GRAND CITY
Properties S.A.

Condensed Interim Consolidated Financial Statements

for the three month period ended March 31, 2019

Berlin

Essen

Contents

IMPRINT

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Key financials

Balance sheet highlights

in €'000 unless otherwise indicated	Mar 2019	Dec 2018	Dec 2017
Total Assets	8,989,784	8,860,526	7,508,292
Total Equity	4,743,707	4,666,987	3,849,662
Loan-to-Value	35%	34%	36%
Equity Ratio	53%	53%	51%

P&L highlights

in €'000 unless otherwise indicated	1–3/2019	Change	1–3/2018
Rental and operating income	139,089	5%	132,438
EBITDA	192,203	4%	185,253
Adjusted EBITDA	72,589	7%	67,758
FFO I	52,666	6%	49,461
FFO I per share (in €)	0.32	7%	0.30
FFO I per share after perpetual notes attribution (in €)	0.27	4%	0.26
FFO II	128,831	137%	54,418
Profit for the period	125,332	-5%	131,712
EPS (basic) (in €)	0.65	-8%	0.71
EPS (diluted) (in €)	0.61	-6%	0.65

NAV highlights

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Mar 2019	4,317,478	3,903,714	4,917,651	3,753,216
Mar 2019 per share (in €)	25.9	23.4	29.5	22.5
Per share growth	+4%	+4%	+3%	+0%
Dec 2018	4,162,463	3,753,022	4,783,072	3,752,781
Dec 2018 per share (in €)	24.9	22.5	28.7	22.5

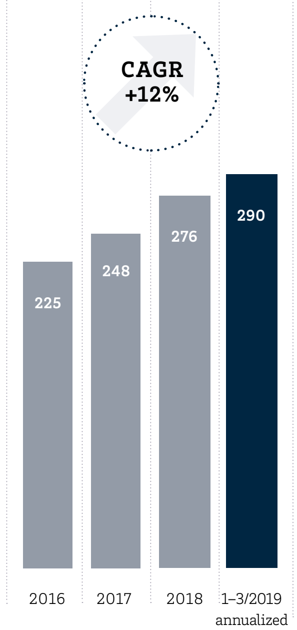
For further clarification of the alternative performance measures please see the relevant section in this report


Dresden

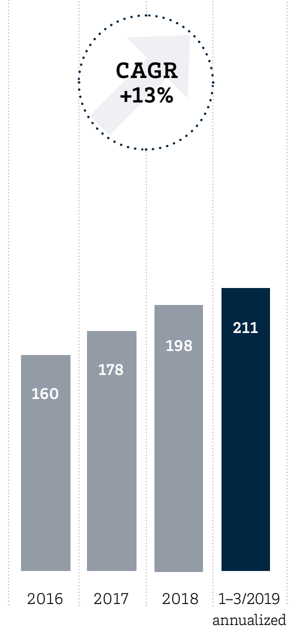
Highlights

Robust operational profitability

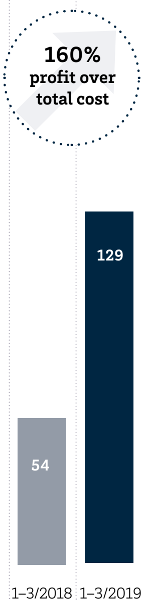
Adjusted EBITDA (in € millions)



FFO I (in € millions)



FFO II (in € millions)

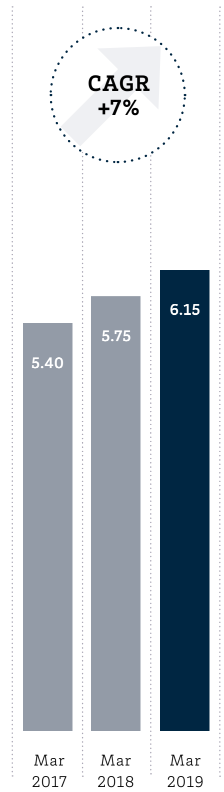


+3.6%
L-F-L
In-place rent growth
March 2019

+3.9%
L-F-L
Total net rent growth
March 2019

+0.3%
L-F-L
Occupancy growth
March 2019

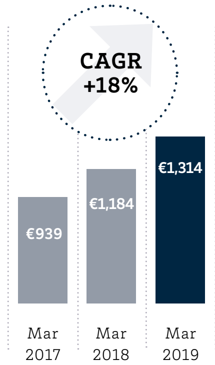
In-place rent (in €/sqm)



Accretive capital recycling

10% above book value

Value/sqm



Strong underlying financial position

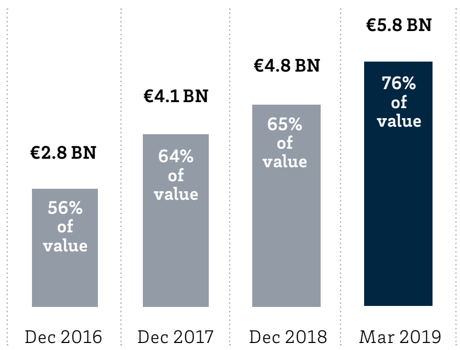
8.7 years
Average debt maturity

1.5%
Average cost of debt

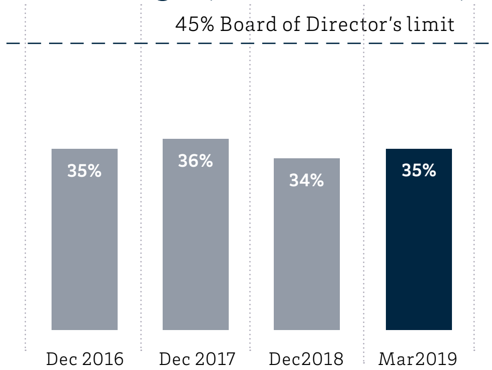
Active Capital Markets participant with approx. €5.7bn raised across 30 issuances since 2012 leading to an enhanced capital structure with:

- Broad investor base including foreign currencies issuances with currency hedges
- A diverse set of capital market instruments including perpetual notes, straight bonds & convertible bonds
- Over €130m raised in 2019 with long maturities, further improving the debt maturity profile, while prepaying over €200 million short term debt.

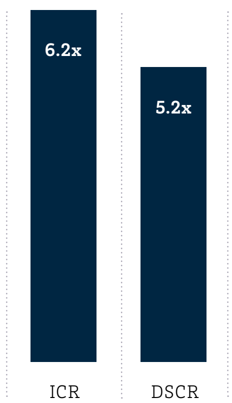
Unencumbered Assets



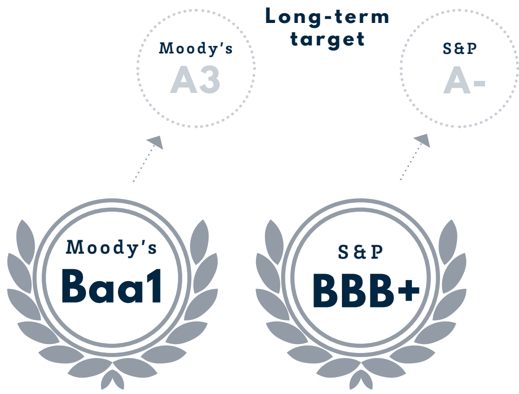
Low Leverage (Loan-To-Value)



Coverage Ratios (1 – 3/2019)

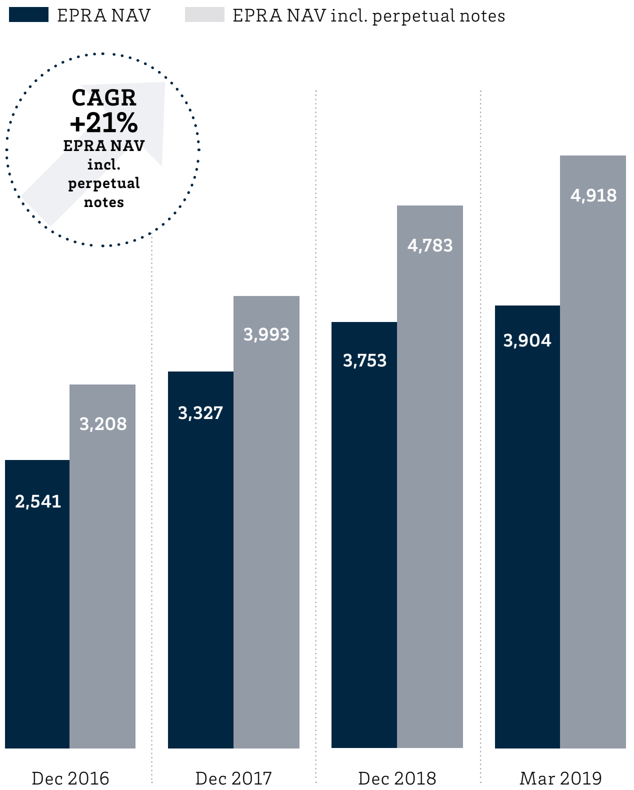


Credit rating

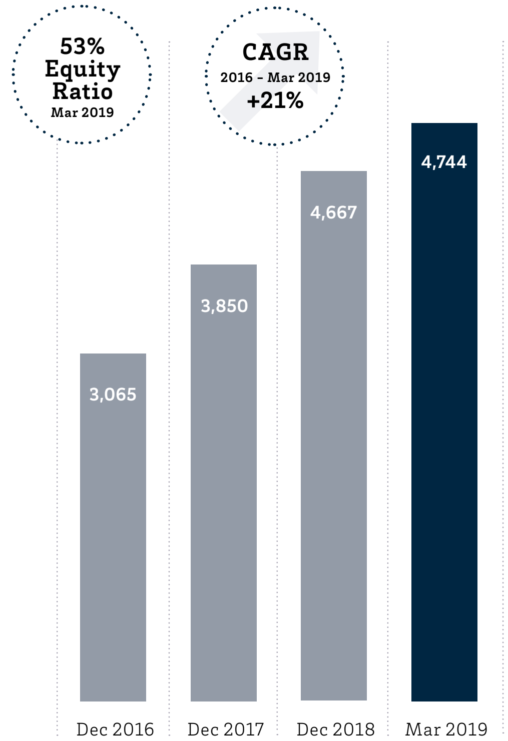


Maximising shareholder value...

EPRA NAV (in € millions)

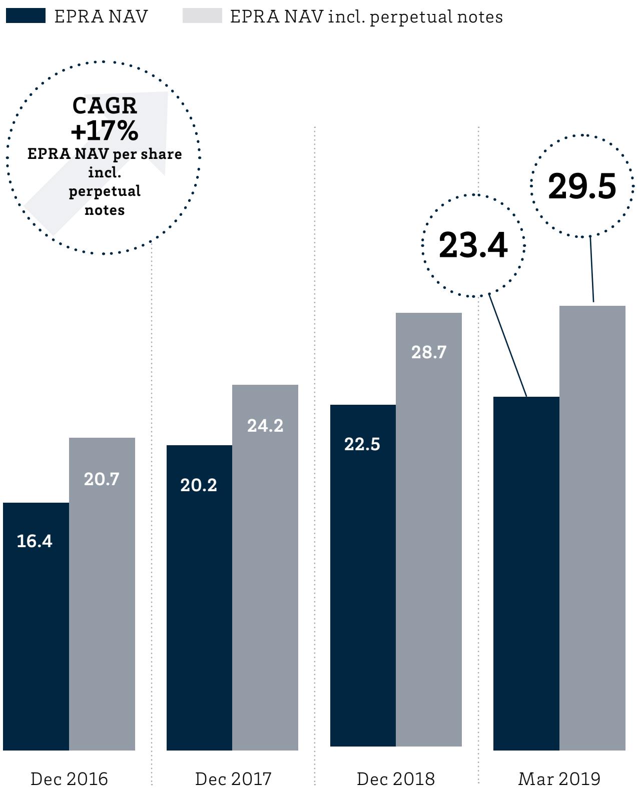


Equity (in € millions)

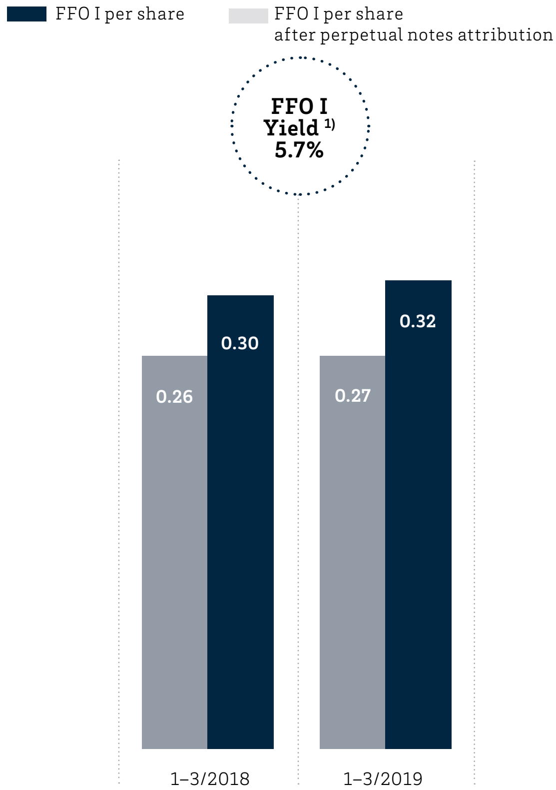


...also on a per share basis

EPRA NAV per share (in €)



FFO I per share (in €)



1) based on a share price of €22.5 and annualized Q1 2019 FFO I per share


Berlin

Highlights

Profitability highlights

in €'000 unless otherwise indicated	1-3/2019	1-3/2018
Rental and operating income	**139,089**	**132,438**
EBITDA	192,203	185,253
Adjusted EBITDA	**72,589**	**67,758**
Profit for the period	125,332	131,712
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FFO I per share (in €)	0.32	0.30
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FFO II	**128,831**	**54,418**
Interest Cover Ratio	6.2x	5.9x
Debt Service Cover Ratio	5.2x	5.0x

Financial position highlights

in €'000 unless otherwise indicated	Mar 2019	Dec 2018
Cash and liquid assets 1)	**564,835**	**760,374**
Total Assets	**8,989,784**	**8,860,526**
Investment Property 2)	7,495,405	7,243,915
Total Equity	**4,743,707**	**4,666,987**
EPRA NAV	**3,903,714**	**3,753,022**
EPRA NAV including perpetual notes	**4,917,651**	**4,783,072**
Loans and borrowings 3)	654,427	870,507
Straight bonds	2,313,714	2,177,267
Convertible bond	272,897	272,246
Loan-to-Value	35%	34%
Equity Ratio	53%	53%

1) including cash and cash equivalents held for sale
2) including inventories - trading properties
3) including short-term loans and borrowings, debt redemption, and financial debt held for sale

London

Cologne

The Company

Grand City Properties S.A. (the "Company") and its investees ("GCP" or the "Group") Board of Directors (the "Board") hereby submits the interim report as of March 31, 2019.

