GRAND CITY
Properties S.A.

Condensed Interim Consolidated Financial Statements

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018

Hamburg

Berlin

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FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018

IMPRINT

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Dortmund

Key financials

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	Mar 2018	Dec 2017	Dec 2016
Total Assets	**8,319,033**	7,508,292	6,153,733
Total Equity	**3,963,768** [1]	3,849,662	3,065,064
Loan-to-Value	**37%**	36%	35%
Equity Ratio	**48%** [2]	51%	50%

1) €4.3 billion pro forma including the perpetual notes issued in April 2018
2) 50% pro forma including the perpetual notes issued in April 2018

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	1–3/2018	Change	1–3/2017
Rental and operating income	**132,438**	12%	117,957
EBITDA	**185,253**	58%	116,999
Adjusted EBITDA	**67,758**	14%	59,530
FFO I	**49,461**	18%	42,014
FFO I per share (in €)	**0.30**	11%	0.27
FFO I per share after perpetual notes attribution (in €)	**0.26**	13%	0.23
FFO II	**54,418**	29%	42,263
Net Profit	**131,712**	43%	92,233
EPS (basic) (in €)	**0.71**	39%	0.51
EPS (diluted) (in €)	**0.65**	41%	0.46

NAV HIGHLIGHTS

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Mar 2018	**3,834,737**	**3,461,319**	**4,130,578** [3]	**3,359,691**
Mar 2018 per share (in €)	**23.2**	**21.0**	**25.0** [3]	**20.4**
Per share growth	**+4%**	**+4%**	**+3%**	**+5%**
Dec 2017	3,691,675	3,327,186	3,993,057	3,206,966
Dec 2017 per share (in €)	22.4	20.2	24.2	19.4

3) €4.5 billion and €27.2 per share pro forma including the perpetual notes issued in April 2018

Cologne

Continuing to extract value and realize upside through solid organic growth

CONSISTENTLY STRONG LIKE-FOR-LIKE GAINS

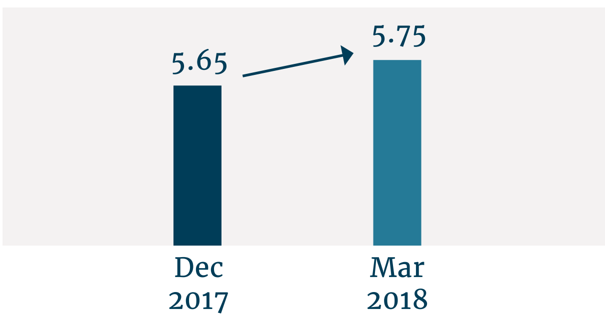
+2.5%
L-F-L
In-place-rent growth
Mar 2018

+3%
L-F-L
Total net rent growth
Mar 2018

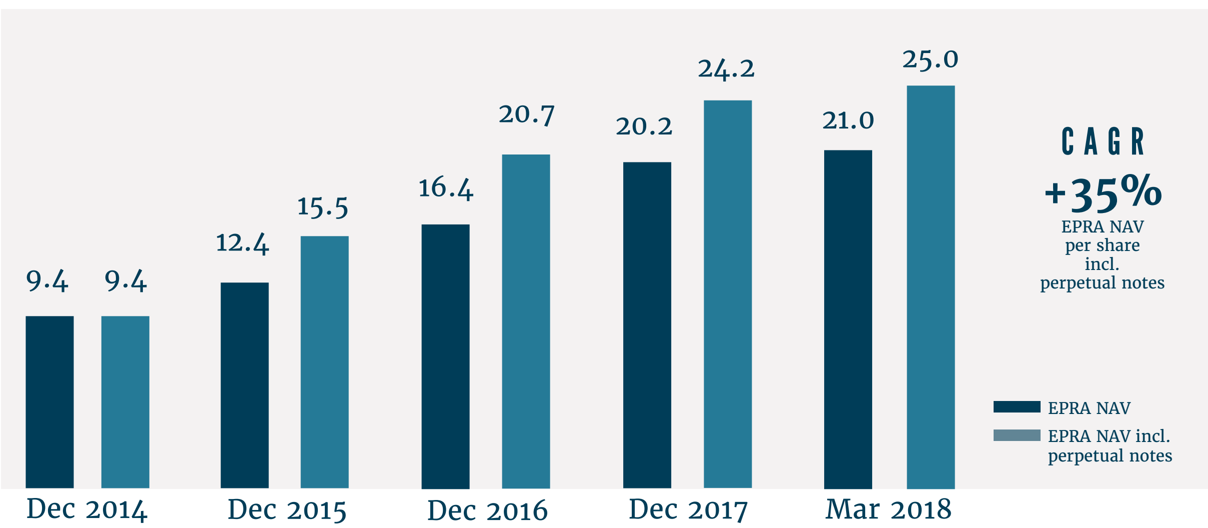
+0.5%
L-F-L
Occupancy growth
Mar 2018

Capturing the high reversionary potential of the portfolio

GROWTH OF IN-PLACE-RENT (IN €/SQM)

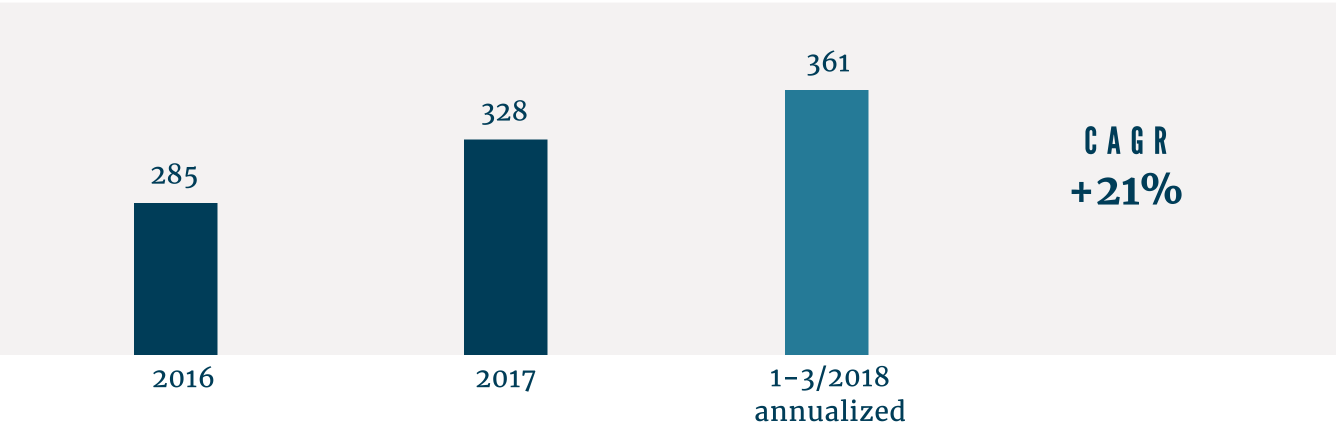


EPRA NAV PER SHARE GROWTH (IN €)

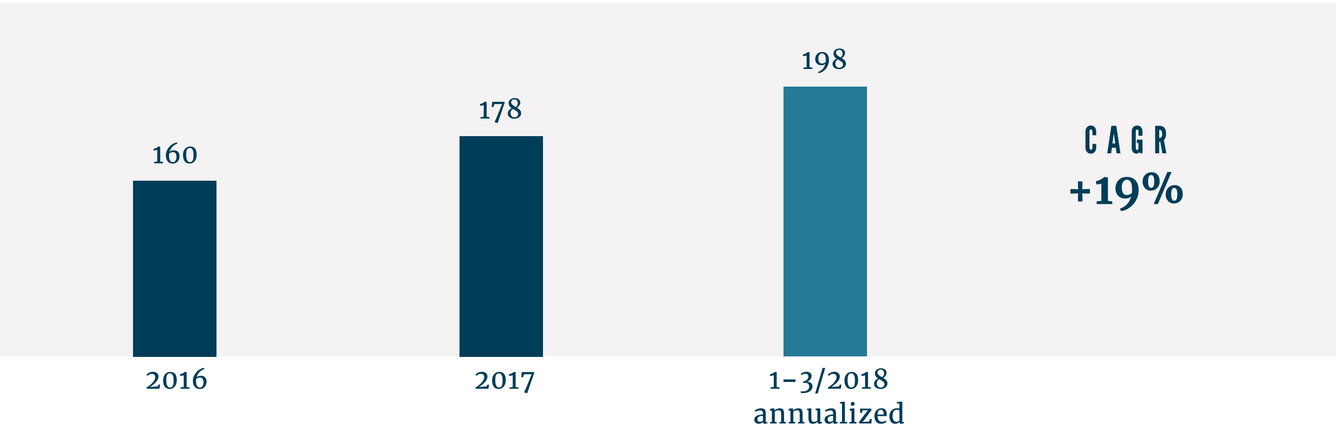


Demonstrating proven capabilities of consistently increasing operational performance

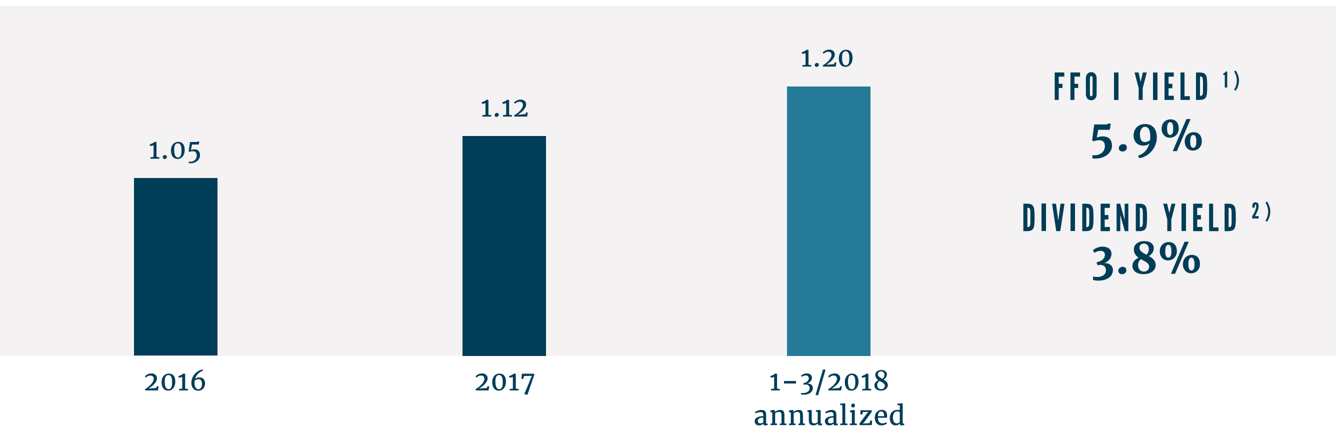
NET RENTAL INCOME GROWTH (IN € MILLIONS)



FFO I GROWTH (IN € MILLIONS)



FFO I PER SHARE GROWTH (IN €)

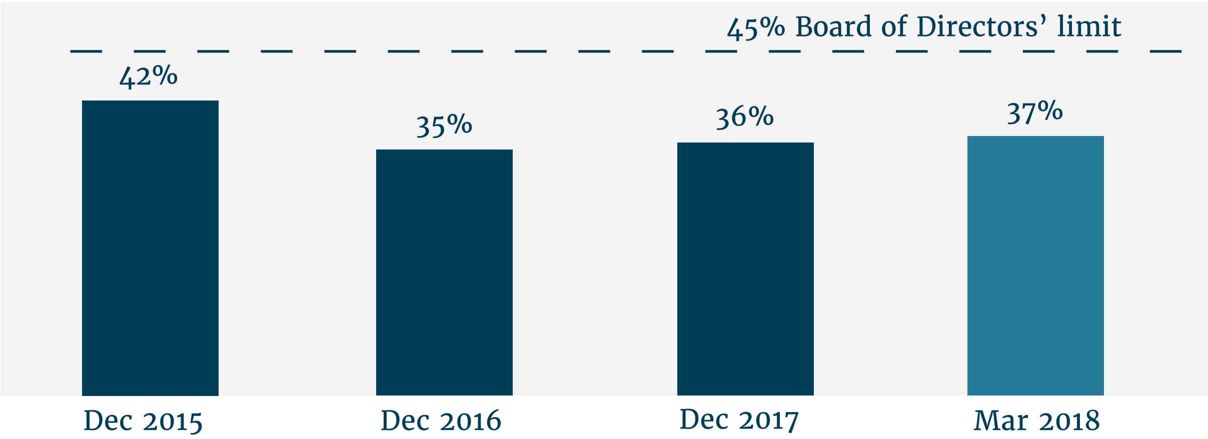


1) based on a share price of €20.5
2) based on a payout ratio of 65% of FFO I per share

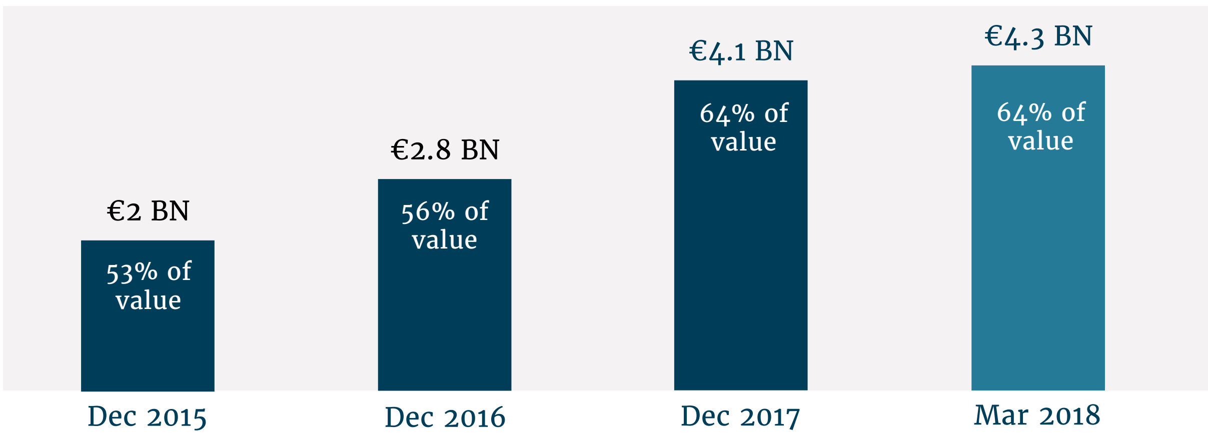
Highlights

Maintaining a conservative, long-term oriented financial structure with a strong credit profile at the base of success

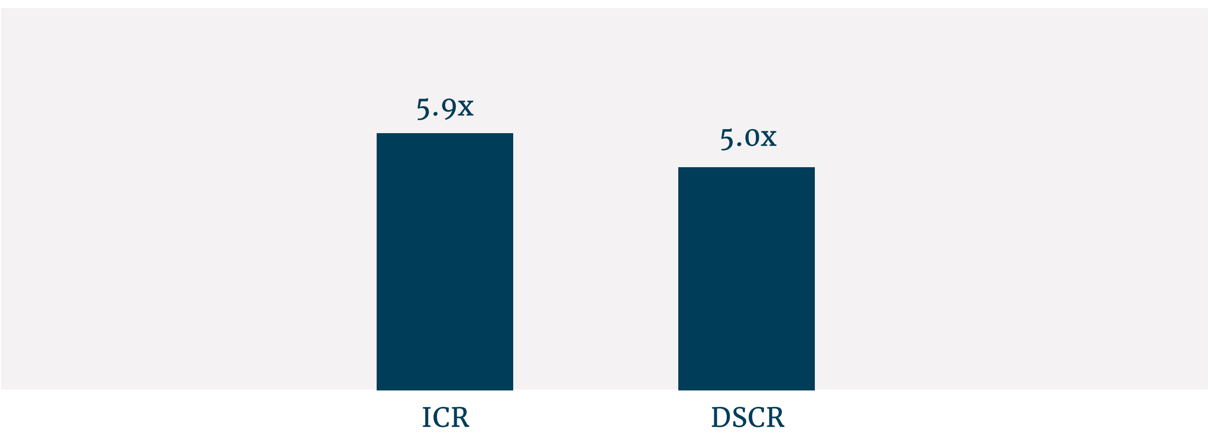
LOW LEVERAGE (LOAN-TO-VALUE)



LARGE POOL OF UNENCUMBERED ASSETS



HIGH FINANCIAL COVERAGE RATIOS (Q1 2018)



High investment-grade ratings confirming strong credit and business profile and supporting capital markets activities

S&P	MOODY'S
BBB+	Baa1
A-	A3

LONG-TERM TARGET

Continuously tapping the capital markets with €1.2 billion raised in 2018 year-to-date

- Issuance of **€350 million** perpetual notes in April 2018 at a coupon of 2.5% – GCP's lowest perpetual notes coupon yet
- Issuance of Hong Kong dollar HKD 900 million **(€93 million)**, 10-year Series I straight bonds in February 2018 – GCP's first foreign currency issuance – with full currency hedge to maturity
- Issuance of **€500 million** Series J straight bonds due 2027 in February 2018, and simultaneous buy-back of €41 million of the 2% Series D straight bonds due 2021 and €170 million of the Series F convertible bonds due 2022
- Issuance of CHF 125 million **(€108 million)** Series K straight bonds due 2026 in February 2018, full currency hedge of notional amount to maturity
- Tap up of **€145 million** of the 15-year Series H straight bonds in February 2018 for an aggregate total amount of **€255 million**

Keeping a low cost of debt and long average debt maturity

1.6%	8.3 years
AVERAGE COST OF DEBT	AVERAGE DEBT MATURITY

Highlights

PROFITABILITY HIGHLIGHTS

in €'000 unless otherwise indicated	**1-3/2018**	1-3/2017
Rental and operating income	**132,438**	**117,957**
EBITDA	185,253	116,999
Adjusted EBITDA	**67,758**	**59,530**
Profit for the period	131,712	92,233
EPS (basic) (in €)	0.71	0.51
EPS (diluted) (in €)	0.65	0.46
FFO I	**49,461**	**42,014**
FFO I per share (in €)	0.30	0.27
FFO I per share after perpetual notes attribution (in €)	0.26	0.23
FFO II	**54,418**	**42,263**
Interest Cover Ratio	5.9x	6.2x
Debt Service Cover Ratio	5.0x	5.0x

FINANCIAL POSITION HIGHLIGHTS

in €'000 unless otherwise indicated	**Mar 2018**	Dec 2017
Cash and liquid assets 1)	**901,472**	**402,331**
Total Assets	**8,319,033**	**7,508,292**
Investment Property 2)	6,438,602	6,387,868
Total Equity	**3,963,768**	**3,849,662**
EPRA NAV	**3,461,319**	**3,327,186**
EPRA NAV including perpetual notes	**4,130,578** 5)	**3,993,057**
Total loans and borrowings 3)	952,465	940,682
Straight bonds 4)	2,201,338	1,422,920
Convertible bond	270,259	432,073
Loan-to-Value	37%	36%
Equity Ratio	48%	51%

1) including cash and cash equivalents held for sale
2) including inventories - trading properties
3) including short-term loans and borrowings, loan redemption, and financial debt held for sale
4) including bond redemption
5) €4.5 billion pro forma including the perpetual notes issued in April 2018

Bremen

The Company

Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors (the "Board") hereby submits the interim report as of March 31, 2018.

