# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

DRESDEN

GRAND CITY
Properties S.A.

DORTMUND

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## IMPRINT

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# KEY FINANCIALS

## BALANCE SHEET HIGHLIGHTS

| in €'000 unless otherwise indicated | Mar 2020 | Dec 2019 | Dec 2018 |
|---|---|---|---|
| **Total Assets** | **9,940,957** | 9,851,428 | 8,860,526 |
| **Investment property** 1) | **7,844,024** | 7,971,744 | 7,243,915 |
| **Total Equity** | **4,971,226** | 4,966,599 | 4,666,987 |
| **Cash and liquid assets** 2) | **949,483** | 1,063,320 | 760,374 |
| **Loan-to-Value** | **36%** | 33% | 34% |
| **Equity Ratio** | **50%** | 50% | 53% |

1) including inventories - trading properties

2) including cash and cash equivalents held for sale

## P&L HIGHLIGHTS

| in €'000 unless otherwise indicated | 1–3/2020 | Change | 1–3/2019 |
|---|---|---|---|
| **Revenue** | **135,331** | -3% | 139,089 |
| **Net rental income** | **94,510** | 0% | 94,238 |
| **Adjusted EBITDA** | **73,978** | 2% | 72,589 |
| **FFO I** | **55,222** | 5% | 52,666 |
| **FFO I per share (in €)** | **0.33** | 3% | 0.32 |
| **FFO I per share after perpetual notes attribution (in €)** | **0.28** | 4% | 0.27 |
| **FFO II** | **144,134** | 12% | 128,831 |
| **EBITDA** | **144,257** | -25% | 192,203 |
| **Profit for the period** | **55,663** | -56% | 125,332 |
| **EPS (basic) (in €)** | **0.24** | -63% | 0.65 |
| **EPS (diluted) (in €)** | **0.23** | -62% | 0.61 |

## NAV HIGHLIGHTS

| in €'000 unless otherwise indicated | NAV | EPRA NAV | EPRA NAV including perpetual notes | EPRA NNNAV |
|---|---|---|---|---|
| **Mar 2020** | **4,569,219** | **4,126,543** | **5,140,570** | **4,065,180** |
| **Mar 2020 per share (in €)** | **27.2** | **24.5** | **30.6** | **24.2** |
| Dec 2019 | 4,564,344 | 4,120,427 | 5,150,477 | 3,890,832 |
| Dec 2019 per share (in €) | 27.2 | 24.5 | 30.6 | 23.1 |

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


TWO FIFTY ONE


LONDON

# HIGHLIGHTS

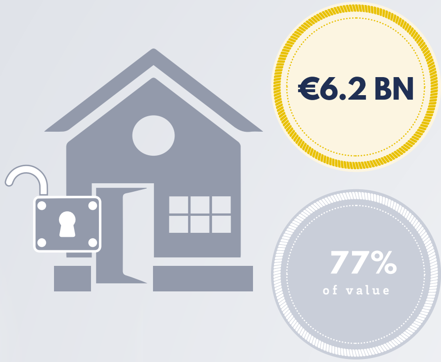
## Strong liquidity position

Highest liquidity position among the peer group as of March 2020

**Over €1.5 billion**
March 2020 including €600 million April 2020 debt issuance

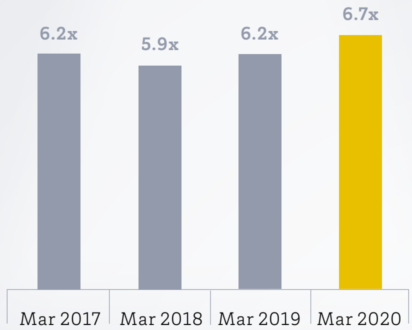
## Large pool of unencumbered assets

Providing further liquidity support

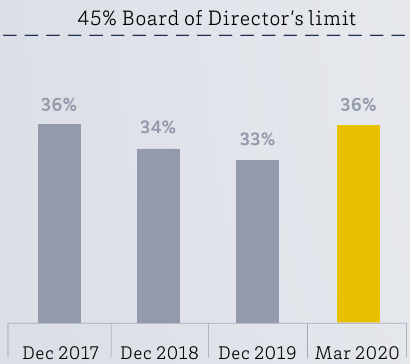



## Robust ICR

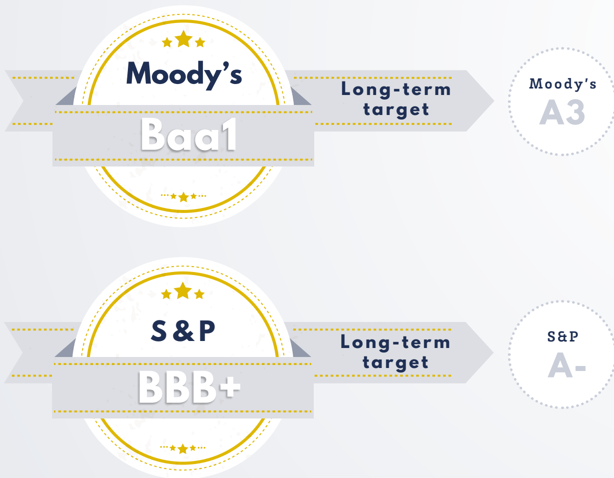
Stable & growing business profitability supporting coverage ratios.




## Low Leverage (Loan-To-Value)




## Credit rating




## Low average cost of debt


## Long average debt maturity

## Solid financial platform supporting broad capital market access

**€600 million raised in April 2020, after the reporting period through bond issuance**

**Strong investor demand for GCP's April 2020 bond issuance**

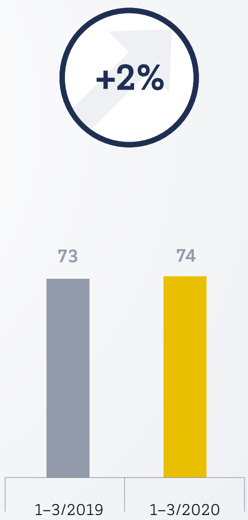
**Long-standing relations with multiple banks and financial institutions providing additional financing options**

**+2.8% L-F-L**
In-place rent growth
Mar 2020

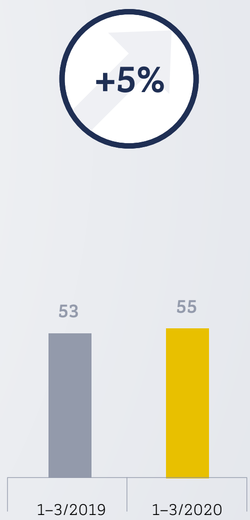
**+3.4% L-F-L**
**Total net rent growth**
Mar 2020

**+0.6% L-F-L**
Occupancy growth
Mar 2020

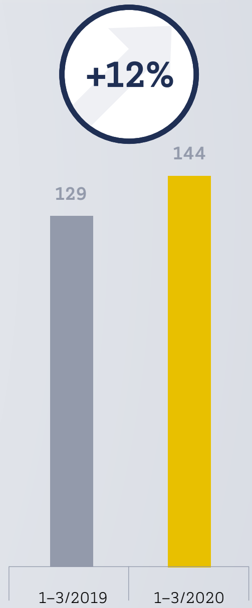
## Adjusted EBITDA (in € millions)



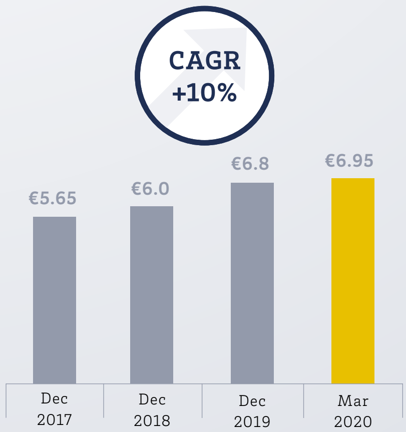

## FFO I (in € millions)



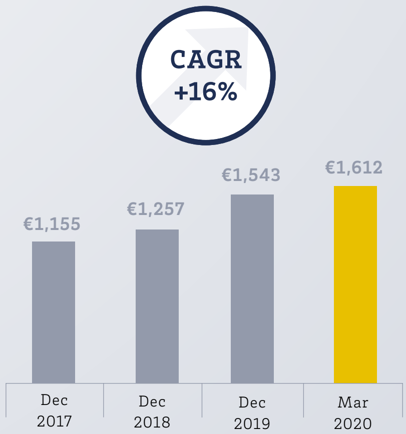

## FFO II (in € millions)




## In-place rent (in €/sqm)




## Value/sqm (in €/sqm)




## Accretive capital recycling

**Disposals**

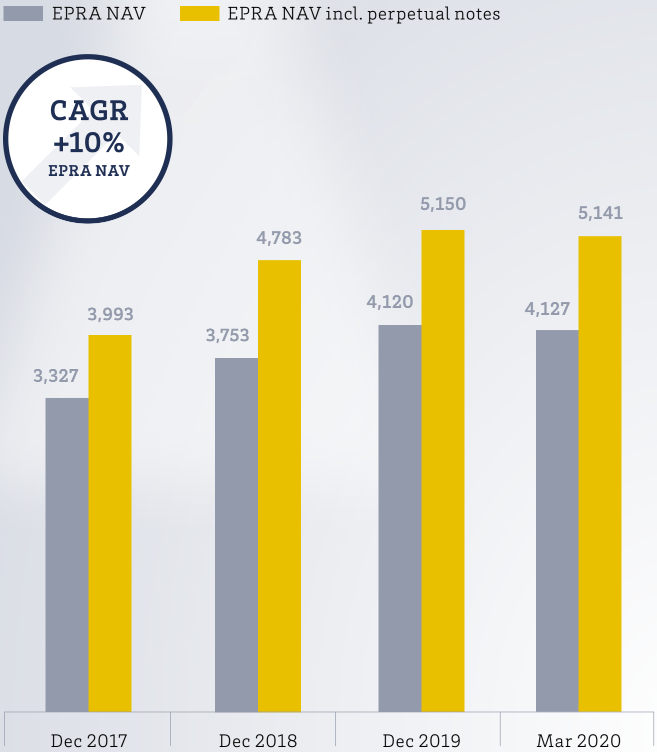
**€270 million**

47% over total costs
2% over book value

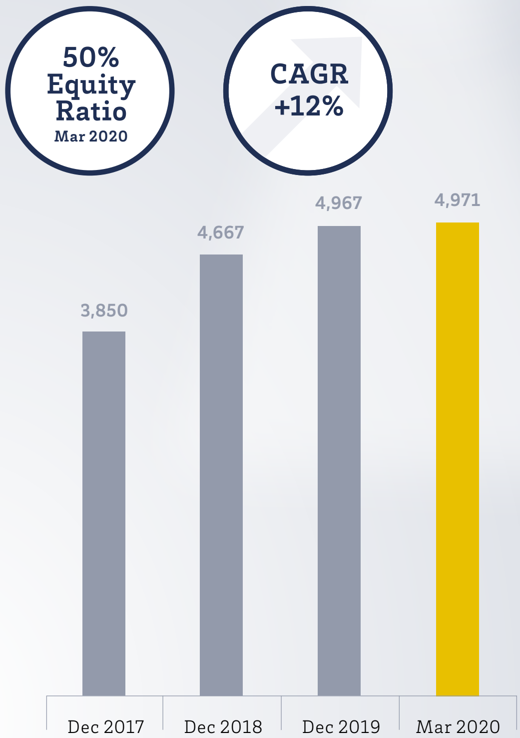
Accretive acquisition of approx. €100 million

# HIGHLIGHTS

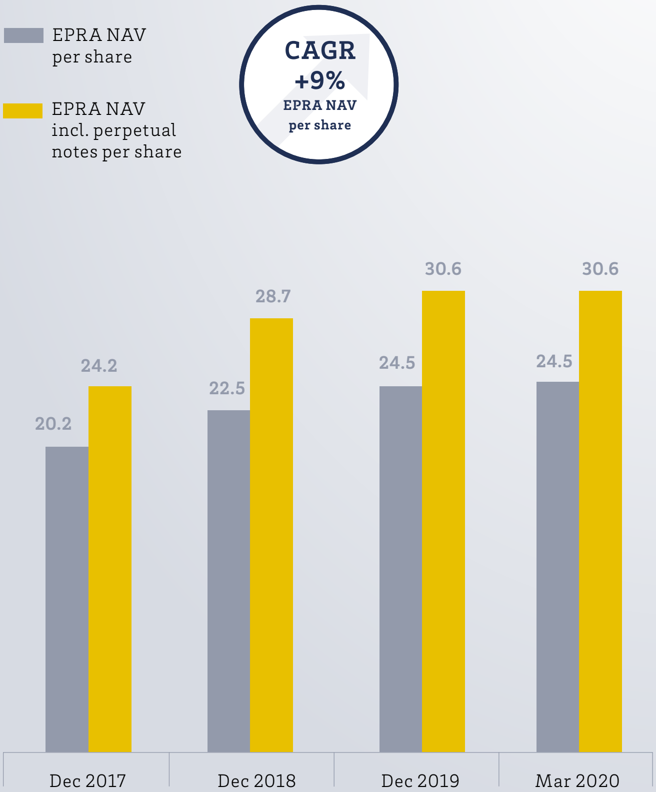
## EPRA NAV (in € millions)



