GRAND CITY
Properties S.A.

Condensed Interim Consolidated Financial Statements

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018

Berlin

Cologne

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IMPRINT

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Hannover

Key financials

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	Jun 2018	Dec 2017	Dec 2016
Total Assets	**8,789,189**	7,508,292	6,153,733
Total Equity	**4,301,788**	3,849,662	3,065,064
Loan-to-Value	**35%**	36%	35%
Equity Ratio	**49%**	51%	50%

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	1–6/2018	Change	1–6/2017
Rental and operating income	**268,275**	12%	239,383
EBITDA	**387,544**	31%	296,450
Adjusted EBITDA	**136,749**	13%	120,905
FFO I	**99,113**	16%	85,188
FFO I per share (in €)	**0.60**	9%	0.55
FFO I per share after perpetual notes attribution (in €)	**0.52**	11%	0.47
FFO II	**187,006**	119%	85,437
Net Profit	**271,457**	21%	224,991
EPS (basic) (in €)	**1.43**	15%	1.24
EPS (diluted) (in €)	**1.33**	17%	1.14

NAV HIGHLIGHTS

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Jun 2018	**3,850,925**	**3,495,996**	**4,502,788**	**3,403,729**
Jun 2018 per share (in €)	**23.3**	**21.2**	**27.3**	**20.6**
Per share growth	**+4%**	**+5%**	**+13%**	**+6%**
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

For further clarification of the alternative performance measures please see the relevant section in this report.

London

Consistently extracting the high reversionary potential

MAINTAINING SUBSTANTIAL LIKE-FOR-LIKE PERFORMANCE

+2.7% L-F-L
In-place-rent growth
Jun 2018

+3.2% L-F-L
Total net rent growth
Jun 2018

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

Increasing portfolio quality through accretive capital recycling

DISPOSALS OF NON-CORE ASSETS CHANNELED INTO HIGH QUALITY LOCATIONS

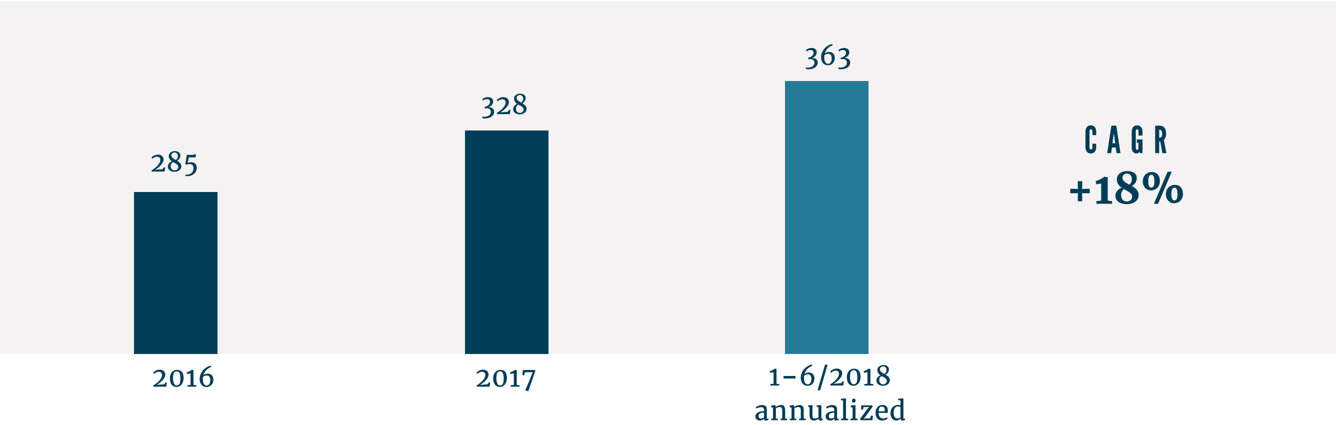
In the first half of 2018, GCP disposed non-core assets for a value of €142 million, reflecting 12% profit over net book value. The profit over total cost is €88 million generating a margin of over 160%

London portfolio grew further with high quality locations of newly built properties to comprise **5%** of total portfolio

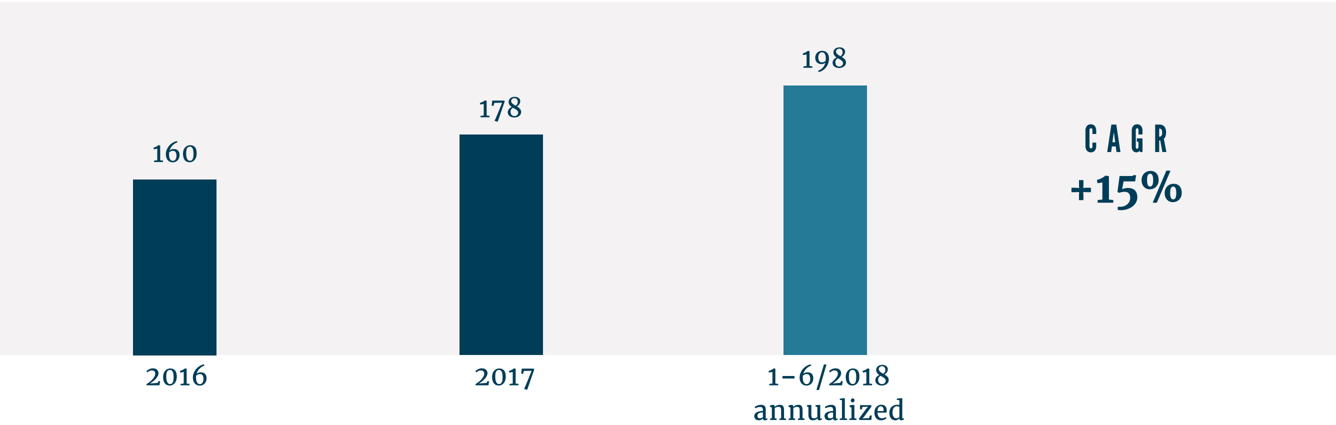
EPRA NAV PER SHARE GROWTH (IN €)

Translating proven track record of competencies into robust operational performance

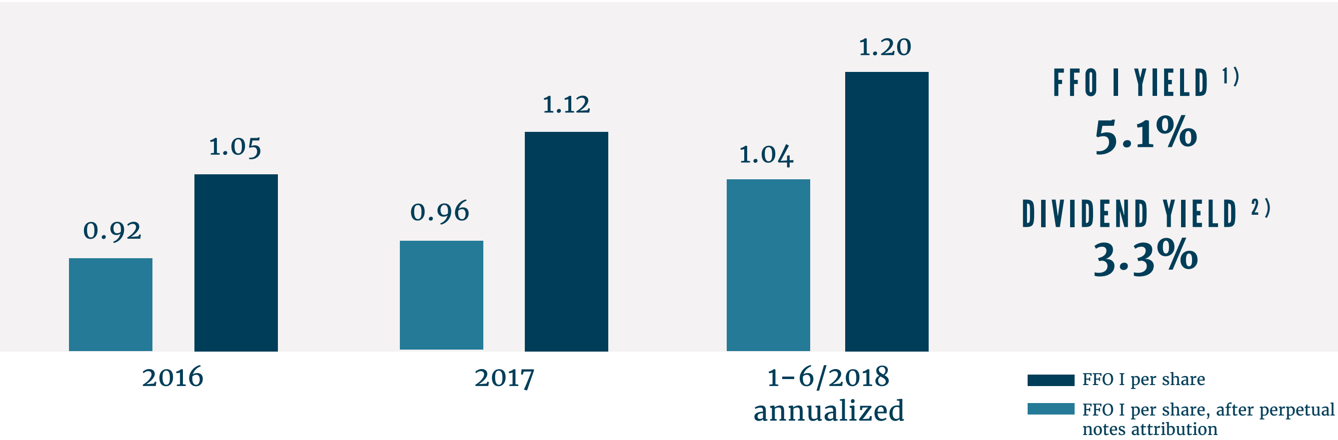
NET RENTAL INCOME GROWTH (IN € MILLIONS)



FFO I GROWTH (IN € MILLIONS)



FFO I PER SHARE GROWTH (IN €)

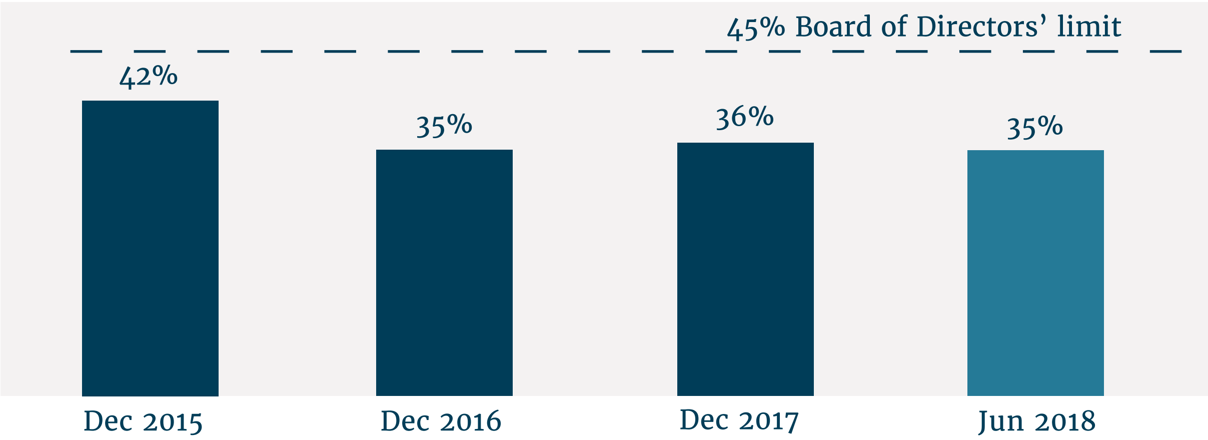


1) based on a share price of €23.4
2) based on a payout ratio of 65% of FFO I per share

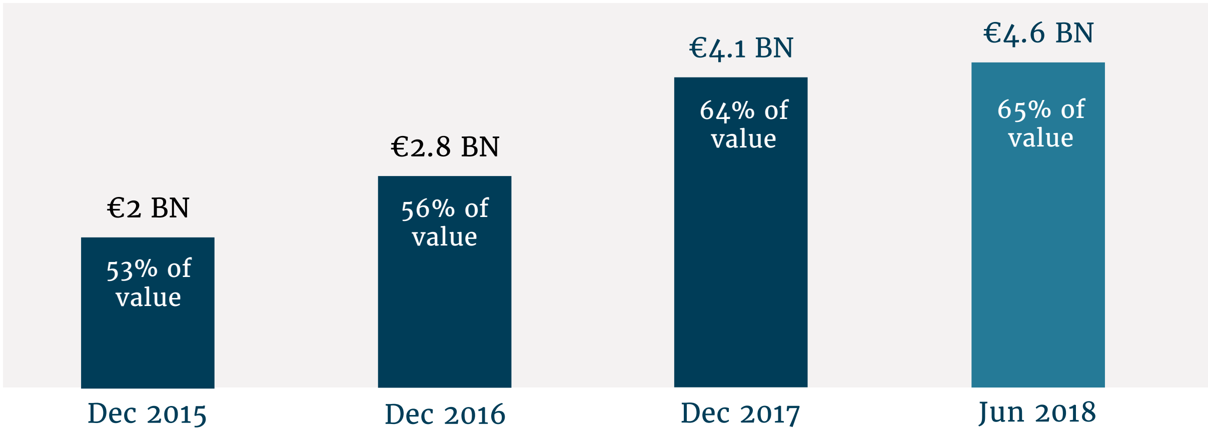
Highlights

Reinforcing financial stability by maintaining conservative financing structure and sound credit metrics

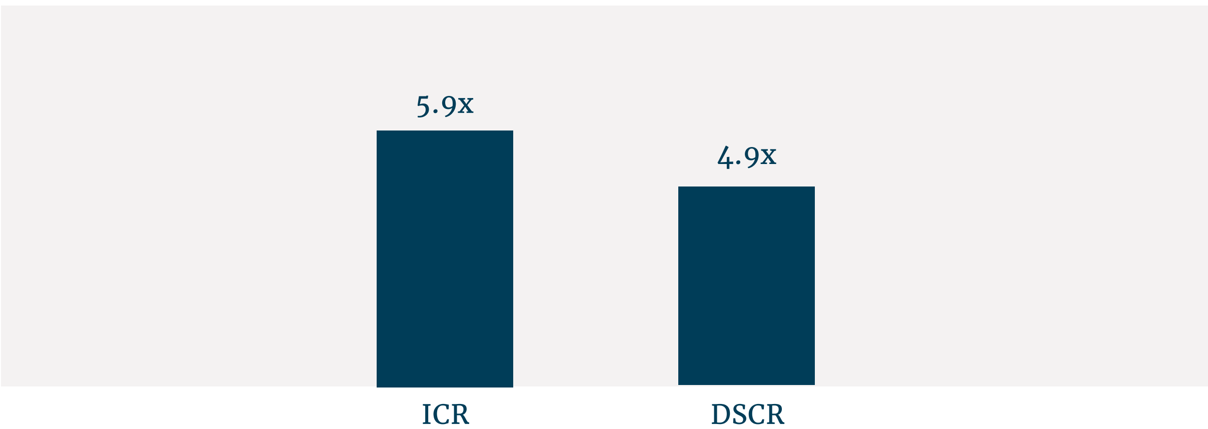
LOW LEVERAGE (LOAN-TO-VALUE)



LARGE POOL OF UNENCUMBERED ASSETS



HIGH FINANCIAL COVERAGE RATIOS (H1 2018)



Strong credit profile underpinning capital market activities...

...evidenced by high investment-grade ratings

A- ← LONG-TERM TARGET → A3

S&P **BBB+**

MOODY'S **Baa1**

...diversifying and strengthening capital structure through strong access to capital markets with €1.3 billion raised in 2018 year-to-date

APR-18 → Issuance of **€350 million** perpetual notes at a coupon of 2.5% - GCP's lowest perpetual notes coupon to date

MAY-18 → Issuance of JPY 7.5 billion (**€57 million**), 20-year Series L straight bonds - with currency hedge of notional amount to maturity

FEB-18 → Issuance of CHF 125 million **(€108 million)** Series K straight bonds due 2026, currency hedge of notional amount to maturity

FEB-18 → Issuance of **€500 million** Series J straight bonds due 2027, 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

FEB-18 → Issuance of Hong Kong dollar HKD 900 million **(€93 million)**, 10-year Series I straight bonds - GCP's first foreign currency issuance - with currency hedge to maturity

FEB-18 → Tap up of **€145 million** of the 15-year Series H straight bonds for an aggregate total amount of **€255 million**

...while maintaining low cost of debt and long average debt maturity

1.6%
AVERAGE COST OF DEBT

8.3 years
AVERAGE DEBT MATURITY

Highlights

PROFITABILITY HIGHLIGHTS

in €'000 unless otherwise indicated	1-6/2018	1-6/2017
Rental and operating income	**268,275**	**239,383**
EBITDA	387,544	296,450
Adjusted EBITDA	**136,749**	**120,905**
Profit for the period	271,457	224,991
EPS (basic) (in €)	1.43	1.24
EPS (diluted) (in €)	1.33	1.14
FFO I	**99,113**	**85,188**
FFO I per share (in €)	0.60	0.55
FFO I per share after perpetual notes attribution (in €)	0.52	0.47
FFO II	**187,006**	**85,437**
Interest Cover Ratio	5.9x	6.2x
Debt Service Cover Ratio	4.9x	5.0x

FINANCIAL POSITION HIGHLIGHTS

in €'000 unless otherwise indicated	Jun 2018	Dec 2017
Cash and liquid assets 1)	**924,837**	**402,331**
Total Assets	**8,789,189**	**7,508,292**
Investment Property 2)	6,856,715	6,387,868
Total Equity	**4,301,788**	**3,849,662**
EPRA NAV	**3,495,996**	**3,327,186**
EPRA NAV including perpetual notes	**4,502,788**	**3,993,057**
Total loans and borrowings 3)	953,075	940,682
Straight bonds 4)	2,223,983	1,422,920
Convertible bond	270,915	432,073
Loan-to-Value	35%	36%
Equity Ratio	49%	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

Berlin

Cologne

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 June 30, 2018.

The figures presented in this Board of Directors' Report are based on the condensed interim consolidated financial statements as of June 30, 2018, unless stated otherwise.