The figures presented in this Board of Director's Report are based on the condensed interim consolidated financial statements as of March 31, 2019, unless stated otherwise.

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany. The Group's portfolio as of March 2019 consists of 84k units (hereinafter "GCP portfolio" or "the Portfolio") located in densely populated areas with a focus on North Rhine-Westphalia, Germany's most populous federal state, Berlin, Germany's capital, the metropolitan regions of Dresden, Leipzig and Halle and other densely populated areas. The portfolio is complemented by a small-scale, but compelling portfolio in London.

GCP is focused on assets in densely populated urban locations with solid sustainable economic and demographic fundamentals, and with multiple value-add drivers that it can pursue using its skills and capabilities such as vacancy reduction, increasing rents to market levels, improving operating cost efficiency, increasing market visibility, identifying potential for high-return capex investments, and spotting potential for significant benefits from the Company's scale. GCP's management has vast experience in the German real estate market with a long track record of success in repositioning properties using its tenant management capabilities, tenant service reputation, and highly professional and specialized employees.

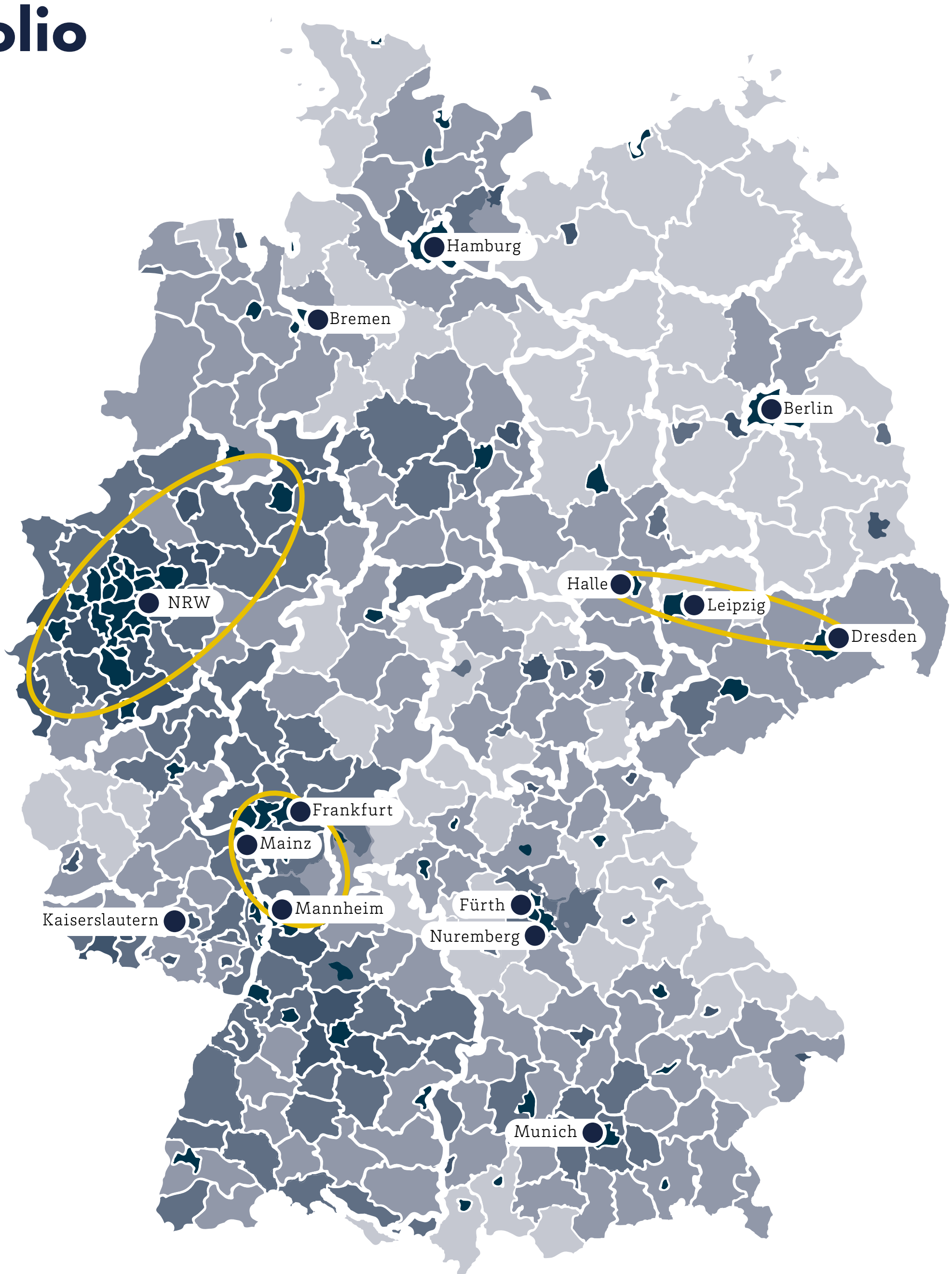
In addition, GCP's economies of scale allow for considerable benefits of a strong bargaining position, a centralized management platform supported by advanced in-house IT/software systems, and a network of professional connections.

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

Berlin

The Portfolio

Population density in Germany



inhabitants per sqkm (2015)

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

Attractive portfolio concentrated in densely populated metropolitan areas with value-add potential

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

The Group's well-allocated portfolio provides for strong geographic and tenant diversification and benefits from economies of scale, supporting the risk-averse portfolio approach. GCP's focus on densely populated areas is mirrored by 27% of its Portfolio being located in NRW, 21% in Berlin, 15% in the metropolitan region of Dresden, Leipzig and Halle, with additional holdings in other major urban centers with strong fundamentals such as, Nuremberg, Munich, Mannheim, Frankfurt, Hamburg and Bremen.

Additionally, this diversification is further accompanied by a position of 11% of the total portfolio value in London. London follows the Company's strategy of pursuing opportunities and acquiring properties with significant upside potential in densely populated areas characterized by strong demand and market fundamentals.

Portfolio overview

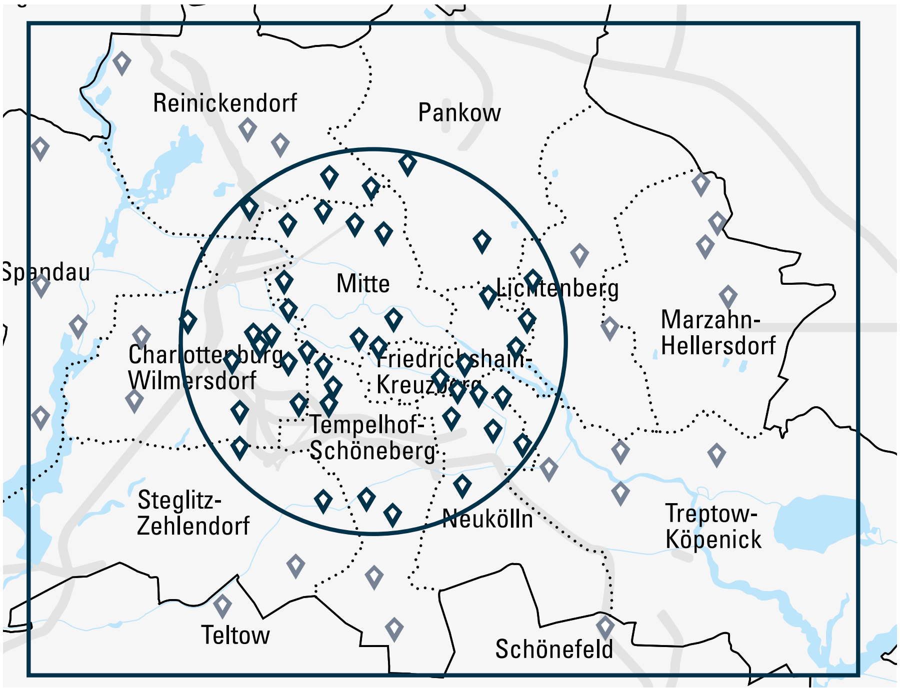
GCP has assembled a portfolio of high quality assets in densely populated metropolitan regions, benefiting from diversification among dynamic markets with positive economic fundamentals and demographic developments.

March 2019	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	2,006	1,843	8.1%	117	5.6	27,591	1,088	5.8%
Berlin	1,425	556	5.3%	50	7.7	7,515	2,560	3.5%
Dresden/Leipzig/Halle	1,054	1,076	8.0%	59	5.0	18,537	980	5.6%
Mannheim/KL/Frankfurt/ Mainz	403	270	4.9%	22	7.1	4,477	1,494	5.5%
Nuremberg/Fürth/Munich	220	102	4.4%	10	7.9	1,471	2,155	4.5%
Hamburg/Bremen	361	297	5.2%	20	5.9	4,272	1,214	5.5%
London	497	58	11.0%	19	31.2	1,158	8,607	3.9%
Others	999	1,098	7.0%	67	5.7	18,719	910	6.7%
Development rights and new buildings*	530							
Total	**7,495**	**5,300**	**7.2%**	**364**	**6.15**	**83,740**	**1,314**	**5.2%**

*including land for development, building rights on exisitng buildings (€237m) and pre-marketed buildings in London (€293m)

Berlin portfolio - Best in class

Quality locations in top tier Berlin neighborhoods



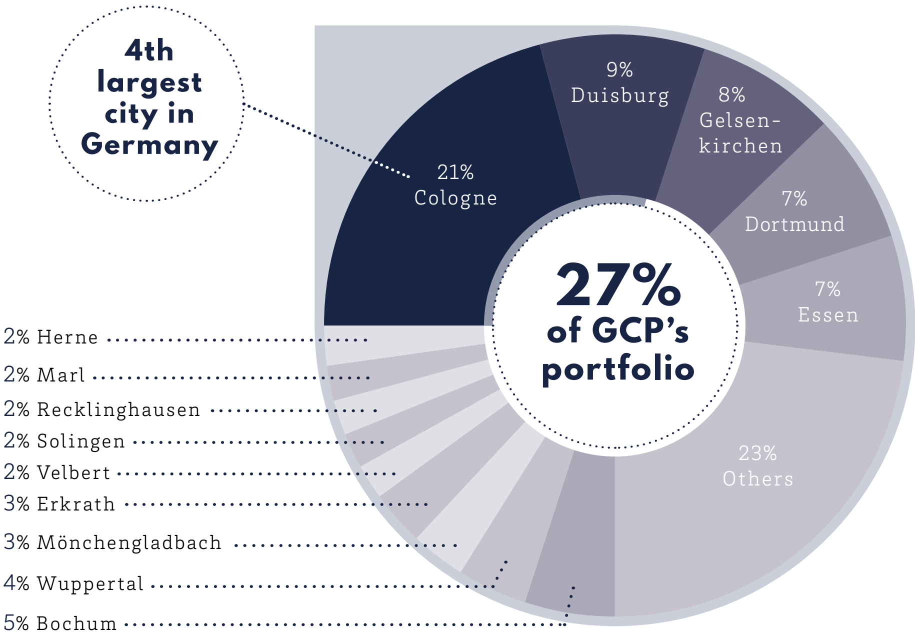
21%
of GCP's portfolio

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

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

North Rhine-Westphalia

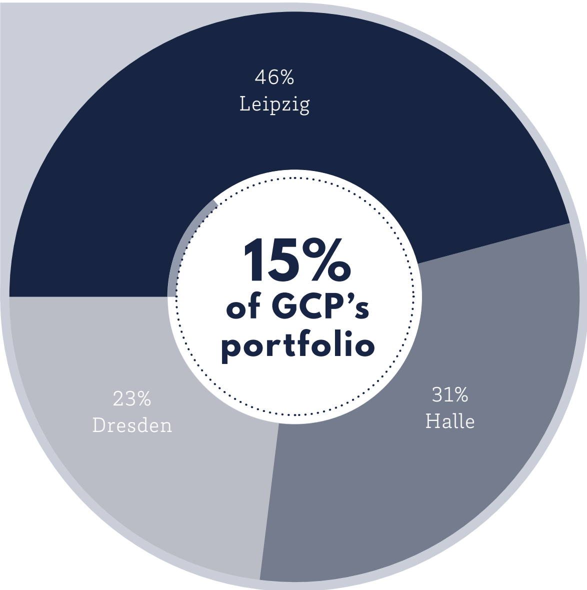
Well positioned in the largest metropolitan area in Germany

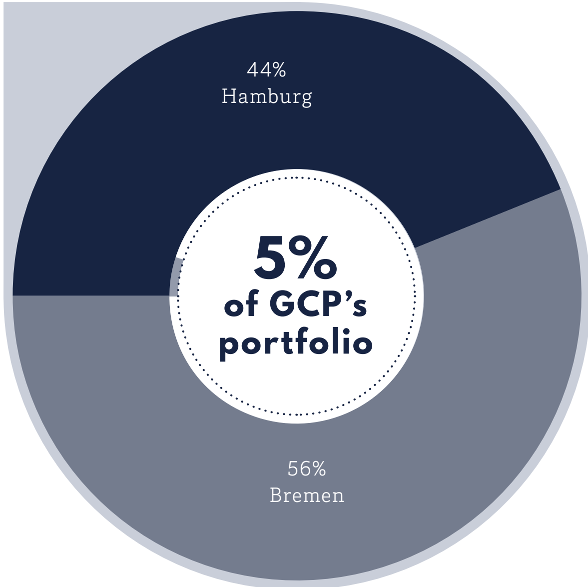


The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 21% of the NRW portfolio is located in Cologne, the largest city in NRW, 9% in Duisburg, 8% in Gelsenkirchen, 7% in Dortmund and 7% in Essen.

Quality east & north portfolio

GCP's East portfolio is well distributed in the growing and dynamic cities of Dresden, Leipzig and Halle. The North portfolio is focused on the major urban centers of Hamburg and Bremen – the largest cities in the north of Germany.





London

High quality assets located in strong middle class neighborhoods

11%
of GCP's portfolio

The total London portfolio, including pre-marketed units, amounts to nearly 2,000 units and €790 million value.

Over **90%** of the portfolio is situated within a short walking distance to an underground/overground station.

The map represents 92% of the London Portfolio

Strong financial position

Conservative financial policy

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

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

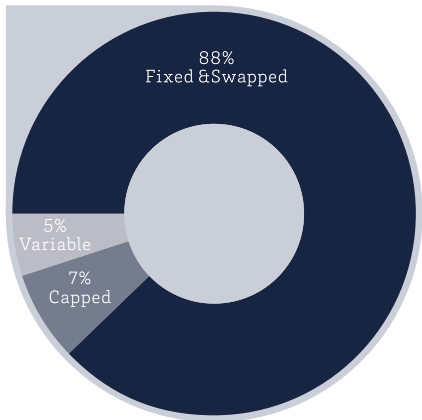
As part of the conservative financial approached adopted by management the Company continuously maintains high liquidity, with €565 million in cash and liquid assets.

