CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD
ENDED MARCH 31, 2016

Q1 2016

GRAND CITY
Properties S.A.

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FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2016

IMPRINT

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CONTENT

KEY FINANCIALS

	Dec 2014	Dec 2015	Mar 2016
TOTAL ASSETS (€'000)	2,629,058	4,688,903	5,206,022

	Dec 2014	Dec 2015	Mar 2016
EPRA NAV (€'000)	1,439,386	2,066,201	2,182,615

	Dec 2014	Dec 2015	Mar 2016
EPRA NAV INCL HYBRID NOTES (€'000)	1,439,386	2,544,347	2,663,142

	Dec 2014	Dec 2015	Mar 2016
TOTAL EQUITY (€'000)	1,041,650	2,172,295	2,402,037

	Dec 2014	Dec 2015	Mar 2016
LOAN-TO-VALUE	45%	42%	40%

	Dec 2014	Dec 2015	Mar 2016
EQUITY RATIO	40%	46%	46%

	Dec 2014	Dec 2015	Mar 2016	May 2016
PORTFOLIO SIZE (IN UNITS)	43,000	76,000	78,000	80,000

RENTAL AND OPERATING INCOME (€'000)	1-3/2015	change	1-3/2016
	65,608	54%	100,751

EBITDA (€'000)	1-3/2015	change	1-3/2016
	93,872	30%	122,478

ADJUSTED EBITDA (€'000)	1-3/2015	change	1-3/2016
	34,244	56%	53,261

FFO I (€'000)	1-3/2015	change	1-3/2016
	25,208	50%	37,710

FFO I AFTER HYBRID NOTES ATTRIBUTION, PER SHARE (€)	1-3/2015	change	1-3/2016
	0.20	10%	0.22

NET PROFIT (€'000)	1-12/2015	1-3/2015	1-3/2016
	393,570	80,298	90,457

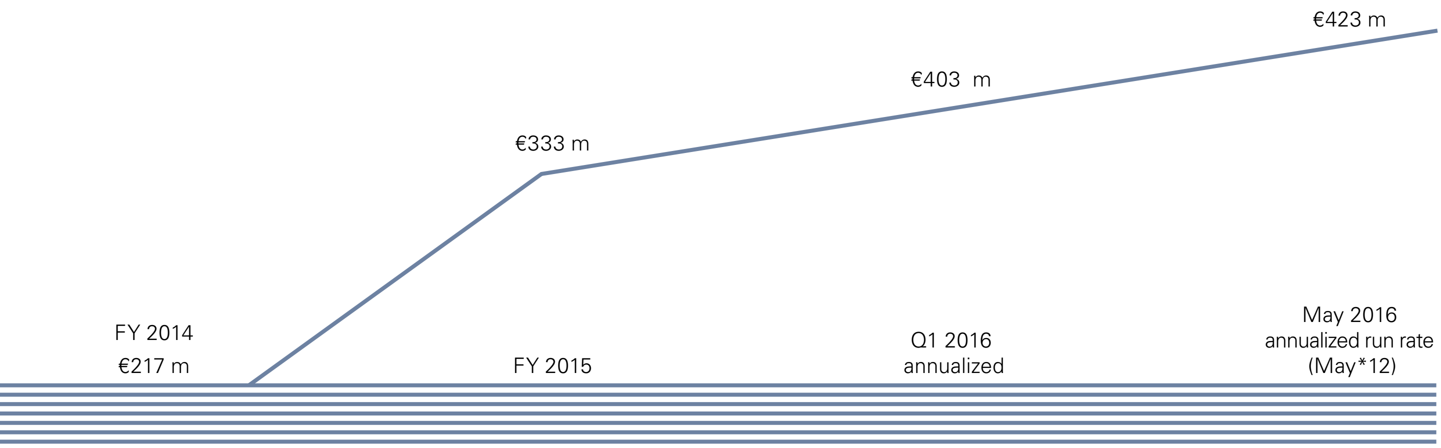
EPS (BASIC) (€)	1-12/2015	1-3/2015	1-3/2016
	2.71	0.63	0.47

EPS (DILUTED) (€)	1-12/2015	1-3/2015	1-3/2016
	2.35	0.53	0.43

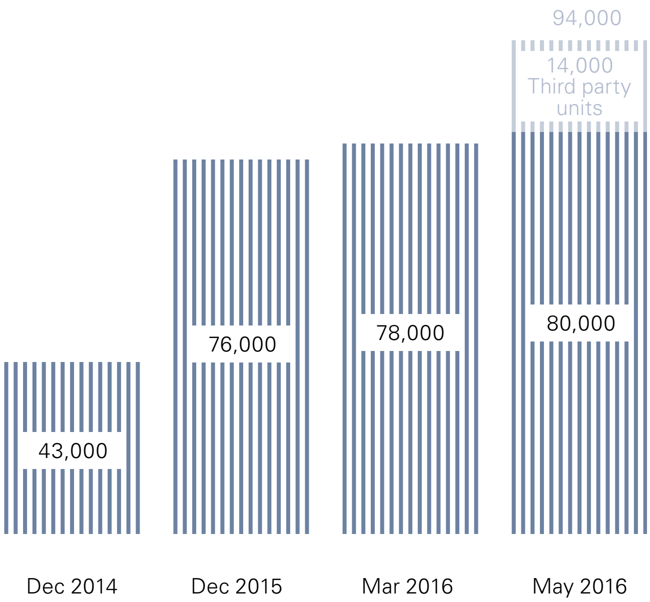
ACHIEVEMENTS - OPERATIONS

SUCCESS DRIVEN FROM INTERNAL AND EXTERNAL GROWTH

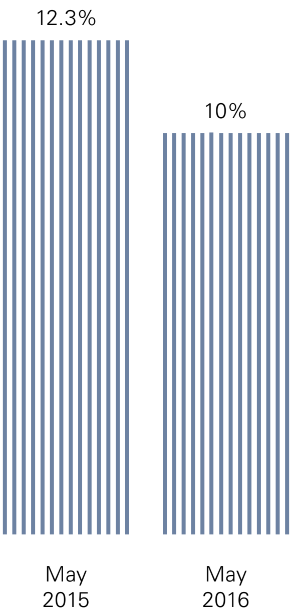
RENTAL AND OPERATING INCOME IN € MILLION



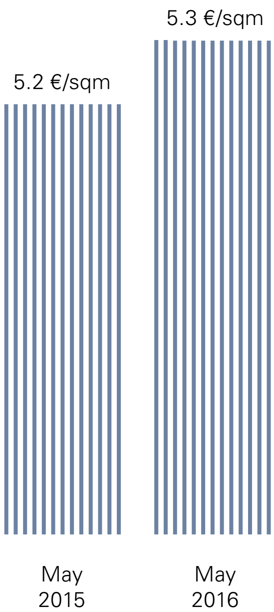
PORTFOLIO GROWTH IN UNITS



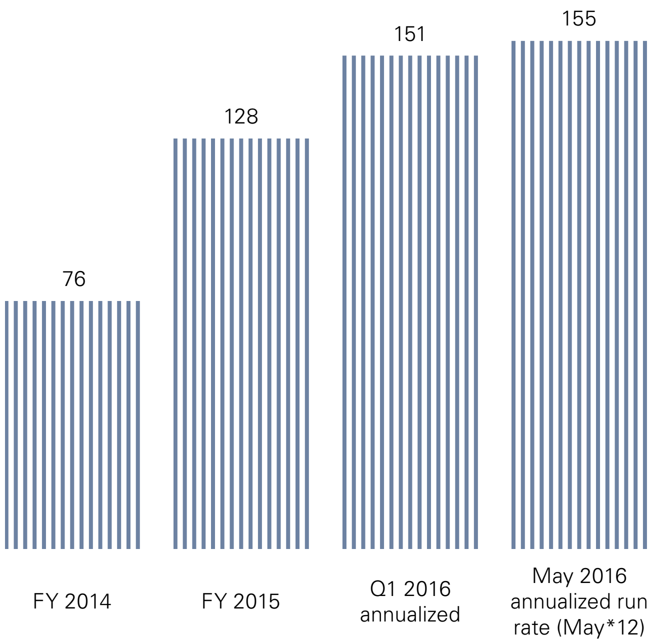
VACANCY



IN-PLACE RENT



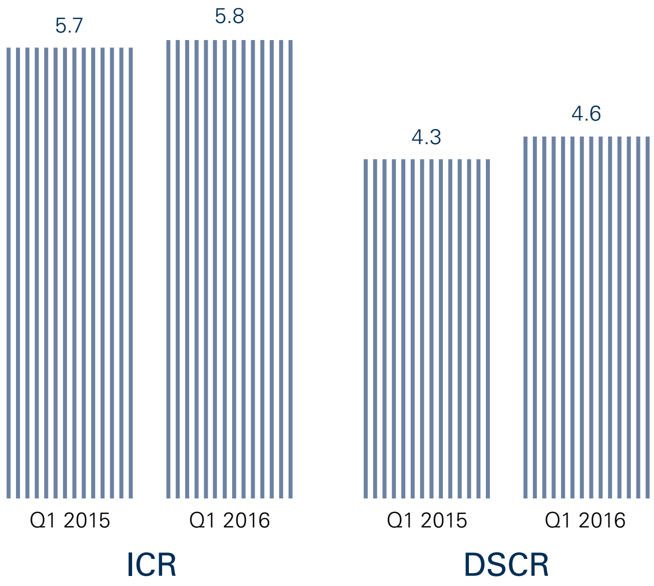
FUNDS FROM OPERATION IN € MILLION



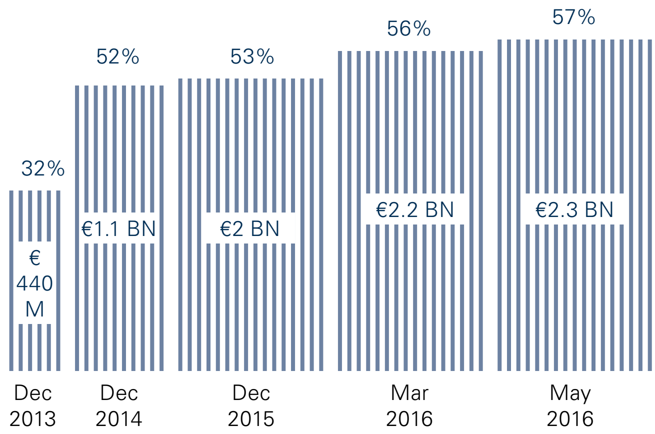
ACHIEVEMENTS – CAPITAL & DEBT STRUCTURE

SUSTAINING HEALTHY CAPITAL & DEBT STRUCTURE OVER TIME

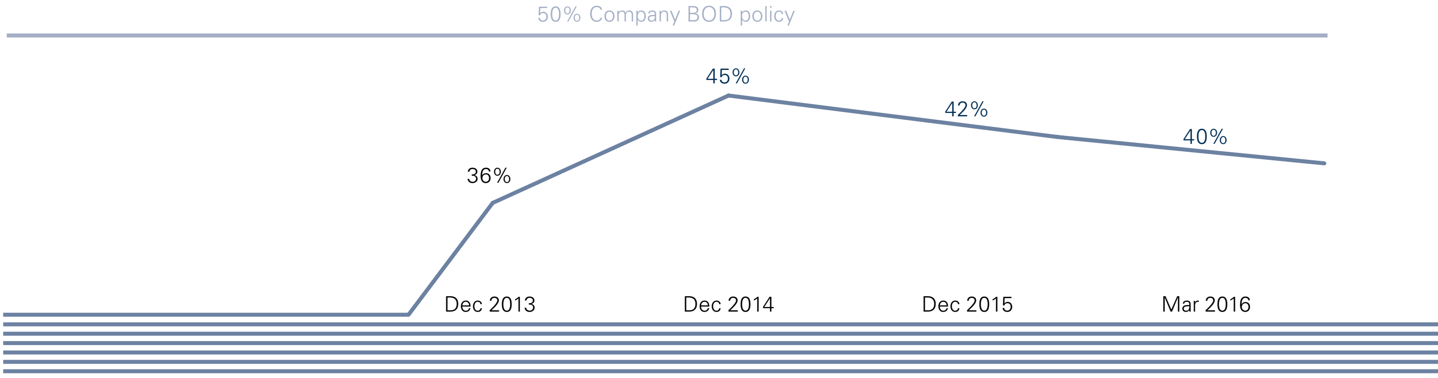
FURTHER STRENGTHENING DEBT-COVERAGE RATIOS



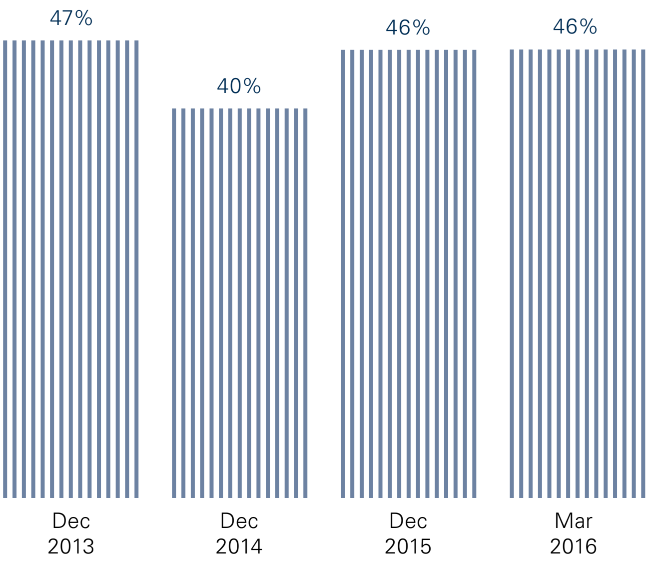
INCREASING PORTION AND AMOUNT OF UNENCUMBERED ASSETS