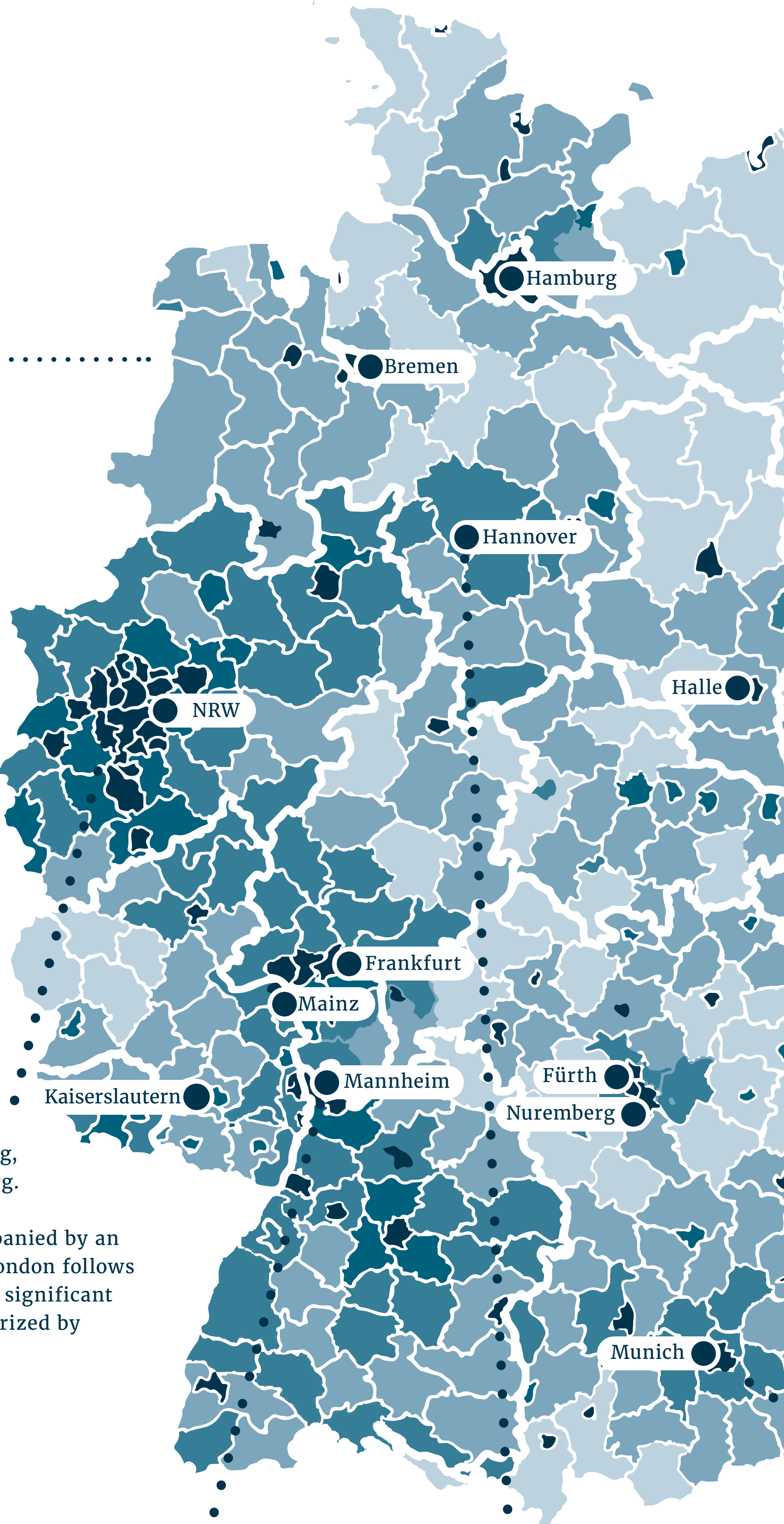
GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany. The Group's portfolio as of June 2018 consists of 85k units (hereinafter "GCP portfolio" or "the Portfolio") located in densely populated areas with a focus on North 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 is complimented by a small-scale, but compelling portfolio in the London.

The Portfolio's monthly in-place rent as of June 2018 is €5.8 per square meter and the EPRA Vacancy is 7.5%. 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, increase 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 27% of its Portfolio being located in NRW, 23% 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, this diversification was further accompanied by an exposure of 5% 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.

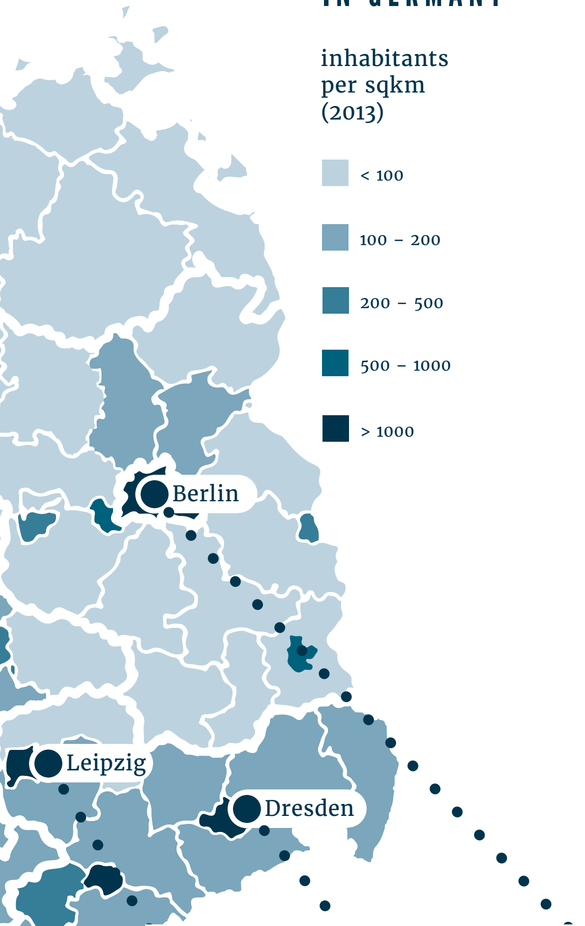

London


Cologne

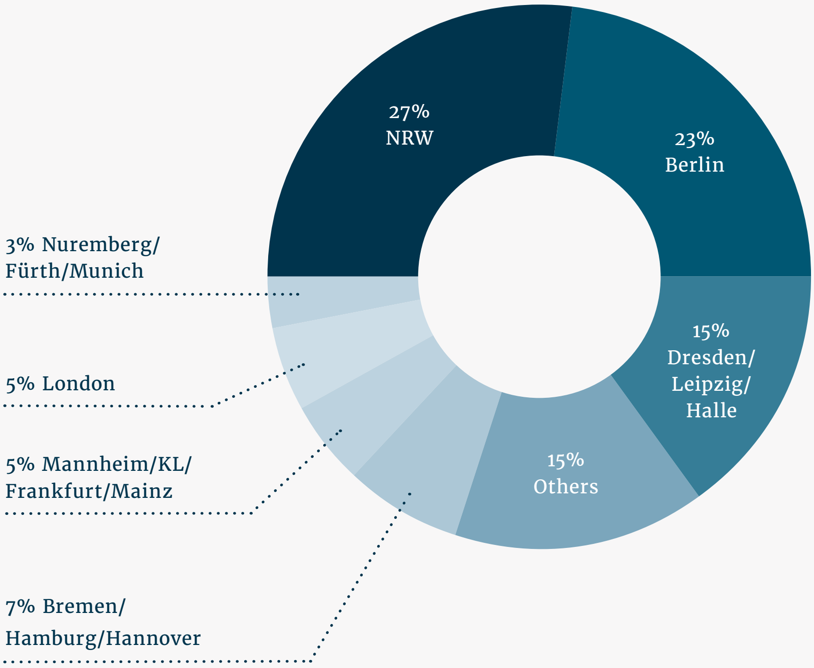

Mannheim


Hannover

POPULATION DENSITY IN GERMANY



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.

June 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	1,873	1,832	7.9%	112	5.4	27,386	1,022	6.0%
Berlin	1,448	629	6.0%	53	7.4	8,100	2,301	3.7%
Dresden/Leipzig/Halle	968	1,076	8.7%	58	5.0	18,537	900	6.0%
Mannheim/KL/Frankfurt/Mainz	348	251	5.0%	19	6.6	4,146	1,388	5.6%
Nuremberg/Fürth/Munich	205	102	4.7%	10	7.8	1,471	2,011	4.7%
Bremen/Hamburg/Hannover	477	365	4.3%	26	6.1	5,460	1,305	5.4%
London	156	25	34.9%	4	27.1	393	6,245	2.8%
Others	1,044	1,168	7.0%	71	5.6	19,658	894	6.8%
Development rights and new buildings*	338							
Total	**6,857**	**5,448**	**7.5%**	**353**	**5.8**	**85,151**	**1,197**	**5.4%**

*including land for development, building rights on existing buildings (€138 million) and pre-marketed new buildings in London (€200 million)


Munich


Leipzig


Dresden


Berlin

The Portfolio

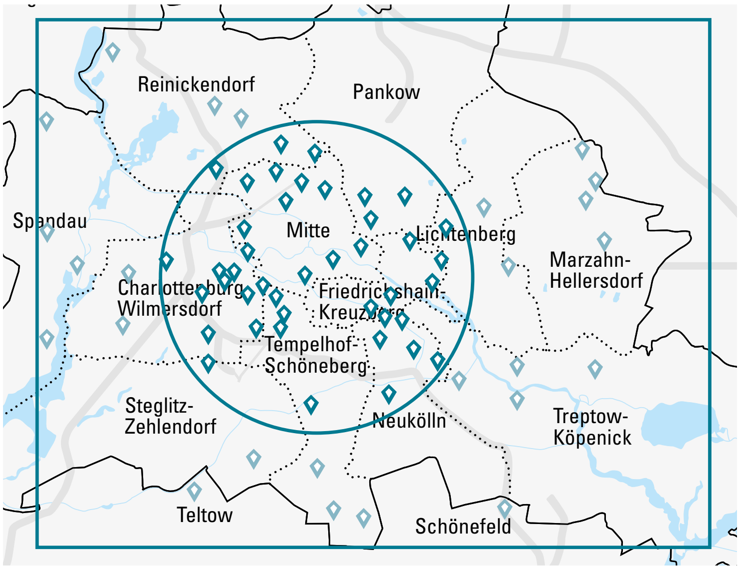
BERLIN: BEST IN CLASS PORTFOLIO, WITH QUALITY LOCATIONS IN TOP TIER NEIGHBORHOODS

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.

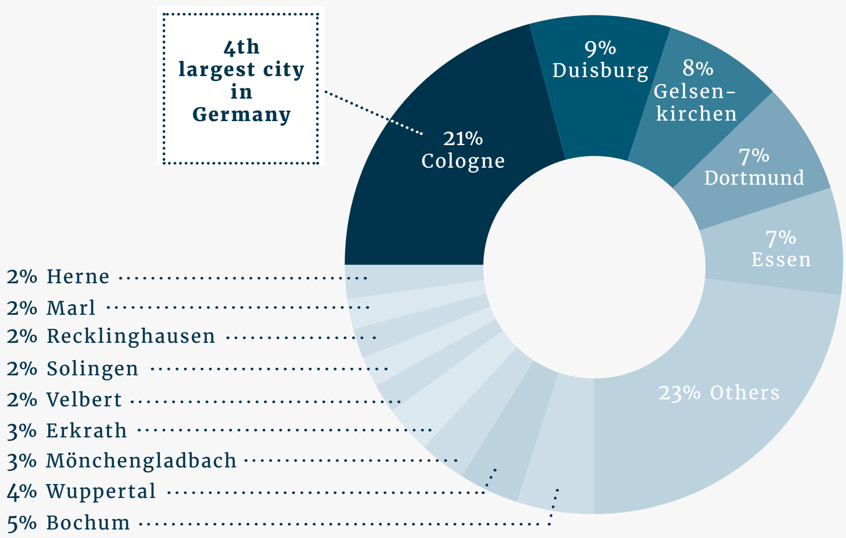
1/3
IN AFFORDABLE LOCATIONS

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



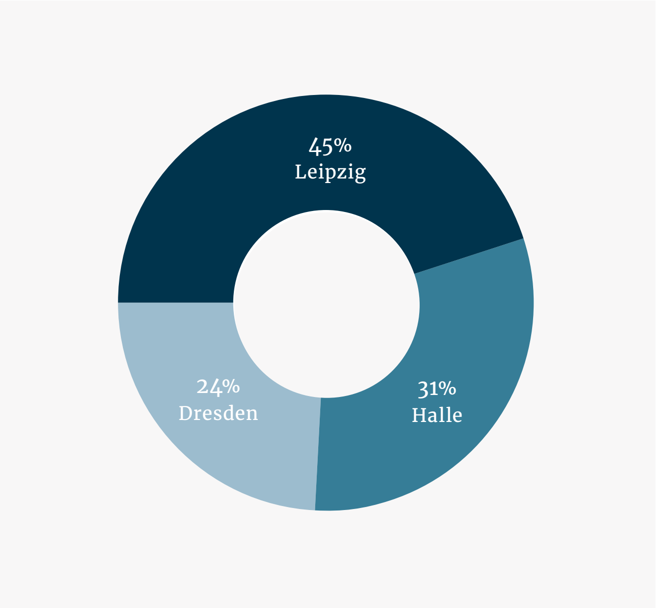
NORTH RHINE-WESTPHALIA (NRW): WELL POSITIONED IN THE LARGEST METROPOLITAN AREA IN GERMANY

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.



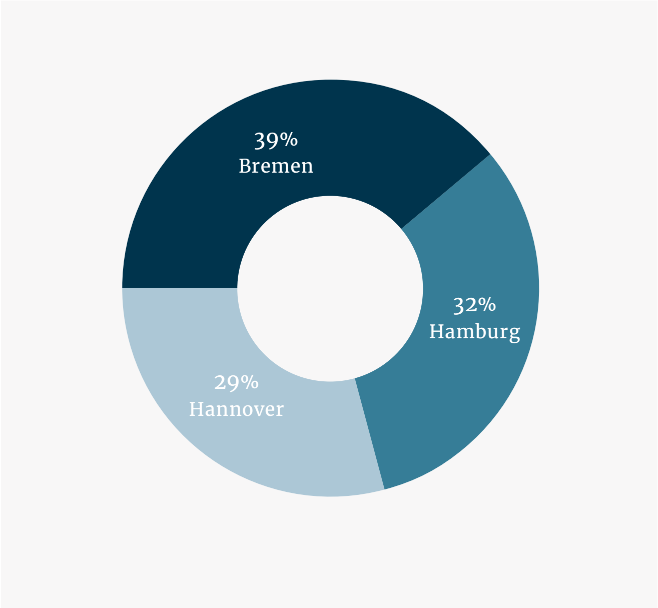
QUALITY EAST PORTFOLIO

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



QUALITY NORTH PORTFOLIO

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

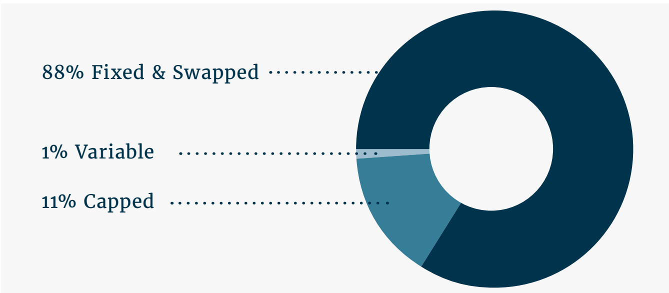
CONSERVATIVE FINANCIAL POLICY

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 €925 million in cash and liquid assets and approx. €100 million in unused credit facilities as of June 30, 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.

