CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended March 31, 2022

2022

Essen (NRW)

CONTENTS

IMPRINT

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KEY FINANCIALS

BALANCE SHEET HIGHLIGHTS

in €'000 unless otherwise indicated	Mar 2022	Dec 2021	Dec 2020
Total Assets	11,009,369	11,561,992	10,865,780
Investment Property	9,388,869	9,339,489	8,022,351 *
Total Equity	5,856,256	5,802,586	5,554,928
Loan-to-Value	35%	36%	31%
Equity Ratio	53%	50%	51%

* including inventories - trading properties

P&L HIGHLIGHTS

in €'000 unless otherwise indicated	3M 2022	Change	3M 2021
Net Rental Income	97,064	7%	90,578
Adjusted EBITDA	76,417	5%	72,632
FFO I	48,425	3%	46,803
FFO I per share (in €)	0.29	7%	0.27
EBITDA	121,079	-17%	146,035
Profit for the period	46,539	-9%	51,223
EPS (basic) (in €)	0.18	-10%	0.20
EPS (diluted) (in €)	0.17	-11%	0.19

NAV HIGHLIGHTS

in €'000 unless otherwise indicated	EPRA NRV	EPRA NTA	EPRA NDV
Mar 2022	5,301,568	5,089,411	4,117,485
Mar 2022 per share (in €)	32.1	30.8	24.9
Per share growth	1%	1%	7%
Dec 2021	5,228,882	5,020,190	3,853,263
Dec 2021 per share (in €)	31.7	30.4	23.3

London

HIGHLIGHTS

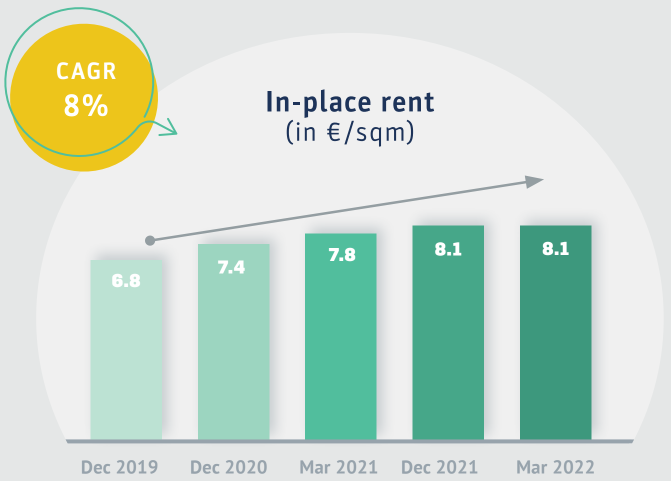
SOLID LIKE-FOR-LIKE RENTAL GROWTH

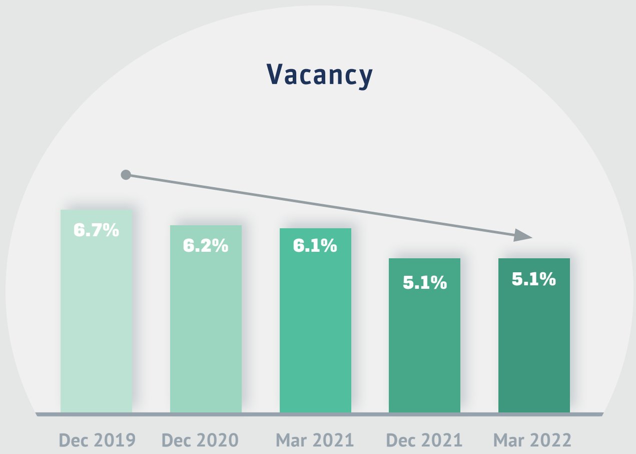
+2.3%
L-F-L
In-place rent growth
Mar 2022

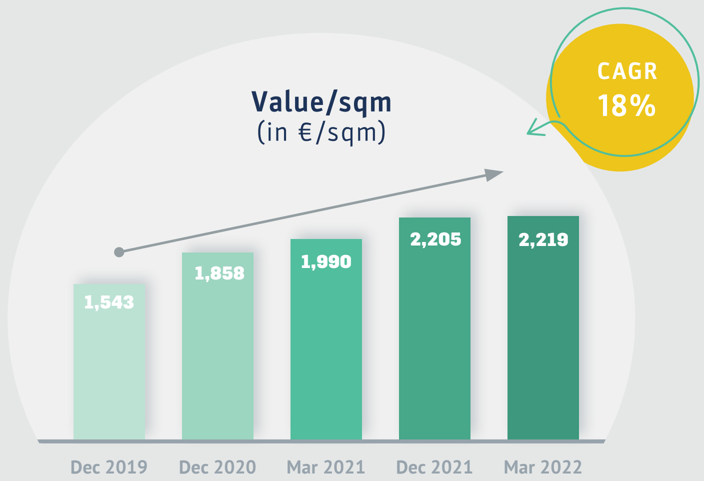
+2.8%
L-F-L
Total net rent growth
Mar 2022

+0.5%
L-F-L
Occupancy growth
Mar 2022

ROBUST PORTFOLIO FUNDAMENTALS







STRONG FINANCIAL PROFILE MAINTAINED

OVER
€615 million
debt repayments
Q1 2022

LOW COST OF DEBT
1.1%
MAR 2022

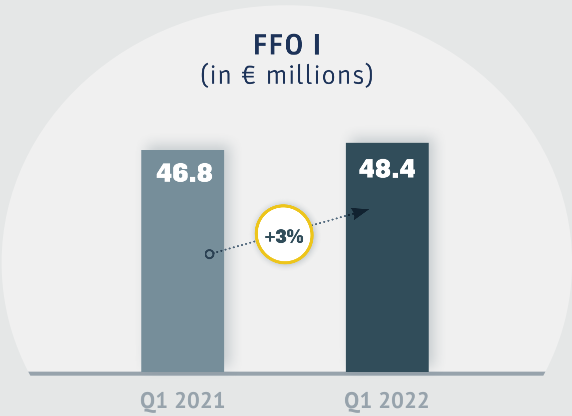
LONG AVERAGE DEBT MATURITY
6.6 years
MAR 2022

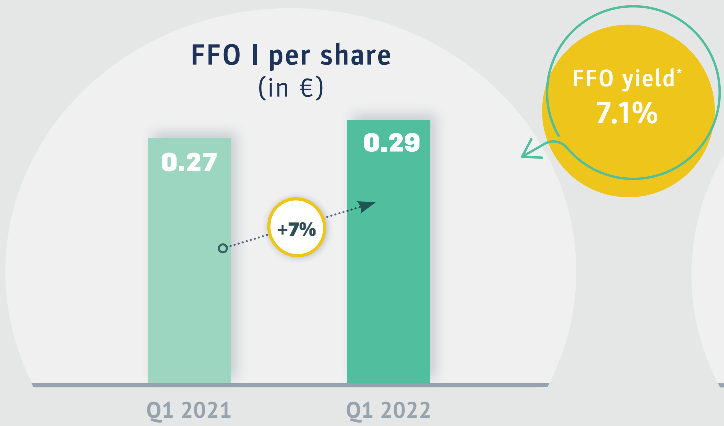
ICR
6.7x Q1 2022
6.2X Q1 2021

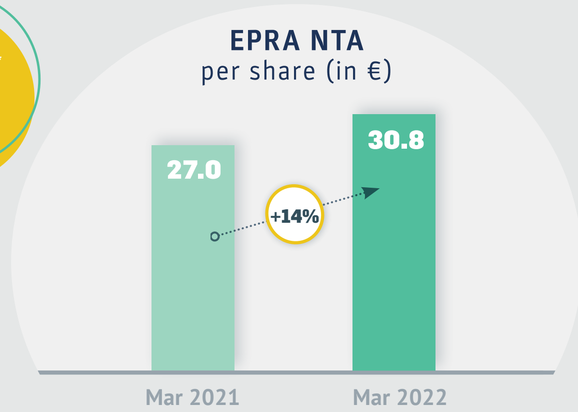
LOW LEVERAGE (LOAN-TO-VALUE)
35%
MAR 2022
well below 45% Board of Directors' limit

UNENCUMBERED ASSETS
€8.7 BN
92% of value
MAR 2022

STRONG RECURRING OPERATIONAL PROFITS AND VALUE CREATION







* based on Q1 2022 annualised and on a share price of €16.4

THE COMPANY

Grand City Properties S.A. and its investees (the “Company”, “GCP” or the “Group”) Board of Directowrs (the “Board”) hereby submits the consolidated interim report as of March 31, 2022.

The figures presented in this Board of Director’s Report are based on the condensed interim consolidated financial statements as of March 31, 2022, unless stated otherwise.

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany as well as in London. The Group’s portfolio, excluding assets held-for-sale and properties under development, as of March 2022 consists of 65k 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 specialised employees.

In addition, GCP’s economies of scale allow for considerable benefits of a strong bargaining position, a centralised management platform supported by centralised IT/software systems, and a network of professional connections.

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

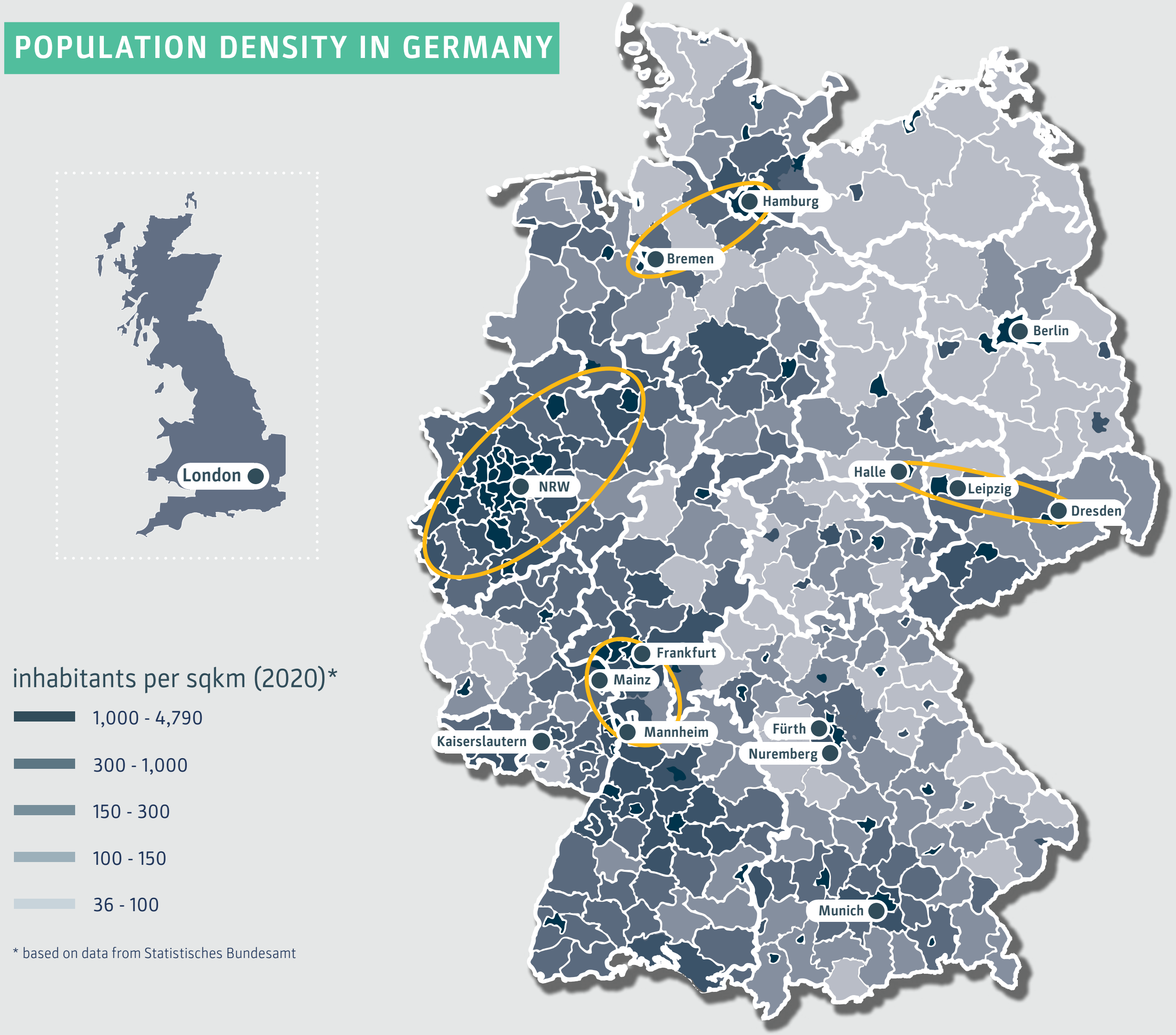
Berlin


Hannover


Nuremberg

PORTFOLIO

POPULATION DENSITY IN GERMANY



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 centres as well as in London.