SUSTAINING A CONSERVATIVE DEBT STRUCTURE (LTV)

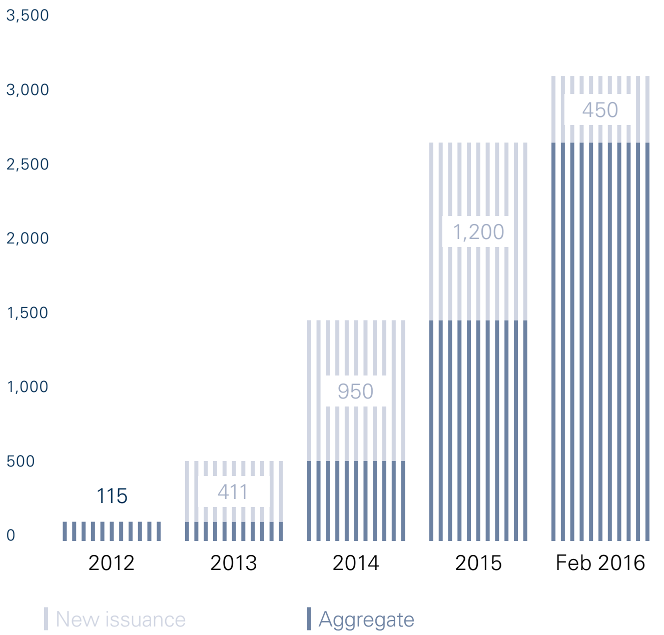


HIGH EQUITY RATIO DERIVED FROM HIGH PROFITABILITY AND LOW LEVERAGE

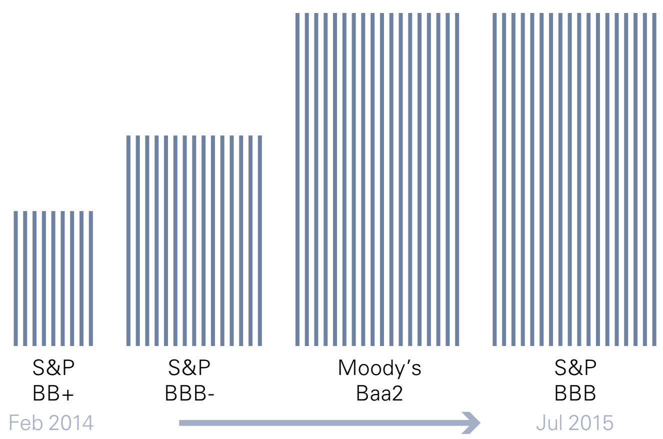


ACHIEVEMENTS – CAPITAL MARKETS ACTIVITIES

STRONG ACCESS TO CAPITAL IN € MILLION



CORPORATE CREDIT RATING



LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

We are pleased to present the financial report for the first three months of 2016, maintaining our strong operational performance and high profitability. Our portfolio has further increased to 80 thousand units from 76 thousand in the beginning of 2016, carried-out through several accretive deals in our key strategic locations.

The strong operational platform, together with our experienced rental teams, successfully increased our occupancy levels in 2016. As of May 2016, the vacancy level was reduced to below 10% of rentable area, down from 12.3% in May 2015. The success of the rental teams is reflected in once again setting a new lettings record, outperforming the strong results of 2015. The occupancy increase steams from innovative marketing techniques to attract prospective tenants with a main focus on increasing visibility. The rental teams gain local market knowledge, adapting the product to the neighborhood and local market demand by, among other things, building playgrounds and creating family friendly events such as our recent Easter egg hunt, adaptations of staircases and apartments for elderly people, and we continue to support local social associations by providing rent free facilities for their purposes.

An important element in our success to increase our occupancy was through our Service Center's ability to significantly reduce tenant fluctuation, which again was mainly due to their high quality service and resulting tenant satisfaction. Thus, we are very proud to announce that at the end of March 2016 GCP's Service Center was acknowledged by a TÜV certification, Germany's leading international technical service provider, certifying our proven service quality and confirming that we meet the highest European DIN standards. GCP's market leading Service Center offers 24/7, 365 days a year availability through toll-free numbers for prospective and existing tenants.

GCP continued strong in 2016 with its fruitful momentum in the capital markets, enabling us to further optimize our debt structure which resulted in a decrease of the cost of debt to 1.6%. In February 2016 we issued Series F convertible bonds of €450 million and a coupon rate of 0.25% with a maturity of six years. In line with previous issuances, the issuance was significantly oversubscribed. Additionally, at the beginning of 2016, the full conversion of the Series C convertible bonds into equity was completed which consequently strengthened our debt and capital structure, opening up further opportunities for GCP's growth. Since initial listing in 2012 we raised over €3.1 billion, diversifying the funding sources through issues of bonds, convertible bonds, equity and hybrid notes.

The results of the first quarter of 2016 validated once again the strength of our operational platform and our ability to materialize the embedded potential in our portfolio. Looking forward into 2016, we are confident in our ability to maintain the positive momentum into the foreseeable future. Our abundant financial firepower will support our accretive external portfolio growth in the future. Moreover, with a current FFO I run rate of €155 million, our portfolio has the potential to further increase the operational bottom line significantly during the next years through further increasing occupancies and rents, without relying on additional external growth. Therefore, the Company is well-positioned to continue outperforming the market and will continue creating sustainable value to our shareholders.

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

HIGHLIGHTS

PROFITABILITY HIGHLIGHTS

	1-3/2016	1-3/2015
	€'000	
Rental and operating income	**100,751**	**65,608**
EBITDA	122,478	93,872
Adjusted EBITDA	**53,261**	**34,244**
Profit for the period	90,457	80,298
EPS (basic) in €	0.47	0.63
EPS (diluted) in €	0.43	0.53
FFO I	**37,710**	**25,208**
FFO I after hybrid notes attribution, per share in €	0.22	0.20
FFO II	37,710	25,208
Interest Coverage Ratio	5.8	5.7
Debt Service Coverage Ratio	4.6	4.3

FINANCIAL POSITION HIGHLIGHTS

	Mar 2016	Dec 2015
	€'000	
Cash and liquid assets	**649,577**	**388,925**
Total Assets	**5,206,022**	**4,688,903**
Investment Property [1)]	4,025,288	3,859,511
Total Equity	**2,402,037**	**2,172,295**
EPRA NAV including hybrid notes	**2,663,142**	**2,544,347**
EPRA NAV	**2,182,615**	**2,066,201**
Total loans and borrowings	802,440	846,900
Straight bonds	1,046,603	1,045,413
Convertible bond Series C [2)]	-	122,576
Convertible bond Series F [3)]	426,191	-
Loan To Value	40%	42%
Equity Ratio	46%	46%

1) including advanced payment and balance of inventories
2) As of Jan 2016 Convertible Bond Series C has been converted
3) Series F bonds issued in February 2016

THE COMPANY

Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors (the "Board") hereby submits the annual report as of March 31, 2016.

The figures presented in this Board of Directors' Report are based on the consolidated financial statements as of March 31, 2016, 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 2016 consists of 80,000 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, the metropolitan regions of Leipzig, Halle and Dresden and other densely populated areas.

The portfolio's monthly in-place rent as of May 2016 is €5.3 per square meter and the vacancy rate of rentable area is 10%. GCP is buying properties with high vacancies and rented below market rents as part of its business strategy and uses its skills and know-how to turn those assets around. GCP's vacancy and rent level is therefore an integral part of its unique business model and represents a major growth driver for the future.

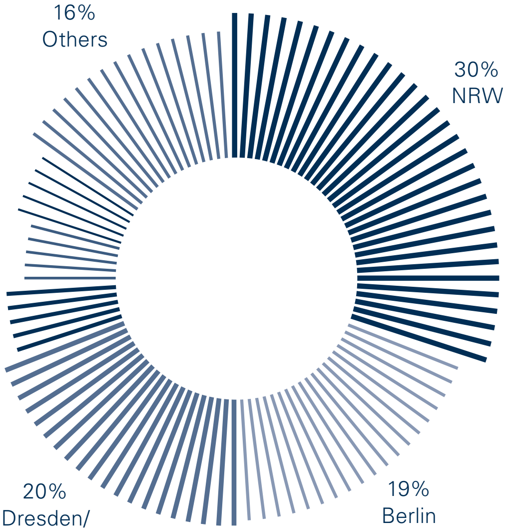
GCP is active in all relevant asset and property management activities along the real estate value chain. The Group's business model is focused on buying real estate properties with strong underlying fundamentals which are not optimally managed or positioned, and turning them around through intense property 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

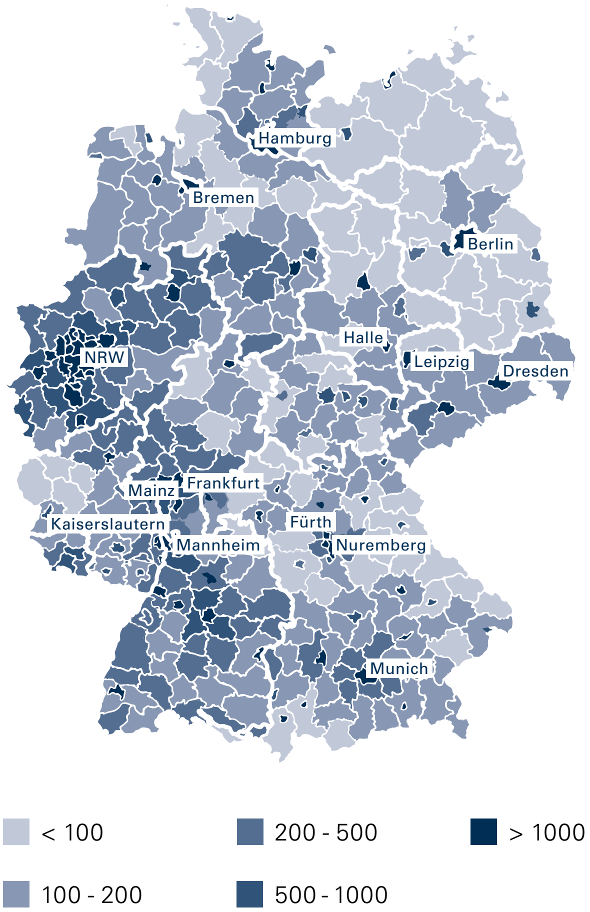
Properties that are attractively located and have been specifically selected because of their significant potential for value creation make up GCP's well-balanced portfolio.

REGIONAL DISTRIBUTION BY VALUE



POPULATION DENSITY IN GERMANY

(inhabitants per sqkm 2013)



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 30% of its portfolio being held in NRW, 19% in Berlin, 20% in the metropolitan regions of Leipzig, Halle and Dresden and significant holdings in other major urban markets with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Bremen and Hamburg.

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 approximately 600 staff members.

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/software 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.

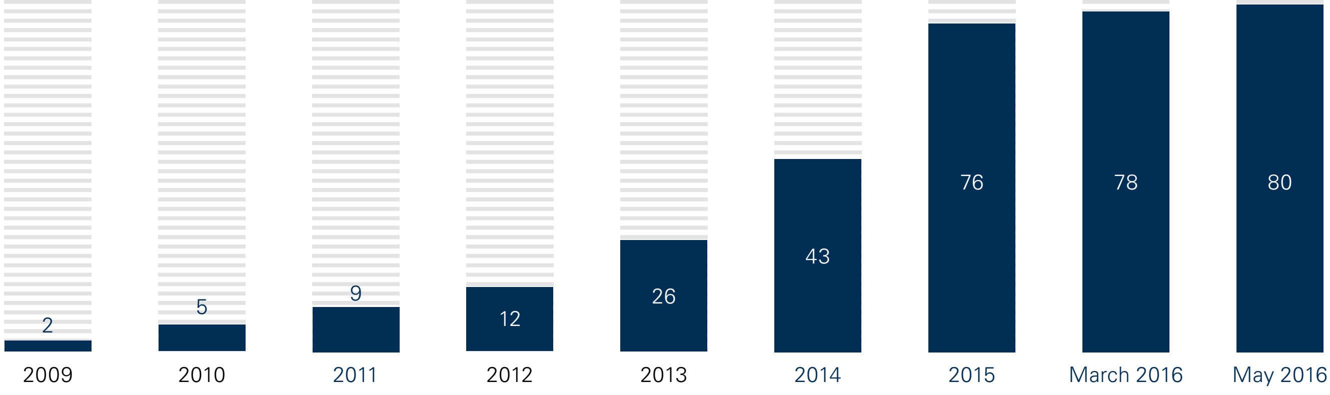
The Group is directed by an experienced and well-balanced management team, led by the Board of Directors. The Company operates through over a dozen different departments which all form an important component in the value creation cycle from acquisition through turnaround to fully stabilized portfolio.

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 on a national level. This advantage is also reflected in improved access to financing and helped establishing 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 and turning them around to well managed properties is unique in the German real estate market and a sustainable competitive advantage.