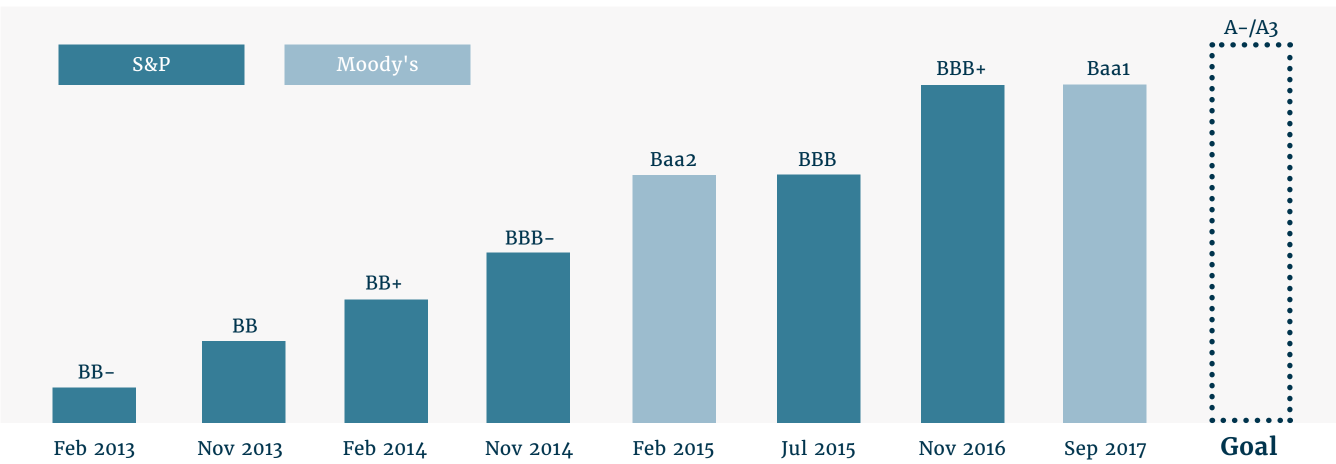
Fitting to the Company's conservative capital structure, 99% of its interest is hedged.

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

CREDIT RATING

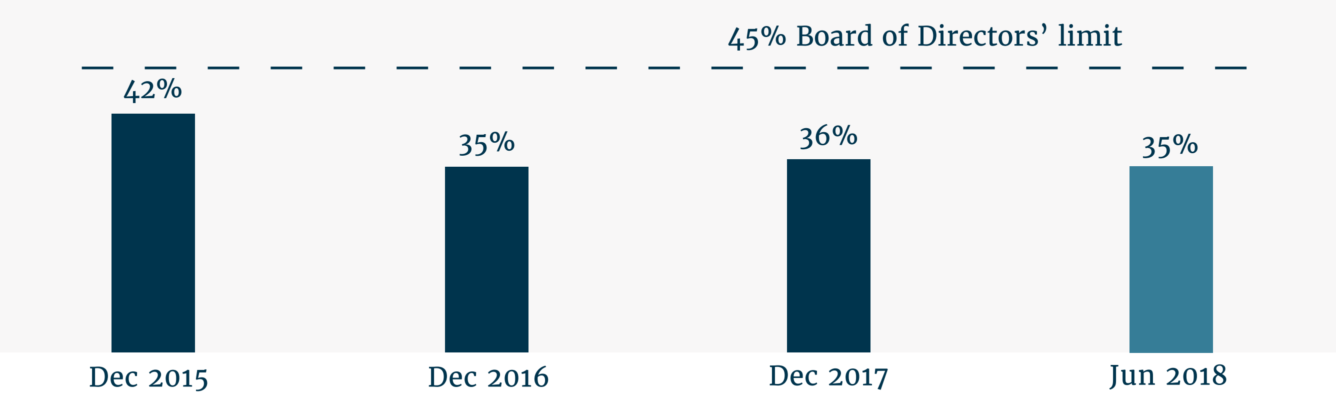
GCP maintains investment-grade credit ratings from both Standard & Poor's (S&P) and Moody's Investors Service (Moody's), with current long-term issuer ratings of **BBB+** and **Baa1**, respectively. Additionally, S&P assigned GCP a short-term rating of **A-2**. The Company has a long-term goal of achieving 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.



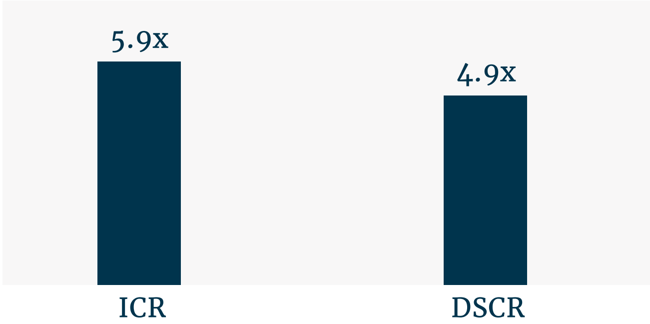
LOAN-TO-VALUE

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 June 30, 2018 is at 35%, below the management limit of 45%.



DEBT COVER RATIOS

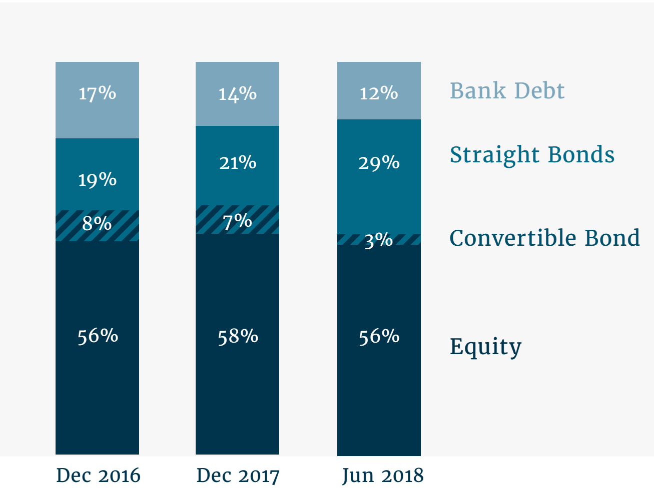
GCP's financial flexibility remains strong over time due to its high profitability, which is reflected in consistently high debt cover ratios. The Interest Cover Ratio for the first six months of 2018 was 5.9x and the Debt Service Cover Ratio was 4.9x.



FINANCING SOURCES MIX

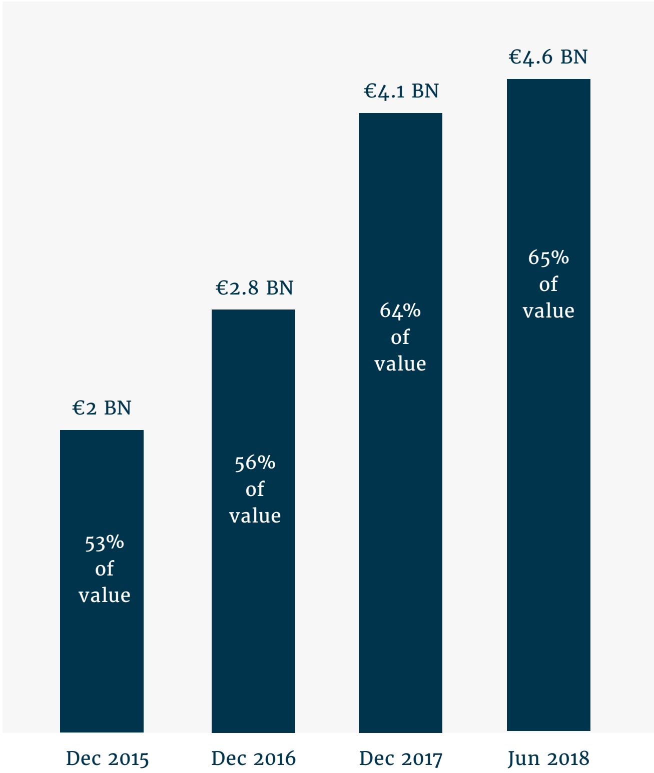
An important component of GCP's financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company's wide reach and proven track record in issuing instruments across various capital markets: straight bonds, convertible bonds, perpetual notes and equity capital. Moreover, GCP's diversity is further improved through issuances in various currencies, issuing straight bonds in CHF, JPY and HKD. All foreign currency issuances are swapped into Euro until maturity. Issuances in various currencies increase the investor base and provide expansion into wider range of markets to attract funding.

In addition, the Company maintains lasting relationships with numerous of banks and financial institutions, providing for access to bank financing.

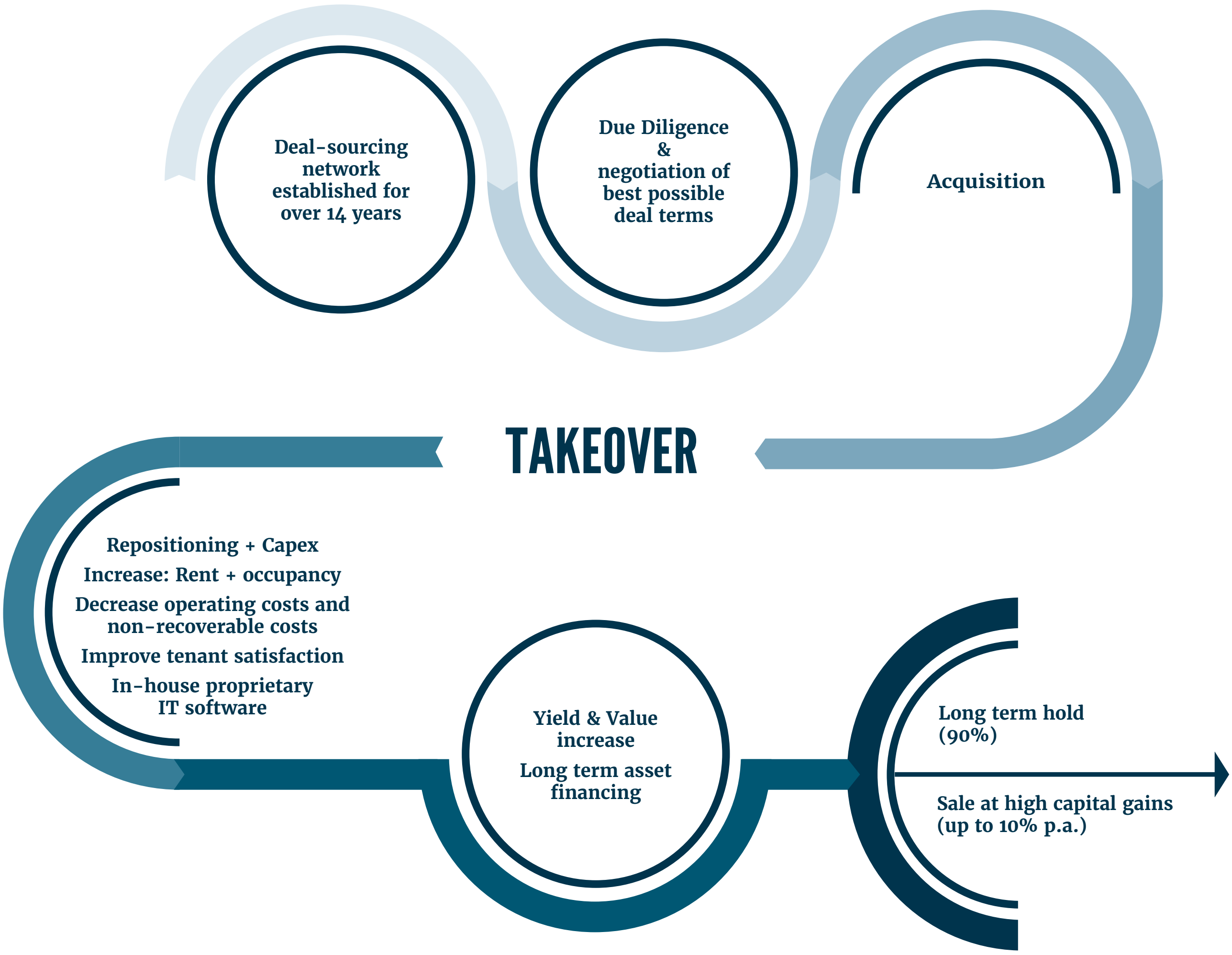


UNENCUMBERED ASSETS

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 €4.6 billion in unencumbered assets as of June 2018, representing 65% of the total portfolio value.



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 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 focuses on the following 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 published 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

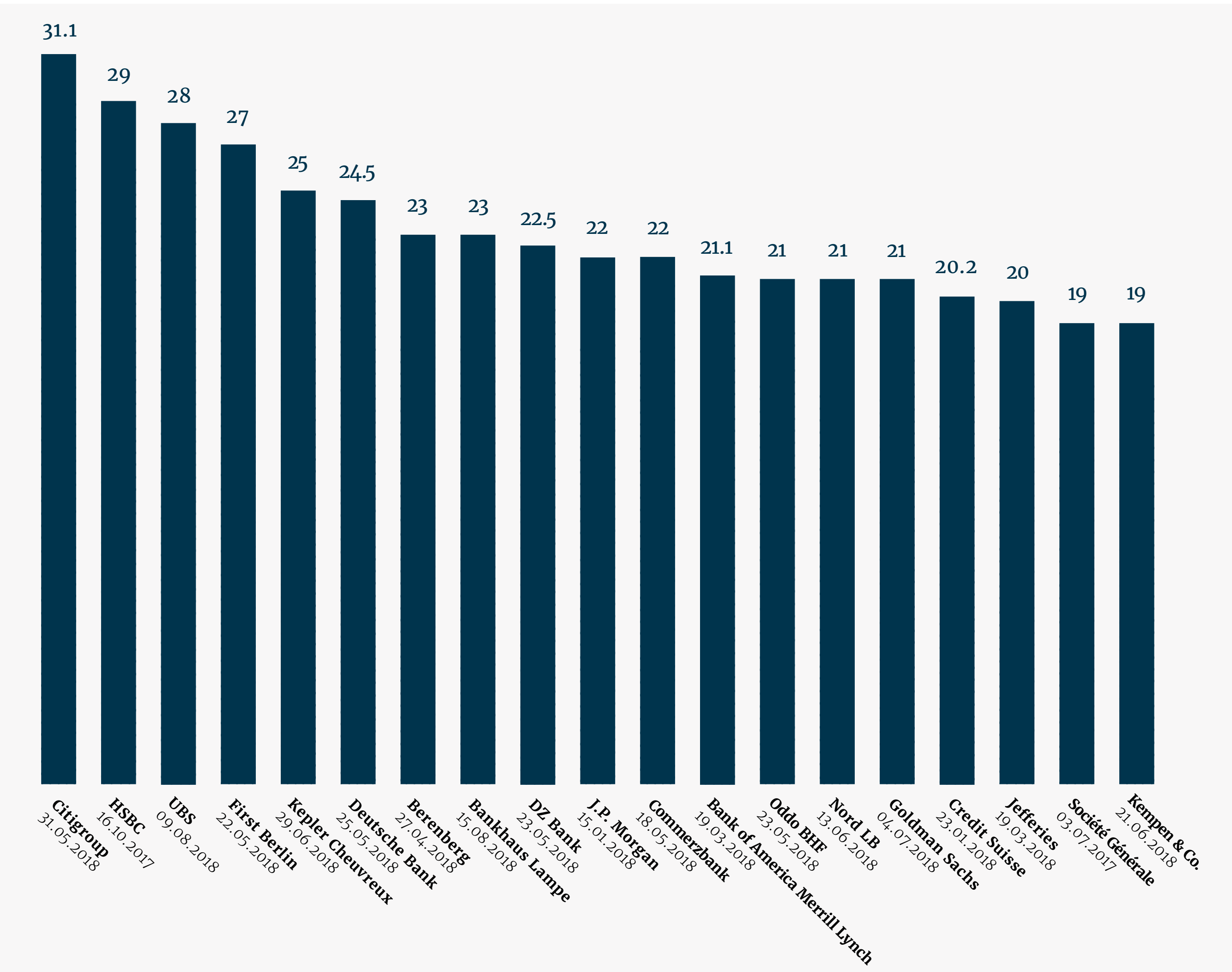
The Company continues to proactively present its business strategy and thus enhancing perception, as well as awareness, of the Company among capital market investors. GCP seizes opportunities to present a platform for open dialogue, meeting hundreds of investors in dozens of conferences around the globe 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 30 June 2018)	164,788,883 ordinary shares with a par value of EUR 0.10 per share
Nominal share capital (as of 30 June 2018)	16,478,888 EUR
Number of shares on a fully diluted basis (as of 30 June 2018)	176,968,826
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market capitalisation (as of 30 June 2018)	3.7 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

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 approx. €5.5 billion through 27 issuances of straight bonds, convertible bonds, equity and perpetual notes. The Company launched an EMTN programme, providing significant convenience and flexibility by enabling the issuance in a short period of time of financial instruments of various kinds, 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), a Swiss Franc denominated straight bond (Series K) and a Japanese yen denominated straight bond (Series L), all 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.