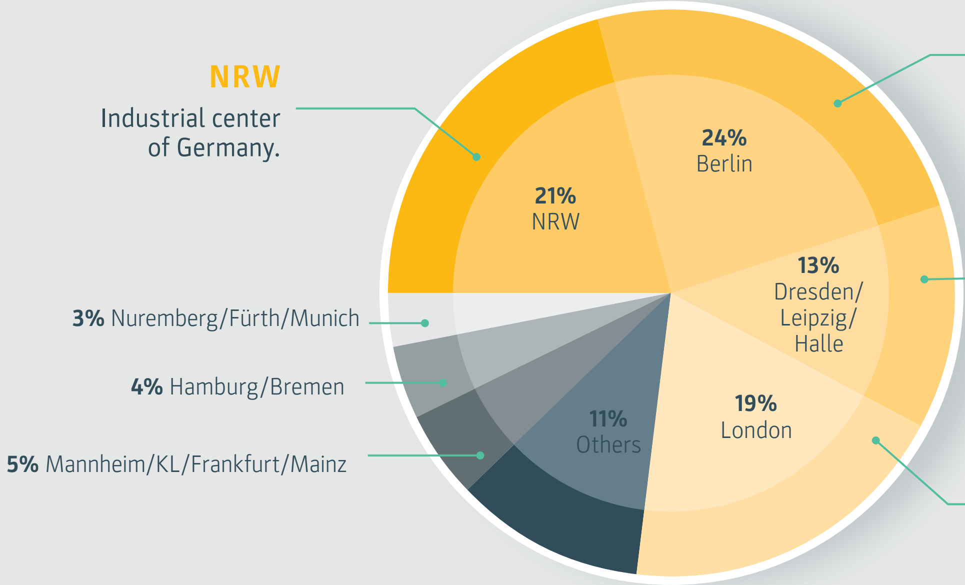
The Group's well-allocated portfolio provides for strong geographic and tenant diversification and benefits from economies of scale, supporting the risk-averse portfolio approach. GCP's focus on densely populated areas is mirrored by 24% of its Portfolio being located in Berlin, 21% in NRW, 13% in the metropolitan region of Dresden, Leipzig and Halle, and 19% in London, four clusters with their own distinct economic drivers. The portfolio also includes additional holdings in other major urban centres with strong fundamentals such as Nuremberg, Munich, Mannheim, Frankfurt, Hamburg, and Bremen.

DIVERSIFIED PORTFOLIO WITH DISTINCT ECONOMIC DRIVERS

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.

NRW
Industrial center of Germany.



BERLIN
Political center & Start-up hub.

DRESDEN/ LEIPZIG/HALLE
Dynamic economy driven by technology with robust demographic fundamentals.

LONDON
Leading global city attracting innovation and high-quality talent.

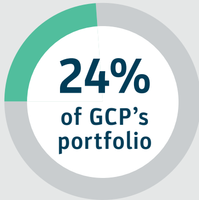
MARCH 2022	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualised net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,940	1,226	5.4%	89	6.2	17,918	1,582	4.6%
Berlin	2,055	578	4.2%	61	8.7	8,025	3,557	3.0%
Dresden/Leipzig/Halle	1,161	815	4.6%	52	5.5	13,997	1,425	4.5%
Mannheim/KL/Frankfurt/Mainz	471	194	3.5%	20	8.6	3,292	2,427	4.3%
Nuremberg/Fürth/Munich	281	80	6.2%	9	10.0	1,430	3,523	3.2%
Hamburg/Bremen	427	269	6.2%	20	6.6	4,051	1,587	4.7%
London	1,718	207	5.7%	78	33.8	3,881	8,289	4.5%
Others	1,029	723	5.3%	55	6.9	12,300	1,423	5.4%
Development rights and new buildings *	307							
Total	**9,389**	**4,092**	**5.1%**	**384**	**8.1**	**64,894**	**2,219**	**4.2%**

*of which pre marketed buildings in London amount to €55m

PORTFOLIO

BERLIN - BEST IN CLASS

QUALITY LOCATIONS IN TOP TIER BERLIN NEIGHBORHOODS



70%

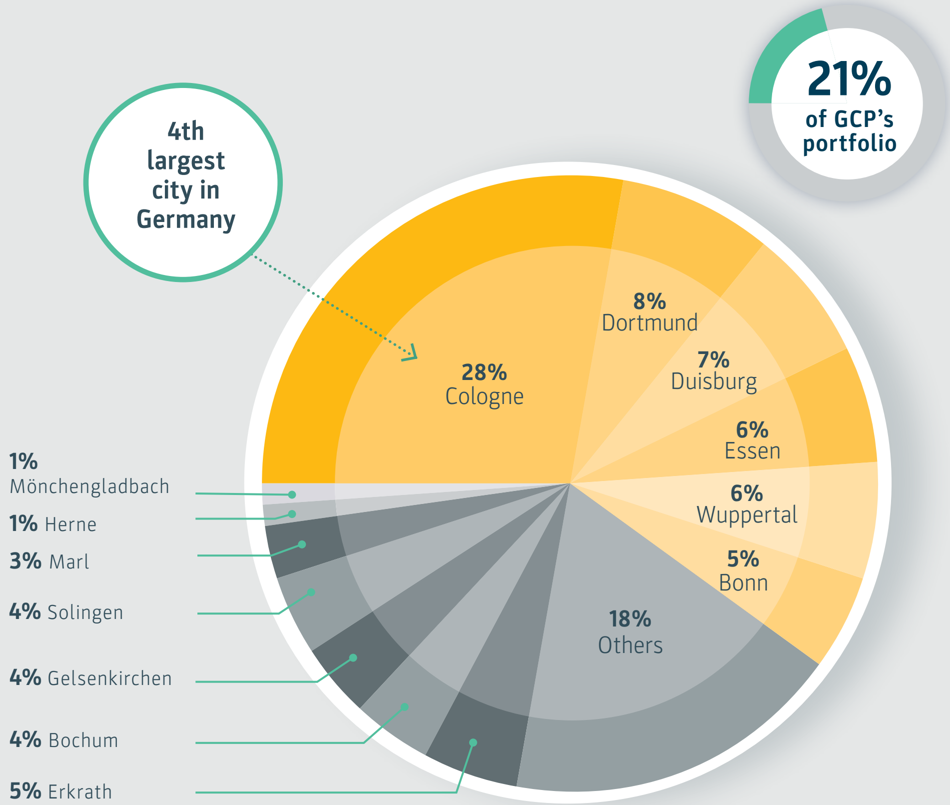
of the Berlin portfolio is located in top tier neighbourhoods: Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Neukölln, Schöneberg, Steglitz and Potsdam.

30%

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

NORTH RHINE-WESTPHALIA (NRW)

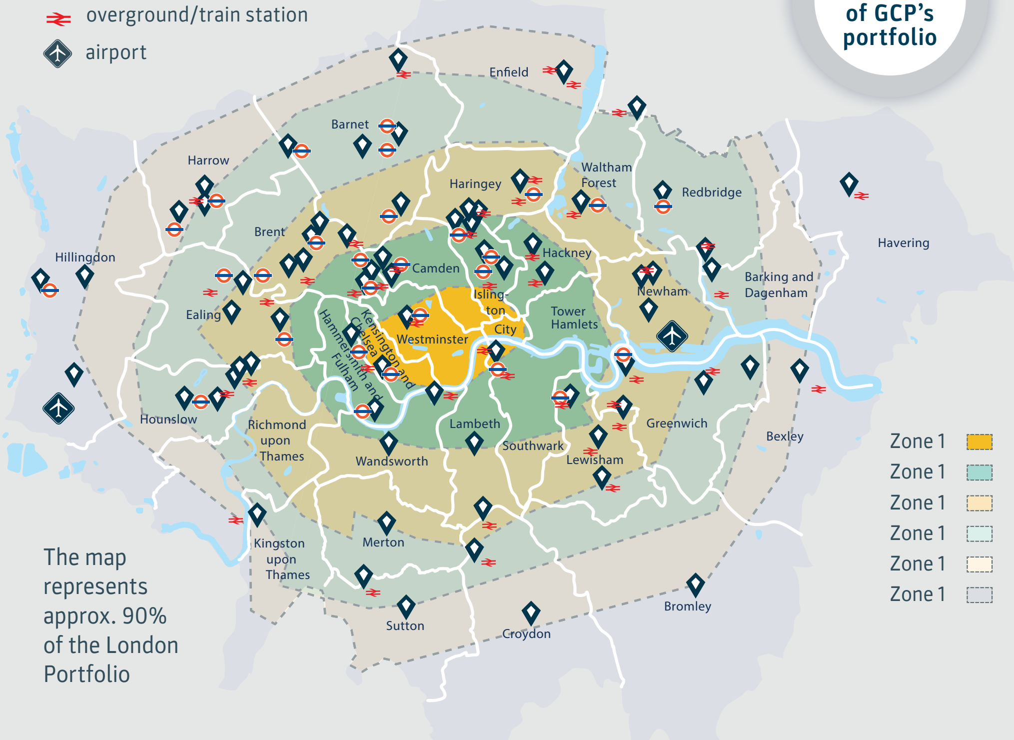
WELL POSITIONED IN THE LARGEST METROPOLITAN AREA IN GERMANY



The portfolio distribution in NRW is focused on cities with strong fundamentals within the region. 28% of the NRW portfolio is located in Cologne, the largest city in NRW, 8% in Dortmund, 7% in Duisburg, 6% in Essen 6% in Wuppertal and 5% in Bonn.