The portfolio exhibited continuous growth to currently 80 thousands units in comparison to 76 thousands units in December 2015. 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)



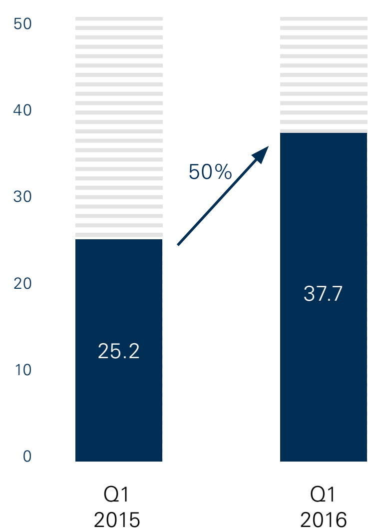
STRONG TRACK RECORD OF VALUE CREATION FROM RENOVATION AND REPOSITIONING OF ASSETS

Apart from GCP's unique skills in identifying properties with significant upside potential, the Company has the 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 cash flow results, 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.

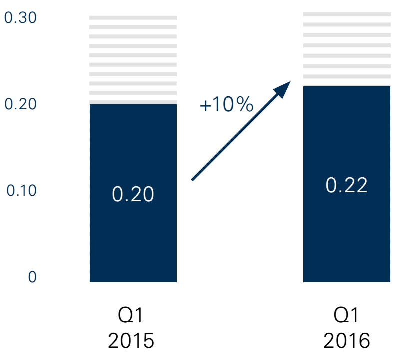
STRONG AND GROWING FFO WITH HIGH RETURN POTENTIAL

GCP's current portfolio generates strongly growing funds from operations, demonstrated by a FFO I increase of 50% YOY during the first quarter 2016. 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 IN € MILLION



FFO I PER SHARE
(AFTER HYBRID NOTES ATTRIBUTION IN €)



CONSERVATIVE CAPITAL STRUCTURE AND PROVEN ABILITY TO RAISE CAPITAL

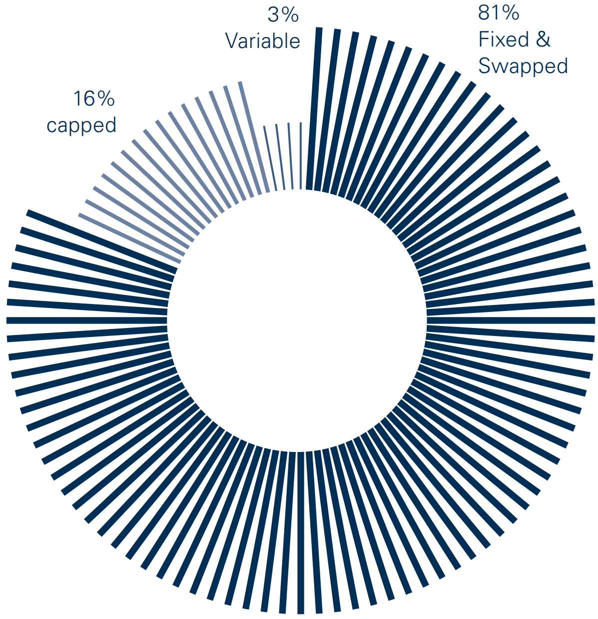
GCP follows a financial policy in order to maintain and improve its strong capital structure:

- **Strive to achieve A- global rating in the long term**
- Maintaining an LTV below 50%
- Maintaining very conservative financial ratios
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long term unsecured bonds and non-recourse bank loans
- Maintaining credit lines from several banks which are not subject to Material Adverse Effect
- Dividend of 30% of FFO I

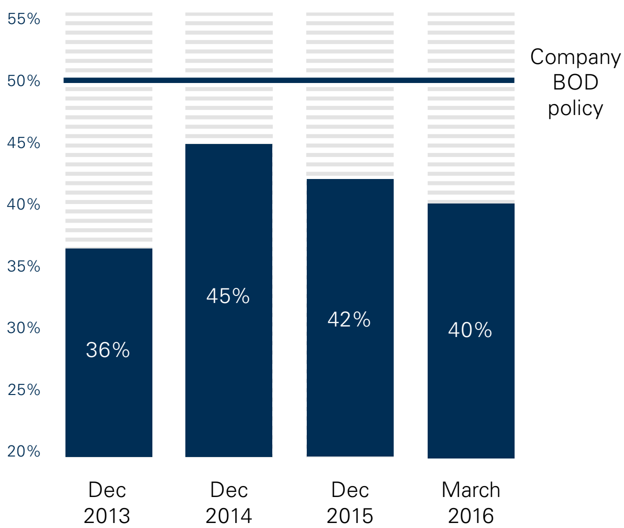
With €650 million in liquid assets as of March 31, 2016 GCP has a high amount of financial flexibility which is also reflected in the €2.3 billion of unencumbered assets as of May 2016. The high amount of liquidity enables GCP on one hand to pursue attractive deals, and on the other provides significant 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, 2016 is conservative at 40%. The Company set itself a management policy at 50%. 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.

GCP's bank loans are spread across more than 30 separate loans from 17 different financial institutions that are non-recourse and have no cross collateral or cross default provisions.

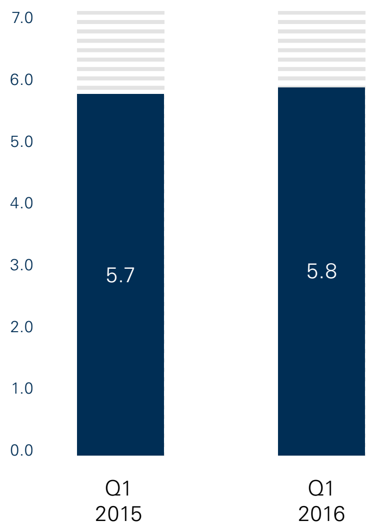
Fitting to the Company's conservative capital structure 97% of its interest is hedged.



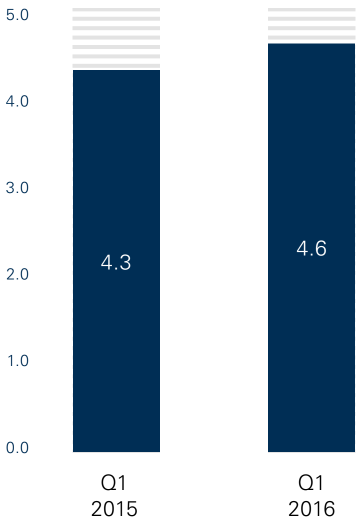
LOAN-TO-VALUE



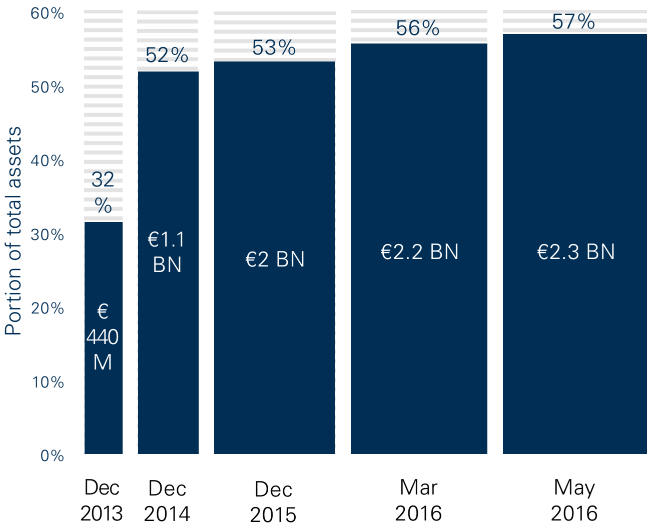
INTEREST COVERAGE RATIO (ADJ. EBITDA/INTEREST)



DEBT SERVICE COVERAGE RATIO (DSCR)



UNENCUMBERED ASSETS



GCP's financial flexibility is becoming stronger over time, both due to improved fundamentals affecting coverage ratios and improving profitability. Adjusted EBITDA increased significantly while proportional debt service payments decreased. This led to a shift in the DSCR from 4.3 in Q1 2015 to 4.6 in Q1 2016. An increasing portion of assets are free of lien. As of May 2016, €2.3 billion of the held assets are unencumbered investment properties, in comparison to €2 billion in December 2015.

GCP's long maturity schedule enables the Company to fully complete the turnaround cycle of its assets. This enables the Company to focus on its core business without the pressure to refinance and ensures a large extent of financial flexibility in the future.

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

FEB 16	Issuance of Series F, 2022 convertible bonds of € 450m, coupon of 0.25% p.a
JAN 16	Completion of the conversion of Series C convertible bonds (€275m)
SEP 15	Tap issuance of € 150m of 10 year straight bond to an aggregate nominal amount of € 550m
SEP 15	Equity capital increase of € 151m
JUL 15	Tap issuance of perpetual hybrid notes, (coupon 3.75%), of additional € 100m
APR 15	Issuance of Series E, 10 year straight bond of € 400m with a coupon of 1.5% p.a.
MAR 15	Tap issuance of perpetual hybrid notes of additional € 250m
FEB 15	Issuance of €150m perpetual hybrid notes, coupon 3.75%
OCT 14	Redemption of straight bonds with nominal amount of € 350m. Issuance of 7 year straight bond of € 500m with a coupon of 2% p.a.
JUN 14	Tap issuance of convertible bonds with gross proceeds of € 140m
APR 14	Tap issuance of existing straight bonds with gross proceeds of € 160m
FEB 14	Issuance of Series C, 5 year convertible bonds of € 150m and a coupon of 1.50% p.a
DEC 13	Equity capital increase of € 175m
OCT 13	Full conversion of € 100m Series A convertible bonds into equity
JUL 13	Issuance of Series B, 7 year straight bonds of € 200m with a coupon of 6.25% p.a.
FEB 13	Equity capital increase of € 36m
OCT 12	Issuance of Series A, 5 year convertible bonds of € 100m and a coupon of 8% p.a.
JUL 12	Equity capital increase of € 15m

JUL 15
BBB S&P rating

FEB 15
Baa2 Moody's rating

NOV 14
BBB- S&P rating

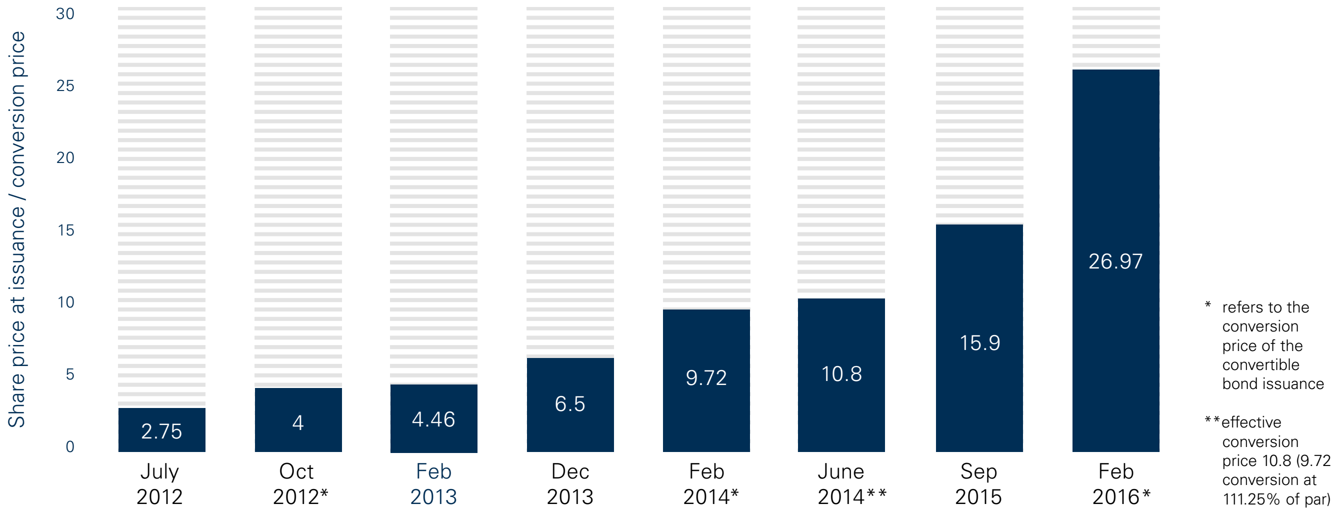
FEB 14
BB+ S&P rating

NOV 13
BB S&P rating

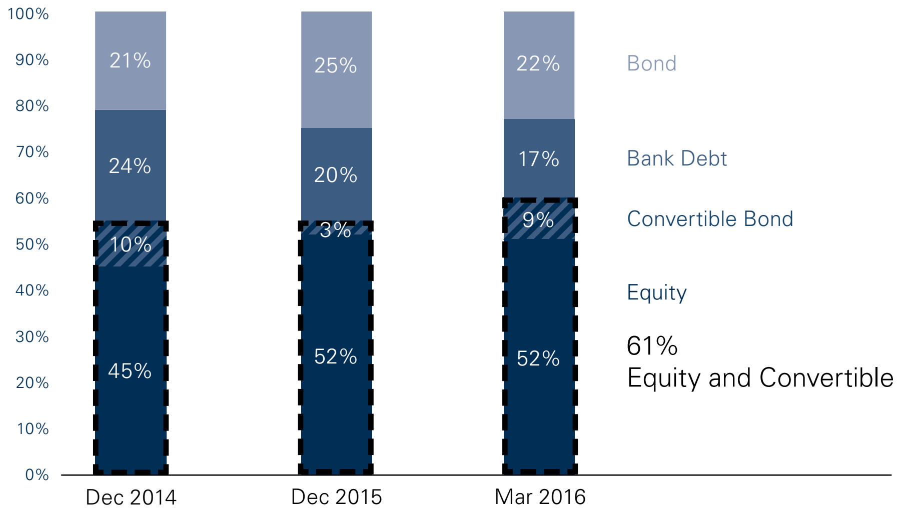
FEB 13
BB- S&P initial rating

EQUITY AND BOND BOOKRUNNERS

THE FOLLOWING ILLUSTRATION SHOWS THE VALUE CREATION TO THE SHAREHOLDER IN EACH ISSUANCE



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, the metropolitan regions of Leipzig, Halle and Dresden 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 IMPROVEMENTS 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 and 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. Reflecting the special needs of the elderly and tenants with physical disabilities, GCP continues to implement structural changes to facilitate their requirements.