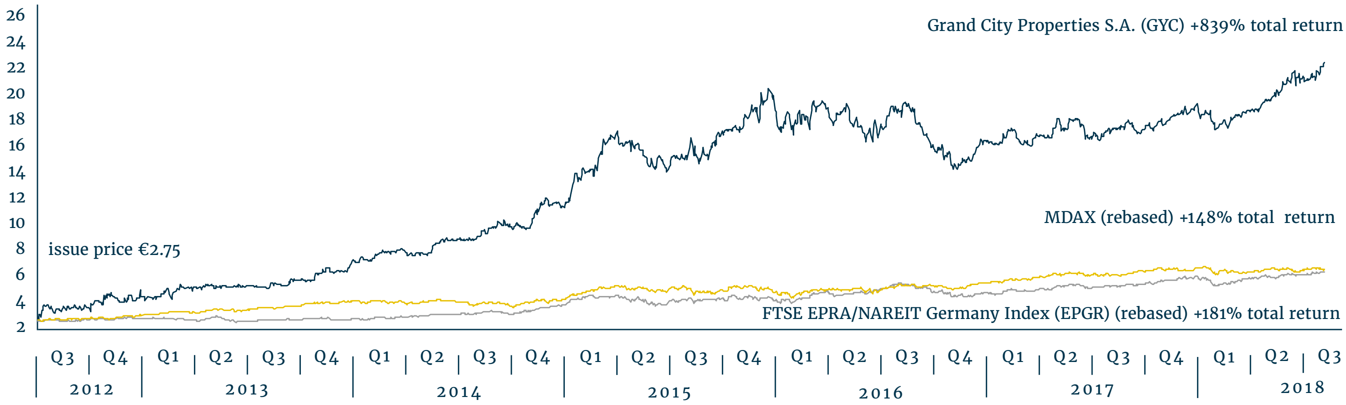
ANALYST RECOMMENDATIONS



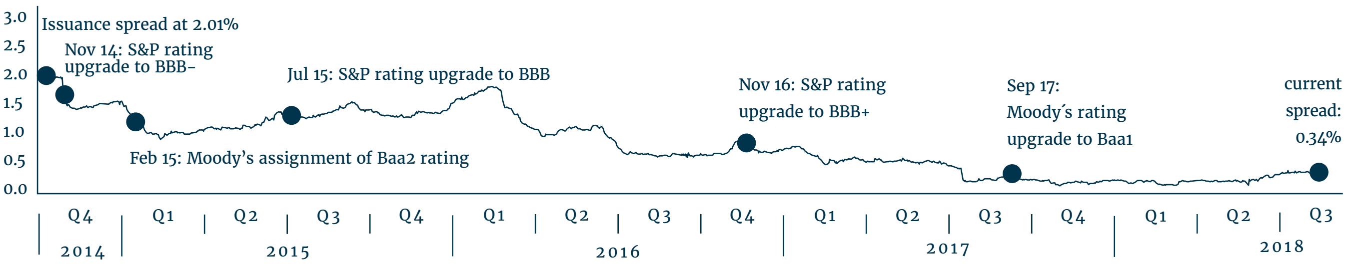
Capital markets

Munich

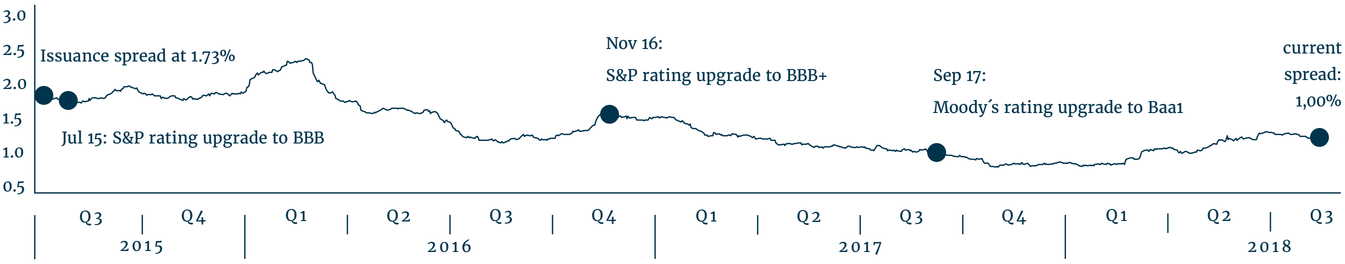
SHARE PRICE PERFORMANCE AND TOTAL RETURN COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



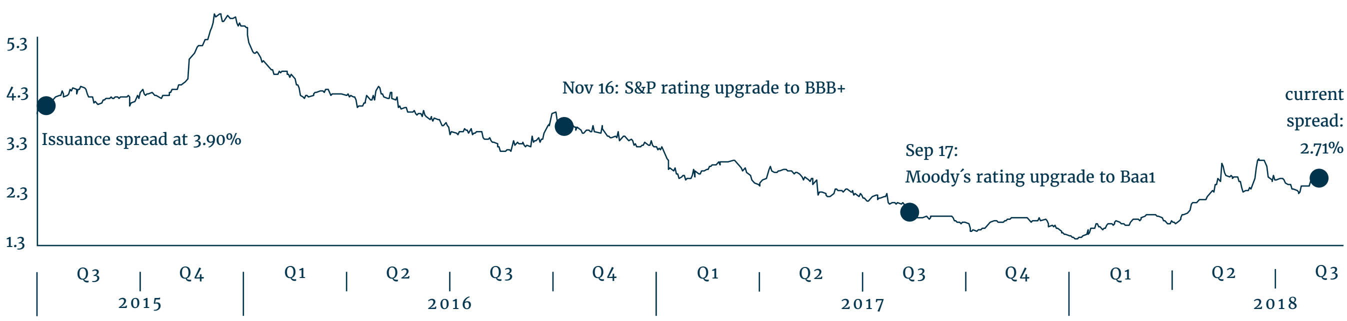
STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 3.5 YEARS



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

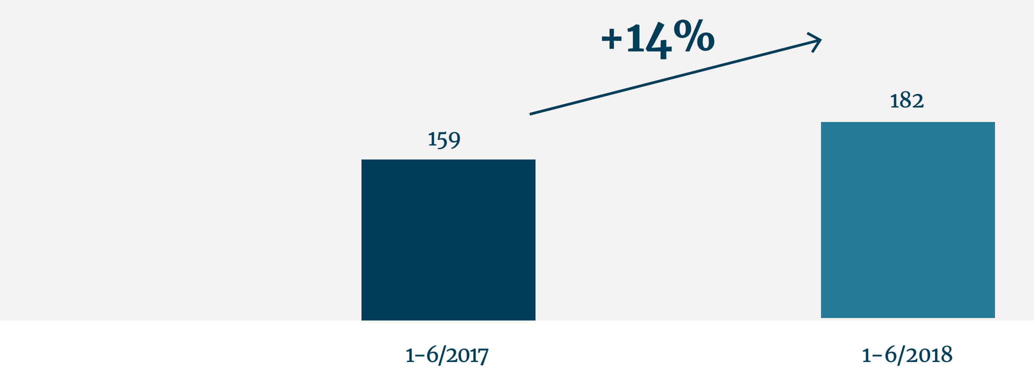
For the 6 months ended June 30,	2018	2017
	€'000	
Revenue	268,525	240,123
Rental and operating income	**268,275**	**239,383**
Net rent	181,682	159,306
Capital gains, property revaluations and other income	249,985	168,450
Property operating expenses	(127,076)	(114,100)
Administrative & other expenses	(6,062)	(5,800)
Share in profit from investment in equity-accounted investees	1,350	7,302
Operating profit	386,528	295,484
Adjusted EBITDA	**136,749**	**120,905**
Finance expenses	(23,322)	(19,622)
Other financial results	(24,061)	(4,578)
Current tax expenses	(13,600)	(15,294)
Deferred tax expenses	(54,088)	(30,999)
Profit for the period	**271,457**	**224,991**
FFO I	**99,113**	**85,188**

REVENUE

For the 6 months ended June 30,	2018	2017
	€'000	
Net rent	**181,682**	**159,306**
Operating and other income	86,593	80,077
Rental and operating income	**268,275**	**239,383**
Revenue from sales of inventories - trading properties	250	740
Total revenue	**268,525**	**240,123**

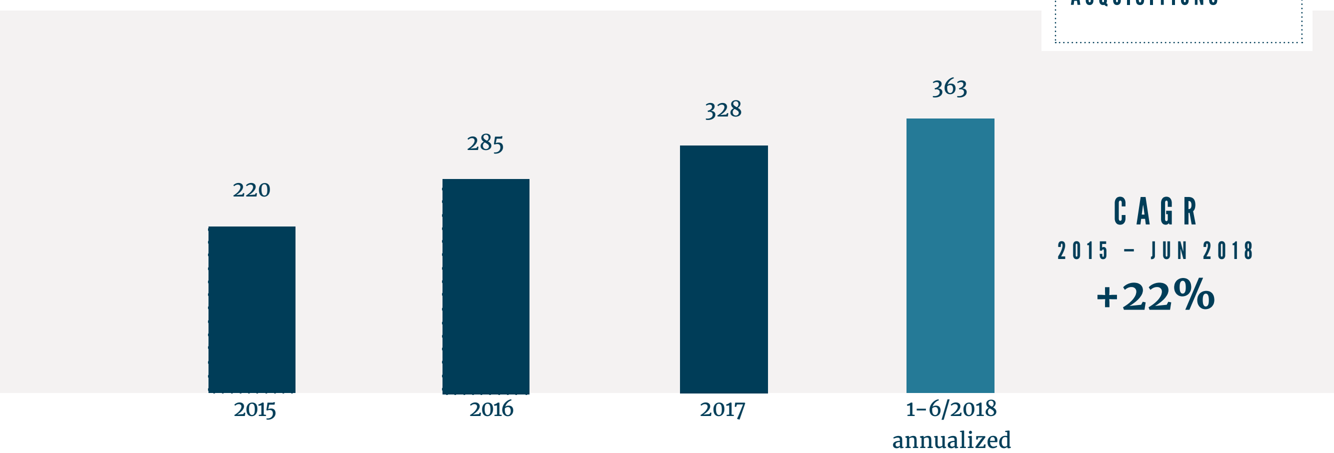
During the first half of 2018, GCP generated total revenues of €269 million, representing an increase of 12% compared to €240 million recorded in the first half of 2017, which is driven primarily from rental and operating income. The largest portion of the rental and operating income is attributed to the net rental income which amounted to €182 million in the first half of 2018, reflecting an increase of 14% compared to €159 million in the first six months of 2017. This robust growth was achieved through thriving operational performance and accretive external growth year-over-year. GCP's proven capabilities for sustaining solid organic growth over the years was once again realized in the first half of 2018. This is evidenced by like-for-like net rental income growth at 3.2%, of which 2.7% comes from in-place rent growth and 0.5% from occupancy increases. This strong like-for-like increase is a product of management's successful execution of GCP's strategy through continuous improvements of the properties by increasing the rent per sqm and filling up the vacancy. GCP also recorded an additional revenue of €0.3 million in the first half of 2018 from sale of its assets which were held as inventory - trading properties.

NET RENTAL INCOME PERIODIC DEVELOPMENT (IN € MILLIONS)



STRONG TOP-LINE REVENUE GROWTH AS A REFLECTION OF SOLID OPERATIONAL PERFORMANCE AND ACCRETIVE ACQUISITIONS

NET RENTAL INCOME ANNUAL DEVELOPMENT (IN € MILLIONS)



Notes on business performance

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 6 months ended June 30,	2018	2017
	€'000	
Capital gains, property revaluations and other income	**249,985**	**168,450**

GCP recorded capital gains, property revaluations and other income in the amount of €250 million in the first half of 2018, an increase of 48% compared to €168 million in the corresponding period in 2017. This increase is a result of GCP's long-term oriented value-add business model to acquire properties in locations with strong fundamental and strong upside potential in terms of operational performance and benefitting from positive market movements. Successful execution of every step in this value creation chain is reflected in the Company's continuously strong results. GCP's wide deal sourcing network has advanced for over 14 years and enables the Company to span its access substantially to both on- and off-market transactions. In addition, GCP's reach in the acquisition market allows the Company to screen a variety of deals and cherry pick the ones with upside potential. The embedded value creation potential in the portfolio is then lifted continuously, benefiting from GCP's expertise in operational improvements.

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 June 2018, the portfolio's average value per sqm was €1,197, compared to €1,155 at the end of 2017, reflecting a net rental yield of 5.5%.

PROPERTY OPERATING EXPENSES

For the 6 months ended June 30,	2018	2017
	€'000	
Property operating expenses	**(127,076)**	**(114,100)**

Property operating expenses amounted to €127 million in the first half of 2018, growing in line with the operating and other income generated over the period. These expenses are linked to the operations of the Company and mainly represents recoverable ancillary costs (including heating, water and cleaning costs), maintenance and personnel expenses which are tied to property operations. Tenant satisfaction is at the basis of GCP's focus. The Company's in-house state-of-the-art Service Center pursues sustainable ways to broaden the level of tenant services and ensures a high level of service quality. Furthermore, GCP benefits from its large scale platform when realizing the value potential embedded in its portfolio by carrying out successful cost reduction strategies. As a result, GCP's property operating expenses increased at a rate of 11%, below the 14% increase in net rent, which is a reflection of the operational improvement year-over-year.

MAINTENANCE, CAPEX AND MODERNIZATION

The ongoing maintenance and refurbishment of properties, as well as capital investments, are vital components of the Company's business strategy by which GCP is strongly dedicated to maintain the quality of its assets. Capital investments are undergoing a careful selection process and are aimed towards increasing occupancy rates, increasing rents towards market levels and lowering tenant turnover and therefore create higher value. The long-term nature of these investments contribute towards cost savings and value appreciation in the long-run.

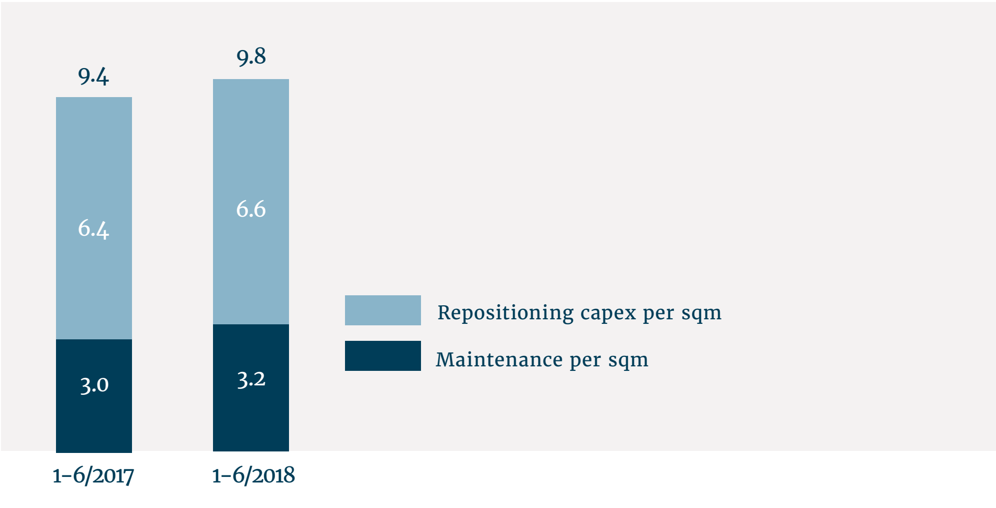
Maintenance and refurbishment expenses totaled €18 million in the first half of 2018, equivalent to €3.2 per average sqm, compared to €16 million and €3.0 per average sqm in the first half of 2017, respectively. These costs refer to general property maintenance and repairs that are undertaken on an ongoing basis in order to facilitate a comfortable standard of living for tenants and maintain the high asset quality. A higher tenant satisfaction is attained through the Company's state-of-the-art, double TÜV-certified Service Center, which is accessible 24/7 through various communication channels and available in various languages. The Service Center enables the tenants to submit and monitor their maintenance requests, providing a healthier communication with property managers. As a result, the Service Center empowers higher efficiency in the Company's maintenance process, ensuring a higher quality of organization and coordination across the portfolio.

GCP invested in the first six months of 2018 €35.9 million repositioning capex and €13.5 million were in modernization investments. GCP's continuous pursuit of generating value appreciation in the portfolio drives the Company to undertake higher volume of strategic and attractive capex projects, which is reflected in an increased volume of capex investments compared to €34 million in the first six months of 2017. The Company's track record on realizing accretive value potential inherent in its porfolio is achieved via diligently initiating capex projects based on their expected return on costs. This attentive selection mechanism benefits the Company in achieving value creation through occupancy, rent and cost efficiency increases and increasing the overall attractiveness of the properties across the portfolio.