Hedging structure

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

In accordance with the Company's conservative capital structure, 95% of its interest is hedged.

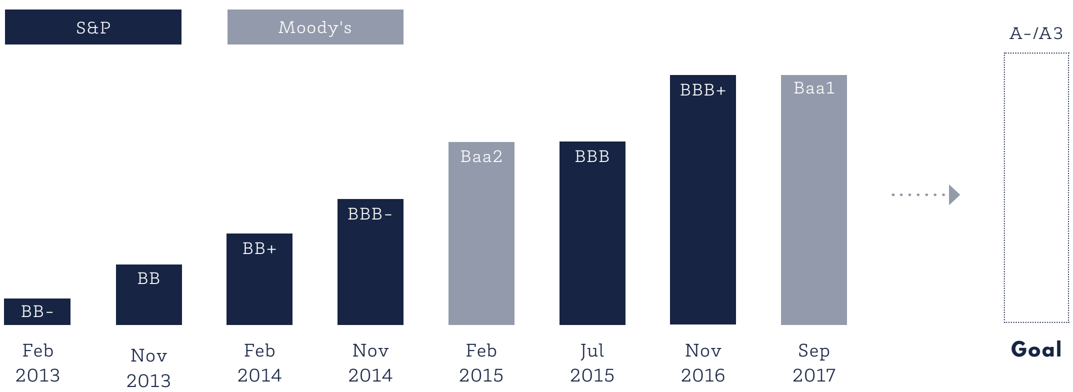
As part of GCP's conservative financial policy, bonds issued in foreign currencies are hedged to Euro until maturity.



Credit rating

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

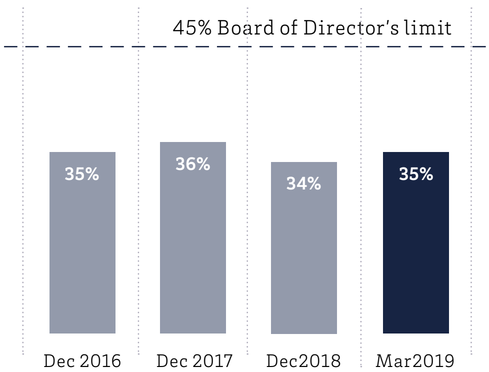
The Company has established a strong track record of achieving rating improvements owing to continuous improvements in its business and financial profile.



Loan-to-value

GCP strategically maintains its strong financial profile characterized by long debt maturities, hedged interest rates, excellent financial coverage ratios, and a low LTV. The LTV as of March 31, 2019 is at 35%, below the Board limit of 45%.

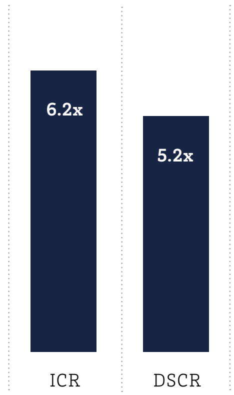
Low Leverage (Loan-To-Value)



Debt and interest cover ratios

GCP's financial flexibility remains strong over time due to its high profitability, which is reflected in consistently high debt cover ratios. For the first three months of 2019, the Interest Cover Ratio was 6.2x and the Debt Service Cover Ratio was 5.2x.

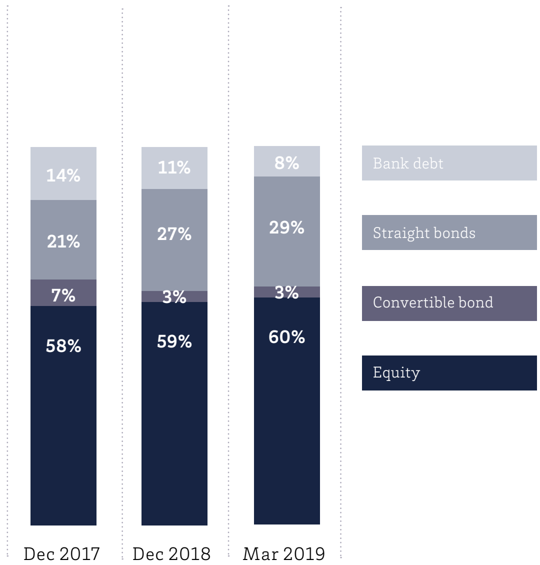
Coverage Ratios (1 – 3/2019)



Financing sources mix

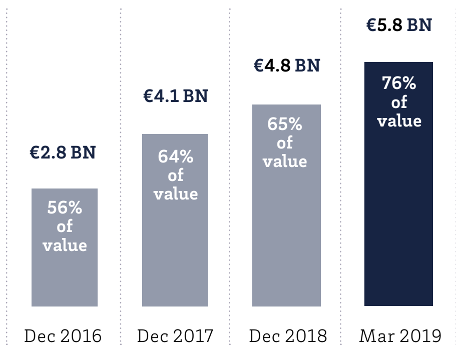
An important component of GCP's financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company's wide reach and proven track record in issuing instruments across various capital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

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

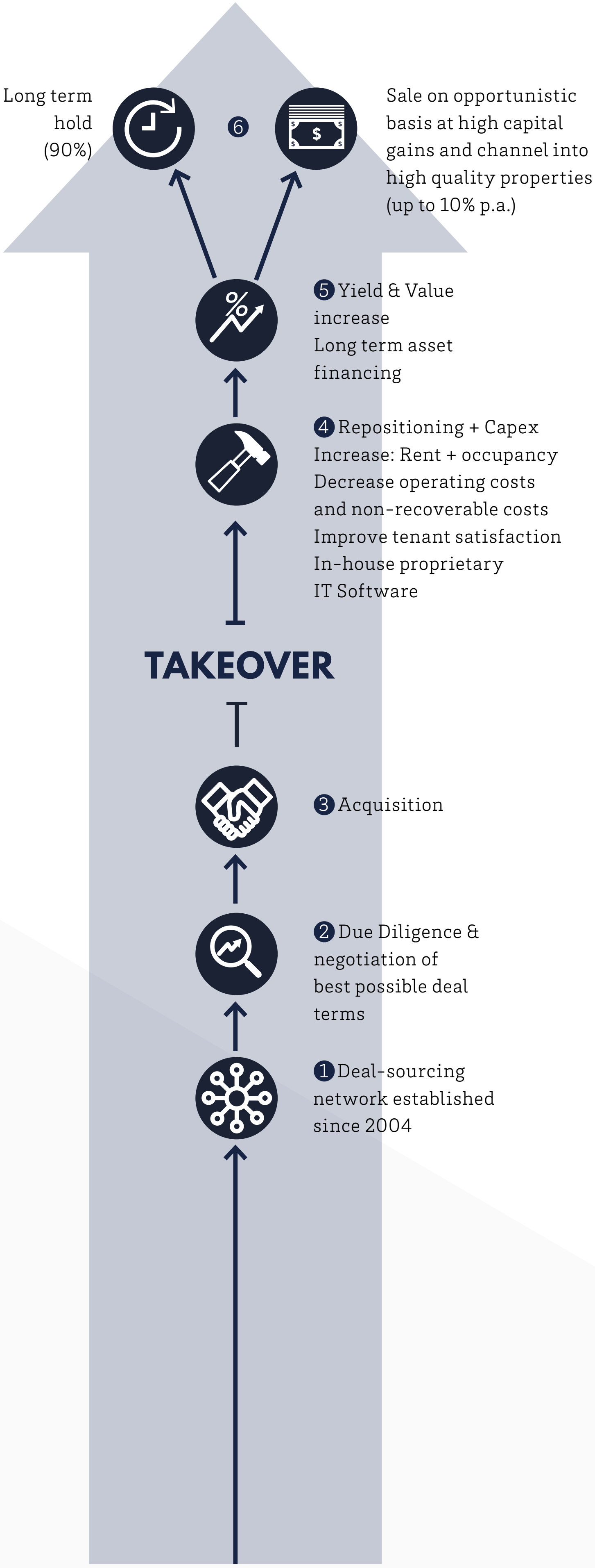


Unencumbered assets

The Company maintains as part of its conservative financial policy a high proportion of unencumbered assets to provide additional financial flexibility and contribute to a strong credit profile, with €5.8 billion in unencumbered assets as of March 2019, representing 76% of the total portfolio value.



Company strategy and business model



»Focus on value-add opportunities in attractive, densely populated regions, while keeping a conservative financial policy and investment-grade rating«

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

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

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

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

Sustainability at the core of the business

As a large organization with a wide-reaching impact from its operational activities, it is of crucial importance to Grand City Properties to ensure the sustainability of its operations and properties and maintain a high standard of responsibility to all its stakeholders, from tenants to employees to shareholders, as well as creditors, suppliers, the environment and the communities in which GCP operates. This is carried out through the Company's various ESG measures and initiatives which are conceived and implemented by a dedicated Corporate Responsibility (CR) department with strategic direction and oversight provided by the Corporate Responsibility Steering Committee chaired by the CEO. The Company considers ESG to be a pillar for the overall success of the organization and as such all ESG activity is closely monitored and reviewed by the CEO of the Company. The Corporate Responsibility Report for 2018 was published in April 2019 and details efforts and initiatives undertaken in 2018. The report is also available for download on GCP's website.

GCP's ongoing commitment to sustainability measures was recognized in February 2019 by **Sustainalytics**, a leading sustainability rating agency, **which ranked GCP in the 95th percentile among 300 global real estate peers**, as well as noting GCP as a leader in its peer group.

In September 2018, for the second consecutive year, GCP was awarded the **EPRA BPR Gold Award** as well as the **EPRA Sustainability Best Practices Recommendations (sBPR) Gold Award** for its EPRA sBPR reporting, underlining the Company's commitment to the highest standards of transparency and reporting.

Cash flow improvements through focus on rental income and cost discipline

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

SUSTAINALYTICS

95th percentile in Feb 2019

EPRA BPR GOLD

EPRA sBPR GOLD

Maximize tenant satisfaction

A key pillar of the overall success of GCP is tenant satisfaction. The GCP Service Center ensures prompt responses to queries with the longest time to a response being 24hrs. Urgent cases are taken care of within a time frame of under an hour. The quality of the Service Center offering was validated with the ISO 9001:2015 certification received in February 2019. The Company places strong emphasis on enhancing the living quality and environment of its tenants through various measures. GCP strives to develop a community feeling amongst its tenants by installing playgrounds, improving accessibility at the properties, organizing family-friendly events, supporting local associations as well as through various other initiatives. Some of the Company's regularly organized tenant events include Santa Claus celebrations for Christmas, Easter egg-searching events as well as different summer events, such as the dozens of "GCP Summer Games" parties that are organized annually. The Company has also worked towards providing children with study areas, organizing youth programs, mother-baby groups, and even senior citizen meeting points so as to establish a pleasant environment within the community. In addition, GCP identifies opportunities to work with local authorities to improve the existing infrastructure in the community, contributing to increased demand for the neighborhood.

Operations supported by centralized IT/software

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

Frankfurt

Capital markets

Investor relations activities supporting the strong capital markets position

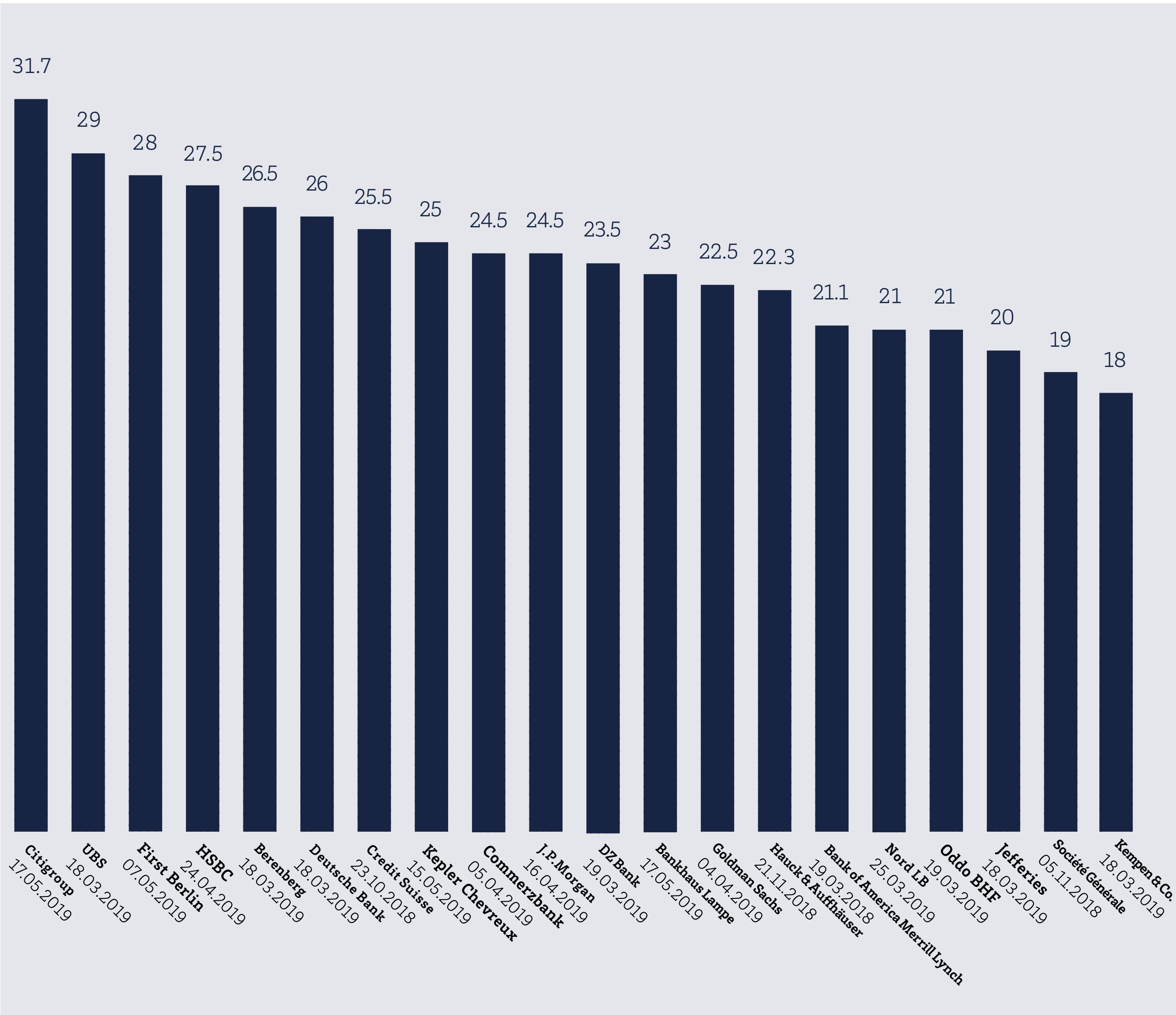
The Company continues to proactively present its business strategy and thus enhance perception, as well as awareness, of the Company among capital market investors. GCP seizes opportunities to present a platform for open dialogue, meeting hundreds of investors in dozens of conferences around the globe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