OPERATIONS SUPPORTED BY ADVANCED AND CENTRALIZED IT/SOFTWARE

The Group's proprietary and centralized IT/software plays a significant role in enabling GCP to achieve its efficiency objectives. The key to this system is the detailed information that it provides not only on 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/software 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

MAINTAIN A CONSERVATIVE CAPITAL STRUCTURE

GCP seeks to preserve its conservative capital structure with an LTV policy to remain below 50%, sustain 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.

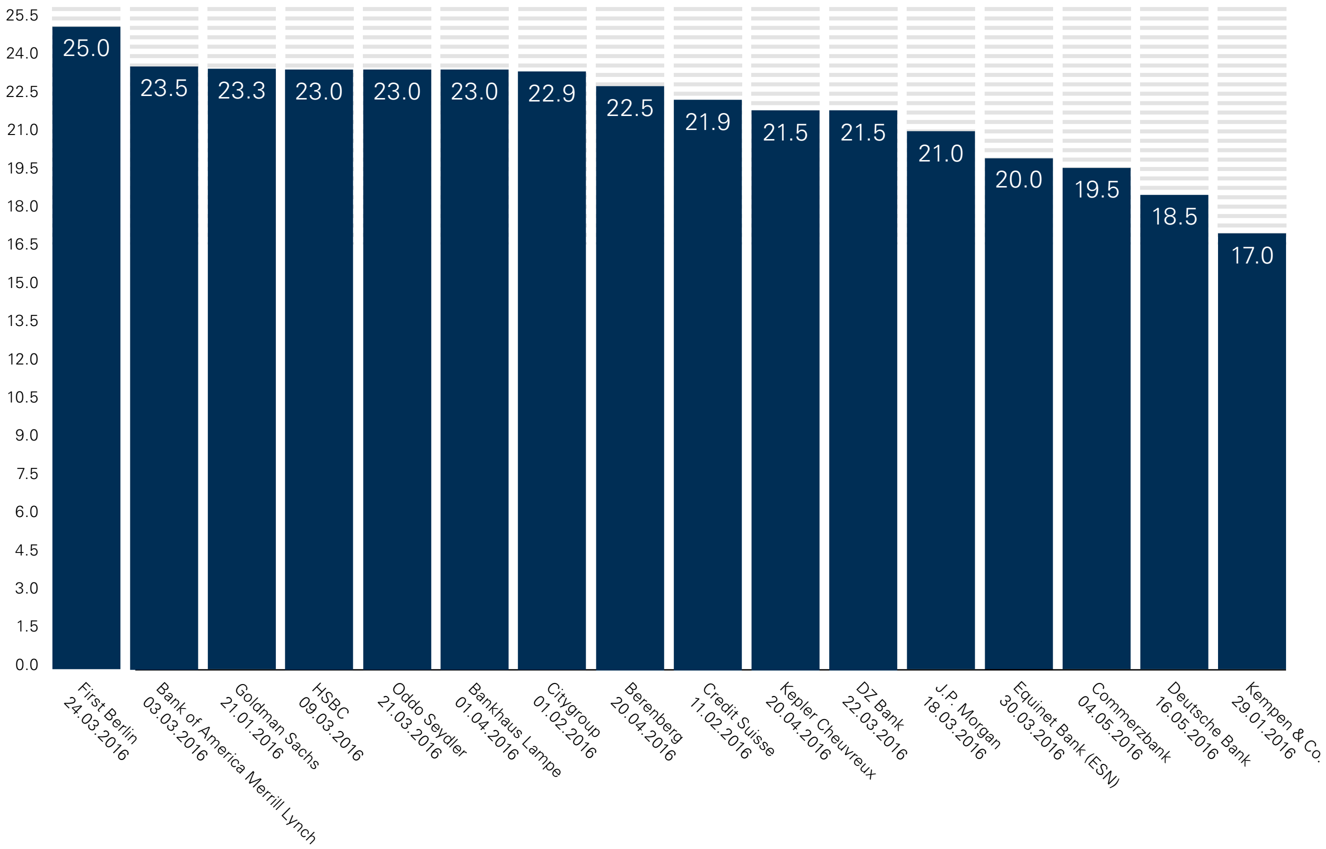
INVESTOR RELATIONS ACTIVITIES

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.

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 16 different equity analysts, who publish their reports regularly. GCP is part of major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed and Developed Europe, and the GPR 250 index.

Placement	Frankfurt Stock Exchange
First listing	Q2 2012
Number of shares (as of 31 March 2016)	153,788,883 ordinary shares with a par value of EUR 0.10 per share
Nominal Share Capital (as of 31 March 2016)	15,378,888 EUR
Number of shares on a fully diluted basis (as of 31 March 2016)	171,594,141
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market Cap (as of 31 March 2016)	3.1 bn EUR

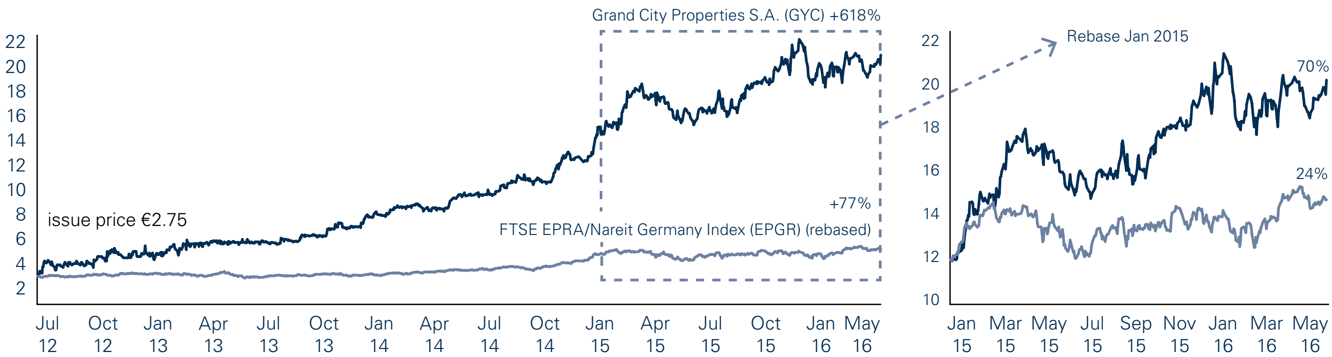
ANALYST RECOMMENDATIONS



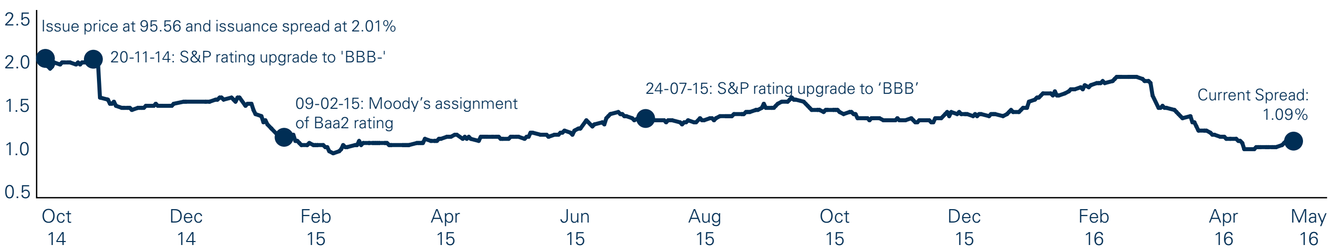
BUSINESS MODEL

COMPANY STRATEGY

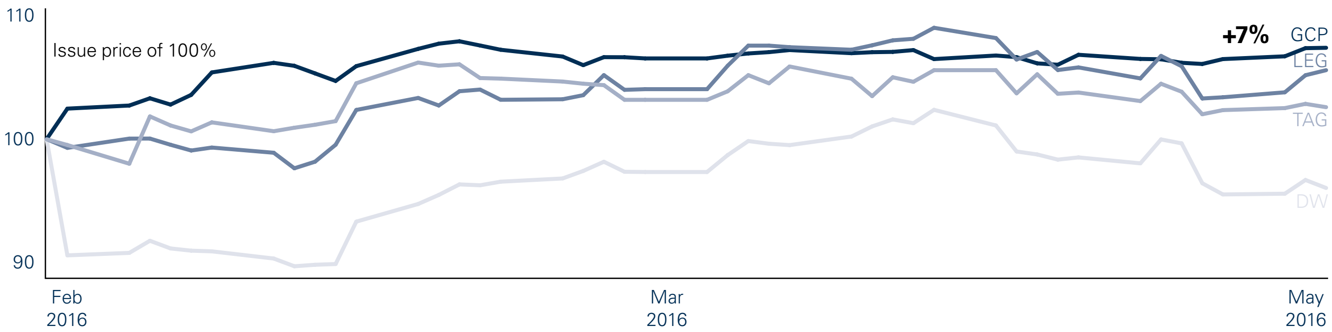
SHARE PRICE PERFORMANCE COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



STRAIGHT BOND SERIES D - SPREAD OVER MID-€-SWAP, REMAINING 5.5 YEARS



CONVERTIBLE BOND SERIES F PERFORMANCE SINCE PLACEMENT (24.02.2016)



CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

The Annual General Meeting of Grand City Properties S.A. was held on June 24, 2015 in Luxembourg.

All of the items on the agenda were carried by a great majority, including the approval of the consolidated financial statements of the Group for the year ended December 31, 2014. The Annual General Meeting approved the distribution of a dividend in the amount of €0.20 per share for the holders of record on June 24, 2015.

CORPORATE GOVERNANCE

GCP puts a strong emphasis on corporate governance with high transparency, executed responsibly by the Board of Directors, Advisory Board 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 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, CFO

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 Company, under the endorsed denomination (Zusatzbezeichnung) Chief Executive Officer (CEO) for an undetermined period.

CORPORATE GOVERNANCE

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 Andrew Wallis	Vice chairman of the Advisory board
Mr Claudio Jarczyk	Member
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 Daniel Malkin, 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.

CORPORATE GOVERNANCE

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

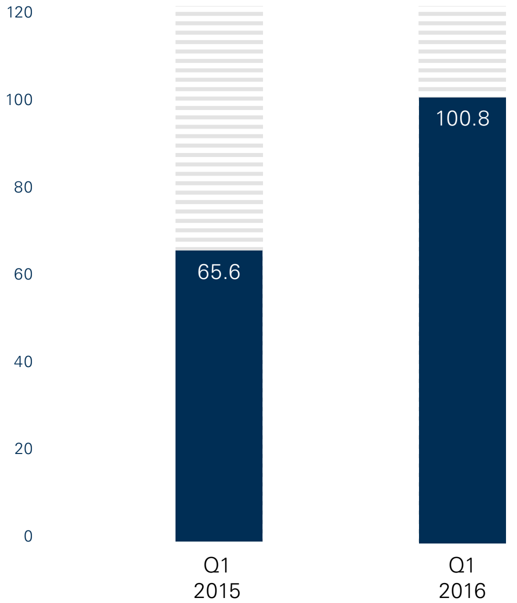
For the 3 months ended March 31,	2016	2015
	€'000	
Rental and operating income	**100,751**	**65,608**
Capital gains, property revaluations and other income	69,217	59,628
Property operating expenses	(46,164)	(30,212)
Administrative & other expenses	(1,862)	(1,412)
Operating profit	**121,942**	**93,612**
Adjusted EBITDA	**53,261**	**34,244**
Finance expenses	(9,119)	(6,036)
Other financial results	(2,766)	1,124
Current tax expenses	(6,432)	(3,000)
Deferred tax expenses	(13,168)	(5,402)
Profit for the period	**90,457**	**80,298**

REVENUE

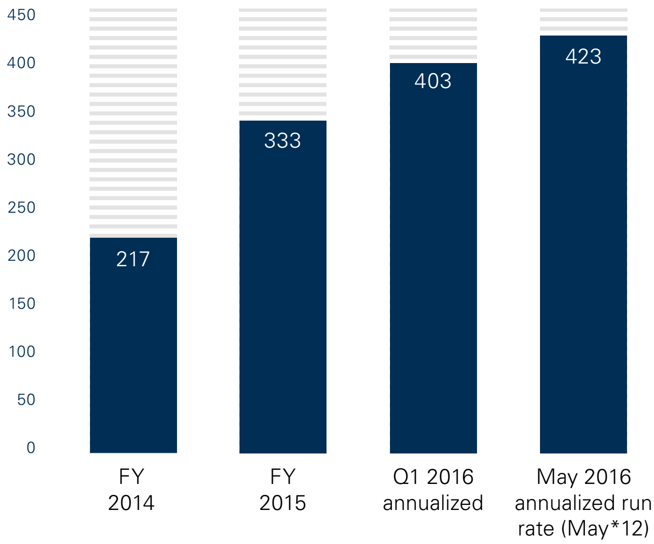
For the 3 months ended March 31,	2016	2015
	€'000	
Rental and operating income	100,751	65,608
Total revenue	**100,751**	**65,608**

Rental and operating income increased in the first three months of 2016 to €101 million, reflecting an increase of 54% compared to the first three months of 2015. The strong increase is the result of GCP's accretive portfolio growth and successful turnaround achievements of increasing rents and occupancy. The portfolio increased from March 2015 to March 2016 by 26 thousand units to 78 thousand units, an increase of 50%.