LONDON PORTOLIO

LOCATED IN STRONG MIDDLE CLASS NEIGHBORHOODS



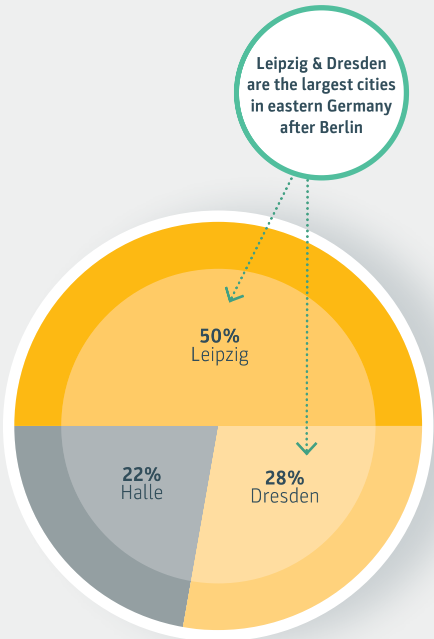
The map represents approx. 90% of the London Portfolio

The total London portfolio, including high quality assets, social housing as well as pre-marketed units, amounts to over 4,000 units and approx. €1.8 billion in value.

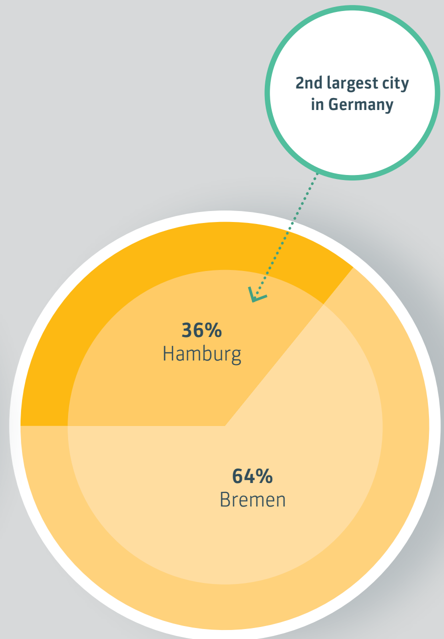
Over 80% of the portfolio is situated within a short walking distance to an underground/ overground station.

QUALITY EAST & NORTH PORTFOLIO

Located in the growing and dynamic cities of Dresden, Leipzig and Halle.



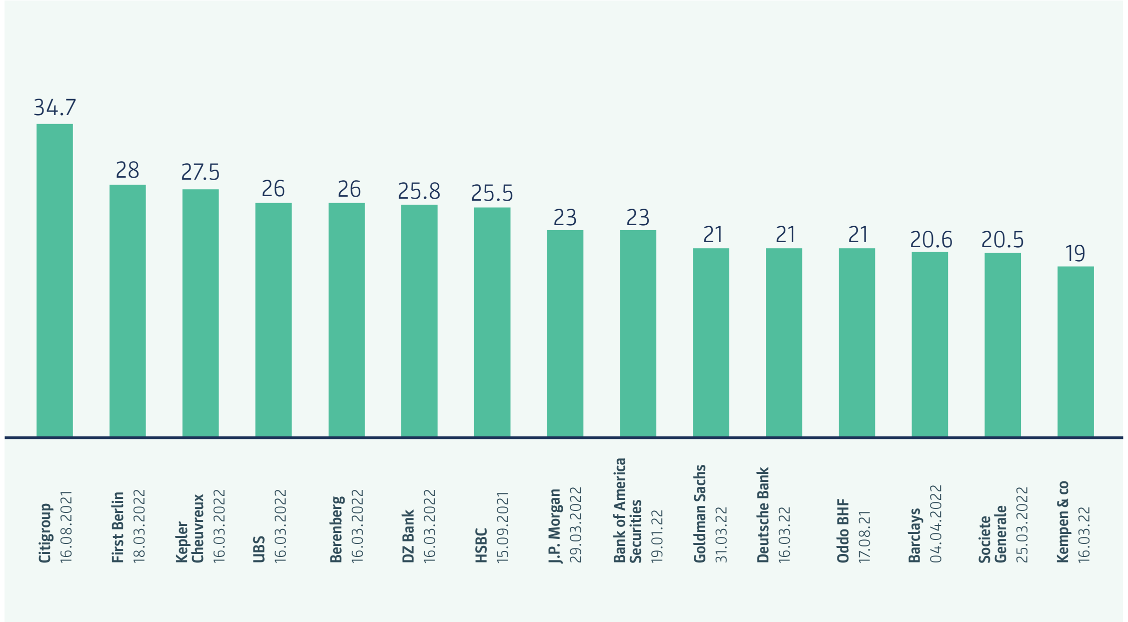
The North portfolio is focused on the major urban centres of Hamburg and Bremen – the largest cities in the north of Germany.



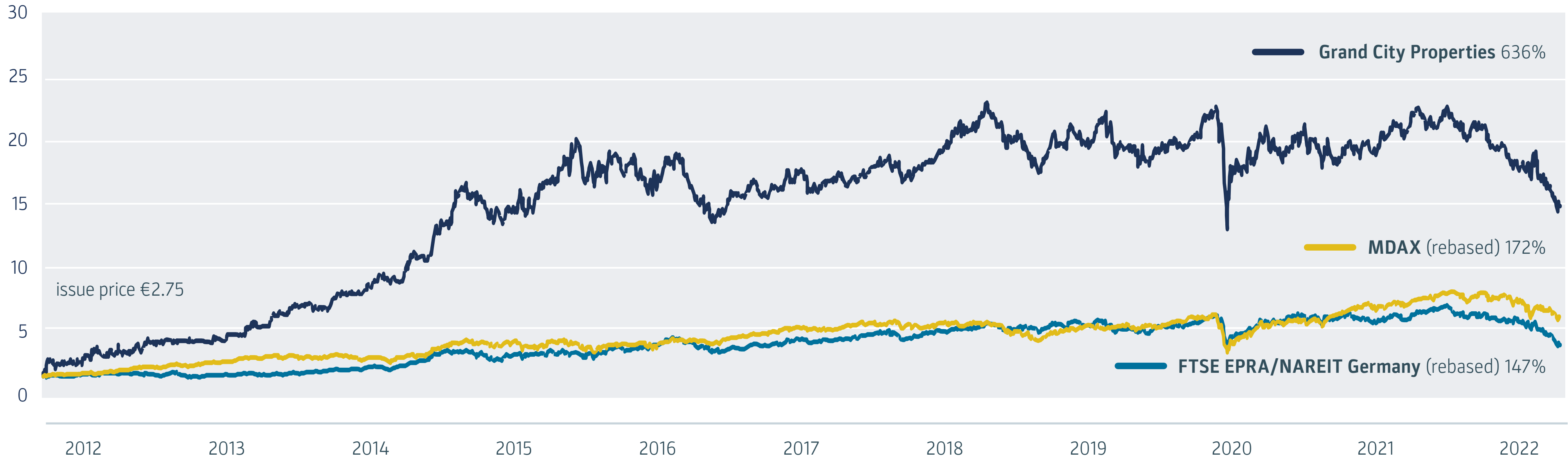
CAPITAL MARKETS

Placement	Frankfurt Stock Exchange	
Market segment	Prime Standard	
First listing	Q2 2012	
Number of shares (as of 31 March 2022)	176,187,899	ordinary shares with a par value of EUR 0.10 per share
Number of shares, excluding suspended voting rights, base for KPI calculations (as of 31 March 2022)	164,962,058	ordinary shares with a par value of EUR 0.10 per share
Shareholder structure (as of 31 March 2022)	Freefloat: 44.1% Edolaxia Group 49.5% Treasury Shares 6.4%	
Nominal share capital (as of 31 March 2022)	17,618,789.90 EUR	
ISIN	LU0775917882	
WKN	A1JXCV	
Symbol	GYC	
Key index memberships	MDAX FTSE EPRA/NAREIT Index Series MSCI Index Series GPR 250 DIMAX	
Market capitalisation (as of 16/05/2022)	2.7 bn EUR	

ANALYST RECOMMENDATIONS



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



SELECTED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period of three months ended 31 March	2022	2021
	€'000	
Net rental income (a)	97,064	90,578
Operating and other income (b)	36,434	37,745
Revenue	**133,498**	**128,323**
Property revaluations and capital gains (d)	45,281	72,407
Share of profit from investments in equity-accounted investees	-	1,997
Property operating expenses (b)	(54,785)	(54,083)
Administrative and other expenses (c)	(2,915)	(2,609)
Depreciation and amortisation	(2,774)	(1,358)
Operating profit	**118,305**	**144,677**

(a) In the first quarter of 2022 the Company recorded total revenue of €133 million, increasing 4% as compared to €128 million during the first quarter of 2021. Total revenue is comprised of the items net rental income as well as operating and other income. Net rental income, which is the largest component of revenue, amounted to €97 million in the first three months of 2022, increasing 7% compared to €91 million for the first three months of 2021. The increase in net rental income is the combined impact of net acquisitions in 2021 as well as from like-for-like rental growth of 2.8% between the two periods.

GCP had no material acquisitions and disposals in the first quarter of 2022. However, the capital recycling activities executed in the previous year had a positive impact on the net rental income recorded in the first quarter of 2022. In 2021 the Company completed accretive acquisitions amounting to over €700 million, primarily located in NRW, London, Berlin, Dresden and Munich. The acquisitions were mostly executed in the second half of 2021 and therefore had only limited impact on the net rental income recorded in the first quarter of 2021. In the same period GCP disposed approx. €360 million of non-core and mature properties. The disposed properties were primarily located in eastern German cities and in secondary cities in NRW, and additionally included building rights.

Organic rental growth between the periods resulted in like-for-like rental growth of 2.8%. The like-for-like comprised 2.3% from in-place rent growth and 0.5% from occupancy increases and was driven by strong operational performance.

The like-for-like in-place rent growth was additionally supported by the reversal of the Berlin rental cap in the second quarter of 2021. The portfolio's in-place rent stood at €8.1/sqm as of March 2022 and increased from €7.8/sqm as of March 2021. Vacancy also improved and decreased from 6.1% in March 2021 to 5.1% in March 2022. The annualized net rent of the portfolio as of March 2022 amounted to €384 million.

+2.3%
L-F-L
In-place rent growth
Mar 2022

+2.8%
L-F-L
Total net rent growth
Mar 2022

+0.5%
L-F-L
Occupancy growth
Mar 2022

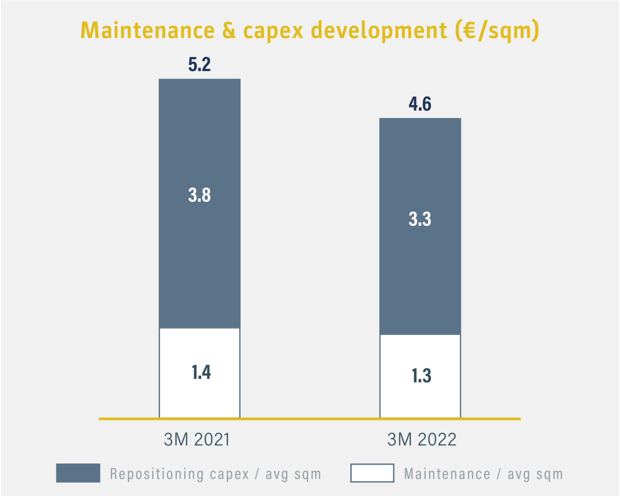
(b) Operating and other income in the first quarter of 2022 amounted to €36 million, as compared to €38 million in the first quarter of 2021. Operating and other income decreased mainly as a result of the positive impact of the capital recycling activity in 2021, through which the Company disposed properties with a relatively higher cost structure while acquiring properties with a more efficient cost structure, leading to an overall leaner cost structure for the portfolio. This was offset to some extent by the combined impact of cost inflation in expenses recoverable from tenants as well as an increase in the portfolio size between the two periods. Property operating expenses in the first three months of 2022 amounted to €55 million, as compared to €54 million in the same period of 2021. Property operating expenses for the largest part comprise of purchased services provided to tenants, such as heating, water, property cleaning services, garbage disposal, snow removal and similar expenses, which are recoverable from tenants and therefore the net impact on the operational result is low. Property operating expenses additionally include expenses related to maintenance and refurbishment, operational personnel expenses and other property related expenses. The 1% increase in property operating expenses is primarily the result of the inflationary pressures in recent months, which had a certain impact on the majority of cost items, offset to an extent by the leaner cost structure of the portfolio.