The figures presented in this Board of Directors' Report are based on the condensed interim consolidated financial statements as of March 31, 2018, unless stated otherwise.

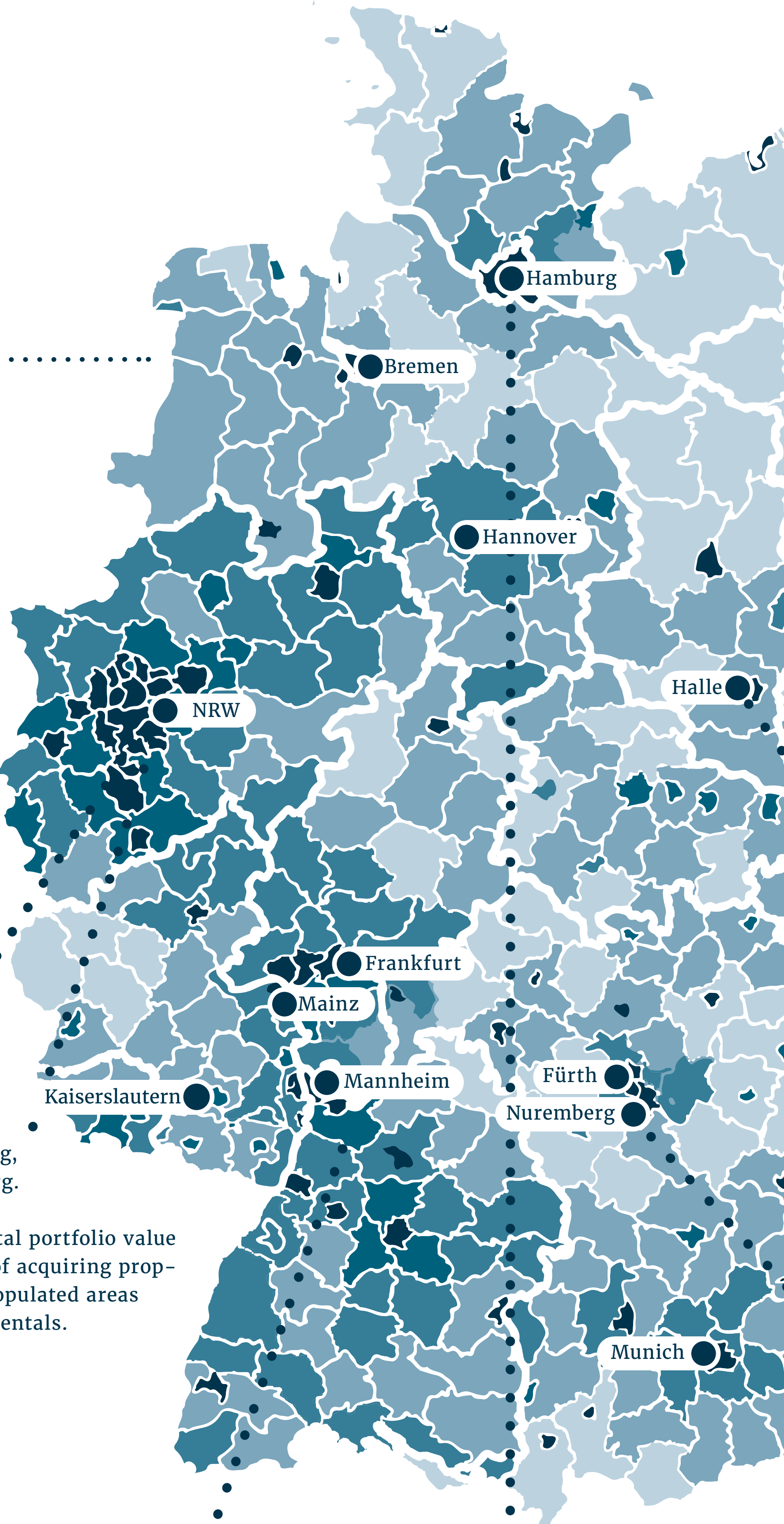
GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany. The Group's portfolio as of March 2018 consists of 85k units (hereinafter "GCP portfolio" or "the Portfolio") located in densely populated areas with a focus on North Rhine-Westphalia, Germany's most populous federal state, Berlin, Germany's capital, the metropolitan regions of Dresden, Leipzig and Halle and other densely populated areas.

The Portfolio's monthly in-place rent as of March 2018 is €5.75 per square meter and the EPRA Vacancy is 7.2%. GCP is targeting assets in densely populated urban locations with solid sustainable economic and demographic fundamentals, and with multiple value-add drivers that it can pursue using its skills and capabilities such as vacancy reduction, rent below market levels, improving operating cost efficiency, increasing market visibility, potential for high-return capex investments, and potential for significant benefits from the Company's scale. GCP's management has vast experience in the German real estate market with a long track record of success in repositioning properties using its tenant management capabilities, tenant service reputation, and highly professional and specialized employees.

In addition, GCP's economies of scale allows for considerable benefits of a strong bargaining position, a centralized management platform supported by advanced in-house IT/software systems, and a network of professional connections.

This strategy enables the Company to create significant value in its portfolio and generate stable and increasing cash flows.

The Portfolio



ATTRACTIVE PORTFOLIO CONCENTRATED ON DENSELY POPULATED METROPOLITAN AREAS IN GERMANY WITH VALUE-ADD POTENTIAL

GCP's well-balanced and diversified portfolio is composed of properties in attractive micro-locations with identified value creation potential primarily in major German cities and urban centers.

The Group's well-allocated portfolio provides for strong geographic and tenant diversification and benefits from economies of scale, supporting the risk-averse portfolio approach. GCP's focus on densely populated areas is mirrored by 29% of its Portfolio being located in NRW, 24% in Berlin, 15% in the metropolitan regions of Dresden, Leipzig and Halle, with additional holdings in other major urban centers with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

Additionally, GCP has an exposure of about 2% of total portfolio value in London. London follows the Company's strategy of acquiring properties with significant upside potential in densely populated areas characterized by strong demand and market fundamentals.


Cologne


Gelsenkirchen

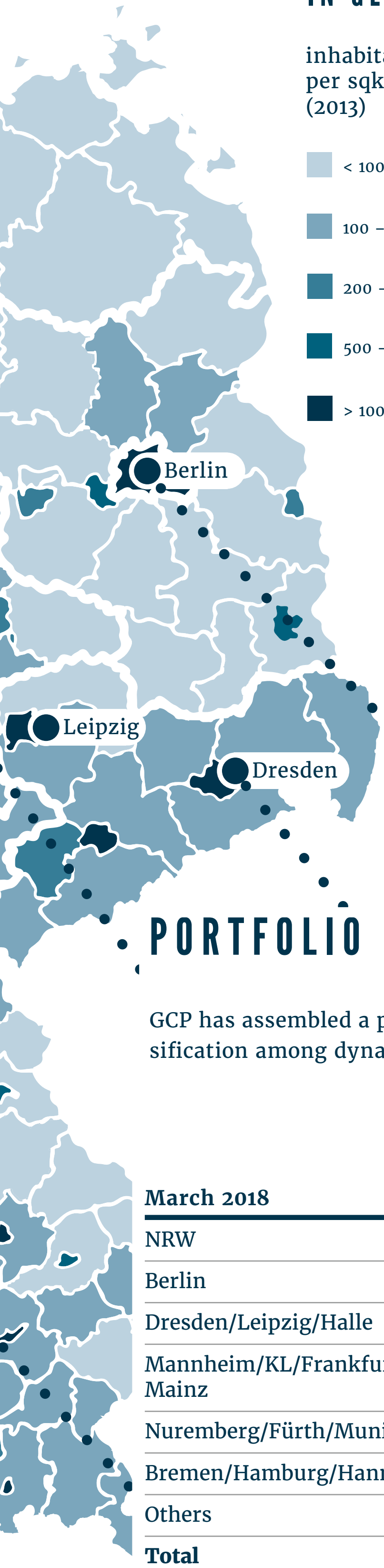

Mannheim


Hamburg

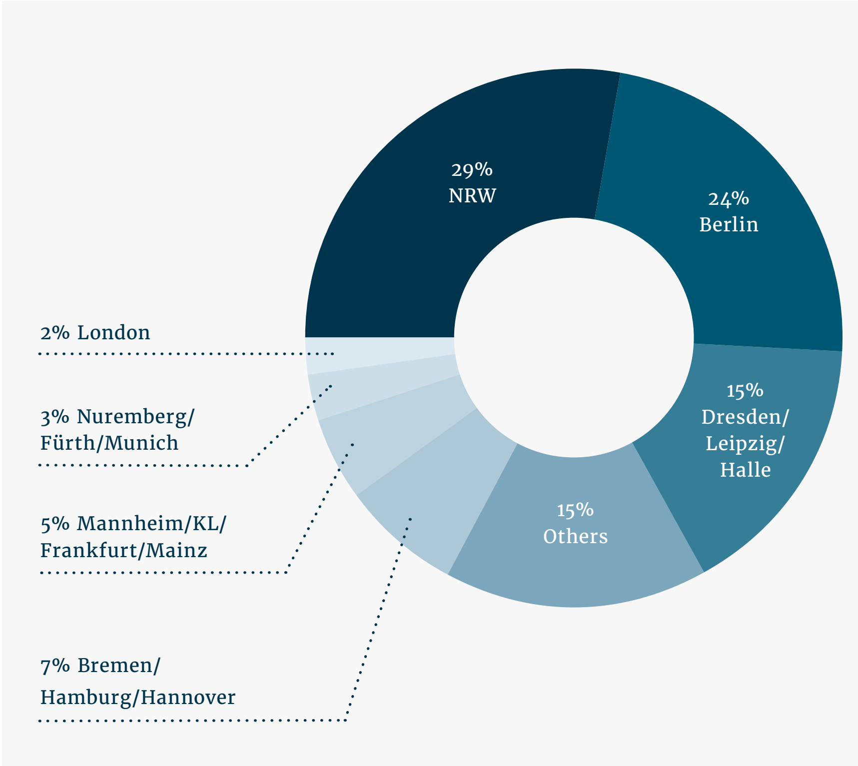
POPULATION DENSITY IN GERMANY

inhabitants per sqkm (2013)

- < 100
- 100 – 200
- 200 – 500
- 500 – 1000
- > 1000



REGIONAL DISTRIBUTION BY VALUE



PORTFOLIO OVERVIEW

GCP has assembled a portfolio of high quality assets in densely populated metropolitan regions, benefiting from diversification among dynamic markets with positive economic fundamentals and demographic developments.

March 2018	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,850	1,831	8.1%	111	5.4	27,386	1,010	6.0%
Berlin	1,521	627	5.3%	53	7.3	8,076	2,424	3.5%
Dresden/Leipzig/Halle	948	1,076	8.5%	57	4.9	18,537	881	6.1%
Mannheim/KL/Frankfurt/Mainz	332	251	4.8%	18	6.1	4,146	1,325	5.4%
Nuremberg/Fürth/Munich	197	102	4.0%	10	7.7	1,471	1,935	4.9%
Bremen/Hamburg/Hannover	462	364	4.8%	25	6.0	5,445	1,268	5.3%
Others	1,129	1,185	8.0%	74	5.8	19,962	953	6.5%
Total	**6,439**	**5,436**	**7.2%**	**348**	**5.75**	**85,023**	**1,184**	**5.4%**


Nuremberg


Halle


Dresden


Berlin

The Portfolio

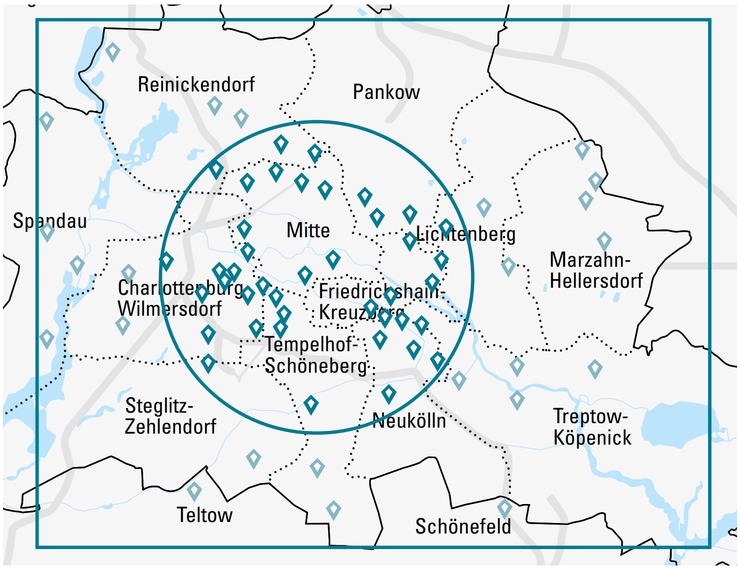
BERLIN: BEST IN CLASS PORTFOLIO, WITH QUALITY LOCATIONS IN TOP TIER NEIGHBORHOODS

2/3
IN TOP TIER LOCATIONS

2/3 of the Berlin portfolio is located in top tier neighborhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam.

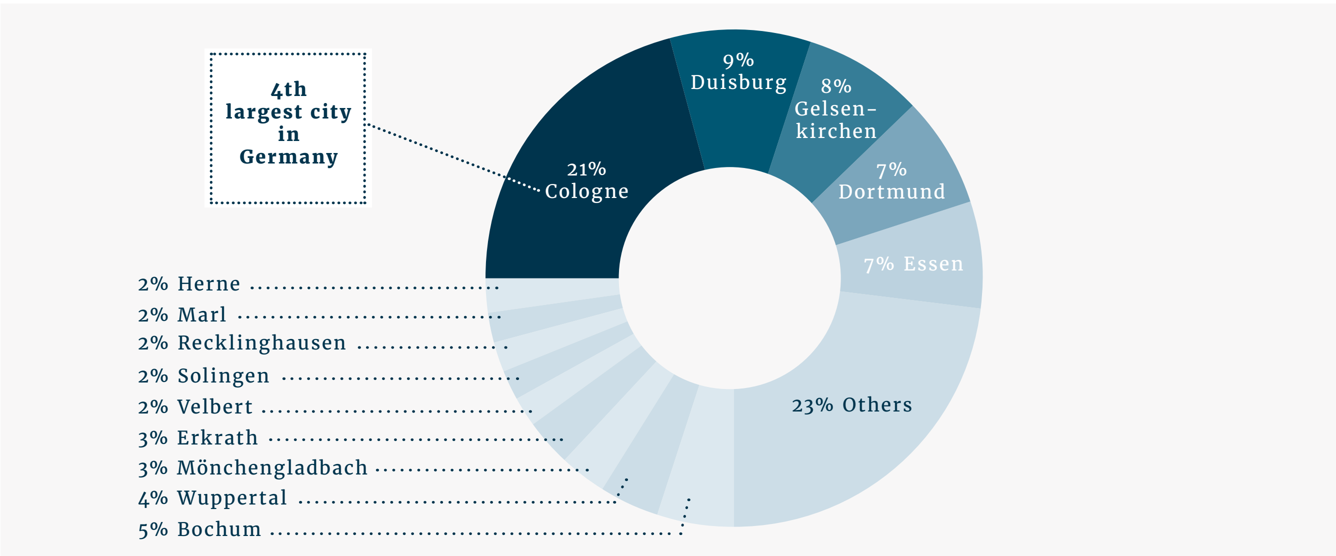
1/3
IN AFFORDABLE LOCATIONS

1/3 is well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf.