RENTAL AND OPERATING INCOME QUARTERLY DEVELOPMENT (IN € MILLION)



RENTAL AND OPERATING INCOME ANNUAL DEVELOPMENT (IN € MILLION)



Due to acquisitions during the quarter not all properties contributed fully to the period's result. In order to reflect the current portfolios rental income generation, we present the run rate which is the monthly annualized rental income. As of May 2016 the monthly annualized rental income run rate of 80 thousand units is €423 million, up from €403 million quarterly annualized rental income for the first three months of 2016.

NOTES ON BUSINESS PERFORMANCE

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

For the 3 months ended March 31,	2016	2015
	€'000	
Change in fair value in investment property	68,550	31,178
Profit arising from business combinations	667	28,450
Total	**69,217**	**59,628**

The fair values of GCP's investment properties are determined by external, market leading and independent qualified valuators.

In the first three months of 2016 GCP recorded capital gains, property revaluations and other income at the amount of €69 million, 16% higher than in the first quarter of 2015. The strong increase in fair value proves the sustainable capability of the Company to lift its assets potential period over period.

Profit arising from business combinations are the results from acquisitions through share deals when the fair value of the total identifiable net assets of the company acquired exceeds the purchase price. The profit arising from business combination amounted in the first 3 months of 2016 to €0.7 million. The profit from business combination is determined and dependent on the total amount of acquisitions carried-out through share deals and on the ability of the Group to source deals at attractive acquisition prices. The lower amount compared to the first quarter of 2015 is the effect of significantly less acquisitions through share deals in the first quarter of 2016. Further details can be found in note 4 to the consolidated financial statements.

PROPERTY OPERATING EXPENSES

For the 3 months ended March 31,	2016	2015
	€'000	
Total	**(46,164)**	**(30,212)**

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 operations.

Property operating expenses amounted in the first three months of 2015 to €46 million. The increase from the first quarter of 2015 relates mainly to the increase of ancillary costs which are recovered by the tenants and is in line with the Company's external growth of operating a larger portfolio and the increase in occupancy. Due to the nature of recoverable expenses, this item increases in parallel to the increase in operating income.

Although GCP's portfolio increased significantly between the two periods, the Company was able to maintain the growth in property operating expenses proportionately to the increase in rental income over the same period. The operational expenses were kept proportionally stable due to a successful and swift takeover process of the new properties and by implementation of efficiency measures which are part of the turnaround strategy in which GCP is specialized. As GCP is capitalizing on the different benefits from economies of scale, operational efficiencies are achieved through cost savings from the centralized monitoring of expenses, implementation of consumption based metering, large scale service tenders, and valuable capex investments.

MAINTENANCE AND CAPITALIZED EXPENDITURES

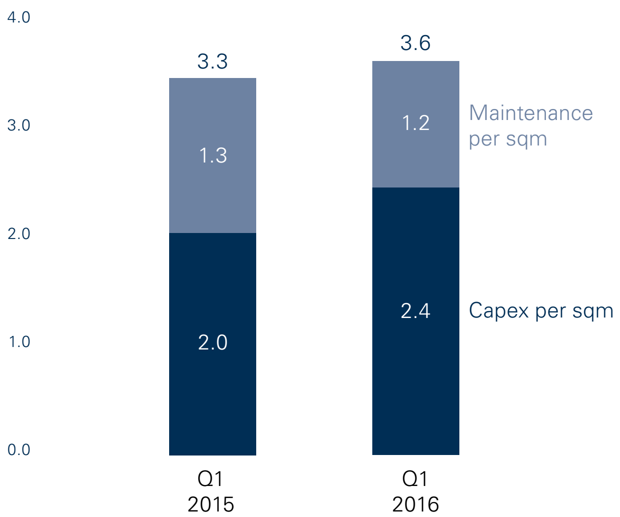
The Company puts a strong emphasis on maintaining its property at high levels. GCP believes in sustaining the high asset quality level as it increases tenant satisfaction and reduces churn rate on one hand, while on the other prevents future unnecessary expenses. GCP's maintenance work process is supported by the Company's 24/7 Service Center, which among others enables tenants to contact the Company immediately at the occurrence of any maintenance problem. The Service Center communicates with the maintenance teams and ensures that the work is executed as soon as possible. GCP considers its in-house Service Center as a key for operational efficiency and tenant satisfaction. The excellent tenant service quality of the Service Center was certified in March 2016 by Germany's leading international technical service provider, TÜV, and additionally confirmed that we meet the highest European DIN standards.

In the first three months of 2016, maintenance and refurbishment expenses amounted to €6 million, which translates to €1.2 per average sqm and on an annual basis to €4.8 per average sqm. Due to a strong operational management, the maintenance levels were kept stable in relation to previous periods.

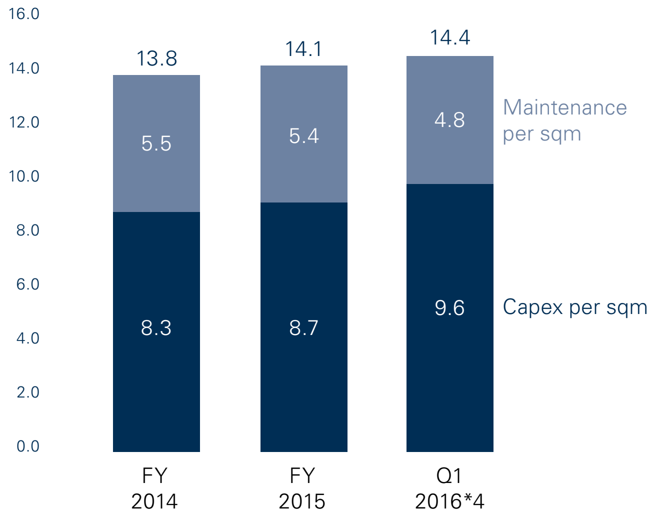
Capex follows a specific business plan and is targeted to further increase the asset quality. For every property an investment plan is constructed prior to acquisition and is carried out with scrutiny. In the first quarter of 2016 the total capex amounted to €12 million, €2.4 per average sqm and on an annual basis to €9.6 per average sqm.

Total investment amounted in Q1 2016 to €3.6 per average sqm and on an annual basis to €14.4 per average sqm which is in line with previous years' investments.

CAPEX AND MAINTENANCE DEVELOPMENT QUARTERLY



CAPEX AND MAINTENANCE DEVELOPMENT ANNUALLY



ADMINISTRATIVE AND OTHER EXPENSES

For the 3 months ended March 31,	2016	2015
	€'000	
Total	**(1,862)**	**(1,412)**

In the first quarter of 2016 the administrative and other expenses amounted to €1.9 million, an increase of 32% compared to in the first quarter of 2015. The significantly lower increase compared to the rental income increase results from GCP's scalable platform constructed for growth and utilization of economies of scale.

NOTES ON BUSINESS PERFORMANCE

NET FINANCE EXPENSES

For the 3 months ended March 31,	2016	2015
	€'000	
Finance expenses	(9,119)	(6,036)
Other financial results	(2,766)	1,124
Total	**(11,885)**	**(4,912)**

Net finance expenses increased in the first quarter of 2016 to €12 million, due to an increase in both, finance expenses and other financial results.

The €2.8 million other financial results expenses in the first quarter of 2016 are mainly related to changes in the fair value of financial derivatives, a non-cash expense.

Finance expenses amounted in the first three months of 2016 to €9 million which reflects an increase of 51% compared to the first three months of 2015. The finance expenses increased at a lower rate in relation to the increase in total debt between the two periods, reflecting an improved financial positon in the first quarter of 2016. Since the end of the first quarter of 2015 GCP issued bonds with lower coupons, such as the latest issuance of €450 million Series F bonds raised at a coupon of only 0.25%, and refinanced higher costly debt, resulting in a marginal increase in finance expenses. GCP's improved financing conditions are also reflected in lower cost of debt of currently 1.6% and stronger coverage ratios with an ICR of 5.8 as of the first quarter of 2016.

TAXATION

For the 3 months ended March 31,	2016	2015
	€'000	
Current tax expenses	(6,432)	(3,000)
Deferred tax expenses	(13,168)	(5,402)
Total	**(19,600)**	**(8,402)**

Tax expenses increased in Q1 2016 to €20 million. The biggest impact in total tax expenses was the increase in deferred taxes as revaluation gains increased as well. Deferred tax expenses, a non-cash item, are accompanying the revaluation result of the Company. GCP adopts a conservative approach with regard to the deferred tax item, providing for the theoretical future property disposal through asset deals subject to the full German corporate tax of 15.825%. Current tax expenses, which consist of property and corporate tax, increased along the Company's growth and operational profits.

PROFIT FOR THE PERIOD

For the 3 months ended March 31,	2016	2015
	€'000	
Profit for the period	**90,457**	**80,298**

GCP generated in the first quarter of 2016 higher profits compared to the first quarter of 2015 which amounted to €91 million. The 13% increase is a combined effect of profits relating to the value creation and stronger operational profits while simultaneously maintaining a low cost structure resulting in high profitability.

EARNINGS PER SHARE

For the 3 months ended March 31,	2016	2015
Basic earnings per share in €	0.47	0.63
Diluted earnings per share in €	0.43	0.53

The basic earnings per share amounted in Q1 2016 to €0.47 and the diluted earnings per share amounted to €0.43. The profit increase was offset by a larger amount of shares from the full conversion of the Series C convertible bonds and the capital increase in September 2015.

ADJUSTED EBITDA, FFO I AND AFFO

For the 3 months ended March 31,	2016	2015
	€'000	
Operating Profit	121,942	93,612
Total depreciation and amortiation	536	260
EBITDA	**122,478**	**93,872**
Capital gains, property revaluations and other income	(69,217)	(59,628)
Adjusted EBITDA	**53,261**	**34,244**
Finance Expense	(9,119)	(6,036)
Current tax expenses	(6,432)	(3,000)
FFO I	**37,710**	**25,208**
Capex	(11,823)	(6,207)
AFFO	**25,887**	**19,001**

The adjusted EBITDA reflects the recurring operational profit, excluding the effect of capital gains and revaluations, before interest and tax and is a market standard indication of the operational results. Funds from Operations I (FFO I), reflects the recurring profit from operations, after deducting the finance expenses and the current tax.

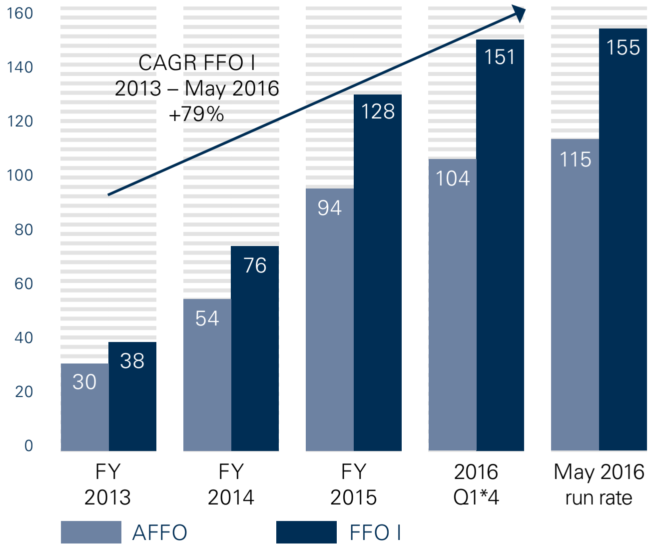
Adjusted EBITDA increased in the first quarter 2016 by 56% to €53 million, compared to the first quarter of 2015. The stronger increase compared to the rental income increase reflects GCP's successful profitability measures to decrease operating costs while increasing rental income from rent and occupancy increase.

As GCP's growth is based on accretive additions to the portfolio and successful turnaround measures, the Company is able to increase its FFO I generation quarter by quarter. FFO I increased in the first quarter of 2016 to €38 million reflecting an increase of 50% compared to the first quarter of 2015. Besides GCP's strong rental income generation and low cost structure, its improved financing conditions also effect the bottom line funds from operations.

As acquisitions materialized throughout the period, new acquisitions did not fully contribute to the FFO I of the whole period. The monthly annualized FFO I run rate as of May 2016 amounts to €155 million, compared to an annualized €151 million in the first quarter of 2016.

Adjusted funds from operations (AFFO) considers the capitalized expenditures used to improve the properties quality and thus deducts the capex from the FFO I. In the first quarter of 2016, GCP increased its AFFO to €26 million, an increase from €19 million in the first quarter of 2015.