Repositioning capex refers to the investments which are directed towards generating higher quality levels across the portfolio and higher attractiveness for the prospective tenants. These initiatives include full apartment upgrades, improving staircases and public areas, upgrading elevators, fire-life safety upgrades, as well as other improvements. Among other improvements, the installation of playgrounds and common facilities are initiated towards increasing the attractiveness of the neighborhoods and they provide the basis for organizing activities that bring together neighborhoods. Repositioning capex amounted to €6.6 per average sqm in the first half of 2018, increasing from €6.4 per sqm in the comparable period in 2017. Another contributor to this increase was increasing cost of labor and materials which are positively impacted by the growing economy and strong real estate market.

Modernization capex investments are pointed towards improving the standard of the apartments as well as increasing the energy-saving levels. The essential target of modernization capex investments is to increase rents in which successful implementation of such measures resulted in a direct contribution to the like-for-like net rent increase at 0.7% year-over-year. These investments include the addition of balconies, energy saving measures such as insulation improvements, façade reconditioning, window replacements and others which totaled to €2.5 per average sqm in the first six months of 2018.
In addition, in the first six months of 2018 GCP invested €4.6 million in pre-letting modifications, which account mainly for investments in snagging and final preparation of new buildings or re-opening of converted/refurbished old buildings prior to letting.

MAINTENANCE AND CAPEX DEVELOPMENT (€/SQM)



Notes on business performance

ADMINISTRATIVE AND OTHER EXPENSES

For the 6 months ended June 30,	**2018**	2017
	€'000	
Administrative and other expenses	**(6,062)**	**(5,800)**

Administrative and other expenses amounted to €6 million in the first six months of 2018, in line with €5.8 million in the same period in 2017. These overhead costs are ongoing expenses of operating the business and comprised of administrative personnel salaries, marketing costs, audit and accounting fees, legal and consulting fees, depreciation and amortization, as well as other expenses. Lower marginal growth in administrative and other expenses compared to revenue growth year-over-year mirrors GCP's ability to benefit from its economies of scale and scope.

FINANCE EXPENSES

For the 6 months ended June 30,	**2018**	2017
	€'000	
Finance expenses	**(23,322)**	**(19,622)**

GCP recorded finance expenses in the amount of €23 million in the first six months of 2018, compared to €20 million in the comparable period in 2017. One factor contributing to the increase in the result is the issuance of approx. €1.6 billion of straight bonds in the last twelve months, through the Euro Medium Term Note (EMTN) programme which was established in 2017, which was partially offset by the repayment of shorter term and partially more expensive debt of over €500 million.

GCP's superior access to the capital markets was reiterated by issuances of €600 million of Series G straight bonds, aggregate of Series H straight bonds at €255 million (€110 million initial issuance and €145 million tap issuance), HKD 900 million of Series I straight bonds (equivalent to €93 million, with currency hedge to maturity), €500 million of Series J straight bonds, CHF 125 million of Series K straight bonds (equivalent to €108 million, with full currency hedge of principal amount to maturity) and JPY 7.5 billion of Series L straight bonds (equivalent to €57 million, with full currency hedge to maturity). After the reporting period, GCP issued €55 million of Series M straight bonds under the EMTN programme. Further extending the average debt maturity were the repurchases of €361 million of Series D straight bonds and €169 million of the Series F convertible bonds, which both had shorter maturities. The proven ability to access capital markets is a result of GCP's years of expertise, complemented by a strong credit profile. GCP has two high investment-grade ratings of BBB+ from S&P and Baa1 from Moody's.

Under the EMTN programme, GCP benefits from achieving higher diversification on its rich mix of capital structure as well as expanding into a pool of more diverse global investor base while long-term orientation of its conservative financial structure enabled the Company to extend the average debt maturity to 8.3 years as of June 2018 and maintain a low average cost of debt at 1.6%. GCP's continuous achievement in maintaining low borrowing costs strengthens its position to generate robust bottom-line results which is reflected in the consistently high debt coverage ratios, with an ICR of 5.9x and DSCR of 4.9x for the first half of 2018.

Dortmund

OTHER FINANCIAL RESULTS

For the 6 months ended June 30,	2018	2017
	€'000	
Other financial results	**(24,061)**	**(4,578)**

Other financial results amounted to €24 million in the first half of 2018 and relate mainly to non-recurring and one-off financial expenses, such as the buy-back at premium of Series D and Series F bonds for nearly €210 million and to the changes in the fair values of financial assets and liabilities. These results include movements in derivative financial instruments, traded securities and effects from foreign currency exchanges. In addition to these items, GCP's robust activities in the capital markets result in higher one-off costs that vary from one period to another, stemming mainly from stronger activities in the first six months of 2018 compared to the first half on 2017. During the first half of 2018, GCP issued 4 new straight bonds totaling nearly €800 million, tapped Series H straight bonds with €145 million. Correspondingly, there was no debt activity in the first half of 2017. The Company's aim to maintain a long-term oriented, conservative financial structure, combined with its strong credit and business profile empowers GCP to attract low cost debt with longer maturities, which also drives the Company to incur fees for refinancing higher-cost debt, reinforcing further financial stability.

Notes on business performance

TAXATION

For the 6 months ended June 30,	2018	2017
	€'000	
Current tax expenses	(13,600)	(15,294)
Deferred tax expenses	(54,088)	(30,999)
Total tax expense	**(67,688)**	**(46,293)**

Total tax expenses amounted to €68 million for the first half of 2018, and increased from €46 million for the comparable period in 2017 due to higher deferred tax expenses. Deferred tax expenses are non-cash items that are associated with higher revaluation gains recorded by the Company. These expenses normally do not materialize due to GCP's strategy of long-term holding of its assets and thus largely remain a non-cash item. The Company nevertheless employs a conservative approach with regard to deferred taxes, accounting for theoretical future property disposals through asset deal structures at the full corporate tax rate subject to the location of the property. 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 minimized.

Current tax expenses are composed of property and corporate taxes which are associated with the recurring operational performance of the Company and amounted to €14 million in the first six months of 2018 compared to €15 million in the comparable period in 2017.

PROFIT FOR THE PERIOD

For the 6 months ended June 30,	2018	2017
	€'000	
Profit for the period	**271,457**	**224,991**
Profit attributable to the owners of the Company	235,809	191,726
Profit attributable to the perpetual notes investors	13,632	12,025
Profit attributable to non controlling interests	22,016	21,240

GCP earned profits of €271 million in first six months of 2018, compared to €225 million in the first six months of 2017. Drivers of this year-over-year growth were a combination of accretive acquisitions, non-core disposals, value creation and operational performance.

EARNINGS PER SHARE

For the 6 months ended June 30,	2018	2017
Basic earnings per share (in €)	1.43	1.24
Diluted earnings per share (in €)	1.33	1.14
Weighted average basic shares (in thousands)	164,789	154,336
Weighted average diluted basic shares (in thousands)	178,861	170,758

The Company's ability to generate higher profits on a shareholder level are reflected in the increase in earnings per share despite the higher average share count compared to the prior period. GCP generated in the first six months of 2018 basic earnings per share of €1.43 and diluted earnings per share of €1.33, up by 15% and 17% respectively compared to €1.24 basic earnings per share and €1.14 diluted earnings per share for the first six months of 2017.

Leipzig

Notes on business performance

ADJUSTED EBITDA AND FUNDS FROM OPERATIONS (FFO I)

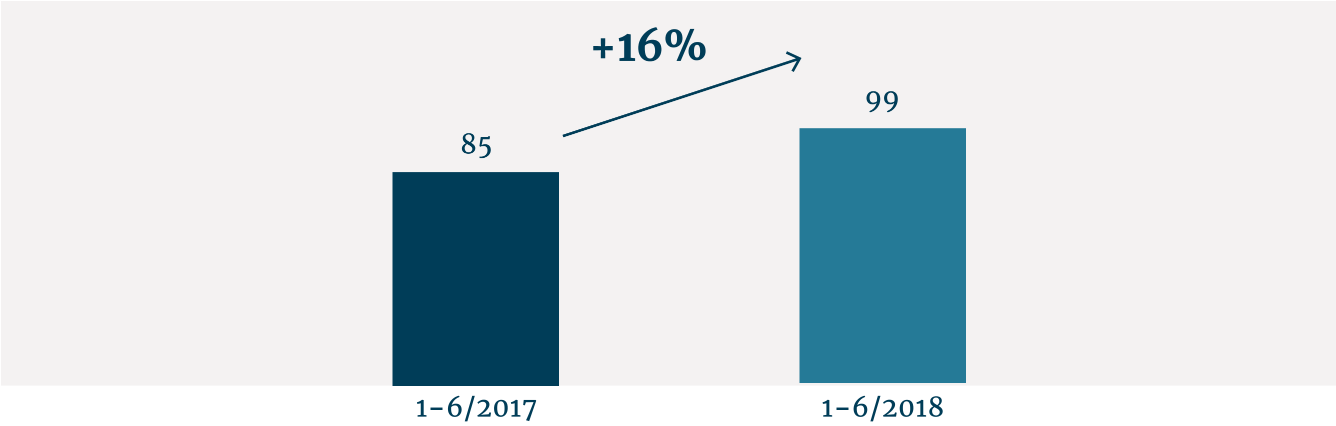
For the 6 months ended June 30,	2018	2017
	€'000	
Operating profit	386,528	295,484
Depreciation and amortization	1,016	966
EBITDA	**387,544**	**296,450**
Capital gains, property revaluations and other income	(249,985)	(168,450)
Result on the disposal of inventories - trading properties	(56)	(249)
Share of profit from investment in equity-accounted investees	(1,350)	(7,302)
Other adjustments	596	456
Adjusted EBITDA	**136,749**	**120,905**
Finance expenses	(23,322)	(19,622)
Current tax expenses	(13,600)	(15,294)
Contribution to minorities	(714)	(801)
FFO I	**99,113**	**85,188**
Weighted average basic shares in thousands*	164,789	154,336
FFO I per share (in €)	**0.60**	**0.55**

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

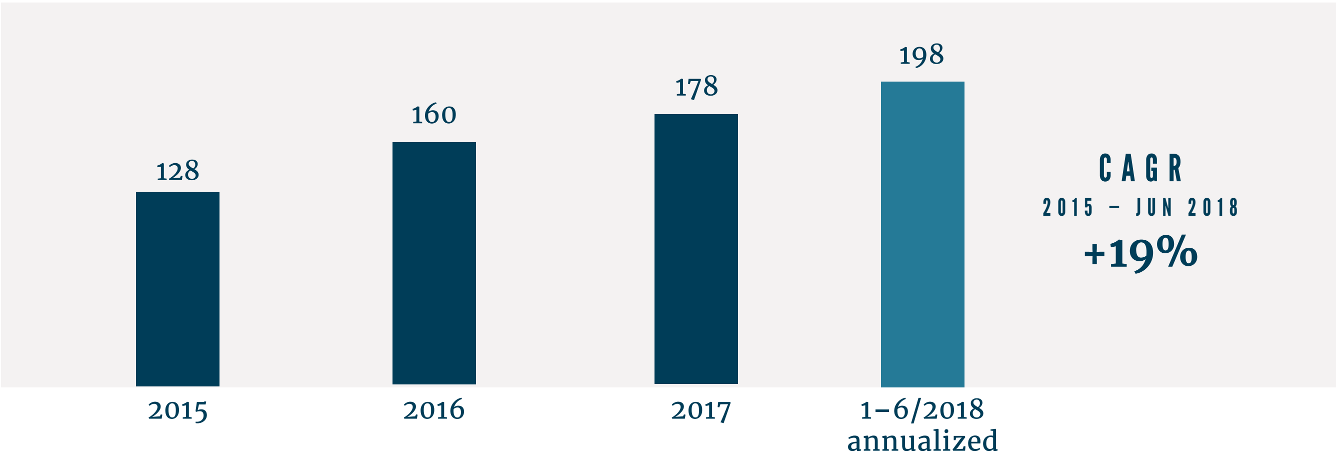
The adjusted EBITDA is an industry standard figure indicative of the Company's recurring operational profits before interest and tax expenses, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of inventories, share of profit from investment in equity-accounted investees and other adjustments. During the first half of 2018, GCP adjusted EBITDA of €137 million, up by 13% from €121 million in the first six months of 2017. This growth was achieved both internally and externally; consistently proven abilities to accomplish high like-for-like rental income growth through rent an occupancy increases, coupled with refining the portfolio with repositioning efforts on one side, and generating external growth through Company's years of expertise on selectively identifying and acquiring assets with value-add potential on the other side.

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilized as a key industry performance indicator. It is calculated by deducting finance expenses, current tax expenses and contribution to minorities from the adjusted EBITDA. GCP recorded FFO I of €99 million in the first half of 2018, reflecting a year-over-year increase of 16% compared to €85 million recorded in the comparable period of 2017. This robust year-over-year growth is evidence of the Company's consistent competency in translating its high portfolio uplift potential into strong bottom-line profitability growths, its substantiated operational development expertise being at the basis of the Company's success.

FFO I PERIODIC DEVELOPMENT (IN € MILLIONS)



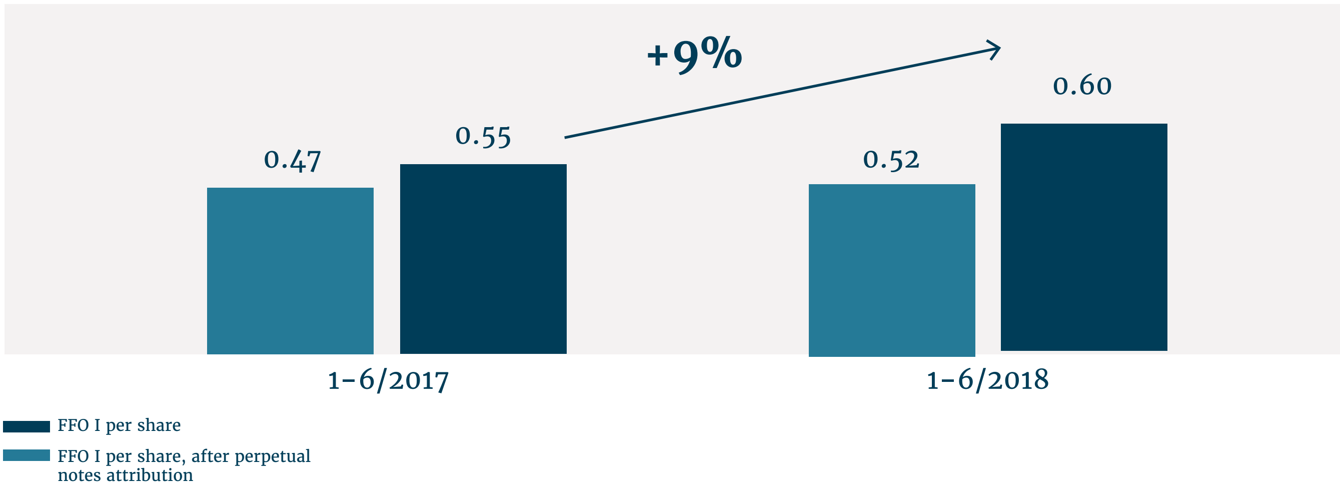
FFO I ANNUAL DEVELOPMENT (IN € MILLIONS)



FFO I PER SHARE

In the first half of 2018, the FFO I per share grew by 9% to €0.60 per share, compared to €0.55 recorded in the first half of 2017. And despite the increase was partially offset by a higher average share count compared to the first half of 2017, the increase proves GCP's ability to create value for its shareholders. Annualized FFO I per share equaled to €1.2 and reflects an FFO I yield of 5.1%. With the Company's dividend policy of a payout ratio of 65% of FFO I per share, this results in a dividend yield of 3.3%.