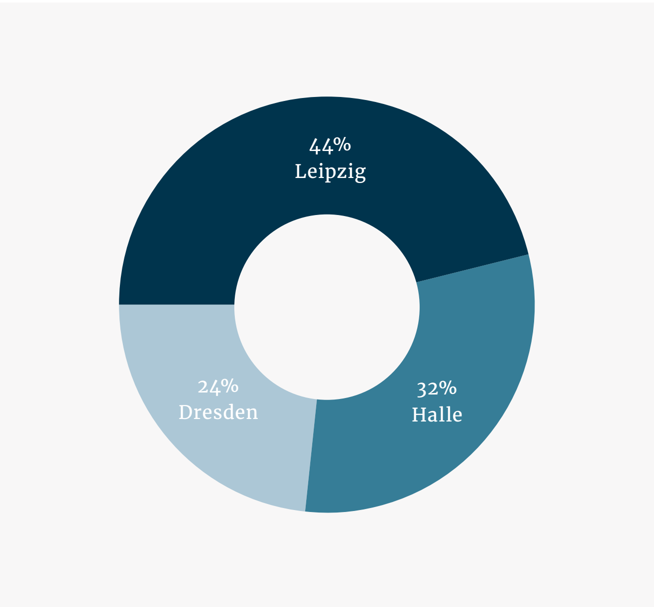
NORTH RHINE-WESTPHALIA (NRW): WELL POSITIONED IN THE LARGEST METROPOLITAN AREA IN GERMANY

The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 21% of the NRW portfolio is located in Cologne, the largest city in NRW, 9% in Duisburg, 8% in Gelsenkirchen, 7% in Dortmund and 7% in Essen.



QUALITY EAST PORTFOLIO

GCP's East portfolio is well distributed in the growing and dynamic cities of Dresden, Leipzig and Halle.

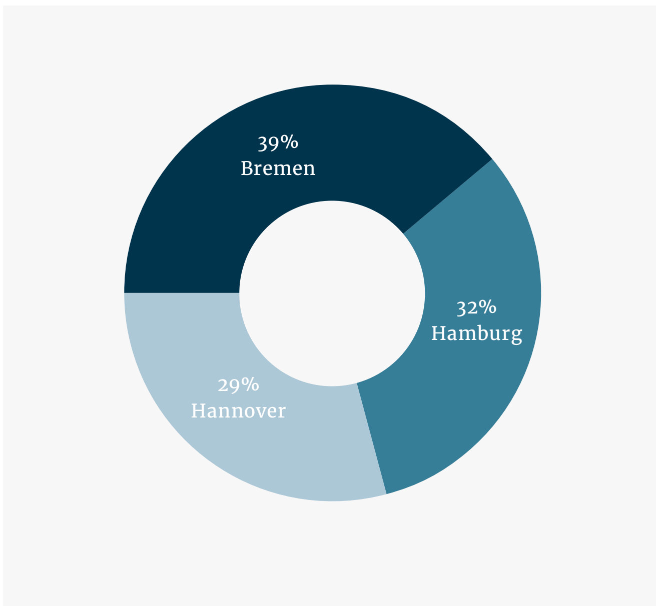


Leipzig

QUALITY NORTH PORTFOLIO

Hannover

The North portfolio is focused on the major urban centers of Bremen, Hamburg and Hannover – the largest cities in the north of Germany.



Strong financial position

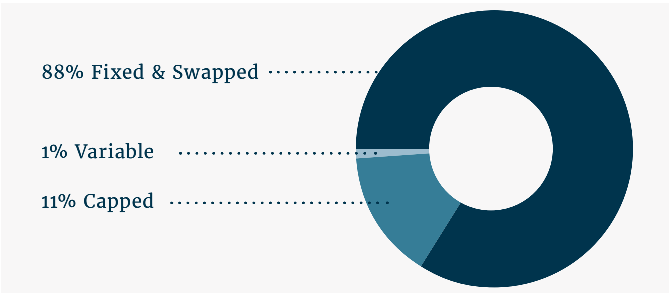
CONSERVATIVE FINANCIAL POLICY

GCP follows a financial policy in order to maintain and improve its strong capital structure:

- **Strive to achieve A- global rating in the long term**
- LTV limit at 45%
- Debt to debt plus equity ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios with a strong ICR
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long-term unsecured bonds and non-recourse bank loans
- Maintaining credit lines from several banks which are not subject to Material Adverse Effect clauses
- Dividend of 65% of FFO I per share

As part of the conservative financial approach adopted by management the Company continuously maintains high liquidity, with €901 million in cash and liquid assets and approx. €100 million in unused credit facilities as of March 31, 2018, providing for high financial flexibility.

HEDGING STRUCTURE



GCP's bank loans are spread across more than 50 separate loans from around 20 different financial institutions that are non-recourse and have no cross-collateral or cross-default provisions.

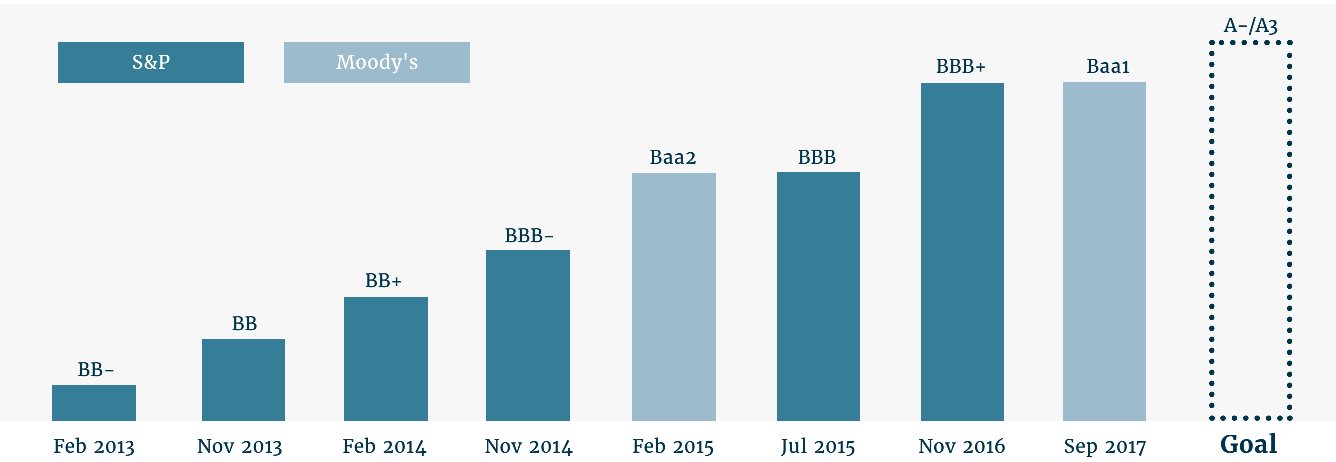
Fitting to the Company's conservative capital structure, 99% of its interest is hedged.

Part of GCP's conservative financial policy, bonds issued in foreign currencies are hedged to Euro until maturity.

CREDIT RATING

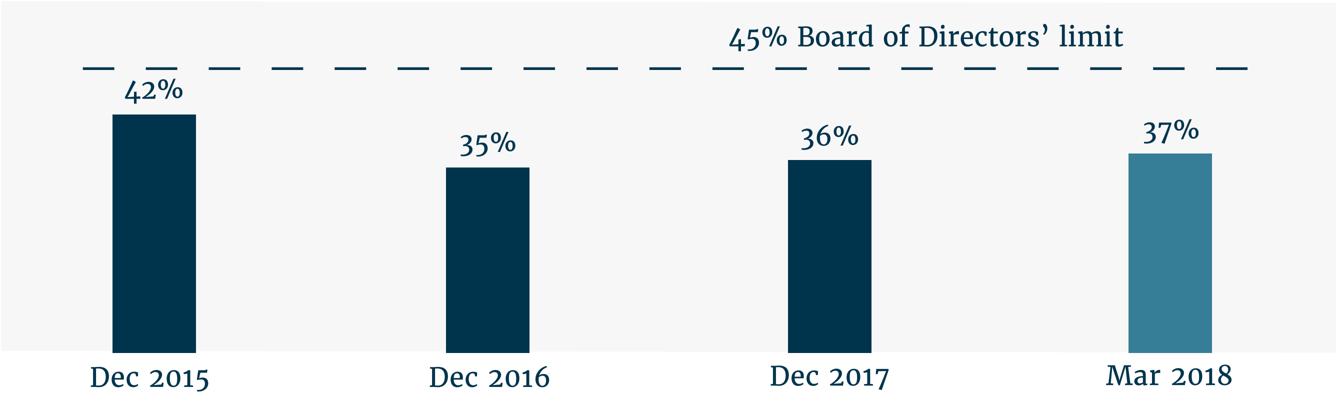
GCP maintains investment-grade credit ratings from both Standard & Poor's (S&P) and Moody's Investors Service (Moody's), with current long-term issuer ratings of **BBB+** and **Baa1**, respectively. Additionally, S&P assigned GCP a short-term rating of **A-2**. The Company has a long-term goal of achieving an A-/A3 credit rating, an important component of its financial policy, and to that effect the Board of Directors has decided to implement policies, management and financial strategies to achieve that target.

The Company has established a strong track record of achieving rating improvements owing to continuous improvements in its business and financial profile. In September 2017, Moody's increased GCP's issuer rating to Baa1, noting the portfolio's strong diversification, the Company's strong credit metrics, high liquidity and financial flexibility, and strong access to capital markets. In November 2016, S&P increased the Company's issuer rating for the 5th time in four years, to BBB+, owing to the Company's strengthened position within its business risk profile.



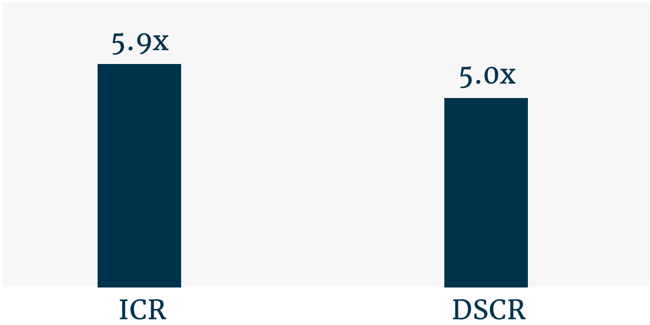
LOAN-TO-VALUE

GCP strategically maintains its strong financial profile characterized by long-term debt maturities, hedged interest rates, excellent financial coverage ratios, and a low LTV. The LTV as of March 31, 2018 is at 37%, below the management limit of 45%.



DEBT COVER RATIOS

GCP's financial flexibility remains strong over time due to its high profitability, which is reflected in consistently high debt cover ratios. The Interest Cover Ratio for the first three months of 2018 was 5.9x and the Debt Service Cover Ratio was 5.0x.

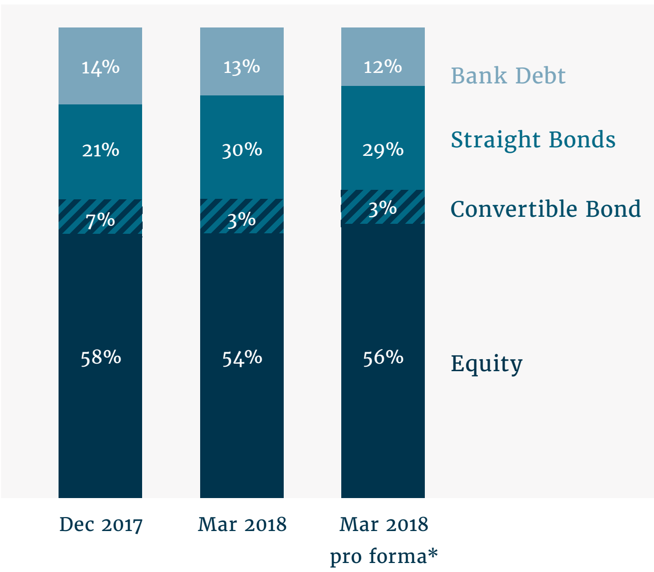


FINANCING SOURCES MIX

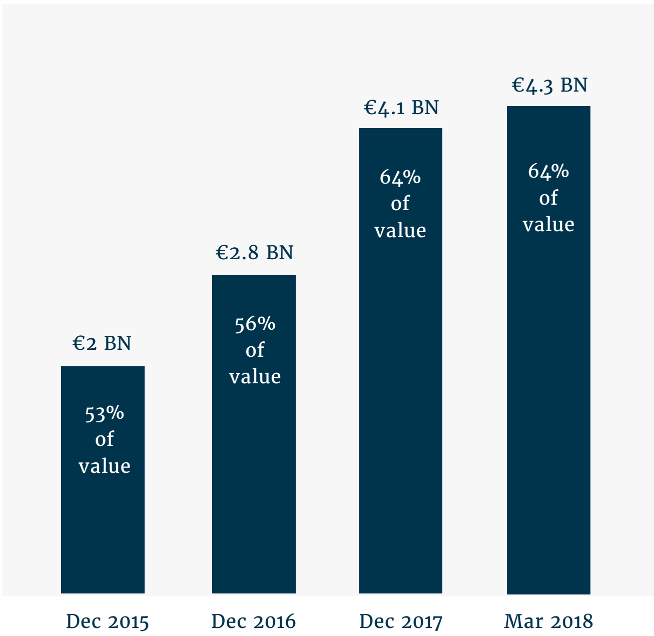
An important component of GCP's financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company's wide reach and proven track record in issuing instruments across various capital markets: straight bonds, convertible bonds, perpetual notes and equity capital. In addition, the Company maintains lasting relationships with numerous of banks and financial institutions, providing for access to bank financing.

UNENCUMBERED ASSETS

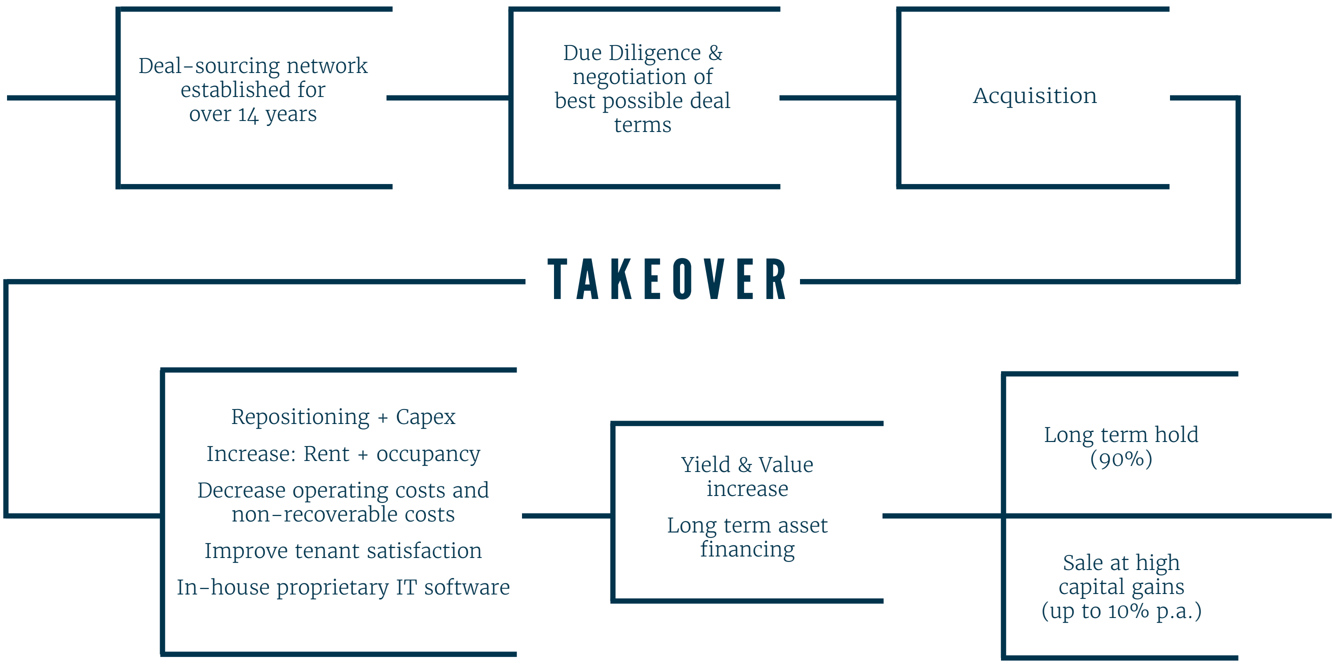
The Company maintains as part of its conservative financial policy a high proportion of unencumbered assets to provide additional financial flexibility and contribute to a strong credit profile, with €4.3 billion in unencumbered assets as of March 2018, representing 64% of the total portfolio value.



* including the perpetual notes issued in April 2018



Company strategy and business model



FOCUS ON VALUE-ADD OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED REGIONS, WHILE KEEPING A CONSERVATIVE FINANCIAL POLICY AND INVESTMENT-GRADE RATING

GCP's investment focus is on the German residential markets that it perceives to benefit from favorable fundamentals that will support stable profit and growth opportunities in the foreseeable future. The Group's current portfolio is predominantly focused on North Rhine-Westphalia, Berlin, the metropolitan regions of Leipzig, Dresden and Halle, as well as other major cities and urban centers in Germany and a minor stake in London.

The Company believes its platform has the right abilities and systems in place to continue its strong performance and to further realize on the high upside potential embedded in the portfolio. The Group also believes that there are acquisition opportunities in these attractive markets to support its external growth strategy.

For its acquisitions, the Company adheres to the following specific criteria:

- Acquisition in densely populated areas and major cities
- High cash flow generating assets
- Vacancy reduction potential
- Rent level per sqm below market level (under-rented), upside potential and low downside risk
- Purchase price below replacement costs and below market values
- Potential to reduce the operating cost per sqm

SUSTAINABILITY AT THE CORE OF THE BUSINESS

GCP has adopted a strong focus on securing the long-term sustainability of its operations and ensuring that it acts as a responsible corporate citizen, implementing various ESG measures and initiatives on several levels of the Company's business. The Company seeks to leave a positive impact on the environment in the locations in which it operates through sustainable investments, maintain a high level of commitment and standard of service to its tenants, ensure the well-being and personal development of its employees, and ensure high governance standards throughout the organization. Having increased the level of sustainability-related communications and disclosures in recent periods, GCP is now proud to present its first full annual Sustainability Report for the year 2017, which is available for download on GCP's website.