AFFO AND FFO I DEVELOPMENT (IN € MILLION)



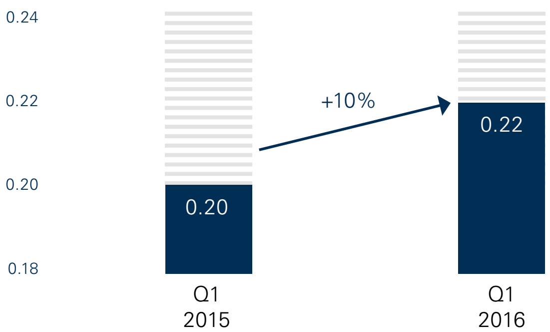
FFO I PER SHARE AFTER HYBRID NOTES ATTRIBUTION (IN €)

For the 3 months ended March 31,	2016	2015
	€'000	
FFO I	**37,710**	**25,208**
Adjustment for the accrued hybrid notes attribution	(4,931)	(1,197)
FFO I after Hybrid Notes attribution	**32,779**	**24,011**
FFO I per share in €, after Hybrid Notes attribution	**0.22**	**0.20**

In calculating the FFO I per share we subtract from the total FFO I profit attributions with respect to the perpetual hybrid notes coupon. This amount is classified as dividend according to IFRS and not recognized as financial expenses in the P&L, thus not deducted otherwise from the FFO.

The FFO I per share increased in the first quarter of 2016 to €0.22, up 10% from the first quarter of 2015. The periodic increase validates GCP's ability to translate its operational and corporate achievements to increased profits on a per share basis.

FFO I PER SHARE AFTER HYBRID NOTES ATTRIBUTION (IN €)



NOTES ON BUSINESS PERFORMANCE

CASH FLOW

For the 3 months ended March 31,	2016	2015
	€'000	
Net cash provided by operating activities	47,083	30,663
Net cash used in investing activities	(155,942)	(386,091)
Net cash provided by financing activities	376,556	285,984
Net increase in cash and cash equivalents	**267,697**	**(69,444)**

The strong operational improvement is mirrored in the net cash provided by operating activities, increasing by 54% to €47 million in the first quarter of 2016. The increase is derived from the substantial increase in rental and operating income, which reflects the growth of the portfolio as well as the increase in rents and occupancy rates.

Net cash used in investing activities amounted in the first three months of 2016 to €156 million compared with €386 million in the first three months of 2015. The 60% decrease between the two periods is due to a higher portfolio growth in the first quarter of 2015 in comparison to the first quarter of 2016, although the growth momentum continued with €156 million investments in the period. The net cash provided by financing activities of €377 million derives to a large extent from the issuance of convertible bond series F, offset by prepayments of bank loans and payment of dividend to the hybrid note holders. Therefore, in the first quarter of 2016 the net increase in cash and cash equivalents amounted to €268 million, supplying additional firepower to further pursue attractive opportunities.

ASSETS

	Mar 2016	Dec 2015
	€'000	
Non-current assets	**4,285,022**	**4,061,699**
Investment property*	4,025,288	3,859,511
Current assets	**921,000**	**627,204**
Total assets	**5,206,022**	**4,688,903**

*Including advanced payments for investment properties and balance of inventories

Total assets increased since December 2015 by €0.5 billion to over €5.2 billion. The growth results mainly from the increase in the investment properties and in the cash balances. The increase in the cash balances, amounting to €268 million, is mainly due to the €450 million Series F convertible bond issuance from February 2016, offset by cash used to fund the Company's growth.

LIABILITIES

	Mar 2016	Dec 2015
	€'000	
Total loans and borrowings*	802,440	846,900
Straight bonds	1,046,603	1,045,413
Convertible bond	426,191	122,576
Deferred tax liabilities	251,540	239,374
Other long term liabilities and derivative financial instruments	56,748	39,704
Other current liabilities	220,463	222,641
Total	**2,803,985**	**2,516,608**

* includes an amount of €9 million short term loans and borrowings

Total liabilities increased from December 2015 to March 2016 to €2.8 billion. The increase of €287 million is significantly below the increase in total assets of €517 million, reflecting a stronger capital structure. Total loans and borrowings decreased by €44 million mainly relating to early repayment of expensive loans. The convertible bond balance increased by €304 million as a result of the issuance of Series F, bearing a coupon of 0.25%, offset by the full conversion of Series C at the amount of €123 million, bearing a coupon of 1.5%. The changes in the loans and borrowings and in the convertible bond balances decreased the average cost of debt of the Company to a low of 1.6%.

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%). Therefore, the deferred tax balances amounted to €252 million as of the end of March 2016, up €12 million from the end of 2015 due to property revaluations carried out in the period.

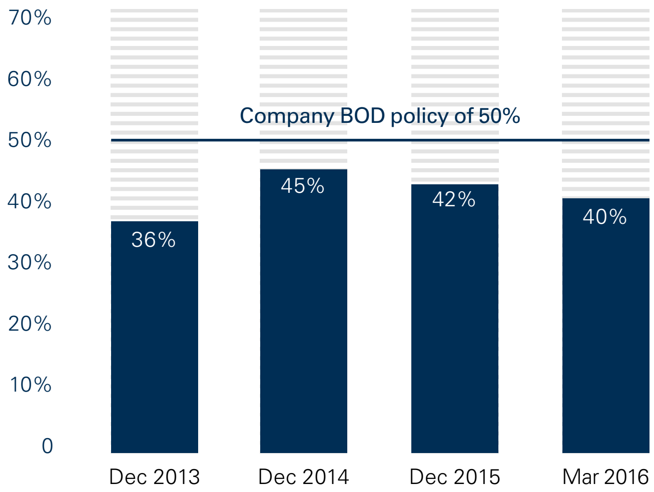
NOTES ON BUSINESS PERFORMANCE

LOAN-TO-VALUE	Mar 2016	Dec 2015
	€'000	
Investment property*	**4,025,288**	**3,859,511**
Total Debt	2,275,234	2,014,889
Cash and liquid assets	649,577	388,925
Net debt	**1,625,657**	**1,625,964**
LTV	**40%**	**42%**

* Including advanced payments for investment properties and balance of inventories

The loan-to-value ("LTV") as of March 31, 2016 decreased to 40% from 42% at year-end 2015, reflecting GCP's conservative approach of maintaining low level of leverage while creating portfolio value. GCP is sustaining, period after period, a substantial headroom from the Board of Directors' maximum leverage policy and maintains a high level of financial flexibility. This financial flexibility enables the Company to pursue growth opportunities while maintaining a highly conservative financial position.

LOAN-TO-VALUE DEVELOPMENT

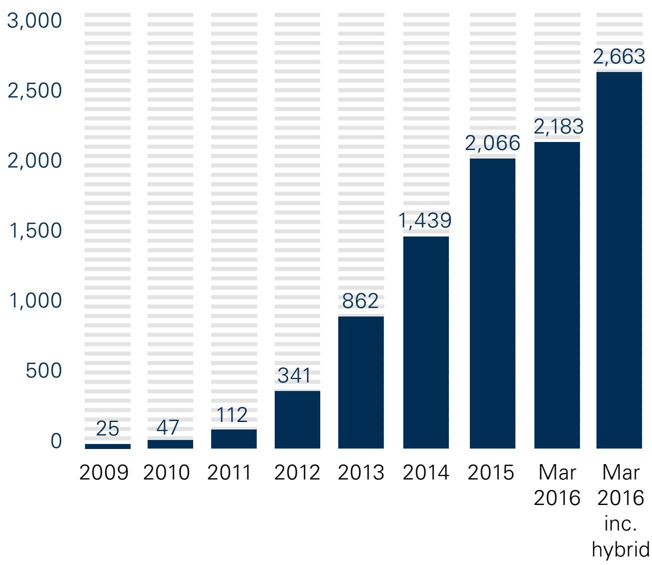


EPRA NAV	Mar 2016	Dec 2015
	€'000	
Total Equity	2,402,037	2,172,295
Fair Value measurements of derivative financial instruments	9,565	6,995
Deferred tax liabilities	251,540	239,374
In-the-money Convertible bond*	-	125,683
EPRA NAV including hybrid notes	**2,663,142**	**2,544,347**
Equity attributable to Hybrid capital investors	480,527	478,146
EPRA NAV	**2,182,615**	**2,066,201**

*The amount includes accrued interest

EPRA NAV including the equity attributed to hybrid notes increased to €2.66 billion at the end of March 2016. Excluding the equity attributed to hybrid notes, EPRA NAV increased to €2.18 billion, reflecting an increase of 6% from December 2015. Total equity as of March 2016 increased to €2.40 billion, 11% up from December 2015, mainly as a result of the strong profit in the first three months of 2016 and from the conversion of the remaining balance of the Series C convertible bonds. However, the conversions did not impact the EPRA NAV as the bonds were already included as they were in the money. An additional €15 million of the EPRA NAV increase results from the growth of the deferred tax balance, which is the result of non-cash provisions due to property revaluations, and the increase in fair value measurements of derivative financial instruments.

EPRA NAV DEVELOPMENT (IN € MILLION)



€'000	Total Equity*	EPRA NAV	EPRA NAV including hybrid notes	Total number of basic shares	EPRA NAV including hybrid notes & Conv. Bond F**	Fully diluted number of shares
Mar 2016	2,402,037	2,182,615	2,663,142	153,789	3,089,422	171,594
Dec 2015	2,172,295	2,066,201	2,544,347	140,971	2,544,347	154,910

* includes non-controlling interest of € 159.2 million in Mar 2016 and €142.3 million in Dec 2015
** Convertible bond Series F conversion price at €26.97

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. These condensed interim consolidated financial statements have not been reviewed by the auditor.

By order of the Board of Directors,
Luxembourg, May 17, 2016

Simone Runge-Brandner
Director

Refael Zamir
Director, CFO

Daniel Malkin
Director

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

 The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

		For the three months ended March 31,	
		2016	2015
	Note	€'000	
Revenue		100,751	65,608
Capital gains, property revaluations and other income	4, 5	69,217	59,628
Property operating expenses		(46,164)	(30,212)
Administrative and other expenses		(1,862)	(1,412)
Operating profit		**121,942**	**93,612**
Finance expenses		(9,119)	(6,036)
Other financial results		(2,766)	1,124
Net finance expenses		**(11,885)**	**(4,912)**
Profit before tax		**110,057**	**88,700**
Current tax expenses	6	(6,432)	(3,000)
Deferred tax expenses	6	(13,168)	(5,402)
Tax and deferred tax expenses		**(19,600)**	**(8,402)**
Profit for the period		**90,457**	**80,298**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		**90,457**	**80,298**

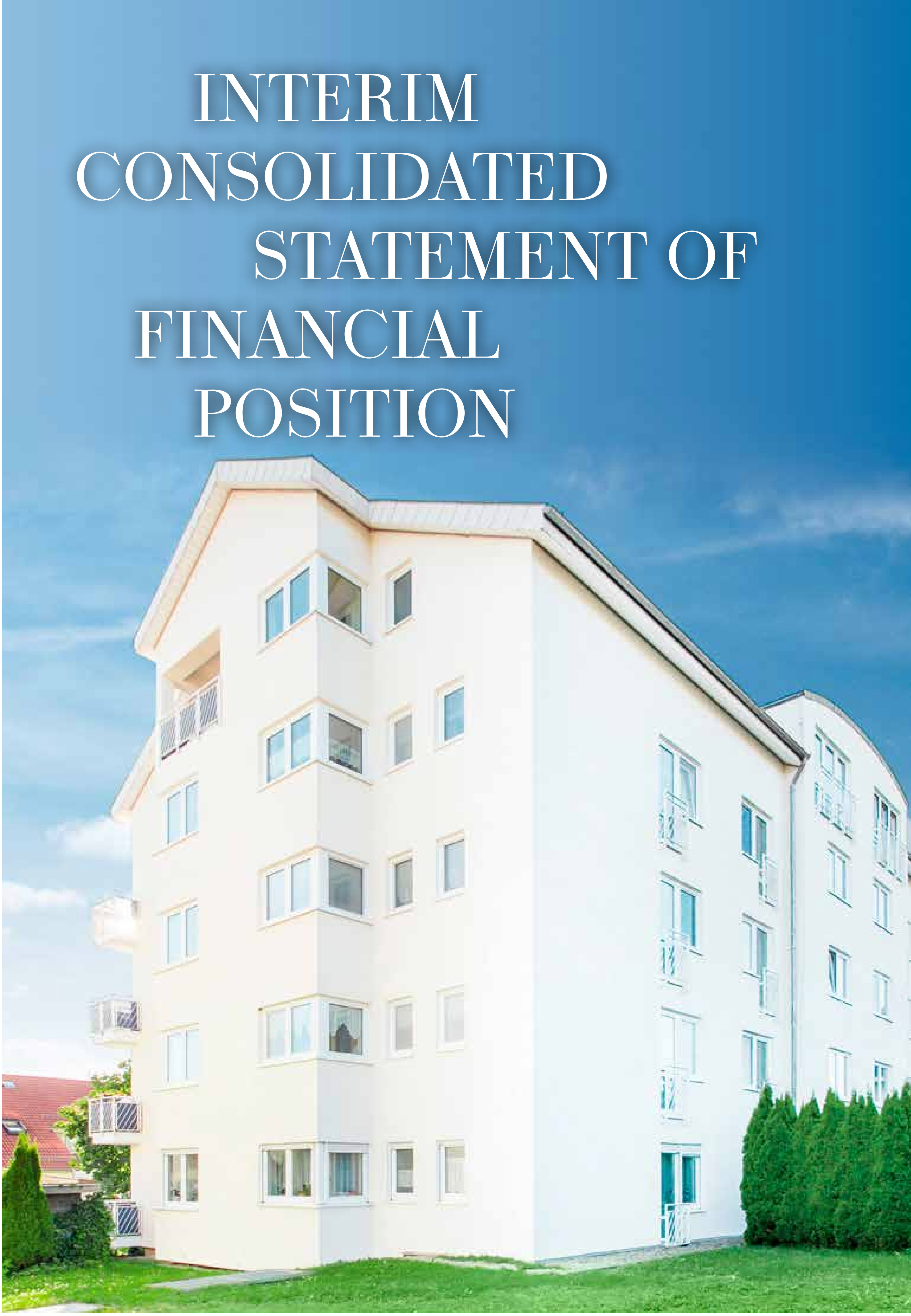
The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Note	For the three months ended March 31, 2016	2015
		€'000	
Profit attributable to:			
Owners of the Company		69,873	75,048
Hybrid capital investors		4,931	1,197
Non controlling interests		15,653	4,053
		90,457	**80,298**
Net earnings per share attributable to the owners of the Company (in euro):			
Basic earnings per share		0.47	0.63
Diluted earnings per share		0.43	0.53