Placement	Frankfurt Stock Exchange
Market segment	Prime Standard
First listing	Q2 2012
Number of shares (as of 31 March 2019)	166,718,395 ordinary shares with a par value of EUR 0.10 per share
Nominal share capital (as of 31 March 2019)	16,671,839.5 EUR
Number of shares on a fully diluted basis (as of 31 March 2019)	179,026,783
ISIN	LU0775917882
WKN	A1JXCV
Symbol	GYC
Market capitalisation (as of 31 March 2019)	3.6 bn EUR
Shareholder structure (as of 31 March 2019)	Edolaxia Group 38.7% Others: 61.3%
Key index memberships	MDAX FTSE EPRA/NAREIT Index Series STOXX All Europe 800 MSCI Index Series GPR 250 DIMAX

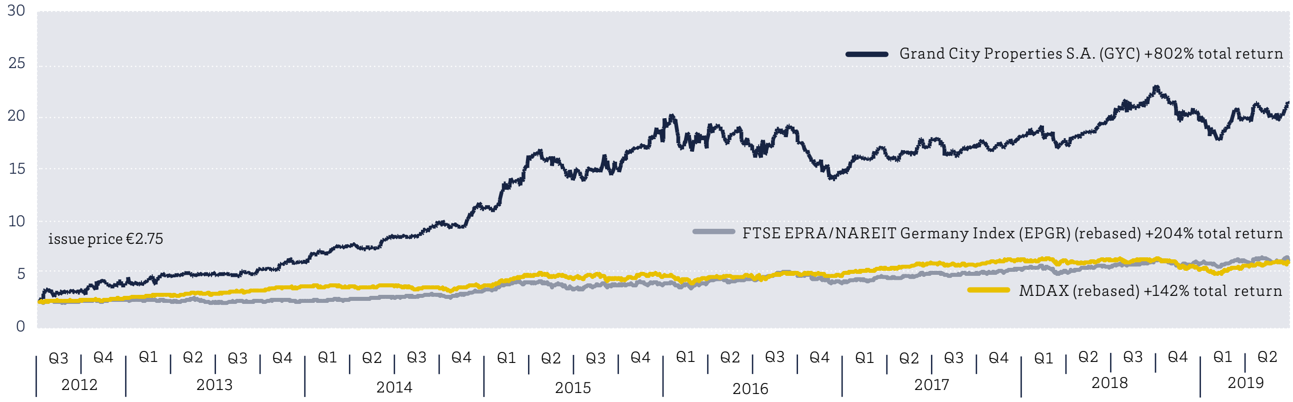
Vast and proven track record in capital markets

The Company has established over the years an impressive track record in capital markets, continuously accessing various markets through its strong relationships with the leading investment banks in the market. Supported by two investment-grade credit ratings (BBB+ from S&P and Baa1 from Moody's), GCP is able to quickly and efficiently source funds at attractive interest rates, significantly contributing to its low average cost of debt (of currently 1.5%). Since 2012, GCP has issued approx. €5.7 billion through dozens of issuances of straight bonds, convertible bonds, equity and perpetual notes. The Company launched an EMTN programme, providing significant convenience and flexibility by enabling the issuance in a short period of time of financial instruments of various kinds, sizes, currencies and maturities. Through its strong access to capital markets, GCP is able to proactively and effectively manage its debt structure, contributing to a long average debt maturity of approx. 8.7 years.

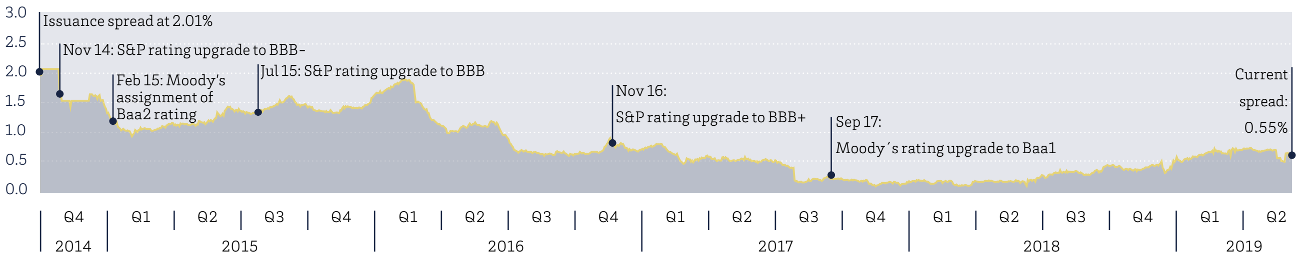
Analyst Recommendations



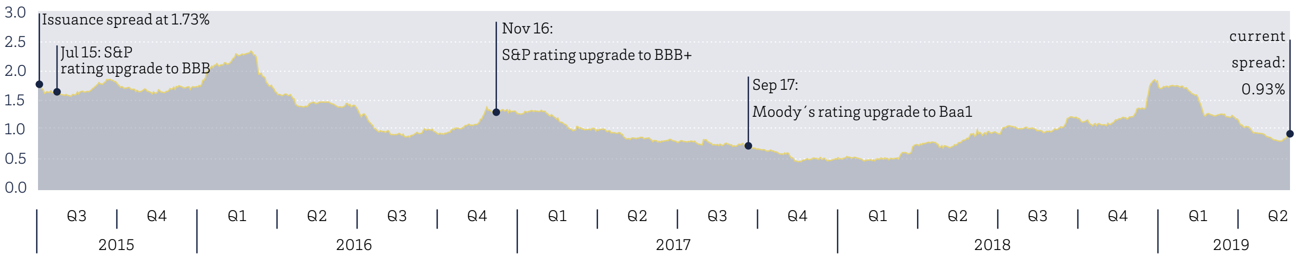
Share price performance and total return comparison since first equity placement (19.07.2012)



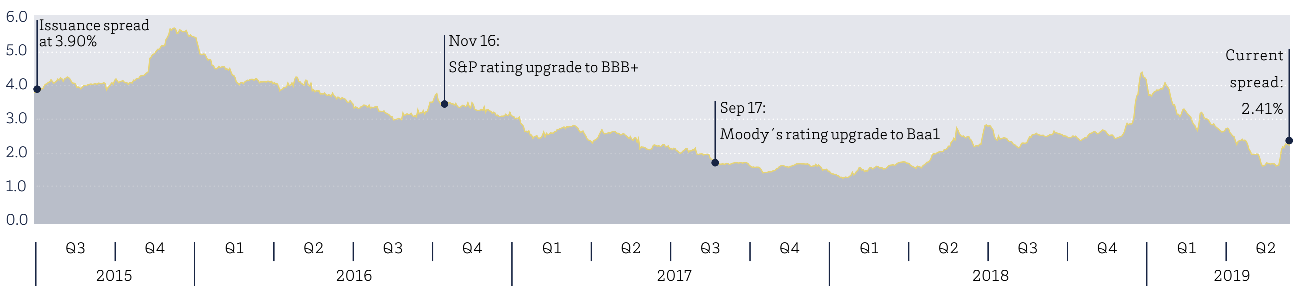
Straight bond Series D – Spread over mid-€-swap, remaining 2.5 years



Straight bond Series E – Spread over mid-€-swap, remaining 6 years



3.75% perpetual notes spread over mid-€-swap



Notes on business performance

Selected consolidated income statement data

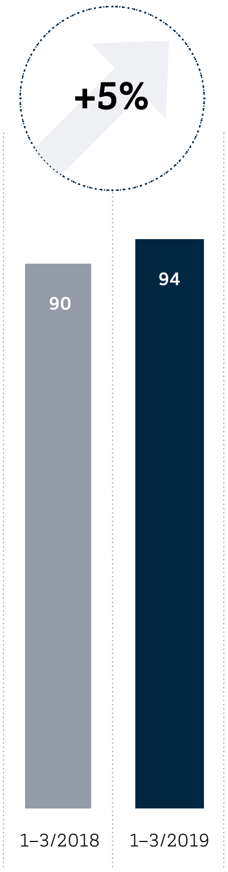
For the 3 months ended March 31,	2019	2018
	€'000	
Revenue	139,089	132,688
Rental and operating income	**139,089**	**132,438**
Net rental income	94,238	90,155
Property revaluations and capital gains	120,164	117,809
Property operating expenses	(64,860)	(62,466)
Administrative & other expenses	(2,925)	(3,044)
Operating profit	191,468	184,716
Adjusted EBITDA	**72,589**	**67,758**
Finance expenses	(11,787)	(11,412)
Other financial results	(17,089)	(8,635)
Current tax expenses	(6,988)	(6,468)
Deferred tax expenses	(30,272)	(26,489)
Profit for the period	**125,332**	**131,712**
FFO I	**52,666**	**49,461**
FFO II	**128,831**	**54,418**

Revenue

For the 3 months ended March 31,	2019	2018
	€'000	
Net rental income	**94,238**	**90,155**
Operating and other income	44,851	42,283
Rental and operating income	**139,089**	**132,438**
Revenue from sale of apartments	-	250
Revenue	**139,089**	**132,688**

GCP achieved revenues of €139 million during the first three months of 2019, improving by 5% on the €133 million recorded during the comparable period in 2018, of which rental and operating income was the sole contributor. The growth in rental and operating incomes is the result of like-for-like rent increase of the existing portfolio as well as accretive acquisitions during the past twelve months. The total like-for-like growth in net rent was 3.9%, 3.6% coming from in-place rent growth while 0.3% was due to occupancy increases in the portfolio. The increase in net rent through accretive acquisitions was offset to some extent due to the full effect of the previous year's disposals. Overall, this growth in net rent in spite of the disposals, is a testament to the high quality of the portfolio and the inherent rent reversionary potential of these properties.

Net rental income periodic development (in € million)



+3.9% L-F-L

Total net rent growth

Over the last 12 months

Notes on business performance

Property revaluations and capital gains

For the 3 months ended March 31,	2019	2018
	€'000	
Property revaluations and capital gains	**120,164**	**117,809**

Property revaluations and capital gains of €120 million were recorded for the first quarter of 2019, as compared to €118 million reported during the comparable period in 2018. GCP's strategy of identifying and acquiring assets with significant upside potential has been rewarded time and again with valuation gains driven by operational improvements and repositioning efforts. The strong market fundamentals in GCP's property locations also provide further tailwinds to these gains.

During the first quarter of 2019, the Company recorded disposals of mature properties in the amount of approx. €124 million generating a margin of approx. 160% over total cost, while translating to a premium of 10% on the last-appraised book value. The disposed assets are located in Berlin and were disposed at high gain on opportunistic basis, reflected in a transaction multiple of 32x.

The fair values of the properties are externally appraised by independent, certified valuators at least once a year. As of March 2019, the average value per sqm was €1,314 compared to €1,257 at the end of 2018, resulting in a net rental yield of 5.2%.

Property operating expenses

For the 3 months ended March 31,	2019	2018
	€'000	
Property operating expenses	**(64,860)**	**(62,466)**

GCP reported €65 million of property operating expenses for the first three months of 2019 and increased from €62 million recorded during the corresponding period in 2018. These expenses are related to the operations of the Company and consist largely of ancillary costs that are recoverable from the tenants such as heating, water, trash disposal, cleaning costs, etc. Additionally, maintenance and refurbishments, personnel expenses and other operating costs sum up the rest of this expense item. Overall, while operating costs have gone up marginally as the business has developed, there has also been a small offsetting effect due to the first time implementation of IFRS 16. Accordingly, property operating expenses are lower by approx. €0.8 million as compared to the first quarter of 2018 which reflect the quarterly payments for ground lease. These expenses are now incorporated under the finance expenses in accordance with IFRS 16.

GCP continually aims to maximize tenant satisfaction and in this regard makes a concerted effort towards providing a high quality of service to its tenants. Accordingly, the Company has worked towards further bolstering its operational platform leading to continued improvements in the standard of service rendered to tenants, while supporting the operational cost management. The Company's state-of-the-art, 24/7 Service Center received the DIN EN ISO 9001:2015 certification in 2019 demonstrating the high level of quality maintained.

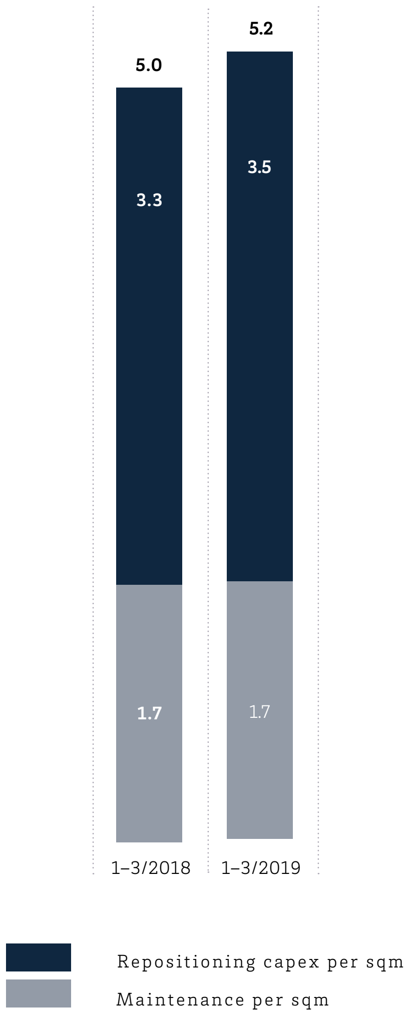
Maintenance, capex and modernization

In line with the business strategy, GCP continually works towards maintaining a high asset quality thereby providing its tenants with a strong value proposition and higher tenant satisfaction. In this regard, various maintenance and refurbishment activities are undertaken in order to address and resolve different concerns with properties. In addition, on a selective basis, the Company also initiates capex programs to enhance the value-add capacity of the property. These activities are intended to enhance the portfolio's value-potential in the long term, leading to increasing rents towards market levels and increasing occupancy rates along with lower tenant turnover. These investments ensure long term cost savings and value appreciation of the portfolio.

Maintenance and refurbishment expenses for the first three months of 2019 were stable at €9 million, implying €1.7 per average sqm, as compared to €9 million and €1.7 per average sqm, for the corresponding period in 2018. These expenses are incurred on an ongoing basis in order to maintain the property and retain the standard of living for all tenants in these properties.

During the first three months of 2019, the Company invested €18 million into repositioning capex as well as an additional €4 million into modernization investments.

Maintenance and capex development (€/sqm)



Repositioning capex is related to projects that target a long term value enhancement of the property by way of delivering higher asset quality, thereby improving the appeal of the property to prospective tenants. These projects include but are not limited to, apartment upgrades, improvements to staircases and common/public areas of a building, safety enhancements and other related improvements to the property. Repositioning capex amounted in the first three months of 2019 to €3.5 per average sqm as compared to €3.3 per average sqm for the corresponding period in 2018.