GCP's accomplishments in terms of its sustainability efforts were recognized and rewarded by EPRA with a total of 5 awards in September 2017, including the **Sustainability Best Practices Recommendations (sBPR) Gold award** and **sBPR Most Improved award**, as well as **1st place for Outstanding Contribution to Society**.

GCP's sustainability measures were assessed in November 2017 by Sustainalytics, a leading sustainability rating agency, who ranked the Company in the **91st percentile** among over 300 peers worldwide, noting GCP as **Outperformer**.

GCP's first full annual sustainability report published for 2017

CASH FLOW IMPROVEMENTS THROUGH FOCUS ON RENTAL INCOME AND COST DISCIPLINE

GCP seeks to maximize cash flows from its portfolio through the effective management of its assets by increasing rent, occupancy and cost efficiency. This process is initiated during the due diligence phase of each acquisition, through the development of a specific plan for each asset. Once taken over, and the initial business plan realized, GCP regularly assesses the merits of ongoing improvements to its properties to further enhance the yield on its portfolio by increasing the quality and appearance of the properties, raising rents and further increasing occupancy. GCP also applies significant scrutiny to its costs, systematically reviewing ways to increase efficiency and thus increase cash flows.

MAXIMIZE TENANT SATISFACTION

A key pillar of the overall success of GCP is tenant satisfaction. The Company places strong emphasis on enhancing the living quality and environment of its tenants through various measures. GCP strives to develop a community feeling amongst its tenants by installing playgrounds, improving accessibility at the properties, organizing family-friendly events, supporting local associations as well as through various other initiatives. Some of the Company's regularly organized tenant events include Santa Claus celebrations for Christmas, Easter egg-searching events as well as different summer events, such as the dozens of "GCP Summer Games" parties that are organized annually. The Company believes that even minor initiatives, such as providing free plastic bags for dog owners to use in disposing of dog waste, go a long way in promoting a pleasant environment. In addition, GCP identifies opportunities to work with local authorities to improve the existing infrastructure in the community, contributing to increased demand for the neighbourhood.

OPERATIONS SUPPORTED BY CENTRALIZED IT/SOFTWARE

The Group's proprietary and centralized IT / software plays a significant role in enabling GCP to achieve its efficiency objectives. The key to this system is the detailed information that it provides not only on the portfolio but also on existing and prospective tenants, which staff can access on and off the road. This all-encompassing data processing enables the Group to track and respond to market rent trends, spot opportunities for rent increases, and manage re-letting risks on a daily basis. GCP's IT/software is providing management with the detailed information necessary to monitor everything from costs to staff performance.

Capital markets

INVESTOR RELATIONS ACTIVITIES SUPPORTING THE STRONG CAPITAL MARKETS POSITION

The Company continues to proactively present its business strategy and thus enhancing perception, as well as awareness, of the Company among capital market investors. GCP seizes opportunities to present a platform for open dialogue, meeting hundreds of investors in dozens of conferences around the globe as well as hosting investors at our offices. The improved perception leads to a better understanding of GCP's business model, operating platform and competitive advantage, and strong confidence from investors. GCP's strong position in equity capital markets is reflected through its membership in key stock market indices, including the MDAX of the Deutsche Börse, the STOXX All Europe 800 index, the FTSE EPRA/NAREIT Global Index series, GPR 250, DIMAX and the MSCI index family. These index inclusions are the result of many years of success in equity markets and the strong investor perception of the Company.

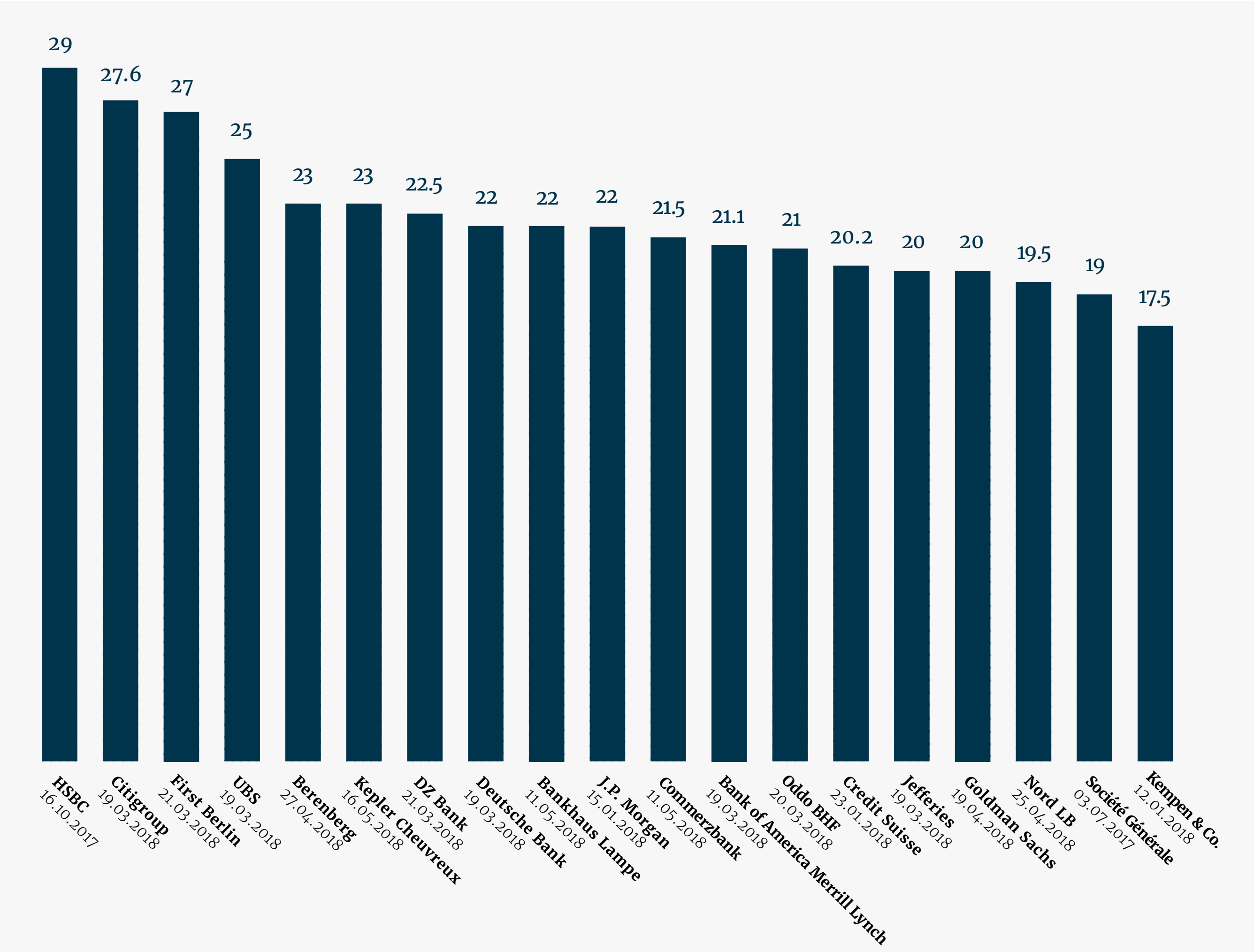
Placement	Frankfurt Stock Exchange
Market segment	Prime Standard
First listing	Q2 2012
Number of shares (as of 31 March 2018)	164,788,883 ordinary shares with a par value of EUR 0.10 per share
Nominal share capital (as of 31 March 2018)	16,478,888 EUR
Number of shares on a fully diluted basis (as of 31 March 2018)	176,957,326
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market capitalisation (as of 31 March 2018)	3.2 bn EUR
Key index memberships	MDAX FTSE EPRA/NAREIT Global FTSE EPRA/NAREIT Developed FTSE EPRA/NAREIT Developed Europe STOXX All Europe 800 MSCI World IMI Core Real Estate GPR 250 DIMAX

Leipzig

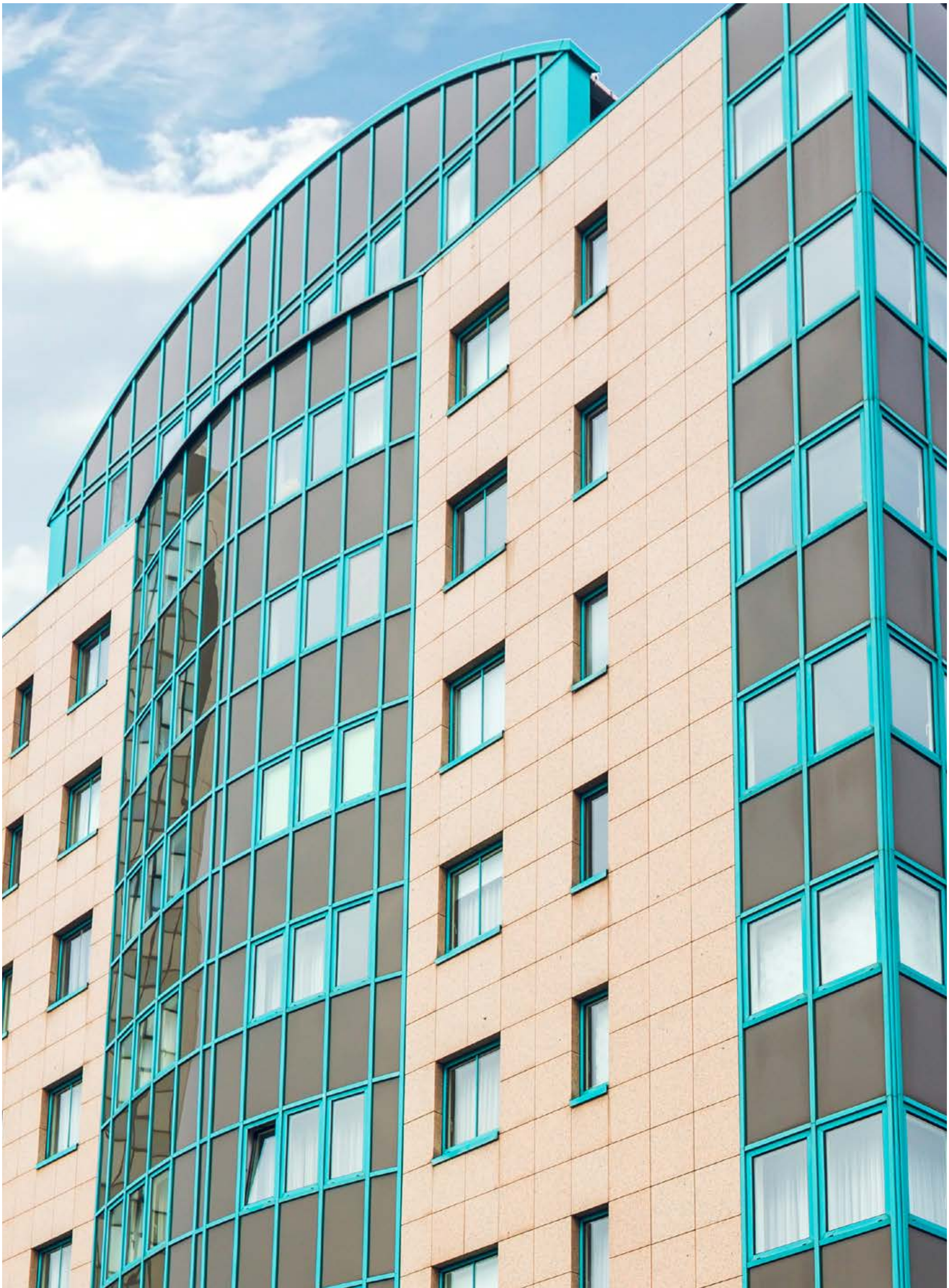
VAST AND PROVEN TRACK RECORD IN CAPITAL MARKETS

The Company has established over the years an impressive track record in capital markets, continuously accessing various markets through its strong relationships with the leading investment banks in the market. Supported by two investment-grade credit ratings (BBB+ from S&P and Baa1 from Moody's), GCP is able to quickly and efficiently source funds at attractive interest rates, significantly contributing to its low average cost of debt of currently 1.6%. Since 2012, GCP has issued €5.4 billion through 25 issuances of straight bonds, convertible bonds, equity and perpetual notes. The Company recently launched an EMTN programme, providing significant convenience and flexibility by enabling the issuance in a short period of time of financial instruments of various sizes, currencies and maturities. Subsequently, the Company's first non-EUR denominated instruments were issued in 2018: a Hong Kong dollar denominated straight bond (Series I) and a Swiss Franc denominated straight bond (Series K), both with currency hedges in place, demonstrating the strong demand for the Company's instruments from global investors. Through its strong access to capital markets, GCP is able to proactively and effectively manage its debt structure, contributing to a long average debt maturity of approx. 8.3 years.

ANALYST RECOMMENDATIONS

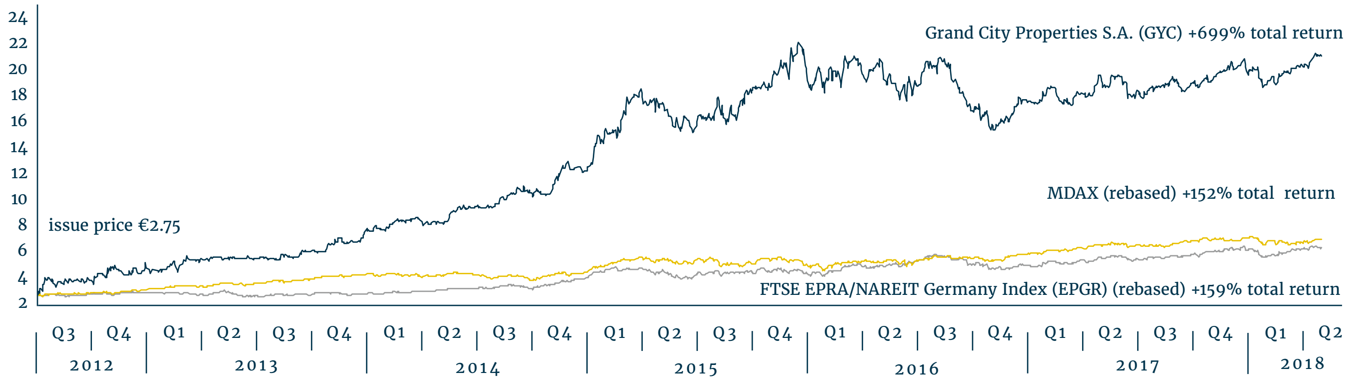


Capital markets

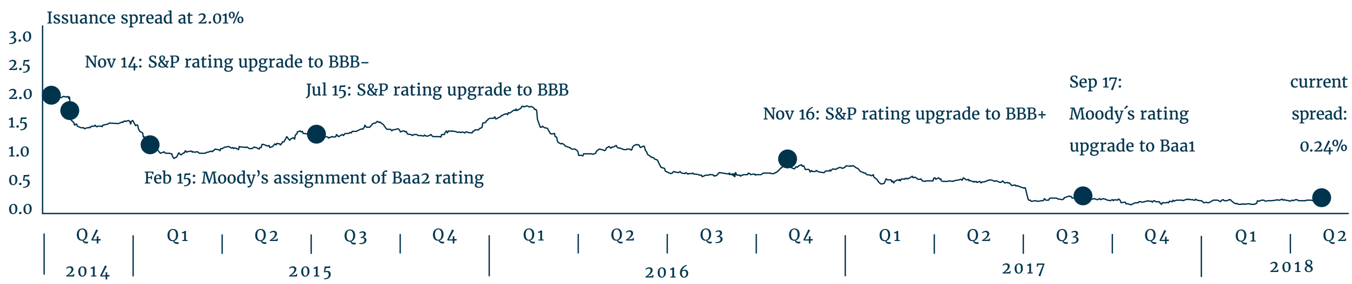


Frankfurt

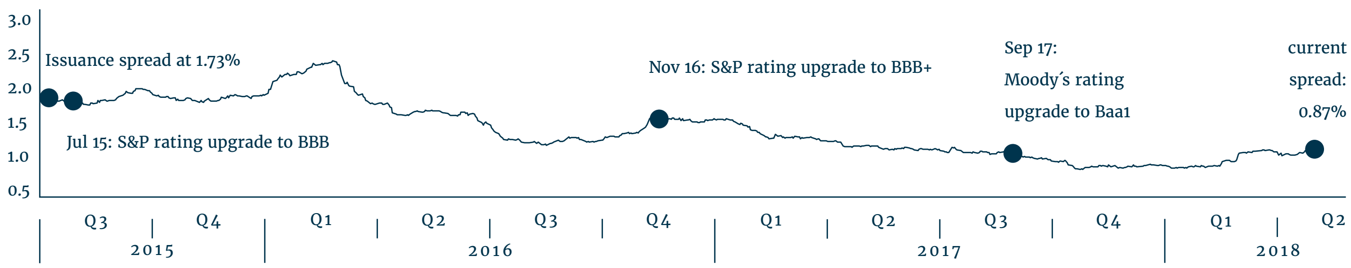
SHARE PRICE PERFORMANCE AND TOTAL RETURN COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