The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION



 The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

	Note	March 31 2016 Unaudited	December 31 2015 Audited
		€'000	
Assets			
Equipment and intangible assets		9,521	9,493
Investment property	5	3,984,537	3,845,979
Other non-current assets		280,838	195,390
Deferred tax assets		10,126	10,837
Non-current assets		**4,285,022**	**4,061,699**
Cash and cash equivalents		503,698	236,001
Traded securities at fair value through profit and loss		145,879	152,924
Inventories – Trading property		12,053	11,877
Trade and other receivables		259,370	226,402
Current assets		**921,000**	**627,204**
Total assets		**5,206,022**	**4,688,903**

The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	March 31 2016 Unaudited	December 31 2015 Audited
		€'000	
Equity			
Share capital	8	15,379	14,097
Share premium		708,809	582,910
Other reserves		42,687	29,283
Retained earnings		995,472	925,599
Total equity attributable to the owners of the Company		**1,762,347**	**1,551,889**
Equity attributable to Hybrid capital investors	8	480,527	478,146
Total equity attributable to the owners of the Company and Hybrid capital investors		**2,242,874**	**2,030,035**
Non controlling interests		159,163	142,260
Total equity		**2,402,037**	**2,172,295**
Liabilities			
Loans and borrowings	7A	793,141	792,224
Convertible bond	7B, 7F	426,191	122,576
Straight Bonds	7C- 7E	1,046,603	1,045,413
Derivative financial instruments		9,565	6,995
Other non-current liabilities		47,183	32,709
Deferred tax liabilities		251,540	239,374
Non-current liabilities		**2,574,223**	**2,239,291**
Current portion of long term loans	7A	9,299	19,998
Loan redemption	7A	-	34,678
Trade and other payables		181,931	190,358
Tax payable		14,496	13,389
Provisions for other liabilities and charges		24,036	18,894
Current liabilities		**229,762**	**277,317**
Total liabilities		**2,803,985**	**2,516,608**
Total equity and liabilities		**5,206,022**	**4,688,903**

The Board of Directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on May 17, 2016

Simone Runge-Brandner
Director

Refael Zamir
Director, CFO

Daniel Malkin
Director

The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

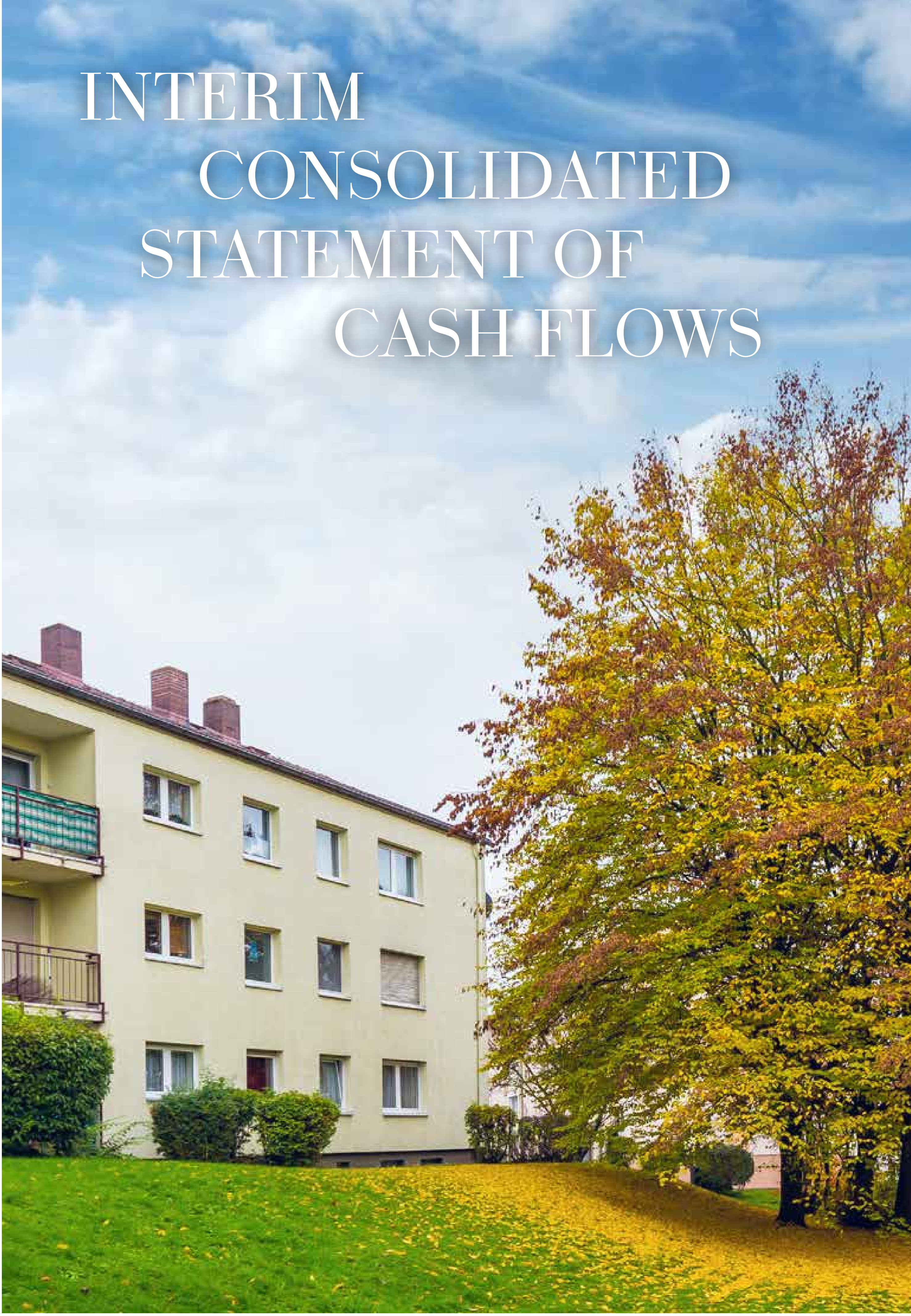
FOR THE THREE MONTHS ENDED MARCH 31, 2016

€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Hybrid capital investors	Total Equity attributable to the owners of the Company and Hybrid capital investors	Non-controlling interests	Total equity
	Attributable to the owners of the Company									
Balance as at December 31, 2015 (Audited)	**14,097**	**582,910**	**7,131**	**22,152**	**925,599**	**1,551,889**	**478,146**	**2,030,035**	**142,260**	**2,172,295**
Profit for the period	-	-	-	-	69,873	69,873	4,931	74,804	15,653	90,457
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	69,873	69,873	4,931	74,804	15,653	90,457
Issuance of shares related to conversion of convertible bond	1,282	125,899	(7,131)	-	-	120,050	-	120,050	-	120,050
Equity component of convertible bond F	-	-	20,351	-	-	20,351	-	20,351	-	20,351
Amount paid to hybrid capital notes holders	-	-	-	-	-	-	(2,550)	(2,550)	-	(2,550)
Non-controlling interests arising from initially consolidated companies	-	-	-	-	-	-	-	-	1,250	1,250
Equity settled share-based payment	-	-	-	184	-	184	-	184	-	184
Balance as at March 31, 2016 (Unaudited)	**15,379**	**708,809**	**20,351**	**22,336**	**995,472**	**1,762,347**	**480,527**	**2,242,874**	**159,163**	**2,402,037**

The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

€'000	Share capital	Share Premium	Equity portion of convertible bond	Other reserves	Retained earnings	Total	Equity attributable to Hybrid capital investors	Total Equity attributable to the owners of the Company and Hybrid capital investors	Non-controlling interests	Total equity
	Attributable to the owners of the Company									
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**

The notes on pages 64 to 80 form an integral part of these consolidated financial statements.



INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

 The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

	Note	For the three months ended March 31, 2016	2015
		€'000	
Cash flows from operating activities:			
Profit for the year		90,457	80,298
Adjustments for the profit:			
Depreciation and amortization		536	260
Profit from business combinations, other income and sale of investments	4	(667)	(28,450)
Change in fair value of investment property	5	(68,550)	(31,178)
Net finance expenses		11,885	4,912
Tax and deferred tax expenses	6	19,600	8,402
Equity settled share-based payment		184	162
		53,445	**34,406**
Changes in:			
Inventories - trading property		(175)	(43)
Trade and other receivables		(16,265)	(13,997)
Trade and other payables		15,416	15,714
Provisions for other liabilities and charges		(43)	(2,919)
		52,378	**33,161**
Tax paid		(5,295)	(2,498)
Net cash provided by operating activities		**47,083**	**30,663**
Cash flows from investing activities			
Acquisition of equipment and intangible assets, net		(557)	(526)
Capex, investments and acquisitions of investment property and advances paid, net		(91,183)	(128,351)
Acquisition of subsidiaries and shareholder loans, net of cash acquired		(964)	(232,700)
Investment in trade securities and financial assets		(63,238)	(24,514)
Net cash used in investing activities		**(155,942)**	**(386,091)**

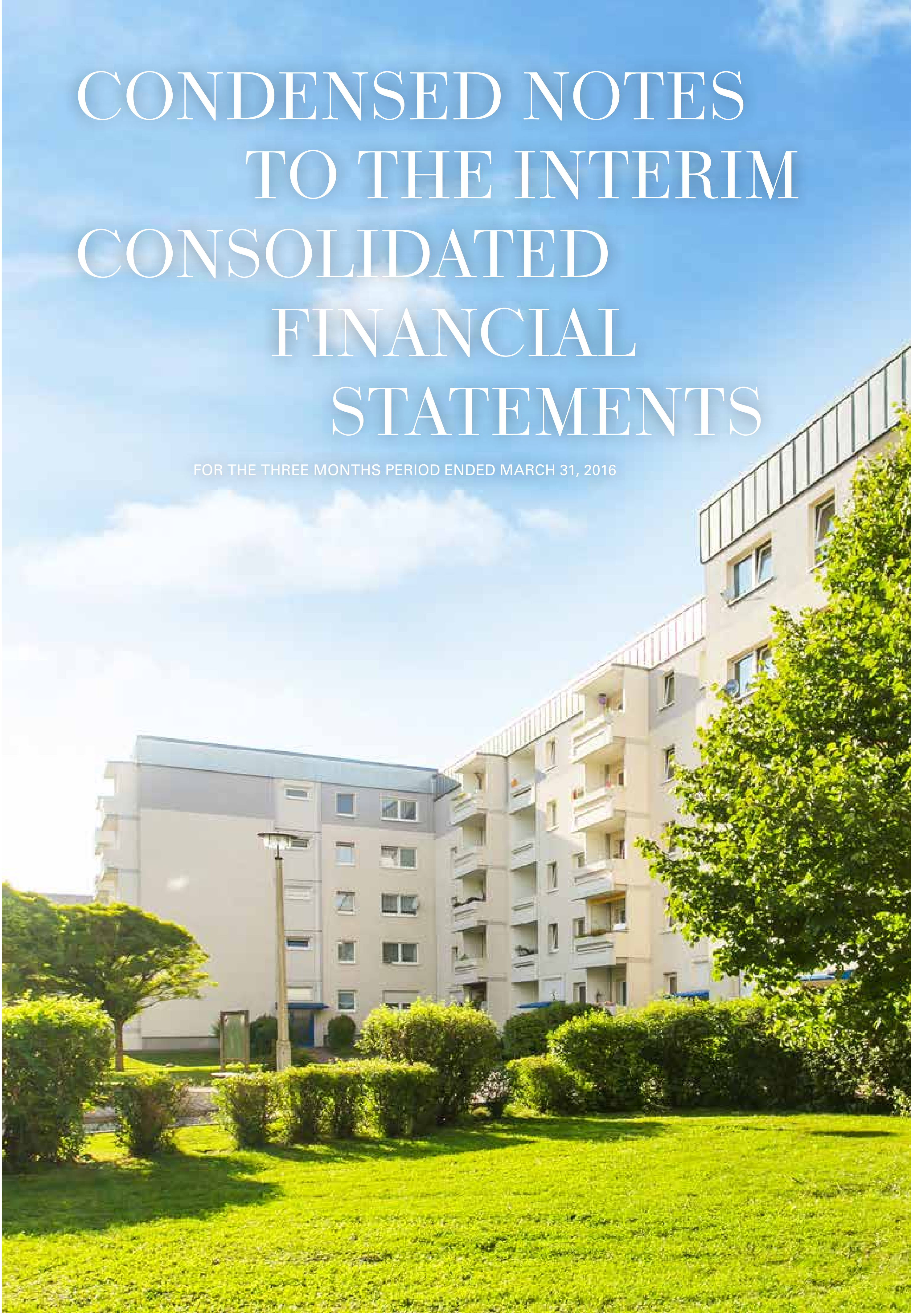
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	For the three months ended March 31, 2016	2015
		€'000	
Cash flows from financing activities			
Amortization of loans from financial institutions		(2,522)	(1,906)
Repayments of loans from financial institutions, net		(41,616)	(91,172)
Proceeds from Convertible bonds, net	7B, 7F	446,233	-
Proceeds from Hybrid capital notes, net	8	-	383,915
Payment to Hybrid capital notes investors		(17,068)	-
Interest and other financial expenses, net		(8,471)	(4,853)
Net cash provided by financing activities		**376,556**	**285,984**
Net increase in cash and cash equivalents		**267,697**	**(69,444)**
Cash and cash equivalents at the beginning of the period		236,001	270,131
Cash and cash equivalents at the end of the period		**503,698**	**200,687**

The notes on pages 64 to 80 form an integral part of these consolidated financial statements.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2016



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, 2016 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 REPORTING PERIOD

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. As at the reporting date, the issued and fully paid share capital consists 153,788,883 shares with a par value of euro 0.1 per share.