GCP continuously works to enhance the quality of its portfolio and carries out a variety of maintenance and refurbishment projects as well as targeted investment projects in order to achieve its goals. The Company addresses property specific needs and undertakes measures to efficiently maintain the quality of its portfolio and deliver a higher quality living environment for tenants, which maximises tenant satisfaction and results in lower vacancies and higher rents.

In the first three months of 2022 maintenance and refurbishment expenses amounted to €5 million, as compared to €6 million in 2021, reflecting €1.3 and €1.4 per average sqm, respectively. Maintenance and refurbishment expenses comprise primarily of expenses related to maintaining the quality of the portfolio and thus maintain the living standard for tenants. Tenants can place maintenance requests through several channels and in various languages. Through GCP's tenancy apps tenants can transparently see the status of their maintenance and service requests and provide supporting documentation, increasing the efficiency of the maintenance process and the satisfaction of the tenants.

Repositioning capex comprises targeted measures aimed at improving the asset quality of the portfolio and include measures such as apartment renovations, façade refits, improvements to common spaces, corridors and staircases, among others, and additionally includes measures aimed at increasing the value proposition of the area that the property is located in. Such measures include the addition of playgrounds, barbeque pits, common meeting areas and more. As repositioning capex targets the value proposition of the portfolio it directly impacts vacancy and tenant turnover, as well as the rent potential. The Company additionally invests in modernisation measures which are aimed at further lifting the value of the property. Modernisation measures include energetic modernisation through the replacement of windows, heating systems and insulation, as well as the addition of balconies and installing elevators. In the first quarter of 2022, GCP invested approximately €1 million in modernisation, which is included in the total repositioning capex amount of €14 million, or €3.3 per average sqm, which compares to €15 million and €3.8 per average sqm in the same period in 2021.

In addition to repositioning capex and modernisation, GCP invested approximately €7 million in pre-letting modifications in the first quarter of 2022, as compared to €8 million in the first quarter of 2021. These investments relate mainly to the completion of properties in the final stages of completion, mostly in London and Berlin. Some of the projects have experienced delays in their completion primarily as a result of a shortage in construction personnel as well as other supply chain disruptions. The units are expected to be completed and leased in the following periods and support the future rental growth of the Company.



(c) Administrative and other expenses amounted to €3 million in the first three months of 2022, increasing by 12% as compared to the comparable period of 2021. These expenses are largely comprised of overhead expenses such as personnel expenses which contribute the majority of the increase and also legal and professional fees, marketing expenses and other expenses.

(d) GCP recorded property revaluations and capital gains in the amount of €45 million in the first three months of 2022, lower as compared to €72 million in the first three months of 2021, which also included €30 million capital gains related to €220 million disposals in the first quarter of 2021. The Company's portfolio is revalued at least once per year by certified independent external valuators. In the first quarter of 2022 only a very limited part of the portfolio has been revalued, also lower in comparison to the portfolio revalued in the comparable period, and the Company plans to revalue the portfolio in the next quarters. As of March 2022, the portfolio was valued at an average €2,219/sqm, representing a rental yield of 4.2%, as compared to €2,205/sqm and 4.2% as at year-end 2021. The Company did not execute material disposals in the first quarter of 2022 and as a result the capital gains in the period were not material.

PROFIT FOR THE PERIOD

For the period of three months ended 31 March	2022	2021
	€'000	
Operating profit	**118,305**	**144,677**
Finance expenses (a)	(11,418)	(11,724)
Other financial results (b)	(41,756)	(64,383)
Current tax expenses (c)	(9,543)	(7,869)
Deferred tax expenses (c)	(9,049)	(9,478)
Profit for the period (d)	**46,539**	**51,223**
Profit attributable to the owners of the company	30,142	33,363
Profit attributable to the perpetual notes investors	6,103	6,395
Profit attributable to non-controlling interests	10,294	11,465
Basic earnings per share (in €)	0.18	0.20
Diluted earnings per share (in €)	0.17	0.19
Weighted average number of ordinary shares (basic) in thousands	164,963	170,444
Weighted average number of ordinary shares (diluted) in thousands	178,291	182,600
Profit for the period (d)	**46,539**	**51,223**
Total other Comprehensive income for the period, net of tax (e)	12,109	10,856
Total comprehensive income for the period (e)	**58,648**	**62,079**

(a) The Company recorded €11 million of finance expenses in the first quarter of 2022, a slight decrease as compared to the first quarter of 2021. The decrease is mainly the result of the full impact of the optimization of the financial profile in 2021 as well the partial impact of debt repayments in the current period. In the first three months of 2022 GCP repaid over €615 million of debt through the redemption of €450 million of its Series F convertible bond at maturity in March and the early pre-payment of over €165 million of bank loans which carried a relatively high interest rate of 1.8% and a near-term maturity. The debt repayments in Q1 2022 will have a full impact in the coming quarter. Due to the repayment of the Series F convertible bond, which had a low coupon of 0.25%, the Company's cost of debt increased slightly to 1.1% while increasing the average debt maturity to 6.6 years. Furthermore, as a result of the optimization of its financial profile in recent years GCP has no material maturities in the next two years, which shields the Company from the current high financing rates seen in the market for this period.

(b) In the first quarter of 2022 GCP recorded negative other financial results amounting to €42 million, as compared to a negative result of €64 million in the first quarter of 2021. The other financial results were the combined result of one-off costs and non-cash expenses during the period. Other financial results include mainly the net change in fair value of financial assets and liabilities and derivative instruments. The net fair value changes of financial assets and liabilities are mostly non-cash and change from period to period, depending on the volatility in financial markets, changes in interest yields and foreign exchange rates, and were impacted by the negative market environment in the first quarter of 2022. Specifically, interest hedging instruments were affected significantly by the interest increases compared to the hedged debt which is carried at amortised historical cost. Additionally, other financial results consist of costs in relation to the repayment of over €165 million bank loans and to amortization and hedging costs. The costs related to the repayment of bonds and bank loans in the first quarter of 2021 were higher as compared to Q1 2022 due to the higher balance repaid in the first three months of 2021 as well as the higher relative costs of the bond prepayments due to the prevailing market conditions at that time.

(c) Current tax expenses amounted to €10 million in the first quarter of 2022, €2 million higher as compared to the first quarter of 2021. Current tax consists primarily of corporate and property taxes and trend in-line with the Company's underlying business and portfolio distribution.

Deferred tax expenses amounted to €9 million during the first three months of 2022, slightly lower as compared to the comparable period of 2021. Deferred tax expenses comprise of non-cash expenses and relate mainly to the revaluation gains of the portfolio, with the tax varying based on the tax regime of the property's location and also includes deferred tax from changes in derivatives.

(d) GCP recorded a profit for the three-month period ending March 2022 of €47 million, as compared to the €51 million of profit for the comparable period in 2021. The lower profit is primarily due to the lower property revaluations and capital gains in the current period as compared to the first quarter of 2021, which has been offset by the combined result of stronger operational earnings and a better other financial result as compared to the first quarter of 2021.

On a per share basis earnings were impacted by the accretive share buyback executed in 2021, offset slightly by the impact of the scrip dividend issued in 2021. Basic and diluted earnings per share in the first quarter of 2022 amounted to €0.18 and €0.17 respectively.

(e) The Company generated total comprehensive income for the first quarter of 2022 amounting to €59 million, slightly lower as compared to €62 million in the first quarter of 2021. The decrease is the result of lower profit for the period offset by higher total other comprehensive income for the period, which amounted to €12 million in the first three months of 2022, as compared to €11 million in the comparable period of 2021. Other comprehensive income relates mainly to changes in forward contracts and foreign currency impacts related to hedging activities of the London portfolio.

Wuppertal (NRW)

ADJUSTED EBITDA, FUNDS FROM OPERATIONS (FFO I, FFO II)

For the period of three months ended 31 March	2022	2021
	€'000	
Operating profit	118,305	144,677
Depreciation and amortisation	2,774	1,358
EBITDA	**121,079**	**146,035**
Property revaluations and capital gains	(45,281)	(72,407)
Share of profit from investments in equity-accounted investees	-	(1,997)
Equity settled share-based payments and other adjustments	619	1,001
Adjusted EBITDA (a)	**76,417**	**72,632**
Finance expenses	(11,418)	(11,724)
Current tax expenses	(9,543)	(7,869)
Contribution from / (to) joint ventures and minorities, net	(928)	159
Adjustment for Perpetual notes attribution	(6,103)	(6,395)
FFO I (b)	**48,425**	**46,803**
Weighted average number of ordinary shares (basic) in thousands*	164,963	170,444
FFO I per share (in €)	**0.29**	**0.27**
Result from disposal of properties	650	57,219
FFO II (c)	**49,075**	**104,022**

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

Dresden

(a) The adjusted EBITDA is an industry standard figure displaying the Company's recurring operational profits before interest, tax expenses, depreciation, and amortisation, excluding the effects of property revaluations, capital gains, and other non-operational income statement items such as share of non-recurring profits from investment in equity-accounted investees, equity settled share-based payments and other adjustments. In the first quarter of 2022 the Company generated adjusted EBITDA amounting to €76 million, an increase of 5% as compared to €73 million generated in the first quarter of 2021. The increase in adjusted EBITDA is primarily the result of the full impact of net acquisitions in 2021 as well as from like-for-like rental growth of 2.8%. In 2021 the Company acquired over €700 million while disposing approx. €360 million of mainly non-core properties above book value. The like-for-like rental growth was driven by 0.5% occupancy increase and 2.3% in-place rent growth. This solid operational growth since the comparable period in 2021 has been offset to some extent by cost inflation.

(b) Funds From Operations I (FFO I) is an industry-wide standard measure of the recurring operational cash flow of a real estate company, often utilised as a key bottom line industry performance indicator. FFO I is calculated by deducting from the adjusted EBITDA, finance expenses, current tax expenses, the contribution to minorities, and the share of profit attributable to the Company's perpetual notes investors, while adding to the FFO I the operational contributions from joint ventures. FFO I for the first three months of 2022 amounted to €48 million, increasing 3% as compared to the €47 million recorded in the first three months of 2021. The operational growth has been impacted by the higher current tax expenses as well as a higher net contribution to joint ventures and minorities, primarily the result of the consolidation of a JV portfolio in Q3 2021, which contributed positively to this line item in the first quarter of 2021 and is consolidated in the operational results in the current period. Finance expenses and perpetual notes attribution decreased slightly between the two periods.

FFO I per share amounted to €0.29 per share in the first three months of 2022, an increase of 7% as compared to the €0.27 recorded in the comparable period in 2021. The relative stronger increase on a per share basis is the result of the full effect of the accretive share buybacks executed in 2021. This impact was slightly offset by the shares issued under the scrip dividend in July 2021.