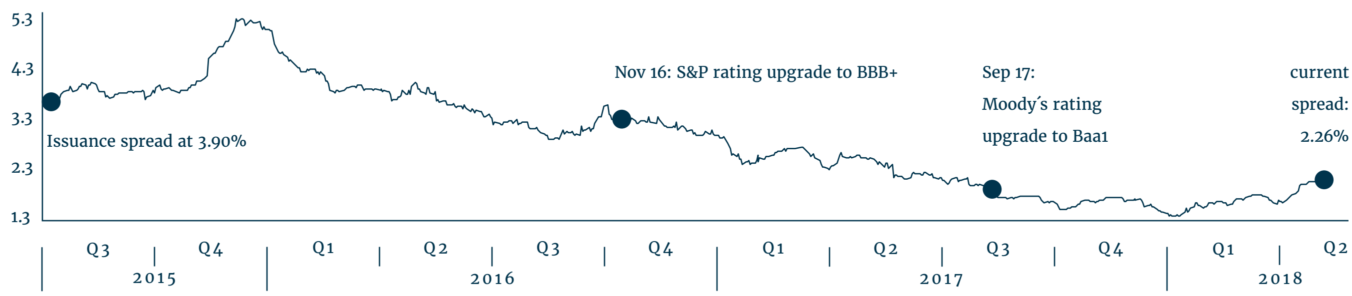
STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 3.5 YEARS



STRAIGHT BOND SERIES E – SPREAD OVER MID-€-SWAP, REMAINING 7 YEARS



3.75% PERPETUAL NOTES SPREAD OVER MID-€-SWAP



Notes on business performance

SELECTED CONSOLIDATED INCOME STATEMENT DATA

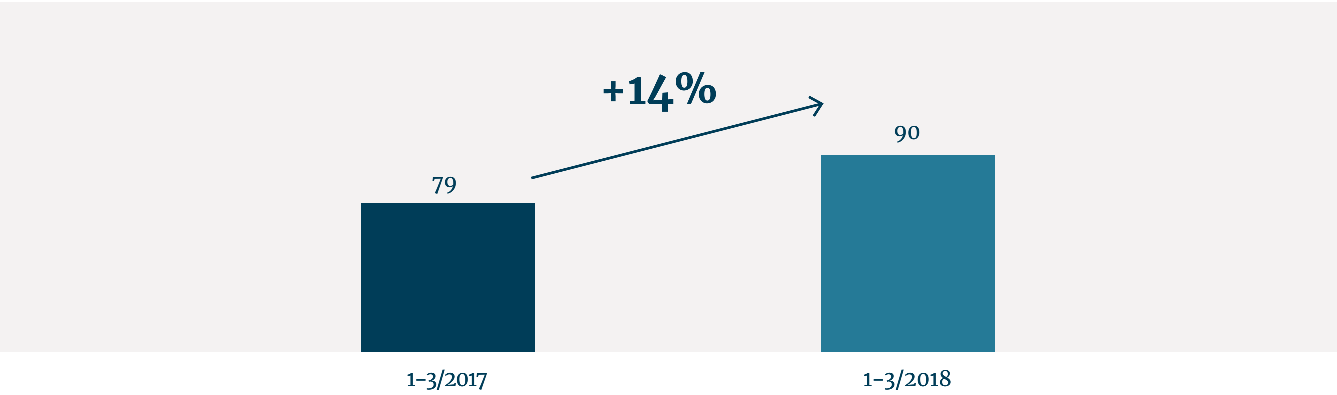
For the 3 months ended March 31,	2018	2017
	€'000	
Revenue	132,688	118,697
Rental and operating income	**132,438**	**117,957**
Net rent	90,155	78,872
Capital gains, property revaluations and other income	117,809	54,734
Property operating expenses	(62,466)	(56,199)
Administrative & other expenses	(3,044)	(2,921)
Operating profit	184,716	116,534
Adjusted EBITDA	**67,758**	**59,530**
Finance expenses	(11,412)	(9,610)
Other financial results	(8,635)	1,203
Current tax expenses	(6,468)	(7,466)
Deferred tax expenses	(26,489)	(8,428)
Profit for the period	**131,712**	**92,233**
FFO I	**49,461**	**42,014**

REVENUE

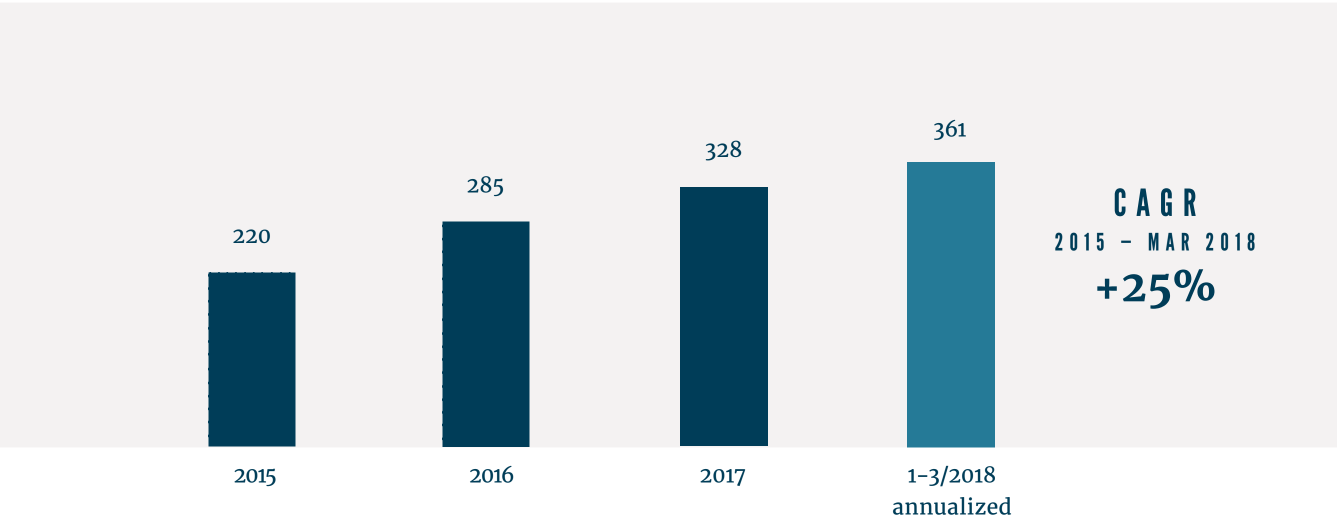
For the 3 months ended March 31,	2018	2017
	€'000	
Net rent	**90,155**	**78,872**
Operating and other income	42,283	39,085
Rental and operating income	**132,438**	**117,957**
Revenue from sales of inventories - trading properties	250	740
Total revenue	**132,688**	**118,697**

GCP recorded in the first three months of 2018 total revenues of €133 million, reflecting an increase of 12% from the €119 million recorded in the first three months of 2017, consisting predominantly of rental and operating income. Net rental income, which represents the majority share of the revenues, increased by 14% to €90 million in the first quarter of 2018 from €79 million in the first quarter of 2017. This double-digit growth in rental income was fueled by the organic growth achieved year-over-year. As of March 2018, the total like-for-like net rental income growth was 3%, of which 2.5% stems from in-place rent growth and 0.5% from occupancy increases. The consistently strong like-for-like increases validate GCP's abilities to extract the large upside potential inherent in its portfolio, a key component of the Company's successful business strategy. Further contributing to the growth in revenues is the increased portfolio size compared to a year ago, numbering 85k units as of March 2018, as the Company continues to identify and acquire accretive assets in accordance with its established acquisition criteria. An additional €0.3 million of revenues are attributed to disposals of assets which were held as inventories - trading property.

NET RENTAL INCOME PERIODIC DEVELOPMENT (IN € MILLIONS)



NET RENTAL INCOME ANNUAL DEVELOPMENT (IN € MILLIONS)



Notes on business performance

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 3 months ended March 31,	2018	2017
	€'000	
Capital gains, property revaluations and other income	**117,809**	**54,734**

Capital gains, property revaluations and other income amounted to €118 million in the first quarter of 2018, representing an increase of 115% compared to €55 million in the comparable period in 2017, and is attributable to movements in the fair values of investment property. The valuation uplifts recorded during the first quarter of 2018 are the result of the Company's proven business model and its continuously successful implementation by management and staff through the value creation chain. GCP benefits from superior access to both on- and off-market transactions, stemming from its wide deal sourcing network which was developed over 14 years and continues to grow. Filtering the pipeline via the Company's established acquisition criteria, management employs its extensive market expertise to selectively choose assets which represent high growth potential and for which the Company has the required skills and specialized knowledge to unlock the value. GCP's scalable and efficient operational platform, combined with custom tailored repositioning plans, extract the embedded potential and subsequently result in value generation over the following periods.

The fair values of the properties are externally appraised by independent, certified valuators at least once a year, with Jones Lang LaSalle (JLL) being the predominant valuator used. As of the end of March 2018, the portfolio's average value per sqm was €1,184, compared to €1,155 at the end of 2017, reflecting a net rental yield of 5.4%.

PROPERTY OPERATING EXPENSES

For the 3 months ended March 31,	2018	2017
	€'000	
Property operating expenses	**(62,466)**	**(56,199)**

Property operating expenses, which are primarily composed of recoverable ancillary costs (including heating, water and cleaning costs), property maintenance and operational personnel expenses, amounted to €62 million in the first three months of 2018 and increased from €56 million in the first quarter of 2017, in line with the growth in revenues over the period. Various factors contributed to the year-over-year increase, including the lower vacancy rate across the portfolio which resulted in higher ancillary costs, as they are directly linked to occupied units, as well as the leasing and marketing efforts exerted to achieve the vacancy reduction, while the Company's state-of-the-art Service Center continues to provide an increasing level of tenant services while maintaining a high quality service standard. Further contributing to the increase is an increased portfolio size and a maintenance and refurbishment expenditure that is consistent with the size of the portfolio and the high asset quality.

Düsseldorf

MAINTENANCE, CAPEX AND MODERNIZATION

The Company maintains a strong commitment towards keeping the high standard of assets quality, which is an important component of the business strategy and key to long-term value preservation, and is reflected in the ongoing maintenance and refurbishment of the properties. GCP additionally undertakes capex investments on a selective and value-add basis that result in further improved asset quality, increased occupancy and rental levels, and lower tenant turnover, while also reducing costs in the long-term and contributing to the long-term capital appreciation.

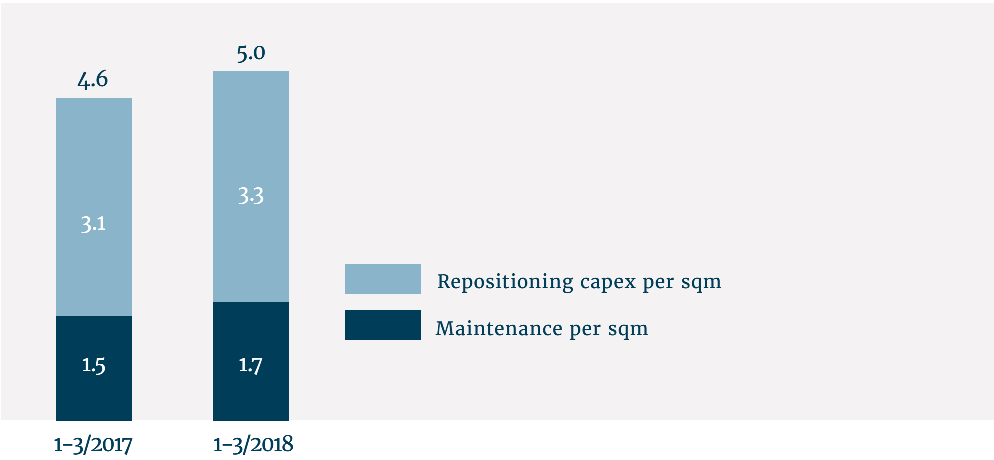
Maintenance and refurbishment expenses amounted to €9 million in the first quarter of 2018, equivalent to €1.7 per average sqm, compared to €8 million and €1.5 per average sqm in the first quarter of 2017, respectively. These expenses refer to general property maintenance and repairs required on an ongoing basis in order to ensure a comfortable standard of living for tenants and a high asset quality. GCP's tenants continue to benefit from the Company's state-of-the-art, double TÜV-certified Service Center, which is available 24/7 through various communication channels and in various languages. The Service Center is also an integral component of the maintenance process as it serves as a centralized database, efficiently coordinating service requests across the portfolio with the property managers and maintenance staff across the various regions.

Capex investments totaled €21 million in the first quarter of 2018, of which €18 million were related to repositioning capex and €3 million were modernization investments. Compared to the €17 million spent in the comparable period in 2017, the higher capex spend represents the increased volume of attractive capex projects GCP is undertaking to generate value accretion in the portfolio. Such capex initiatives are an integral part of the value creation process, are diligently selected based on their expected return on costs, and target value creation through the reduction of vacancies, increasing rental rates, and increasing the attractiveness of the properties.

Repositioning capex refers to initiatives targeting long-term value enhancement by lifting property quality levels and increasing their appeal to prospective tenants. Repositioning capex includes full apartment upgrades, improving staircases and public areas, upgrading elevators, fire-life safety upgrades, the addition of playgrounds and common facilities which improve the overall appeal of the neighborhoods, as well as other improvements. Repositioning capex amounted to €3.3 per average sqm in the first quarter of 2018, increasing from €3.1 per sqm in the comparable period in 2017. The increase was supported by market-wide increases in the costs of labor and materials that constitute the repositioning work.

Modernization capex refers to investments into apartments that increase the standard of the apartments as well as increasing the energy-saving levels. Modernization capex is primarily aimed at rent increases. These investments include the addition of balconies, insulation improvements, façade reconditioning, window replacements and others. Modernization spend amounted to €0.5 per average sqm in the first quarter of 2018, and resulted in a direct contribution to the total like-for-like net rental income increase year-over-year of 0.5%.

MAINTENANCE AND CAPEX DEVELOPMENT (€/SQM)



Notes on business performance

ADMINISTRATIVE AND OTHER EXPENSES

For the 3 months ended March 31,	2018	2017
	€'000	
Administrative and other expenses	**(3,044)**	**(2,921)**

Administrative and other expenses amounted to €3 million in the first three months of 2018, in line with €2.9 million in the same period in 2017, and consist of overhead costs such as administrative personnel salaries, marketing expenses, legal and consulting fees, as well as depreciation. The marginal growth in total administrative and other expenses in comparison with the larger growth in revenues for the period compared to the first three months of 2017 reflects the Company's scalable platform and lean cost structure, which allows it to grow in size and scope at low additional overhead costs.

FINANCE EXPENSES

For the 3 months ended March 31,	2018	2017
	€'000	
Finance expenses	**(11,412)**	**(9,610)**

GCP recorded finance expenses in the amount of €11.4 million in the first three months of 2018, compared to €9.6 million in the comparable period in 2017. The increase is the result of the issuance of over €1.5 billion of straight bonds between the ends of the two periods through the Euro Medium Term Note (EMTN) programme established in 2017. Issuances include the €600 million Series G, €255 million in aggregate of Series H (including a tap issuance in February 2018), the Series I Hong Kong dollar straight bonds (equivalent to €93 million, with full currency hedge to maturity), €500 million Series J, and Series K Swiss Franc straight bonds (equivalent to €108 million, with full currency hedge of principal amount to maturity). This robust capital markets financing activity resulted in the further diversification of the Company's capital structure and expansion and diversification of the global investor base, while materially extending the average debt maturity to 8.3 years as of March 2018 and maintaining the low average cost of debt of 1.6%. The balance of outstanding debt obligations was partially offset by the repurchase of €361 million of the shorter maturity Series D straight bonds and €169 million of the Series F convertible bonds, further contributing to the extended average debt maturity. GCP's proactive debt management approach is an important constituent of the Company's financial policy and results in a strong financial and credit profile, reflected in its two investment-grade ratings (BBB+ from S&P and Baa1 from Moody's) and consistently high debt coverage ratios, with an ICR of 5.9x and DSCR of 5.0x for the first quarter of 2018.

Berlin

OTHER FINANCIAL RESULTS

For the 3 months ended March 31,	2018	2017
	€'000	
Other financial results	**(8,635)**	**1,203**

Other financial results amounted to an expense of €8.6 million in the first three months of 2018, compared to an income of €1.2 million in the first three months of 2017, and consist mainly of one-off and non-recurring financial expenses and changes in the fair values of financial assets, which represent non-recurring effects and are non-operational in nature. The main contributors to the balance of other financial results include movements in financial derivatives, traded securities, as well as effects from foreign currency translation, all of which tend to vary from period to period. Additionally contributing are financial expenses related to the capital markets activity conducted during the quarter, as four debt issuances totaling over €800 million took place, as well as tender offers for repurchases of shorter maturity Series D and Series F bonds, compared to no activity in the first quarter of 2017. In the first three months of 2018, approx. €210 million of bonds were repurchased. These capital market activities greatly contribute to the Company's strong capital structure and credit profile, enabling the Company to continuously access attractively priced funds at long maturities and lock in low cost debt for years to come.

Notes on business performance

TAXATION

For the 3 months ended March 31,	2018	2017
	€'000	
Current tax expenses	(6,468)	(7,466)
Deferred tax expenses	(26,489)	(8,428)
Total tax expense	**(32,957)**	**(15,894)**

GCP's total tax expenses amounted to €33 million for the first three months of 2018, compared to €16 million for the comparable period in 2017, with the increase driven by higher deferred tax expenses. Deferred tax expenses are a non-cash item that results from the valuation gains within the portfolio recorded during the period, accounting for theoretical future disposals of the relevant properties in the form of asset deals. However, these expenses do not normally materialize due to GCP's strategy of holding assets over the long term, and as such largely remain a non-cash item. Nevertheless, the Company employs a conservative approach with regard to deferred taxes, accounting for theoretical future property disposals through asset deal structures at the full German corporate tax rate of 15.825%. It should be noted that GCP's assets are mainly held in separate SPV's, enabling sales through share deal structures where the effective capital gain tax is less than 1%.

Current tax expenses, which amounted to €6.5 million in the first three months of 2018 compared to €7.5 million in the first three months of 2017, are composed of property taxes and corporation taxes payable on profits.

