CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015

Q1 15

GRAND CITY

Properties S.A.

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IMPRINT

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CONTENT

KEY FINANCIALS

	Q1 2014	change	Q1 2015
EBITDA (€'000)	81,049	16%	93,872
ADJUSTED EBITDA (€'000)	23,043	49%	34,244
NET PROFIT (€'000)	70,323	14%	80,298
EPS (BASIC) (€)	0.53	19%	0.63

	Dec 2013	Dec 2014	Mar 2015
TOTAL EQUITY (€'000)	767,925	1,041,650	1,538,443
EPRA NAV (€'000)	861,926	1,439,386	1,530,297

	Dec 2013	Dec 2014	Mar 2015	Mar 2015*
LOAN-TO-VALUE	36%	45%	38%	30%
EQUITY RATIO	47%	40%	49%	56%

RENTAL AND OPERATING INCOME (€'000)	Q1 2014	change	Q1 2015
	45,658	44%	65,608

FFO I (€'000)	Q1 2014	change	Q1 2015
	16,441	53%	25,208

FFO I AFTER HYBRID NOTES ATTRIBUTION, PER SHARE (€)	Q1 2014	change	Q1 2015
	0.14	43%	0.20

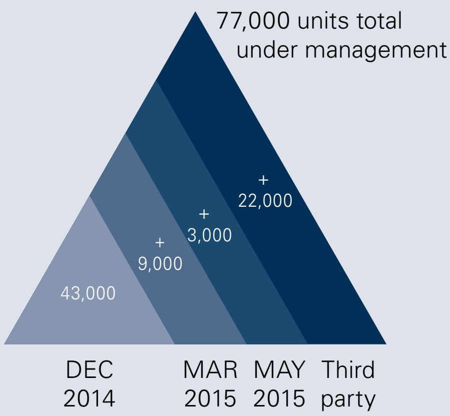
PORTFOLIO DEVELOPMENT IN UNITS ('000)	Dec 2014	Mar 2015	May 2015	May 2015 under management
	43	52	55	77

ACHIEVEMENTS – OPERATIONS

GROWTH THROUGH ACQUISITION – SUCCESS THROUGH TURNAROUND

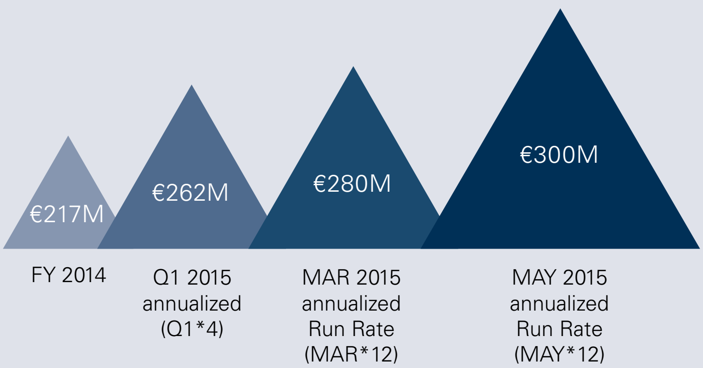
PORTFOLIO GROWTH

Portfolio growth accelerated from 52,000 units in March 2015 to 55,000 units by May 2015 from 43,000 units in December 2014. In addition to the 55,000 units GCP manages a portfolio of 22,000 units owned by third parties. Total of 77,000 units are under management.



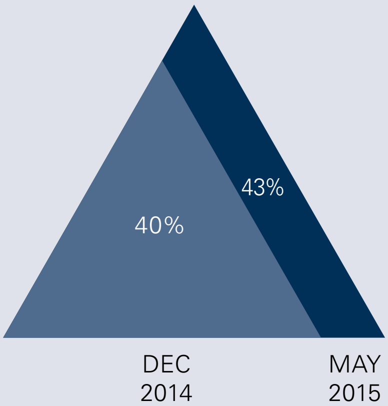
RENTAL AND OPERATING INCOME

Rental and operating income rose in Q1 2015 by 44% to €66 million compared to Q1 2014. May 2015 Run Rate of rental and operating income (monthly annualized) increased to approx. €300 million.



SUCCESSFUL TURNAROUNDS

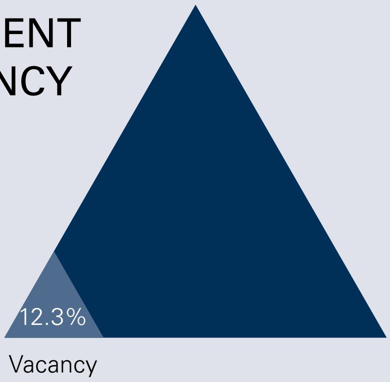
Successful turnarounds led to an increase in stabilized units from 40% of the portfolio as of December 2014 to 43% as of May 2015.



IN-PLACE RENT AND VACANCY

MAY 2015

€ 5.2/m²



FFO RUN RATE

€ 104M

ACHIEVEMENTS – DEBT STRUCTURE

DEBT-COVERAGE RATIOS

Debt-coverage ratios further strengthened during 2015 with ICR rising to 5.7 in Q1 2015 and DSCR increasing to 4.3 over the same period.

5.7 Q1 2015

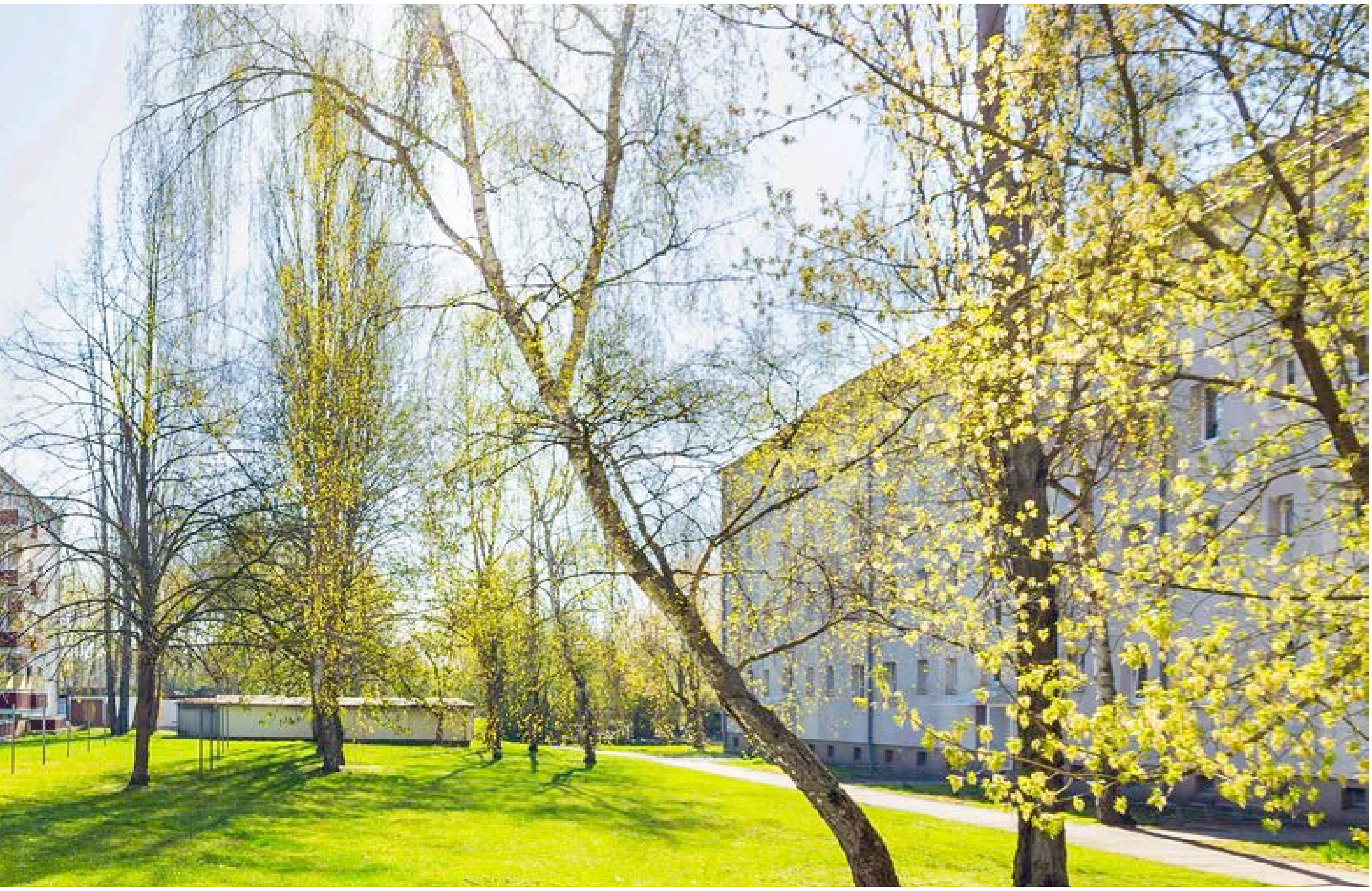
+ ICR

4.5 Q1 2014

4.3 Q1 2015

+ DSCR

3.4 Q1 2014



SIGNIFICANT INCREASE IN UNENCUMBERED ASSETS

Significant increase in unencumbered assets from 52% in December 2014 to 60% of the portfolio or €1.65 bn in May 2015, providing flexibility and comfort for further growth.

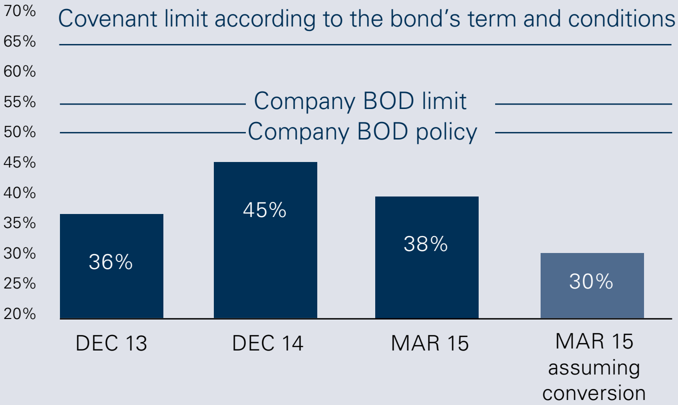
60% MAY/2015

+

52% DEC/2014

SUSTAINING A CONSERVATIVE DEBT STRUCTURE

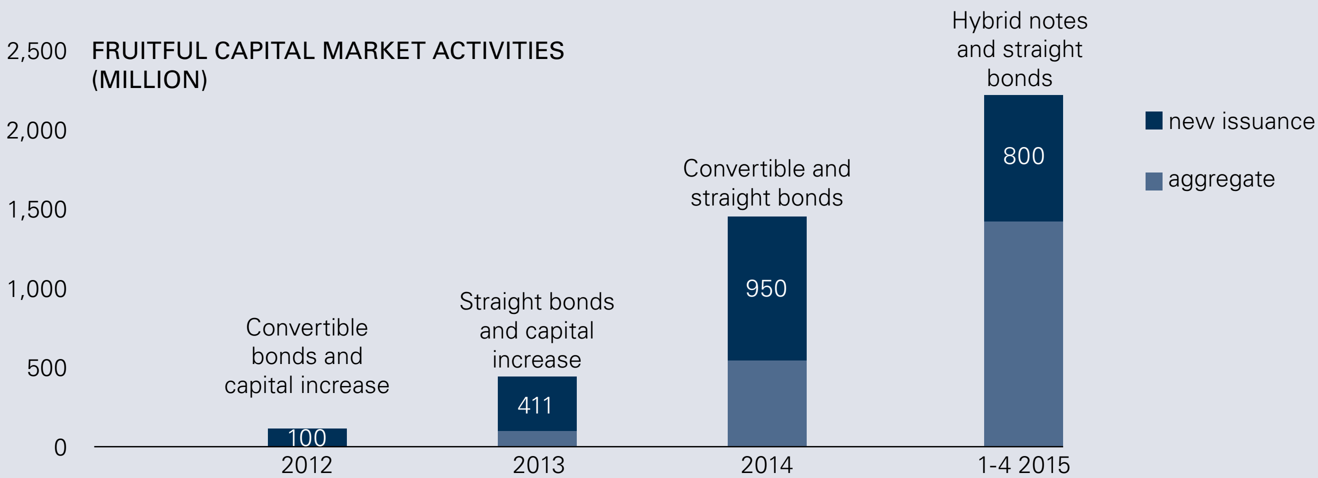
Sustaining a conservative debt structure with an LTV of 38% as of March 2015 and 30% assuming conversion of convertibles which have been in the money since August 2014 and are being converted since December 2014. Equity ratio of 49% as of March 2015, 56% assuming conversion.



ACHIEVEMENTS – CAPITAL MARKETS ACTIVITIES

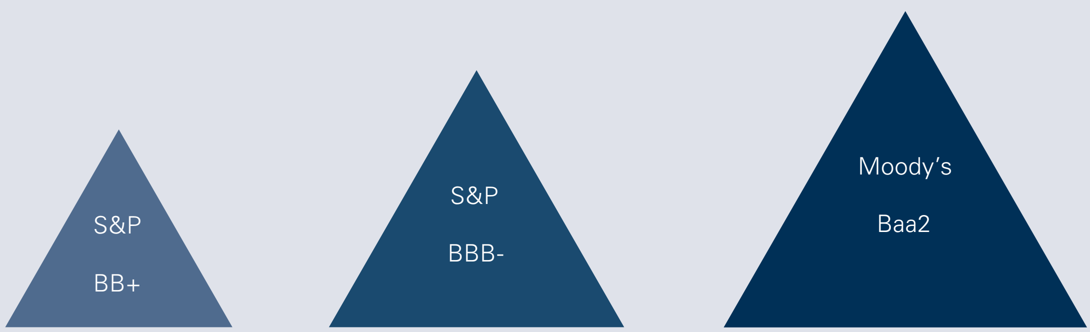
ISSUANCES

GCP completed in the first quarter of 2015 alone a private placement of €400 million in aggregate principal amount of perpetual hybrid notes, with a coupon of 3.75% in two issuances in February and March 2015. In April 2015 GCP issued the Series E, 10 year straight bonds of €400 million and a coupon of 1.5% p.a..



RATING

In February 2015, GCP was assigned a first-time long-term issuer rating of Baa2 with a stable outlook by Moody’s – one notch higher than the rating assigned by S&P in November 2014 of BBB-.