Modernization capex is incurred for the purpose of improving the standards of the apartments as well as in order to improve their energy saving levels. Modernization investments are aimed at achieving rent increases and comprise of measures such as addition of balconies, energy saving measures such as upgraded insulation, window replacements, façade reconditioning, and other upscale refurbishments. These investments amounted to €0.7 per average sqm for the first three months of 2019. The effectiveness of these investments was vindicated through its direct contribution to the like-for-like net rent growth of 0.6% as compared to the corresponding period in 2018.

Further, GCP invested a total of €3 million into pre-letting modifications for the first three months of 2019. These investments are related to snagging and the completion of new buildings and/or re-opening of converted/refurbished buildings before letting.

Notes on business performance

Administrative and other expenses

For the 3 months ended March 31,	2019	2018
	€'000	
Administrative and other expenses	**(2,925)**	**(3,044)**

The Company reported administrative and other expenses of slightly below €3 million for the first quarter of 2019, stable as compared to the €3 million recorded for the first three months of 2018. Administrative and other expenses are overhead costs consisting of personnel expenses, marketing and other expenses, audit and accounting costs and legal fees, which broadly tend to grow in line with the growth of the organization. The administrative & other expenses have remained stable demonstrating the capacity of the operational platform to ramp up and scale the business while also maintaining a lean cost structure.

Finance expenses

For the 3 months ended March 31,	2019	2018
	€'000	
Finance expenses	**(11,787)**	**(11,412)**

GCP reported €12 million of finance expenses for the first quarter of 2019, marginally higher as compared to the comparable period in 2018. This increase in finance expenses is largely due to the reclassification of finance expenses related to leases in accordance with IFRS 16. Excluding this impact, finance expenses were lower as a result of a lower cost of debt due to prepayment of higher interest bank debt and the issuance of long-term bonds at low coupon rates. These various debt optimization efforts of the Company lead to a longer average debt maturity of 8.7 years while the average cost of debt reduced to 1.5%.

The Company has a strong credit profile which was also affirmed by the investment grade credit ratings from both Moody's (Baa1) as well as S&P (BBB+). This enables GCP to tap into capital markets for long term funds at attractive rates. GCP prepaid over €200 million of higher interest bearing bank debt during the first quarter of 2019 while also issuing €88 million through Series N straight bonds, €15 million through Series O straight bonds and HKD 290 million (equivalent to approx. €33 million, with a full currency hedge to EUR until maturity) through Series P straight bonds.

GCP's conservative financial structure is also evident in the strong debt metrics such as the ICR of 6.2x and DSCR of 5.2x for the first quarter of 2019.

Dortmund

Other financial results

For the 3 months ended March 31,	2019	2018
	€'000	
Other financial results	**(17,089)**	**(8,635)**

The Company reported an expense of €17 million of other financial results for the first three months of 2019, as compared to an expense of €8.6 million for the same period in 2018. This line item consists of financial expenses such as refinancing and loan prepayment brokerage fees, issuance costs and other finance related costs that are mainly non-recurring and one-off in nature. The first quarter of 2019 included bond issuances of over €130 million over long maturities as well as prepayments of over €200 million of bank debt to optimize the debt maturity profile of the Company and leading to associated finance-related costs. Additionally this item includes changes in the fair value of financial assets.

Notes on business performance

Taxation

For the 3 months ended March 31,	2019	2018
	€'000	
Current tax expenses	(6,988)	(6,468)
Deferred tax expenses	(30,272)	(26,489)
Total tax expenses	**(37,260)**	**(32,957)**

GCP reported a total tax expense of €37 million for the first quarter of 2019 as compared to the €33 million during the first three months of 2018. The increase of 13% over the comparable period is broadly attributable to the increase in deferred tax expenses which amounted to €30 million, up 14% from the €26 million recorded in the first three months of 2018 primarily due to higher revaluation gains. Deferred tax expenses are a non-cash item which are connected to the strong portfolio revaluation gains recorded during the period, and accounts for a theoretical future disposal in the form of an asset deal. The Company employs a conservative approach with regard to deferred taxes, accounting for the theoretical future property disposal through asset deal structures at the full corporate tax rate to the location of the property.

Current tax expenses made up of property taxes and corporate income tax amounted to €7 million for the first three months in 2019, compared to €6.5 million in the comparable period in 2018.

Profit for the period

For the 3 months ended March 31,	2019	2018
	€'000	
Profit for the period	**125,332**	**131,712**
Profit attributable to owners of the Company	108,066	116,917
Profit attributable to perpetual capital investors	8,137	5,979
Profit attributable to non controlling interests	9,129	8,816

GCP recorded a net profit of €125 million for the first three months of 2019 while the same for the corresponding period in 2018 was €132 million. The 5% decrease in net profit can broadly be attributed towards higher one-off finance-related expenses incurred during the quarter in order to prepay high interest bearing bank debt. However, the underlying operational profitability of the Company continues to grow which is evident in the consistent growth in adjusted EBITDA as well as FFO I. GCP's robust like-for-like growth in net rent of 3.9% (3.6% from in-place rent increases and 0.3% from occupancy increases), aided by the strong operational platform has provided the Company with a strong foundation for consistent growth of operational profitability and sustainable value creation.

Profit attributable to perpetual notes investors grew from €6 million during the first three months of 2018 to €8 million for the comparable period in 2019, driven by the issuance of €350 million 2.5% perpetual notes in April 2018.

Earnings per share

For the 3 months ended March 31,	2019	2018
Basic earnings per share (in €)	0.65	0.71
Diluted earnings per share (in €)	0.61	0.65
Weighted average basic shares (in thousands)	166,718	164,789
Weighted average diluted shares (in thousands)	178,260	181,710

GCP reported basic earnings per share of €0.65 and diluted earnings per share of €0.61 for the first three months of 2019, as compared to €0.71 and €0.65 respectively for the comparable period in 2018. The decrease is due to a lower profit for the period. The FFO I, which is an operational profit indicator increased by 7% on a per share basis. The diluted earnings per share takes into consideration the theoretical impact of potential future conversions of the Series F convertible bonds which are out-of-the-money.

Cologne

Notes on business performance

Adjusted EBITDA and Funds From Operations (FFO I)

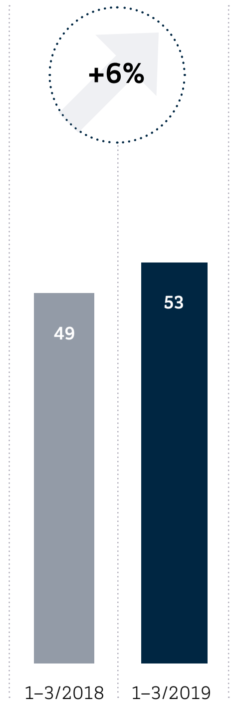
For the 3 months ended March 31,	2019	2018
	€'000	
Operating profit	191,468	184,716
Depreciation and amortization	735	537
EBITDA	**192,203**	**185,253**
Property revaluations and capital gains	(120,164)	(117,809)
Result on the disposal of buildings sold	-	(56)
Share of profit/(loss) from investments in equity-accounted investees	-	77
Other adjustments	550	293
Adjusted EBITDA	**72,589**	**67,758**
Finance expenses [1]	(11,787)	(11,412)
Current tax expenses	(6,988)	(6,468)
Contribution to minorities	(1,148)	(417)
FFO I	**52,666**	**49,461**
Weighted average basic shares in thousands [2]	166,718	164,789
FFO I per share (in €)	**0.32**	**0.30**

1) including the effects of IFRS 16
2) not considering the dilution effect of the management share plan as it is immaterial

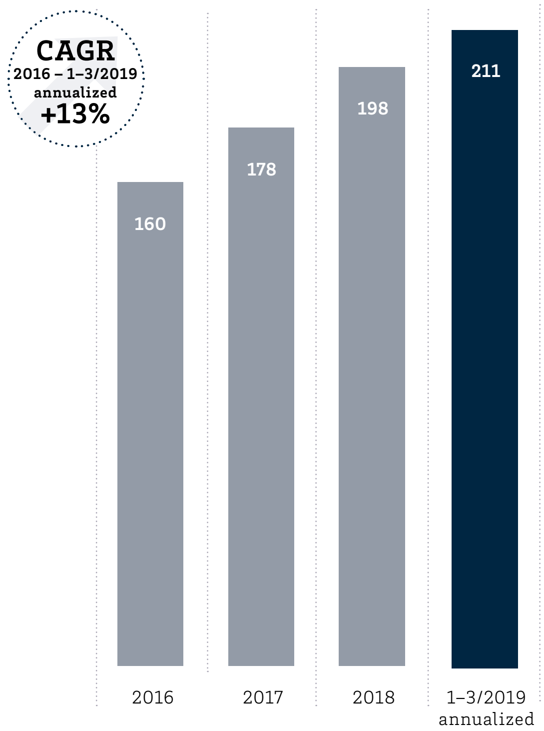
The adjusted EBITDA is an industry standard figure indicative of the Company's recurring operational profits before interest and tax expenses, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of inventories, share of profit/loss from investment in equity-accounted investees and other adjustments. GCP reported an adjusted EBITDA of €73 million for the first quarter of 2019, up 7% from the €68 million for the comparable period in 2018. The growth in adjusted EBITDA was on the back of accretive acquisitions over the past year as well as due to the sustainable capacity to capture the rent reversionary potential of the existing portfolio, leading to strong top line results. This was also evident in the robust like-for-like net rent increment of 3.9%, with 3.6% from in-place rent increases.

Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilized as a key bottom line industry performance indicator. It is calculated by deducting finance expenses, current tax expenses and contribution to minorities from the adjusted EBITDA. For the first three months of 2019, GCP generated €53 million of FFO I, up 6% from the €49 million recorded during the comparable period in 2018. This growth was mainly driven by the top-line development, with finance expenses remaining fairly stable over the two periods.

FFO I periodic development (in € millions)



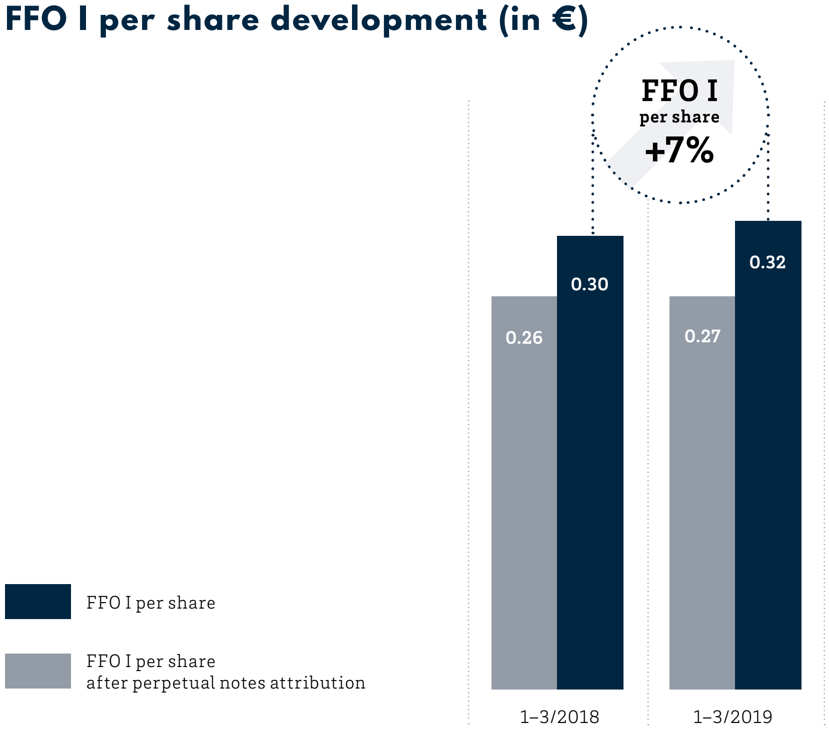
FFO I annual development (in € millions)



FFO I per share

GCP generated FFO I per share of €0.32 for the first quarter of 2019, increasing 7% compared to the €0.30 per share reported for the first quarter of 2018. The Company has continued on the trend of sustainable shareholder value creation which is evident in the consistent growth of FFO I per share. Based on the annualized FFO I per share of Q1 2019, GCP generates an FFO I yield of 5.7% underlining its strong investment proposition with attractive cash returns on offer vis-à-vis the dividend payout policy of 65% of FFO I per share.

FFO I per share development (in €)



Notes on business performance

FFO I per share after perpetual notes attribution

For the 3 months ended March 31,	2019	2018
	€'000	
FFO I	**52,666**	**49,461**
Adjustment for accrued perpetual notes attribution	(8,137)	(5,979)
FFO I after perpetual notes attribution	**44,529**	**43,482**
Weighted average basic shares in thousands*	166,718	164,789
FFO I per share after perpetual notes attribution (in €)	**0.27**	**0.26**

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

According to IFRS accounting treatment, attribution to perpetual notes are recorded through changes in equity and not as a financial expense and thus not reflected in the FFO I. With the intention to provide an enhanced transparency, GCP additionally reports its FFO I per share after attributing the share of profit attributable to the Company's perpetual notes investors. For the first three months of 2019, GCP generated an FFO I per share after perpetual notes attribution of €0.27, growing 4% as compared to the comparable period in 2018. This was because higher perpetual notes attributions due to the €350 million of additional perpetual notes issued in April 2018, bearing a coupon of 2.5%, were offset by the positive development in FFO I as well as a higher share count from scrip dividends and management shares.

Adjusted Funds From Operations (AFFO)

For the 3 months ended March 31,	2019	2018
	€'000	
FFO I	**52,666**	**49,461**
Repositioning capex	(18,425)	(17,918)
AFFO	**34,241**	**31,543**

Adjusted Funds from Operations (AFFO) is an additional indicator for the Company's recurring operational cash flow and is derived by deducting the repositioning capex from the Company's FFO I. GCP provides a further distinction of its capital expenditures into repositioning capex, modernization capex and pre-letting modifications which are treated differently. Among these three types of capex, modernization capex is aimed at directly increasing rents, therefore it is treated in a similar manner to the acquisition of properties and so is the case with pre-letting modifications. On the other hand, repositioning capex targets value creation and quality development in the portfolio, which GCP deems as being relevant for its AFFO calculation. GCP's AFFO for the first quarter of 2019 was €34 million, growing by 9% from the €32 million reported for the first quarter of 2018.

FFO II

For the 3 months ended March 31,	2019	2018
	€'000	
FFO I	**52,666**	**49,461**
Result from disposal of properties*	76,165	4,957
FFO II	**128,831**	**54,418**

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

FFO II is an additional measure that incorporates the disposal effects on top of FFO I. Result from disposal of properties refers to the excess amount of the sale price to cost price plus capex of disposed properties. GCP reported an FFO II of €129 million for the first three months of 2019, as compared to €54 million reported for the comparable period in 2018. The increase has been driven by the capital recycling initiatives where mature assets were disposed at a margin of approx. 160% on cost. Further, these disposals were sold with a 10% gain on book values, validating the conservative valuations of the portfolio as well as demonstrating the strong demand of these properties.