PROFIT FOR THE PERIOD

For the 3 months ended March 31,	2018	2017
	€'000	
Profit for the period	**131,712**	**92,233**

GCP generated a net profit in the amount of €132 million in the first three months of 2018, increasing by 43% from €92 million in the first three months of 2017. The main contributors to the year-over-year bottom line growth are the higher rental income growth achieved primarily through like-for-like improvements, and the higher portfolio valuation uplifts recorded during the period as a result of the Company's successful repositioning initiatives.

EARNINGS PER SHARE

For the 3 months ended March 31,	2018	2017
Basic earnings per share (in €)	0.71	0.51
Diluted earnings per share (in €)	0.65	0.46
Weighted average basic shares (in thousands)	164,789	153,789
Weighted average diluted basic shares (in thousands)	181,710	170,723

GCP's basic earnings per share resulted to €0.71 for the first three months of 2018 while the diluted earnings per share resulted to €0.65, increasing 39% and 41% from €0.51 per share and €0.46 per share for the first three months of 2017, respectively. The earnings per share, which reflect the Company's abilities to consistently generate stable shareholder value, were partially offset by a higher total share count in comparison to the first quarter of 2017 as a result of the equity capital increase in June 2017. The diluted earnings per share reflect the theoretical impact of potential future conversions of the Company's Series F convertible bonds, which remain out-of-the-money.

London

Notes on business performance

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS (FFO I)

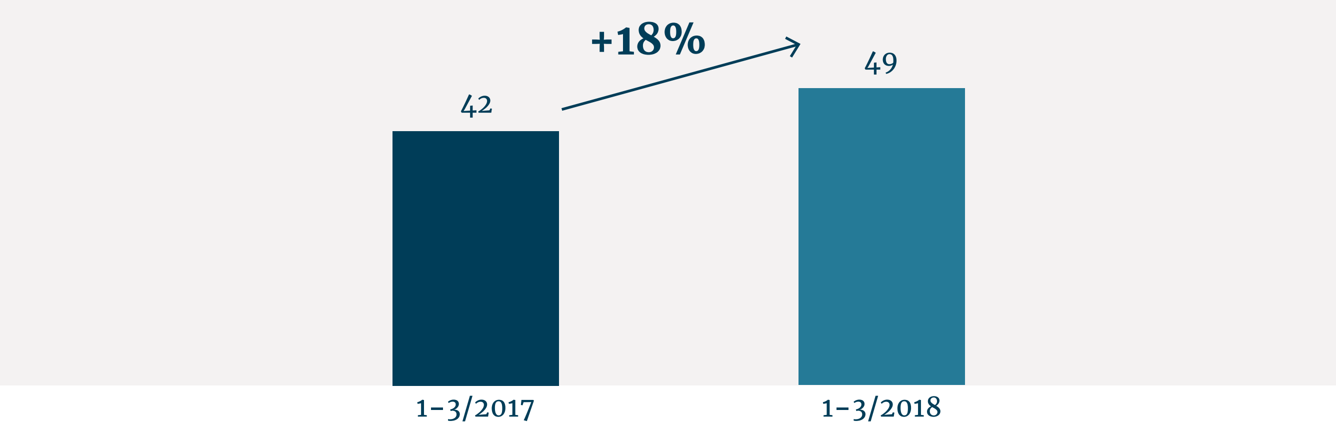
For the 3 months ended March 31,	2018	2017
	€'000	
Operating profit	184,716	116,534
Depreciation and amortization	537	465
EBITDA	**185,253**	**116,999**
Capital gains, property revaluations and other income	(117,809)	(54,734)
Result on the disposal of inventories - trading properties	(56)	(249)
Share of profit from investment in equity-accounted investees	77	(2,714)
Other adjustments	293	228
Adjusted EBITDA	**67,758**	**59,530**
Finance expenses	(11,412)	(9,610)
Current tax expenses	(6,468)	(7,466)
Contribution from minorities	(417)	(440)
FFO I	**49,461**	**42,014**
Weighted average basic shares in thousands*	164,789	153,789
FFO I per share (in €)	**0.30**	**0.27**

* not considering the dilution effect of the management share plan as it is immaterial

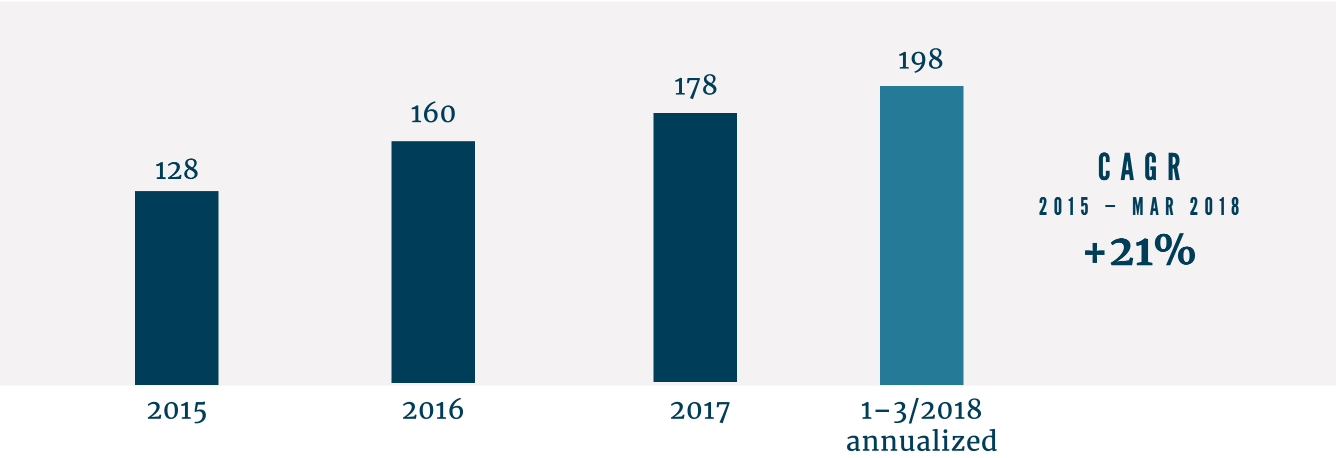
The adjusted EBITDA is an industry standard figure indicative of the Company's recurring operational profits before interest and tax expenses, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of inventories, share of profit from investment in equity-accounted investees and other adjustments. GCP's adjusted EBITDA for the first quarter of 2018 amounted to €68 million, an increase of 14% from €60 million for the first quarter of 2017. This growth in operational performance is mainly attributable to the organic growth achieved, supported by accretive external growth.

Funds From Operations I (FFO I) is another key industry performance indicator, used in the real estate sector as the measure of the recurring operational cash flow of the Company, and calculated by deducting from the adjusted EBITDA the finance expenses, current tax expenses and share of minorities. GCP's FFO I for the first quarter of 2018 amounted to €49 million, representing a year-over-year increase of 18% from €42 million in the first three months of 2017. The stronger increase in FFO I compared to the net rent increase of 14% serves as a testament to the Company's abilities to consistently realize on the high potential present in its portfolio through operational improvements and efficiencies on one hand, and the capacity to keep financial and borrowing costs low owing to its strong credit profile and the resulting low average cost of debt, with an even lower marginal cost of borrowing.

FFO I PERIODIC DEVELOPMENT (IN € MILLIONS)



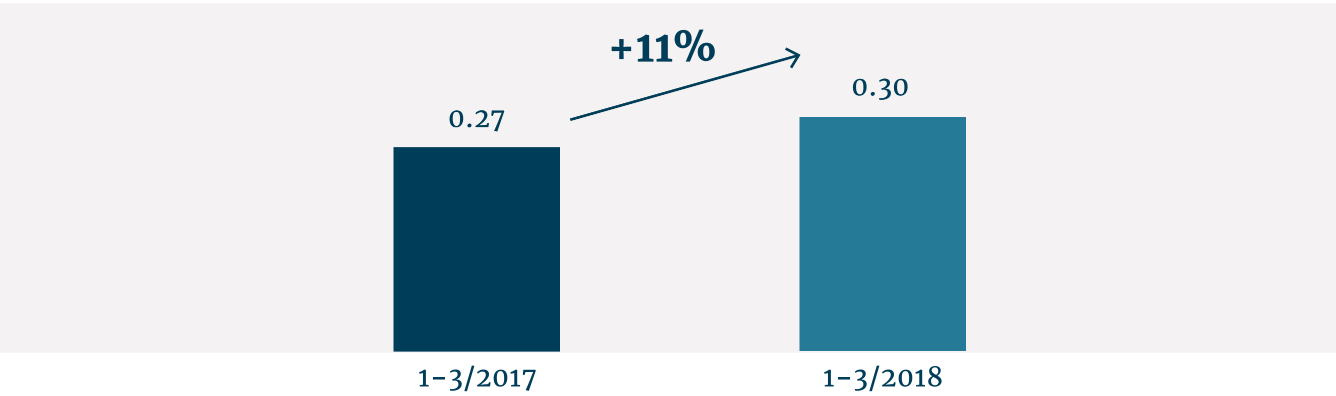
FFO I ANNUAL DEVELOPMENT (IN € MILLIONS)



FFO I PER SHARE

The FFO I per share amounted to €0.30 for the first quarter of 2018, reflecting growth of 11% compared to €0.27 for the first quarter of 2017, despite an increased shareholder base stemming from the June 2017 equity increase. The stable year-over-year operational income growth on a per share basis is achieved through successful implementation of the Company's business strategy on all levels of operations, from the disciplined acquisitions approach in selecting assets with high potential, to tailored and effectively executed repositioning plans, to a conservative and disciplined financial structure that focuses on the long term. On an annualized basis, the FFO I per share amounts to €1.20 and reflects an FFO I yield of 5.9%, further reiterating the attractiveness of GCP as a value generating investment, with 65% of the FFO I per share flowing through to investors in the form of a dividend with an attractive yield.

FFO I PER SHARE PERIODIC DEVELOPMENT (IN €)



Notes on business performance

FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

For the 3 months ended March 31,	2018	2017
	€'000	
FFO I	**49,461**	**42,014**
Adjustment for accrued perpetual notes attribution	(5,979)	(5,943)
FFO I after perpetual notes attribution	**43,482**	**36,071**
Weighted average basic shares (in thousands)*	164,789	153,789
FFO I per share after perpetual notes attribution (in €)	**0.26**	**0.23**

* not considering the dilution effect of the management share plan as it is immaterial

According to IFRS accounting treatment, the perpetual notes are considered as equity and therefore, these attributions are recorded through changes in equity and not as a financial expense in the P&L and thus not otherwise reflected in the FFO. For enhanced transparency, GCP additionally reports its FFO I per share after attributing the share of profit attributable to the Company's perpetual notes investors. The FFO I per share after perpetual notes attribution amounted to €0.26 for the first quarter of 2018, an increase of 13% compared to €0.23 for the comparable period in 2017, with the year-over-year growth recorded despite the larger amount of shares outstanding due to the equity increase in June 2017. An additional €350 million of perpetual notes were issued following the end of the reporting period in April 2018.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

For the 3 months ended March 31,	2018	2017
	€'000	
FFO I	**49,461**	**42,014**
Repositioning capex	(17,918)	(16,521)
AFFO	**31,543**	**25,493**

The Adjusted Funds from Operations (AFFO) is an additional measure of comparison which factors into the FFO I the Company's repositioning capex, which targets value enhancement and quality increase in the portfolio. Modernization capex is not included in the AFFO as it is considered an additional investment program, similar to property acquisitions, which is conducted at the Company's discretion. GCP's AFFO for the first quarter of 2018 amounted to €32 million, compared with €25 million for the first quarter of 2017, with the year-over-year increase driven by the higher level of FFO I. The volume of repositioning capex increased in 2018, as GCP was able to identify a greater number of attractive repositioning opportunities with high returns on cost. The repositioning capex measures are part of the Company's value creation process and result in long-term vacancy reduction, increased rental rates and higher asset quality.

FFO II

For the 3 months ended March 31,	2018	2017
	€'000	
FFO I	**49,461**	**42,014**
Result from disposal of properties*	4,957	249
FFO II	**54,418**	**42,263**

* the excess amount of the sale price to cost price plus capex of the disposed properties

FFO II additionally incorporates on top of the FFO I the results from asset disposals, calculated as the difference between the disposal values and the property acquisition costs plus capex, reflecting the economic profit generated on the sale of the assets. The Company's FFO II for the first three months of 2018 amounted to €54 million, compared to €42 million in the comparable period in 2017, as a result of a higher level of disposal activity and higher FFO I. During the first quarter of 2018, GCP disposed of several properties with a total disposal value of €12 million, generating a profit from disposals of €5 million. The disposed assets included properties located in non-core locations and in Berlin, and were disposed at a margin of over 70% on the cost plus capex.

Berlin

Notes on business performance

CASH FLOW

For the 3 months ended March 31,	2018	2017
	€'000	
Net cash provided by operating activities	57,595	52,212
Net cash used in investing activities	(155,742)	(93,157)
Net cash provided by financing activities	584,545	(29,667)
Net change in cash and cash equivalents	**486,398**	**(70,612)**

The net cash provided by operating activities amounted to €58 million in the first quarter of 2018, increased 10% from €52 million in the comparable period in 2017. The increase is in line with the growth in the Company's operational performance and stems from the higher rental income achieved year-over-year, as GCP continues to generate value creation within its portfolio through like-for-like improvements in occupancy and in-place rents, and further complemented externally through selective portfolio additions along the Company's acquisition criteria.

Net cash used in investing activities amounted to €156 million in the first quarter of 2018, compared to €93 million in the first quarter of 2017. While the Company continues to grow externally through acquisitions at the right opportunities, with a similar amount of investment in properties as in the comparable period in 2017, the year-over-year variance in the total amount is attributable to investment in traded securities and other financial assets, reflecting shifts within the current assets. GCP continues to selectively identify attractive opportunities in the market that are accretive in nature, and in line with the Company's established acquisition criteria, which are subsequently translated into further value creation in the following periods.


London

Net cash provided by financing activities resulted to €585 million in the first quarter of 2018, compared to a negative amount of €30 million in the first quarter of 2017. While there was no financing or capital market activities in the comparable period in 2017, the first three months of 2018 witnessed robust financing and debt management initiatives, which are part of the Company's proactive management of its capital structure and its conservative financial policy. During the quarter, four straight bond issuances were carried out with aggregate net proceeds of over €800 million, which were partially offset through the repurchases of a total nominal amount of €210 million of the shorter maturity Series D straight bonds and Series F convertible bonds. Resulting in a lengthened maturity profile, maintenance of the low average cost of debt, and securing of long-term financing at attractively low rates, these efforts reflect the long-term effect and benefit of the proactive debt management approach and highlight management's commitment towards maintaining a conservative financial structure and strong credit profile.

The resulting total increase in net cash and cash equivalents amounted to €486 million for the first three months of 2018, compared to a net decrease of €71 million in the first three months of 2017, resulting in a cash and cash equivalents balance of €799 million, or €901 million including traded securities, as of March 31, 2018. This high liquidity position is further supplemented by approx. €100 million in available undrawn credit facilities and a large pool of unencumbered assets, providing the Company with a high degree of financial flexibility and reflecting its conservative financial approach.

ASSETS

	Mar 2018	Dec 2017
	€'000	
Non-current assets	**6,787,862**	**6,712,360**
Investment property*	6,438,602	6,387,868
Current assets	**1,531,171**	**795,932**
Total Assets	**8,319,033**	**7,508,292**

* including inventories – trading properties

Total assets amounted to €8.3 billion as of the end of March 2018, an increase of 11% from €7.5 billion at year-end 2017. The growth in the balance of assets was primarily driven by the higher cash and liquid assets held at the end of the period of over €900 million, following the various capital market issuances carried out during the first quarter of 2018, as well as an increased total property value driven equally by acquisitions completed during the period and valuations gains recorded as a result of successful asset repositioning and value development.

Non-current assets amounted to €6.8 billion, increased from €6.7 billion as of year-end 2017, and mostly composed of investment properties with a value of €6.4 billion. While GCP's total asset base grew modestly during the first quarter of 2018 with over 700 units acquired (at an average multiple of 20x) and €118 million in valuations gains recorded, the growth was offset as a result of classification of investment property as held for sale during the quarter. As a result, the assets held for sale item increased to €310 million as of March 2018. After the reporting period, in the second quarter of 2018, asset held for sale properties were sold for over €170 million. These assets were disposed at 7% above current book value. Over the cost price and including capex, the disposals resulted in an economic profit of over €100 million, reflecting a margin of approx. 160%.

The Company continues to actively assess potential acquisitions through its deal pipeline, targeting attractive assets in line with the established acquisition criteria in markets that display strong economic and demographic fundamentals, as external growth remains part of the GCP's business strategy despite decreasing supply and increasing competition in the market. Other non-current assets, which include among others investments in equity-accounted investees, advance payments for properties, deposits, prepayments and investments in financial assets such as NPL's and deal options, likewise grew marginally during the period.

Current assets grew 92% to €1.5 billion from €0.8 billion at year-end 2017, driven primarily by an increased balance of cash and liquid assets as well as assets held for sale. Cash and liquid assets increased to €901 million from €402 million at year-end 2017 following several straight bond issuances during the first quarter of 2018 with an aggregate nominal amount of approx. €850 million, with the proceeds funding refinancing opportunities such as the buybacks of the shorter maturity Series D and Series F bonds, as well as acquisitions during the quarter and future growth opportunities.