FEB 2014 | NOV 2014 | FEB 2015

DIVIDEND POLICY

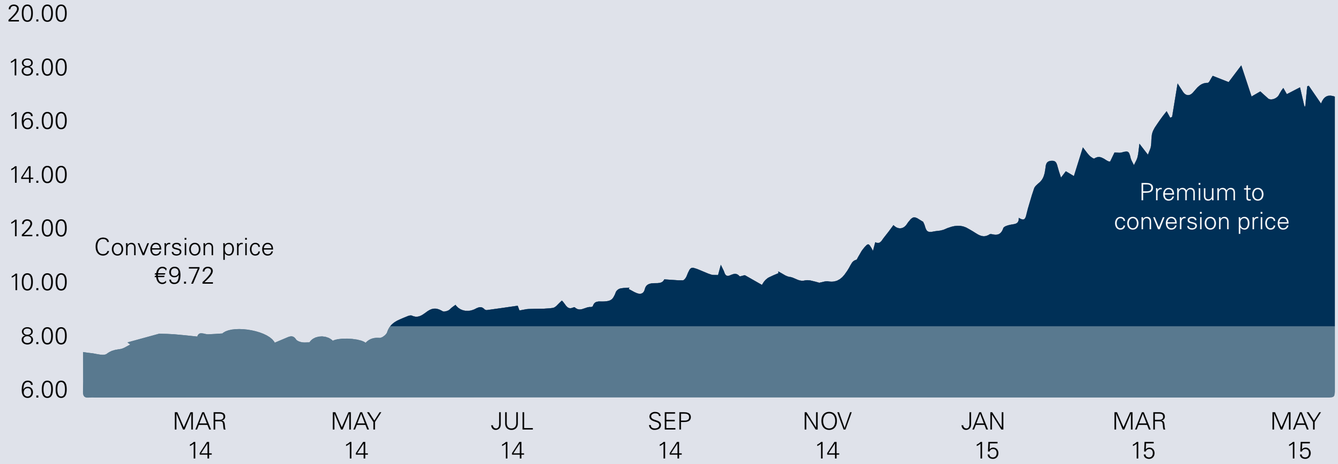
Dividend policy to distribute 30% of FFO I.

ADDITION TO FTSE EPRA/ NAREIT INDICES

In March 2015 GCP was added to major FTSE EPRA/ NAREIT indices including FTSE EPRA/NAREIT Global, Developed and Developed Europe.

CONVERTIBLE BONDS

Convertible bonds, Series C, issued in February 2014 and tapped up in June 2014 to an aggregate amount of €290 million. The bonds are being converted since December 2014 as they are deep in the money with over 70% above conversion price as of May 2015.



LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

We are pleased to present strong quarterly results, opening 2015 with notable operational and financial achievements. During the first 3 months we have continued our remarkable portfolio growth through various accretive deals, reaching 52,000 units as of March 2015 and 55,000 units as of May 2015. With additional 22,000 managed for third parties we have 77,000 units under management. We focus on accretive growth that contributes both to our portfolio's scope and quality and to economies of scale.

Along the portfolio growth, our operational efforts in turning around the existing assets have been fruitful. We increased our portfolio's portion of stabilized assets to 43%, compared to 35% in March 2014. Thus we further strengthened the quality and stability of our portfolio while maintaining optimal diversification and geographical distribution among major German cities and metropolitans. The internal and external portfolio growth is mirrored in the monthly annualized run rate of rental and operating income which as of March 2015 results in €280 million, further increasing to €300 million as of May 2015. The adjusted EBITDA for the first three months of 2015, excluding the effect of capital gains and revaluations, amounted to €34.2 million, a 49% increase compared to the first quarter of 2014. The FFO I for the first quarter of 2015 amounted to €25 million which is a 53% increase compared to the first quarter of 2014. This results in over €100 million quarterly annualized FFO I. The FFO I increase is the result of our improved operational and financial performance.

These operational achievements as well as the successful takeovers over the quarter are the fruit of the efforts of our experienced and dedicated team. Our employee base of approx. 500 has widened together with the successful growth of GCP and possesses valuable market knowledge and know-how of the turnaround process and the real estate value chain. We are continuously looking to invest in our employees, sustainably supporting our success going forward. In the last few months we have established an employee training academy, enhancing the capabilities of both existing and new employees. In addition, we have established a leadership program which targets highly achieving members of staff across all departments, providing them with wider professional knowledge and developing managerial capabilities. Additionally, we have initiated a training program for new employees, fitted to the individual requirements of each department, to ensure a smooth and swift integration in the organization and continuous knowledge update.

A vital component in substantially improving and turning around our properties is the repositioning, altering the perception and environment of the previously mismanaged assets. We place strong emphasis on understanding our tenants' needs and on improving the neighborhoods and communities.
With spring and summer approaching quickly we construct playgrounds in newly acquired properties or refurbish existing

playgrounds after the winter for our tenant families. We firmly believe in a success driven by tenant satisfaction and to this end we take numerous initiatives, such as arranging family summer events in over 40 of our locations.

In order to best adhere to our tenants' specific preferences, we have further enhanced the communication channels between our Service Center and our construction teams over the last quarter. The tenant service requests are being monitored and delivered to construction managers on site, who analyze each property, evaluate the data we get from our tenants and prioritize assignments for the construction teams.
In addition to the ongoing efforts to reduce vacancies and keep tenant fluctuation low, we initiated partnerships with various municipalities. The municipalities communicate to our rental team specific needs of tenants and communities, such as day care centers and kindergartens. They also communicate to us demand specifications for residential housing in terms of size and asset characteristics. These cooperations enable us to generate better conditions for decreasing the turnaround process time, based on matching our capabilities with our tenants' needs.

In order to optimize the operations of the Service Center and to further improve the service provided to our tenants, we launched an in-house performance analysis and monitoring system. The system enables our management to utilize existing resources in real time, eliminating bottlenecks and reducing waiting times to a minimum. In addition, the system is used to analyze and monitor the performance of the services provided. We have improved our tenant website through introducing an automated channel management system that is related to our apartment inventory and additional relevant information such as images, prices, accommodations, etc. Through this automated system we can centrally manage our apartment advertisement and publication process to our own sales websites as well as to our partners' websites. This gives the Company the ability to efficiently manage digital sales efforts. It also allows us to measure the process of our lead creation and prospecting in an automated fashion.

On the corporate level we started the year in full strength, supporting our financial position and fueling the acquisition firepower. In the first quarter of 2015 we completed a private placement of €400 million in aggregate principal amount of perpetual hybrid notes, with a coupon of 3.75%. The placement was made in two issuances in February and March 2015. In April 2015, we successfully placed the fixed-rate Series E bond at a principal amount of €400 million, due 2025 with a coupon of 1.5% at a price of 96.76% of its principal amount. All capital market activities are supported by leading market players such as Deutsche Bank, J.P. Morgan and Morgan Stanley and large global investors. The convertible bond Series C issued in 2014 is deep in the money, benefiting from the highly positive share performance, and is over 70% above the conversion price. Conversions have continued over the first quarter and overall over 20% of the convertible bond was converted into equity.

As a result of our commitment to retain a conservative balance sheet and in view of the ongoing financial achievements, our financial position continues to be best in class, keeping a low and solid leverage on one hand and high upside potential on the other. As of May 2015, 60% of our total portfolio is unencumbered. The ICR and DSCR for the first quarter of 2015 remained high at 5.7 and 4.3 respectively and leverage is kept low with an LTV of 38% (30% assuming full conversion of the convertible bond). The strong financial profile has been acknowledged by both rating agencies (Moody's and S&P). In February 2015 Moody's has assigned GCP a first-time long term issuer rating of Baa2 (BBB S&P equivalent). In their report, Moody's state that the Company's rating is based on moderate leverage, financial strength metrics stronger than those of similarly rated peers, and a good liquidity profile. S&P's rating score of BBB-, granted in November 2014, was based on an "intermediate" financial profile, the highest among German rated real estate companies. The Board has decided to strategically aim for further rating improvements and will continue to implement measures to achieve this target.

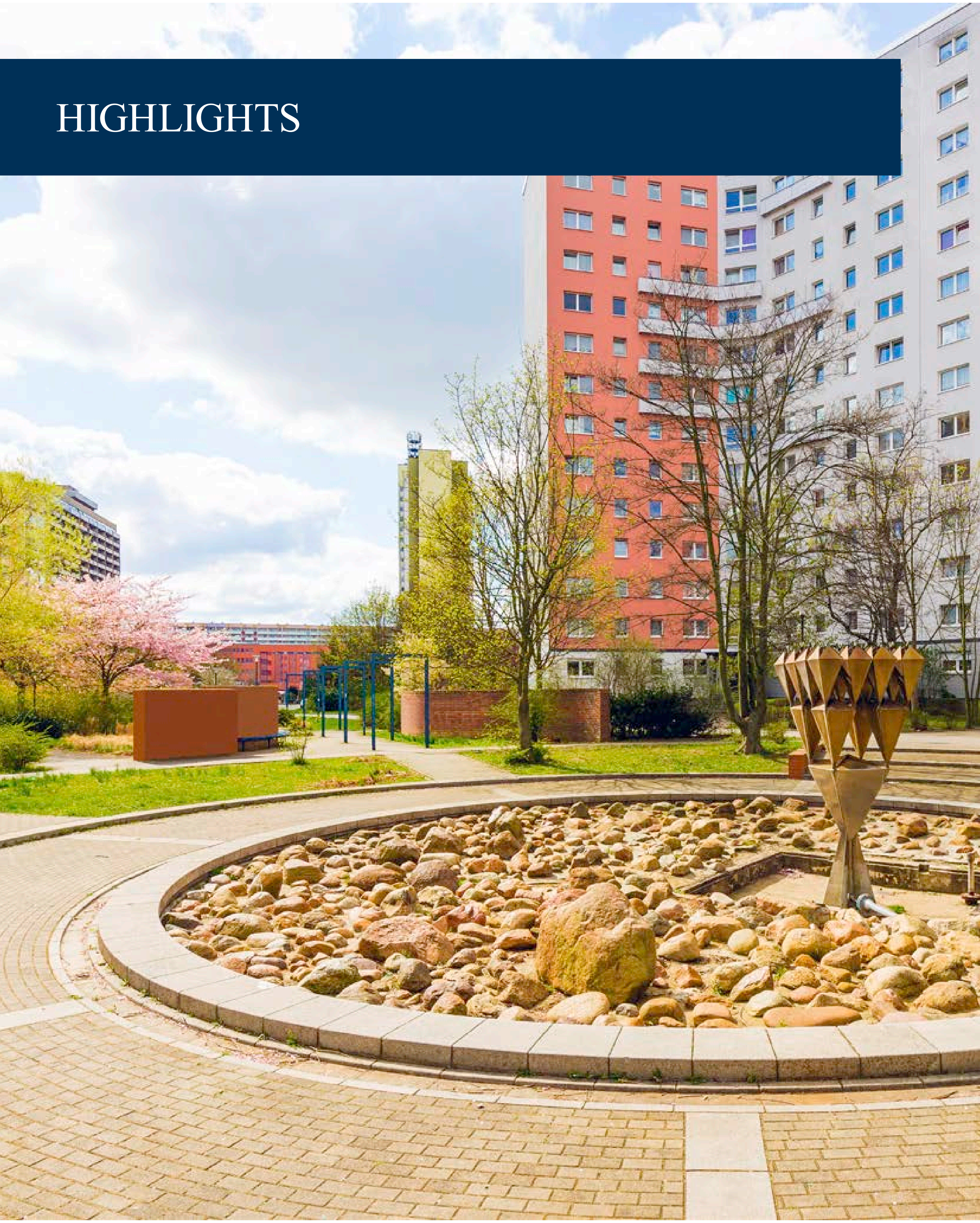
In March 2015, GCP was added to major FTSE EPRA/NAREIT indices including the FTSE EPRA/NAREIT Global, Developed and Developed Europe. The inclusion in the indices has contributed to the increased exposure and trading volume of the Company.

During 2015 the Group will attend some 30 international investor conferences plus approx. 20 mainly international road shows, including meetings in Germany, France, Benelux, Scandinavia, UK, USA and Switzerland. It has been rewarding to see the increased interest in the Group by investors, potential investors and analysts who accompany the success of the Company in a supportive manner.

We are very pleased with the results of the first quarter of 2015 and are determined to maintain the strong momentum in the periods to come. We have a significant pipeline under analysis and sufficient firepower, along with a strong operational infrastructure, enabling us to reach further and higher goals. Our confidence in the performance of our portfolio looking forward stems from its distinctly defensive characteristics, alongside harboring great potential for future value development. We believe that GCP is well positioned to continue creating market-leading returns for its investors.

Christian Windfuhr CEO	Simone Runge-Brandner Director	Refael Zamir Director, CFO	Daniel Malkin Director

HIGHLIGHTS



PROFITABILITY HIGHLIGHTS	Q1 2015 €'000	Q1 2014 €'000
Rental and operating income	**65,608**	**45,658**
EBITDA	93,872	81,049
Adjusted EBITDA	**34,244**	**23,043**
Profit for the period	80,298	70,323
EPS (basic) in €	0.63	0.53
FFO I	**25,208**	**16,441**
FFO I after Hybrid Notes attribution, per share in €	0.20	0.14
Interest Coverage Ratio	5.7	4.5
Debt Service Coverage Ratio	4.3	3.4

FINANCIAL POSITION HIGHLIGHTS AS OF	Mar 15 €'000	Dec 2014 €'000
Cash and liquid assets	**202,608**	**272,296**
Total Assets	**3,110,287**	**2,629,058**
Investment Property [1]	2,687,145	2,191,271
Total Equity	**1,538,443**	**1,041,650**
EPRA NAV	**1,530,297**	**1,439,386**
Total loans and borrowings	526,786	543,009
Straight bonds	476,741	476,381
Convertible bond Series C [2]	210,636	240,451
Loan-To-Value	38%	45%
Loan-To-Value assuming conversion [2]	**30%**	**34%**
Equity Ratio	49%	40%
Equity Ratio assuming conversion [2]	56%	49%

1) including advanced payments and balance of inventories
2) the convertible bond Series C is in the money since August 2014 and being converted since December 2014

THE COMPANY

Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors hereby submits the interim report as of March 31, 2015.

The figures presented in this Board of Directors' Report are based on the interim consolidated financial statements as of March 31, 2015, unless stated otherwise.

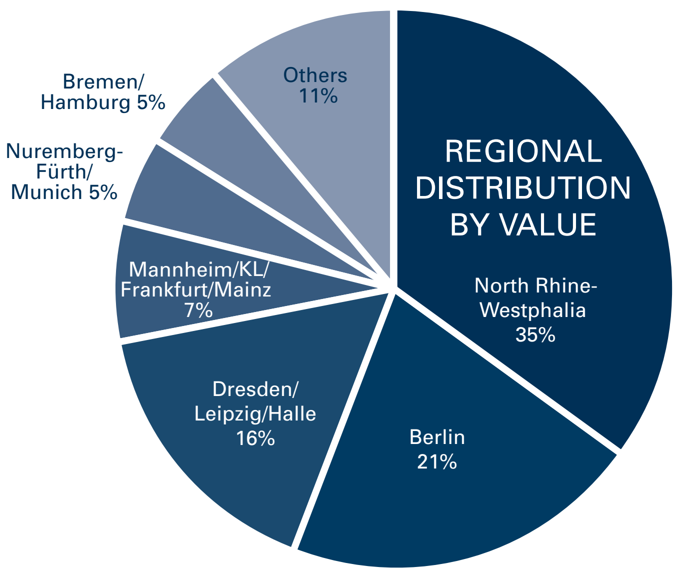
Grand City Properties S.A. is a specialist real estate company focused on investing in and managing turnaround opportunities in the German real estate market. The Group's total portfolio as of May 2015 consists of 55,000 units (hereinafter "GCP portfolio") located in densely populated areas with a focus on North Rhine-Westphalia, Germany's most populous federal state, Berlin, Germany's capital, and other densely populated areas. Further, the Company manages an additional portfolio of 22,000 units owned by third parties bringing the total number of units under GCP's management to 77,000.