FFO I PER SHARE PERIODIC DEVELOPMENT (IN €)



Notes on business performance

FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

For the 6 months ended June 30,	2018	2017
	€'000	
FFO I	**99,113**	**85,188**
Adjustment for accrued perpetual notes attribution	(13,632)	(12,025)
FFO I after perpetual notes attribution	**85,481**	**73,163**
Weighted average basic shares (in thousands)*	164,789	154,336
FFO I per share after perpetual notes attribution (in €)	**0.52**	**0.47**

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

According to IFRS accounting treatment, the perpetual notes are accounted for 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. GCP recorded FFO I per share after perpetual notes attribution of €0.52 per share in the first six months of 2018, an increase of 11% compared to €0.47 recorded in the first six months of 2017. This increase was partially offset by attributions from additional €350 million of perpetual notes that were issued in April 2018 at a coupon of 2.5%. These additionally issued perpetual notes have the lowest perpetual notes coupon of the Company yet, and provide further diversification into different financing vehicles and wider investor base which was accomplished by GCP's strong engagement in the capital markets.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

For the 6 months ended June 30,	2018	2017
	€'000	
FFO I	**99,113**	**85,188**
Repositioning capex	(35,899)	(34,107)
AFFO	**63,214**	**51,081**

The Adjusted Funds from Operations (AFFO) is a supplementary measure of the Company's recurring operational cash flow. Additional adjustment is made to the FFO I by deducting repositioning capex that is a key part of GCP's value creation chain. GCP provides a further distinction of capex investments into repositioning and modernization capex. Modernization capex and pre-letting modifications are investments that are specifically targeted at rent increases and treated similar to acquisition of properties. Therefore, only the repositioning part of the capex is deducted to derive at the AFFO value. GCP's AFFO increased to €63 million in the first half of 2018, up by 24% compared to €51 million recorded in the first half of 2017. Successful ongoing repositioning programs have been executed during 2018 since GCP is able to identify economically efficient and strategic repositioning plans on an ongoing basis.

FFO II

For the 6 months ended June 30,	2018	2017
	€'000	
FFO I	**99,113**	**85,188**
Result from disposal of properties*	87,893	249
FFO II	**187,006**	**85,437**

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

FFO II is another measure provided by GCP to incorporate the disposal effects by adding the results from disposal of properties to the FFO I. Result from disposal of properties is derived by the excess amount of the sale price to cost price plus capex of disposed properties. GCP's FFO II amounted to €187 million in the first half of 2018 and grew by 119% compared to €85 million in the first half of 2017. This substantial increase was due to the Company's capital recycling process through which non-core assets are disposed and channeled into accretive high quality deals on an ongoing basis. During the first half of 2018, GCP disposed non-core assets with a disposal value of €142 million, generating profit over total cost of €88 million. The disposals resulted in a margin of over 160% on the total cost. Moreover, the diposal value generated a 12% profit over net book value, reflecting the high demand for the properties and the conservative valuations. After reporting date, GCP has completed the disposals of approx. €35 million.

Berlin

Notes on business performance

CASH FLOW

For the 6 months ended June 30,	2018	2017
	€'000	
Net cash provided by operating activities	115,982	99,051
Net cash used in investing activities	(486,261)	(381,664)
Net cash provided by financing activities	918,332	152,448
Net increase in cash and cash equivalents	**548,053**	**(130,165)**

The net cash provided by operating activities amounted to €116 million in the first half of 2018, increased by 17% compared to €99 million recorded in the first half of 2017. The increase results from the strong operational performance of increasing rental income by increasing rents and reducing vacancies as well as from additions to the portfolio.

Net cash used in investing activities amounted to €486 million in the first half of 2018, up by 27% compared to €382 million recorded in the first six months of 2017. This increase is mainly driven by higher acquisitions recorded in the first half of 2018.

Largest change among the cash flow items stems from the increase in net cash provided by financing activities which amounted to €918 million in the first half of 2018, up by 502% compared to €152 million recorded in the first half of 2017. This substantial growth is largely driven by proceeds from over €800 million straight bonds issuances generated in the first half of 2018. Proceeds from the new issuances went towards attractive refinancing opportunities and funding acquisitions. Hence, this increase was partially offset by buybacks of Series D straight bonds and Series F convertible bonds in the amount of approx. €210 million. With the new issuances, the Company was able to secure long-term financing at attractive rates and repurchases of short-term maturity bonds contributed towards extending the debt maturity profile. In conclusion, the Company's proactive management of its capital structure benefitted the Company in maintaining low cost of debt at a longer debt maturity profile while sustaining the conservative financial structure with sound credit profile.

The resulting total increase in net cash and cash equivalents amounted to €548 million for the first half of 2018, compared to a net decrease of €130 million in the first six months of 2017, resulting in a cash and liquid assets balance of €925 million, as of June 30, 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

	Jun 2018	Dec 2017
	€'000	
Non-current assets	**7,225,739**	**6,712,360**
Investment property [1]	6,856,715	6,387,868
Current assets	**1,563,450**	**795,932**
Cash and liquid assets [2]	924,837	402,331
Total Assets	**8,789,189**	**7,508,292**

1) including inventories – trading properties
2) including cash and cash equivalents held for sale

GCP's total asset amounted at the end of June 2018 to €8.8 billion, up by 17% compared to €7.5 billion at year-end 2017. Main contribution to this increase was the increase in property values which was mainly driven by acquisitions and high revaluation gains achieved by GCP's value creation initiatives and from the cash and liquid assets, impacted by the capital market activities carried out throughout the first half of 2018.

Non-current assets amounted to €7.2 billion as of the end of June 2018, increased by 8% from €6.7 billion as of year-end 2017. Main driver of this increase was the growth in investment properties which amounted to €6.9 billion as of the end of June 2018. This growth was driven both internally and externally. Positive operational developments across the portfolio and positive market developments consequently lead to valuation gains in the portfolio. GCP acquired around 900 units during the first half of 2018 at an average multiple of 25x, of which 400 were in London and the remaining were acquired mainly in our core locations such as Berlin and Frankfurt. In addition to these 400 units, GCP acquired in London over 400 units which are pre-marketed new buildings that are expected to be marketed and rented in the upcoming quarters. Therefore, in total, GCP has approx. 850 units in London as of June 2018. GCP used the current market opportunity and its strong deal sourcing network to cherry pick value-add properties in London following the Company's strategy to acquire properties in major cities with strong fundamentals. As of June 2018, London represents 5% of the total value of the portfolio.

Growth in investment properties was also partially offset by reclassification of non-core properties into assets held for sale and from disposals. Following its capital recycling strategy to analyze its portfolio for disposal of non-core properties which frees up funds for accretive acquisitions which also improves overall portfolio quality, GCP disposed €142 million of non-core assets, with a profit of €88 million over the total cost, reflecting a profit margin of over 160%. After the reporting period, GCP executed further disposals for approx. €35 million.

Growth in non-currents assets was also affected by increase in other non-current assets which include deposits, prepayments and investments in financial assets such as loans or NPL's which gives the Company the opportunity to take part in future real estate deals.

Current assets increased to €1.6 billion as of the end of June 2018 from €0.8 billion at year-end 2017, mainly due to the increase in cash and liquid assets. This higher cash balance was mainly a result of over €900 million issuances of straight bonds and €350 million of perpetual notes during the first half of 2018, supporting the Company's acquisition pipeline and liquidity position for attractive refinancing opportunities, by which GCP has already repurchased €210 million of Series D and Series F bonds.

London

Notes on business performance

LIABILITIES

	Jun 2018	Dec 2017
	€'000	
Total loans and borrowings [1)]	953,075	940,682
Straight bonds [2)]	2,223,983	1,422,920
Convertible bond	270,915	432,073
Deferred tax liabilities [3)]	539,606	501,999
Other long-term liabilities and derivative financial instruments	62,973	59,229
Current liabilities [4)]	436,849	301,727
Total Liabilities	**4,487,401**	**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 increased to €4.5 billion as of the end of June 2018, compared to €3.7 billion recorded at year-end 2017, reflecting an increase of 23%. The growth in liabilities was mainly a result of increase in non-current liabilities which was driven by GCP's proactive debt market activities during the first half of 2018. Strengthened by the EMTN programme which was established in 2017, the Company proactively expands and diversifies its global investor base while attracting further funding from different markets. This was followed by nearly €1.0 billion raised in the first half of 2018 through 5 straight bonds issuances. In February 2018, GCP issued its first foreign currency straight bonds Series I with HKD 900 million (€93 million), followed by other foreign currency straight bond issuances Series K with CHF 125 million (€108 million) and Series L with JPY 7.5 billion (€57 million), all with currency hedges until maturity in place, testifying strong demand for GCP's instruments from global investors. In addition, GCP issued Series J straight bonds of €500 million, tapped the Series H straight bonds by €145 million to an aggregate notional amount of €255 million. Proceeds from these financial debts are utilized for realizing refinancing opportunities as well as to fund the Company's growth. Accordingly, GCP repurchased €169 million of Series F convertible bonds, €41 million of Series D straight bonds and €50 million straight bonds. Repayments of such bonds are a vital part of the Company's conservative financial policy to maintain long average debt maturity and GCP's access to cheaper debts enables the Company to keep borrowing costs low by locking in attractive interest rates for years to come.

Most of the remaining liabilities relates to the deferred tax liabilities which amounted to 13% of the total non-current liabilities and are the result of the valuation gains. GCP 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. 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%.

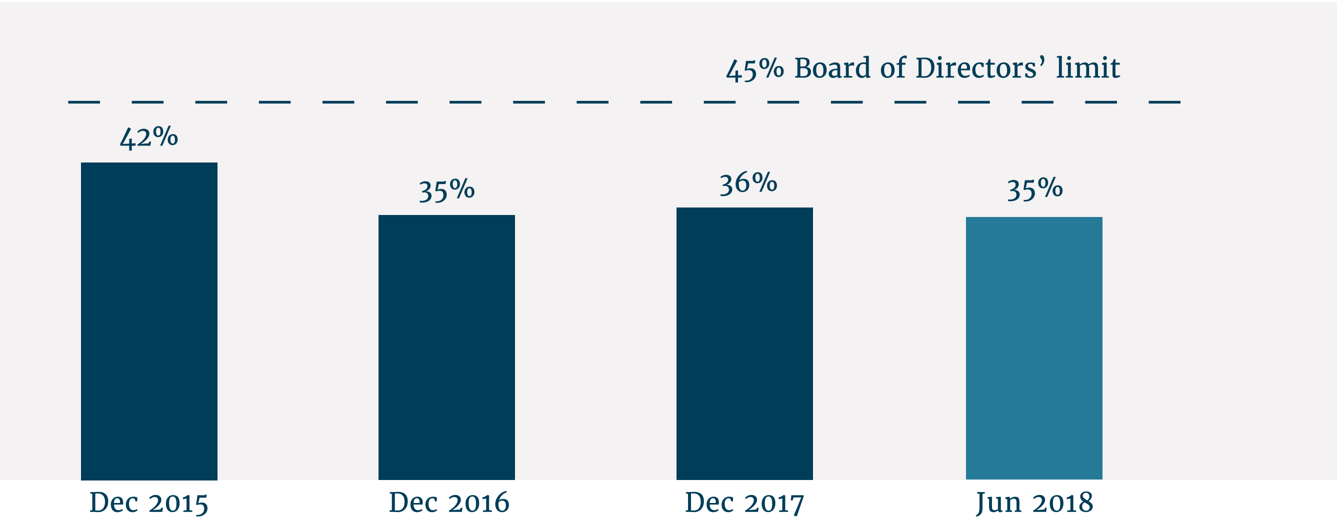
The increase in the current liabilities is mainly due to provisions for the dividend distibution paid after the reporting period.

LOAN-TO-VALUE

	Jun 2018	Dec 2017
	€'000	
Investment property [1]	6,908,465	6,425,430
Investment properties of assets held for sale	176,473	117,246
Equity-accounted investees	27,171	37,261
Total value	**7,112,109**	**6,579,937**
Total debt [2]	3,447,973	2,795,675
Cash and liquid assets [3]	924,837	402,331
Net debt	**2,523,136**	**2,393,344**
LTV	**35%**	**36%**

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 follows a conservative financial policy which is reflected in the LTV limit of 45% which was set by the Board of Directors. As of June 30, 2018, the LTV of 35% stood well below this limit and lower compared to the year-end 2017 with 36%. The high buffer between the current level and the Company's internal limit serves as an additional headroom and protection in case of market downturn. GCP's conservative approach and low level of leverage contributes towards strong credit metrics, with an ICR of 5.9x and a DSCR of 4.9x in the first half of 2018, which provides a comfortable headroom by being significantly above the debt covenants.



Notes on business performance

EPRA NAV

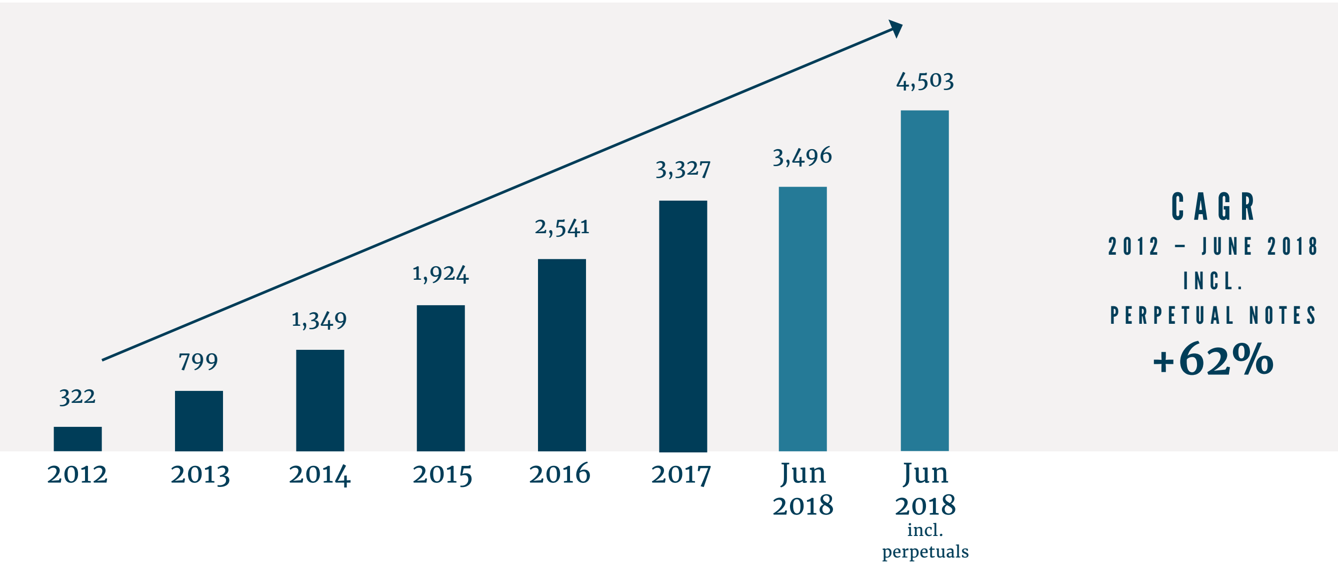
The EPRA NAV is defined by EPRA as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items which are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust 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.

	Jun 2018		Dec 2017	
	€'000	€ per share	€'000	€ per share
Equity per the financial statements	**4,301,788**		**3,849,662**	
Equity attributable to perpetual notes investors	(1,006,792)		(665,871)	
Equity excluding perpetual notes	**3,294,996**		**3,183,791**	
Fair value measurements of derivative financial instruments, net	16,323		5,885	
Deferred tax liabilities*	539,606		501,999	
NAV	**3,850,925**	**23.3**	**3,691,675**	**22.4**
Non-controlling interests	(354,929)		(364,489)	
EPRA NAV	**3,495,996**	**21.2**	**3,327,186**	**20.2**
Equity attributable to perpetual notes investors	1,006,792		665,871	
EPRA NAV incl. perpetual notes	**4,502,788**	**27.3**	**3,993,057**	**24.2**
Basic amount of shares including in-the-money dilution effects (in thousands)	165,040		165,004	

* including balances held for sale

GCP's EPRA NAV totaled to €3.5 billion as of the end of June 2018, up by 5% compared to €3.3 billion at the year-end 2017. This growth was mainly driven by the high level of profits recorded during the first half of 2018. Accordingly, EPRA NAV per share increased to €21.2, reflecting a growth of 5% compared to year-end 2017 EPRA NAV per share of €20.2 which underlines GCP's continuous ability to create shareholder value. The EPRA NAV including perpetual notes amounted to €4.5 billion as at the end of June 2018 and grew by 13% from €4.0 billion at year-end 2017, also increasing by 13% on a per share basis to €27.3 from €24.2 as of year-end 2017. This increase was driven by an additional €350 million of perpetual notes which were issued in April 2018.

EPRA NAV DEVELOPMENT (IN € MILLIONS)



Düsseldorf

Alternative Performance Measures

In this section, GCP provides an overview of the use of its alternative performance measures.