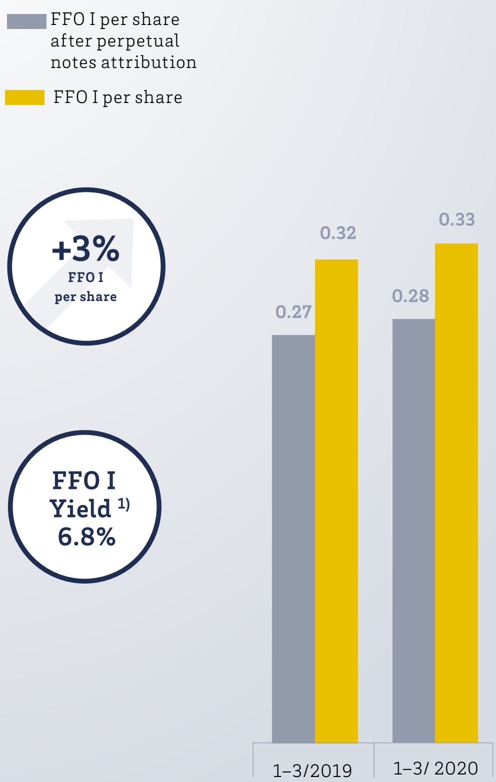

## Total Equity (in € millions)




## EPRA NAV per share (in €)

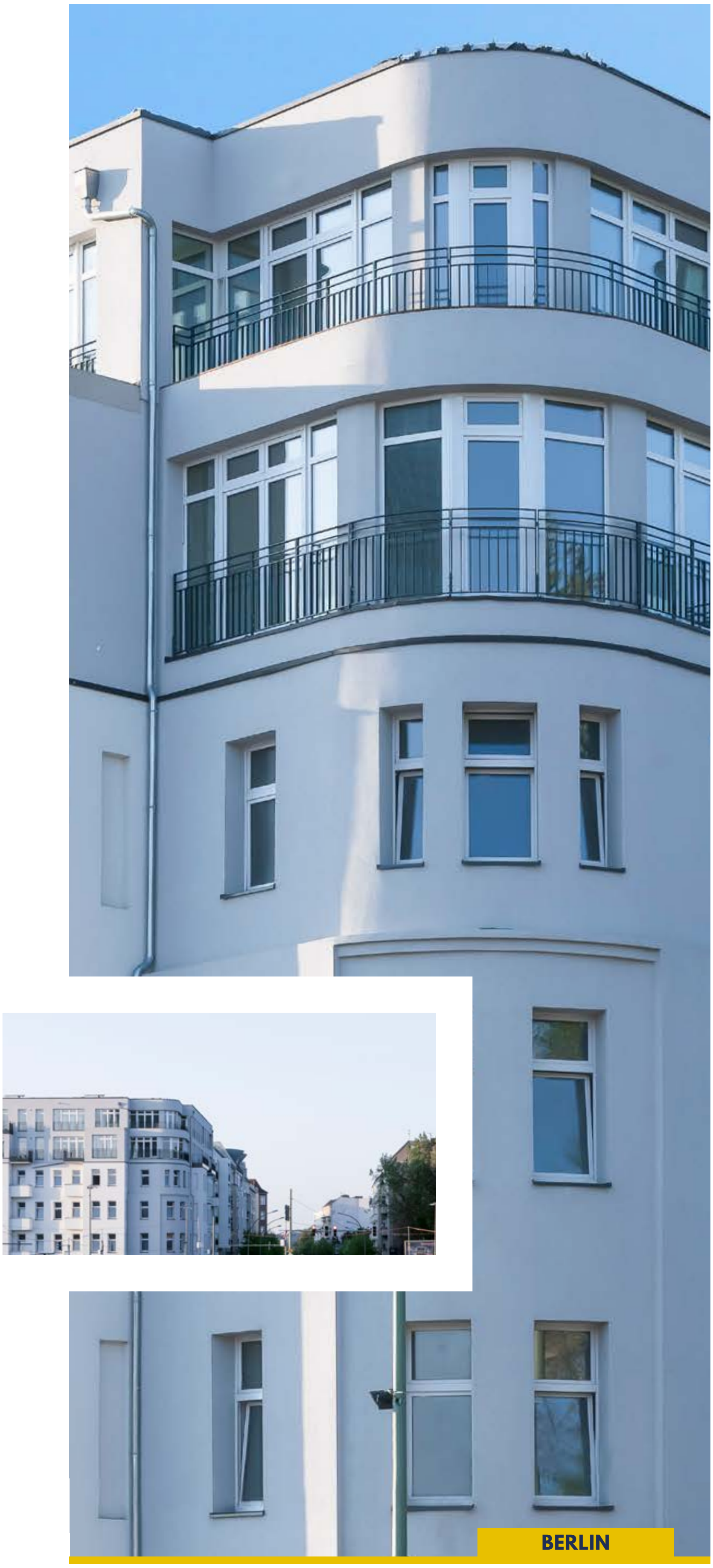



## FFO I per share (in €)




1) based on a share price of €19.5

# THE COMPANY



BERLIN

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, 2020.

The figures presented in this Board of Director's Report are based on the condensed interim consolidated financial statements as of March 31, 2020, 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, excluding assets held for sale properties and properties under development, as of March 2020 consists of 72k 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 as well as London.

GCP is focused on assets in densely populated urban locations with robust and 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.

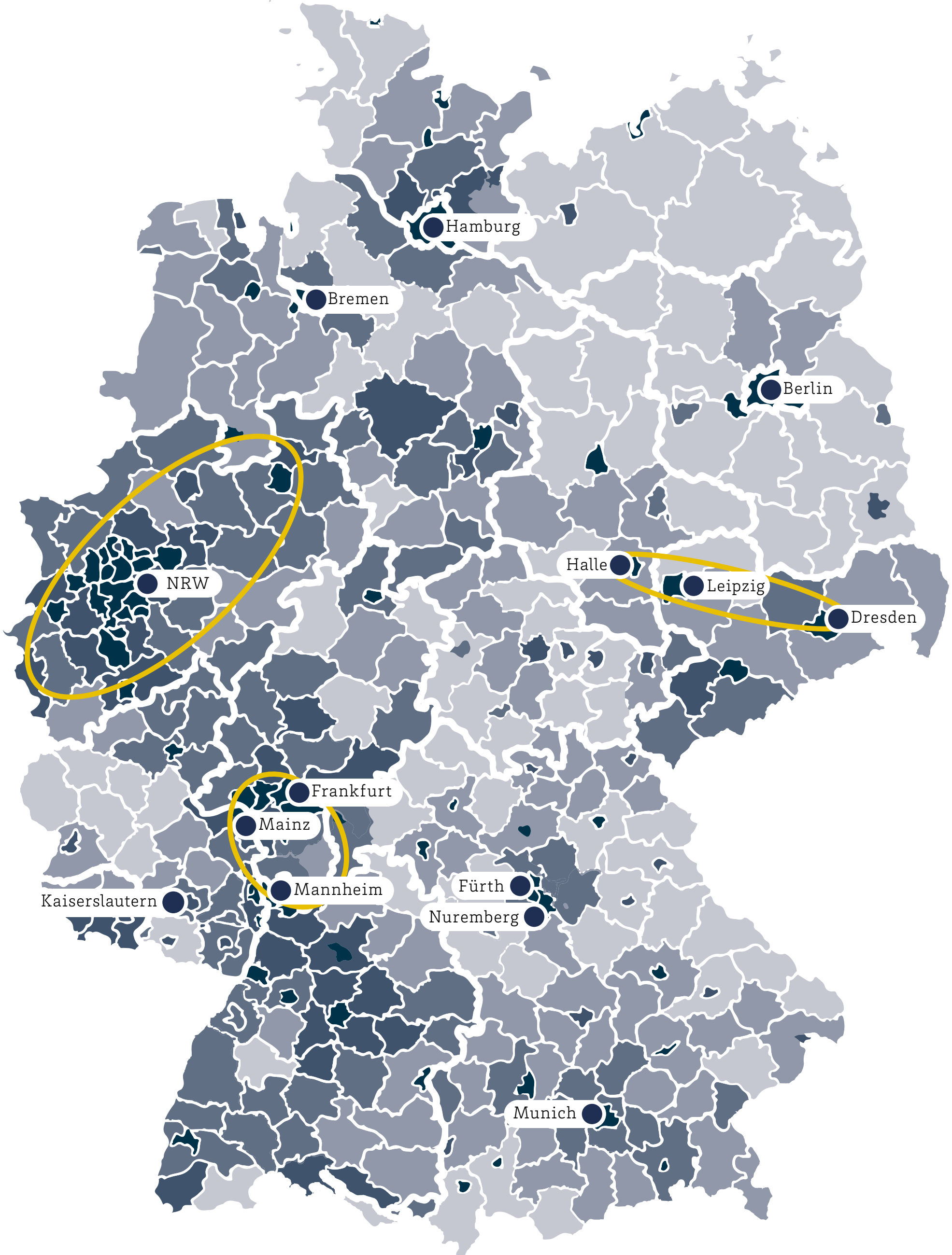
# THE PORTFOLIO


## POPULATION DENSITY IN GERMANY

inhabitants
per sqkm
(2017)*

- 933 - 4,686
- 283 – 933
- 156 - 283
- 105 – 156
- 36 - 105

* Based on data from Destatis



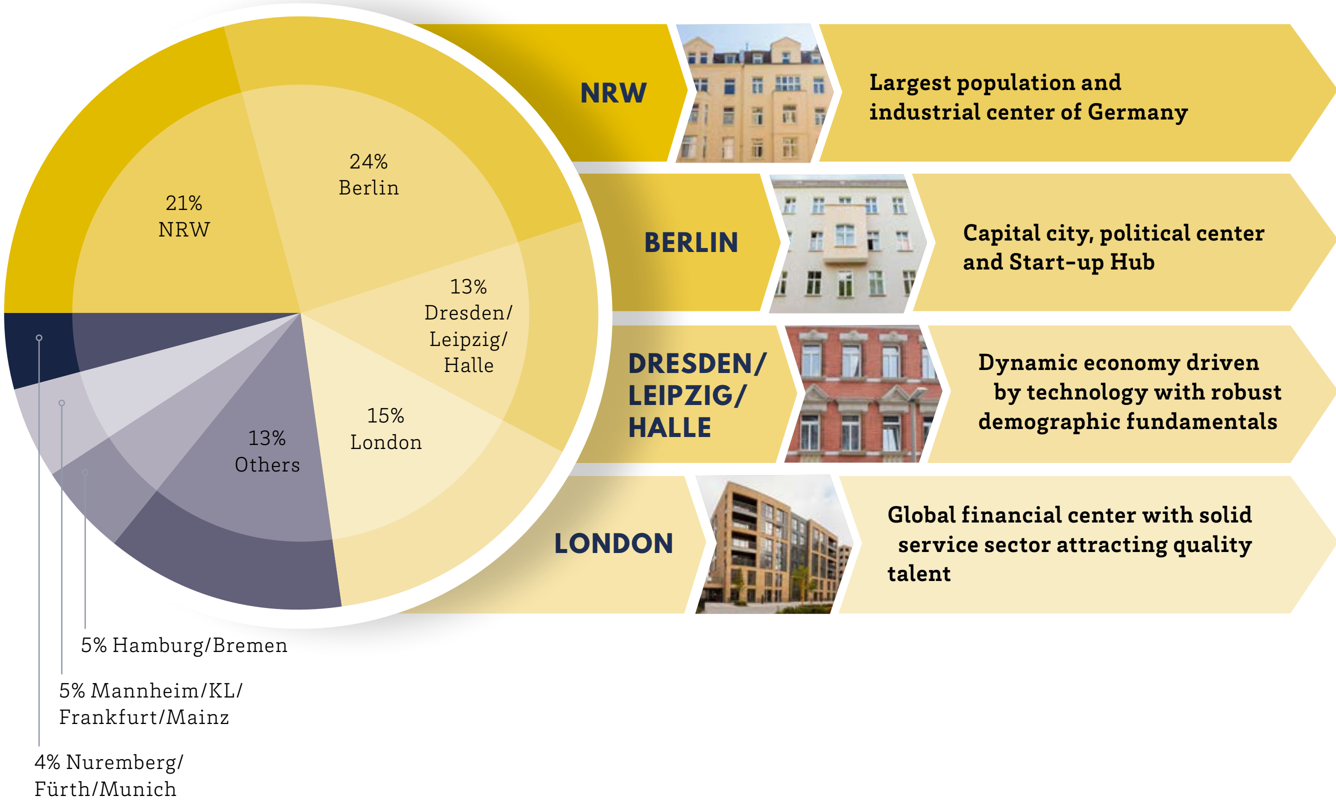

## ATTRACTIVE PORTFOLIO CONCENTRATED IN DENSELY POPULATED METROPOLITAN AREAS WITH VALUE-ADD POTENTIAL

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 21% of its Portfolio being located in NRW, 24% in Berlin, 13% in the metropolitan region of Dresden, Leipzig and Halle and 15% in London, four clusters with their own distinct economic drivers. The portfolio also includes additional holdings in other major urban centers with strong fundamentals such as, Nuremberg, Munich, Mannheim, Frankfurt, Hamburg and Bremen.

The London portfolio follows the Company's strategy of pursuing opportunities and acquiring properties with significant upside potential in densely populated areas characterized by strong demand and robust market fundamentals.

## DIVERSIFIED PORTFOLIO SUPPORTING SOLID BUSINESS RESILIENCE




## 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 2020 | Value (in €M) | Area (in k sqm) | EPRA vacancy | Annualized net rent (in €M) | In-place rent per sqm (in €) | Number of units | Value per sqm (in €) | Rental yield |
|---|---|---|---|---|---|---|---|---|
| NRW | 1,631 | 1,343 | 7.6% | 91 | 5.9 | 19,628 | 1,214 | 5.6% |
| Berlin | 1,717 | 563 | 4.9% | 54 | 8.3 | 7,651 | 3,051 | 3.1% |
| Dresden/Leipzig/Halle | 1,025 | 925 | 8.8% | 53 | 5.3 | 15,921 | 1,108 | 5.2% |
| Mannheim/KL/Frankfurt/Mainz | 405 | 225 | 3.5% | 20 | 7.5 | 3,788 | 1,797 | 4.9% |
| Nuremberg/Fürth/Munich | 310 | 116 | 3.3% | 13 | 9.4 | 1,802 | 2,671 | 4.3% |
| Hamburg/Bremen | 376 | 297 | 5.4% | 20 | 6.1 | 4,265 | 1,267 | 5.4% |
| London | 912 | 113 | 4.0% | 39 | 30.3 | 2,174 | 8,059 | 4.3% |
| Others | 1,021 | 1,008 | 7.5% | 65 | 6.1 | 17,044 | 1,014 | 6.4% |
| Development rights and new buildings* | 447 | | | | | | | |
| **Total** | **7,844** | **4,590** | **6.5%** | **355** | **6.95** | **72,273** | **1,612** | **4.8%** |

* of which pre-marketed buildings in London amount to €217 million

# BERLIN PORTFOLIO - BEST IN CLASS

## Quality locations in top tier Berlin neighborhoods


**24%**
**of GCP's portfolio**

**2/3**

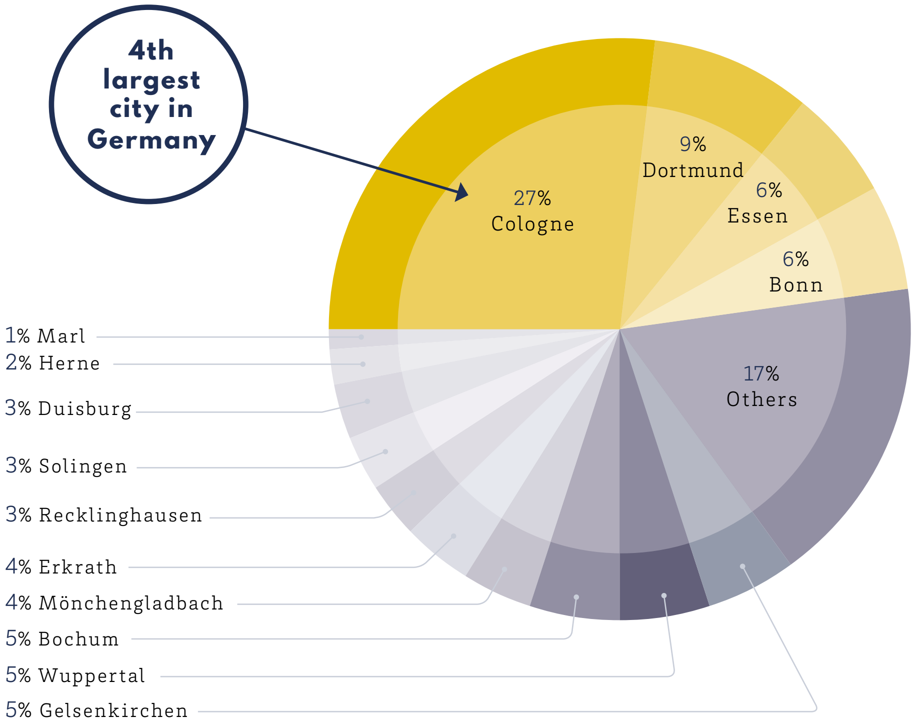
of the Berlin portfolio is located in top tier neighborhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Neukölln, Schöneberg, Steglitz and Potsdam.