GCP is active in all relevant asset and property management activities along the real estate value chain. The Group's business model is focused on buying real estate properties with strong underlying fundamentals which are not optimally managed or positioned, and turning them around through intense property and tenant management as well as through targeted modernizations. This enables the Company to create significant value in its portfolio.

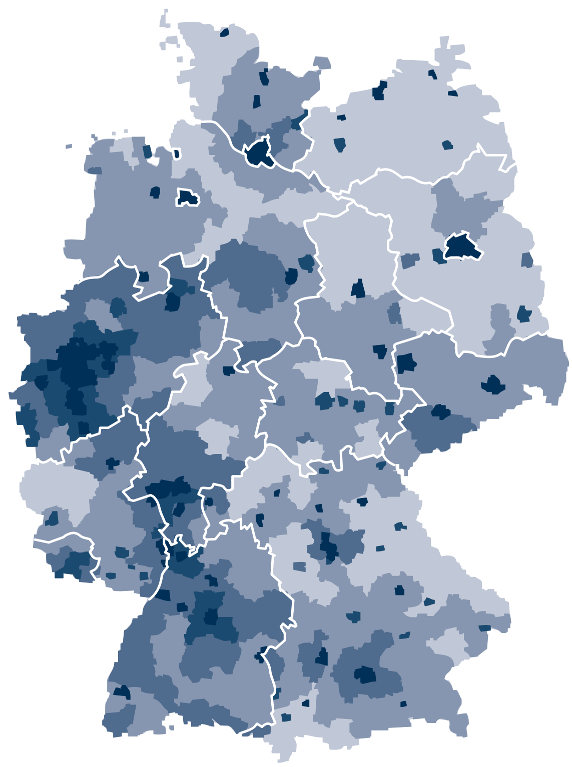
KEY STRENGTHS

ATTRACTIVE PORTFOLIO WITH SIGNIFICANT REPOSITIONING POTENTIAL AND DEFENSIVE CHARACTERISTICS

Properties that are attractively located and have been specifically selected because of their significant potential for value creation make up GCP's well-balanced portfolio.



POPULATION DENSITY



Population per sqkm (2010)
- < 100
- 100 - 200
- 200 - 500
- 500 - 1000
- >1000

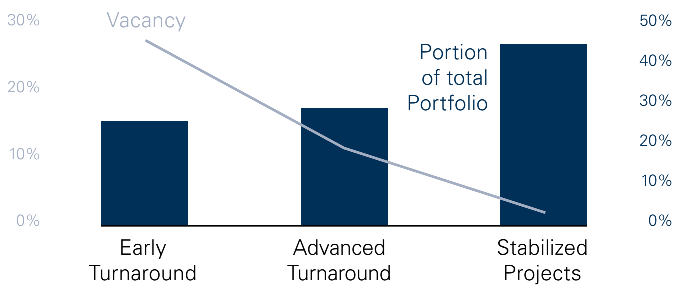
The Group's portfolio growth was accompanied by further diversification, allowing it to increase benefits from economies of scale while reducing geographical clustering and thereby supporting the risk-averse and well allocated portfolio targets set by the Board. GCP's focus on densely populated areas is mirrored by 35% of its portfolio being held in NRW, 21% in Berlin and significant holdings in other major urban markets with strong fundamentals such as Dresden, Leipzig, Halle, Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

GCP has grouped the investment property of its real estate portfolio into three categories according to turnaround stage allowing the effective management and constant monitoring of the turnaround progress and repositioning activities: stabilized properties which have lower vacancy rates than 5%; advanced turnaround properties with vacancy rates between 5% and 15% and early turnaround properties with vacancy rates higher than 15%.

Of the 55,000 units in GCP's portfolio in May 2015 43% are in the stabilized stage, 31% are in the advanced turnaround stage and 26% are in the early turnaround stage. The portion of stabilized units has increased in comparison to year-end 2014 where 40% of the portfolio was stabilized, validating the successful execution of the business plan and further enhancing the management track record. The growth of the stabilized portfolio is offset by new acquisitions which are usually acquired in the early and advanced turnaround stages. The current distribution of the Group's portfolio provides stable high cash flows while embedding further growth and value creation potential.

The portfolio's monthly in-place rent as of May 2015 is €5.2 per square meter and the vacancy rate of rentable area is 12.3%. GCP is buying properties with high vacancies as part of its business strategy and uses its skills and know-how to turn those assets around. GCP's vacancy level is therefore an integral part of its unique business model and represents a major growth driver for the future.

PORTFOLIO STAGES



KEY STRENGTHS

FULLY INTEGRATED AND SCALABLE PLATFORM THAT IS TAILORED FOR ACQUISITIONS, TURNAROUND AND FAST GROWTH

Through its purpose-built platform GCP provides efficient in-house management to its existing real estate portfolio as well as support for the execution of its expansion plans. Given its rapid expansion the Group has grown to approx. 500 staff members working from its central and regional offices. Specialized teams cover the entire range of the real estate value chain from acquisition to construction and refurbishment, sales and marketing, and key support functions such as finance, accounting, legal and IT. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. In particular, its advanced proprietary IT system enables the Company to closely monitor its portfolio and tenants to continuously optimize yields and implement strictest cost discipline. A rigorous focus on cost extends across the entire operations of GCP, including those that are chargeable to its tenants.

GCP strategically positioned itself for a quick and rapid takeover of the current pipeline and further property acquisitions. Given the efficiency measures taken the portfolio today has the capacity to further grow at a marginal cost to the platform, and further create economies of scale. The integrated nature of its platform also means that GCP is well positioned to make important decisions swiftly and efficiently when required, for instance with acquisitions.

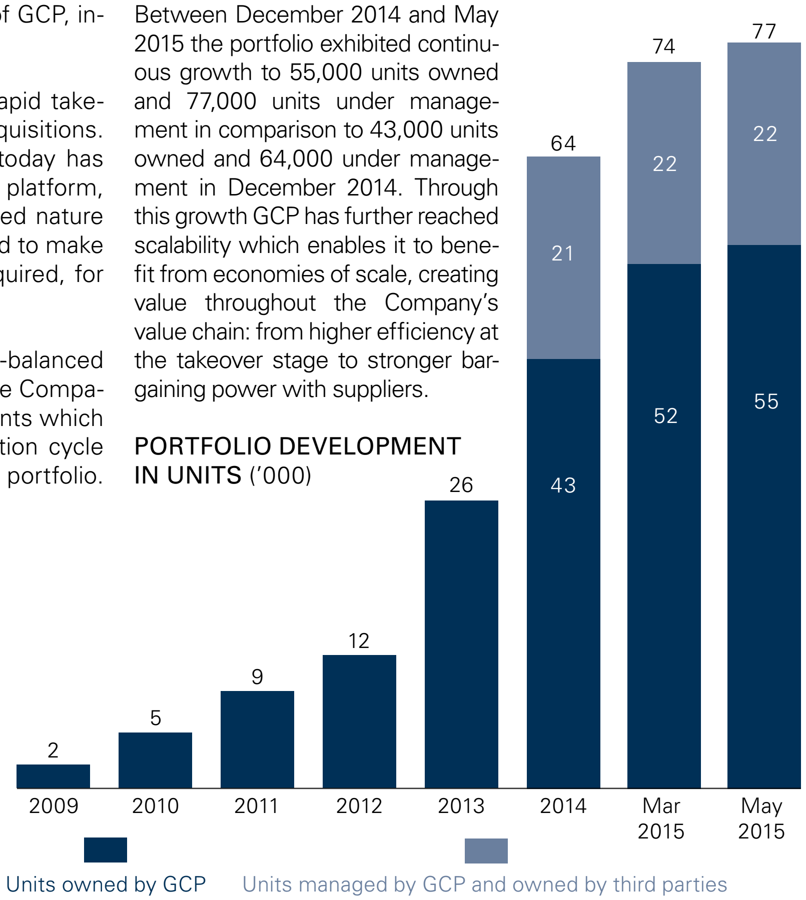
The Group is directed by an experienced and well-balanced management team, led by the Board of Directors. The Company operates through over a dozen different departments which all form an important component in the value creation cycle from acquisition through turnaround to fully stabilized portfolio.

PROVEN SOURCING CAPABILITIES AND SUCCESSFUL PORTFOLIO GROWTH

The Company's track record and established reputation provides access to numerous investment opportunities often before they are widely promoted or publicized, reflecting GCP's preferential counterparty status, both on a local and national level. This advantage is also reflected in improved access to financing and helped establish strong relationships with debt providers. GCP operates in an attractive market niche where the average deal size discourages most market players, as the typical properties it acquires are either too large for private individuals or too small and difficult for institutional investors. GCP's focus on and know-how in taking over mismanaged properties with vacancy and turning them around to stabilized and well managed properties is unique in the German real estate market and a sustainable competitive advantage of the Company.

Between December 2014 and May 2015 the portfolio exhibited continuous growth to 55,000 units owned and 77,000 units under management in comparison to 43,000 units owned and 64,000 under management in December 2014. Through this growth GCP has further reached scalability which enables it to benefit from economies of scale, creating value throughout the Company's value chain: from higher efficiency at the takeover stage to stronger bargaining power with suppliers.

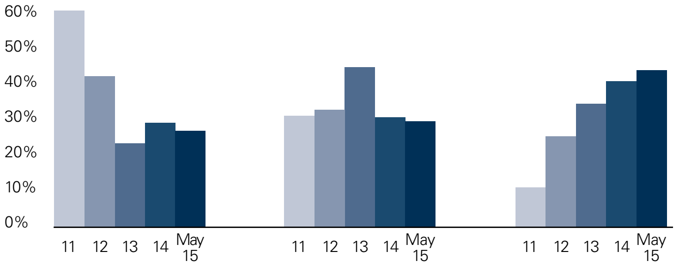
PORTFOLIO DEVELOPMENT IN UNITS ('000)



STRONG TRACK RECORD OF VALUE CREATION FROM RENOVATION AND REPOSITIONING OF ASSETS

Apart from GCP's unique skills in identifying properties with significant upside potential it is its ability to create and execute tailor made strategies for each asset to optimally improve its operating performance, which is reflected in the significant value appreciation in its portfolio. GCP's continuous asset management efforts result not only in improved yields on its portfolio, but also in tangible value creation that is captured instantly as well as over the long run in the Group's financial performance. The Group's experience and in-house operational skills allow it to continuously maximize returns after the successful repositioning of the assets.

PORTFOLIO STAGES



The successful execution of the business model and competency of the management are mirrored by continuous growth in the stabilized portfolio ratio and the simultaneous vacancy rate decrease. GCP's stabilized portfolio has grown significantly, from 40% as of December 2014 to 43% in May 2015. Such transition results in higher cash flows, lower costs and higher profit margins while the stabilized assets still provide upside potential for rent increases. Over the same period, the portion of properties in the early turnaround stage has increased from 23% to 26%, through large scale acquisition of new properties, offset by the successful turnaround process of previously acquired properties. This replenishment of early turnaround assets mirrors GCP's confidence in its business model and strategy to balance the portfolio with properties embedding significant upside potential from vacancy reduction and rent increases.

UNIQUE BUSINESS STRATEGY CREATES PORTFOLIO WITH DEFENSIVE CHARACTERISTICS AND UPSIDE POTENTIAL

Given GCP's unique business strategy to acquire assets in an early turnaround stage with high vacancies and to realize their full potential through operational improvements, the overall portfolio's vacancy rate and undervalued assets contain a high upside potential in rent and provide a substantial additional revenue driver while the assets progress through the turnaround cycle. The portion of stabilized units has steadily increased over time, providing a balanced mix of stability and further growth potential.

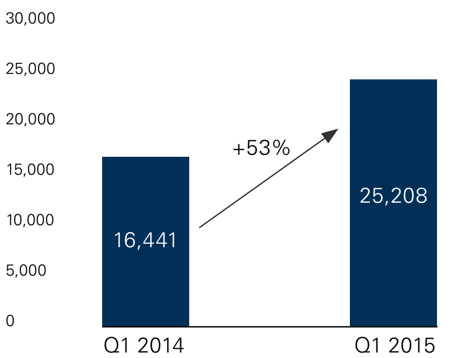
The majority of GCP's portfolio is rented below market rates. Combined with the upside potential of occupancy increases at market rent the Company believes that it's current portfolio embeds a potential improvement of rental income of approx. 30%.

KEY STRENGTHS

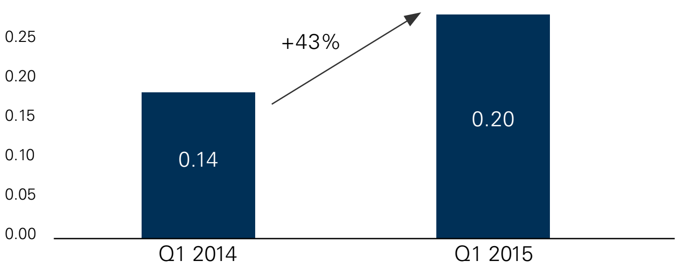
STRONG AND GROWING FFO WITH HIGH RETURN POTENTIAL

GCP's current portfolio generates strongly growing funds from operation, demonstrated by an 53% increase in FFO I. GCP's turnaround management focuses on increasing initial cash flows through raising rental income, decreasing vacancy levels as well as maintaining strict cost discipline through active management. The Group exhibits strong growth from the operational optimization of its existing portfolio as well as expansion through the acquisition of additional properties with great value adding potential.