Solingen

Notes on business performance

LIABILITIES

	Mar 2018	Dec 2017
	€'000	
Total loans and borrowings 1)	952,465	940,682
Straight bonds 2)	2,201,338	1,422,920
Convertible bond	270,259	432,073
Deferred tax liabilities 3)	527,961	501,999
Other long-term liabilities and derivative financial instruments	104,769	59,229
Current liabilities 4)	298,473	301,727
Total Liabilities	**4,355,265**	**3,658,630**

1) including short-term loans and borrowings, loan redemption, and financial debt held for sale
2) including bond redemption
3) including deferred tax liabilities of assets held for sale
4) excluding short-term loans and borrowings, debt redemption, and financial debt held for sale

Total liabilities amounted to €4.4 billion as of the end of March 2018, increasing 19% from €3.7 billion at year-end 2017. The increase during the period is related to the non-current liabilities and was driven predominantly by a higher total balance of long-term financial debt following the issuances of four series of straight bonds, while current liabilities remained in line with year-end 2017.

Non-current liabilities, which consist primarily of the various types of financial debt that are used to fund the Company's growth, increased by 20% to €4.0 billion as of the end of March 2018, compared to €3.3 billion at year-end 2017. The changes in balances of financial debt reflect the continuous robust capital markets activity that was carried out in the first three months of 2018 and are attributable for the large majority of the increase in total liabilities during the period. Through the EMTN programme established in 2017, GCP was able to expand and diversify its investor base and raise funds in different currencies which are subsequently hedged to Euro. The key driver was the issuance of four straight bond series with a total nominal amount of approx. €850 million, more specifically the HKD 900 million (€93 million) Series I, €500 million Series J, CHF 125 million (€108 million) Series K and a €145 million tap issuance of the Series H straight bonds. On the other hand, part of the proceeds were used to repurchase €169 million of the Series F convertible bonds due 2022 and an additional €41 million of the Series D straight bonds due 2021, partially offsetting the increase in liabilities and further optimizing the Company's debt structure due to the shorter maturity of those bonds. Proactive management of the debt structure is an important component of GCP's conservative financial policy and strong financial profile, targeting the maintenance of a low cost of debt and a long average debt maturity.

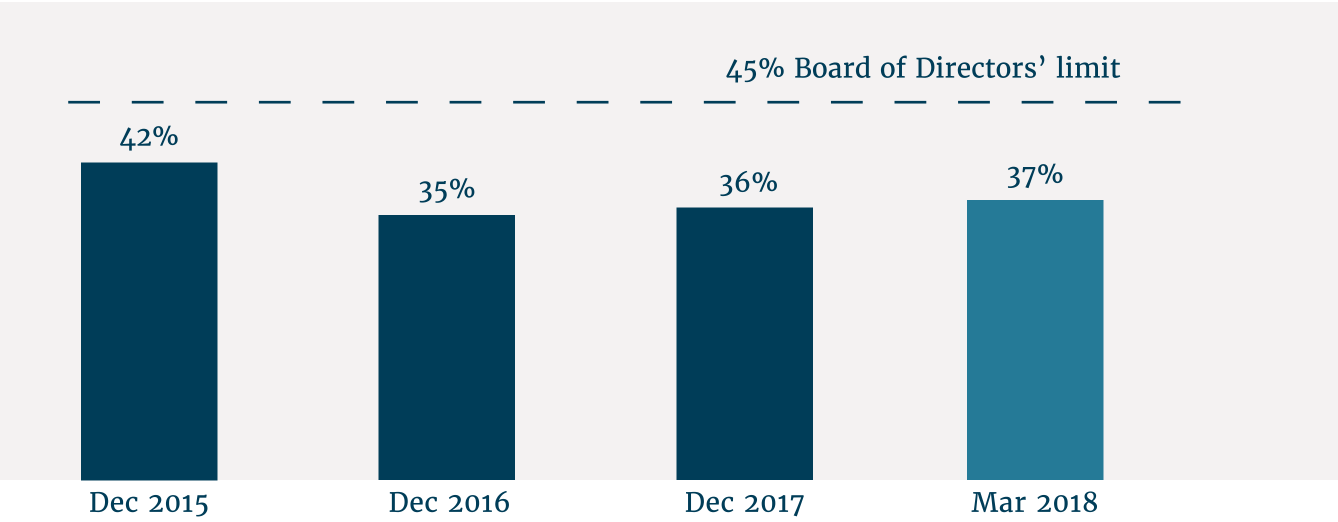
Deferred tax liabilities account for most of the remaining liabilities, amounting for 12% of the total liabilities, and are the result of the valuation gains recorded during current and past periods. Despite the majority of GCP's assets being held through separate SPV's, facilitating the possibility of asset disposals through share deals as opposed to asset deals, the Company follows a conservative approach in its deferred taxes accounting treatment by accounting for the full German corporate tax effect of 15.825% on valuations gains, assuming the theoretical future disposals in the form of asset deals.

LOAN-TO-VALUE

	Mar 2018	Dec 2017
	€'000	
Investment property [1]	6,479,221	6,425,430
Investment properties of assets held for sale	302,620	117,246
Equity-accounted investees	36,424	37,261
Total value	**6,818,265**	**6,579,937**
Total debt [2]	3,424,062	2,795,675
Cash and liquid assets [3]	901,472	402,331
Net debt	**2,522,590**	**2,393,344**
LTV	**37.0%**	**36.4%**

1) including advanced payments for investment properties and inventories – trading properties
2) including loans and borrowings held for sale
3) including cash and cash equivalents held for sale

GCP continuously maintains a low level of leverage as the key element in its conservative financial approach, with an LTV of 37.0% as of March 31, 2018 compared to 36.4% at year-end 2017, well below the 45% maximum LTV limit set by the Board of Directors in the Company's financial policy. GCP's consistently high financial coverage ratios further evidence the conservative financial leverage with an ICR of 5.9x and DSCR of 5.0x as of March 2018, which results in a large headroom over the Company's debt covenants. Management believes the high buffer between the current leverage level and the internal policy limit provides for comfortable headroom and protection.



Notes on business performance

EPRA NAV

The EPRA NAV is defined by EPRA as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust the IFRS NAV in order to provide stakeholders with the most relevant information on the Group's balance sheet items in the context of a true real estate investment company with a long-term oriented investment strategy. As perpetual notes are classified as equity in accordance with IFRS treatment, GCP additionally reports the EPRA NAV including the perpetual notes.

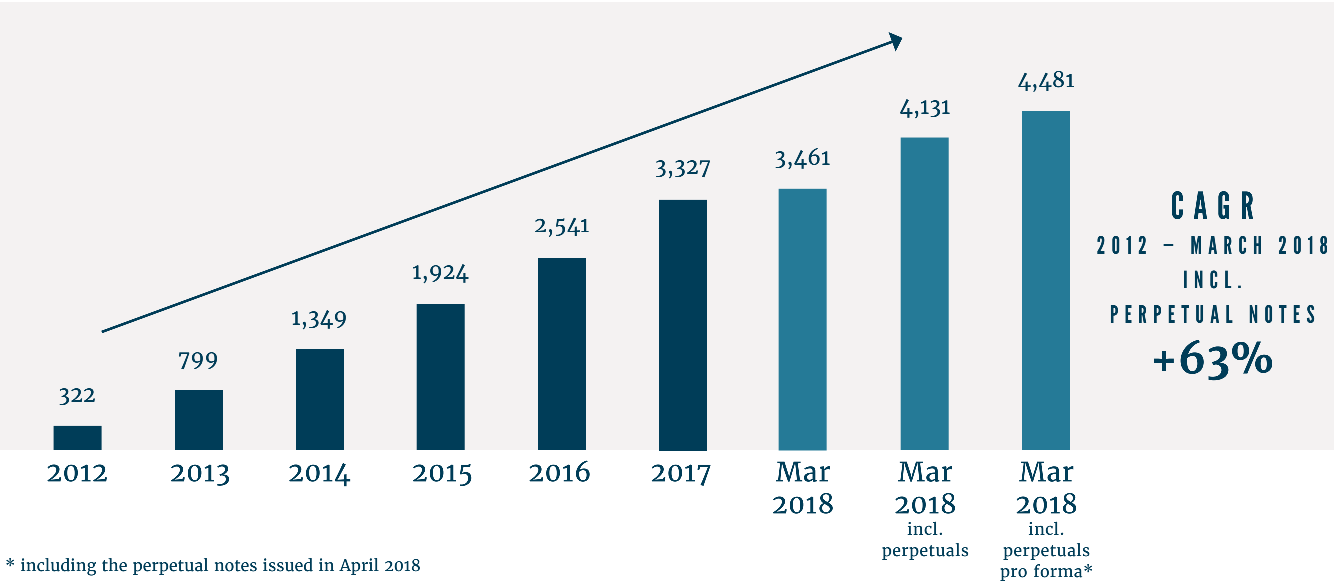
	Mar 2018		Dec 2017	
	€'000	€ per share	€'000	€ per share
Equity per the financial statements	**3,963,768**		**3,849,662**	
Equity attributable to perpetual notes investors	(669,259)		(665,871)	
Equity excluding perpetual notes	**3,294,509**		**3,183,791**	
Fair value measurements of derivative financial instruments, net	12,267		5,885	
Deferred tax liabilities*	527,961		501,999	
NAV	**3,834,737**	**23.2**	**3,691,675**	**22.4**
Non-controlling interests	(373,418)		(364,489)	
EPRA NAV	**3,461,319**	**21.0**	**3,327,186**	**20.2**
Equity attributable to perpetual notes investors	669,259		665,871	
EPRA NAV incl. perpetual notes	**4,130,578**	**25.0**	**3,993,057**	**24.2**
Basic amount of shares including in-the-money dilution effects (in thousands)	165,019		165,004	
Effect of perpetual notes issued April 2018	350,000		-	
EPRA NAV incl. perpetual notes pro forma	**4,480,578**	**27.2**	**3,993,057**	**24.2**

* including balances held for sale

The Company's EPRA NAV amounted to €3.5 billion as of the end of March 2018, an increase of 4% compared to €3.3 billion at year-end 2017, with the growth driven predominantly by the profits recorded in the first quarter of 2018. On a per share basis, GCP's EPRA NAV per share grew likewise by 4% to €21.0 from €20.2 at year-end 2017, reflecting the Company's proven abilities to generate shareholder value.

The EPRA NAV including perpetual notes amounted to €4.1 billion, up 3% from €4.0 billion at year-end 2017, also increasing 3% on a per share basis to €25.0 from €24.2 at year-end 2017. Following the reporting period, an additional €350 million of perpetual notes were issued in April 2018, resulting in a pro forma EPRA NAV including perpetual notes of €4.5 billion and €27.2 per share.

EPRA NAV DEVELOPMENT (IN € MILLIONS)



* including the perpetual notes issued in April 2018

Berlin

Dresden

Responsibility Statement

To the best of our knowledge, the condensed interim consolidated financial statements of Grand City Properties S.A., prepared in accordance with the applicable reporting principles for financial statements, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and the management report of the Group includes a fair view of the development of the business, and describes the main opportunities, risks, and uncertainties associated with the Group.

Disclaimer

The financial data and results of the Group are affected by financial and operating results of its subsidiaries. Significance of the information presented in this report is examined from the perspective of the Company including its portfolio with the joint ventures. In several cases, additional information and details are provided in order to present a comprehensive representation of the subject described, which in the Group's view is essential to this report.

By order of the Board of Directors,
Luxembourg, May 18, 2018

Refael Zamir
Director (chairman), CFO

Simone Runge-Brandner
Independent Director

Daniel Malkin
Independent Director

Mannheim

The notes on pages 56 to 71 form an integral part of these consolidated financial statements.

Condensed interim consolidated statement of profit or loss

		For the three months ended March 31,	
		2018	2017
		Unaudited	
	Note	€'000	
Revenue		**132,688**	**118,697**
Capital gains, property revaluations and other income		117,809	54,734
Share of profit from investments in equity-accounted investees		(77)	2,714
Property operating expenses		(62,466)	(56,199)
Cost of buildings sold		(194)	(491)
Administrative and other expenses		(3,044)	(2,921)
Operating profit		**184,716**	**116,534**
Finance expenses		(11,412)	(9,610)
Other financial results		(8,635)	1,203
Profit before tax		**164,669**	**108,127**
Current tax expenses	5	(6,468)	(7,466)
Deferred tax expenses	5	(26,489)	(8,428)
Tax and deferred tax expenses		**(32,957)**	**(15,894)**
Profit for the period		**131,712**	**92,233**
Profit attributable to:			
Owners of the Company		116,917	78,200
Perpetual notes investors		5,979	5,943
Non-controlling interests		8,816	8,090
		131,712	**92,233**
Net earnings per share attributable to the owners of the Company (in euro):			
Basic earnings per share		0.71	0.51
Diluted earnings per share		0.65	0.46

Condensed interim consolidated statement of comprehensive income

	For the three months ended March 31,	
	2018	2017
	Unaudited	
	€'000	
Profit for the period	**131,712**	**92,233**
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods, net of tax:		
Loss on cash flow hedge	(8,080)	–
Exchange differences on translating foreign operations	808	–
Other comprehensive loss for the period, net of tax	**(7,272)**	**–**
Total comprehensive income for the period	**124,440**	**92,233**
Total comprehensive income attributable to:		
Owners of the Company	109,645	78,200
Perpetual notes investors	5,979	5,943
Non-controlling interests	8,816	8,090
	124,440	**92,233**

The notes on pages 56 to 71 form an integral part of these consolidated financial statements.

Berlin

Condensed interim consolidated statement of financial position

		As at March 31,	As at December 31,
		2018	2017
		Unaudited	Audited
	Note	€'000	
Assets			
Equipment and intangible assets		19,324	19,649
Investment property	4	6,425,107	6,376,224
Advanced payments for investment property transactions		40,619	37,562
Investment in equity-accounted investees		36,424	37,261
Other non-current assets		238,845	213,920
Deferred tax assets		27,543	27,744
Non-current assets		**6,787,862**	**6,712,360**
Cash and cash equivalents		798,647	312,058
Traded securities at fair value through profit and loss		102,169	89,426
Inventories - trading property		13,495	11,644
Trade and other receivables		305,204	259,774
Derivative financial instruments		2,156	-
Assets held for sale	10	309,500	123,030
Current assets		**1,531,171**	**795,932**
Total assets		**8,319,033**	**7,508,292**

The notes on pages 56 to 71 form an integral part of these consolidated financial statements.

	Note	As at March 31, 2018	As at December 31, 2017
		Unaudited	Audited
		€´000	
Equity			
Share capital	7A	16,479	16,479
Share premium		752,851	753,226
Capital and other reserves		29,236	43,842
Retained earnings		2,122,525	2,005,755
Total equity attributable to the owners of the Company		**2,921,091**	**2,819,302**
Equity attributable to Perpetual notes investors	7B	669,259	665,871
Total equity attributable to the owners of the Company and Perpetual notes investors		**3,590,350**	**3,485,173**
Non-controlling interests		373,418	364,489
Total equity		**3,963,768**	**3,849,662**
Liabilities			
Loans and borrowings		917,087	918,669
Convertible bond	6	270,259	432,073
Straight Bonds	6	2,156,945	1,378,299
Derivative financial instruments		14,423	5,885
Other non-current liabilities		90,346	53,344
Deferred tax liabilities		512,324	499,674
Non-current liabilities		**3,961,384**	**3,287,944**
Current portion of long-term loans		12,777	11,485
Loan and straight bond redemption	6	44,393	50,832
Trade and other payables		252,610	266,587
Tax payable		13,326	8,954
Provisions for other liabilities and charges		27,080	20,232
Liabilities held for sale	10	43,695	12,596
Current liabilities		**393,881**	**370,686**
Total liabilities		**4,355,265**	**3,658,630**
Total equity and liabilities		**8,319,033**	**7,508,292**

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for the period ended March 31, 2018 for issuance on May 18, 2018.

Refael Zamir
Director, CFO

Simone Runge-Brandner
Director

Daniel Malkin
Director

Condensed interim consolidated statement of changes in equity

	Equity attributable to the owners of the Company											
€'000	Share capital	Share Premium	Equity portion of convertible bond	Translation reserves	Cash flow hedge reserve	Capital reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2017 (audited)	**16,479**	**753,226**	**20,284**	**(511)**	**–**	**24,069**	**2,005,755**	**2,819,302**	**665,871**	**3,485,173**	**364,489**	**3,849,662**
Profit for the period	–	–	–	–	–	–	116,917	116,917	5,979	122,896	8,816	131,712
Other comprehensive income (loss) for the period	–	–	–	808	(8,080)	–	–	(7,272)	–	(7,272)	–	(7,272)
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**808**	**(8,080)**	**–**	**116,917**	**109,645**	**5,979**	**115,624**	**8,816**	**124,440**
Amount due to Perpetual notes investors	–	–	–	–	–	–	–	–	(2,591)	(2,591)	–	(2,591)
Equity settled share-based payment	–	–	–	–	–	293	–	293	–	293	–	293
Buyback of Convertible bond F	–	(375)	(7,627)	–	–	–	–	(8,002)	–	(8,002)	–	(8,002)
Non-controlling interests arising from initially consolidated companies and other transactions	–	–	–	–	–	–	(147)	(147)	–	(147)	113	(34)
Balance as at March 31, 2018 (unaudited)	**16,479**	**752,851**	**12,657**	**297**	**(8,080)**	**24,362**	**2,122,525**	**2,921,091**	**669,259**	**3,590,350**	**373,418**	**3,963,768**

The notes on pages 56 to 71 form an integral part of these consolidated financial statements.