**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



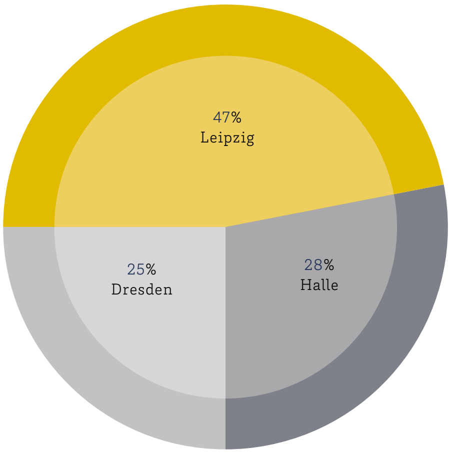

**21%**
**of GCP's portfolio**

The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 27% of the NRW portfolio is located in Cologne, the largest city in NRW, 9% in Dortmund, 6% in Essen and 6% in Bonn.

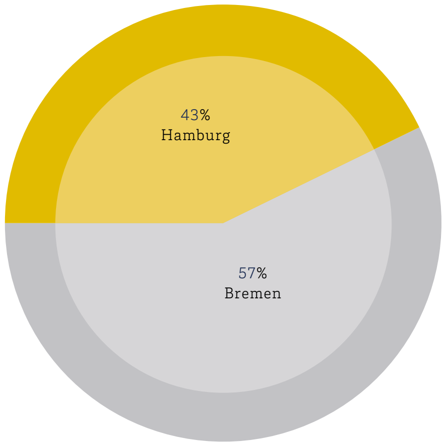
# QUALITY EAST & NORTH PORTFOLIO

18% of GCP's portfolio

Located 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.



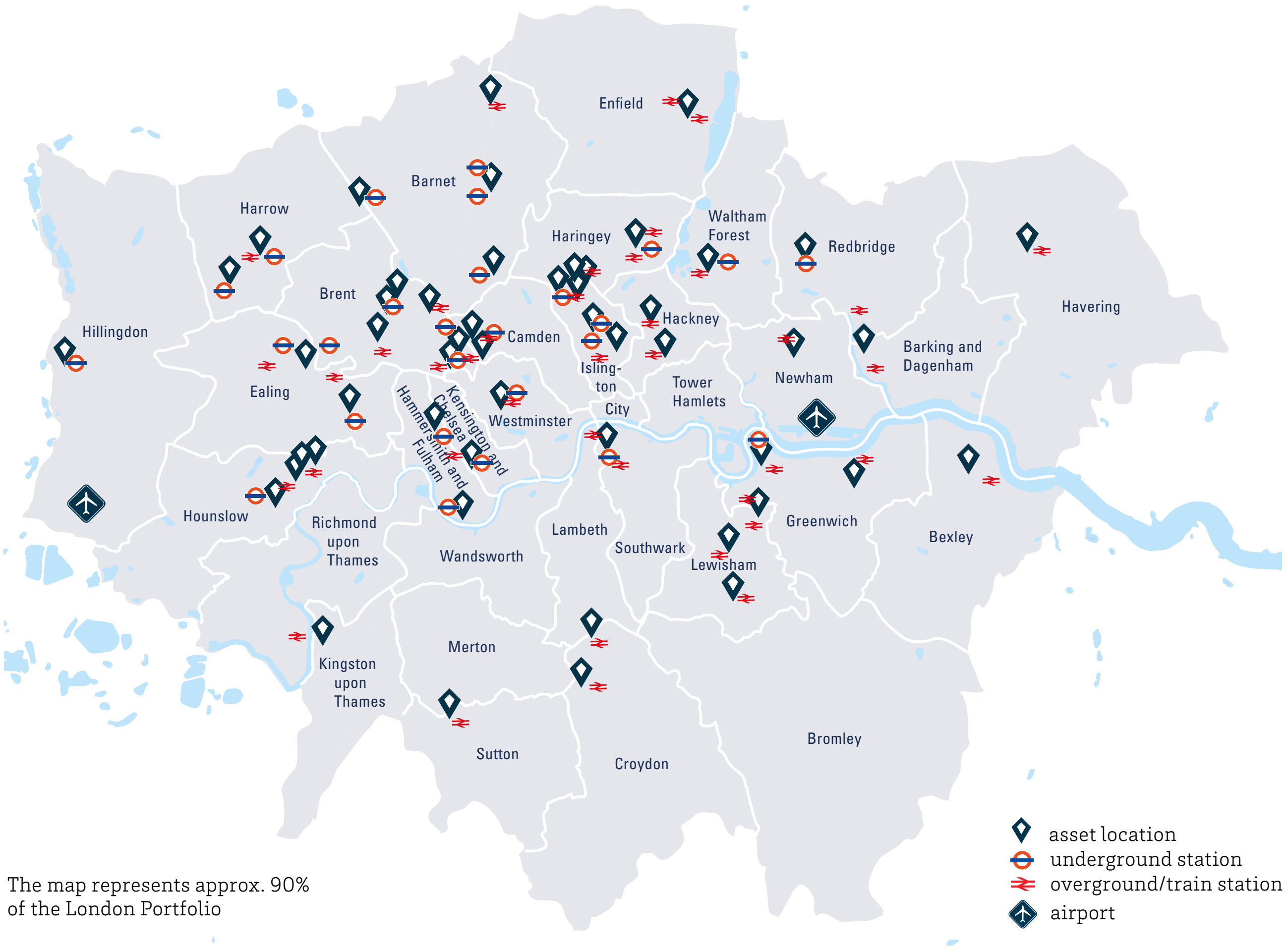

# LONDON

15% of GCP's portfolio

## High quality assets located in strong middle class neighborhoods

The total London portfolio, including high quality assets, social housing as well as pre-marketed units, amounts to over 2,800 units and approx. €1.1 billion value.

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




The map represents approx. 90% 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
- Dividend distribution of 65% of FFO I per share

## Strong liquidity position

Highest liquidity position
among the peer group
as of March 2020

**Over €1.5 billion**
March 2020 including €600 million
April 2020 debt issuance

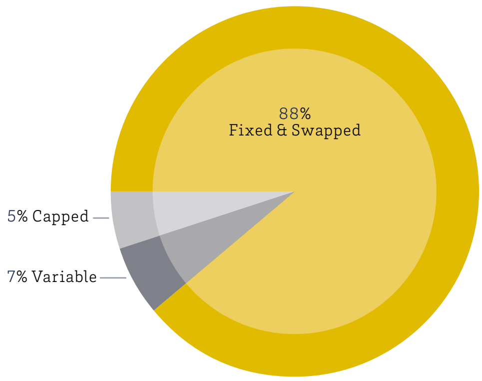
## Hedging structure

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, 93% of its interest is hedged.

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

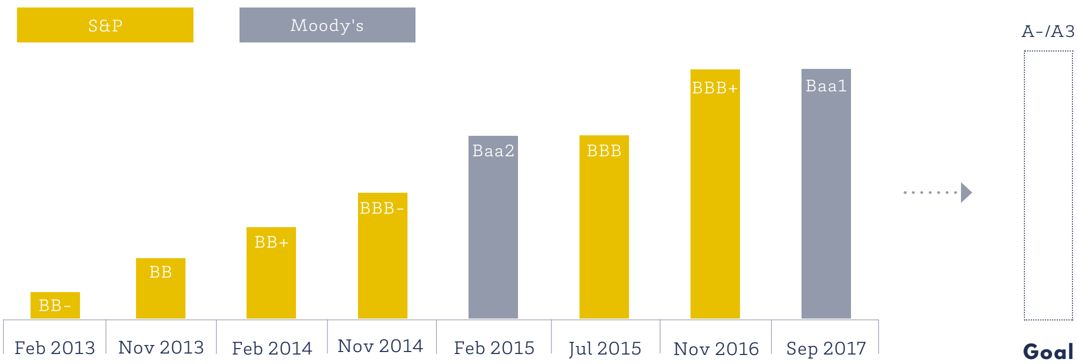
### March 2020




## 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.

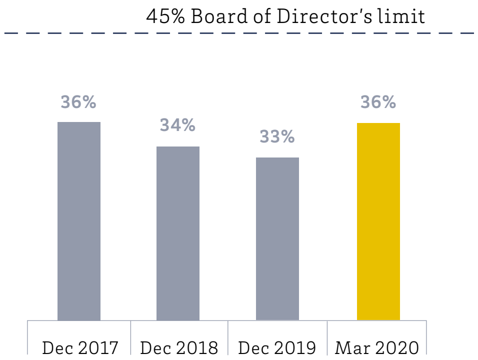
The Company has established a strong track record of achieving rating improvements owing to continuous improvements in its business and financial profile.



## 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, 2020 is at 36%, below the management limit of 45%

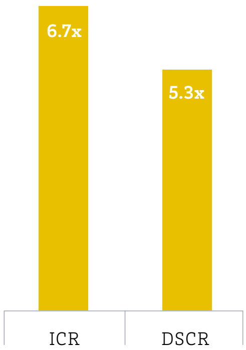
### Low Leverage (Loan-To-Value)




## Debt and interest coverage 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 2020, the Interest Cover Ratio was 6.7x and the Debt Service Cover Ratio was 5.3x

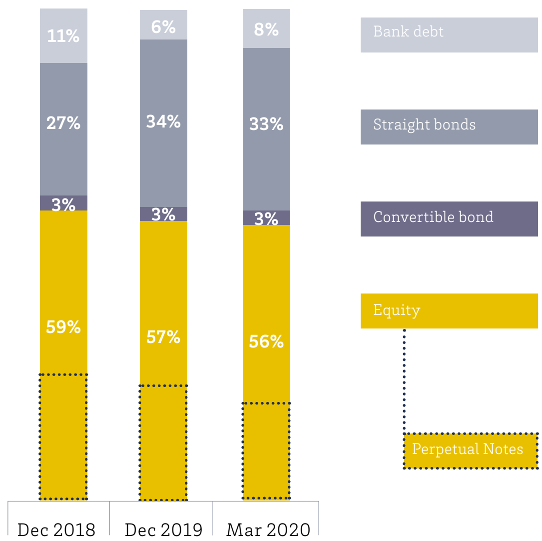
### Coverage Ratios (1–3/2020)




## Financing sources mix

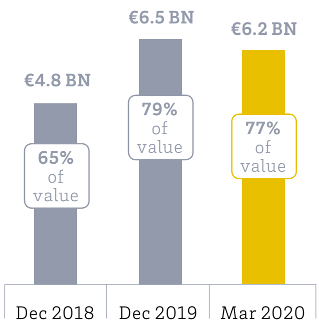
An important component of GCP's financial structure is a strong diversification of funding sources, reducing the reliance on any single source and resulting in a diversified financing mix. This is enabled by the Company's wide reach and proven track record in issuing instruments across various capital 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 €6.2 billion in unencumbered assets as of March 2020, representing 77% of the total portfolio value.



# CAPITAL MARKETS

| | | |
|---|---|---|
| **Placement** | Frankfurt Stock Exchange | |
| **Market segment** | Prime Standard | |
| **First listing** | Q2 2012 | |
| **Number of shares** (as of 31 March 2020) | 167,917,771 | ordinary shares with a par value of EUR 0.10 per share |
| **Nominal share capital** (as of 31 March 2020) | 16,791,777.10 EUR | |
| **Number of shares on a fully diluted basis** (as of 31 March 2020) | 180,684,113 | |
| **ISIN** | LU0775917882 | |
| **WKN** | A1JXCV | |
| **Symbol** | GYC | |
| **Key index memberships** | MDAX<br>FTSE EPRA/NAREIT Index Series<br>STOXX Europe 600<br>MSCI Index Series<br>GPR 250<br>DIMAX | |
| **Market capitalisation** (as of the date of this report) | 3.3 bn EUR | |
| **Shareholder structure** (as of the date of this report) | Freefloat: 61%<br>Edolaxia Group 39% | |

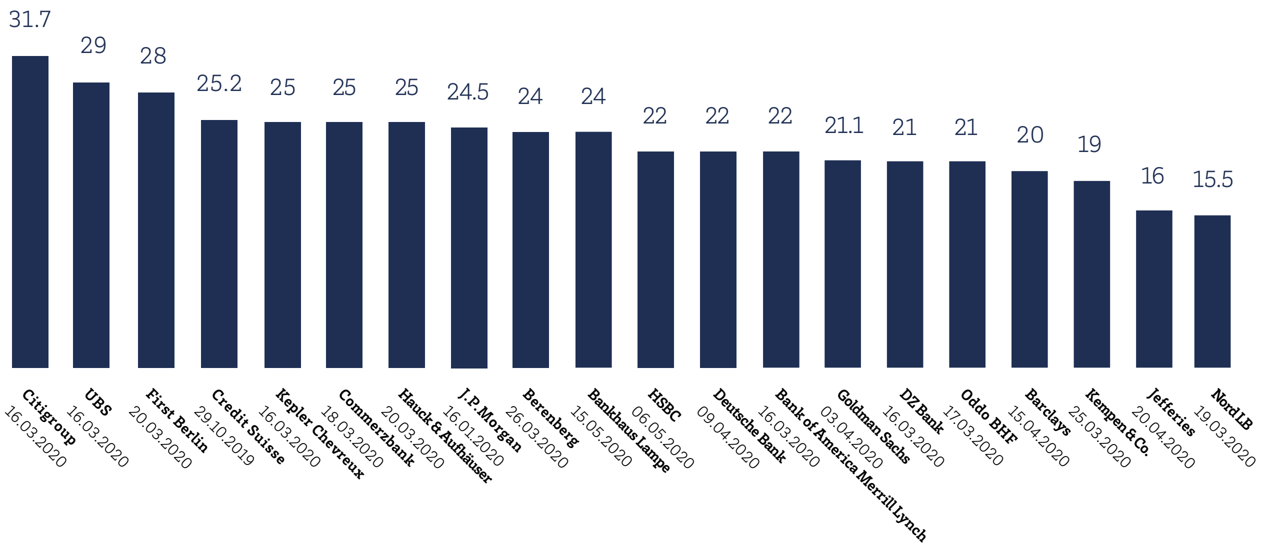
## Investor relations activities supporting the strong capital markets position

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 Europe 600 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.