FFO I



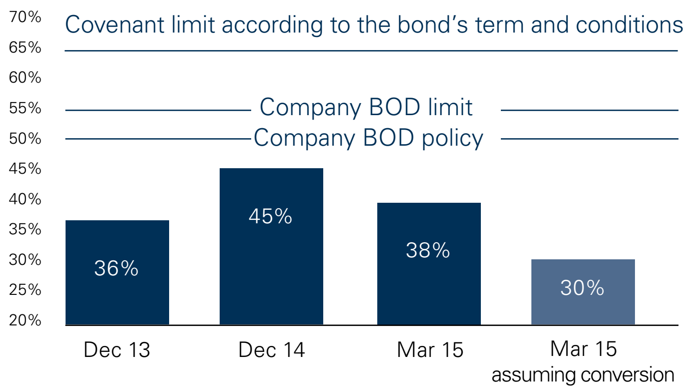
FFO I per share (after Hybrid Notes attribution)



CONSERVATIVE CAPITAL STRUCTURE AND PROVEN ABILITY TO RAISE CAPITAL

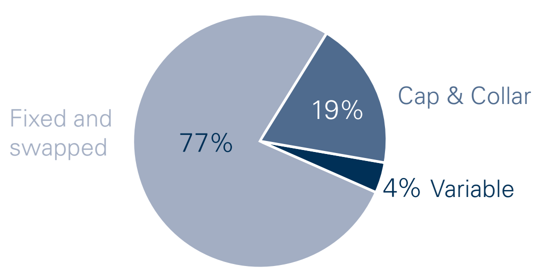
With €203 million in liquid assets as of March 31, 2015, further supported by the issuance of the €400 million 10 year straight bonds, Series E, issued in April 2015, GCP has a high amount of financial flexibility which is also reflected in the €1.65 billion of unencumbered assets as of May 2015. The high amount of liquidity enables GCP on one hand to pursue attractive deals, and on the other provides significant head room and comfort to its debt holders. GCP's conservative capital structure is characterized by long term maturities, low debt amortization rates, hedged interest rates, excellent financial coverage ratios and a low LTV reflecting its disciplined approach. The LTV as of March 31, 2015 is conservative at 38% (LTV is 30% assuming conversion of the Series C bond, which is deep in the money since August 2014 and as of May 2015 over 70% above conversion price). The Company's internal target is to maintain an LTV of 50% and set itself a management policy limit at 55%. GCP strategically maintains its strong financial profile. The Board of Directors has decided to implement policies, management and financial strategies to achieve a further improvement of the credit rating.

LOAN-TO-VALUE

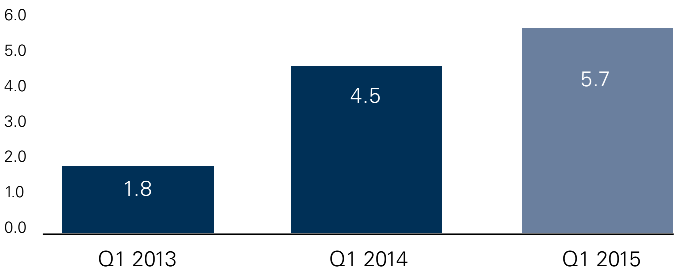


GCP's bank loans are spread across more than 20 separate loans from 15 different financial institutions that are non-recourse and have no cross collateral or cross default provisions. No material maturities are due till the end of 2020 apart from convertible bonds, maturing in 2019, which have been deep in the money since August 2014 and have started to be converted already in 2014.

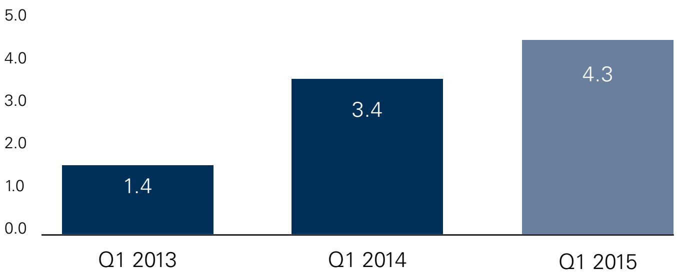
Fitting to the Company's conservative capital structure 96% of its debt is hedged.



INTEREST COVERAGE RATIO (ADJ. EBITDA/INTEREST)



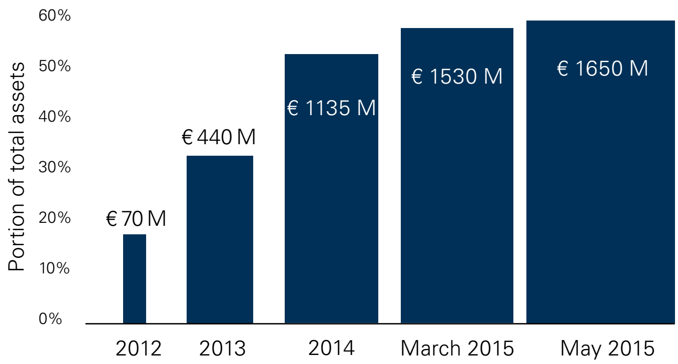
DEBT SERVICE COVERAGE RATIO (DSCR)



GCP's financial flexibility further enhanced since December 2014 both due to improved fundamentals affecting coverage ratios and improving profitability. On the one hand adjusted EBITDA rose noticeably while proportional debt service payments decreased. This led to a shift in its DSCR from 3.4 to 4.3. An increasing portion of assets are free of lien. As of May 2015, 60% of the held assets are unencumbered, amounting to €1.65bn investment properties, in comparison to 52% or €1.14bn in December 2014.

The fact that there are no material debt maturities until the end of 2020 enables GCP to fully complete the turnaround cycle of its assets. These combined affects enable the Company to focus on its core business without the pressure to refinance and ensure a large extent of financial flexibility in the future.

UNENCUMBERED ASSETS



CONTINUOUS ACCESS TO CAPITAL MARKETS

In addition to bank loans GCP has successfully accessed the capital markets in the recent years. Since listing, the Company tapped capital markets in a vast amount of separate issuances, raising successfully €2.3 billion equity and bonds. Particularly strong activity took place in the first 4 months of 2015 where a total of €800 million was raised in oversubscribed issuances (€400 million in perpetual hybrid notes and €400 million in 10 year straight bonds). Recent capital additions showed both increasing diversification in financing vehicles and global access, with investments coming from international institutional investors including few of the world's largest global investment and sovereign funds.

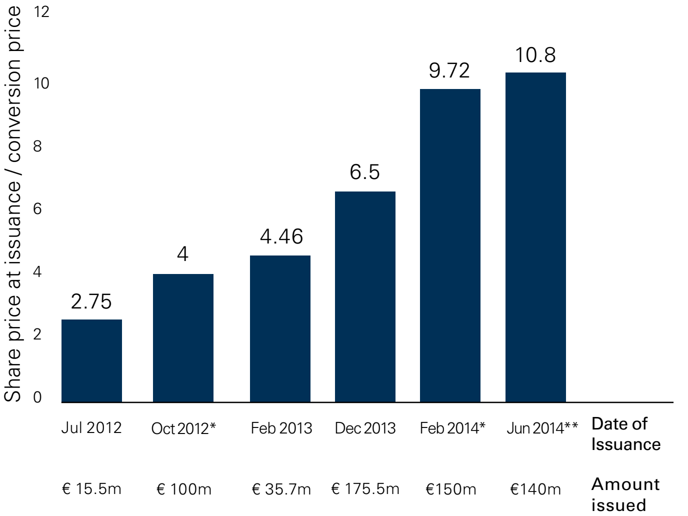
KEY STRENGTHS

BALANCED FUNDING MIX BETWEEN DEBT & EQUITY AND A PROVEN ABILITY TO ACCESS CAPITAL MARKETS

APR 15	Issuance of Series E, 10 year straight bond of € 400m with a coupon of 1.5% p.a. (issued at 96.76%). Deutsche Bank, J.P. Morgan and Morgan Stanley acted as joint bookrunners
MAR 15	Tap Issuance of perpetual hybrid notes of additional €250 (issued at 97.04%). Morgan Stanley and J.P.Morgan served as bookrunners
FEB 15	Issuance of perpetual hybrid notes of €150 million with a coupon of 3.75% (issued at 96.3%). Morgan Stanley served as bookrunner
OCT 14	Redemption of Series B. Issuance of Series D, 7 year straight bond of € 500m with a coupon of 2% p.a. (issued at 95.6%). Morgan Stanley, J.P. Morgan and Deutsche Bank acted as joint bookrunners
JUN 14	Tap issuance of Series C with gross proceeds of € 140m at 111.25% reflecting an effective yield of 0.5%. J.P. Morgan and Berenberg acted as bookrunners
APR 14	Tap issuance of Series B with gross proceeds of € 160m at 107.25% with a yield-to-call of 3.85% and Morgan Stanley as bookrunner
FEB 14	Issuance of Series C, 5 year convertible of € 150m and a coupon of 1.50% p.a. with J.P. Morgan, Berenberg and Deutsche Bank as joint bookrunners
DEC 13	Capital increase of € 175m with Berenberg and J.P. Morgan as joint bookrunners
OCT 13	Full conversion of € 100m Series A into equity
JUL 13	Issuance of Series B, 5 year straight bond of € 200m with a coupon of 6.25% p.a.
FEB 13	Capital increase of € 36m
OCT 12	Issuance of Series A, 5 year convertible bond of € 100m and a coupon of 8% p.a. with Credit Suisse as bookrunner
JUL 12	Capital increase of € 15m

FEB 15	Baa2 Moody's rating
NOV 14	BBB- S&P rating
FEB 14	BB+ S&P rating
NOV 13	BB S&P rating
FEB 13	BB- S&P initial rating

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



*refers to the conversion price of the convertible bond issuance
** effective conversion price 10.8 (9.72 conversion at 111.25% of par)

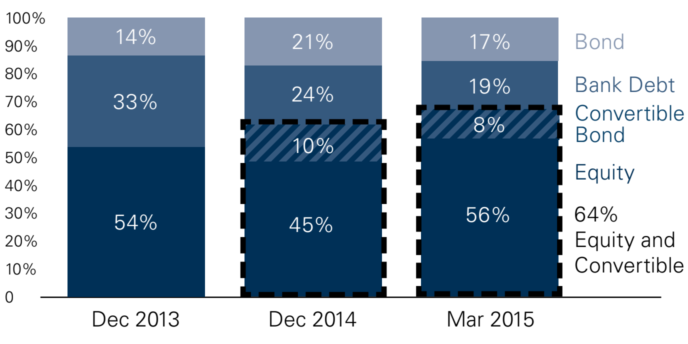
The stronger capital structure was also recognized by Standard & Poor's Ratings Services that upgraded GCP's rating twice in 2014 from 'BB' to investment grade rating 'BBB-' with a stable outlook on its long-term corporate credit rating and on the Company's convertible and straight bonds.

The rating upgrade is the result of S&P's revised assessment of GCP's business profile that acknowledged the Company's increased portfolio size, rise in stabilized properties and greater geographical spread across favorable regions.

Additionally, in February 2015, GCP was assigned a first-time long-term issuer rating of Baa2 with a stable outlook by Moody's Investor Service. The rating agency recognized in its decision the Company's stronger financial metrics in relation to similarly rated peers. GCP regards this positive development as a stepping stone towards further rating improvements.

The Group will seek to maintain adequate liquidity to finance on-going investments without limiting its ability to react quickly to attractive market opportunities.

FINANCING SOURCE MIX



COMPANY STRATEGY

FOCUS ON TURNAROUND OPPORTUNITIES IN ATTRACTIVE, DENSELY POPULATED AREAS OF THE GERMAN REAL ESTATE MARKET, WHILE KEEPING A CONSERVATIVE FINANCIAL POLICY AND AN INVESTMENT GRADE RATING.

GCP's investment focus is on the German real estate markets that it perceives to benefit from favorable fundamentals that will support stable profit and growth opportunities in the foreseeable future. The Group's current portfolio is predominantly focused on North Rhine-Westphalia, Berlin and other major cities in Germany. The Company believes its platform has the right abilities and systems to continue to perform strongly and to further expand successfully in the German market. The Group also believes that there are acquisition opportunities in these attractive markets to support its external growth strategy in the medium to long term.

For its acquisitions the Company is applying the following specific criteria:

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

TARGETED CASH FLOW IMPOVEMENTS THROUGH FOCUS ON RENTAL INCOME, INVESTMENT AND STRICT COST DISCIPLINE

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

MAXIMIZE TENANT SATISFACTION TO REDUCE RE-LETTING RISK AND TENANT CHURN

Part of GCP's strategy to minimize tenant churn across its portfolio is to provide a high quality service to its tenants. The Company methodically tracks customer satisfaction and aims to respond quickly and efficiently to the feedback it receives. GCP also focuses on improving the image of its properties, for instance by designing surrounding gardens, adding indoor and outdoor playgrounds, adding sport facilities or polishing aged facades. In various locations GCP is improving neighborhoods and helps communities to build community spirit. The Company is providing rent free units for institutions which help school children with their homework or offer recreational activities to teenagers. In a different location GCP has rebuilt a vacant unit into an art space. In other locations GCP organizes summer and Christmas events, more than 40 planned for summer 2015 alone, for its tenants, children and friends, focusing on family oriented activities. Reflecting the special needs of the elderly and tenants with physical disabilities, GCP continues to make structural changes to facilitate their requirements.

OPERATIONS SUPPORTED BY ADVANCED AND CENTRALIZED IT SYSTEM

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

CONTINUE TO ACQUIRE PROPERTIES WITH POTENTIAL VALUE APPRECIATION

GCP intends to expand its portfolio via acquisitions which meet its strict investment criteria. The Group constantly evaluates opportunities to identify strong value creation targets for its portfolio and management platform.

COMPANY STRATEGY

BUSINESS MODEL

MAINTAIN A CONSERVATIVE CAPITAL STRUCTURE

GCP seeks to preserve its conservative capital structure with an LTV to remain at a target of 50% and a Company limit of 55%, excellent financial coverage ratios and the majority of assets unencumbered, low cost of debt that is mostly hedged, diversified financing sources and long maturities. A key feature of the Group's financing objectives is to maintain ample investment flexibility, in order to take advantage of investment opportunities when they arise.