€'000	Equity attributable to the owners of the Company									
	Share capital	Share Premium	Equity portion of convertible bond	Capital reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2016 (audited)	**15,379**	**670,038**	**20,284**	**23,176**	**1,472,128**	**2,201,005**	**667,393**	**2,868,398**	**196,666**	**3,065,064**
Profit for the period	-	-	-	-	78,200	78,200	5,943	84,143	8,090	92,233
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**78,200**	**78,200**	**5,943**	**84,143**	**8,090**	**92,233**
Amount due to Perpetual notes investors	-	-	-	-	-	-	(4,354)	(4,354)	-	(4,354)
Equity settled share-based payment	-	-	-	228	-	228	-	228	-	228
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	-	-	-	-	-	1,360	1,360
Balance as at March 31, 2017 (unaudited)	**15,379**	**670,038**	**20,284**	**23,404**	**1,550,328**	**2,279,433**	**668,982**	**2,948,415**	**206,116**	**3,154,531**

Condensed interim consolidated statement of cash flows

	Note	For the three months ended March 31, 2018	2017
		Unaudited	
		€'000	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period		**131,712**	92,233
Adjustments for the profit:			
Depreciation and amortization		537	465
Capital gains, property revaluations and other income	4	(117,809)	(*) (54,734)
Share of loss (profit) from investments in equity-accounted investees		77	(2,714)
Net finance expenses		20,047	8,407
Tax and deferred tax expenses	5	32,957	15,894
Equity settled share-based payment		293	228
Change in working capital		(4,353)	(*) 849
Taxes paid		(5,866)	(8,416)
Net cash provided by operating activities		**57,595**	**52,212**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and intangible assets, net		(215)	(1,656)
Investments and acquisitions of investment property, capex and advances paid, net		(125,642)	(101,904)
Disposal (acquisition) of investees and loans, net of cash acquired (disposed)		1,095	(29,732)
Proceeds (Investment) from (in) trade securities and other financial assets		(30,980)	40,135
Net cash used in investing activities		**(155,742)**	**(93,157)**

(*) Reclassified

The notes on pages 56 to 71 form an integral part of these consolidated financial statements.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	Note	For the three months ended March 31, 2018	2017
		Unaudited	
		€'000	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Amortization of loans from financial institutions		(2,159)	(2,356)
Proceeds from loans from financial institutions, net		13,690	-
Proceeds from Straight bonds		818,737	-
Payment to Perpetual notes investors, net		(24,250)	(20,588)
Buyback of Convertible bond series F		(170,892)	-
Buyback of Straight bond series D		(43,358)	-
Interest and other financial expenses, net		(7,223)	(6,723)
Net cash provided (used) by (in) financing activities		**584,545**	(29,667)
Net increase in cash and cash equivalents		**486,398**	**(70,612)**
Cash and cash equivalents held for sale	10	191	(761)
Cash and cash equivalents at the beginning of the year		312,058	448,873
Cash and cash equivalents at the end of the period		**798,647**	**377,500**

Notes to the condensed interim consolidated financial statements

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2018

1. General

(A) INCORPORATION AND PRINCIPAL ACTIVITIES

Grand City Properties S.A. (“the Company”) was incorporated in Luxembourg on December 16, 2011 as a société anonyme (public limited liability company). Its registered office is at 1, Avenue du Bois L-1251 Luxembourg.

The Company is a specialist in residential real estate, value-add opportunities in densely populated areas in Germany. The Company’s strategy is to improve its properties through targeted modernization and intensive tenant management, and then create value by subsequently raising occupancy and rental levels.

The condensed interim consolidated financial statements for the three months ended March 31, 2018 consist of the financial statements of the Company and its investees (“the Group”).

(B) LISTING ON THE FRANKFURT STOCK EXCHANGE

Since 2012, the Company’s shares are listed on the Frankfurt Stock Exchange. On May 9, 2017 the Company’s shares were up-listed to the Prime Standard of the Frankfurt Stock Exchange.

Effective September 18, 2017, the Company’s shares were included in the MDAX index of the Deutsche Börse.

(C) CAPITAL AND BOND INCREASES

Since 2012, the Company undertook several capital market transactions which include the issuance of straight bonds, convertible bonds, perpetual notes and equity. In July 2017, the Company established a Euro Medium Term Notes Programme (“the EMTN programme”).

For more information please see notes 6 and 7, respectively.

(D) GROUP RATING

On November 23, 2016, S&P upgraded its long-term corporate credit rating of the Company to 'BBB+' with a stable outlook from 'BBB'. In addition, S&P has revised the ratings of the senior unsecured debt of the Company to 'BBB+' from 'BBB' and on its subordinated perpetual notes to 'BBB-' from 'BB+'.

On December 21, 2016, S&P assigned the Company a short-term corporate credit rating of 'A-2'.

Moody's Investors Service ("Moody's") upgraded to 'Baa1' from 'Baa2' the long-term issuer rating of the Company. Concurrently, Moody's upgraded to 'Baa1' from 'Baa2' the Company's senior unsecured debt and to 'Baa3' from 'Ba1' the subordinated perpetual notes.

(E) DEFINITIONS

Throughout these notes to the condensed consolidated financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Group
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting.
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24
The reporting period	The three months ended on March 31, 2018

2. Basis of preparation

(A) STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as applicable in the European Union ("EU"). They do not include all the information required for a complete set of IFRS financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2017.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2017. These condensed interim consolidated financial statements have not been reviewed by the auditor, unless written "audited".

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 18, 2018.

(B) JUDGMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements, management applies judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements as at and for the year ended December 31, 2017.

(C) OPERATING SEGMENTS

The Group meets the definition of operating in one operating segment which refers to rental income from owned investment properties.

An operating segment is a component of the Group that meets the following three criteria:

— Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;

— Whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and

— For which separate financial information is available.

(D) SEASONALITY OF OPERATIONS

Rental income, other revenues and costs are received and incurred smoothly over the accounting period. Therefore no additional disclosures are made in the condensed consolidated financial statements.

(E) GOING CONCERN

The condensed consolidated financial statements are prepared on a going concern basis.

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3. Accounting policies

The accounting policies adopted in the preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards, amendments to standards and Interpretations effective as at January 1, 2018.

(I) IFRS 9 - FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

(II) IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. Lease contracts are scoped out of IFRS 15, and are accounted for under IAS 17 (from 2019: IFRS 16), and therefore the application of the new standard does not have any impact in terms of amounts on the recognition of rental income.

(III) IFRIC 22 - FOREIGN CURRENCY TRANSACTIONS AND ADVANCE CONSIDERATION

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any material impact on the Group's consolidated financial statements.

(IV) AMENDMENTS TO IAS 40: TRANSFERS OF INVESTMENTS PROPERTY

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

(V) AMENDMENTS TO IFRS 2 - CLASSIFICATIONS AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS

The IASB issued amendments to IFRS 2 Share-based payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have a material impact on the Group's consolidated financial statements.

THE FOLLOWING NEW STANDARD HAS BEEN ENDORSED BY THE EU BUT IS NOT YET EFFECTIVE FOR THESE FINANCIAL STATEMENTS:

(VI) IFRS 16 - LEASES

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Group plans to apply IFRS 16 initially on January 1, 2019.


Halle

4. Investment property

	Three months ended March 31,	Year ended December 31,
	2018	2017
	Unaudited	Audited
	€'000	
Balance as at January 1	6,376,224	4,768,487
Acquisitions of investment property and capex during the period / year, net	115,488	990,092
Effect of foreign currency exchange differences	960	(1,726)
Transfer from (to) assets held for sale	(185,374)	2,912
Fair value adjustment	117,809	616,459
Balance as at March 31 / December 31	6,425,107	6,376,224

5. Tax and deferred tax expenses

	Three months ended March 31,	
	2018	2017
	Unaudited	
	€'000	
Corporation tax	(2,244)	(3,628)
Property tax	(4,224)	(3,838)
Deferred tax	(26,489)	(8,428)
Tax and deferred tax expenses for the period	**(32,957)**	**(15,894)**

Wuppertal

6. Straight and convertible bonds

Set out below, is an overview of the Group's convertible and straight bonds in issue as at March 31, 2018 and December 31, 2017:

Bond		Nominal Amount	Coupon	Issuance - Maturity	As at March 31, 2018	As at December 31, 2017
		'000			€'000	
Straight bond series D	(a)	EUR 138,800	2.000%	10/2014-10/2021	135,104	174,312
Straight bond series E		EUR 550,000	1.500%	04/2015-04/2025	523,469	522,571
Straight bond series G		EUR 600,000	1.375%	08/2017-08/2026	578,096	577,511
Straight bond series H	(f)	EUR 255,000	2.000%	10/2017-10/2032	239,241	103,905
Straight bond series I	(c)	HKD 900,000	1.000%	02/2018-02/2028	92,516	-
Straight bond series J	(d)	EUR 500,000	1.500%	02/2018-02/2027	483,057	-
Straight bond series K	(e)	CHF 125,000	0.956%	03/2018-09/2026	105,462	-
Straight bond series CHF		CHF 52,380	4.750%	07/2013-07/2018	44,393	44,621
Total straight bonds					**2,201,338**	**1,422,920**
Convertible bond series F	(b)	EUR 280,800	0.250%	03/2016-03/2022	270,259	432,073
Total convertible bond					**270,259**	**432,073**

(a) During 2017, the Company bought back euro 320.6 Million principal amount of straight bond series D for a purchase price of 106.888 per cent of the principal amount excluding any accrued interest. During the reporting period, the company bought back euro 40.6 Million principal amount of straight bond series D for a purchase price of 106.129 per cent of the principal amount excluding any accrued interest.

(b) During the reporting period, 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.

(c) On January 25, 2018, the Company successfully completed the placement of Hong Kong Dollars (HKD) 900 million (euro 93 million) due 2028 straight bond series I under the EMTN Programme. 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.

(d) On February 19, 2018, the Company successfully completed the placement of euro 500 million 1.5% due 2027 straight bond series J under the EMTN Programme, at an issue price of 97.115% of the principal amount.

(e) On February 21, 2018 the Company successfully completed the placement of Swiss Franc (CHF) 125 million (euro 108 million) 0.96% coupon due 2026 straight bond series K under the EMTN Programme. The Company hedged the currency risk of the principal amount.

(f) On February 28, 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).

Mönchengladbach

MAIN SECURITY, PLEDGE AND NEGATIVE PLEDGE AS DEFINED IN THE BONDS' TERM AND CONDITIONS

(A) SECURITY, NEGATIVE PLEDGE

a. For Gutburg Immobilien S.A. (hereafter – "Gutburg"), a wholly-owned subsidiary of the Company, and its subsidiaries (hereafter – "Gutburg Group"), a negative pledge, default including cross default and change of control.

(B) COVENANTS

Under its outstanding bond series, the Company has covenanted, among other things, the following (capitalized terms have the meanings set forth in the relevant bond series):

1. The Company undertakes that it will not, and will procure that none of its subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence:

a. The sum of: (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

b. The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series D Bonds, the Series E Bonds and any further secured bonds of any series and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series D Bonds and the Series E Bonds and any further secured bonds of any series and less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness);

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

3. The Company undertakes that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125% of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date;

6. Straight and convertible bonds

(CONTINUED)

The Company has covenanted, among other things, the following under its EMTN Programme (capitalized terms having the meaning set forth in the EMTN Programme):

1. The Company undertakes that it will not, and will procure that none of its Subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness (other than any Refinancing Indebtedness) if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence, the sum of:

a. (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the value of all assets acquired or contracted for acquisition by the Group, as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Issuer in the latest Financial Statements as certified by the auditors of the Issuer, since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

b. (i) the Consolidated Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Secured Notes (if any) and less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the value of all assets acquired or contracted for acquisition by the Group, as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Issuer in the latest Financial Statements as certified by the auditors of the Issuer, since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness).

2. The Issuer undertakes that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125 per cent. of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date.

3. Up to and including the Final Discharge Date, the Issuer undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 1.8.

For straight CHF bond:

a. All current and future financial liabilities of the Gutburg Group in total (excluding the bond) is not more than 75% of the total market value of the investment properties;

b. The total equity of the Gutburg Group which is adjusted for deferred taxes, subordinated instruments as well as interest rate swaps related to senior loans is more than 17.5% of all the assets;

c. The payment of dividends, repayment of capital or a similar benefit to shareholders and/or participants (hereafter – "Distribution") which in total is not more than 50% of the profit of the year which is adjusted for market value changes of the investment properties, market value changes of interest rate swaps related to secured loans, deferred taxes expenses as well as expenses for refurbishments and investments;

d. The adjusted equity ratio of the Gutburg Group must not fall below 22.5% because of a Distribution.

7. Equity

SHARE CAPITAL	Three months ended March 31, 2018		Year ended December 31, 2017	
	Number of shares	€'000	Number of shares	€'000
Authorized				
Ordinary shares of euro 0.10 each	400,000,000	40,000	400,000,000	40,000
Issued and fully paid				
Balance at the beginning of the period/year	164,788,883	16,479	153,788,883	15,379
Issuance of new ordinary shares (*)	–	–	11,000,000	1,100
Balance at the end of the period/year	164,788,883	**16,479**	**164,788,883**	16,479

(*) On June 21, 2017 the Company received gross proceeds of euro 198 million from a capital increase against cash contribution. A total of 11 million new shares were placed at an issue price of euro 18 as part of a private placement to institutional investors.

8. Related party transactions

During the reporting period the Group's related party transactions were as follows:

	For the three months ended March 31, 2018	2017
	Unaudited	
	€'000	
Rental and operating income (i)	189	105
Interest income on loans to equity-accounted investees (ii)	274	295

(i) As of March 31, 2018 the Group received an advanced payment of euro 27 thousands.
(ii) As of March 31, 2018 the Group invested in loans to associates euro 36.2 million.

There were no other transactions between the Group and related party except for the ongoing directors' fees and the management share incentive plan to directors and executive management.

Munich

9. Financial instruments

Set out below, is an overview of financial assets, other than cash and cash equivalents, held by the Group as at March 31, 2018 and December 31, 2017:

	As at March 31,	As at December 31,
	2018	2017
	€'000	
FINANCIAL ASSETS AT AMORTIZED COST:		
Trade and other receivables (*)	310,587	264,246
Other long-term assets (*)	239,432	214,200
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Traded securities	102,169	89,426
Derivative financial instruments	2,156	–
Total	**654,344**	**567,872**

(*) Including assets held for sale.

Berlin

Set out below, is an overview of financial liabilities, held by the Group as at March 31, 2018 and December 31, 2017:

	As at March 31,	As at December 31,
	2018	2017
	€'000	
FINANCIAL LIABILITIES AT AMORTIZED COST:		
Trade and other payables (*)	256,733	269,500
Tax payable	13,326	8,954
Loans and borrowings (*)	952,465	940,682
Straight bonds	2,201,338	1,422,920
Convertible bond	270,259	432,073
Other long-term liabilities (*)	90,823	55,997
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Derivative financial instruments	14,423	5,885
Total	**3,799,367**	**3,136,011**

(*) Including liabilities held for sale.

RISK MANAGEMENT ACTIVITIES

CURRENCY RISKS

During the reporting period, the Group used cross currency swap contracts to hedge the interest payments and the principal amount of its HKD 900 million straight bond series I and the principal amount of its CHF 125 million straight bond Series K.

As at March 31, 2018, an unrealized loss of euro 8.1 million and an unrealized gain of euro 1.1 million relating to the cross currency swap contracts are included in other comprehensive income and in the consolidated financial statement of profit or loss, respectively.

Braunschweig

9. Financial instruments (CONTINUED)

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
		€'000		
March 31, 2018 (Unaudited)				
Derivative financial instruments (a)	–	2,156	–	2,156
Traded securities at fair value through profit or loss	102,169	–	–	102,169
Total assets	**102,169**	**2,156**	**–**	**104,325**
Derivative financial instruments	–	14,423	–	14,423
Total liabilities	**–**	**14,423**	**–**	**14,423**
December 31, 2017 (Audited)				
Traded securities at fair value through profit or loss	89,426	–	–	89,426
Total assets	**89,426**	**–**	**–**	**89,426**
Derivative financial instruments (a)	–	5,885	–	5,885
Total liabilities	**–**	**5,885**	**–**	**5,885**

(a) The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. All of the Group's derivatives financial instruments are linked to the bank loans and straight bonds' maturity.

The calculation of the fair value of hedging instruments is based on discounted cash flows of future anticipated interest payments in place compared with the discounted cash flows of anticipated interest payments at market interest rates based on the hedging instrument agreement at the reporting date.

Berlin

10. Disposal group held for sale

The Group resolved an intention to sell several properties, some of them through the sale of subsidiaries. Accordingly, assets and liabilities relating to this disposal group are presented as disposal group held for sale.

Efforts to sell the disposal group have started and a sale is expected within twelve months.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	As at March 31,	As at December 31,
	2018	2017
	Unaudited	
	€'000	
Assets classified as held for sale		
Investment property	302,620	117,246
Cash and cash equivalents	656	847
Other assets	6,224	4,937
Total assets classified as held for sale	**309,500**	**123,030**
Liabilities classified as held for sale		
Loans and borrowings	22,601	4,317
Other liabilities	21,094	8,279
Total liabilities classified as held for sale	**43,695**	**12,596**

11. Commitments

During and after the reporting period, the Group signed several real estate transactions which as at March 31, 2018 were not yet completed and are subject to standard condition precedents.

12. Contingent assets and liabilities

The Group had no significant contingent assets and liabilities as of March 31, 2018.

13. Events after the reporting period

a. After the reporting period, the Group disposed of several properties held for sale for over €170 million.

b. On April 17, 2018 the Company successfully completed the placement of euro 350 million in aggregate principal amount of undated subordinated notes with a coupon of 2.5% and a first call date in October 2023, at an issue price of 98.125% of the principal amount.


OBC
RENT A BIKE

Berlin

Cologne