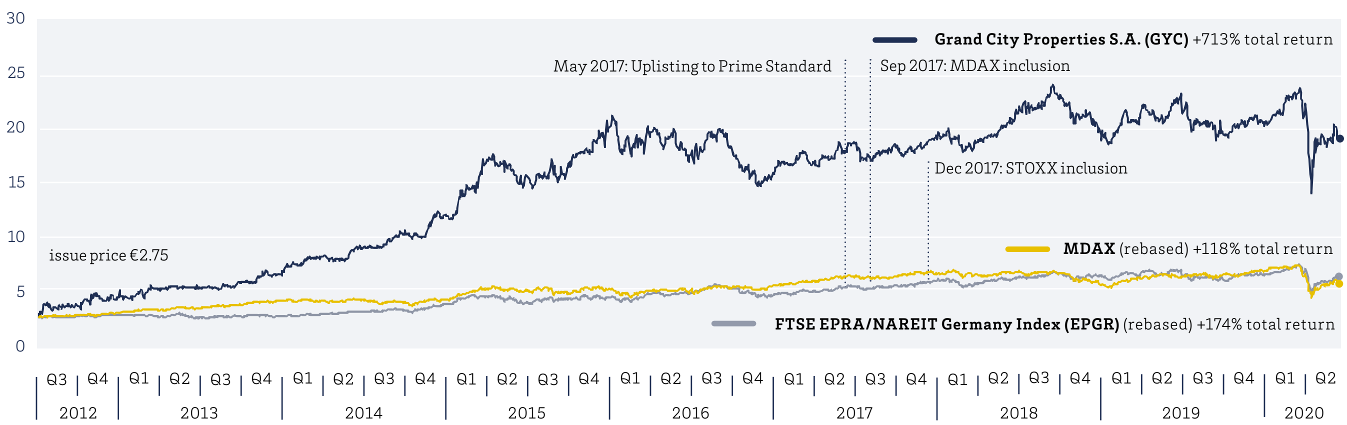
## Vast and proven track record in capital markets

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 1.3%). Since 2012, GCP has issued approx. €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 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. 7.8 years.

## Analyst Recommendations




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



# NOTES ON BUSINESS PERFORMANCE

## Selected consolidated statement of profit or loss

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Revenue** | **135,331** | **139,089** |
| Net rental income | 94,510 | 94,238 |
| | | |
| Property revaluations and capital gains | 69,291 | 120,164 |
| Property operating expenses | (59,453) | (64,860) |
| Administrative and other expenses | (3,482) | (2,925) |
| | | |
| Operating profit | 143,035 | 191,468 |
| **Adjusted EBITDA** | **73,978** | **72,589** |
| | | |
| Finance expenses | (11,009) | (11,787) |
| Other financial results | (59,539) | (17,089) |
| | | |
| Current tax expenses | (7,392) | (6,988) |
| Deferred tax expenses | (9,432) | (30,272) |
| **Profit for the period** | **55,663** | **125,332** |
| | | |
| **FFO I** | **55,222** | **52,666** |
| **FFO II** | **144,134** | **128,831** |

## Revenue

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Net rental income** | **94,510** | **94,238** |
| Operating and other income* | 40,821 | 44,851 |
| **Revenue** | **135,331** | **139,089** |

*defined as revenue from contracts with customers under note 5

The Company recorded revenues of €135 million over the first quarter of 2020, as compared to €139 million recorded during the same period in 2019. The decrease between the periods is due to a lower amount of operating and other income, while net rental income slightly increased to €94.5 million during the reporting period from €94.2 million in the comparable period. This increase, despite large disposals in the amount of approx. €770 million since the beginning of 2019, demonstrates GCP's ability to deliver steady revenue growth, through operational internal growth supported by accretive external growth. Operating and other income is mainly made up of payments for ancillary expenses which are recovered from the tenants and amounted to €41 million for the first three months of 2020, €4 million lower as compared to the comparable period in 2019 as a result of the successful capital recycling measures implemented in the past periods which included disposals of properties coupled with acquisitions in London which include significantly lower recoverable expenses.

On a like-for-like basis, the Company increased the net rental income by 3.4%, with 2.8% as a result of in-place rent increases and 0.6% due to vacancy reduction.

### Net rental income periodic development (in € millions)

**+3.4% L-F-L**

**Total net rent growth**

**Over the last 12 months**

# NOTES ON BUSINESS PERFORMANCE

## Property revaluations and capital gains

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Property revaluations and capital gains** | **69,291** | **120,164** |

Property revaluations and capital gains reported during the first three months of 2020 was €69 million as compared to €120 million reported during the corresponding period in 2019. The revaluation gains are lower in comparison to last year due to the fact that as a result of the pandemic lock down only a small portion of the portfolio was revalued for the comparable period. The fair values of the properties are externally appraised by independent and certified valuators at least once a year. As of the end of March 2020, the average value per sqm was €1,612 compared to €1,314 as of March 2019. This translates to a net rental yield of 4.8%. GCP's revaluation results reflect the improvement and the continuous repositioning process, backed by strong fundamentals in terms of the asset's location as well as underlying demographic drivers.

Over the first three months of 2020, GCP sold its control over assets amounting to over €270 million, recording a 2% gain over their net book values and generating a 47% margin over total costs (including capex). The disposals were primarily located in NRW and were sold at a multiple of 16x. As of the reporting period, the Company presents these assets as part of investment in equity-accounted investees.

## Property operating expenses

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Property operating expenses** | **(59,453)** | **(64,860)** |

Property operating expenses amounted to €59 million during the first quarter of 2020, 8% lower as compared to €65 million reported during the first quarter of 2019. The largest item included in these expenses is related to purchased services, including tenant-related expenses like heating, water, garbage disposal and cleaning costs, to name a few, most of which are recoverable in nature. GCP's capital recycling initiatives over the past periods have improved the asset quality in several ways. One of these being the lower level of expenses connected with the property. This has in turn lowered the property operating expenses, which in turn has supported profitability.

GCP's commitment to ensuring tenant satisfaction has led to a targeted endeavor to provide high quality services to tenants. Furthermore, the Company's integrated sustainable business strategy has been key in identifying avenues for the preservation of the environment and the conservation of resources. As a result, various measures are undertaken to improve the waste management process, modernize heating systems and moderate water usage. While these measures have a positive impact on the environment, they also lead to a higher level of tenant satisfaction as well as an optimization of costs.

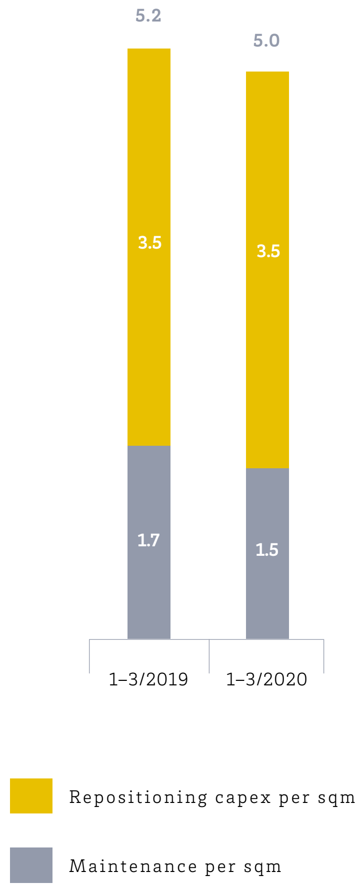
## Maintenance, capex and modernization

GCP seeks to improve the level of the asset's quality represented in the portfolio. This is done through various means including maintenance and refurbishment measures. As a result of the Company's proactive stance in this regard, GCP achieves high tenant satisfaction, higher rents and vacancy reduction while also building a strong tenant structure.

Maintenance and refurbishment expenses are outlays incurred for the preservation of the quality of living for tenants by ensuring the quality of apartments is maintained. GCP has made efforts in order to make the process of service requests seamless for tenants. In this regard, the Service Center, providing services in several languages, is available to tenants throughout the year, 24 hours a day and 7 days a week. Furthermore, tenants may also utilize GCP's mobile app in order to raise service requests. The Company's efforts in maintaining the highest quality of service provided has been recognized by the ISO 9001:2015 re-audit certification received in February 2020. During the first quarter of 2020, maintenance and refurbishment expenses were reported at €8 million and €1.5 per average sqm, as compared to €9 million and €1.7 sqm per average sqm reported for the first three months of 2019.

Repositioning capex for the first quarter of 2020 amounted to €16 million. Repositioning capex are connected to the process of improving the overall quality of the property, which in turn enhances the value provided to tenants. Specifically, this includes a variety of measures carried out, such as apartment renovations, refurbishments to common areas in the property such as staircases and corridors, and other similar improvements. While, the value of a property is determined by different elements of the property itself, the surroundings of a property are an important factor that contributes to its value. In this regard, GCP works towards upgrading community areas surrounding assets like, playgrounds, common meeting areas and barbeque pits. These measures are vital components in building up a strong community, which in turn supports the value of the properties. For the first quarter of 2020, GCP invested €3.5 per average sqm into repositioning measures stable as compared to €3.5 per average sqm for the corresponding period in 2019. The Company's commitment to repositioning investments has been rewarded by a decline of vacancy over the past quarters. As of March 2020, GCP was able to increase occupancy by 0.6% on a like-for-like basis. During the first quarter of 2020 GCP carried out an insignificant amount of modernizations, which are included in the repositioning capex. The decrease in modernization is due to a decrease in opportunities for modernization that passed the Company's criteria for investment.

**Maintenance and repositioning capex development (€/sqm)**




In addition, GCP invested €1 million for pre-letting modifications in the first quarter of 2020. This investment is connected to the completion of properties which were acquired in their final stages of completion and are included in GCP's initial cost analysis at acquisition.

# NOTES ON BUSINESS PERFORMANCE

## Administrative and other expenses

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Administrative and other expenses** | **(3,482)** | **(2,925)** |

GCP recorded €3.5 million of administrative and other expenses during the first three months of 2020, slightly higher when compared to the same period in 2019. These expenses include personnel costs, audit, accounting, legal and other professional fees, marketing expenses as well as depreciation and amortisation. The Company's administrative efficiency has helped to maintain a lean cost structure, which has supported operational profitability while also enabling GCP to scale up the business when required.

## Finance expenses

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Finance expenses** | **(11,009)** | **(11,787)** |

The Company reported finance expenses amounting to €11 million for the first three months of 2020, 7% lower in comparison to the first quarter of 2019. Over the past quarters, GCP has lowered its average cost of debt from 1.6% as of the beginning 2019 to 1.3% as of March 2020, with a long average debt maturity of 7.8 years. During the first quarter of 2020, the Company took on bank financing amounting to approx. €130 million at competitive rates with maturities of up to 20 years.

GCP's strong operational profitability is more than sufficient to cover its financial commitments many times over, and this is reflected in the solid ICR of 6.7x and DSCR of 5.3x. The Company's investment grade credit ratings have been affirmed by both from S&P (BBB+) and Moody's (Baa1), providing GCP with broad access to capital markets.

## Other financial results

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Other financial results** | **(59,539)** | **(17,089)** |

GCP reported an expense of €60 million under other financial results for the first quarter of 2020, as compared to an expense of €17 million incurred during the first quarter of 2019. The first three months of 2020 were particularly affected by the extreme volatilities in global markets, which in turn had a large impact on the market value of the financial assets and derivatives. As of the publication date, a substantial part of the value decrease has been recovered. Most of the results are non-recurring in nature and include changes in the fair market value of financial assets and derivatives, costs related to the prepayment and refinancing of bank loans as well as bond issuances.

## Taxation

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| Current tax expenses | (7,392) | (6,988) |
| Deferred tax expenses | (9,432) | (30,272) |
| **Total tax expenses** | **(16,824)** | **(37,260)** |

Total tax expenses for the first quarter of 2020 amounted to €17 million, which compares to the €37 million reported for the corresponding period in 2019. The decrease in tax expenses is primarily a result of the lower deferred tax expenses during the period which relates to the lower revaluation gains recorded in the period as a result of the limited ability to revalue the comparable part of the portfolio as in the comparable quarter. Deferred tax expenses are non-cash expenses and for the largest part, are related to the future theoretical disposal of investment properties in the form of asset deals with the application of the respective location's tax rate. During the first quarter of 2020, deferred tax expenses amounted to €9 million, down 69% as compared to the corresponding period in 2019.

Current tax expenses for the first three months of 2020 was €7 million, 6% higher as compared to the comparable period in 2019. Generally, current tax expenses, which includes property taxes as well as corporate taxes, tend to have a similar growth trajectory as the operational profitability of the Company.

# NOTES ON BUSINESS PERFORMANCE

## Profit for the period

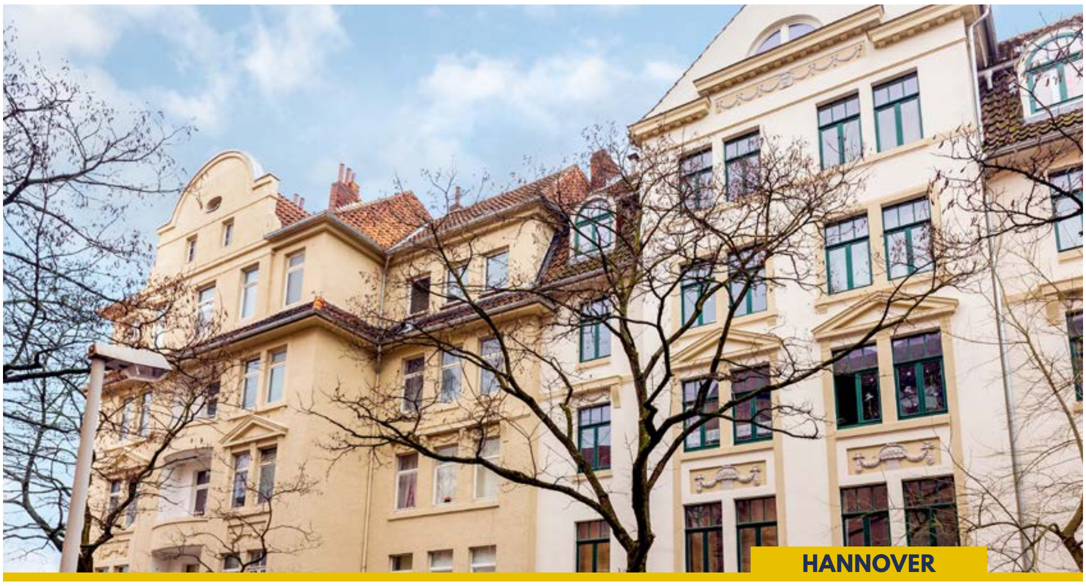
| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **Profit for the period** | **55,663** | **125,332** |
| Profit attributable to the owners of the Company | 40,143 | 108,066 |
| Profit attributable to the perpetual notes investors | 8,227 | 8,137 |
| Profit attributable to non-controlling interests | 7,293 | 9,129 |

GCP recorded a profit of €56 million for the first quarter of 2020, as compared to a net profit of €125 million during the corresponding period in 2019. As a result of lower property revaluation gains and negative effect of the other financial results, which are mostly non-recurring in nature, the net profit was lower as against the comparable period. However, excluding these non-recurring items, the operational profit presented by the FFO I increased by 5%. This increase has been largely driven by a steady growth in the net rental income coupled with efficiency gains resulting in improved operating margins. On a like-for-like basis, net rents increased by 3.4%, with a 0.6% improvement as a result of occupancy increases on the back of successful vacancy reduction measures.