Düsseldorf

Notes on business performance

Cash flow

For the 3 months ended March 31,	2019	2018
	€'000	
Net cash provided by operating activities	57,250	57,595
Net cash used in investing activities	(57,095)	(155,742)
Net cash (used)/provided by financing activities	(192,379)	584,545
Net change in cash and cash equivalents	**(192,224)**	**486,398**

Net cash flow provided by operating activities decreased slightly to €57 million in the first three months of 2019 as compared to €58 million in the comparable period due to one-time operational costs which offset the increase in operational cash flows as reflected in the growth of adjusted EBITDA of 7%.

Net cash flow used in investing activities amounted to €57 million in the first three months of 2019, compared to €156 used in the first three month of 2018. The result in the first quarter of 2019 is net of the proceeds from sales.

In the first three months of 2019 net cash flow used in financing activities was €192 million compared to €585 million provided in the first three months of 2018. In the first quarter of 2019 GCP has prepaid €214 million of bank debt with short maturity which in combination with €131 proceeds from long straight bonds issued during the period contributed significantly to an increase of the average debt maturity to 8.7 years and to decreasing the cost of debt to 1.5%. Furthermore, these refinancing measures increased the unencumbered assets ratio to 76%. In the comparable period in 2018 the Company has issued €819 million straight bonds while prepaying €213 million of straight and convertible bonds.

Assets

	Mar 2019	Dec 2018
	€'000	
Non-current assets	**7,856,321**	**7,622,911**
Investment property [1]	7,495,405	7,243,915
Current assets	**1,133,463**	**1,237,615**
Cash and liquid assets [2]	564,835	760,374
Total Assets	**8,989,784**	**8,860,526**

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

Total assets at the end of March 2019 were reported at €9 billion, slightly higher compared to the €8.9 billion as of the end of 2018. This growth has been led by the increase in the value of investment property on the back of property revaluations, offset by disposals.

Non-current assets as of March 2019 was at €7.9 billion, while the same as of the end of December 2018 was €7.6 billion. This increase was largely led by the increase in investment property which was reported at €7.5 billion as at the end of the first quarter of 2019, 3% higher as compared to the end of 2018. Since year-end 2018, GCP has acquired in the amount of approx. €200 million . GCP acquired over 500 units, at an average multiple of 20x. In addition, GCP acquired 250 units in London in the snagging and pre-letting stage and are expected to be leased out in the coming months. While the growth in non-current assets has been driven by property revaluations and accretive acquisitions, the disposals as part of the capital recycling measures have offset this to some extent. In the first three months of 2019, GCP sold over €120 million worth of mature assets. Investment property additionally includes €69 million related to the first time implementation of IFRS 16.

Current assets as of March 2019 decreased to €1.1 billion, as compared to the year-end of 2018, mainly due to the decrease in cash and liquid assets to €565 million as of March 2019. The current level of liquidity remains strong and provides the Company with a high degree of financial flexibility while also maintaining ample financial headroom. Assets held for sale, which are assets identified by the Company as non-core in nature with the intention to dispose such properties, amounted to €198 million as of the end of March 2019.

London

Notes on business performance

Liabilities

	Mar 2019	Dec 2018
	€'000	
Loans and borrowings [1]	654,427	870,507
Straight bonds	2,313,714	2,177,267
Convertible bond	272,897	272,246
Deferred tax liabilities [2]	556,131	525,278
Other long-term liabilities and derivative financial instruments [3]	144,524	69,224
Current liabilities [4]	304,384	279,017
Total Liabilities	**4,246,077**	**4,193,539**

1) Including short-term loans and borrowings, debt redemption and financial debt held for sale
2) Including deferred tax liabilities of assets held for sale
3) Including short-term derivative financial instruments
4) Excluding short-term loans and borrowings, debt redemption and financial debt held for sale

Total liabilities as of March 2019 remained stable at €4.2 billion as compared to the end of 2018. During the first three months of 2019, GCP issued over €130 million in bonds including €88 million through Series N straight bonds with 20 years maturity, €15 million through Series O straight bonds with 15 years maturity and HKD 290 million (equivalent to approx. €33 million, with a full currency hedge to EUR until maturity) through Series P straight bonds with 10 years maturity. Furthermore, in order to optimize the debt maturity schedule, GCP prepaid over €200 million of high interest bearing bank debt leading to a longer average debt maturity of 8.7 years as well as a low average cost of debt of 1.5%. The Company works towards maintaining a conservative financial structure and these capital market activities assist in maintaining a low cost of debt while extending the already long average debt maturity period further. Additionally, total liabilities as on Mar 2019 include financial lease liabilities of €47 million as compared €3 million as of year end 2018, the increase being due to the first time implementation of IFRS 16.

The other significant item among the remaining liabilities relates to deferred tax liabilities which account for 13% of the total liabilities and are impacted by the revaluation gains. GCP follows a conservative approach in its deferred taxes accounting treatment by accounting for the full corporate tax effect, assuming the theoretical future disposals in the form of asset deals.

Halle

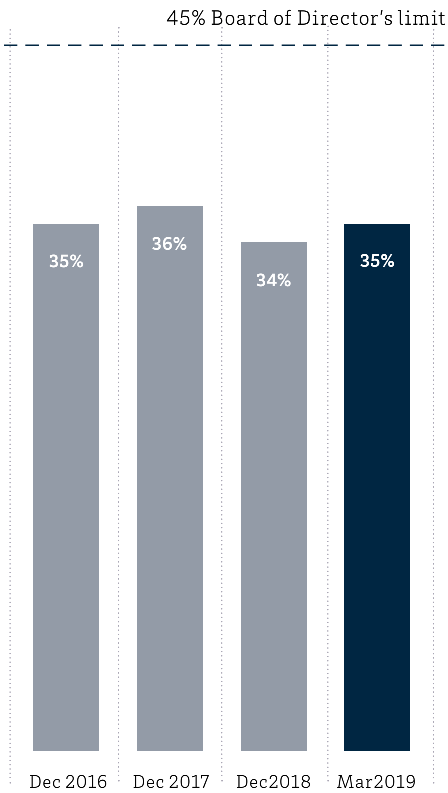
Debt Financing KPIs

Loan-To-Value

	Mar 2019	Dec 2018
	€'000	
Investment property [1]	7,453,497	7,298,879
Investment properties of assets held for sale	191,756	132,137
Equity-accounted investees	24,949	26,207
Total value	**7,670,202**	**7,457,223**
Total debt [2]	3,241,038	3,320,020
Cash and liquid assets [3]	564,835	760,374
Net debt	**2,676,203**	**2,559,646**
LTV	**35%**	**34%**

1) Including advanced payments for investment property and inventories – trading properties and excluding the effects of IFRS 16
2) including loans and borrowings held for sale
3) including cash and cash equivalents held for sale

GCP strives towards maintaining a conservative financial structure which is displayed in the low leverage of the Company with an LTV as of March 2019 of 35%, which remains well below the internal limit of 45% set by the Board of Directors for the Company and provides sufficient headroom in case of a market downturn. While total debt decreased slightly, a decline in cash and liquid assets resulted in a marginally higher LTV as compared to the end of December 2018. GCP's conservative financial approach demonstrated by its robust credit metrics such as a low LTV, high coverage ratios, low average cost of debt as well as a long average debt maturity are affirmed by both Moody's (Baa1) as well as S&P (BBB+).



GCP's robust credit profile is also displayed in the level of operational cash flows generated, thereby providing for strong interest and debt service coverage ratios. Aiding this is the substantial ratio of unencumbered assets to its total investment properties providing the Company with a healthy source of potential liqudity. As of March 2019, GCP had an ICR of 6.2x and a DSCR of 5.2x, while its ratio of unencumbered assets to its total investment properties stood at 76%, affording it significant headroom above its debt covenants. The increase in the unencumbered ratio is the result of prepayment of bank loans as well as acquisitions of unencumbered properties. GCP seeks to maintain a high unencumbered assets ratio to support the conservative financial structure of the Company.

Notes on business performance

Unencumbered Assets

	Mar 2019	Dec 2018
	€'000	
Unencumbered Assets	5,823,546	4,777,824
Total Investment properties [1]	7,687,161	7,376,052
Unencumbered Assets Ratio	**76%**	**65%**

1) including investment property held for sale and inventories - trading properties

Interest Coverage Ratio (ICR)

	2019	2018
For 3 months ended March 31,	€'000	
Adjusted EBITDA	72,589	67,758
Finance Expenses	11,787	11,412
Interest Coverage Ratio	**6.2x**	**5.9x**

Debt Service Coverage Ratio (DSCR)

	2019	2018
For 3 months ended March 31,	€'000	
Adjusted EBITDA	72,589	67,758
Finance Expenses	11,787	11,412
Amortization of loans from financial institutions	2,125	2,159
Debt Service Coverage Ratio	**5.2x**	**5.0x**


Leipzig

Notes on business performance

EPRA NAV

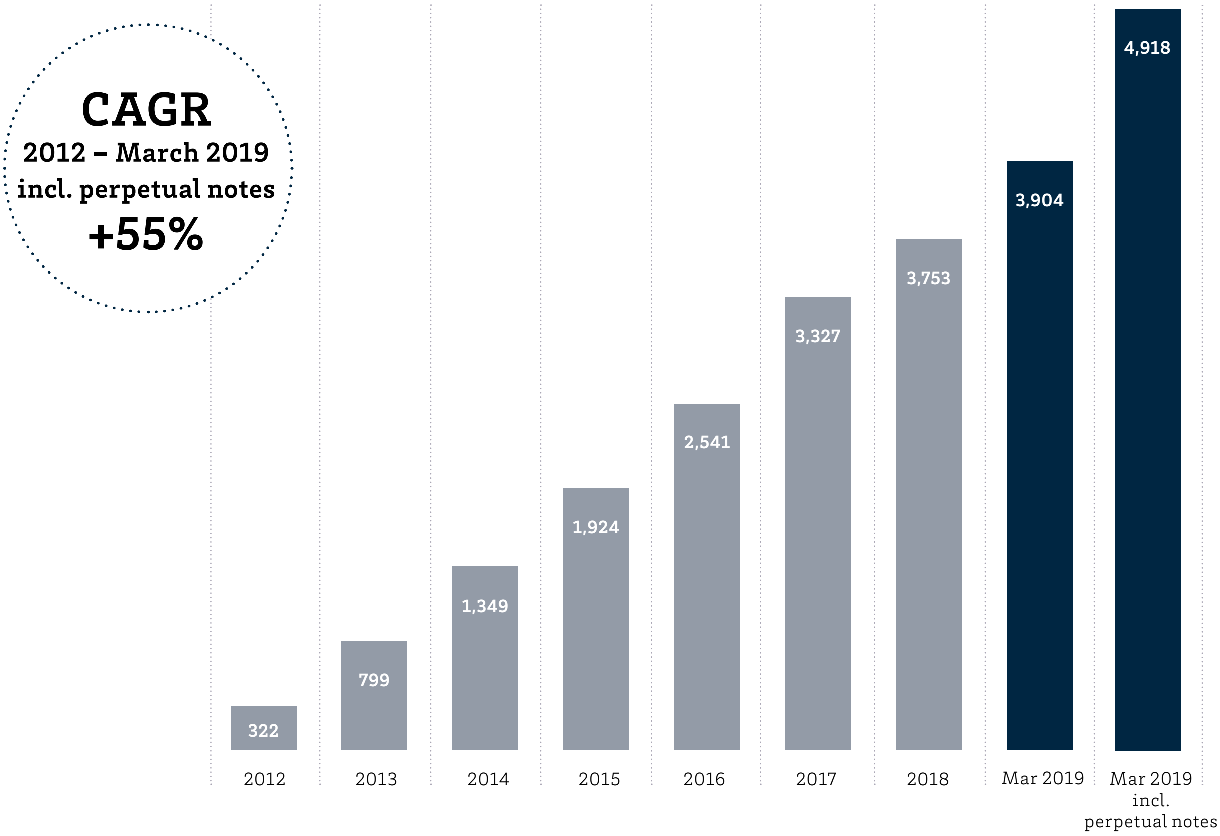
The EPRA NAV is defined by EPRA as the net asset value of the Company adjusted in order to include real estate properties as well as other investment interests at their fair values while excluding certain items that are not expected to materialize in a long term real estate business model. The purpose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

