. This means that shareholders whose Partial Dividend Rights for which a Scrip Dividend was chosen were not sufficient for one full New Share will receive the respective Residual Balance in cash.

ee) Fees and costs of share subscription

Shareholders who opted to receive the Scrip Dividend may incur depository bank fees. Shareholders should consult their depository bank directly regarding the details in advance. Costs which are charged to shareholders as depositary account customer by depository banks cannot be refunded by GCP or by Berenberg. Choosing the Scrip Dividend may be uneconomic in view of the costs that may be incurred, especially for shareholders who hold only a small number of GCP shares.

ff) Exercising the right of choice to receive the Scrip Dividend and delivery of the New Shares

If shareholders opted to receive the Scrip Dividend, they had to notify their depository bank, by using the form provided to them by their depository bank for this purpose and returning it in good time before the end of the Subscription Period during the normal office hours of their depository bank, that they wish to exercise their subscription right and had to cede Partial Dividend Rights corresponding to the exercised subscription rights to Berenberg by completing and signing the form.

The Partial Dividend Rights were ceded to Berenberg as third-party trustee on the condition that Berenberg cedes the ceded Partial Dividend Rights as contribution in kind to GCP against subscription to New Shares, in the Subscription Ratio at the Subscription Price, in its own name for the account of the shareholders, with the obligation, following subscription and execution of the Capital Increase, that it will transfer the New Shares to the individual shareholders.

It is expected that the New Shares will be delivered to the depository banks on 23 July 2018.

5. Admission to trading on the stock exchange

Admission of the New Shares to trading on the regulated market of the Frankfurt Stock Exchange as well to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) is expected to take place on or around 20 July 2018. Listing for the New Shares on the regulated market of the Frankfurt Stock Exchange is expected to start on 23 July 2018 by including the New Shares in the listing of existing shares.

6. Tax treatment

The following concise statement does not claim to provide all the necessary information on tax treatment of the dividend and is no substitute for the individual consultation with a tax advisor.

a) Luxembourg tax treatment

Distributions of dividends by the Company are subject to a 15% withholding tax in Luxembourg, unless an exemption applies. For the avoidance of doubt the withholding tax is computed on the gross amount of the entire dividend (cash dividend and/or Scrip Dividend, the "**Entire Dividend**") and is deducted by the Company and paid to the competent revenue office at the Luxembourg direct tax administration (*Administration des Contributions Directes*). The remaining net dividend is to be distributed to the shareholders.

Luxembourg withholding tax is due within 8 days of the funds being made available by the Company to the shareholders. The Company will submit a withholding tax return on capital income (model 900E) within the same period.

If the shareholder was entitled to a reduced withholding tax rate (as applicable in the relevant tax treaty) or a withholding tax exemption, it/he/she may submit a request for the refund of the excess payment to the Luxembourg direct tax administration (*Administration des Contributions Directes*).

b) German tax treatment

The Company has to withhold 15% tax in Luxembourg on any dividend payments – regardless whether these are paid out in cash or as a Scrip Dividend – as far as a shareholder is not entitled to a participation exemption as provided for under the domestic law or the applicable double tax treaty. In Germany the domestic depot bank or other depot holding financial services institution withholds German tax of 26.375% including solidarity surcharge on the Entire Dividend, whereas any tax already withheld in Luxembourg will fully be credited to this amount.

To the extent the shareholder is subject to church tax, the tax liability is increased accordingly. The church tax is also withheld, unless the shareholder has objected to his/her data being passed on to the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) (blocking notice). The amount of church tax withheld depends on the shareholder's religion and his/her place of residence.

Withholding tax including solidarity surcharge and, if applicable, church tax is covered through payout of the Dividend Base Portion also if the shareholder opted for the Scrip Dividend. The institutions making the payouts may withhold the withholding tax accruing on the entire dividend right and pay it to the competent tax office. The remaining difference is to be credited to the shareholders.

There are possible exemptions from the deduction of withholding tax (including solidarity surcharge and, if applicable, church tax) under certain conditions, such as, for example, exemption certificates (*Freistellungsbescheinigungen*) and non-assessment certificates (*Nichtveranlagungsbescheinigungen*). In such cases, in which the Luxembourg withholding tax may not fully be credited because the German withholding tax is effectively lower than 15%, the shareholder may claim the credit of this foreign tax within his/her personal income tax return to avoid double taxation.

7. Later submission of confidential information

The details which were left open in this information document pursuant to article 5 (3) lit. d) of the Luxembourg Prospectus Law and § 4 (1) No. 4 and (2) No. 5 WpPG are published on the GCP website at https://grandcityproperties.com/en/annual-general-meeting-2018.html under the link "Information regarding the scrip dividend".

Luxembourg, 13 July 2018

Grand City Properties S.A.

The Board of Directors