## Earnings per share

| | 2020 | 2019 |
|---|---|---|
| Basic earnings per share (in €) | 0.24 | 0.65 |
| Diluted earnings per share (in €) | 0.23 | 0.61 |
| | | |
| Weighted average number of ordinary shares (basic) in thousands | 167,911 | 166,718 |
| Weighted average number of ordinary shares (diluted) in thousands | 179,578 | 178,260 |

Over the first quarter of 2020, GCP recorded a basic earnings per share of €0.24 as well as a diluted earnings per share of €0.23 as compared to €0.65 and €0.61 respectively, generated during the corresponding period, the previous year. The decrease has been driven by the lower property revaluation gains during the period and is not representative of the growing operational profitability of the business. GCP's operational profits have continued along the steady growth path, demonstrated by the 3% increase as compared to a year ago, in the FFO I per share. The diluted earnings per share is based on dilutive effects such as the theoretical future conversion of the Series F convertible bonds, which as of the date of this report, remain out-of-the-money.



HANNOVER

# NOTES ON BUSINESS PERFORMANCE

## Adjusted EBITDA and Funds From Operations (FFO I)

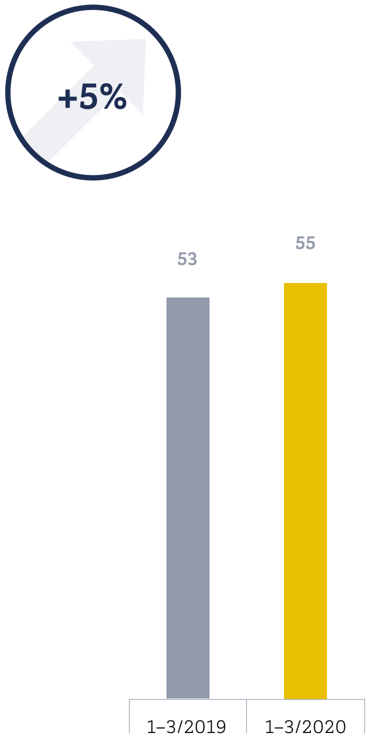
| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| Operating profit | 143,035 | 191,468 |
| Depreciation and amortisation | 1,222 | 735 |
| **EBITDA** | **144,257** | **192,203** |
| Property revaluations and capital gains | (69,291) | (120,164) |
| Share of profit from investments in equity-accounted investees | (1,348) | - |
| Other adjustments | 360 | 550 |
| **Adjusted EBITDA** | **73,978** | **72,589** |
| Finance expenses [1] | (11,009) | (11,787) |
| Current tax expenses | (7,392) | (6,988) |
| Contribution from/(to) joint ventures and minorities, net | (355) | (1,148) |
| **FFO I** | **55,222** | **52,666** |
| Weighted average number of ordinary shares (basic) in thousands [2] | 167,911 | 166,718 |
| **FFO I per share (in €)** | **0.33** | **0.32** |

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

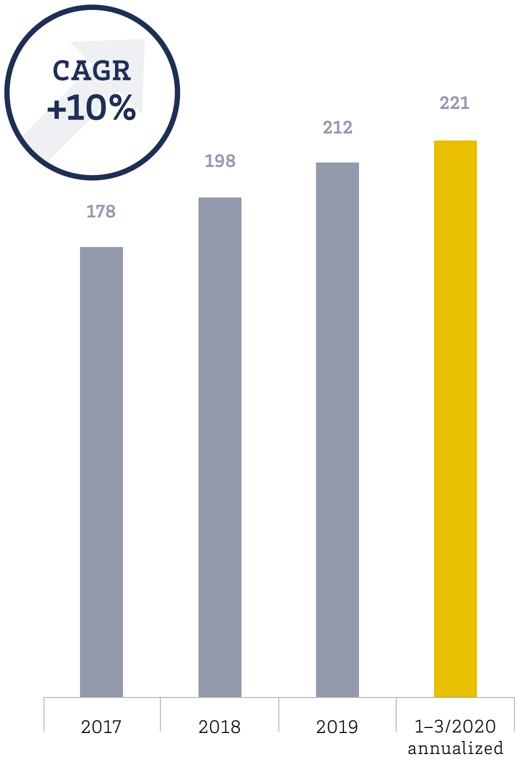
The adjusted EBITDA is an industry standard figure displaying the Company's recurring operational profits before interest, tax expenses and depreciation, excluding the effects of capital gains, revaluations, and other non-operational income statement items such as profits from disposal of inventories, share of profit/loss from investment in equity-accounted investees and other adjustments. The Company recorded an adjusted EBITDA amounting to €74 million for the first quarter of 2020, 2% higher as compared to the comparable period in 2019. GCP's stable and improving top-line and its enhanced operating efficiencies, have together enabled the Company to grow its operational profitability. On a like-for-basis, net rental income increased by a total of 3.4%, with 2.8% attributed to in-place rent increases and 0.6% as a result of occupancy increases. This increase is also in spite of large disposal volumes.

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 the contribution to minorities from, and adding the Contribution from joint ventures, to the adjusted EBITDA. Over the first three months of 2020, GCP generated an FFO I of €55 million, increasing by 5% as compared to the first three months of 2019. This increase was as a result of higher core profitability well supported by a marginally lower level of finance expenses which was achieved due to the dynamic approach in the optimization of GCP's debt profile. As compared to the start of 2019, GCP was able to lower the average cost of debt from 1.6% to 1.3% as of the end of March 2020 with a long average maturity period of 7.8 years. The increase is also supported by a contribution of €0.6 million from joint ventures investments carried in the first quarter of 2020.

## FFO I periodic development (in € millions)



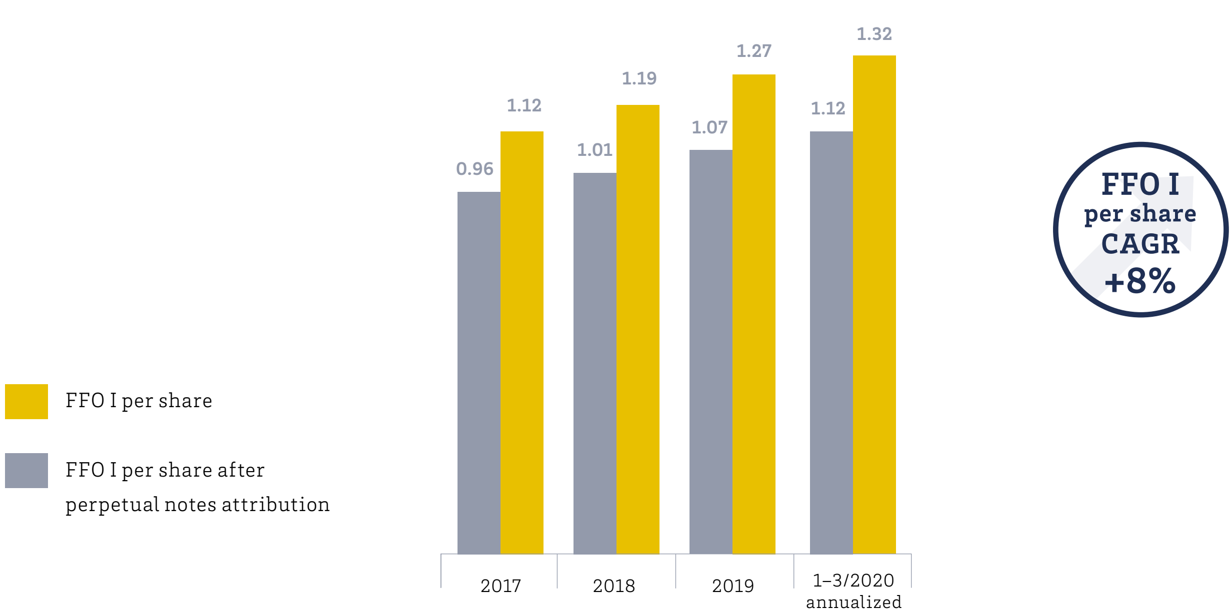

## FFO I annual development (in € millions)




## FFO I per share

For the three-month period ending with March 2020, GCP recorded an FFO I per share amounting to €0.33, increasing by 3% as compared to the corresponding period in 2019. This increase was as a result of a positive FFO I performance partially offset due to the higher average share count as compared to the comparable period, the previous year. GCP's diversified portfolio, steady cash-flows and strong liquidity position, are key components in generating an attractive FFO I yield of 6.8% (based on a share price of €19.5), with most of the gains passing on to investors as a result of 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 period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **FFO I** | **55,222** | **52,666** |
| Adjustment for accrued perpetual notes attribution | (8,227) | (8,137) |
| **FFO I after perpetual notes attribution** | **46,995** | **44,529** |
| Weighted average basic shares (in thousands)* | 167,911 | 166,718 |
| **FFO I per share after perpetual notes attribution (in €)** | **0.28** | **0.27** |

*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. In order to provide enhanced transparency, GCP additionally reports its FFO I per share after deducting the share of profit attributable to the Company's perpetual notes investors. For the first quarter of 2020, GCP recorded an FFO I per share after perpetual notes attribution of €0.28, higher by 4% as compared to the comparable period in 2019. Following the same pattern as the FFO I per share, the increase was majorly a result of stable and growing operational profitability of the business, marginally offset by a higher average share count over the two periods.

## Adjusted Funds From Operations (AFFO)

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **FFO I** | **55,222** | **52,666** |
| Repositioning capex | (16,377) | (18,425) |
| **AFFO** | **38,845** | **34,241** |

Adjusted Funds from Operations (AFFO) is another indicator for the Company's recurring operational cash flow and is derived by subtracting the repositioning capex from the Company's FFO I. GCP includes in the AFFO calculation repositioning capex as it targets value creation and improving the asset quality of the portfolio, which GCP deems as being relevant for its AFFO calculation. GCP recorded an AFFO of €39 million, for the first quarter of 2020, 13% above the €34 million reported for the comparable period in 2019. The growth was driven by GCP's solid operational performance coupled with a relatively lower level of repositioning capex during the quarter.

## FFO II

| For the period of three months ended 31 March | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| **FFO I** | **55,222** | **52,666** |
| Result from disposal of properties* | 88,912 | 76,165 |
| **FFO II** | **144,134** | **128,831** |

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

FFO II is a supplementary performance measure that includes the disposal effects on top of FFO I. The result from disposal of properties refers to the excess amount of the sale price to cost price plus capex of disposed properties. Over the first three months of 2020, GCP generated a strong FFO II amounting to €144 million, as compared to €129 million reported for the first quarter of 2019. This solid performance was on the back of the accretive capital recycling executed during the quarter. GCP sold its control over assets amounting to over €270 million, thereby generating a profit margin of 47% over total costs including capex, or an excess amount over total costs of €89 million.

LONDON

# NOTES ON BUSINESS PERFORMANCE


## Cash flow

| **For the period of three months ended 31 March** | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| Net cash provided by operating activities | 59,636 | 57,250 |
| Net cash used in investing activities | (220,773) | (57,095) |
| Net cash provided by (used in) financing activities | 82,658 | (192,379) |
| **Net increase (decrease) in cash and cash equivalents** | **(78,479)** | **(192,224)** |
| Other changes* | (106) | 244 |
| Cash and cash equivalents as on January 1, | 914,054 | 603,158 |
| **Cash and cash equivalents as on March 31,** | **835,469** | **411,178** |

*including changes in balance of cash under assets held for sale and effects of foreign exchange rate changes

Net cash provided by operating activities over the first quarter of 2020 amounted to €60 million, rising by 4% over the €57 million reported for the comparable period in 2019. The higher operating cash flow has been driven by a stable net rental income increase, complemented by increasing operational efficiencies that lead to an improved bottom-line. This was particularly evident in the 5% year-over-year increase in the FFO I for the first three months of 2020 and demonstrates the robustness of GCP's operational cash generation.

During the first quarter of 2020, rent levels have remained stable despite the COVID-19 effects. The steady nature of rent levels demonstrates the sustainable nature of GCP's operational cash flows.

Net cash used in investing activities during the first three months of 2020 amounted to €221 million as compared to €57 million used in the corresponding period in 2019. This amount includes acquisition of investment property, capex and advance payments, offset by cash proceeds from disposals in the period. In addition, this item included investments in loans to own.

Net cash provided by financing activities during the first quarter of 2020 was €83 million as compared to €192 million used during the first three months of 2019. Over the first quarter of 2020, GCP was successful in completing the drawdown on bank financing as well as a revolving credit facility, together amounting to approx. €130 million, both priced at attractive levels below 1%. Notwithstanding any of the above, GCP continues to maintain a low average cost of debt at 1.3% with a long average debt maturity of 7.8 years.

As a result of the prudent financial management of the Company, GCP's balance of cash and liquid amounted to €950 million as of the end of March 2020. The strong liquidity position of the Company was further pronounced with the large pool of unencumbered assets, which amounts to €6.2 billion as of March 2020 and constitutes 77% of the total value of investment property, providing GCP with the financial flexibility that is invaluable at such a time as this.