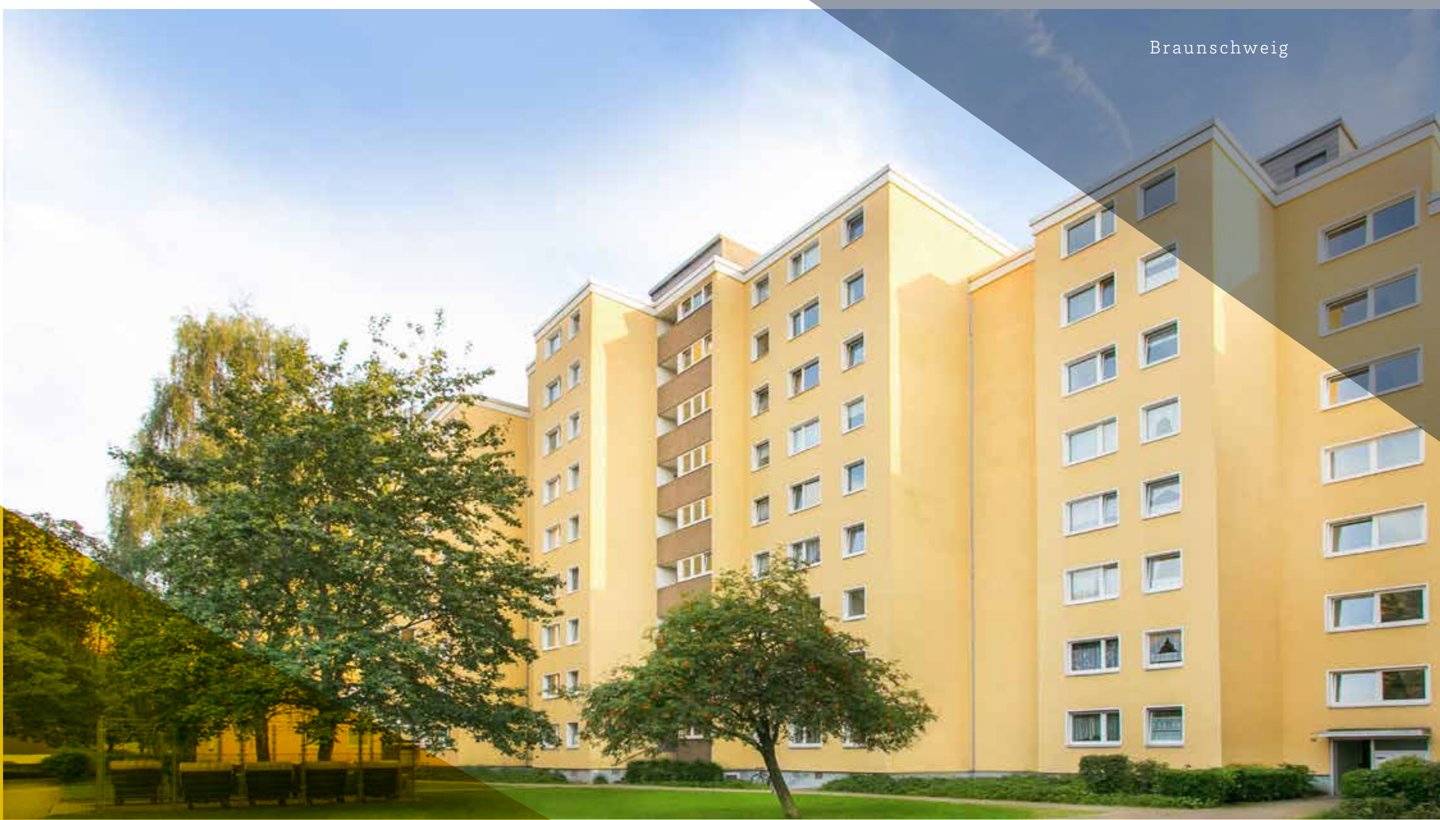
	Mar 2019		Dec 2018	
	€'000	€ per share	€'000	€ per share
Equity per the financial statements	**4,743,707**		**4,666,987**	
Equity attributable to perpetual notes investors	(1,013,937)		(1,030,050)	
Equity excluding perpetual notes	**3,729,770**		**3,636,937**	
Fair value measurements of derivative financial instruments, net	31,577		248	
Deferred tax liabilities 1)	556,131		525,278	
NAV	**4,317,478**	**25.9**	**4,162,463**	**24.9**
Non-controlling interests	(413,764)		(409,441)	
EPRA NAV	**3,903,714**	**23.4**	**3,753,022**	**22.5**
Equity attributable to perpetual notes investors	1,013,937		1,030,050	
EPRA NAV incl. perpetual notes	**4,917,651**	**29.5**	**4,783,072**	**28.7**
EPRA NAV	**3,903,714**		**3,753,022**	
Fair value measurements of derivative financial instruments	(31,577)		(248)	
Adjustment to reflect fair value of debt	(87,996)		29,217	
Deferred tax liabilities 2)	(30,925)		(29,210)	
EPRA NNNAV	**3,753,216**	**22.5**	**3,752,781**	**22.5**
Basic amount of shares including in-the-money dilution effects (in thousands)	166,933		166,903	

1) including balances held for sale
2) adjustment based on the Company's corporate structure and from actual transactions

GCP's EPRA NAV as at the end of March 2019 amounted to €3.9 billion, a growth of 4% from €3.8 billion as of December 2018, primarily attributable to the profit generated during the first quarter of 2019. EPRA NAV per share grew to €23.4 per share from €22.5 per share reported in December 2018, reflecting the Company's well established abilities in delivering per share value growth to its shareholders on a sustainable basis. The EPRA NAV including perpetual notes as of March 2019 was €4.9 billion and €29.5 on a per share basis, with both increasing by 3% as compared to the €4.8 billion and €28.7 per share respectively reported in December 2018.

EPRA NAV development (in € millions)





Alternative Performance Measures

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

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

Reconciliation of Adjusted EBITDA

The adjusted EBITDA is an industry standard figure indicative of the Company's recurring operational profits before interest and tax expenses, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of inventories, share of profit/(loss) from investment in equity-accounted investees and other adjustments. GCP starts from its *Operating profit* and adds back the item *Depreciation and amortization* to arrive at *EBITDA* value. Non-recurring and non-operational items are deducted such as the *Capital gains, property revaluations and other income*, *Result on the disposal of inventories-trading properties* and *Share in profit/loss from investment in equity-accounted investees*. Further adjustments are labeled as *Other adjustments* which are equity settled share-based payments since these are non-cash expenses.

Adjusted EBITDA reconciliation

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

Reconciliation of Funds From Operations I (FFO I)

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

FFO I reconciliation

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

Reconciliation of FFO I after perpetual notes attribution

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

FFO I after perpetual notes attribution reconciliation

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

Reconciliation of Adjusted Funds From Operations (AFFO)

The Adjusted Funds From Operations (AFFO) is an additional measure of comparison which factors into the FFO I, the Company's repositioning capex, which targets value enhancement and quality increase in the portfolio. Modernization and pre-letting capex are not included in the AFFO as they are considered as additional investment programs, similar to the property acquisitions, which are conducted at the Company's discretion. Therefore, in line with the industry practices, GCP deducts the *Repositioning capex* from the *FFO I* to arrive at the *AFFO*. As a result, AFFO is another widely-used indicator which tries to assess residual cash flow for the shareholders by adjusting FFO I for recurring expenditures that are capitalized.

AFFO reconciliation

FFO I
(-) Repositioning capex
(=) AFFO

Reconciliation of Funds From Operations II (FFO II)

FFO II additionally incorporates on top of the FFO I the results from asset disposals, calculated as the difference between the disposal values and the property acquisition costs plus capex, reflecting the economic profit generated on the sale of the assets. Although, property disposals are non-recurring, disposal activities provide further cash inflow that increase the liquidity levels. As a result, this measure is an indicator to evaluate operational cash flow of a company including the effects of disposals.

FFO II reconciliation

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

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

Reconciliation of the Net Asset Value according to EPRA (EPRA NAV)

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

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

EPRA NAV reconciliation

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

* including balances held for sale

Alternative Performance Measures

Reconciliation of the Triple Net Asset Value according to EPRA (EPRA NNNAV)

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

EPRA NNNAV reconciliation

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

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

Reconciliation of Loan-to-Value (LTV)

LTV ratio is an acknowledged measurement of the leverage position of a given firm in the real estate industry. This ratio highlights to which extent financial liabilities are covered by the Company's real estate asset value as well as how much headroom of the fair value of real estate portfolio is available compared to the net debt. Following the industry specifications, GCP calculates the LTV ratio by dividing the total net debt to the total value at the balance sheet date. Total value of the portfolio is a combination of the *Investment property* which includes the *Advanced payments for investment properties and inventories - trading properties*, *Investment properties of assets held for sale* and the *Equity-accounted investees and excludes the effects of IFRS 16*. For the calculation of net debt, total *Cash and liquid assets* are deducted from the *Straight bonds*, *Convertible Bonds* and *Total loan and borrowings*. Total loan and borrowings include the *Short-term loans and borrowings*, *debt redemption*, and *Financial debt held for sale* while Straight bonds include the *Bond redemption*. Cash and liquid assets is the sum of *Cash and cash equivalents*, *Traded securities at fair value through profit and loss*, and *Cash and cash equivalents held for sale*.

Loan-To-Value reconciliation

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

1) including advanced payments for investment properties and inventories - trading properties and excluding the effects of IFRS 16
2) including loans and borrowings held for sale
3) including cash and cash equivalents held for sale

Reconciliation of Unencumbered Assets Ratio

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

Unencumbered Assets Ratio reconciliation

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

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

Reconciliation of ICR and DSCR

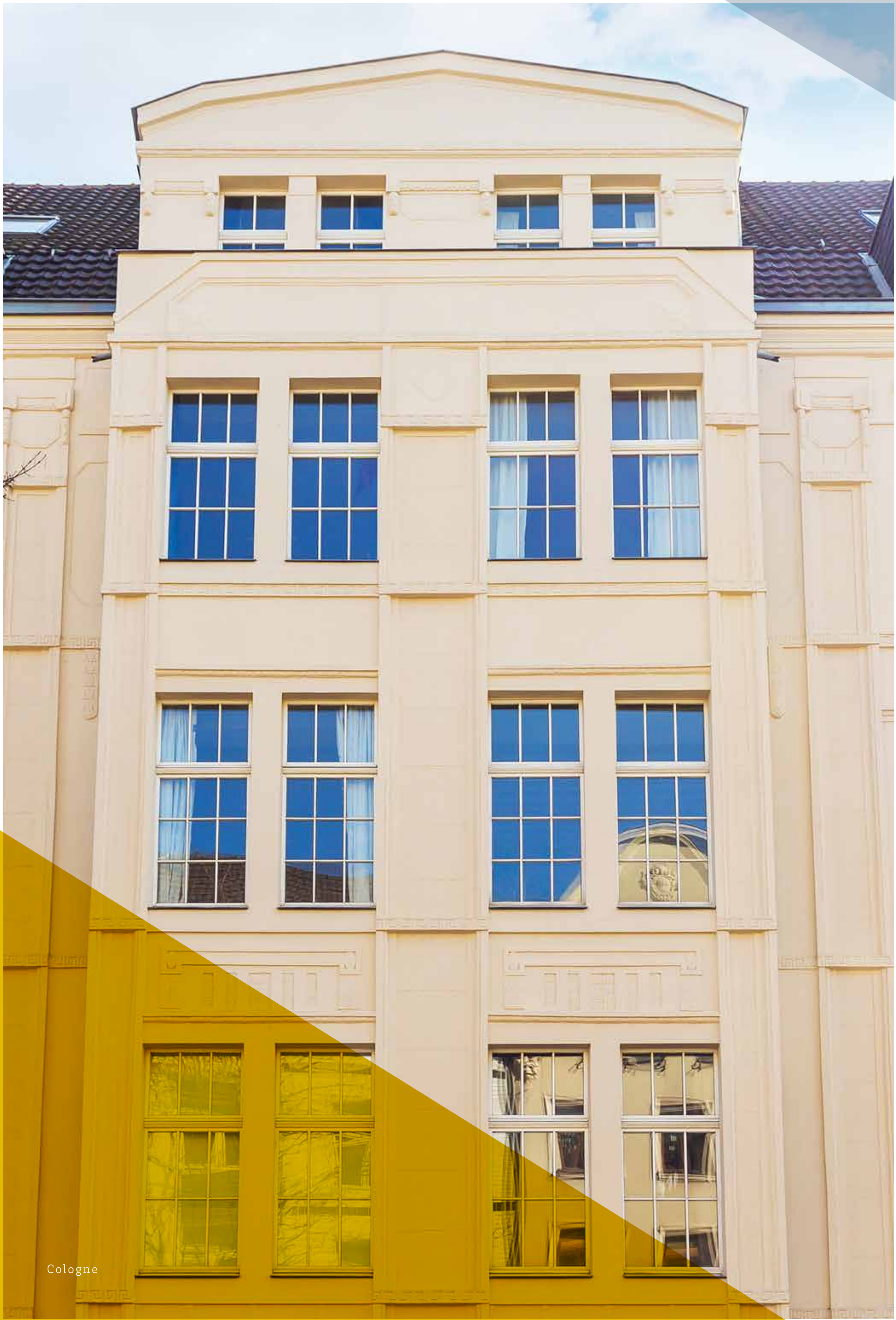
Two widely-recognized debt metrics Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) are utilized to demonstrate the strength of GCP's credit profile. These metrics are often used to see the extent to which interest and debt servicing are covered by recurring operational profits and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

ICR reconciliation

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

DSCR reconciliation

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



Cologne

Responsibility Statement

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

Disclaimer

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

By order of the Board of Directors,
Luxembourg, May 20, 2019

Refael Zamir
CFO, Chairman of the Board of Directors

Simone Runge-Brandner
Member of the Board of Directors

Daniel Malkin
Member of the Board of Directors

Condensed interim consolidated statement of profit or loss

	Note	For the three months period ended 31 March, 2019	2018
		Unaudited	
		€'000	
Revenue	5	**139,089**	**132,688**
Property revaluations and capital gains		120,164	117,809
Share of loss from investments in equity-accounted investees		-	(77)
Property operating expenses		(64,860)	(62,466)
Cost of buildings sold		-	(194)
Administrative and other expenses		(2,925)	(3,044)
Operating profit		**191,468**	**184,716**
Finance expenses		(11,787)	(11,412)
Other financial results		(17,089)	(8,635)
Profit before tax		**162,592**	**164,669**
Current tax expenses		(6,988)	(6,468)
Deferred tax expenses		(30,272)	(26,489)
Profit for the period		**125,332**	**131,712**
Profit attributable to:			
Owners of the Company		108,066	116,917
Perpetual notes investors		8,137	5,979
Non controlling interests		9,129	8,816
		125,332	**131,712**
Net earnings per share attributable to the owners of the Company (in €):			
Basic earnings per share		0.65	0.71
Diluted earnings per share		0.61	0.65

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

Condensed interim consolidated statement of comprehensive income

	For the three months period ended 31 March,	
	2019	2018
	Unaudited	
	€'000	
Profit for the period	**125,332**	**131,712**
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods, net of tax:		
Foreign currency translation, net of investment hedges of foreign operations	7,300	808
Cost of hedging	(8,720)	(8,080)
Total other comprehensive income for the period, net of tax	**(1,420)**	**(7,272)**
Total comprehensive income	**123,912**	**124,440**
Total comprehensive income attributable to:		
Owners of the Company	106,646	109,645
Perpetual notes investors	8,137	5,979
Non-controlling interests	9,129	8,816
	123,912	**124,440**

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

Condensed interim consolidated statement of financial position

	Note	As at 31 March, 2019 Unaudited	As at 31 December, 2018 Audited
		€'000	
Assets			
Equipment and intangible assets		25,305	24,065
Investment property	6	7,478,302	7,227,290
Advanced payment for investment property		26,770	54,964
Investment in equity-accounted investees		24,949	26,207
Derivative financial assets		10,700	7,517
Other non-current assets		253,540	246,192
Deferred tax assets		36,755	36,676
Non current assets		**7,856,321**	**7,622,911**
Cash and cash equivalents		411,178	603,158
Financial assets at fair value through profit and loss		152,460	156,822
Inventories – Trading property		17,103	16,625
Trade and other receivables		348,954	319,465
Derivative financial assets		5,472	5,060
Assets held for sale		198,296	136,485
Current assets		**1,133,463**	**1,237,615**
Total assets		**8,989,784**	**8,860,526**