(c) 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 the cost price plus capex of disposed properties. As GCP did not execute material disposals in the first three months of 2022 the FFO II is mostly in line with the FFO I and amounted to €49 million, which is lower than the €104 million of FFO II recorded in the first three months of 2021.

ADJUSTED FUNDS FROM OPERATIONS (AFFO)

For the period of three months ended 31 March	2022	2021
	€'000	
FFO I	**48,425**	**46,803**
Repositioning capex	(13,694)	(14,923)
AFFO	**34,731**	**31,880**

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 which is targeted at value creation and improving the asset quality of the portfolio, which GCP deems as being relevant for its AFFO calculation. AFFO in the first three-month period ending March 2022 amounted to €35 million, as compared to €32 million in the comparable period of 2021. The increase in AFFO between the two periods is the result of higher FFO I and lower repositioning capex between the two periods.


Duisburg (NRW)

CASH FLOW

For the period of three months ended 31 March	2022	2021
	€'000	
Net cash provided by operating activities	57,111	51,566
Net cash provided by investing activities	32,048	35,149
Net cash used in financing activities	(639,201)	(88,972)
Net decrease in cash and cash equivalents	**(550,042)**	**(2,257)**
Other changes*	(1,262)	744
Cash and cash equivalents as on 1 January	895,486	1,412,199
Cash and cash equivalents as on 31 March	**344,182**	**1,410,686**

* including changes in balance of cash and cash equivalents held-for-sale and effects of foreign exchange rate changes


Essen (NRW)

Net cash provided by operating activities amounted to €57 million in the first quarter of 2022 as compared to €52 million in the first quarter of 2021. The increase in net cash provided by operating activities was primarily the result of the operational growth of the company, reflected by the 5% growth in adjusted EBITDA between the two periods. And was additionally impacted by lower tax paid in the current period as compared to the first quarter of 2021.

Net cash provided by investing activities amounted to €32 million in the first three months of 2022, as compared to €35 million in the first three months of 2021. The net cash provided by investing activities in the period is primarily the result of the net repayment of several loans-to-own assets, which amounted to €85 million, offset primarily by capex projects and advance payments for real estate transactions executed in the quarter.

Net cash used in financing activities amounted to €639 million in the first quarter of 2022, as compared to €89 million in the comparable period of 2021. In 2022 the Company primarily used its strong liquidity position, with a balance in cash and cash equivalents of €895 million as of December 2021, to repay over €615 million of debt. GCP redeemed €450 million of its Series F convertible bonds, which carried a coupon of 0.25% at maturity in March of 2022 and additionally pre-paid over €165 million of short-term bank loans with relatively higher interest rates. As a result, the Company's cost of debt increased slightly to 1.1% while the average debt maturity was extended to 6.6 years, both as of March 2022. As of March 2022, the Company maintains cash and cash equivalents amounting to €344 million and has no near-term debt maturing.

ASSETS

	Mar 2022	Dec 2021
	€'000	
Non-current assets	**9,861,452**	**9,882,834**
Investment property	9,388,869	9,339,489
Current assets	**1,147,917**	**1,679,158**
Cash and liquid assets*	549,346	1,108,004
Total Assets	**11,009,369**	**11,561,992**

* including cash and cash equivalents held-for-sale

Total assets as of the end of March 2022 amounted to €11 billion, decreasing slightly as compared to year-end 2021. This decrease was primarily the result of the lower balance of current assets due to the repayment of over €615 million of debt within the period.

As of the end of March 2022, non-current assets amounted to €9.9 billion, stable as compared to the end of December 2021. Non-current assets were mainly impacted by positive revaluation gains, which resulted in an increase in the investment property to €9.4 billion at the end of March 2022 from €9.3 billion in Dec 2021. The increase was further driven by capex investments and offset by disposals as well as by the movement of assets marked for disposal into assets held for sale. The company did not undertake material acquisitions in the first quarter of 2022.

The asset balance additionally includes tenant deposits, long term financial investments, including some investments in which the Company holds a minority position, investment in loans-to-own as well as other long term financial assets. The largest component of these are the loans-to-own assets, which are asset-backed interest bearing loans, and, under specific circumstances, have the embedded option to acquire the underlying asset at a significant discount. These investments give GCP an additional path for accretive acquisitions which complement GCP's existing deal sourcing network. The loans-to-own portfolio is focused primarily in the UK and is secured by a first lien on the underlying asset. The portfolio comprises of several loans to a variety of property owners with interest rates ranging from 5% to 9%. The loans mature between 2022 to 2023 and have an average LTV of around 70%. As at the end March 2022, the balance of loans-to-own assets was approximately €220 million (including short term), lower as compared to December 2021 as a result of net repayments in the quarter. Long-term financial investments, which are held for an expectation for long term yield and co-investments in attractive deals, had a balance of approximately €50 million. As of the end of March 2022, minorities positions in real estate portfolios amount to €30 million and tenant deposits which are used as a security for rent payments had a balance of €40 million.

Current assets at the end of March 2022 amounted to €1.1 billion, lower as compared to the €1.7 billion at the end of December 2021 due to a lower balance of cash and liquid assets. GCP maintains a strong liquidity position with €549 million in cash and liquid assets. The decrease in the cash and liquid assets balance is primarily the result of the repayment of over €615 million of debt which was offset by net cash provided by operating activities and net cash provided by investing activities. As a result of its debt repayment activities in the first quarter of 2022 GCP increased the average debt maturity to 6.6 years while maintaining its low cost of debt at 1.1%. Due to its optimized debt profile the Company has no debt maturities in the next few years. Additionally, as of the date of this report GCP maintains undrawn credit lines in the amount of €250 million, providing additional immediate optional liquidity.

Current assets additionally include trade and other receivables and assets held for sale. As of March 2022, trade and other receivables amounted to €442 million, of which ca. €250 million comprises of operational receivables such as rent, operating costs and other receivables. The operating cost receivables are correlated to the prepayments for ancillary services received from tenants, which are presented in the short-term liabilities and are composed of services including mainly heating, cleaning, insurance, winter services, waste, sewage and electricity. Operating costs receivables are settled once per year against the advances received from tenants. As of March 2022, assets held for sale amounted to €132 million and represent properties which the company intends to dispose within the next 12 months.

LIABILITIES

	Mar 2022	Dec 2021
	€'000	
Loans and borrowings [1]	191,755	358,249
Straight & Convertible Bonds[2]	3,647,081	4,091,880
Deferred tax liabilities[3]	774,840	766,142
Other long-term liabilities and derivative financial instruments[4]	251,379	261,221
Current Liabilities[5]	288,058	281,914
Total Liabilities	**5,153,113**	**5,759,406**

1 including short-term loans and borrowings
2 Convertible bonds only included in Dec 2021, in March 2022 GCP redeemed its Series F convertible bonds at maturity
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


Hamburg

As of March 2022, total liabilities amounted to €5.2 billion, a decrease of 11% in comparison to the €5.8 billion as of December 2021. The decrease was primarily driven by the reduction in the balance of straight and convertible bonds and loans and borrowings, offset by slightly higher deferred tax liabilities driven by positive property revaluation gains. Total liabilities additionally include other long-term liabilities and derivative financial instruments.

In the first quarter of 2022, GCP continued to take measures to further optimize its financial profile. The company pre-paid higher-interest rate bank loans amounting to over €165 million with a near-term maturity which further increased the proportion of unencumbered assets to 92%, representing a total value of €8.7 billion. In addition, GCP redeemed its €450 million Series F convertible bonds at maturity in March 2022. The debt was repaid using the Company's strong liquidity balance and as a result no new debt was issued in the first quarter of 2022. Due to the repayment of the Series F convertible bond, which had a low coupon of 0.25%, the Company's cost of debt increased slightly to 1.1% from 1% at year-end 2021, while the average debt maturity increased to 6.6 years from 6 years at year-end 2021. The debt optimization measures have also resulted in no upcoming debt maturities in the next two years, helping to shield the Company from the current volatility in debt markets and rising interest rates.

Deferred tax liabilities are primarily related to the revaluation gains achieved on the Company's investment property portfolio, taking into account the theoretical disposal of investment properties in the form of asset deals at the tax rate based on the property location. At the end of March 2022, the balance of deferred tax liabilities amounted to €775 million.

EPRA NET ASSET VALUE METRICS

The Net Asset Value is a key performance measure used in the real estate industry. Due to the evolving nature of ownership structures, balance sheet financing as well as the inclusion of non-operating activities leading to entities being relatively more actively managed, EPRA has provided three different metrics to reflect this nature of property companies. The EPRA Net Asset Value Metrics are defined by EPRA and include the Net Reinstatement Value (NRV), Net Tangible Assets (NTA) and Net Disposal Value (NDV).

EPRA Net Reinstatement Value (NRV) assumes that entities never sell their assets and aims to represent the value required to rebuild the entity. The EPRA NRV measure provides stakeholders with the value of net assets on a long-term basis and excludes assets and liabilities that are not expected to materialise. Furthermore, real estate transfer taxes are added back, since the intention of this metric is to reflect what would be required to reinstate the Company through existing investment markets and the Company's current capital and financing structures.

EPRA Net Tangible Assets (NTA) assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax. Therefore, the EPRA NTA measure excludes the value of intangible assets while also taking into consideration the fact that companies acquire and dispose assets and, in the process, realise certain levels of deferred tax liabilities.

EPRA Net Disposal Value (NDV) represents the shareholders' value under a disposal scenario, where deferred taxes, financial instruments and certain other adjustments are considered to the full extent of their liability, net of any resulting tax. Therefore, the EPRA NDV measure is meant to provide stakeholders with the net asset value in the scenario that all assets are disposed and/or liabilities are not held until maturity.

in € '000 unless otherwise specified	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
		Mar 2022			Dec 2021	
Equity attributable to the owners of the Company	**4,002,807**	**4,002,807**	**4,002,807**	**3,960,034**	**3,960,034**	**3,960,034**
Deferred tax liabilities	765,190[1]	644,293[2]	-	754,069[1]	636,405[2]	-
Fair value measurements of derivative financial instruments[3]	11,064	11,064	-	(3,078)	(3,078)	-
Intangible assets and goodwill	-	(13,566)	-	-	(14,717)	-
Real estate transfer tax	522,507[1]	444,813[2]	-	517,857[1]	441,546[2]	-
Net fair value of debt	-	-	114,678	-	-	(106,771)
NAV	**5,301,568**	**5,089,411**	**4,117,485**	**5,228,882**	**5,020,190**	**3,853,263**
Basic number of shares including in-the-money dilution effects (in thousands)		165,166			165,133	
NAV per share (in €)	**32.1**	**30.8**	**24.9**	**31.7**	**30.4**	**23.3**

1 including balances held-for-sale
2 excluding deferred tax liabilities / real estate transfer tax on assets held for sale, non-core assets and development rights in Germany
3 not including net change in fair value of derivative financial instruments related to currency effects

EPRA NRV

As of the end of March 2022, the Company reported an EPRA NRV of €5.3 billion and €32.1 per share, as compared to €5.2 billion and €31.7, respectively as of year-end 2021. This increase is mainly attributable to the profit generated by the company through operations and revaluation gains which increased equity, positive impact of derivative financial instruments, and a higher balance of deferred tax liabilities and the real estate transfer tax value. As EPRA NRV assumes that entities never sell assets and aims to represent the value required to rebuild the entity, the full amount of deferred tax and real estate transfer tax is added back.