(D) GROUP RATING

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. In addition, Moody's has rated the Hybrid capital notes as Ba1.

On July 24 2015, S&P raised the Company's rating on its long-term corporate credit rating to 'BBB' from 'BBB-'. The rating of the Company's senior unsecured and subordinated hybrid debt instruments improved by one notch as well to 'BBB' for its senior secured debt and 'BB+' for its subordinated hybrid notes.

(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
Investees	Subsidiaries, jointly controlled entities and associates
Related parties	As defined in IAS 24
The reporting period	The three months ended on March 31, 2016

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, 2015, 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 17, 2016.

(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, 2015.

(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.

The main operating segment is rental income relates to owned investment properties. The second operating segment relates to services charges to third parties (e.g. property management). The results from this segment is minor and does not meet the threshold to show as a separate reporting segment, therefore only one reporting segment is presented.

(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, 2015. The following standards have been issued but are not yet effective for annual periods beginning on January 1, 2016. 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, 2018, with early adoption permitted.

The Group has considered the above new 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

(A) ACQUISITIONS

During the reporting period the Group obtained control of a company through acquisition in a total consideration of euro 1 million, net of cash acquired. As an outcome of the business combination, the Group recorded profit arising from bargain purchases at the amount of euro 0.7 million and non-controlling interests at the amount of euro 1.3 million.

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

	€'000
Investment property	4,980
Working capital, net	26
Cash and Cash equivalents	36
	5,042
Bank loans	(1,953)
Other liabilities, net	(172)
	(2,125)
Total identifiable net assets	**2,917**
Non-controlling interests arising from initial consolidation	(1,250)
Consideration paid	(1,000)
Profit arising from business combination (bargain purchase)	667

If the above purchase was carried out at the beginning of the reporting period, the Group's revenue would have been increased by euro 113 thousand, and the Group's net profit would have been increased by euro 8 thousand.

5. INVESTMENT PROPERTY

	Three months ended March 31	Year ended December 31
	2016	2015
	Unaudited	Audited
	€'000	
Balance as at January 1	3,845,979	2,179,982
Acquisitions of investment property during the period / year	65,028	409,912
Investment property arising from initial consolidation	4,980	1,138,494
Disposal of investment property	-	(101,720)
Transfer to Inventories – trading property	-	(5,120)
Fair value adjustment	68,550	224,431
Balance as at March 31 / December 31	3,984,537	3,845,979

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, 2016, is euro 19,600 thousand (2015: euro 8,402 thousand). The Company recorded euro 3,135 thousand for corporation tax (2015: euro 1,004 thousand), euro 13,168 thousand for deferred tax and euro 3,297 thousand for property tax (2015: euro 5,402 thousand and euro 1,996 thousand, respectively).

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS

A. COMPOSITION

	Note	March 31 2016 Unaudited	December 31 2015 Audited
		€'000	
Long - term liabilities			
Bank loans		793,141	792,224
Total long term loans		**793,141**	**792,224**
Straight and Convertible bonds			
Convertible bond series C	B	-	122,576
Straight bond series D	C	479,861	479,032
Straight bond E	D	517,232	516,517
Straight bond CHF	E	49,510	49,864
Convertible bond series F	F	426,191	-
Total Straight and Convertible bonds		**1,472,794**	**1,167,989**
Short - term loans			
Bank loans		9,299	19,998
Loan redemption		-	34,678
Total short - term loans		**9,299**	**54,676**

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 (hereafter – "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 reflected 111.25% of their principal amount. The total aggregated principal amount of the Convertible bond series C increased to euro 275 million (nominal value).

On June 25, 2015, as a result of the resolved dividend distribution (see note 8) and in accordance with the terms and conditions of the bond, the Company adjusted the conversion price for the Convertible bond series C to be euro 9.5957 per share.

On January 11, 2016 the Company has resolved to exercise its right to redeem the outstanding euro 275 million 1.5 per cent Convertible bond C (hereafter – "Convertible bond") in accordance with the terms and conditions of the Convertible bond. As of the resolution day, the principle amount of the Convertible bond which has been converted and/or redeemed is euro 151,800,000. As of February 1, 2016 the principal amount of the Convertible bond which has been converted into share capital of the Company was euro 274,800,000 which represents 99.93 per cent of the aggregate principal amount of the Convertible bond and results a decrease of debt in the same amount. As a result, the equity of the company increase by euro 123 million. The outstanding Convertible bond in the amount of Euro 200,000 has been redeemed at its principal amount and accrued interest.

	Three months ended March 31	Year ended December 31
	2016	2015
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	125,683	247,451
Expenses (income) for the period / year	(3,063)	583
Expenses paid	(2,570)	(3,433)
Conversion to ordinary shares and redemption	(122,620)	(118,918)
Carrying amount of liability at the end of the period / year	-	125,683
Non-current portion of Convertible bond series C	-	122,576
Accrued interest	-	-
Total convertible bond series C	-	122,576
Deferred income	-	**3,107**

7. LOANS AND BORROWINGS, CONVERTIBLE AND STRAIGHT BONDS (CONTINUED)

C. STRAIGHT BOND SERIES D

On October 29, 2014, the Company successfully completed the placement of euro 500 million (nominal value), in aggregate principal amount of new fixed-rate secured bonds, due 2021 with a coupon of 2% p.a., payable semi-annually in arrears in 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
	2016	2015
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	480,758	478,107
Issuance costs	-	(610)
Expenses for the period / year	3,322	13,261
Expenses paid	-	(10,000)
Carrying amount of liability at the end of the period / year	484,080	480,758
Non-current portion of bond series D	479,861	479,032
Accrued interest	4,219	1,726
Total bond series D	484,080	480,758

D. STRAIGHT BOND SERIES E

On April 17, 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 a coupon of 1.5% p.a., payable semi-annually in arrears starting from October 2015.

On September 18, 2015, the Company successfully completed with the tap up placement of additional euro 150 million (nominal value) of straight bond series E, for a consideration that reflected 89.21% of their principal amount. The total aggregated principal amount of the straight bond series E increased to euro 550 million (nominal value).

	Three months ended March 31, 2016	Year ended December 31, 2015
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	518,213	-
Proceeds from issuance of bond series E (550,000 notes at euro 100,000 par value)	-	520,860
Issuance costs	(88)	(5,854)
Net proceeds during the period	-	515,006
Expenses for the period	2,859	6,342
Expenses paid	-	(3,135)
Carrying amount of liability at the end of the period / year	520,984	518,213
Non-current portion of bond series E	517,232	516,517
Accrued interest	3,752	1,696
Total bond series E	520,984	518,213

E. STRAIGHT BOND CHF

In July 2015 the Group acquired a subsidiary (through business combination) which placed on July 8, 2013 a Swiss Franc (CHF) 55 million straight bond maturing in July 2018. The bond bears a coupon of 4.75% p.a., payable annually in arrears starting from July 2014. The bond is listed on the SIX Swiss Exchange.

	Three months ended March 31, 2016	From July 2, 2015 until December 31, 2015
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / business combination (July 2, 2015)	51,029	54,582
Financial expenses (income) for the period, net	178	(1,058)
Expenses paid	-	(2,495)
Carrying amount of liability at the end of the period	51,207	51,029
Non-current portion of straight bond	49,510	49,864
Accrued interest	1,697	1,165
Total bond	51,207	51,029

F. CONVERTIBLE BOND SERIES F

On February 24, 2016 the Company successfully completed the placement of euro 450 million bonds series F, convertible into ordinary shares of the Company and bear a coupon of 0.25% p.a. payable semi-annually in arrears. The bonds were issued at 100% of their principal amount and will be redeemed at maturity of 6 years at par value. The initial conversion price was set at euro 26.9713.

	Three months ended March 31, 2016	Year ended December 31, 2015
	Unaudited	Audited
	€'000	
Balance at the beginning of the period / year	-	-
Proceeds from issuance of Convertible bond series F (4,500 notes at euro 100,000 par value)	450,000	-
Issuance costs	(3,767)	-
Net proceeds during the period	446,233	-
Amount classified as equity component	(20,351)	
Expenses for the period	398	-
Expenses paid	-	-
Carrying amount of liability at the end of the period / year	426,280	-
Non-current portion of Convertible bond series F	426,191	-
Accrued interest	89	-
Total convertible bond series F	426,280	-

G. OTHER INFORMATION

(1) SECURITY, NEGATIVE PLEDGE

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

(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:

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

b. The sum of: (i) the Consolidated Secured Indebtedness (excluding the Series 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);

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

d. 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;

e. 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;

f. 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

g. 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.

For Gutburg's CHF bond:

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

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

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

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

8. CAPITAL AND RESERVES

ISSUANCE OF ORDINARY SHARES

a. On September 10, 2015 the Company received gross proceeds of euro 151 million from a capital increase against a cash contribution. A total of 9.5 million new shares were placed at an issue price of euro 15.9 as part of a private placement to institutional investors.

b. On September 29, 2015 the Company received gross proceeds of euro 5 million from capital increase against a cash contribution. A total of 308.6 thousand new shares were placed at an issue price of euro 16.35.

c. On September 29, 2015 the Company received gross proceeds of euro 7 million from a placement of a financial instrument – a 1.1 million call options convertible to the Company's shares (in ratio of 1:1) for an additional price of euro 17.17 per option and exercisable in the period between March 2016 to August 2021.

d. Since the initial placement of Convertible bond series C and until March 31, 2016, a total amount of 274.8 million bonds were converted into shares. According to the convertible bond's terms, a total of 28.5 million shares were issued. (12.8 million shares were issued in 2016. See also Note 7B).

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.

c. On July 29 2015, the Company completed a successful tap up of its 3.75% Hybrid capital notes by euro 100 million. The new notes have the same terms and conditions as the existing ones and increased the nominal amount of the outstanding 3.75% Hybrid capital notes to euro million 500.

d. 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.

RESOLUTION OF DIVIDEND DISTRIBUTION

On June 24 2015, the shareholders' annual meeting resolved upon the distribution of cash dividend in the amount of euro 0.2 per share (ex – date and payment date were on June 25, 2015 and on July 3, 2015, respectively).

Share capital composition:

	Three months ended March 31, 2016		Year ended December 31, 2015	
	Unaudited		Audited	
	Number of shares	**In thousands of euro**	Number of shares	In thousands of euro
Authorized				
Ordinary shares of euro 0.10 each	200,000,000	20,000	200,000,000	20,000
Issued and fully paid				
Balance at the beginning of the period/year	140,970,655	14,097	118,541,449	11,854
Exercise of Convertible bond series C into shares	12,818,228	1,282	12,620,565	1,262
Issuance of new ordinary shares	-	-	9,808,641	981
Balance at the end of the period/year	153,788,883	15,379	140,970,655	14,097

9. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

(i) Loans from associated undertakings

	March 31	December 31
	2016	2015
	Unaudited	Audited
	€'000	
Other associate undertakings	-	81

(ii) Interest on loans from related parties

	For the Three months ended March 31,	
	2016	2015
	€'000	
Interest expenses	-	24

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, 2016 (Unaudited)				
Traded securities at fair value through profit or loss	145,879	-	-	145,879
Total assets	**145,879**	**-**	**-**	**145,879**
Derivative financial instruments (a)	-	9,565	-	9,565
Total liabilities	**-**	**9,565**	**-**	**9,565**
December 31, 2015 (Audited)				
Traded securities at fair value through profit or loss	152,924	-	-	152,924
Total assets	**152,924**	**-**	**-**	**152,924**
Derivative financial instruments (a)	-	6,995	-	6,995
Total liabilities	**-**	**6,995**	**-**	**6,995**

(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, 2016.

12. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at March 31, 2016.

13. EVENTS AFTER THE REPORTING PERIOD

There were no material events occurred after the reporting period.

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