For enhanced transparency and more industry specific comparative basis, the Company provides market and industry standard performance indicators. GCP provides a set of measures that can be utilized to assess the Company's operational earnings, net value of the Company, leverage position, debt coverage abilities as well as liquidity headroom. Following measurements apply to real estate industry's specifications and include adjustments where necessary that are in compliance with the standards.

RECONCILIATION OF ADJUSTED EBITDA

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 starts from its ***Operating profit*** and add back the item ***Depreciation and amortization*** to arrive at ***EBITDA*** value. Non-recurring and non-operational items are deducted such as ***Capital gains, property revaluations and other income***, ***Result on the disposal of inventories-trading properties*** and ***Share in profit from investment in equity-accounted investees***. Further adjustments are labeled as ***Other adjustments*** which are equity settled share-based payments since these are non-cash expenses.

ADJUSTED EBITDA RECONCILIATION

Operating Profit
(+) Depreciation and amortization
(=) EBITDA
(-) Capital gains, property revaluations and other income
(-) Result on the disposal of inventories - trading properties
(-) Share in profit from investment in equity-accounted investees
(+) Other adjustments
(=) Adjusted EBITDA

RECONCILIATION OF FUNDS FROM OPERATIONS I (FFO I)

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilized as a key industry performance indicator. It is calculated by deducting ***Finance expenses, Current tax expenses*** and ***Contribution to minorities from the Adjusted EBITDA***.

FFO I RECONCILIATION

Adjusted EBITDA
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities
(=) FFO I

RECONCILIATION OF FFO I AFTER PERPETUAL NOTES ATTRIBUTION

In line with the IFRS standards, GCP recognizes perpetual notes as equity in its balance sheets. Therefore, attributions to this item is recorded through changes in equity. GCP reports FFO I after perpetual notes attribution for enhanced transparency. In this case, GCP deducts the ***Accrued perpetual notes attribution*** from the ***FFO I***.

FFO I AFTER PERPETUAL NOTES ATTRIBUTION RECONCILIATION

FFO I
(-) Adjustment for accrued perpetual notes attribution
(=) FFO I after perpetual notes attribution

RECONCILIATION OF ADJUSTED FUNDS FROM OPERATIONS (AFFO)

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. Therefore, in line with the industry practices, GCP deducts ***Repositioning capex*** from the ***FFO I*** to arrive at the ***AFFO***. As a result, AFFO is another widely-used indicator which tries to assess residual cash flow for the shareholders by adjusting FFO I for recurring expenditures that are capitalized.

RECONCILIATION OF FUNDS FROM OPERATIONS II (FFO II)

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. Although, property disposals are non-recurring, disposal activities provide further cash inflow into a company that increase the liquidity levels.. As a result, this measure is an indicator to evaluate operational cash flow of a company including the effects of disposals.

AFFO RECONCILIATION

FFO I	
(-) Repositioning capex	
(=) AFFO	

FFO II RECONCILIATION

FFO I	
(+) Result from disposal of properties*	
(=) FFO II	

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

Potsdam

Alternative Performance Measures

RECONCILIATION OF THE NET ASSET VALUE ACCORDING TO EPRA (EPRA NAV)

The European Public Real Estate Association (EPRA) is the widely-recognized market standard guidance and benchmark provider for the European real estate industry. EPRA's Best Practices Recommendations dictate the ongoing reporting of a set of performance metrics intended to enhance the quality of reporting by bridging the gap between the regulated IFRS reporting presented and specific analysis relevant to the European real estate industry.

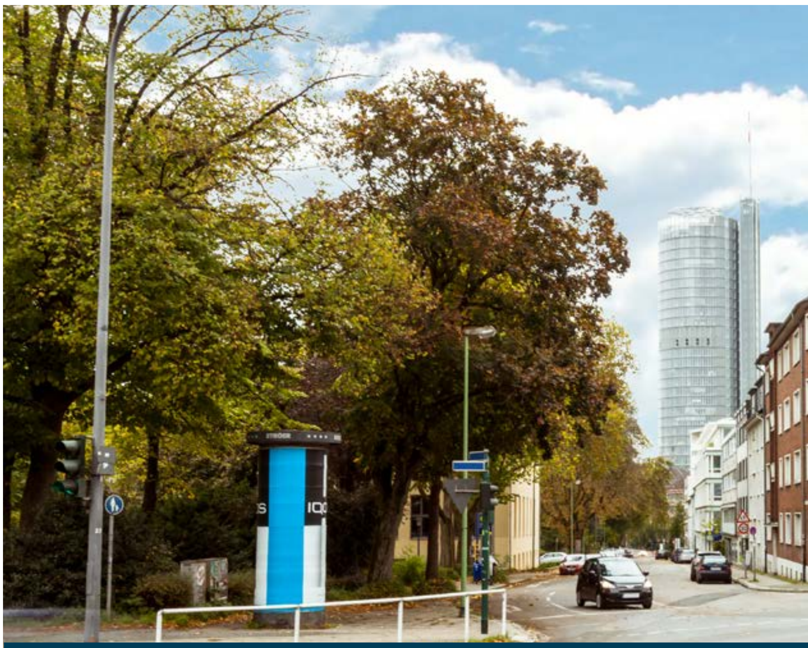
The EPRA NAV is defined by EPRA as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust 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.

The reconciliation of the EPRA NAV starts from the ***Equity per the financial statements*** and deducts ***Equity attributable to perpetual notes investors*** to get to the ***Equity excluding perpetual notes***. Adding the ***Fair value measurements of derivative financial instruments*** and the ***Deferred tax liabilities*** which include balances from held for sale results into the ***NAV***. Both of these items are added back in line with EPRA standards since they are not expected to materialize in long-term basis. Finally, equity that is attributable to ***Non-controlling interests*** is deducted from the NAV to derive at EPRA NAV. Adding to the ***EPRA NAV*** the balance of the ***Equity attributable to perpetual investors*** results in the ***EPRA NAV including perpetual notes***.

EPRA NAV RECONCILIATION

Equity per the financial statements
(-) Equity attributable to perpetual notes investors
(=) Equity excluding perpetual notes
(+) Fair value measurements of derivative financial instruments, net
(+) Deferred tax liabilities*
(=) NAV
(-) Non-controlling interests
(=) EPRA NAV
(+) Equity attributable to perpetual investors
(=) EPRA NAV incl. perpetual notes

* including balances held for sale


Essen

RECONCILIATION OF THE TRIPLE NET ASSET VALUE ACCORDING TO EPRA (EPRA NNNAV)

The EPRA NNNAV is derived by adjusting the EPRA NAV by marking to market the values of the Company's financial debt, derivative financial instruments and deferred taxes. The purpose of the EPRA NNNAV is to provide stakeholders with the most relevant information on the Company's financial liabilities by reporting them at their fair values as of the end of the period. Accordingly, to derive at the EPRA NNNAV, the ***Fair value measurements of derivative financial instruments*** is deducted from the EPRA NAV as well as an ***Adjustment to reflect fair value of debt***. The adjustment is the difference between the market value of debt and book value of debt, adjusted for taxes. Lastly, ***Deferred tax liabilities***, which according to EPRA's best practice recommendations should be based on evidence observed in the market, are deducted to reach to the EPRA NNNAV.

EPRA NNNAV RECONCILIATION

EPRA NAV
(-) Fair value measurements of derivative financial instruments
(-) Adjustment to reflect fair value of debt
(-) Deferred tax liabilities*
(=) EPRA NNNAV

*adjustment based on the Company's corporate structure and from actual transactions

RECONCILIATION OF LOAN-TO-VALUE (LTV)

LTV ratio is an acknowledged measurement of the leverage position of a given firm in the real estate industry. This ratio highlights to which extent financial liabilities are covered by the Company's real estate asset value as well as how much headroom of the fair value of real estate portfolio is available compared to the net debt. Following the industry specifications, GCP calculates the LTV ratio by dividing the total net debt to the total value at the balance sheet date. Total value of the portfolio is a combination of ***Investment property*** which includes ***Advanced payments for investment properties and inventories - trading properties, Investment properties of assets held for sale*** and ***Equity-accounted investees***. For the calculation of net debt, total ***Cash and liquid assets*** are deducted from the ***Straight bonds, Convertible Bonds and Total loan and borrowings, including held for sale loans and borrowings***. Total loan and borrowings include ***Short-term loans and borrowings, Loan redemption***, and ***Financial debt held for sale*** while Straight bonds include ***Bond redemption***. Cash and liquid assets is the sum of ***Cash and cash equivalents, Traded securities at fair value through profit, Traded securities at fair value through profit and loss*** and ***Cash and cash equivalents held for sale***.

LOAN-TO-VALUE RECONCILIATION

(+) Investment property [1]
(+) Investment properties of assets held for sale
(+) Equity-accounted investees
(=) (a) Total value
(+) Total debt [2]
(-) Cash and liquid assets [3]
(=) (b) Net debt
(=) (b/a) LTV

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

Alternative Performance Measures

RECONCILIATION OF UNENCUMBERED ASSETS RATIO

The unencumbered assets ratio is a liquidity measure as it reflects the Company's ability to raise secure debt over these assets and thus provides an additional layer of financial flexibility and liquidity. Moreover the unencumbered ratio is important for unsecured bondholders, providing them with an asset backed security. Hence, the larger the ratio is, the more flexibility a firm has in terms of headroom and comfort to its debtholders. Unencumbered assets ratio is calculated by dividing ***Unencumbered investment property*** of the portfolio by the ***Total investment properties*** which is the sum of ***Investment property, Inventories - trading property*** and ***Investment properties of assets held for sale***.

UNENCUMBERED ASSETS RATIO RECONCILIATION

(a) Unencumbered assets
(b) Total investment properties*
(=) (a/b) Unencumbered Assets Ratio

* including investment properties, investment properties of assets held for sale and inventories - trading properties

RECONCILIATION OF ICR AND DSCR

Two widely-recognized debt metrics Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) are utilized to demonstrate the strength of GCP's credit profile. These metrics are often used to see the extent to which interest and debt servicing are covered by recurring operational profits and provides implications on how much of cash flow is available after debt obligations. Therefore, ICR is calculated by dividing the ***Adjusted EBITDA*** by the ***Finance expenses*** and DSCR is calculated by dividing the ***Adjusted EBITDA*** by ***Finance expenses*** plus ***Amortization of loans from financial institutions***. With this ratio, GCP is able to show that with its high profitability and long-term oriented conservative financial structure, GCP consistently exhibits high debt cover ratios.

ICR RECONCILIATION

(a) Finance expenses
(b) Adjusted EBITDA
(=) (b/a) ICR

DSCR RECONCILIATION

(a) Finance expenses
(b) Amortization of loans from financial institutions
(c) Adjusted EBITDA
(=) [c/(a+b)] DSCR

Cologne

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, August 17, 2018

Refael Zamir
Director (chairman), CFO

Simone Runge-Brandner
Independent Director

Daniel Malkin
Independent Director

Berlin

Condensed interim consolidated statement of profit or loss

		For the six months ended June 30,		For the three months ended June 30,	
		2018	2017	2018	2017
		Unaudited			
	Note	€’000			
Revenue		**268,525**	**240,123**	**135,837**	**121,426**
Capital gains, property revaluations and other income		249,985	168,450	132,176	113,716
Share of profit from investments in equity-accounted investees		1,350	7,302	1,427	4,588
Property operating expenses		(127,076)	(114,100)	(64,610)	(57,901)
Cost of buildings sold		(194)	(491)	-	-
Administrative and other expenses		(6,062)	(5,800)	(3,018)	(2,879)
Operating profit		**386,528**	**295,484**	**201,812**	**178,950**
Finance expenses		(23,322)	(19,622)	(11,910)	(10,012)
Other financial results		(24,061)	(4,578)	(15,426)	(5,781)
Profit before tax		**339,145**	**271,284**	**174,476**	**163,157**
Current tax expenses	5	(13,600)	(15,294)	(7,132)	(7,828)
Deferred tax expenses	5	(54,088)	(30,999)	(27,599)	(22,571)
Tax and deferred tax expenses		**(67,688)**	**(46,293)**	**(34,731)**	**(30,399)**
Profit for the period		**271,457**	**224,991**	**139,745**	**132,758**
Profit attributable to:					
Owners of the Company		235,809	191,726	118,892	113,526
Perpetual notes investors		13,632	12,025	7,653	6,082
Non controlling interests		22,016	21,240	13,200	13,150
		271,457	**224,991**	**139,745**	**132,758**
Net earnings per share attributable to the owners of the Company (in euro):					
Basic earnings per share		**1.43**	**1.24**	**0.72**	**0.73**
Diluted earnings per share		**1.33**	**1.14**	**0.68**	**0.66**

Condensed interim consolidated statement of comprehensive income

	For the six months ended June 30,		For the three months ended June 30,	
	2018	2017	2018	2017
	Unaudited			
	€'000			
Profit for the period	**271,457**	**224,991**	**139,745**	**132,758**
Other comprehensive income				
Items that may be reclassified to profit or loss in subsequent periods, net of tax:				
Hedge reserve	(11,599)	-	(3,519)	-
Exchange differences on translating foreign operations	(994)	-	(1,802)	-
Other comprehensive loss for the period, net of tax	**(12,593)**		**(5,321)**	
Total comprehensive income for the period	**258,864**	224,991	134,424	132,758
Total comprehensive income attributable to:				
Owners of the Company	223,216	191,726	113,571	113,526
Perpetual notes investors	13,632	12,025	7,653	6,082
Non controlling interests	22,016	21,240	13,200	13,150
	258,864	**224,991**	**134,424**	**132,758**

The notes on pages 60 to 76 form an integral part of these consolidated financial statements.

Frankfurt

Condensed interim consolidated statement of financial position

		June 30,	December 31,
		2018	2017
		Unaudited	Audited
	Note	€'000	
Assets			
Equipment and intangible assets		20,688	19,649
Investment property	4	6,842,088	6,376,224
Advanced payments for real estate transactions		51,750	37,562
Investment in equity-accounted investees		27,171	37,261
Other non-current assets		257,675	213,920
Deferred tax assets		26,367	27,744
Non current assets		**7,225,739**	**6,712,360**
Cash and cash equivalents		860,614	312,058
Traded securities at fair value through profit and loss		63,879	89,426
Inventories – Trading property		14,627	11,644
Trade and other receivables		442,374	259,774
Derivative financial assets		2,340	-
Assets held for sale	10	179,616	123,030
Current assets		**1,563,450**	**795,932**
Total assets		**8,789,189**	**7,508,292**

The notes on pages 60 to 76 form an integral part of these consolidated financial statements.