INVESTOR RELATIONS ACTIVITIES

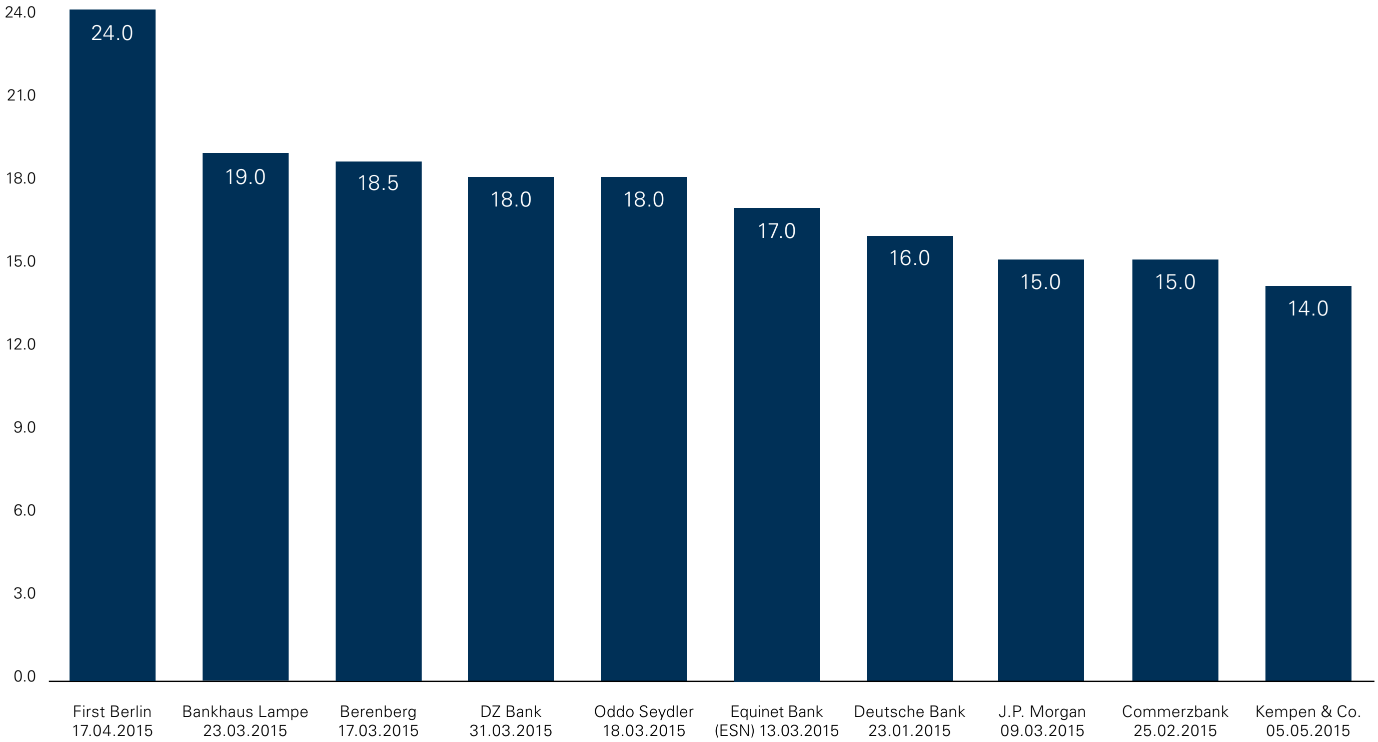
GCP is proactively presenting its business strategy and thus enhancing perception as well as awareness of the Company among the different players of the capital markets through targeted and manifold investor relations activities over the year. In 2015 the Group plans to attend 30 international investor conferences. Additionally the Company is scheduled to go on approx. 20 national and international roadshows, including meetings in Germany, France, Benelux, Scandinavia, UK, USA and Switzerland.

Furthermore, GCP will attend several trade fairs and will host manifold visits at GCP's offices as well as German-wide property tours with shareholders and analysts.

GCP seizes these opportunities to create transparency and present a platform for open dialogue. The improved perception leads to a better understanding of GCP's business model, its competitive advantage and hence to a higher demand among the capital market players for participation in its success. Currently GCP is being covered on an ongoing basis by 10 different equity analysts, who publish their reports regularly. Since March 23rd 2015, GCP is part of major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed and Developed Europe.

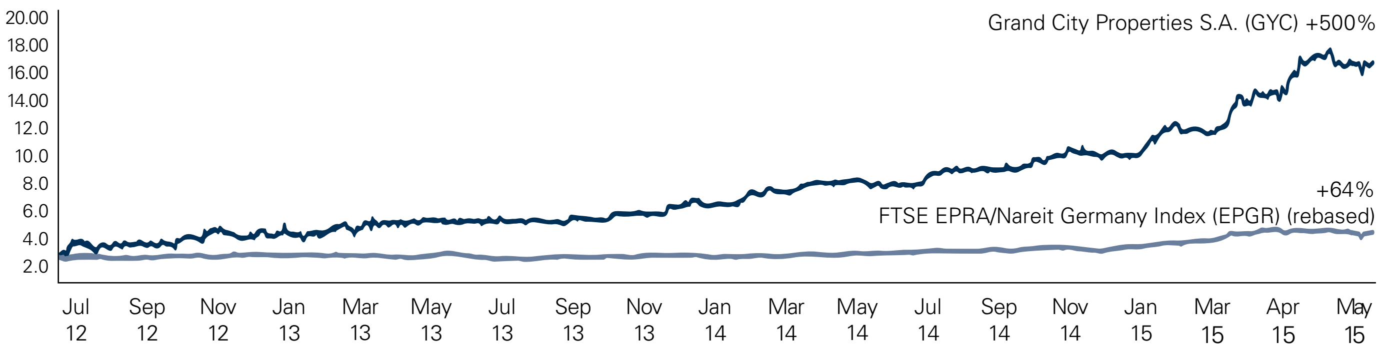
Placement	Frankfurt Stock Exchange
First listing	Q2 2012
Number of shares (as of 31 March 2015)	121,668,184 ordinary shares with a par value of EUR 0.10 per share
Current Capital (as of 31 March 2015)	12,166,818 EUR
Number of shares on a fully diluted basis (as of 31 March 2015)	143,709,614
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 31 March 2015)	2,102,426,220 EUR

ANALYST RECOMMENDATIONS

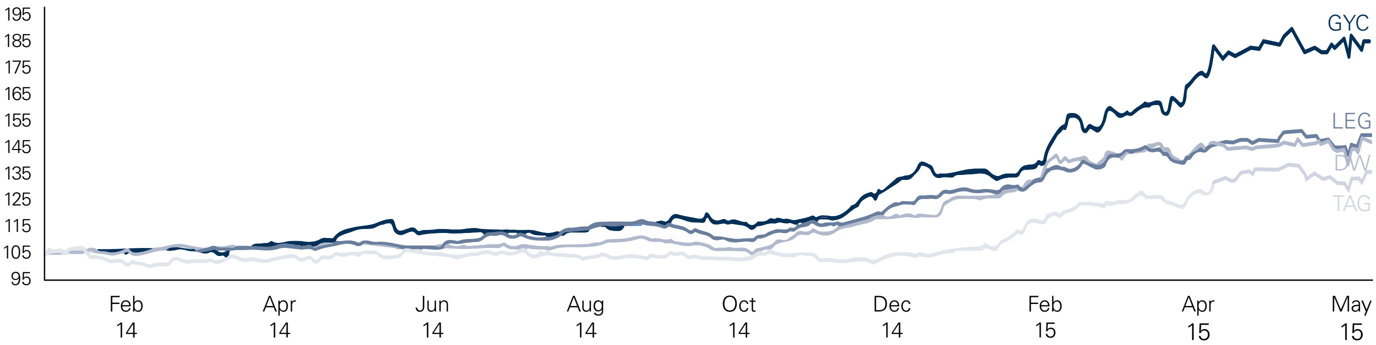


GCP SHARES, BONDS & NOTES PERFORMANCE

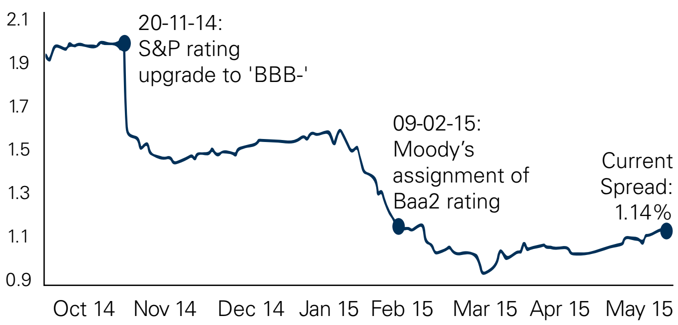
SHARE PRICE PERFORMANCE COMPARISON



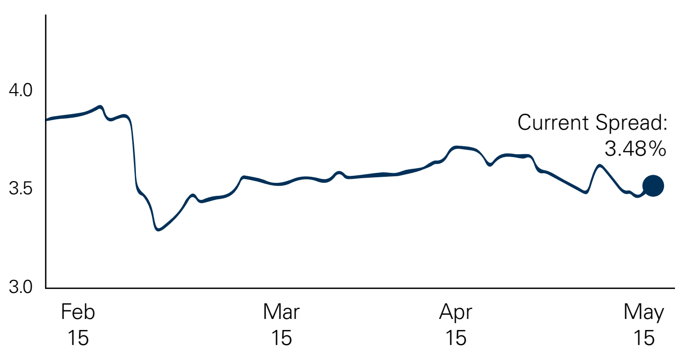
CONVERTIBLE BOND PRICE PERFORMANCE COMPARISON



SERIES D – SPREAD OVER MID-€-SWAP



PERPETUAL HYBRID NOTE SPREAD OVER MID-€-SWAP



CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

The Annual General Meeting of Grand City Properties S.A. is scheduled to be held on June 24, 2015 in Luxembourg.

CORPORATE GOVERNANCE

GCP puts a strong emphasis on corporate governance with high transparency, executed responsibly by the Board of Directors, advisory and the management teams. The Company directs its efforts in maintaining the high trust it received from its shareholders to balance interests. GCP is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. GCP's shares and bonds were placed in recent issuances into many international leading institutional investors and the major global investment and sovereign funds.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. Section 161 of the German Stock Corporation Act (AktG) does not apply, since the Company is a joint stock corporation under the laws of the Grand Duchy of Luxembourg (société anonyme, S.A.) and not a German Stock Corporation. The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange do not apply, since the shares of the Company are not admitted to trading on a regulated market operated by the Luxembourg Stock Exchange. In addition, nor the UK Corporate Governance Code nor the Irish Corporate Governance Annex apply to the Company.

Nevertheless, the Company strives to put a strong emphasis on high standards of corporate governance and transparency. This is particularly the case with the implementation of the Advisory Board, the Risk Committee and the Audit Committee. Furthermore, the Company ensures that its Board of Directors and its senior management are comprised of senior executives with vast experience and skills in the areas relevant to the business of the group. The Company has adopted quarterly reporting standards and updates its corporate presentation and most updated run rate figures on a continuous basis.

BOARD OF DIRECTORS

The Company is administered and managed by a Board of Directors that is vested with the broadest powers to perform all acts of administration and management in the Company's interest.
All powers not expressly reserved by the Luxembourg law or by the articles of incorporation to the general meeting of the shareholders fall within the competence of the Board of Directors.

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

The members of the Board of Directors are elected by the general meeting of the shareholders for a term not exceeding six years and are eligible for re-election. The directors may be dismissed with or without any cause at any time and at the sole discretion of the general meeting of the shareholders. At Grand City Properties S.A., the Board of Directors currently consists of a total of three members and resolves on matters on the basis of a simple majority, in accordance with the articles of incorporation. The Board of Directors chooses amongst the directors a chairperson who shall have a casting vote.

MEMBERS OF THE BOARD OF DIRECTORS

Name	Position
Ms Simone Runge-Brandner	Chairperson
Mr Daniel Malkin	Member
Mr Refael Zamir	Member

CORPORATE GOVERNANCE

SENIOR MANAGEMENT

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

ADVISORY BOARD

The Board of Directors established an Advisory Board to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the Advisory Board as well as the appointment and dismissal of its members. The Advisory Board has no statutory powers under Luxembourg law or the articles of incorporation of the Company, but applies rules adopted by the Board of Directors. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions, capital markets activities, corporate rating and in fostering contact with the business community, governmental authorities, financial institutions, analysts, and investors.
The current members of the Advisory Board are as follows:

MEMBERS OF THE ADVISORY BOARD

Name	Position
Mr Yakir Gabay	Chairman of the Advisory Board
Mr Claudio Jarczyk	Vice-Chairman of the Advisory Board
Mr Markus J. Leininger	Member

AUDIT COMMITTEE

The Board of Directors established an Audit Committee. The members of the Audit Committee are Mr Markus J. Leininger, Mr Reshef Ish-Gur as well as Mr Christian G. Windfuhr. The Board of Directors decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The responsibilities of the Audit Committee relate to the integrity of the financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes.

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

RISK COMMITTEE

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

The members of the Risk Committee are Ms Simone Runge-Brandner, Mr Markus J. Leininger, Mr Refael Zamir and Mr Timothy Wright. The Board of Directors decides on the composition, tasks and term of the Risk Committee as well as the appointment and dismissal of its members.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

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

INTERNAL RISK MITIGATION

Internal controls are constructed from four main elements:

- Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies in the organization and executes issues raised by internal audit impacting the risk management framework.
- Control discipline – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.
- Control features – the Company sets physical controls, compliance checks and verifications such as cross departmental checks. Grand City Properties S.A. puts strong emphasis on separation of duties, as approval and payments are done by at least two separate parties. Payment verification is cross checked and confirmed with budget and contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.
- Monitoring procedures - the Company monitors and tests unusual entries, mainly through a detailed monthly actual vs.-budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.

EXTERNAL RISK MITIGATION

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

Grand City Properties S.A. sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

SHAREHOLDERS' RIGHTS

The Company respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels as well as on a specific section on its website. The Company discloses its share ownership and additionally discloses any shareholder structure above 5% if it is informed by the respective shareholder.

The shareholders of Grand City Properties S.A. exercise their voting rights at the Annual General Meeting of the shareholders, whereby each share is granted one vote. The Annual General Meeting of the shareholders takes place on the last Wednesday of the month of June at 11:00 a.m. at the registered office of the Company, or at such other place as may be specified in the notice of the meeting. If such day is a legal holiday, the Annual General Meeting of the shareholders shall be held on the next following business day. At the Annual General Meeting of the shareholders the Board of Directors presents, among others, the management report as well as the statutory and consolidated financial statements to the shareholders.

The Annual General Meeting resolves, among others, on the statutory and consolidated financial statements of Grand City Properties S.A., the allocation of the statutory financial results, the appointment of the approved independent auditor and the discharge to and (re-)election of the members of the Board of Directors. The convening notice for the Annual General Meeting of the shareholders contains the agenda and is publicly announced twice, with a minimum interval of eight days, and eight days before the meeting in the Mémorial, in a Luxembourg newspaper and on the Company's website.

NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

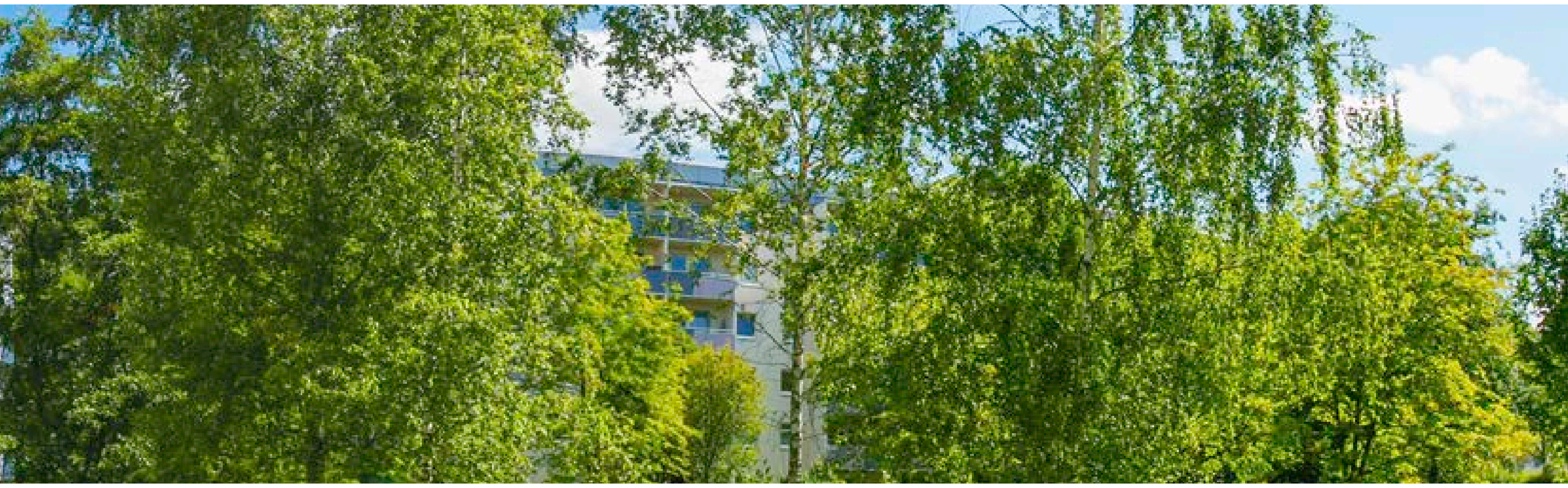
	2015	2014
For the 3 months ended March 31,	€'000	
Revenue	65,608	60,158
Rental and operating income	**65,608**	**45,658**
Capital gains, property revaluations and other income	59,628	57,756
Property operating expenses	(30,212)	(21,573)
Cost of buildings sold	-	(14,250)
Administrative & other expenses	(1,412)	(1,305)
Operating profit	93,612	80,880
Adjusted EBITDA	**34,244**	**23,043**
Finance expenses	(6,036)	(5,177)
Other financial results	1,124	2,786
Current Taxes	(3,000)	(1,425)
Deferred Taxes	(5,402)	(6,741)
Profit for the period	**80,298**	**70,323**

REVENUE

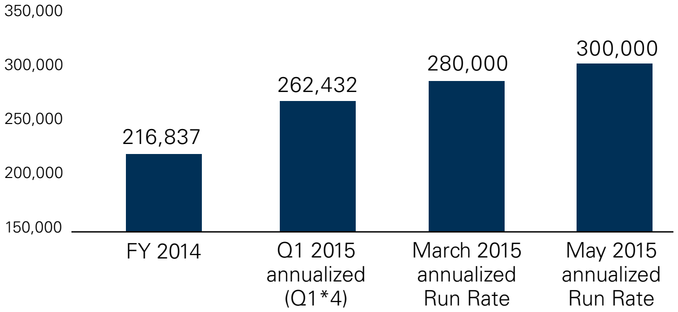
	2015	2014
For the 3 months ended March 31,	€'000	
Rental and operating income	65,608	45,658
Revenue from sales of buildings	-	14,500
Total	**65,608**	**60,158**

The revenue for the first three months of 2015 has increased by 9% compared to the first quarter of 2014. The increase was significantly offset by revenue from sale of non-core buildings, which have not occurred in the first quarter of 2015. The recurring item of rental and operating income increased in the first quarter of 2015 by 44% to €66 million as result of higher occupancy and rent increase, as well as income of newly acquired properties which were not held in the first three months of 2014. Furthermore, as GCP continued acquiring properties during the first three months of 2015 the rental and operating income result does not reflect the full impact of the portfolio held at the end of the reporting period. The March 2015 portfolio generated a rental income run rate (monthly annualized) of €280 million. The rental income run rate of the May 2015 portfolio is €300 million. The run rate figure is an indication of the current portfolio's annual capacity, looking 12 months ahead without assuming any operational improvements nor further acquisitions.

GCP's rental and operating income is increasing gradually, due to the ongoing improvements in the assets' quality, supported by acquisition of accretive and high cash generating properties.



RENTAL AND OPERATING INCOME DEVELOPMENT



As seen in the table above, the quarterly annualized result (Q1 2015 multiplied by 4), amounted to over €262 million, displaying a gradual and constant increase in rental and operating income.

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	2015	2014
For the 3 months ended March 31,	€'000	
Change in fair value in investment property	31,178	49,663
Profit arising from business combinations (bargain purchase)	28,450	6,827
Capital gains and other income	-	1,266
Total	**59,628**	**57,756**

Property revaluations are based on changes in the fair value of properties, which are determined based on external valuation reports performed by independent professionally qualified experts.

The ongoing increases of the investment property value mirrors the outcome of the Company's efforts in increasing rents and occupancy level, resulting in higher recurring cash flows.
Profit arising from business combination occurs in acquisitions of properties through share deals where the fair value of the total identifiable net assets of the acquired company exceeds the purchase price. The Company generally seeks to acquire undermanaged properties which embed considerable upside potential. The continuous profit attributed to business combinations validates the Company's strong market knowledge and sourcing network, resulting in its ability to acquire assets at attractive prices. Further details on the calculation of business combinations are found in note 4 to the financial statements.

As GCP did not sell properties in the first quarter of 2015 no capital gains have been accounted for over the quarter.

NOTES ON BUSINESS PERFORMANCE

PROPERTY OPERATING EXPENSES

	2015	2014
For the 3 months ended March 31,	€'000	
Total	**(30,212)**	**(21,573)**

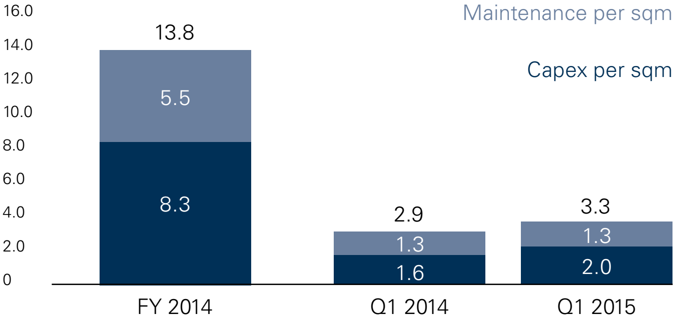
Property operating expenses are mainly related to ancillary costs recoverable from the tenants, such as heating and water costs, and also include maintenance costs and personnel expenses related to the operations.

Total property operating expenses amounted in the first quarter of 2015 to €30 million, a 40% increase compared to the first three months of 2014. The increase is in line with the growth of the portfolio, and lower than the 44% increase in rental income, reflecting successful operational improvements and increasing profitability. Improving profitability is achieved through efficiency measures such as consumption based metering, centralized in-house IT/software systems monitoring and growing impact of economies of scale in the larger portfolio.

MAINTENANCE AND CAPITAL EXPENDITURES

GCP maintains high standards for its assets' quality through performance of refurbishment investments and continuous maintenance that target decreasing of the churn rate and vacancy and increasing of tenant satisfaction. The Company's operating platform includes in-house maintenance services and a Service Center, which is available 24/7, enabling time and cost efficiency. With regard to capex investments, a detailed analysis of capex measures for each property is conducted and calculated into the business plan prior to acquisition. Through advanced planning and integrated operational facilities the Group is able to control costs and results, ensuring that value adding activities are conducted and costs minimized.

GCP invested in the first three months of 2015 €3.3 per average sqm, split between maintenance (€1.3/sqm) and capital expenditures (€2.0/sqm).



ADMINISTRATIVE AND OTHER EXPENSES

	2015	2014
For the 3 months ended March 31,	€'000	
Total	**(1,412)**	**(1,305)**

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

These expenses increased in the first quarter of 2015 by 8% to €1.4 million compared to the first quarter of 2014. The marginal increase is a result of efficiency gains and benefits from economies of scale on the administrative level, enabling the Company to grow at a marginal cost. The administrative expenses do not increase in proportion to the portfolio growth of GCP as they include many fixed cost items that are not directly linked to the operations of the Company.

NET FINANCE EXPENSES

	2015	2014
For the 3 months ended March 31,	€'000	
Finance expenses	(6,036)	(5,177)
Other financial results	1,124	2,786
Total	**(4,912)**	**(2,391)**

The increase in net finance expenses in the first quarter of 2015 compared to the first three months of 2014 derives from an increase in the finance expenses in absolute terms and a relative decrease in other financial results. The other financial results were impacted for the most part by value changes of financial assets, offset by finance related costs.
Over the last 12 months the financial profile of GCP has considerably improved, seen in the Company's credit rating upgrade to investment grade and the resulting substantial decrease in the average cost of debt to 2%. As the balance of bank debt and bonds increased from March 31, 2014 to March 31, 2015 by 46%, finance expenses increased only marginally by 17% reflecting the improved financing conditions with banks and in the capital markets. The combined effect of the lower financing expenses and the strong operational achievements is reflected in a remarkable Interest Coverage Ratio (ICR) of 5.7.

TAXATION

	2015	2014
For the 3 months ended March 31,	€'000	
Current tax expenses	(3,000)	(1,425)
Deferred tax expenses	(5,402)	(6,741)
Total	**(8,402)**	**(8,166)**

The Company's tax and deferred tax expenses increased slightly to €8.4 million in the first three months of 2015. The tax expenses are composed of €5.4 million in deferred tax provisions on the revaluation of investment property and €3 million in corporate and property taxes. The rise in current tax expenses for the period is mainly attributed to an increase in the portfolio size, resulting from the increased profit from the rental operations of the Company. Deferred tax expenses decreased in comparison to the first three months of 2014, reflecting the change in fair value of investment property.

NOTES ON BUSINESS PERFORMANCE

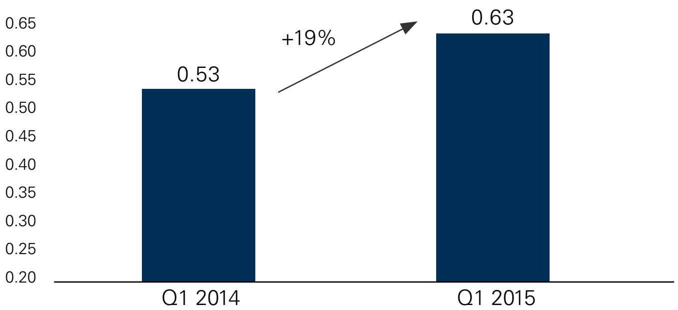
PROFIT FOR THE PERIOD

	2015	2014
For the 3 months ended March 31,	€'000	
Profit for the period	**80,298**	**70,323**

Profit for the first quarter of 2015 increased by 14% compared to the first three months of 2014, amounting to €80.3 million. The increase is the result of the operational improvements of increased rental income and higher cost efficiency as well as revaluation gains and improved financing conditions. The operational and financial performances are reflected in a stronger FFO I in the first quarter of 2015.

	2015	2014
For the 3 months ended March 31,	€'000	
Basic earnings per share	0.63	0.53
Diluted earnings per share	0.53	0.51
Weighted average basic shares in thousands	118,947	115,425
Weighted average basic shares (diluted) in thousands	143,710	121,492

BASIC EARNINGS PER SHARE



The EPS increase of 19% to €0.63 reflecting the higher increase of shareholder profit, offset by the dilutive effect of an increased amount of weighted average shares, due to conversions of the convertible bond that occurred over the quarter.

The diluted earnings per share amounted to €0.53 in the first quarter of 2015, in comparison to €0.51 the first quarter of 2014. The increase has been offset due to 18% increase in the weighted average diluted basic shares between the periods, deriving from the convertible bond Series C issuance in February 2014 and tap up in June 2014.

FFO I

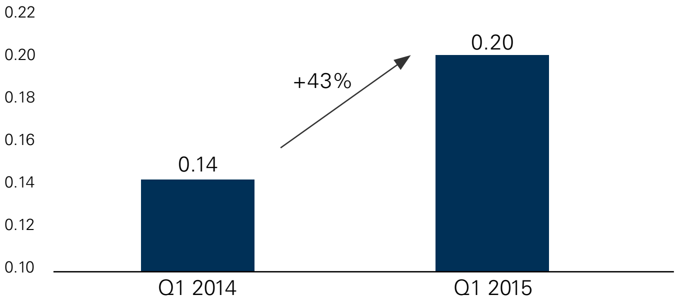
	2015	2014
For the 3 months ended March 31,	€'000	
EBITDA	**93,872**	**81,049**
Capital gains, property revaluations and other income	(59,628)	(57,756)
Result on the disposal of inventories – trading properties	-	(250)
Adjusted EBITDA	**34,244**	**23,043**
Finance Expense	(6,036)	(5,177)
Tax	(3,000)	(1,425)
FFO I	**25,208**	**16,441**
Adjustment for the accrued hybrid notes attribution	1,197	-
FFO I after Hybrid Notes attribution	**24,011**	**16,441**
FFO I per share in €, after Hybrid Notes attribution	**0.20**	**0.14**

Funds From Operation I (FFO I) indicates the materialized profit from operations and is calculated by deducting tax and net finance expenses from the adjusted EBITDA, not taking into account the effect of capital gains and revaluations.

FFO I increased by 53% in the first quarter of 2015 compared to the first three months of 2014 to €25.2 million. The FFO I increase is a direct result of the higher rental and operating income alongside the improving operational profitability.
The FFO I result does not reflect the full impact of the portfolio held at the end of reporting period as the effect of properties acquired during the first quarter of 2015 did not impact the full period.

Attributions referring to the perpetual hybrid notes are classified as dividends according to IFRS and should not be recognized as interest expenses, thus not be deducted from the FFO. GCP has adopted a conservative approach, deducting the accrued Hybrid Note coupon attribution to reach FFO I per share. FFO I per share, after Hybrid Notes attribution, amounted to €0.20 in the first quarter of 2015, reflecting a 43% increase in comparison to the first quarter of 2014.

FFO I PER SHARE IN € AFTER HYBRID NOTES ATTRIBUTION



FFO II

For the 3 months ended March 31,	2015	2014
	€'000	
FFO I	25,208	16,441
Result from disposal gain*	-	1,516
FFO II	**25,208**	**17,957**

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

FFO II, which includes results from the disposal of investment property and inventories, increased in Q1 2015 from Q1 2014 solely from the increase in FFO I as the Company did not execute any disposals. Disposals are followed on an opportunistic basis only and not expected to exceed 10% of the portfolio.

CASH FLOW

For the 3 months ended March 31,	2015	2014
	€'000	
Net cash provided by operating activities	30,663	37,185
Net cash used in investing activities	(386,091)	(170,276)
Net cash provided by financing activities	285,984	146,290
Net increase in cash and cash equivalents	**(69,444)**	**13,199**

The cash flows provided by operating activities were €30.7 million. By neutralizing the revenue from sales of buildings in Q1 2014 of €14.4 million from the operating cash flow, the comparative figure amounts to €22.8 million. The Company delivered outstanding operational improvements of 35% mainly from increasing profitability.

The €386 million net cash used in investing activities reflects the external growth the Company underwent in the first quarter of 2015, increasing the portfolio from 43,000 units in year-end to 52,000 units in March 2015 plus advanced payments for future deals.

The €286 million net cash provided by financing includes the proceeds from the Hybrid Notes issued in two tranches in February and March 2015, in total consideration net of €384 million offset by €91 million prepayments of loans. The prepayment of loans further supports GCP's sound repayment schedule and maintains the strong financial position.

NOTES ON BUSINESS PERFORMANCE

ASSETS

	Mar 15	Dec 14
	€'000	
Non-current assets	**2,748,755**	**2,227,243**
Investment property*	2,687,145	2,191,271
Current assets	**361,532**	**401,815**
Total assets	**3,110,287**	**2,629,058**

*Including advanced payments for investment properties and balance of inventories

Total assets increased in the first three months of 2015 by 18% to €3.1 billion from year-end 2014. The increase derives mainly from the 23% increase of investment property and advanced payments.