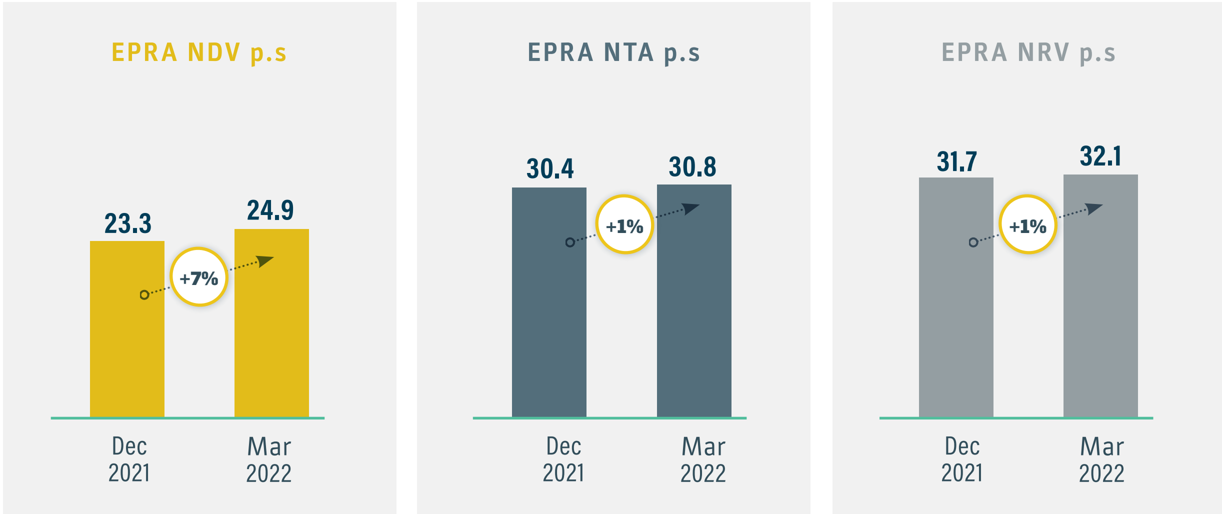
EPRA NTA

As of the end of March 2022, GCP reported an EPRA NTA of €5.1 billion and €30.8 per share, as compared to €5 billion and €30.4 per share at year-end 2021, both increasing by 1%. The growth in the NTA, similarly to EPRA NRV, was driven by profits generated by the company as well as the increase in deferred tax liabilities, and the real estate transfer tax. However, as the EPRA NTA assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax and triggering the real estate transfer tax, which reduces the net disposal price of the properties sold, the impact on these items are different as compared to the NRV. GCP classifies properties into four different categories: Portfolio to be held long term, Investment properties held-for-sale, Portfolio classified in "Others" cities, and Development rights in Germany. As a conservative approach, GCP only adds back the deferred taxes and real estate transfer taxes on the Portfolio to be held long term.

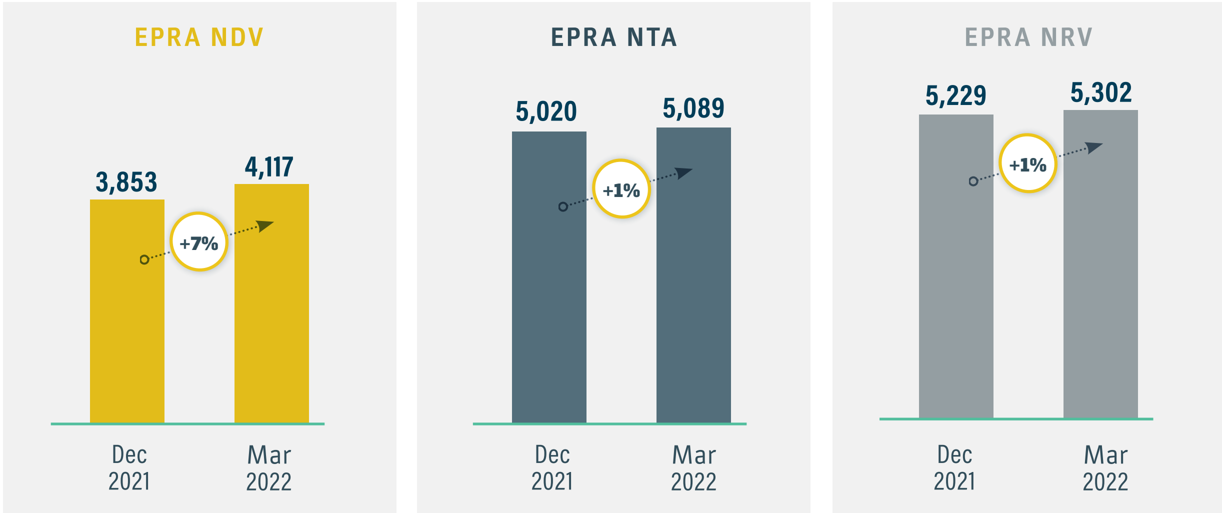
EPRA NDV

At the end of March 2022, GCP reported an EPRA NDV of €4.1 billion and €24.9 on a per share basis, both increasing by 7% compared to €3.9 billion and €23.3 per share at the end of December 2021. This change in EPRA NDV is primarily attributed to a lower net fair value of debt, compared to the book value of the debt which is added back the EPRA NDV and is the result of the current increasing interest rate environment and capital markets volatility. The EPRA NDV represents the Company's NAV under a theoretical scenario where all assets would be disposed, and all liabilities settled, and therefore does not add back any deferred tax liabilities or real estate transfer tax.

EPRA NAV METRICS DEVELOPMENT (IN €)



EPRA NAV METRICS DEVELOPMENT (IN € MILLIONS)



DEBT FINANCING KPIS

LOAN-TO-VALUE

	Mar 2022	Dec 2021
	€'000	
Investment property [1]	9,364,406	9,305,042
Investment properties of assets held-for-sale [1]	118,110	99,329
Total value	**9,482,516**	**9,404,371**
Total debt	3,838,836	4,450,129
Cash and liquid assets [2]	549,346	1,108,004
Net debt	**3,289,490**	**3,342,125**
LTV	**35%**	**36%**

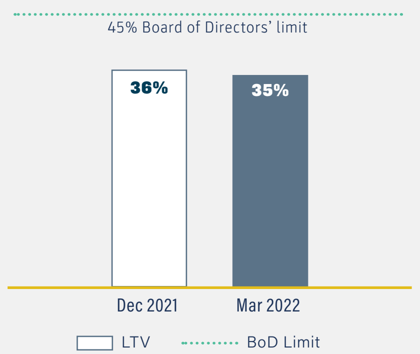
1 including advanced payments and deposits and excluding right-of-use assets
2 including cash and cash equivalents held-for-sale

GCP continues to maintain a conservative financial profile, characterised by a low LTV, robust coverage ratios and a strong ratio of unencumbered assets. As of the end of March 2022, the Company had an LTV ratio of 35% decreasing slightly compared to 36% at the end of December 2021. This low leverage position provides significant headroom below bond covenant limits as well as the more stringent board-mandated limit of 45%.

Additionally, GCP's strong operational profitability and management's active approach in optimizing the company's financial profile by minimizing interest payments has resulted in a strong ICR of 6.7x and a DSCR of 6.3x in the first quarter of 2022. Furthermore, GCP maintains financial flexibility through its large balance of cash and liquid assets amounting to €549 million as of March 2022 and the high ratio of unencumbered assets in its portfolio, which represented 92% of value, reflecting €8.7 billion in value, both as of March 2022.

The Company's low leverage and conservative financial platform continues to allow it to benefit from broad access to capital markets and strong demand for its issuances, further supported by its investment grade credit ratings from S&P (BBB+/Stable) and Moody's (Baa1/Stable, unsolicited).

LOW LEVERAGE WITH ROBUST PROFITABILITY



UNENCUMBERED ASSETS

	Mar 2022	Dec 2021
	€'000	
Unencumbered Assets	8,707,935	8,352,924
Total Investment properties *	9,510,186	9,442,026
Unencumbered Assets Ratio	**92%**	**88%**

* including investment property held-for-sale

INTEREST COVERAGE RATIO (ICR)

For the period of three months ended 31 March	2022	2021
	€'000	
Adjusted EBITDA	76,417	72,632
Finance Expenses	11,418	11,724
Interest Coverage Ratio	**6.7x**	**6.2x**

DEBT SERVICE COVERAGE RATIO (DSCR)

For the period of three months ended 31 March	2022	2021
	€'000	
Adjusted EBITDA	76,417	72,632
Finance Expenses	11,418	11,724
Amortisation of loans from financial institutions	647	2,240
Debt Service Coverage Ratio	**6.3x**	**5.2x**

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 utilised to assess the Company's operational earnings, net asset value of the Company, leverage position, debt and interest coverage abilities as well as liquidity headroom. The 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 buildings, share of profit from investment in equity-accounted investees and other adjustments. GCP starts from its *Operating profit* and adds back the item *Depreciation and amortisation* to arrive at the *EBITDA* value. Non-recurring and non-operational items are deducted such as the *Property revaluations and capital gains, Result on the disposal of buildings* and *Share of profit from investment in equity-accounted investees*. Further adjustments are labelled as *Equity settled share-based payment* and *other adjustments,* which are subtracted since these are non-cash expenses.

Adjusted EBITDA reconciliation
Operating Profit
(+) Depreciation and amortisation
(=) EBITDA
(+/-) Property revaluations and capital gains
(+/-) Result on the disposal of buildings
(+/-) Share of profit from investment in equity-accounted investees
(+/-) Equity settled share-based payments and 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 utilised as a key industry performance indicator. It is calculated by deducting the *Finance expenses*, *Current tax expenses, Contribution to minorities, Adjustment for perpetual notes attribution* 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
(-) Adjustment for perpetual notes attribution
(=) FFO I

RECONCILIATION OF FUNDS FROM OPERATIONS II (FFO II)

FFO II additionally incorporates on top of the *FFO I* the r*esults 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

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. Modernisation and pre-letting capex are not included in the AFFO as it is considered as an additional investment program, similar to the property acquisitions, which is 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 capitalised.

AFFO reconciliation
FFO I
(-) Repositioning capex
(=) AFFO

RECONCILIATION OF THE NET REINSTATEMENT VALUE ACCORDING TO EPRA (EPRA NRV)

The Net Reinstatement Value measure provides stakeholders with the value of net assets on a long-term basis and excludes assets and liabilities that are not expected materialise. Furthermore, real estate transfer taxes are added back, since the intention of this metric is to reflect what would be required to reinstate the Company through existing investment markets and the Company's current capital and financing structures.

The reconciliation of the EPRA NRV starts from the *Equity attributable to the owners of the Company* and adds back *Deferred tax liabilities on investment property, fair value measurements of derivative financial instruments.* Further, the EPRA NRV includes *real estate transfer tax* in order to derive the *EPRA NRV* and provide the reader with a perspective of what would be required to reinstate the Company at a given point of time.

EPRA NRV Reconciliation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities(1)
(+/-) Fair value measurements of derivative financial instruments, net(2)
(+) Real Estate Transfer Tax(1)
(=) EPRA NRV

(1) including balances held-for-sale
(2) not including net change in fair value of derivative financial instruments related to currency effect

RECONCILIATION OF THE NET TANGIBLE ASSETS ACCORDING TO EPRA (EPRA NTA)

The Net Tangible Assets measure excludes the value of intangible assets while also taking into consideration the fact that companies acquire and dispose assets and, in the process, realise certain levels of deferred tax liabilities. Additionally, to the extent that tax optimisation is demonstrable, a corresponding portion of real estate transfer taxes are excluded to arrive at the Net Tangible Assets.