	Note	2018	2017
		Unaudited	Audited
		€´000	
Equity			
Share capital	7A	16,479	16,479
Share premium		632,555	753,226
Capital reserves		53,081	43,842
Retained earnings		2,237,952	2,005,755
Total equity attributable to the owners of the Company		**2,940,067**	**2,819,302**
Equity attributable to Perpetual notes investors	7B	1,006,792	665,871
Total equity attributable to the owners of the Company and Perpetual notes investors		**3,946,859**	**3,485,173**
Non controlling interests		354,929	364,489
Total equity		**4,301,788**	**3,849,662**
Liabilities			
Loans and borrowings		918,083	918,669
Convertible bond	6	270,915	432,073
Straight Bonds	6	2,223,983	1,378,299
Derivative financial instruments		18,663	5,885
Other non-current liabilities		44,310	53,344
Deferred tax liabilities		537,551	499,674
Non-current liabilities		**4,013,505**	**3,287,944**
Current portion of long-term loans		12,450	11,485
Loan and straight bond redemption		-	50,832
Trade and other payables		396,776	266,587
Tax payable		10,675	8,954
Provisions for other liabilities and charges		27,607	20,232
Liabilities held for sale	10	26,388	12,596
Current liabilities		**473,896**	**370,686**
Total liabilities		**4,487,401**	**3,658,630**
Total equity and liabilities		**8,789,189**	**7,508,292**

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on August 17, 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 con-vertible bond	Trans-lation reserves	Hedge reserve	Other reserves	Retained earnings	Total	Equity attribut-able to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-con-trolling 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	–	–	–	–	–	–	235,809	235,809	13,632	249,441	22,016	271,457
Other comprehensive income (loss) for the period	–	–	–	(994)	(11,599)	–	–	(12,593)	–	(12,593)	–	(12,593)
Total comprehensive income (loss) for the period	**–**	**–**	**–**	**(994)**	**(11,599)**	**–**	**235,809**	**223,216**	**13,632**	**236,848**	**22,016**	**258,864**
Amount due to Perpetual notes investors	–	–	–	–	–	–	–	–	(13,632)	(13,632)	–	(13,632)
Issuance of Perpetual notes	–	–	–	–	–	–	–	–	340,921	340,921		340,921
Equity settled share-based payment	–	–	–	–	–	596	–	596	–	596	–	596
Dividend to be distributed	–	(120,296)	–	–	–	28,863	–	(91,433)	–	(91,433)	–	(91,433)
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	–	–	–	–	–	–	(3,612)	(3,612)	–	(3,612)	(31,576)	(35,188)
Balance as at June 30, 2018 (unaudited)	**16,479**	**632,555**	**12,657**	**(1,505)**	**(11,599)**	**53,528**	**2,237,952**	**2,940,067**	**1,006,792**	**3,946,859**	**354,929**	**4,301,788**

The notes on pages 60 to 76 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	Other 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	–	–	–	–	191,726	191,726	12,025	203,751	21,240	224,991
Other comprehensive income for the period	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**191,726**	**191,726**	**12,025**	**203,751**	**21,240**	**224,991**
Issuance of new ordinary shares	1,100	(*)195,774	–	–	–	196,874	–	196,874	–	196,874
Dividend to be distributed	–	(112,468)	–	–	–	(112,468)	–	(112,468)	–	(112,468)
Amount due to Perpetual notes investors	–	–	–	–	–	–	(13,547)	(13,547)	–	(13,547)
Equity settled share-based payment	–	–	–	456	–	456	–	456	–	456
Non-controlling interests arising from initially consolidated companies and other transactions	–	–	–	–	(74)	(74)	–	(74)	9,347	9,273
Balance as at June 30, 2017 (unaudited)	**16,479**	**753,344**	**20,284**	**23,632**	**1,663,780**	**2,477,519**	**665,871**	**3,143,390**	**227,253**	**3,370,643**

(*) net of issuance cost amounted to euro 1,1 million.

Condensed interim consolidated statement of cash flows

	Note	For the six months ended June 30, 2018	2017
		Unaudited	
		€'000	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period		271,457	224,991
Adjustments for the profit:			
Depreciation and amortization		1,016	966
Capital gains, property revaluations and other income		(249,985)	(168,450)
Share of profit from investments in equity-accounted investees		(1,350)	(7,302)
Net finance expenses		47,383	24,200
Tax and deferred tax expenses	5	67,688	46,293
Equity settled share-based payment		596	456
Change in working capital		(10,335)	(6,299)
Taxes paid		(10,488)	(15,804)
Net cash provided by operating activities		**115,982**	**99,051**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and intangible assets, net		(2,058)	(3,878)
Investments and acquisitions of investment property, capex and advances paid, net		(318,552)	(159,795)
Disposal (acquisition) of investees and loans, net of cash acquired (disposed)		(131,439)	(233,858)
Proceeds (Investment) from (in) trade securities and other financial assets		(34,212)	15,867
Net cash used in investing activities		**(486,261)**	**(381,664)**

The notes on pages 60 to 76 form an integral part of these consolidated financial statements.

Mannheim

	Note	For the six months ended June 30, 2018	2017
		Unaudited	
		€'000	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Amortization of loans from financial institutions		(4,674)	(4,712)
Proceeds from loans from financial institutions, net		16,533	6,100
Proceeds from Straight bonds		875,125	-
Proceeds (payment) from (to) Perpetual notes investors, net		316,670	(20,583)
Proceeds from capital increase, net		-	196,874
Buyback of Convertible bond series F		(170,892)	-
Buyback of Straight bond series D		(43,358)	-
Repayment Straight bond CHF		(49,934)	-
Transactions with non-controlling interest		-	(926)
Interest and other financial expenses, net		(21,138)	(24,305)
Net cash provided by financing activities		**918,332**	**152,448**
Net increase in cash and cash equivalents		**548,053**	**(130,165)**
Cash and cash equivalents held for sale	10	503	(545)
Cash and cash equivalents at the beginning of the year		312,058	448,873
Cash and cash equivalents at the end of the period		**860,614**	**318,163**

Notes to the condensed interim consolidated financial statements

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 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 ("interim financial statements") for the six months ended June 30, 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 DURING THE REPORTING PERIOD

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 information about bonds and capital increase, please see note 6 and 7, respectively.


Dortmund

(D) GROUP RATING

On November 23 2016, S&P revised its long-term corporate credit rating of the Company to 'BBB+' from 'BBB' with stable outlook. 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 six months ended on June 30, 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 consolidated 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 August 17, 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 interim condensed consolidated financial statements.

(E) GOING CONCERN

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

Velbert

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. The application of the new standard is not material.

(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 AND REVISED STANDARDS AND INTERPRETATIONS ARE IN ISSUE BUT HAVE NOT YET BEEN ENDORSED BY THE EU AND ARE HENCE 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.

Duisburg

4. Investment property

	Six months ended June 30,	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	430,253	(*) 1,013,892
Disposal of investment property during the period / year	(11,171)	(*) (23,800)
Effect of foreign currency exchange differences	(1,243)	(1,726)
Transfer from (to) assets held for sale (see note 10)	(185,507)	2,912
Fair value adjustment	233,532	616,459
Balance as at June 30 / December 31	6,842,088	6,376,224

(*) Reclassified

5. Tax and deferred tax expenses

	Six months ended June 30,	
	2018	2017
	Unaudited	
	€'000	
Corporation tax	(5,240)	(7,657)
Property tax	(8,360)	(7,637)
Deferred tax	(54,088)	(30,999)
Tax and deferred tax expenses for the period	**(67,688)**	**(46,293)**

Solingen

6. Straight and convertible bonds

Set out below, is an overview of the Group's straight and convertible bonds in issue as at June 30, 2018 and December 31, 2017:

Bond		Nominal Amount	Coupon	Issuance – Maturity	As at June 30, 2018	As at December 31, 2017
		'000			€'000	
Straight bond series D	(a)	EUR 138,800	2.000%	10/2014-10/2021	135,347	174,312
Straight bond series E		EUR 550,000	1.500%	04/2015-04/2025	524,380	522,571
Straight bond series G		EUR 600,000	1.375%	08/2017-08/2026	578,722	577,511
Straight bond series H	(f)	EUR 255,000	2.000%	10/2017-10/2032	239,409	103,905
Straight bond series I	(c)	HKD 900,000	1.000%	02/2018-02/2028	97,701	-
Straight bond series J	(d)	EUR 500,000	1.500%	02/2018-02/2027	483,518	-
Straight bond series K	(e)	CHF 125,000	0.956%	03/2018-09/2026	107,394	-
Straight bond series L	(g)	JPY 7,500,000	1.400%	06/2018-06/2038	57,512	-
Straight bond series CHF	(h)	CHF 52,380	4.750%	07/2013-repaid	-	44,621
Total straight bonds					**2,223,983**	**1,422,920**
Convertible bond series F	(b)	EUR 280,800	0.250%	03/2016-03/2022	270,915	432,073
Total convertible bond					**270,915**	**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) 1. 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.
2. As a result of the dividend distribution in June 2018 (see note 7), the conversion price has been adjusted to euro 25.5419 from euro 26.1844.

(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).

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

(h) As of June 30, 2018, the straight bond series CHF including accrued interest has been fully repaid.

(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

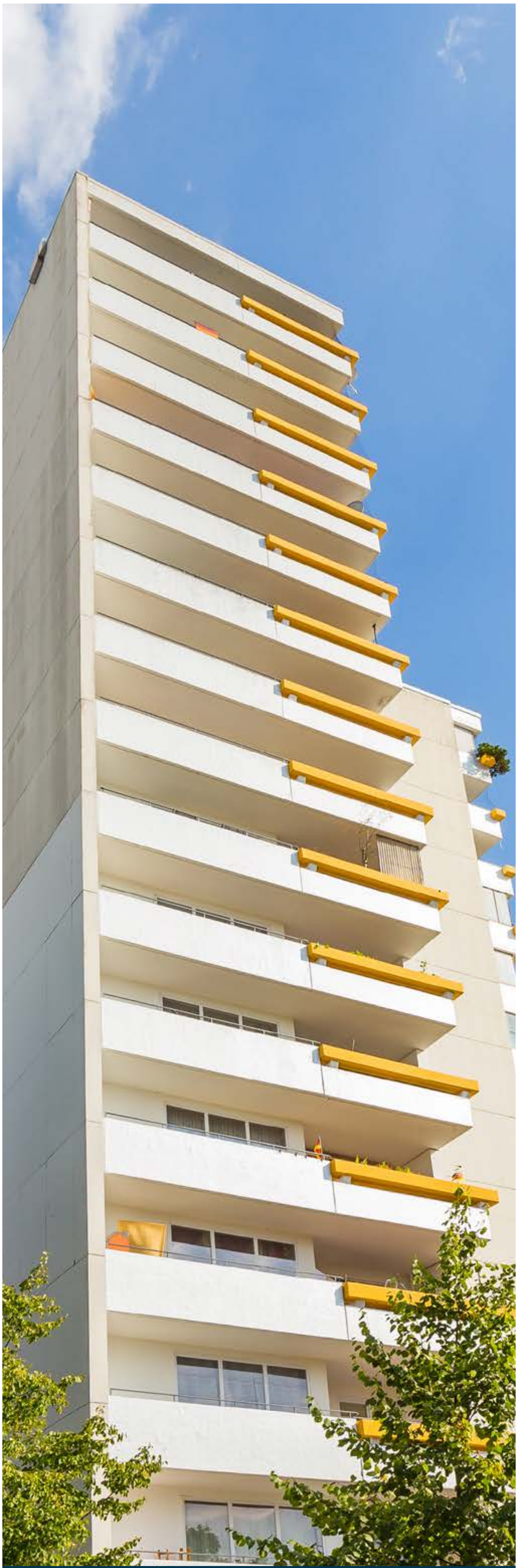
Under its outstanding bond series, the Company has covenanted, among other things, the following (capitalized terms have the meanings set forth in the relevant bond series):

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;


Bremen

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;

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.


Dresden


Essen

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

(A) SHARE CAPITAL

	Six months ended June 30, 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.

(B) ISSUANCE OF PERPETUAL NOTES

1. On April 24, 2018, the Company successfully placed euro 350 million in aggregate principal amounts of perpetual notes. These notes were issued at a price of 98.125% of the principal amount. These Perpetual notes are of unlimited duration and can only be called back by the Company only on certain contractually fixed dates or occasions. Up until the first call date in October 2023, the perpetual notes shall bear a coupon rate of 2.5% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (October 2028) shall correspond to the five-year swap rate plus a margin of 243.2 basis points p.a. The mark-up will increase by 25 basis points (to 268.3 basis points p.a.) as of October 2028 and by another 75 basis points (to 343.3 basis points p.a.) as of October 2043.

2. These Perpetual notes are presented in the consolidated statement of financial position as equity reserve attributable to its holders, which is part of the total equity of the Group. The coupon is deferrable until payment resolution of a dividend to the shareholders. The deferred amounts shall not bear interest.

(C) RESOLUTION OF DIVIDEND DISTRIBUTION

On June 27, 2018, the annual general meeting of shareholder of the company has resolved upon the distribution of a dividend of EUR 0.73 (gross) per share to the holders of record on 29 June 2018.

The company has also provided shareholders with the option to receive their dividend through a scrip dividend. From 28 June 2018 to 10 July 2018, shareholders of the company could elect to receive up to 70% of their dividend in the form of shares of the company, with the reminder paid in cash. Shareholders who did not elect to participate in the scrip dividend have received their dividend in cash. The cash dividend has been paid on July 17, 2018 and the new shares resulting from the scrip dividend have been issued on July 23, 2018. For more information see note 13.

Berlin

8. Related party transactions

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

	For the six months ended June 30 ,	
	2018	2017
	Unaudited	
	€'000	
Rental and operating income [(i)]	405	240
Interest income on loans to equity-accounted investees [(ii)]	481	367
Consulting services income	125	-
Consulting services expenses	(100)	-

(i) As of June 30, 2018 the Group received an advanced payment of euro 51 thousands.
(ii) As of June 30, 2018 the Group invested in loans to associates euro 27 million
.

9. Financial instruments

Set out below, is an overview of financial assets, other than cash and cash equivalents, held by the Group as at June 30, 2018 and December 31, 2017:

	As at June 30,	As at December 31,
	2018	2017
	€'000	
FINANCIAL ASSETS AT AMORTIZED COST:		
Trade and other receivables (*)	444,764	264,246
Other long-term assets (*)	257,857	214,200
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Traded securities at fair value through profit or loss	63,879	89,426
Derivative financial instruments	2,340	-
Total	**768,840**	**567,872**

(*) Including assets held for sale.

Set out below, is an overview of financial liabilities, held by the Group as at June 30, 2018 and December 31, 2017:

	As at June 30,	As at December 31,
	2018	2017
	€'000	
FINANCIAL LIABILITIES AT AMORTIZED COST:		
Trade and other payables (*)	398,292	269,500
Tax payable	10,675	8,954
Loans and borrowings (*)	953,075	940,682
Straight bonds (**)	2,223,983	1,422,920
Convertible bond	270,915	432,073
Other long-term liabilities (*)	44,358	55,997
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS:		
Derivative financial instruments	18,663	5,885
Total	**3,919,961**	**3,136,011**

(*) Including liabilities held for sale.
(**) including bond redemption

Wuppertal

RISK MANAGEMENT ACTIVITIES

CURRENCY AND INTEREST RISKS

During the reporting period, the Group used cross currency swap contracts to hedge the currency risk associates with the several straight bonds as follows: (1) the interest payments and the principal amount of the HKD 900 million straight bond series I, (2) the principal amount of the CHF 125 million straight bond Series K, (3) the principal amount of the JPY 7.5B million straight bond series L.

As at June 30, 2018, an unrealized loss of euro 11.6 million and an unrealized gain of euro 2.7 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.

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).

1. Financial assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
	€'000			
June 30, 2018 (Unaudited)				
Derivative financial instruments (a)	–	2,340	–	2,340
Traded securities at fair value through profit or loss	63,879	–	–	63,879
Total assets	**63,879**			**66,219**
Derivative financial instruments (a)	–	18,663	–	18,663
Total liabilities	**–**	**18,663**	**–**	**18,663**
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 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.

2. Financial assets and liabilities not measured at fair value:

	As at June 30, 2018				As at December 31, 2017			
	Carrying amount	Fair value			(*) Carrying amount	Fair value		
		Level 1	Level 2	Total		Level 1	Level 2	Total
	€'000							
Convertible bond	271,144	289,915	–	289,915	432,446	451,080	–	451,080
Straight bonds	2,241,454	2,093,312	155,135	2,248,447	1,429,666	1,501,439	–	1,428,641

(*) Restated

The carrying amount include the accrued interest.
The fair value of all other financial assets and liabilities approximates their carrying amount.

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.

During the reporting period the Company classified additional investment properties in total value of euro 185 million.

During the second quarter the Company completed the sale transactions of several non-core properties in a total value of euro 126.2 million. In addition, after the reporting period, the Company completed the sale transactions of additional non-core properties in total value of euro 36 million.

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

	Six months ended June 30,	Year ended December 31,
	2018	2017
	Unaudited	
	€'000	
Assets classified as held for sale		
Investment property	176,473	117,246
Cash and cash equivalents	344	847
Other assets	2,799	4,937
Total assets classified as held for sale	**179,616**	**123,030**
Liabilities classified as held for sale		
Loans and borrowings	22,542	4,317
Other liabilities	3,846	8,279
Total liabilities classified as held for sale	**26,388**	**12,596**

Berlin

11. Commitments

a) During the reporting period, the Group signed several real estate transactions which as at June 30, 2018 were not yet completed and are subject to standard condition precedents.

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

For a tap-up of Straight bond series M after the reporting period see note 13b.

12. Contingent assets and liabilities

The Group had no significant contingent assets and liabilities as of June 30, 2018.

13. Events after the reporting period

a. In July, 2018, in connection with the dividend payment, the Company issued 1,870,948 ordinary shares in total value of euro 41 million, and the reminder in total amount of euro 79 million was paid in the cash.

b. On July 5, 2018 the Company successfully completed the tap placement of additional euro 15 million of Straight bond series M. The Company hedged the interest payments. The effective interest rate for the first 5 years is 1.7% and for the next 10 years 1.593% +6m Euribor.

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