LIABILITIES

	Mar 15	Dec 14
	€'000	
Total loans and borrowings	526,786	543,009
Straight bonds	476,741	476,381
Convertible bonds	210,636	240,451
Deferred tax liabilities	158,944	141,003
Other long term liabilities and derivative financial instruments	49,021	39,090
Other current liabilities	149,716	147,474
Total	**1,571,844**	**1,587,408**

*) the convertible bond Series C is in the money since August 2014 and has started to be converted

GCP maintains a conservative capital structure to comply with its internal targets, keep financing costs low and sustain a high degree of flexibility for its continuous growth and turnaround projects. This conservative approach is portrayed in its high amount (60%) of unencumbered assets as well as strong credit metrics such as a low LTV and a high DSCR. As a result the Company benefits from an investment grade rating and low cost of debt.

The decrease in total liabilities by 1% or €16 million is mainly the result of a decrease in bank debt and of convertible bonds due to conversions of over €60 million from the initial principle amount as the convertible bond is deep in the money with a premium above the conversion price of over 70%.
GCP's conservative stance is also embodied in its deferred taxes approach, for which it assumes the sale of properties through asset deals with a full German real estate tax effect (15.825%).

The Company holds additional liquid assets at the amount of €203 million resulting in a net debt of €801 million, excluding the convertible bond.

NET DEBT

	Mar 15	Dec 14
	€'000	
Total bank debt and straight bonds	1,003,527	1,019,390
Cash and liquid assets	202,608	272,296
Total net debt without convertible bond	**800,919**	**747,094**
Convertible bonds	210,636	240,451
Total net debt with convertible bond	**1,011,555**	**987,545**

*) the convertible bond Series C is in the money since August 2014 and has started to be converted

LOAN-TO-VALUE

	Mar 15	Dec 14
	€'000	
Investment property*	**2,687,145**	**2,191,271**
Total Debt	1,214,163	1,259,841
Cash and liquid assets	202,608	272,296
Net debt	**1,011,555**	**987,545**
LTV	**38%**	**45%**

*including advanced payments for investment properties and balance of inventories

Total net debt without convertible bond	**800,919**	**747,094**
LTV assuming conversion	**30%**	**34%**

The loan-to-value ("LTV") as of March 31, 2015 decreased to 38% from 45% at year-end 2014. The low leverage reflects GCP's conservative approach and well utilized funding mix to finance its growth. Assuming full conversion of the convertible bonds which are already being converted as they are deep in the money with a premium of over 70% above conversion price the LTV is 30%.

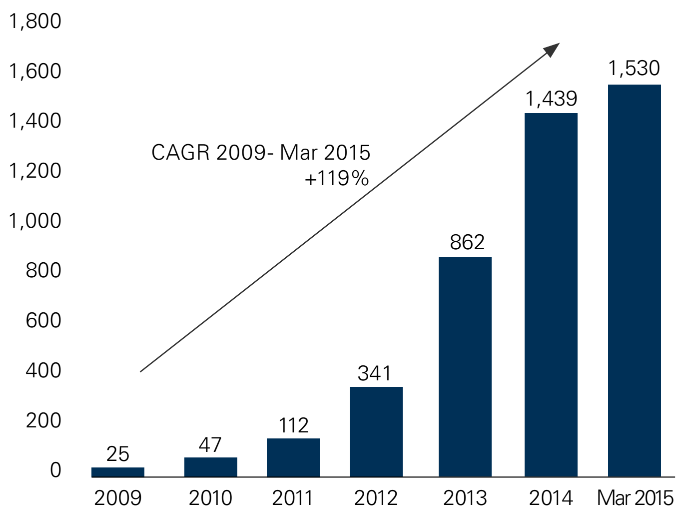
This leverage provides substantial headroom with the Board of Directors' target of 50% and internal limit of 55%. The financial flexibility offers the management the possibility to buy on an opportunistic basis while maintaining comfort for its debt holders.

EPRA NAV

	Mar 15	Dec 14
	€'000	
Total Equity, excluding Hybrid notes	1,153,331	1,041,650
Fair Value measurements of derivative financial instruments	2,010	9,282
Deferred tax liabilities	158,944	141,003
Convertible bond*	216,012	247,451
EPRA NAV	**1,530,297**	**1,439,386**

* The convertible bond is in the money. The amount includes accrued interest and deferred income balance

In the first quarter of 2015 GCP's EPRA NAV increased to €1.53 billion, which is mainly the result from the generated profit in the first quarter of €80 million.



DISCLAIMER

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

By order of the Board of Directors,

Luxembourg, May 20, 2015

Simone Runge-Brandner Director	Refael Zamir Director, CFO	Daniel Malkin Director

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended March 31,	
		2015	2014
	Note	€'000	
Revenue		**65,608**	**60,158**
Capital gains, property revaluations and other income	4, 5	59,628	57,756
Share of profit from investments in equity accounted investees		-	94
Property operating expenses		(30,212)	(21,573)
Cost of buildings sold		-	(14,250)
Administrative and other expenses		(1,412)	(1,305)
Operating profit		**93,612**	**80,880**
Finance expenses		(6,036)	(5,177)
Other financial results		1,124	2,786
Net finance expenses		(4,912)	(2,391)
Profit before tax		**88,700**	**78,489**
Current tax expenses	6	(3,000)	(1,425)
Deferred tax expenses	6	(5,402)	(6,741)
Tax and deferred tax expenses		(8,402)	(8,166)
Profit for the period		**80,298**	**70,323**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**80,298**	**70,323**

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

	For the three months ended March 31,	
	2015	2014
	€'000	
Profit attributable to:		
Owners of the Company	75,048	61,148
Hybrid capital investors	1,197	-
Non-controlling interests	4,053	9,175
	80,298	**70,323**

Net earnings per share attributable to the owners of the Company	€	
Basic earnings per share	0.63	0.53
Diluted earnings per share	0.53	0.51

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS	Note	March 31 2015 Unaudited	December 31 2014 Audited
		€'000	
Equipment and intangible assets		7,782	7,516
Investment property	5	2,635,575	2,179,982
Advanced payment for investment property		45,713	5,475
Other long-term assets		46,609	23,077
Deferred tax assets		13,076	11,193
Non-current assets		**2,748,755**	**2,227,243**
Cash and cash equivalents		200,687	270,131
Traded securities at fair value through profit and loss		1,921	2,165
Inventories – Trading property		5,857	5,814
Trade and other receivables		153,067	123,705
Current assets		**361,532**	**401,815**
Total assets		**3,110,287**	**2,629,058**

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

EQUITY	Note	March 31 2015 Unaudited	December 31 2014 Audited
		€'000	
Share capital	8	12,167	11,854
Other reserves		22,232	22,223
Share premium		365,412	335,171
Retained earnings		656,714	581,666
Total equity attributable to the owners of the Company		**1,056,525**	**950,914**
Equity attributable to Hybrid capital investors		385,112	-
Total equity attributable to the owners of the Company and Hybrid capital investors		**1,441,637**	**950,914**
Non-controlling interests		96,806	90,736
Total equity		**1,538,443**	**1,041,650**
LIABILITIES			
Loans and borrowings	7A	520,930	537,217
Convertible bond	7B	210,636	240,451
Straight bond	7C	476,741	476,381
Derivative financial instruments		2,010	9,282
Other long term liabilities		47,011	29,808
Deferred tax liabilities		158,944	141,003
Non-current liabilities		1,416,272	1,434,142
Current portion of long term loans	7	5,856	5,792
Trade and other payables		130,892	128,837
Tax and real estate tax payable		6,018	5,670
Provisions for other liabilities and charges		12,806	12,967
Current liabilities		155,572	153,266
Total liabilities		**1,571,844**	**1,587,408**
Total equity and liabilities		**3,110,287**	**2,629,058**

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on May 20, 2015

Simone Runge-Brandner (Director) | Refael Zamir (Director, CFO) | Daniel Malkin (Director)

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2015

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

Attributable to the owners of the Company

	Share capital	Share premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Hybrid capital investors	Equity attributable to the owners of the Company and Hybrid capital investors	Non-controlling interests	Total equity
					€'000					
Balance as at December 31, 2014 (Audited)	**11,854**	**335,171**	**7,841**	**14,382**	**581,666**	**950,914**	**-**	**950,914**	**90,736**	**1,041,650**
Profit for the period	-	-	-	-	75,048	75,048	1,197	76,245	4,053	80,298
Other comprehensive income for the period	-	-	-	-	-	-	-		-	-
Total comprehensive income for the period	-	-	-	-	75,048	75,048	1,197	76,245	4,053	80,298
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	2,017	2,017
Issuance of shares related to conversion of convertible bond	313	30,241	(153)	-	-	30,401	-	30,401	-	30,401
Issuance of Hybrid capital notes	-	-	-	-	-	-	383,915	383,915	-	383,915
Equity settled share-based payment	-	-	-	162	-	162	-	162	-	162
Balance as at March 31, 2015 (Unaudited)	**12,167**	**365,412**	**7,688**	**14,544**	**656,714**	**1,056,525**	**385,112**	**1,441,637**	**96,806**	**1,538,443**
Balance as at December 31, 2013 (Audited)	**11,543**	**305,029**	**-**	**14,211**	**374,141**	**704,924**	**-**	**704,924**	**63,001**	**767,925**
Profit for the period	-	-	-	-	61,148	61,148	-	61,148	9,175	70,323
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	61,148	61,148	-	61,148	9,175	70,323
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	564	564
Equity component of convertible bond	-	-	760	-	-	760	-	760	-	760
Balance as at March 31, 2014 (Unaudited)	**11,543**	**305,029**	**760**	**14,211**	**435,289**	**766,832**	**-**	**766,832**	**72,740**	**839,572**

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the three months ended March 31,	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	Note	€'000	
Profit for the period		80,298	70,323
Adjustments for the profit:			
Depreciation and amortization		260	169
Share of profit from investments in equity accounted investees		-	(94)
Profit from business combinations, other income and sale of investments	4	(28,450)	(8,093)
Change in fair value of investment property	5	(31,178)	(49,663)
Finance expenses, net		4,912	2,391
Tax and deferred tax expenses	7	8,402	8,166
Equity settled share-based payment		162	-
		34,406	23,199
Changes in:			
Inventories – trading property		(43)	14,402
Trade and other receivables		(13,997)	(12,952)
Trade and other payables		15,714	12,820
Provisions for other liabilities and charges		(2,919)	1,141
		33,161	38,610
Taxes paid		(2,498)	(1,425)
Net cash provided by operating activities		**30,663**	**37,185**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of equipment and intangible assets, net		(526)	(791)
Capex, investments and acquisitions of investment property and advances paid, net		(128,351)	(148,821)
Acquisition of subsidiaries and shareholder loans, net of cash acquired		(232,700)	(10,648)
Investment in trade securities and other financial assets		(24,514)	(10,016)
Net cash used in investing activities		**(386,091)**	**(170,276)**

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

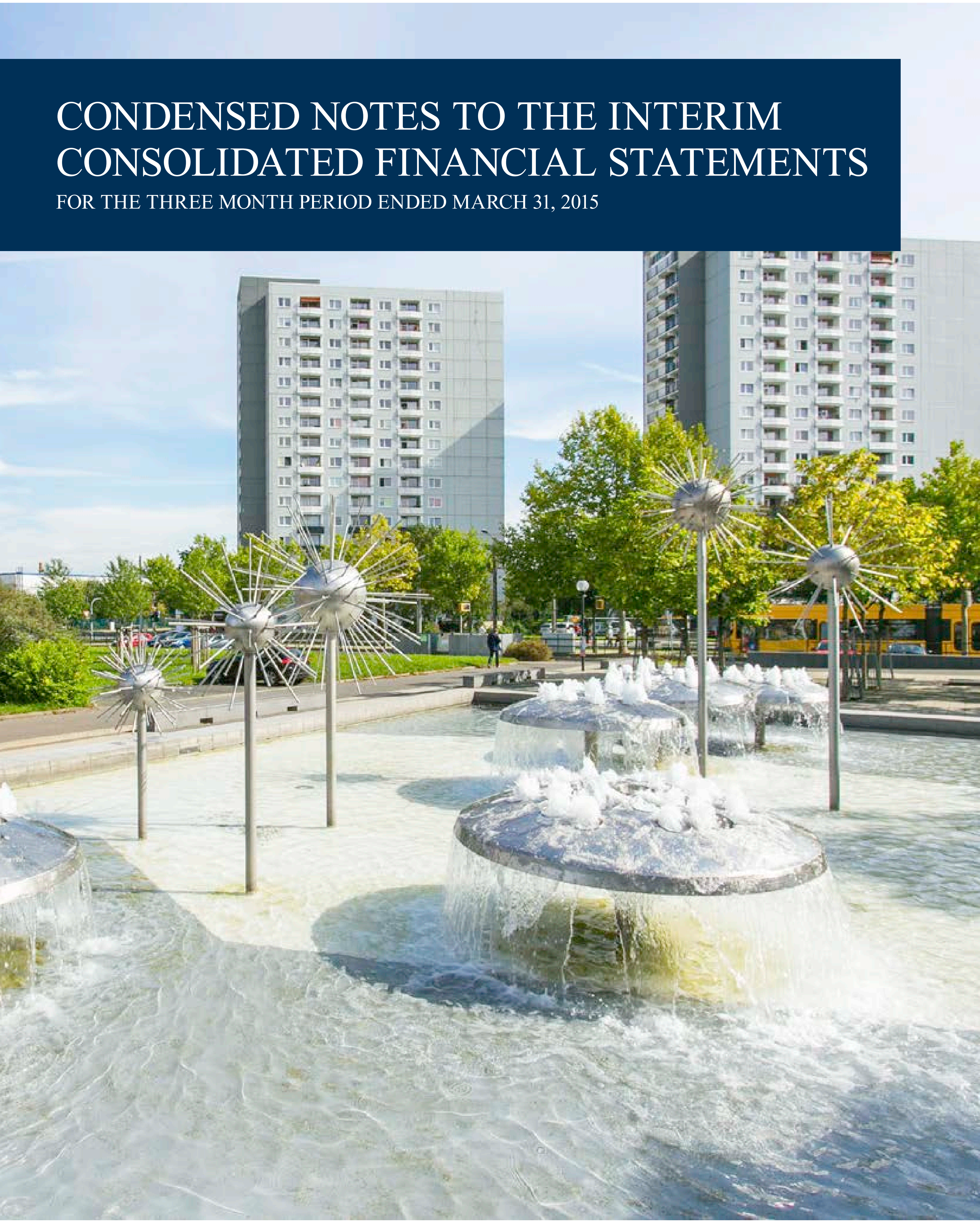
CASH FLOWS FROM FINANCING ACTIVITIES	Note	For the three months ended March 31, 2015	2014
		€'000	
Amortization of loans from financial institutions		(1,906)	(1,633)
(Repayment)/Proceeds of loans from financial institutions		(91,172)	(*) 3,224
Proceeds from Hybrid capital notes, net	8	383,915	-
Proceeds from Convertible bond series C, net		-	146,824
Interest and other financial expenses, net		(4,853)	(2,125)
Net cash provided by financing activities		**285,984**	**146,290**
Net increase in cash and cash equivalents		**(69,444)**	**13,199**
Cash and cash equivalents at the beginning of the period		270,131	132,542
Cash and cash equivalents at the end of the period		**200,687**	**145,741**

(*) Reclassified

The notes on pages 50 to 62 form an integral part of these interim consolidated financial statements.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015



1. GENERAL

a. INCORPORATION AND PRINCIPAL ACTIVITIES

Grand City Properties S.A. ("the Company") was incorporated in Luxembourg on December 16, 2011 as a société anonyme (private company with limited liability). Its registered office is at 24 Avenue Victor Hugo, L – 1750, Luxembourg.