The reconciliation of the EPRA NTA begins at the *Equity attributable to the owners of the Company* and adds back *Deferred tax liabilities on investment property* excluding deferred tax liabilities related to the assets which are considered non-core, assets expected to be disposed within the following 12 months and the development rights in Germany. In addition, *intangible assets as per the IFRS Balance sheet* is subtracted and *fair value measurements of derivative financial instruments* are considered for this measure of valuation by EPRA. Further, the EPRA NTA adds back a portion of the *real estate transfer* tax excluding real estate transfer tax related to assets which are considered non-core, assets expected to be disposed within the following 12 months and development rights in Germany.

EPRA NTA Reconciliation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities(1)
(+/-) Fair value measurements of derivative financial instruments, net(2)
(-) Intangible assets and goodwill
(+) Real Estate Transfer Tax(1)
(=) EPRA NTA

(1) excluding deferred tax liabilities / real estate transfer tax on non-core assets, assets held for sale and development rights in Germany
(2) not including net change in fair value of derivative financial instruments related to currency effect

RECONCILIATION OF THE NET DISPOSAL VALUE ACCORDING TO EPRA (EPRA NDV)

The Net Disposal Value measure is meant to provide stakeholders with the net asset value in the scenario that all assets are disposed and/or liabilities are not held until maturity. In this measure of net asset value, deferred tax liabilities, fair value measurements of financial instruments and certain other adjustments are considered to the full extent of their liabilities, without including any optimisation of real estate transfer tax.

Accordingly, to arrive at the EPRA NDV the starting point is the *Equity attributable to the owners of the Company* and includes the *Net fair value of debt.* The adjustment is the difference between the market value of debt and book value of debt.

EPRA NDV Reconciliation
Equity attributable to the owners of the Company
(+/-) Net fair value of debt
(=) EPRA NDV

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 and deposits* and the *Investment properties of assets held for sale* and *excludes right-of-use assets.* For the calculation of net debt, total *Cash and liquid assets* are deducted from the *Straight bonds, Convertible Bonds* and *Total loan and borrowings.* Total loan and borrowings include the *Short-term loans and borrowings, debt redemption,* and *Financial debt held for sale* while Straight bonds and Convertible bonds include *Bond redemption.* Cash and liquid assets is the sum of *Cash and cash equivalents, Financial assets at fair value through profit and loss,* and *Cash and cash equivalents held for sale.*

LOAN-TO-VALUE Reconciliation
(+) Investment property(1)
(+) Investment properties of assets held for sale(2)
(=) (A) Total value
(+) Total debt(3)
(-) Cash and liquid assets(4)
(=) (B) Net debt
(=) (B/A) LTV

(1) including advanced payments and deposits and excluding right-of-use assets 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* and *Investment properties of assets held for sale.*

Unencumbered Assets Ratio reconciliation
(A) Unencumbered assets
(B) Total investment properties*
(=) (A/B) Unencumbered Assets Ratio

* including investment properties and investment properties of assets held for sale

RECONCILIATION OF ICR AND DSCR

Two widely recognised debt metrics Interest Coverage Ratio (ICR) and Debt Service Coverage Ratio (DSCR) are utilised 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 the *Finance expenses* plus the *Amortisation of loans from financial institutions.* With these ratios, 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) Adjusted EBITDA
(B) Finance expenses
(=) (A/B) ICR

DSCR Reconciliation
(A) Adjusted EBITDA
(B) Finance expenses
(C) Amortisation of loans from financial institutions
(=) [A/(B+C)] DSCR

RECONCILIATION OF EQUITY RATIO

Equity Ratio is the ratio of Total Equity divided by Total Assets, each as indicated in the consolidated financial statements. GCP believes that the Equity Ratio is useful for investors primarily to indicate the long-term solvency position of the Company. The Equity Ratio is calculated by dividing the *Total Equity* by the *Total Assets*, both as per the consolidated financial statements of the Company.

Equity Ratio Reconciliation
(A) Total Equity
(B) Total Assets
(=) (A/B) Equity Ratio

Munich

Berlin

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.

Luxembourg, 17 May 2022

Christian Windfuhr
Chairman and member
of the Board of Directors

Simone Runge-Brandner
Member of the
Board of Directors

Daniel Malkin
Member of the
Board of Directors

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the period of three months ended 31 March	
		2022	2021
		Unaudited	
	Notes	€'000	
Revenue	5	**133,498**	**128,323**
Property revaluations and capital gains		45,281	72,407
Share of profit from investments in equity-accounted investees		-	1,997
Property operating expenses		(54,785)	(54,083)
Administrative and other expenses		(2,915)	(2,609)
Depreciation and amortisation		(2,774)	(1,358)
Operating profit		**118,305**	**144,677**
Finance expenses		(11,418)	(11,724)
Other financial results		(41,756)	(64,383)
Profit before tax		**65,131**	**68,570**
Current tax expenses		(9,543)	(7,869)
Deferred tax expenses		(9,049)	(9,478)
Profit for the period		**46,539**	**51,223**
Profit attributable to:			
Owners of the Company		30,142	33,363
Perpetual notes investors		6,103	6,395
Non-controlling interests		10,294	11,465
		46,539	**51,223**
Net earnings per share attributable to the owners of the Company (in euro):			
Basic earnings per share		0.18	0.20
Diluted earnings per share		0.17	0.19

The notes on pages 40 to 47 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	
		2022	2021
		Unaudited	
	Notes	€'000	
Profit for the year		**46,539**	**51,223**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods, net of tax:			
Foreign currency translation, net of investment hedges of foreign operations		(43)	(4,721)
Net change in cost of hedging		12,152	15,577
Total other comprehensive income for the period, net of tax		**12,109**	**10,856**
Total comprehensive income		**58,648**	**62,079**
Total comprehensive income attributable to:			
Owners of the Company		42,251	44,219
Perpetual notes investors		6,103	6,395
Non-controlling interests		10,294	11,465
		58,648	**62,079**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2022	As at 31 December 2021
		Unaudited	Audited
		€'000	
ASSETS			
Investment property	6	9,388,869	9,339,489
Property and equipment		54,362	55,626
Intangible assets and goodwill		13,566	14,717
Advance payment and deposits		34,151	24,255
Derivative financial assets		25,708	37,504
Other non-current assets		296,664	359,831
Deferred tax assets		48,132	51,412
Non-current assets		**9,861,452**	**9,882,834**
Cash and cash equivalents		344,182	895,486
Financial assets at fair value through profit or loss		204,340	211,913
Trade and other receivables		462,123	452,048
Derivative financial assets		4,857	6,129
Assets held-for-sale		132,415	113,582
Current assets		**1,147,917**	**1,679,158**
Total assets		**11,009,369**	**11,561,992**
EQUITY			
Share capital		17,619	17,619
Treasury shares		(248,009)	(248,009)
Share premium and other reserves		421,002	408,371
Retained earnings		3,812,195	3,782,053
Total equity attributable to the owners of the Company		**4,002,807**	**3,960,034**
Equity attributable to perpetual notes investors		1,228,346	1,227,743
Total equity attributable to the owners and perpetual notes investors		**5,231,153**	**5,187,777**
Non-controlling interests		625,103	614,809
Total equity		**5,856,256**	**5,802,586**

The notes on pages 40 to 47 form an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2022	As at 31 December 2021
		Unaudited	Audited
		€'000	
LIABILITIES			
Loans and borrowings		187,887	353,073
Straight bonds		3,647,081	3,642,285
Derivative financial liabilities		66,885	76,200
Other non-current liabilities		155,112	154,330
Deferred tax liabilities		768,408	760,472
Non-current liabilities		**4,825,373**	**4,986,360**
Current portion of long-term loans		3,868	5,176
Bond redemption		-	449,595
Trade and other payables		229,082	215,757
Derivative financial liabilities		29,382	30,691
Tax payable		22,189	18,541
Provisions for other liabilities and charges		28,927	39,778
Liabilities held-for-sale		14,292	13,508
Current liabilities		**327,740**	**773,046**
Total liabilities		**5,153,113**	**5,759,406**
Total equity and liabilities		**11,009,369**	**11,561,992**

The Board of Directors of Grand City Properties S.A. authorised these condensed interim consolidated financial statements to be issued on 17 May 2022.

Christian Windfuhr
Chairman and member 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

For the period of three months ended 31 March 2022 €'000	Share capital	Treasury shares	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 owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
	Equity attributable to the owners of the Company												
Balance as at 31 December 2021 (audited)	**17,619**	**(248,009)**	**443,779**	**16,157**	**11,103**	**(39,658)**	**(23,010)**	**3,782,053**	**3,960,034**	**1,227,743**	**5,187,777**	**614,809**	**5,802,586**
Profit for the period	-	-	-	-	-	-	-	30,142	30,142	6,103	36,245	10,294	46,539
Other comprehensive income (loss) for the period	-	-	-	-	12,152	(43)	-	-	12,109	-	12,109	-	12,109
Total Comprehensive Income (loss) for the period	**-**	**-**	**-**	**-**	**12,152**	**(43)**	**-**	**30,142**	**42,251**	**6,103**	**48,354**	**10,294**	**58,648**
Share-based payment	-	-	-	-	-	-	522	-	522	-	522	-	522
Payment to perpetual notes investors bond	-	-	-	-	-	-	-	-	-	(5,500)	(5,500)	-	(5,500)
Repayment of convertible bond	-	-	16,157	(16,157)	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022 (unaudited)	**17,619**	**(248,009)**	**459,936**	**-**	**23,255**	**(39,701)**	**(22,488)**	**3,812,195**	**4,002,807**	**1,228,346**	**5,231,153**	**625,103**	**5,856,256**

The notes on pages 40 to 47 form an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period of three months ended 31 March 2021 €'000	Equity attributable to the owners of the Company Share capital	Treasury shares	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 owners of the Company and Perpetual notes investors	Non-controlling interests	Total Equity
Balance as at December 31, 2020 (audited)	**17,186**	**-**	**497,187**	**12,657**	**(25,256)**	**(32,943)**	**(12,405)**	**3,257,423**	**3,713,849**	**1,306,092**	**5,019,941**	**534,987**	**5,554,928**
Profit for the period	-	-	-	-	-	-	-	33,363	33,363	6,395	39,758	11,465	51,223
Other comprehensive income (loss) for the period	-	-	-	-	15,577	(4,721)	-	-	10,856	-	10,856	-	10,856
Total Comprehensive income (loss) for the period	**-**	**-**	**-**	**-**	**15,577**	**(4,721)**	**-**	**33,363**	**44,219**	**6,395**	**50,614**	**11,465**	**62,079**
Share buy-back	-	(88,791)	-	-	-	-	-	-	(88,791)	-	(88,791)	-	(88,791)
Share-based payment	-	-	-	-	-	-	1,001	-	1,001	-	1,001	-	1,001
Initial consolidation, deconsolidation and transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,463)	(1,463)
Payment to perpetual notes investors	-	-	-	-	-	-	-	-	-	(5,500)	(5,500)	-	(5,500)
Repayment to perpetual notes investors	-	-	-	-	-	-	(4,502)	-	(4,502)	(83,906)	(88,408)	-	(88,408)
Balance as at 31 March 2021 (unaudited)	**17,186**	**(88,791)**	**497,187**	**12,657**	**(9,679)**	**(37,664)**	**(15,906)**	**3,290,786**	**3,665,776**	**1,223,081**	**4,888,857**	**544,989**	**5,433,846**