## Assets

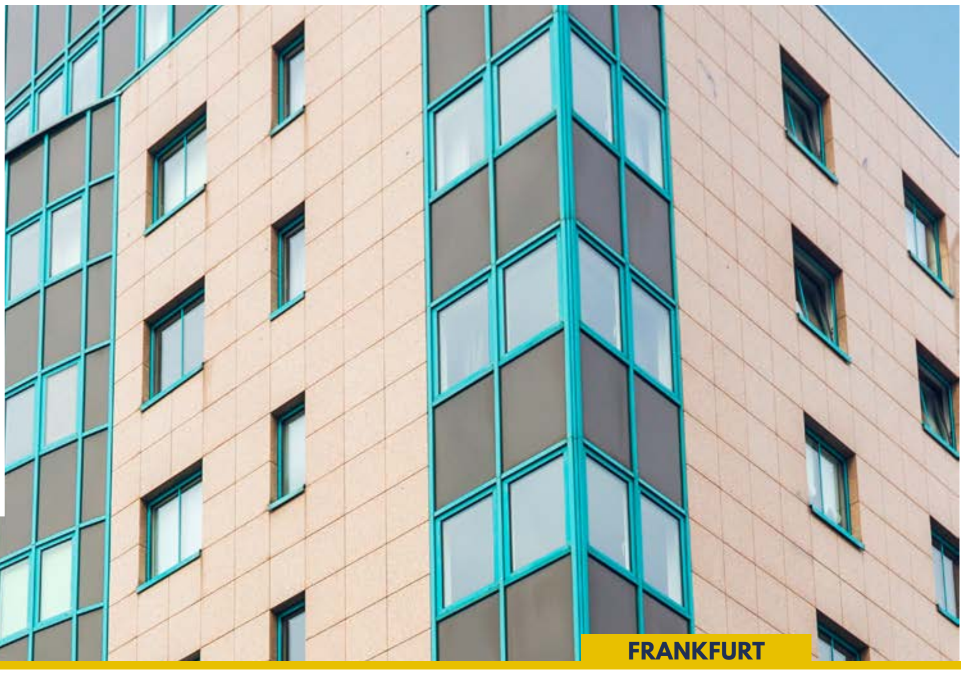
| | Mar 2020 | Dec 2019 |
|---|---|---|
| | €'000 | |
| **Non-current assets** | **8,245,802** | **8,222,645** |
| Investment property [1] | 7,844,024 | 7,971,744 |
| **Current assets** | **1,695,155** | **1,628,783** |
| Cash and liquid assets [2] | 949,483 | 1,063,320 |
| **Total Assets** | **9,940,957** | **9,851,428** |

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

Following the first quarter of 2020, GCP's total assets amounted to nearly €10 billion, marginally higher as compared to the €9.9 billion recorded as of year-end 2019.

Non-current assets as of the end of March 2020 remained stable, as compared to the end of December 2019 at €8.2 billion. The lion's share of non-current assets is comprised of Investment Properties. The increase from revaluation gains was offset by net disposals during the quarter as part of the accretive capital recycling measures undertaken by the Company. During the quarter, GCP lost control over assets amounting to over €270 million at a premium of 2% over their last appraised net book values. Those properties are presented as part of the investment in equity-accounted investees. At the same time, the Company also acquired assets of approx. €100 million, primarily in London, including around 50 units acquired at a multiple of 21x, and approx. 200 units in the pre-letting stage which are expected to be leased in the near-term.

Current assets at the end of the first quarter of 2020 amounted to €1.7 billion, as compared to €1.6 billion as of year-end 2019. GCP's liquidity position remains strong through robust operational cashflow generation, supported by competitively priced bank financing raised during the reporting period. As at the end of March 2020, GCP reported a balance of cash and other liquid assets of €950 million, which corresponds to 10% of total assets, and represents 1.7 times of the value of debt maturing in the following 3 years. This demonstrates the robust and stable nature of GCP's financial platform, positioning the Company comfortably in case of a market downturn.



FRANKFURT

# NOTES ON BUSINESS PERFORMANCE

## Liabilities

| | Mar 2020 | Dec 2019 |
|---|---|---|
| | €'000 | |
| Loans and borrowings 1) | 664,624 | 558,709 |
| Straight bonds | 2,933,693 2) | 2,920,010 |
| Convertible bond | 275,577 | 274,908 |
| Deferred tax liabilities 3) | 614,034 | 601,139 |
| Other long-term liabilities and derivative financial instruments 4) | 185,082 | 184,106 |
| Current liabilities 5) | 296,721 | 345,957 |
| **Total Liabilities** | **4,969,731** | **4,884,829** |

1) including short-term loans and borrowings, loan redemption, and financial debt held for sale
2) including bond redemption
3) including deferred tax liabilities of assets held for sale
4) including short-term derivative financial instruments
5) excluding current liabilities included in the items above

Total Liabilities at the end of March 2020 was reported at €5 billion, which compares to €4.9 billion as of year-end 2019. During the first quarter of 2020 the Company was successful in completing the draw-down of bank financing amounting to approx. €130 million at attractive rates and for maturities of up to 20 years, thereby maintaining a long average debt maturity period of 7.8 years and a low average cost of debt of 1.3%.

Deferred tax liabilities, which makes up 12% of total liabilities amounted to €614 million and is primarily connected to the revaluation gains achieved by the Company over the past periods.

DÜSSELDORF

# Debt Financing KPIs

## Loan-To-Value

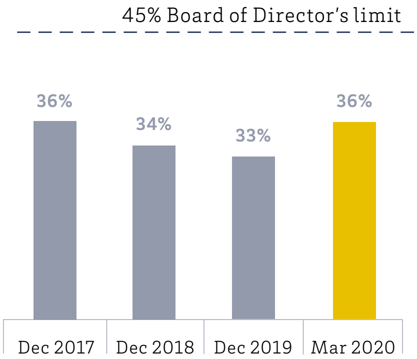
| | Mar 2020 | Dec 2019 |
|---|---|---|
| | €'000 | |
| Investment property [1] | 7,777,528 | 7,909,693 |
| Investment properties of assets held for sale | 196,622 | 196,432 |
| Equity-accounted investees | 118,829 | 21,020 |
| **Total value** | **8,092,979** | **8,127,145** |
| Total debt [2] | 3,873,894 | 3,753,627 |
| Cash and liquid assets [3] | 949,483 | 1,063,320 |
| **Net debt** | **2,924,411** | **2,690,307** |
| **LTV** | **36%** | **33%** |

1) including advanced payments for investment property and inventories – trading properties, and excluding right-of-use assets
2) including loans and borrowings held for sale
3) including cash and cash equivalents held for sale

In line with the financial policy of the Company, GCP endeavors to maintain a conservative financial structure, characterized by a low LTV below the limit of 45% set in place by the Board of Directors. As of the end of March 2020, GCP's LTV ratio was 36%, with sufficient headroom to the 45% limit in the unlikely case of additional liquidity requirements, given GCP's strong liquidity position. The LTV increased from 33% in December 2019, mainly due to acquisitions and other investments, offset by proceeds from disposals.

The robust nature of GCP's credit profile is evident in not only the low LTV ratio, but also the strong interest coverage ratio, the low cost of debt as well as the long average debt maturity period. The Company's investment grade ratings were once again reaffirmed by both S&P (BBB+) and Moody's (Baa1), which provides the Company with broad capital market access while also reinforcing the management's prudent financial management.

**Lowering leverage while increasing profitability**




Over the first quarter of 2020, GCP reported an ICR of 6.7x and a DSCR of 5.3x, both supported by a steadily growing operational profit generation coupled with proactive debt optimization measures resulting in a lower level of finance expenses. The value of unencumbered assets in the Company's investment property portfolio was €6.2 billion representing 77% of the total portfolio, as of the end of March 2020. This provides GCP with additional liquidity in case of a market downturn.

## Unencumbered Assets

| | Mar 2020 | Dec 2019 |
|---|---|---|
| | €'000 | |
| Unencumbered Assets | 6,190,821 | 6,484,583 |
| Total Investment properties * | 8,040,646 | 8,168,176 |
| **Unencumbered Assets Ratio** | **77%** | **79%** |

* including investment property held for sale and inventories - trading property

## Interest Coverage Ratio (ICR)

| **For the period of three months ended 31 March** | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| Adjusted EBITDA | 73,978 | 72,589 |
| Finance Expenses | 11,009 | 11,787 |
| **Interest Coverage Ratio** | **6.7x** | **6.2x** |

## Debt Service Coverage Ratio (DSCR)

| **For the period of three months ended 31 March** | 2020 | 2019 |
|---|---|---|
| | €'000 | |
| Adjusted EBITDA | 73,978 | 72,589 |
| Finance Expenses | 11,009 | 11,787 |
| Amortisation of loans from financial institutions | 2,907 | 2,125 |
| **Debt Service Coverage Ratio** | **5.3x** | **5.2x** |

# NOTES ON BUSINESS PERFORMANCE

## EPRA NAV

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

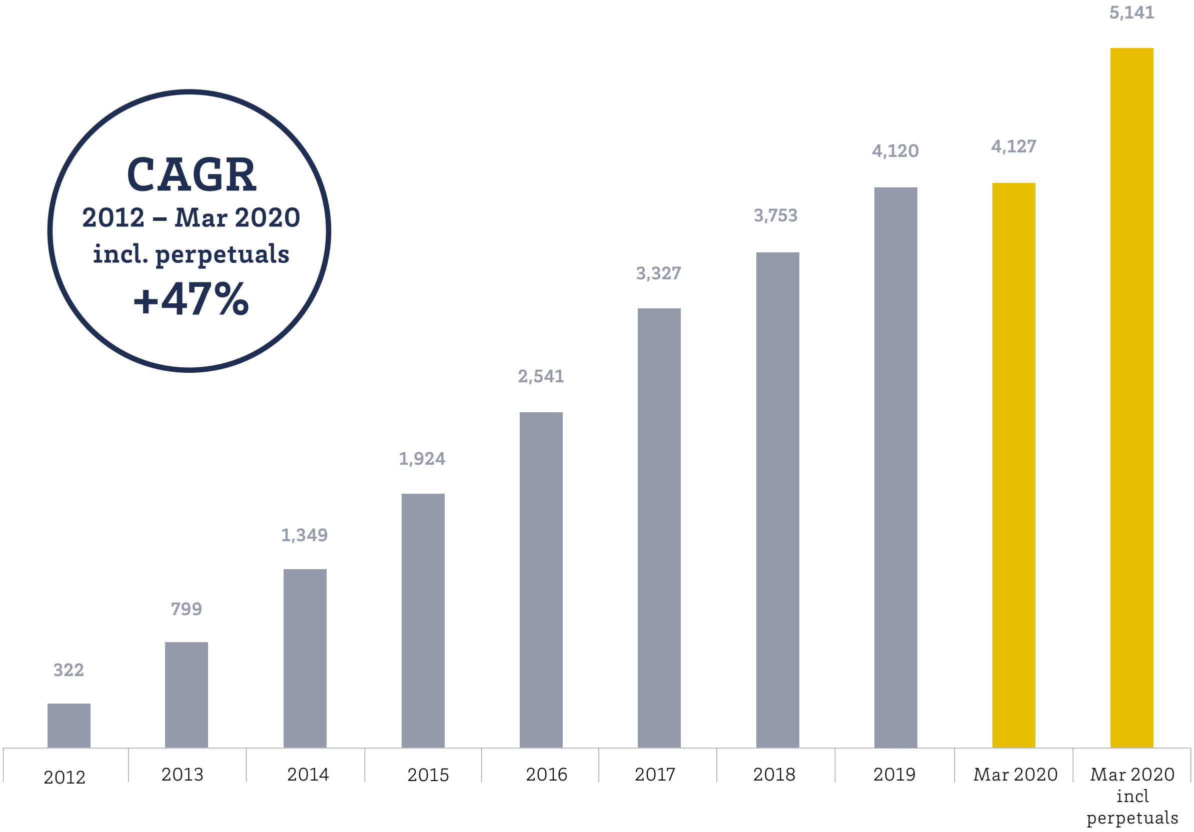
| | Mar 2020 | | Dec 2019 | |
|---|---|---|---|---|
| | €'000 | € per share | €'000 | € per share |
| **Equity per the financial statements** | **4,971,226** | | **4,966,599** | |
| Equity attributable to perpetual notes investors | (1,014,027) | | (1,030,050) | |
| **Equity excluding perpetual notes** | **3,957,199** | | **3,936,549** | |
| Fair value measurements of derivative financial instruments, net 1) | (2,014) | | 26,656 | |
| Deferred tax liabilities 2) | 614,034 | | 601,139 | |
| **NAV** | **4,569,219** | **27.2** | **4,564,344** | **27.2** |
| | | | | |
| Non-controlling interests | (442,676) | | (443,917) | |
| | | | | |
| **EPRA NAV** | **4,126,543** | **24.5** | **4,120,427** | **24.5** |
| | | | | |
| Equity attributable to perpetual notes investors | 1,014,027 | | 1,030,050 | |
| | | | | |
| **EPRA NAV incl. perpetual notes** | **5,140,570** | **30.6** | **5,150,477** | **30.6** |
| | | | | |
| **EPRA NAV** | **4,126,543** | **24.5** | **4,120,427** | **24.5** |
| Fair value measurements of derivative financial instruments 1) | 2,014 | | (26,656) | |
| Adjustment to reflect fair value of debt | (29,232) | | (169,511) | |
| Deferred tax liabilities 3) | (34,145) | | (33,428) | |
| **EPRA NNNAV** | **4,065,180** | **24.2** | **3,890,832** | **23.1** |
| | | | | |
| Basic number of shares including in-the-money dilution effects (in thousands) | 168,090 | | 168,087 | |

1) not including net change in fair value of derivative financial instruments related to currency effect
2) including balances held for sale
3) adjustment based on the Company's corporate structure and from actual transaction

As of the end of March 2020, the Company reported an EPRA NAV of €4.1 billion and €24.5 per share, stable both on a standalone basis as well as on a per share basis respectively, in comparison to the end of December 2019. While profit generation during the period had a positive impact on the EPRA NAV, this was offset by the change in the fair value measurement of derivative financial instruments as a result of increased market volatilities and other comprehensive income.

GCP's EPRA NNNAV amounted to €4.1 billion and €24.2 on a per share basis, following the end of the first three months of 2020, increasing by 4% and 5% respectively as compared to year-end 2019.