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

	Note	As at 31 March, 2019 Unaudited	As at 31 December, 2018 Audited
		€'000	
Equity			
Share capital		16,672	16,672
Share premium		673,288	673,288
Other reserves		26,388	27,258
Retained earnings		2,599,658	2,510,278
Total equity attributable to the owners of the Company		**3,316,006**	**3,227,496**
Equity attributable to perpetual notes investors		1,013,937	1,030,050
Total equity attributable to the owners and perpetual notes investors		**4,329,943**	**4,257,546**
Non-controlling interests		413,764	409,441
Total equity		**4,743,707**	**4,666,987**
Liabilities			
Loans and borrowings		642,846	845,646
Convertible bond		272,897	272,246
Straight bonds	7	2,313,714	2,177,267
Derivative financial instruments		15,779	12,825
Other non-current liabilities		96,775	56,399
Deferred tax liabilities		546,453	523,097
Non-current liabilities		**3,888,464**	**3,887,480**
Current portion of long-term loans		11,581	12,934
Loan and straight bond redemption		-	8,687
Trade and other payables		260,212	242,320
Derivative financial liabilities		31,970	-
Tax payable		8,683	8,220
Provisions for other liabilities and charges		27,581	25,011
Liabilities held for sale		17,586	8,887
Current liabilities		**357,613**	**306,059**
Total liabilities		**4,246,077**	**4,193,539**
Total equity and liabilities		**8,989,784**	**8,860,526**

The board of directors of Grand City Properties S.A. authorized these condensed interim consolidated financial statements for issuance on 20 May 2019

Refael Zamir
CFO, Chairman of the Board of Directors

Simone Runge-Brandner
Member of the Board of Directors

Daniel Malkin
Member of the Board of Directors

Condensed interim consolidated statement of changes in equity

€'000	Equity attributable to the owners of the Company											
	Share capital	Share Premium	Equity compo-nent of convertible bond	Cost of hedging reserve	Foreign exchange translation reserves, net	Other reserves	Retained earnings	Total equity attribut-able to the owners of the company	Perpetual notes investors	Equity attribut-able to the owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at 31 December 2018 (audited)	**16,672**	**673,288**	**12,657**	**(39)**	**(9,555)**	**24,195**	**2,510,278**	**3,227,496**	**1,030,050**	**4,257,546**	**409,441**	**4,666,987**
Adjustment on initial application of IFRS 16, net of tax (see note 4)	-	-	-	-	-	-	20,439	20,439	-	20,439	-	20,439
Restated balance as at 1 January 2019	**16,672**	**673,288**	**12,657**	**(39)**	**(9,555)**	**24,195**	**2,530,717**	**3,247,935**	**1,030,050**	**4,277,985**	**409,441**	**4,687,426**
Profit for the period	-	-	-	-	-	-	108,066	108,066	8,137	116,203	9,129	125,332
Other comprehensive income (loss) for the period	-	-	-	(8,720)	7,300	-	-	(1,420)	-	(1,420)	-	(1,420)
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**(8,720)**	**7,300**	**-**	**108,066**	**106,646**	**8,137**	**114,783**	**9,129**	**123,912**
Share based payment	-	-	-	-	-	550	-	550	-	550	-	550
Transactions with non-controlling interests	-	-	-	-	-	-	(39,125)	(39,125)	-	(39,125)	(4,806)	(43,931)
Payments to Perpetual notes investors	-	-	-	-	-	-	-	-	(24,250)	(24,250)	-	(24,250)
Balance as at 31 March 2019 (unaudited)	**16,672**	**673,288**	**12,657**	**(8,759)**	**(2,255)**	**24,745**	**2,599,658**	**3,316,006**	**1,013,937**	**4,329,943**	**413,764**	**4,743,707**

Berlin

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

	Equity attributable to the owners of the Company											
€'000	Share capital	Share Premium	Equity compo-nent of convertible bond	Cost of hedging reserve	Foreign exchange translation reserves, net	Other reserves	Retained earnings	Total equity attribut-able to the owners of the company	Perpetual notes investors	Equity attribut-able to the owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
Balance as at 31 December 2017 (audited)	**16,479**	**753,226**	**20,284**	**-**	**(511)**	**24,069**	**2,005,755**	**2,819,302**	**665,871**	**3,485,173**	**364,489**	**3,849,662**
Profit for the period	-	-	-	-	-	-	116,917	116,917	5,979	122,896	8,816	131,712
Other comprehensive income (loss) for the period	-	-	-	(8,080)	808	-	-	(7,272)	-	(7,272)	-	(7,272)
Total comprehensive income (loss) for the period	**-**	**-**	**-**	**(8,080)**	**808**	**-**	**116,917**	**109,645**	**5,979**	**115,624**	**8,816**	**124,440**
Share based payment	-	-	-	-	-	293	-	293	-	293		293
Buyback of convertible bond F	-	(375)	(7,627)					(8,002)		(8,002)		(8,002)
Transactions with non-controlling interests	-	-	-	-	-	-	(147)	(147)	-	(147)	113	(34)
Payments to Perpetual notes investors	-	-	-	-	-	-	-	-	(2,591)	(2,591)	-	(2,591)
Balance as at 31 March 2018 (unaudited)	**16,479**	**752,851**	**12,657**	**(8,080)**	**297**	**24,362**	**2,122,525**	**2,921,091**	**669,259**	**3,590,350**	**373,418**	**3,963,768**

London

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

Condensed interim consolidated statement of cash flows

	For the three months period ended 31 March,	
	2019	2018
	Unaudited	
	€'000	
Cash flows from operating activities:		
Profit for the period	**125,332**	**131,712**
Adjustments for the profit:		
Depreciation and amortization	735	537
Property revaluations and capital gains	(120,164)	(117,809)
Share of loss from investments in equity accounted investees	-	77
Net finance expenses	28,876	20,047
Tax and deferred tax expenses	37,260	32,957
Equity settled share-based payment	550	293
Change in working capital	(9,468)	(4,353)
Tax paid	(5,871)	(5,866)
Net cash provided by operating activities	**57,250**	**57,595**
Cash flows from investing activities:		
Acquisition of equipment and intangible assets, net	(1,975)	(215)
Acquisitions of investment property, capex and advances paid, net	(30,699)	(125,642)
Disposal (acquisition) of investees and loans, net of cash acquired (disposed)	-	1,095
Investment in trade securities and other non-current financial assets	(24,421)	(30,980)
Net cash used in investing activities	**(57,095)**	**(155,742)**

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

	For the three months period ended 31 March,	
	2019	2018
	Unaudited	
	€'000	
Cash flows from financing activities:		
Amortization of loans from financial institutions	(2,125)	(2,159)
Proceeds (Repayments) of loans from financial institutions, net	(213,737)	13,690
Proceeds from straight bonds, net	130,937	818,737
Payment to perpetual notes investors	(24,250)	(24,250)
Buyback straight bond series D	-	(43,358)
Buyback convertible bond series F	-	(170,892)
Transactions with non-controlling interests	(59,585)	-
Interest and other financial expenses, net	(23,619)	(7,223)
Net cash provided by (used in) financing activities	**(192,379)**	**584,545**
Net increase (decrease) in cash and cash equivalents	**(192,224)**	**486,398**
Assets held for sale – cash	(803)	191
Cash and cash equivalents at the beginning of the period	603,158	312,058
Effect of foreign exchange rate changes	1,047	-
Cash and cash equivalents at the end of the period	**411,178**	**798,647**

The notes on pages 58 to 64 form an integral part of these condensed interim consolidated financial statements

Condensed notes to the interim consolidated financial statements

for the three month period ended 31 March, 2019

1. General

Grand City Properties S.A. ("the Company") was incorporated in Luxembourg on December 16, 2011 as a société anonyme (public limited liability company). Its registered office is at 1, Avenue du Bois L-1251 Luxembourg. The Company's shares are listed on the Prime Standard of the Frankfurt Stock Exchange and included in the MDAX index of the Deutsche Börse.

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

These condensed interim consolidated financial statements for the three months ended 31 March 2019 ("the reporting period") consist of the financial statements of the Company and its investees ("the Group").

2. Significant changes in the current reporting period

The financial position and performance of the Group was affected by the following events and transactions during the reporting period:

- Investment property has been increased mainly due to the acquisition of approximately Euro 200 million and due to revaluation gains. This increase was partially offset by disposals of over Euro 120 million worth of mature assets. See note 6.
- The Group issued over Euro 130 million in bonds under the EMTN programme, including foreign currency issuance with full currency hedge to Euro in place (see note 7). In addition, the Group has repaid Euro 214 million of bank debt with short maturity.
- The adoption of the new leasing standard IFRS 16 Leases (see note 4).
- For additional information about changes in the Group's financial position and performance, see the "Notes on business performance" section in the board of directors' report.

3. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as applicable in the European Union ("EU").

The condensed interim consolidated financial statements do not include all the information required for a complete set of IFRS financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December, 2018.

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 31 December, 2018.

The accounting policies adopted in the preparation of these condensed consolidated financial statements, including the judgments, estimates and special assumptions that affect the application of those accounting policies, are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December, 2018, except for the adoption of new standards, amendments to standards and interpretations as described in note 4.

These condensed interim consolidated financial statements have not been reviewed by the auditor, unless written "audited".

4. Changes in accounting policies

IFRS 16 Leases

The Group has adopted IFRS 16 from 1 January 2019 ("date of initial application", "DIA"), using the modified retrospective approach as permitted under the specific transitional provisions in the standard. Therefore, the cumulative effect of adopting IFRS 16 has been recognised as an adjustment to the opening balance of retained earnings at DIA, with no restatement of comparative information.

Adjustments recognised on adoptation of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases of lands which had previously been classified as 'operating lease' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at DIA.

The Group classifies and measures the right-of-use assets related to lands as an investment property.

The change in accounting policy affected the following items in the condensed interim consolidated statement of financial position on 1 January 2019 (increase/(decrease)):

Item	Line item in the condensed interim consolidated statement of financial position	Impact
		€'000
Right-of-use assets	Investment property	68,678
Lease liabilities	Other non-current liabilities	44,441
Deferred tax liabilities	Deferred tax liabilities	3,798

The net impact on retained earnings on 1 January 2019 was an increase of Euro 20,439 thousands.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contracts contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at DIA. Instead, for contracts entered into before the DIA the Group relied on its assessment made applying IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease.

Other Amendments and Interpretations

The following amendments and interpretations were also adopted for the first time in these condensed interim consolidated financial statements, with effective date of 1 January 2019, and did not have any material impact on the Group:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS standards 2015-2017

5. Revenue

	For the three months period ended 31 March,	
	2019	2018
	€'000	
Net rental income	94,238	90,155
Revenue from contracts with customers	44,851	42,533
	139,089	**132,688**

5.1 Disaggregation of revenue from contracts with customers

	For the three months period ended 31 March,	
	2019	2018
	€'000	
Revenue from goods or services transferred to customers over time:		
Operating and other income	44,851	42,283
Revenue from goods or services transferred to customers at a point in time:		
Revenue from sale of apartments	-	250
	44,851	**42,533**

5.2 Geographical information

	For the three months period ended 31 March,	
	2019	2018
	€'000	
Revenues from external customers		
Germany	133,942	132,688
United Kingdom	5,147	1,442
	139,089	**132,688**

6. Investment property

	For the three months ended March 31,	For the year ended December 31,
	2019	2018
	Unaudited	Audited
	€'000	
Balance as at 1 January	**7,227,290**	**6,376,224**
Adjustment for change in accounting policy, see note 4.	68,678	-
Restated balance as at 1 January	**7,295,968**	**6,376,224**
Acquisitions of investment property and capex during the period / year	217,156	863,751
Disposal of investment property during the period / year	(112,835)	(235,051)
Effect of foreign currency exchange differences	28,673	(5,384)
Transfer from (to) assets held for sale	(59,619)	(261,401)
Fair value adjustment	108,959	489,151
Balance as at 31 March / 31 December	**7,478,302**	**7,227,290**

7. Straight bonds

- On February 12, 2019, the Company successfully completed the placement of Euro 103 million straight bonds under the EMTN Programme, and hedged the interest payments, as follows:
  - Euro 88 million due 2039 straight bond, at an issue price of 95.822% of the principal amount with effective interest rate 1.093% + 3m Euribor, and
  - Euro 15 million due 2034 Straight bond, at an issue price of 97.327% of the principal amount with 0.923% + 3m Euribor.
- On March 12, 2019, the Company successfully completed the placement of Hong Kong Dollars (HKD) 290 million (Euro 33 million) due 2029 straight bond under the EMTN Programme. The Company hedged the currency risk of the principal amount and the interest. The effective Euro coupon is 1.382% plus 3M Euribor.

8. Assets and liabilities held for sale

During the reporting period the Company classified additional non-core investment property in total value of Euro 58 million as assets held for sale.

9. Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual consolidated financial statements.

9.1 Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 March 2019 and 31 December 2018 on a recurring basis:

	As at 31 March 2019				As at 31 December 2018			
			Fair value measurement using				Fair value measurement using	
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant unobservable inputs (Level 2)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant unobservable inputs (Level 2)
	€'000							
Financial assets								
Financial assets at fair value through profit or loss	152,460	152,460	95,682	56,778	156,822	156,822	96,145	60,677
Derivative financial assets	16,172	16,172	-	16,172	12,577	12,577	-	12,577
Total financial assets	**168,632**	**168,632**	**95,682**	**72,950**	**169,399**	**169,399**	**96,145**	**73,254**
Financial liabilities								
Derivative financial liabilities	47,749	47,749	-	47,749	12,825	12,825	-	12,825
Total financial liabilities	**47,749**	**47,749**	**-**	**47,749**	**12,825**	**12,825**	**-**	**12,825**

Level 1: the fair value of financial instruments traded in active markets (such as debt and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant input required to fair value of financial instrument are observable, the instrument is included in level 2.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between level 1 and level 2 during the reporting period.

9.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices.
- for derivative financial instruments - forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.
- for hybrid instruments - a combination of a discount cash flows method for the host contract and a call pricing model for the embedded derivative (i.e., the conversion option). The models use observable inputs such as market price of the underlying asset and swap rate curve.

9.3 Fair value of other financial instruments

The Group also has a number of financial instruments which are not measured at fair value in the consolidated statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since interest receivable/payable is either close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments as at 31 March 2019:

	As at 31 March 2019				As at 31 December 2018			
			Fair value measurement using				Fair value measurement using	
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant unobservable inputs (Level 2)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant unobservable inputs (Level 2)
	€'000							
Financial liabilities								
Straight bonds	2,313,714	2,397,306	2,107,461	289,845	2,177,267	2,109,045	1,950,640	158,405
Convertible bond	272,897	301,807	301,807	-	272,246	292,523	292,523	-
Total financial liabilities	2,586,611	2,699,113	2,409,268	289,845	2,449,513	2,401,568	2,243,163	158,405

There were no transfers between level 1 and level 2 during the reporting period.

10. Commitments

During the reporting period, the Group signed several real estate transactions which as at 31 March 2019 were not yet completed and are subject to standard condition precedents.

11. Contingent assets and liabilities

The Group had no significant contingent assets and liabilities as of 31 March 2019.

12. Events after the reporting period

There were no material events after the reporting period.

13. Authorisation of condensed interim consolidated financial statements

These condensed interim consolidated financial statements were authorised for issuance by the Company's Board of Directors on 20 May 2019.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