The condensed interim consolidated financial statements ("interim financial statements") for the three months ended March 31, 2015 consist of the financial statements of the Company and its subsidiaries ("the Group").

The Group's vision is buying, redeveloping, turning around and optimizing real estate properties in Germany.

b. CAPITAL AND BOND INCREASES DURING THE FIRST QUARTER OF 2015

For information about bonds and capital increase, please see note 7 and 8, respectively.

c. LISTING ON THE FRANKFURT STOCK EXCHANGE

On May 28, 2012 the Company was listed on the Frankfurt Stock Exchange in the Entry Standard market segment. The Company has registered 50,000,000 ordinary shares with a par value of euro 0.10 per share. Currently the issued share capital consists 121,668,184 shares with a par value of euro 0.1 per share.

d. GROUP RATING

In November 2014, Standard & Poor's Rating Services ("S&P") upgraded the Company's rating as an issuer, its "Series B" straight bonds, "Series C" convertible bonds and "Series D" straight bonds, to "BBB-" investment grade rating, with a stable outlook. The stable outlook reflects the current liquidity position of the Group and the estimation of cash production capacity from its current operations, among other factors. S&P has maintained the stable outlook based on the steady tenant demand in GCP's locations which effect rental income growth.

On February 9, 2015, Moody's Investors Services ("Moody's") has assigned a first-time long-term issuer rating of "Baa2" to the Group, with a stable outlook. Moody's state that the Group's rating is based on moderate leverage, financial strength metrics stronger than those of similarly rated peers and good liquidity profile. The rating is supported by the Group's prudent financial policies and the healthy debt maturity profile.

During the first quarter of 2015, S&P and Moody's rated the Hybrid capital notes as BB and Ba1, respectively, both with a stable outlook.

e. DEFINITIONS

Throughout these notes to the interim financial statements:

The Company	Grand City Properties S.A.
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Group
Associates	Companies over which the Company has significant influence and that are not subsidiaries. The Company's investment therein is included in the interim financial statements of the Group at equity
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24
The period	The three months ended on March 31, 2015

2. BASIS OF PREPARATION

a. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 interim financial reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2014. These condensed interim consolidated financial statements have not been reviewed by the auditor.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2014, which are the basis for these interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 20, 2015.

b. JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

c. OPERATING SEGMENTS

The Group meets the definition of operating in two operating segments. An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- Whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which separate financial information is available.

d. SEASONALITY OF OPERATIONS

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

e. GOING CONCERN

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended on December 31, 2014. The following standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on January 1, 2015. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(I) IFRS 9 - FINANCIAL INSTRUMENTS (2009, 2010)
IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(II) IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS
IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customers Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2017, with early adoption permitted.

The Group has considered the above new standards, interpretations and amendments to published standards and will continue to evaluate the impact on the Group's consolidated financial statements. At this time, the impact of the above publications is not expected to be material to the Group's consolidated financial statements.

4. ACQUISITION OF SUBSIDIARIES AND NON–CONTROLLING INTERESTS

During the reporting period the Group obtained control of several companies through acquisitions in a total consideration of euro 29.5 million, net of cash acquired. The acquired companies are comprised of real estate properties mainly in NRW and Berlin. As an outcome of the business combinations, the Group recorded profit arising from bargain purchases at the amount of euro 28.4 million, which was presented in Capital gains, property revaluations and other income within the interim consolidated statement of comprehensive income. The Group recognized non-controlling interests in the amount of euro 2 million.

Since the date whereby the Group obtained control on the above entities until the end of the reporting period, it recorded aggregated revenue and net profit at the amount of euro 2,874 thousand and euro 524 thousand, respectively.

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

	€'000
Investment property	336,302
Working capital, net	6,915
Cash and Cash equivalents	1,847
	345,064
Bank loans	(76,081)
Other liabilities, net	(3,969)
	(80,050)
Total identifiable net assets	**265,014**
Non-controlling interests arising from initial consolidation	2,017
Consideration paid regarding acquisition	(234,547)
Profit arising from business combination (bargain purchase)	28,450

If all the above purchases were carried out at the beginning of the reporting period, the Group's revenue would have been increased by euro 5,656 thousand, and the Group's net profit would have been increased by euro 1,291 thousand.

5. INVESTMENT PROPERTY

	Three months ended March 31,	Year ended December 31
	2015	2014
	Unaudited	Audited
	€'000	
Balance as of January 1	2,179,982	1,368,281
Additions during the period / year	88,113	319,293
Investment property arising from initial consolidation (see note 4)	336,302	470,543
Disposal of investment property due to loss of control	-	(170,006)
Fair value adjustment	31,178	191,871
Balance as at March 31 / December 31	2,635,575	2,179,982

6. TAX AND DEFERRED TAX EXPENSES

Tax and deferred tax expenses are recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The Group tax and deferred tax expenses for the three months ended March 31, 2015, is euro 8,402 thousand (2014: euro 8,166 thousand). The Company recorded euro 1,004 thousand for corporation tax (2014: euro 218 thousand), euro 5,402 thousand for deferred tax and euro 1,996 thousand for property tax (2014: euro 6,741 thousand and euro 1,207 thousand, respectively).

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

A. COMPOSITION

	March 31	December 31
	2015	2014
	Unaudited	Audited
	€'000	
Long – term liabilities		
Bank loans	520,930	536,830
Other loans	-	387
Total long term loans	**520,930**	**537,217**
Straight and convertible Bonds		
Convertible bond series C (B)	210,636	240,451
Bond series D (C)	476,741	476,381
Total Straight and convertible Bonds	**687,377**	**716,832**
Short – term liabilities		
Bank loans	**5,856**	**5,792**

B. CONVERTIBLE BOND SERIES C

On February 24, 2014, the Company issued euro 150 million (nominal value) bonds, convertible into ordinary shares of the Company and bear a coupon of 1.50% p.a. payable semi-annually in arrears ("Convertible bond series C"). The initial conversion price was fixed at euro 9.72. The bonds were issued at 100% of their principle amount and will be redeemed at maturity at 106.65% of their principle amount.

On June 19, 2014, the Company successfully completed with the tap up placement of additional euro 125 million (nominal value) of Convertible bond series C, for a consideration that reflects 111.25% of their principal amount. The total aggregate principal amount of the Convertible bond series C increased to euro 275 million (nominal value).

During the first quarter of 2015, a total amount of euro 30.4 million of Convertible bond series C were converted to shares. According to the convertible bond's terms, a total of 3.1 million shares were issued.

	Three months ended March 31	Year ended December 31
	2015	2014
	Unaudited	Audited
	€'000	
Balance at the beginning of the period	247,451	-
Proceeds from issuance of convertible bond series C (1,500 notes at euro 100,000 par value)	-	150,000
Proceeds from tap issuance of convertible bond series C (1,250 notes at euro 100,000 par value)	-	139,063
Transaction costs	-	(4,391)
Net proceeds during the period / year	-	284,672
Amount classified as equity	-	(7,995)
Expenses for the period / year	796	2,538
Expenses paid	(1,835)	(1,464)
Conversion to ordinary shares	(30,400)	(30,300)
Carrying amount of liability at the end of the period / year	216,012	247,451
Non-current portion of Convertible bond series C	210,636	240,451
Accrued interest	308	1,297
Total convertible bond series C	210,944	241,748
Deferred income	5,068	5,703

C. BOND SERIES D

On October 29, 2014, the Company successfully completed the placement EUR 500 million, in aggregate principal amount of new fixed-rate secured bonds, due 2021 with a coupon of 2 per cent and a price of 95.564% of their principal amount. The offer was over-subscribed. Starting that day, series D bond is traded on the Irish stock exchange, on its regulated market.

	Three months ended March 31	Year ended December 31
	2015	2014
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	478,107	-
Proceeds from issuance of bond series D (500,000 notes at euro 100,000 par value)	-	477,820
Issuance costs	(435)	(1,971)
Net proceeds during the period / year	(435)	475,849
Expenses for the period / year	3,261	2,258
Carrying amount of liability at the end of the period / year	480,933	478,107
Non-current portion of bond series D	476,741	476,381
Accrued interest	4,192	1,726
Total bond series D	480,933	478,107

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

D. (1) SECURITY, NEGATIVE PLEDGE

- A first ranking charge, governed by Cyprus law, over all ordinary shares held by the Company in GCP ltd.;
- A first-ranking account pledge, governed by Luxembourg law, over each bank account held by the Company;
- First-ranking account pledges, governed by Luxembourg law, over each bank account held by GCP ltd.; and
- First-ranking charges, governed by Cypriot law, over each bank account held by GCP ltd.

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

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

- 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
- The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the Series B Bonds, the Series C Bonds and the Series D Bonds and less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45% of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness);
- The Company undertakes that, on each Reporting Date, the Consolidated Coverage Ratio will be at least 2.0;
- 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;
- GCP ltd. will not open, maintain or hold any interest, in each case directly or indirectly, in any account whatsoever with any bank or financial institution except for the charged accounts, unless the Issuer or GCP ltd., respectively, grant a first-ranking security interest, satisfactory to the Trustee, over the respective account in favor of the Trustee, for the benefit of the Trustee and the Bondholders;
- Will not permit any restriction on the ability of any subsidiary of the Company to (i) make or pay dividends or any other distributions on its share capital to the Company or any of the Company's investees or (ii) (a) pay any indebtedness owed to the Company or any of the Company's subsidiaries (b) make loans or advances to the Company or any of the Company's subsidiaries or (c) transfer any of its properties or assets to the Company or any of the Company's subsidiaries; and
- The total indebtedness incurred by the group in respect of project financing debt shall not exceed the higher of euro 65 million or 25% of the portfolio value.

8. CAPITAL AND RESERVES

ISSUANCE OF ORDINARY SHARES

a. On April 12, 2012 the Company increased its share capital to euro 5,000,000 (50,000,000 shares of euro 0.10 per share).

b. On July 19, 2012 the Company received gross proceeds of euro 15.1 million from a capital increase against a cash contribution. A total of 5.5 million new shares were placed at an issue price of euro 2.75 as part of an international private placement to institutional investors.

c. On February 19, 2013 the Company received gross proceeds of euro 35.7 million from a second capital increase against a contribution in cash. A total of 8 million new shares were placed at an issue price of euro 4.46 as part of an international private placement to institutional investors.

d. As at September 30, 2013 a total amount of euro 99.7 million of the convertible bonds 2012-2017 were converted to shares. Accordingly, 24.9 million shares with nominal value of euro 0.1 each per share were issued.

e. On December 3, 2013, the Company received gross proceeds of euro 175.5 million in a capital increase against a contribution in cash. A total of 27 million new shares, with a par-value of euro 0.10 each, were placed at an issue price of euro 6.5 as part of an international private placement to institutional investors. The funds are primarily intended to be used for the acquisition of additional real estate portfolios.

f. Since issuance and until March 31, 2015, a total amount of 60.7 million of convertible bonds "Series C" were converted to shares, according to the convertible bond's terms. A total of 6.2 million shares were issued.

ISSUANCE OF HYBRID CAPITAL NOTES

a. On February 13, 2015, the Company successfully placed euro 150 million in aggregate principal amounts of Hybrid capital notes. These notes were issued at a price of 96.3% of the principal amount. These Hybrid capital notes are of unlimited duration and can only be called back by the Company only on certain contractually fixed dates or occasions. Up until the first call date in February 2022, the Hybrid capital notes shall bear a coupon rate of 3.75% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (February 2027) shall correspond to the five-year swap rate plus a margin of 388.8 basis points p.a. The mark-up will increase by 25 basis points (to 413.8 basis points p.a.) as of February 2027 and by another 75 basis points (to 488.8 basis points p.a.) as of February 2042.

b. On March 3, 2015, Company placed a tap issue of euro 250 million in aggregate principal amounts of the Hybrid capital notes. These notes were issued at a price of 97.04% of the principal amount. The total aggregated principal amount of the notes at the end of the reporting period was euro 400 million.

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

SHARE CAPITAL COMPOSITION:

	Three months ended March 31, 2015 Unaudited		Year ended December 31, 2014 Audited	
	Number of shares	€'000	Number of shares	€'000
Authorized				
Ordinary shares of euro 0.10 each	200,000,000	20,000	200,000,000	20,000
Issued and fully paid				
Balance as at the beginning of the period	118,541,449	11,854	115,425,000	11,542.5
Exercise of Convertible bond series C	3,126,735	313	3,116,449	311.5
Balance at the end of the period	121,668,184	12,167	118,541,449	11,854

9. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

(I) LOANS FROM ASSOCIATED UNDERTAKINGS

	March 31	December 31
	2015	2014
	Unaudited	Audited
	€'000	
Other associated undertakings	205	81

(II) INTEREST ON LOANS FROM RELATED PARTIES

	For the three months ended March 31,	
	2015	2014
	€'000	
Interest expenses	24	30

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions, are made only if such terms can be substantiated.

10. FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

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

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

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

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

	Level 1	Level 2	Level 3	**Total**
		€'000		
March 31, 2015 (Unaudited)				
Traded securities at fair value through profit or loss	1,921	-	-	1,921
Total assets	**1,921**	**-**	**-**	**1,921**
Derivative financial instruments (a)	-	2,010	-	2,010
Total liabilities	**-**	**2,010**	**-**	**2,010**
December 31, 2014 (Audited)				
Traded securities at fair value through profit or loss	2,165	-	-	2,165
Total assets	**2,165**	**-**	**-**	**2,165**
Derivative financial instruments (a)	-	9,282	-	9,282
Total liabilities	**-**	**9,282**	**-**	**9,282**

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

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

11. COMMITMENTS

The Group had no significant commitments as at March 31, 2015.

12. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at March 31, 2015.

13. EVENTS AFTER THE REPORTING PERIOD

a. On April 13, 2015, the Company successfully placed euro 400 million in aggregate principal amount of series E straight bonds. The new bond series was placed in an issue price of 96.76% of the principal amount and mature after 10 years. It bears 1.5% annual interest, payable in arrears starting from October 2015.

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