## 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 *Property revaluations and capital gains* 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 amortisation |
| **(=) EBITDA** |
| (-) Property revaluations and capital gains |
| (-) Share in profit from investment in equity-accounted investees |
| (+) Other adjustments |
| **(=) Adjusted EBITDA** |

## Reconciliation of Funds From Operations I (FFO I)

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

### FFO I reconciliation

| |
|---|
| Adjusted EBITDA |
| (-) Finance expenses |
| (-) Current tax expenses |
| (+/-) Contribution from/(to) joint ventures and minorities, Net |
| (=) 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 total cost 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

## 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

# ALTERNATIVE PERFORMANCE MEASURES

## 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 real estate transactions 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*, *loan 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 right-of-use assets
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 *Amortisation 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) Amortisation of loans from financial institutions |
| (c) Adjusted EBITDA |
| **(=) [c/(a+b)] DSCR** |

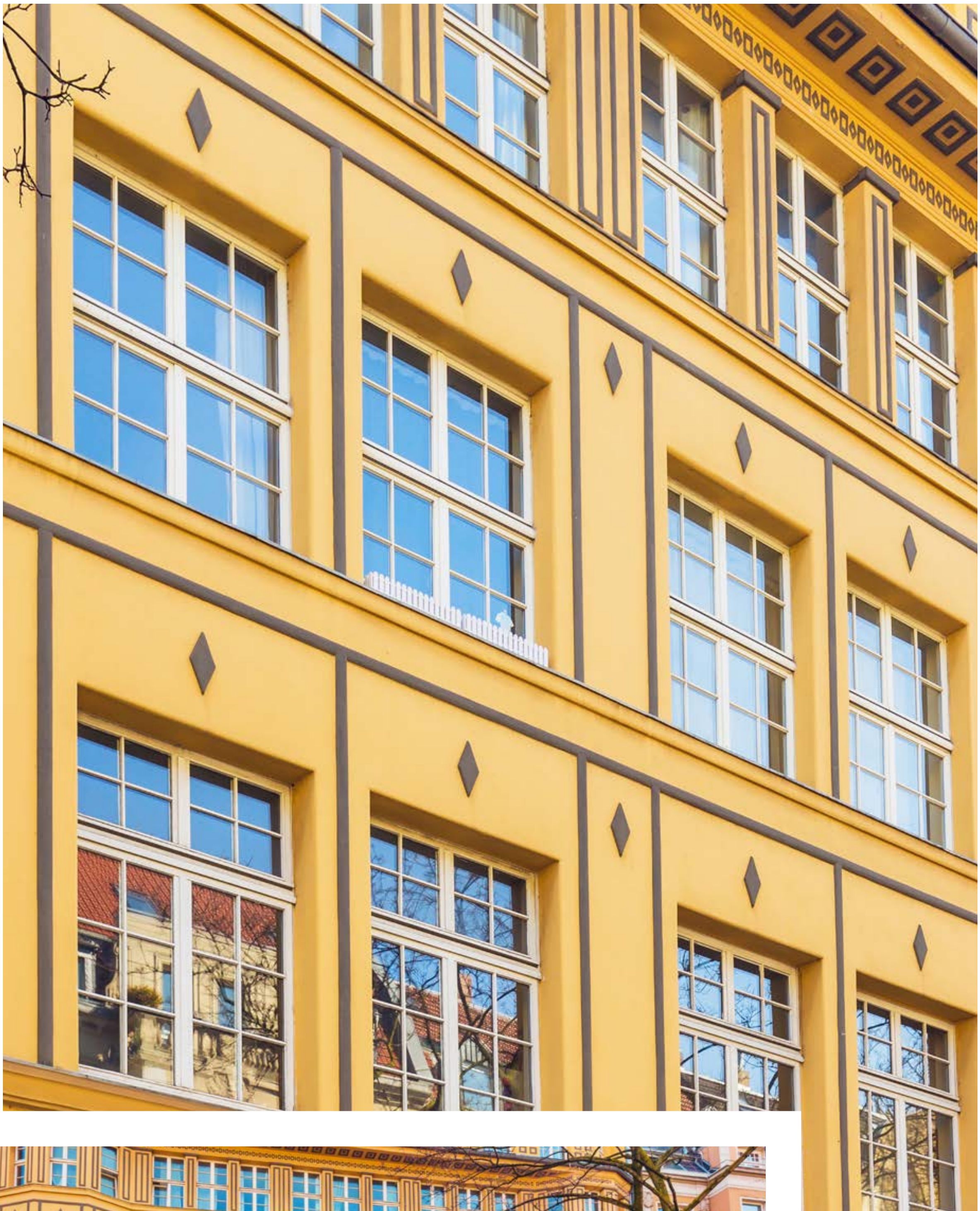
# Reconciliation of Equity Ratio

The Equity ratio is an accepted measure to understand and gauge the financing structure of a firm. This ratio shows what proportion of the company's assets are funded by equity shares. Further, it also shows how much shareholders would receive in the event of a company-wide liquidation.

## Equity Ratio reconciliation

| |
|---|
| (a) Total Equity |
| (b) Total Assets |
| **(=) (a/b) Equity Ratio** |

BERLIN




Boutique
NEUSSER GRILL-PIZZERIA
COLOGNE

# RESPONSIBILITY STATEMENT

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

# DISCLAIMER

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

By order of the Board of Directors,
Luxembourg, May 18, 2020

| | | |
|---|---|---|
| **Refael Zamir**<br>CFO, Chairman of the<br>Board of Directors | **Simone Runge-Brandner**<br>Member of the<br>Board of Directors | **Daniel Malkin**<br>Member of the<br>Board of Directors |

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | For the period of three months ended 31 March | |
|---|---|---|---|
| | | 2020 | 2019 |
| | | Unaudited | |
| | Note | €'000 | |
| **Revenue** | 5 | **135,331** | **139,089** |
| Property revaluations and capital gains | | 69,291 | 120,164 |
| Share of profit from investments in equity-accounted investees | | 1,348 | - |
| Property operating expenses | | (59,453) | (64,860) |
| Administrative and other expenses | | (3,482) | (2,925) |
| **Operating profit** | | **143,035** | **191,468** |
| Finance expenses | | (11,009) | (11,787) |
| Other financial results | | (59,539) | (17,089) |
| **Profit before tax** | | **72,487** | **162,592** |
| Current tax expenses | | (7,392) | (6,988) |
| Deferred tax expenses | | (9,432) | (30,272) |
| **Profit for the period** | | **55,663** | **125,332** |
| **Profit attributable to:** | | | |
| Owners of the Company | | 40,143 | 108,066 |
| Perpetual notes investors | | 8,227 | 8,137 |
| Non-controlling interests | | 7,293 | 9,129 |
| | | **55,663** | **125,332** |
| **Net earnings per share attributable to the owners of the Company (in €):** | | | |
| Basic earnings per share | | 0.24 | 0.65 |
| Diluted earnings per share | | 0.23 | 0.61 |



The notes on pages 48 to 54 form an integral part of these condensed interim consolidated financial statements

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the period of three months ended 31 March | |
|---|---|---|
| | 2020 | 2019 |
| | Unaudited | |
| | €'000 | |
| **Profit for the period** | **55,663** | **125,332** |
| **Other comprehensive loss** | | |
| **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 | (20,410) | 7,300 |
| Cost of hedging | 1,737 | (8,720) |
| **Total other comprehensive loss for the period, net of tax** | **(18,673)** | **(1,420)** |
| **Total comprehensive income** | **36,990** | **123,912** |
| **Total comprehensive income attributable to:** | | |
| Owners of the company | 21,470 | 106,646 |
| Perpetual notes investors | 8,227 | 8,137 |
| Non-controlling interests | 7,293 | 9,129 |
| | **36,990** | **123,912** |

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 31 March 2020 Unaudited | As at 31 December 2019 Audited |
|---|---|---|---|
| | | €'000 | |
| **Assets** | | | |
| Equipment and intangible assets | | 27,909 | 27,233 |
| Investment property | 6 | 7,827,689 | 7,956,034 |
| Advanced payment for real estate transactions | | 26,036 | 25,106 |
| Investment in equity-accounted investees | | 118,829 | 21,020 |
| Derivative financial assets | | 71,679 | 25,808 |
| Other non-current assets | | 131,386 | 125,099 |
| Deferred tax assets | | 42,274 | 42,345 |
| **Non-current assets** | | **8,245,802** | **8,222,645** |
| | | | |
| Cash and cash equivalents | | 835,469 | 914,054 |
| Financial assets at fair value through profit and loss | | 113,348 | 148,706 |
| Inventories - trading property | | 16,335 | 15,710 |
| Trade and other receivables | | 514,203 | 342,285 |
| Derivative financial assets | | 13,830 | 6,699 |
| Assets held for sale | | 201,970 | 201,329 |
| **Current assets** | | **1,695,155** | **1,628,783** |
| **Total assets** | | **9,940,957** | **9,851,428** |



The notes on pages 48 to 54 form an integral part of these condensed interim consolidated financial statements

| | Note | As at 31 March 2020 Unaudited | As at 31 December 2019 Audited |
|---|---|---|---|
| | | €'000 | |
| **Equity** | | | |
| Share capital | 7 | 16,792 | 16,790 |
| Share premium and other reserves | | 564,800 | (*) 583,482 |
| Retained earnings | | 2,932,931 | 2,892,360 |
| **Total equity attributable to the owners of the Company** | | **3,514,523** | **3,492,632** |
| Equity attributable to perpetual notes investors | | 1,014,027 | 1,030,050 |
| **Total equity attributable to the owners and perpetual notes investors** | | **4,528,550** | **4,522,682** |
| Non-controlling interests | | 442,676 | 443,917 |
| **Total equity** | | **4,971,226** | **4,966,599** |
| **Liabilities** | | | |
| Loans and borrowings | | 625,622 | 521,110 |
| Convertible bond | | 275,577 | 274,908 |
| Straight bonds | | 2,873,259 | 2,920,010 |
| Derivative financial liabilities | | 20,432 | 18,488 |
| Other non-current liabilities | | 155,578 | 103,757 |
| Deferred tax liabilities | | 605,053 | 592,274 |
| **Non-current liabilities** | | **4,555,521** | **4,430,547** |
| Current portion of long-term loans | | 13,376 | 12,136 |
| Bond and Loan redemption | | 81,560 | 21,126 |
| Trade and other payables | | 240,059 | 287,664 |
| Derivative financial liabilities | | 9,072 | 61,861 |
| Tax payable | | 17,715 | 15,599 |
| Provisions for other liabilities and charges | | 35,413 | 39,394 |
| Liabilities held for sale | | 17,015 | 16,502 |
| **Current liabilities** | | **414,210** | **454,282** |
| **Total liabilities** | | **4,969,731** | **4,884,829** |
| **Total equity and liabilities** | | **9,940,957** | **9,851,428** |

(*) reclassified

The Board of Directors of Grand City Properties S.A. authorised these condensed interim consolidated financial statements to be issued on 18 May 2020.

**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

| | Equity attributable to the owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| €'000 | Share capital | Share Premium | Equity component of convertible bond | Cost of hedging reserve | Foreign exchange translation reserves, net | Other reserves | Retained earnings | Total equity attributable to the owners of the company | Equity attributable to perpetual notes investors | Equity attributable to owners of the Company and perpetual notes investors | Non-controlling interests | Total equity |
| **Balance as at 31 December 2019 (audited)** | **16,790** | **566,680** | **12,657** | **(9,873)** | **(10,467)** | **24,485** | **2,892,360** | **3,492,632** | **1,030,050** | **4,522,682** | **443,917** | **4,966,599** |
| Profit for the period | - | - | - | - | - | - | 40,143 | 40,143 | 8,227 | 48,370 | 7,293 | 55,663 |
| Other comprehensive income (loss) for the period | - | - | - | 1,737 | (20,410) | - | - | (18,673) | - | (18,673) | - | (18,673) |
| **Total comprehensive income (loss) for the period** | **-** | **-** | **-** | **1,737** | **(20,410)** | **-** | **40,143** | **21,470** | **8,227** | **29,697** | **7,293** | **36,990** |
| Share-based payment | 2 | 297 | - | - | - | (306) | - | (7) | - | (7) | - | (7) |
| Transactions with non-controlling interests | - | - | - | - | - | - | 428 | 428 | - | 428 | (8,534) | (8,106) |
| Payment to perpetual notes investors | - | - | - | - | - | - | - | - | (24,250) | (24,250) | - | (24,250) |
| **Balance as at 31 March 2020 (unaudited)** | **16,792** | **566,977** | **12,657** | **(8,136)** | **(30,877)** | **24,179** | **2,932,931** | **3,514,523** | **1,014,027** | **4,528,550** | **442,676** | **4,971,226** |

| | Equity attributable to the owners of the Company | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| €'000 | Share capital | Share Premium | Equity component of convertible bond | Cost of hedging reserve | Foreign exchange translation reserves, net | Other reserves | Retained earnings | Total equity attributable to owners of the company | Equity attributable to perpetual notes investors | Equity attributable 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 | - | - | - | - | - | - | 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) |
| Payment to perpetual notes investors | - | - | - | - | - | - | - | - | (24,250) | (24,250) | - | (24,250) |
| **Balance as at 31 March 2019 (unadited)** | **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** |



The notes on pages 48 to 54 form an integral part of these condensed interim consolidated financial statements


WUPPERTAL

# CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| | For the period of three months ended 31 March | |
|---|---|---|
| | 2020 | 2019 |
| | Unaudited | |
| | €'000 | |
| **Cash flows from operating activities:** | | |
| | | |
| **Profit for the period** | **55,663** | **125,332** |
| | | |
| **Adjustments for the profit:** | | |
| Depreciation and amortisation | 1,222 | 735 |
| Property revaluations and capital gains | (69,291) | (120,164) |
| Share of profit from investments in equity-accounted investees | (1,348) | - |
| Net finance expenses | 70,548 | 28,876 |
| Current and deferred tax expenses | 16,824 | 37,260 |
| Equity settled share-based payment | 360 | 550 |
| Change in working capital | (8,707) | (9,468) |
| | **65,271** | **63,121** |
| | | |
| Tax paid | (5,635) | (5,871) |
| **Net cash provided by operating activities** | **59,636** | **57,250** |
| | | |
| **Cash flows from investing activities:** | | |
| Acquisition of equipment and intangible assets, net | (1,929) | (1,975) |
| Acquisition of investment property, capex and advances paid, net | (128,869) | (*) (154,739) |
| Disposals of investment property, net | 1,073 | (*) 124,040 |
| Disposal of investees and loans, net of cash disposed | 136,654 | - |
| Net investment in financial and other assets, net | (227,702) | (24,421) |
| **Net cash used in investing activities** | **(220,773)** | **(57,095)** |

(*) reclassified



The notes on pages 48 to 54 form an integral part of these condensed interim consolidated financial statements

| | For the period of three months ended 31 March | |
|---|---|---|
| | 2020 | 2019 |
| | Unaudited | |
| | €'000 | |
| **Cash flows from financing activities:** | | |
| Amortisation of loans from financial institutions | (2,907) | (2,125) |
| Net proceeds (repayments) of loans from financial institutions | 126,505 | (213,737) |
| Proceeds from straight bonds, net | - | 130,937 |
| Payment to perpetual notes investors | (24,250) | (24,250) |
| Transactions with non-controlling interests | - | (59,585) |
| Interest and other financial expenses, net | (16,690) | (23,619) |
| **Net cash provided by (used in) financing activities** | **82,658** | **(192,379)** |
| | | |
| **Net decrease in cash and cash equivalents** | **(78,479)** | **(192,224)** |
| Change in cash and cash equivalents held for sale | (106) | (803) |
| Cash and cash equivalents at the beginning of the period | 914,054 | 603,158 |
| Effect of foreign exchange rate changes | - | 1,047 |
| **Cash and cash equivalents at the end of the period** | **835,469** | **411,178** |

# CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. General

Grand City Properties S.A. ("the Company") was incorporated in Luxembourg on 16 December 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, investing in 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 create value by subsequently raising occupancy and rental levels.

These condensed interim consolidated financial statements for the three months ended 31 March 2020 ("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:

- During the reporting period, the Group disposed properties in total amount of over € 270 million due to loss of control. The Group remained with non-controlling interest in these properties, for which the Group accounts for as as equity-accounted investees. At the same time, the Group acquired assets of approximately € 100 million, primarily in London.
- During the reporting period, the Group completed the drawdown of bank financing amounting approximately € 130 million at attractive rates of up to 20 years.
- The company had seen a stable first quarter in 2020, with an immaterial impact from COVID-19. The Group has took measures to minimize the effect of the Pandemic and the shutdown on its operations and has made the necessary measures to secure the health of its employees.
  As of the date of this report, the Group maintains its strong liquidity and conservative financial position, which provide a financial cushion from a significant downside scenario.
- 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 2019.

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 2019.

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 2019, except for the adoption of new standards, amendments to standards and interpretations as described in note 4 below.

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

## 4. Changes in accounting policies

The following amendments were adopted for the first time in these condensed interim consolidated financial statements, with effective date of 1 January 2020:

- **Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**
  A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of interbank offered rates (IBORs) with alternative nearly risk-free rates ("IBOR reform"). The

amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement, provide several reliefs, which apply to all hedging relationships that are directly affected by the IBOR reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition across the jurisdictions that the Group operates in. The Group anticipates that the IBOR reform will impact its risk management and hedge accounting.

The Group monitors and manages the transition to alternative rates and evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as result of IBOR reform and how to manage communication about the IBOR reform with counterparties. The Group expects to negotiate the inclusion of new fallback clauses with its derivative counterparties.

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as result of IBOR reform.

The Group will cease to apply the amendments to its assessment of the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the amendments when the uncertainty arising from IBOR reform about the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

- **Amendments to IFRS 3: Definition of a Business**
  The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company but may impact future periods should the Company enter into any business combinations.

- **Amendments to IAS 1 and IAS 8: Definition of Material**
  The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Company.

- **Amendments to References to the Conceptual Framework in IFRS Standards**
  The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

## 5. Revenue

| | For the period of three months ended 31 March | |
|---|---|---|
| | 2020 | 2019 |
| | €'000 | |
| Net rental income | 94,510 | 94,238 |
| Revenue from contracts with customers | 40,821 | 44,851 |
| | **135,331** | **139,089** |

### 5.1 Disaggregation of revenue from contracts with customers

| | For the period of three months ended 31 March | |
|---|---|---|
| | 2020 | 2019 |
| | €'000 | |
| **Revenue from goods or services transferred to customers over time:** | | |
| Operating and other income | 40,821 | 44,851 |
| | **40,821** | **44,851** |

### 5.2 Geographical information

| | For the period of three months ended 31 March | |
|---|---|---|
| | 2020 | 2019 |
| | €'000 | |
| **Revenue** | | |
| Germany | 122,308 | 133,942 |
| United Kingdom | 11,705 | 5,147 |
| Others | 1,318 | - |
| | **135,331** | **139,089** |

## 6. Investment Property

| | For the period of three months ended 31 March 2020 | For the year ended 31 December 2019 |
|---|---|---|
| | Unaudited | Audited |
| | €'000 | |
| **As at 1 January** | **7,956,034** | **7,227,290** |
| Plus: investment property classified as held for sale | 196,432 | 132,137 |
| **Total investment property** | **8,152,466** | **7,359,427** |
| Adjustment for initial application of IFRS 16 | - | 68,678 |
| Acquisitions of investment property | 111,907 | 681,465 |
| Capital expenditures on investment property | 17,406 | 92,949 |
| Disposal of investment property | (271,354) | (464,277) |
| Fair value adjustments | 62,869 | 369,987 |
| Effect of foreign currency exchange differences | (48,983) | 46,017 |
| Transfer from/to investment property | - | (1,780) |
| **Total investment property** | **8,024,311** | **8,152,466** |
| Less: investment property classified as held for sale | (196,622) | (196,432) |
| **As at 31 March / 31 December** | **7,827,689** | **7,956,034** |

## 7. Share capital

| | For the period of three months ended 31 March 2020 | | For the year ended 31 December 2019 | |
|---|---|---|---|---|
| | Number of shares | €'000 | Number of shares | €'000 |
| Balance as at the beginning of the period/year | **167,895,560** | **16,790** | **166,718,395** | **16,672** |
| Issuance of new ordinary share as part of scrip dividend | - | - | 1,118,687 | 112 |
| Issuance of new ordinary shares as part of share-based payment | 22,211 | 2 | 58,478 | 6 |
| Balance as at the end of the period/year | **167,917,771** | **16,792** | **167,895,560** | **16,790** |

## 8. 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.

### 8.1 Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 March 2020 and 31 December 2019 on a recurring basis:

| | As at 31 March 2020 | | | | | As at 31 December 2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Fair value measurement using | | | | | Fair value measurement using | | |
| | Carrying amount | Total fair value | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Carrying amount | Total fair value | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | €'000 | | | | | | | | | |
| **Financial assets** | | | | | | | | | | |
| Financial assets at fair value through profit or loss (*) | 129,003 | 129,003 | 104,651 | 24,352 | - | 162,220 | 162,220 | 139,274 | 22,946 | - |
| Derivative financial assets | 85,509 | 85,509 | - | 85,509 | - | 32,507 | 32,507 | - | 32,507 | - |
| **Total financial assets** | **214,512** | **214,512** | **104,651** | **109,861** | **-** | **194,727** | **194,727** | **139,274** | **55,453** | **-** |
| | | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | | |
| Derivative financial liabilities | 29,504 | 29,504 | - | 29,504 | - | 80,349 | 80,349 | - | 80,349 | - |
| **Total financial liabilities** | **29,504** | **29,504** | **-** | **29,504** | **-** | **80,349** | **80,349** | **-** | **80,349** | **-** |

*including non-current financial assets at fair value through profit or loss classified under other non-current assets

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 2020:

| | As at 31 March 2020 | | | | | As at 31 December 2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Fair value measurement using | | | | | Fair value measurement using | | |
| | Carrying amount | Total fair value | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Carrying amount | Total fair value | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| | €'000 | | | | | | | | | |
| **Financial liabilities** | | | | | | | | | | |
| Straight bonds (*) | 2,933,693 | 2,959,190 | 2,767,403 | 191,787 | - | 2,920,010 | 3,115,599 | 2,924,039 | 191,560 | - |
| Convertible bond | 275,577 | 282,768 | 282,768 | - | - | 274,908 | 299,942 | 299,942 | - | - |
| **Total financial liabilities** | **3,209,270** | **3,241,958** | **3,050,171** | **191,787** | **-** | **3,194,918** | **3,415,541** | **3,223,981** | **191,560** | **-** |

(*) including bond redemption.

**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

**Level 3:** if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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.

### 8.2. Valuation techniques used to determine fair values

The following methods and assumptions were used to estimate the fair values:

- The fair values of the quoted bonds are based on price quotations at the reporting date. The fair value of unquoted bonds is measured using the discounted cash flows method with observable inputs.
- There's an active market for the Group's listed equity investments and quoted debt instruments.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate and foreign exchange swap and forward, collar and cap contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, 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.

## 9. Commitments

As at the reporting date, the Group had several financial obligations in total amount of up to €50 million.

## 10. Contingent Assets And Liabilities

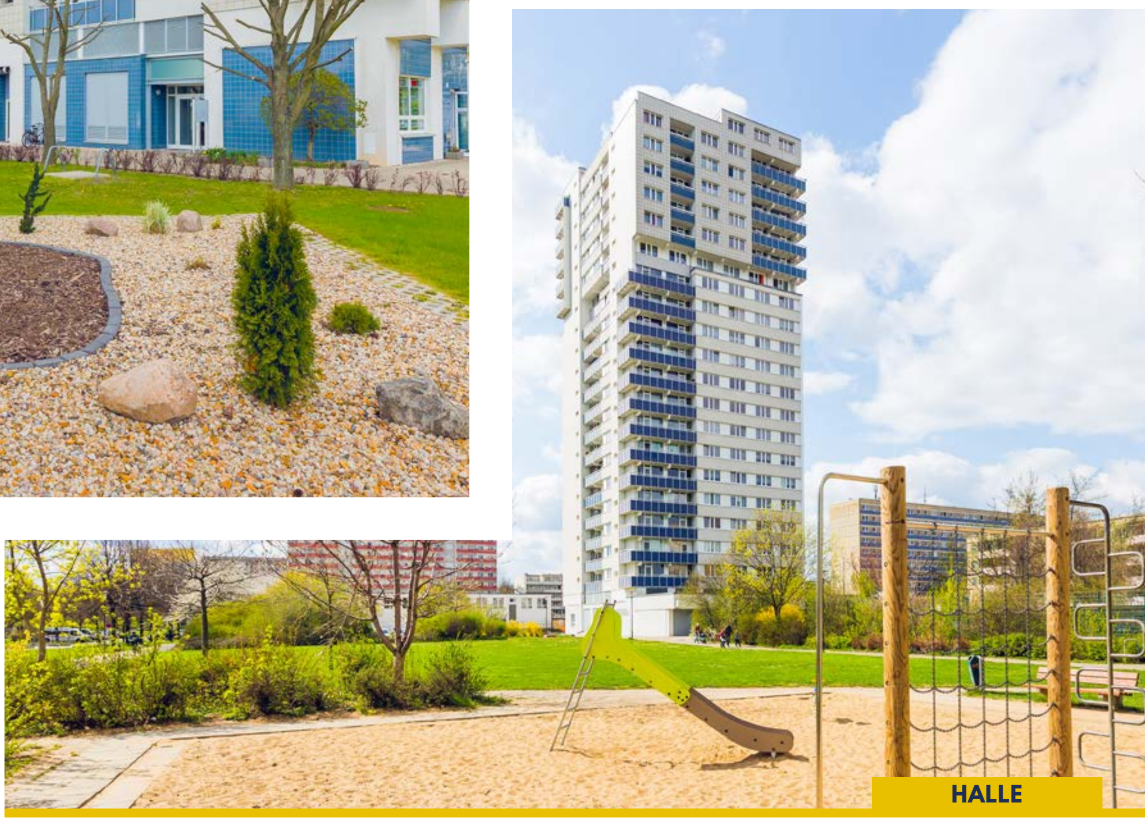
The Group had no significant contingent assets and liabilities as of 31 March 2020.

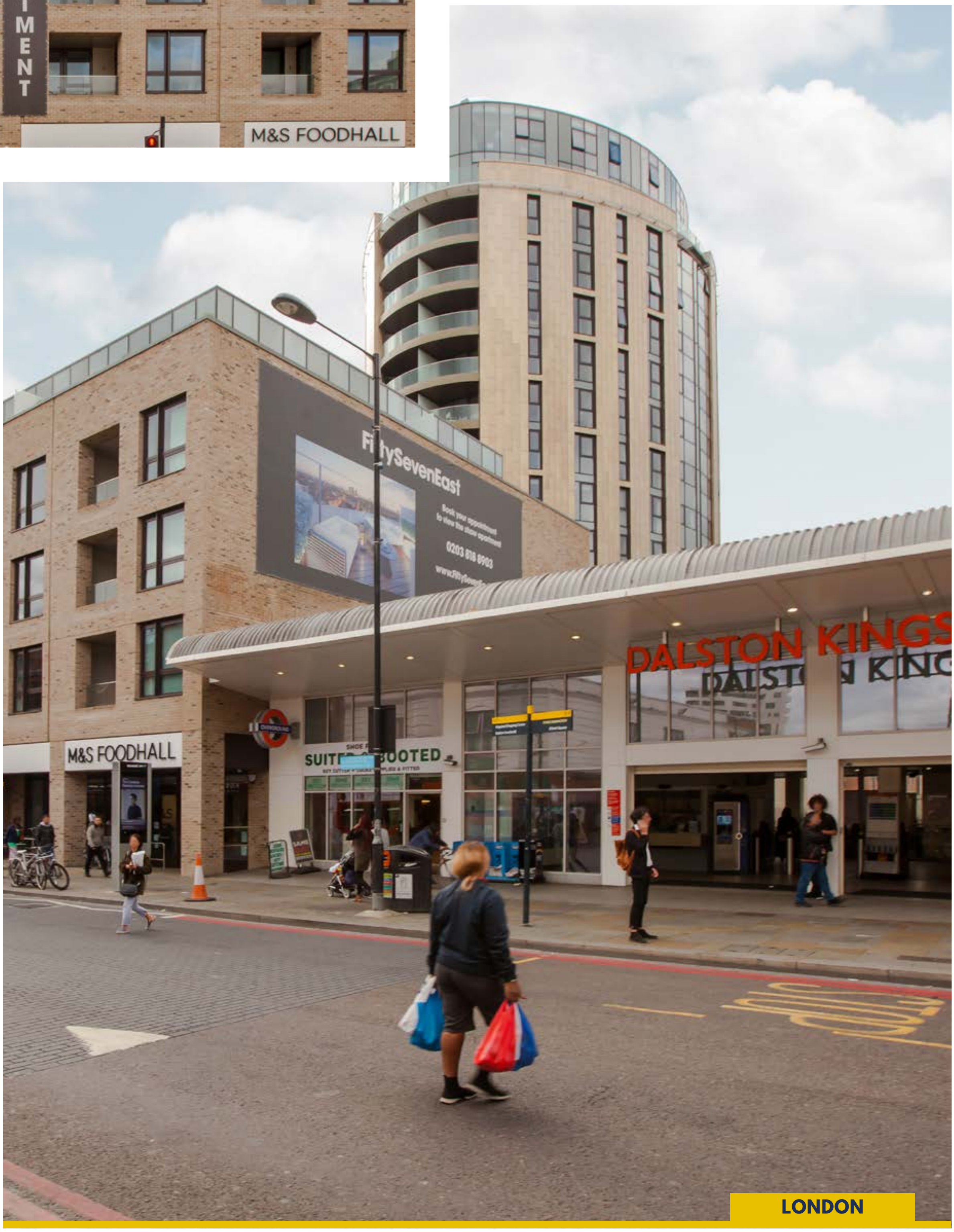
## 11. Events after the reporting period

On 9 April 2020, under the EMTN Programme, the Company issued €600 million straight bond series W due 2024, at an issue price of 98.545% of the principal amount with € coupon 1.7%.

## 12. Authorisation of the condensed interim consolidated financial statements

These condensed interim consolidated financial statements were authorised for issuance by the Company's board of directors on 18 May 2020.

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