The notes on pages 40 to 47 form an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the period of three months ended 31 March	
		2022	2021
		Unaudited	
		€'000	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the period		**46,539**	**51,223**
ADJUSTMENTS FOR THE PROFIT:			
Depreciation and amortisation		2,774	1,358
Property revaluations and capital gains		(45,281)	(72,407)
Share of profit from investments in equity-accounted investees		-	(1,997)
Net finance expenses		53,174	76,107
Tax and deferred tax expenses		18,592	17,347
Equity settled share-based payment		619	1,001
Change in working capital		(14,172)	(10,197)
		62,245	**62,435**
Tax paid		(5,134)	(10,869)
Net cash provided by operating activities		**57,111**	**51,566**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and intangible assets, net		(361)	(1,037)
Acquisitions of investment property, Capex and advances paid, net		(51,569)	(153,670)
Disposals of investment property, net		2,026	1,691
Acquisition of investees and loans, net of cash acquired		(4,395)	-
Disposal of investees, net of cash disposed		-	207,638
Investment in financial and other assets, net		86,347	(19,473)
Net cash provided by investing activities		**32,048**	**35,149**

The notes on pages 40 to 47 form an integral part of these condensed interim consolidated financial statements

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		For the period of three months ended 31 March	
		2022	2021
		Unaudited	
	Note	€'000	
CASH FLOWS FROM FINANCING ACTIVITIES:			
Amortisation of loans from financial institutions		(647)	(2,240)
Repayment of loans from financial institutions, net	2	(166,374)	(272,114)
Proceeds from straight and convertible bonds, net		-	976,294
Payments to perpetual notes investors, net		(5,500)	(93,908)
Repayment and buy-back of straight and convertible bonds	2	(450,000)	(588,987)
Share buy back		-	(88,791)
Interest and other financial expenses, net		(16,680)	(19,226)
Net cash used in financing activities		**(639,201)**	**(88,972)**
Net decrease in cash and cash equivalents		**(550,042)**	**(2,257)**
Change in cash and cash equivalents held-for-sale		(220)	207
Cash and cash equivalents at the beginning of the period		895,486	1,412,199
Effect of foreign exchange rate changes		(1,042)	537
Cash and cash equivalents at the end of the period		**344,182**	**1,410,686**

The notes on pages 40 to 47 form an integral part of these condensed interim consolidated financial statements

1. GENERAL

Grand City Properties S.A. ("the Company") was incorporated in Grand Duchy of Luxembourg on December 16, 2011 as a Société Anonyme (public limited liability company). Its registered office is at 40, Rue du Curé, L-1368 Luxembourg.

The Company is a specialist in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany and is complimented by a portfolio in London. 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 2022 ("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:

- The Group repaid debt in total amount of euro 616 million, of which euro 450 million for the repayment of convertible bond F with 0.25% coupon (due March 2022) of which euro 186.7 million of principal amount were held by subsidiaries of Aroundtown SA ("the ultimate controlling party"). In addition, the Group repaid euro 166 million bank loan.
- The Group signed on a contract to acquire properties in Berlin in total amount of approximately euro 100 million. The transaction is expected to be completed during June 2022.
- 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.
- Geopolitical situation around Russia - Ukraine
  On 24 February 2022, following several months of increasing escalation, the Russian Federation (Russia) announced the beginning of a "special military operation" in Ukraine. Following the announcement, Russia started moving military forces into Ukraine and launched missile strikes and air-strikes at targets in across Ukraine, initiating a full-scale invasion of Ukraine (the "Invasion" or the "Conflict"). The invasion received wide-spread international condemnation and on 2 March 2022 the General Assembly of the United Nations, under an Emergency Special Sessions, adopted resolution A/RES/ES-11/1, among others, condemning the Invasion by Russia and demanding immediate ceasing of hostilities and withdrawal of military forces from the territory of Ukraine. As of the date of this report hostilities continue. In a reaction to Russian hostilities many nations and organisations, including Germany and the European Union (EU), have announced sanctions against Russia, Russian companies, and individuals in and from Russia. These sanctions, as well as increased uncertainty resulting from the conflict, have so far resulted in increased volatility in financial markets and increases in prices for a range of commodities, particularly in energy prices, among others. A large number of Ukrainian refugees have fled the country since the start of the conflict, seeking asylum in the EU. In response to this the EU invoked the Temporary Protection Directive (the "Directive"), granting expanded rights to Ukrainian citizens in the EU, granting such citizens residence permits in the EU for the duration of the directive as well as, among others, access to employment, accommodation, social welfare or means of subsistence, access to medical treatment, access to education for minors, and more.
  Group's operations are not directly impacted by the conflict, as neither its portfolio nor its operations have direct exposure to Ukraine or Russia. However, the Company has been impacted by the indirect consequences of the conflict. Firstly, as a result of the conflict inflationary pressures have increased, specifically heating and energy costs, which have an impact on the operating costs of the Company. Such pressures may also have an impact on the ability of the Company's tenants to pay rent and/or for the Company to recover expenses related to recoverable expenses from tenants in the future. Furthermore, higher levels of inflation have impacted interest rates, which have risen and increased the cost of obtaining new financing, while increased volatility in the capital markets have reduced the Company's ability to raise capital at attractive prices, resulting in an increase in its cost of capital and potentially limiting its growth opportunities.
  As a result of the large number of refugees that have entered and are expected to enter the EU. As at the end of April 2022 over 600 thousand Ukrainian refugees have fled to Germany. The Company expects large numbers of refugees to continue to enter Germany as the conflict continues. The large numbers of refugees are likely to

result in increased strain on the residential real estate market in Germany, similar to what has been seen as a result of the height of the refugee crisis in relation to the Syrian civil war in 2015. This may further exacerbate the supply and demand mismatch, increase political pressure for home construction and higher utilization of already limited construction capacity, which may result in increased construction costs and delays, particularly in the event that the crisis will be prolonged. The full effects are currently still unclear and will depend significantly on the duration and final outcome of the conflict as well as the distribution of refugees across the EU.

- Inflation and interest rates

  The Coronavirus pandemic, the high amount of cash injected into the market as a monetary response and the geopolitical situation around Russia – Ukraine, and the subsequent disruption of the global economy have resulted in significant supply and demand shocks, which have further resulted in higher inflationary pressures and supply shortages in much of 2021 and into 2022. Inflationary pressure has been particularly strong in energy prices and material prices and there is much uncertainty as to the development of prices in the coming periods. Higher levels of inflation particularly for energy and materials may have an impact on the Group's ability to acquire materials for capex measures at a reasonable price and increase utility costs or result in delays across the Company's operations. Furthermore, higher levels of inflation across the economy may result in higher personnel expenses and expenses related to external services, which could have a negative impact on Group's profitability. In addition, higher levels of inflation have resulted to increases in yields and volatility in capital markets, which has a negatively impact on the cost of new financing for the Company on one hand and may put upward pressure on discount rates and cap rates if prolonged, which may have an adverse impact on the fair value of Group's assets.

  Increases in material costs have an impact on the cost of capex projects for the Group, however, material costs generally form a relatively smaller component of total capex and maintenance expenses and a large share of capex projects are executed at the Company's discretion. These projects can usually be deferred if costs increase to such an extent that they become uneconomical. The Company is able to offset some of these expenses due to its economies of scale. The Company believes that, while increases in personnel expenses are likely to have an impact on its cost structure, efficiency gains and internal growth, as well as cost recovery from tenants, will be able to offset such higher expenses. Regarding higher interest rates, the Company has a high interest hedge ratio, with 96% of its debt protected against interest rate increases. Furthermore, due to balanced and long maturity schedule with no maturities in 2022 and 2023, combined with a strong liquidity position, the Company does not face material refinancing risk at higher rates in the near term. Furthermore, Group's low leverage of 35%, well below the Company's conservative Board of Directors' limit of 45% and higher bond covenant levels, leaves significant headroom in the event of downward portfolio value revisions.

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 audited annual consolidated financial statements as at 31 December 2021.

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 2021.

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 2021, 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 2022:

» **Amendments to IFRS 3 Business Combinations**
The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

» **Amendments to IAS 16 Property, Plant and Equipment**
The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

» **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets**
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

» **Annual Improvements to IFRSs 2018-2020 Cycle**

- **IFRS 1 First-time Adoption of International Financial Reporting Standards**
The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it is not a first-time adopter.

- **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.
These amendments had no impact on the interim condensed consolidated financial statements of the Group.

- **IAS 41 Agriculture – Taxation in fair value measurements**
  The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41. These amendments had no impact on the interim condensed consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

The following amendments were adopted by the EU, with effective date of 1 January 2023:

» **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

» **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies**

These amendments are not expected to have a material impact on the Group.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.


Frankfurt

5. REVENUE

	For the period of three months ended 31 March	
	2022	2021
	€'000	
Net rental income	97,064	90,578
Operating and other income	36,434	37,745
	133,498	**128,323**

Mannheim

6. INVESTMENT PROPERTY

	For the period of three months ended 31 March 2022	For the year ended 31 December 2021
	Level 3(*)	Level 3(*)
	Unaudited	Audited
	€'000	
As at 1 January	**9,339,489**	**8,005,893**
Plus: investment property classified as held for sale	102,537	150,207
Total investment property	**9,442,026**	**8,156,100**
Acquisitions of investment property	17,492	757,738
Capital expenditure on investment property	20,709	105,424
Disposals of investment property	(1,932)	(294,222)
Fair value adjustment	45,186	631,152
Effect of foreign currency exchange differences	(13,295)	112,348
Transfers (from)/to investment property, net	-	(26,514)
Total investment property	**9,510,186**	**9,442,026**
Less: investment property classified as held for sale	(121,317)	(102,537)
As at 31 March / 31 December	**9,388,869**	**9,339,489**

(*) classified in accordance with the fair value hierarchy. Since one or more of the significant inputs is not based on observable market data, the fair value measurement is included in level 3.

7. 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.

7.1 FAIR VALUE HIERARCHY

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value as at 31 March 2022 and 31 December 2021 on a recurring basis:

	As at 31 March 2022					As at 31 December 2021				
			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(*)	269,870	269,870	164,110	83,443	22,317	410,570	410,570	175,638	77,163	157,769
Derivative financial assets	30,565	30,565	-	30,565	-	43,633	43,633	-	43,633	-
Total financial assets	**300,435**	**300,435**	**164,110**	**114,008**	**22,317**	**454,203**	**454,203**	**175,638**	**120,796**	**157,769**
FINANCIAL LIABILITIES										
Derivative financial liabilities	96,267	96,267	-	96,267	-	106,891	106,891	-	106,891	-
Total financial liabilities	**96,267**	**96,267**	**-**	**96,267**	**-**	**106,891**	**106,891**	**-**	**106,891**	**-**

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

FAIR VALUE HIERARCHY

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 2022 and 31 December 2021:

	As at 31 March 2022					As at 31 December 2021				
			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	3,647,081	3,498,123	3,323,225	174,898	-	3,642,285	3,779,314	3,599,216	180,098	-
Convertible bond (*)	-	-	-	-	-	449,595	451,283	451,283	-	-
Total financial liabilities	**3,647,081**	**3,498,123**	**3,323,225**	**174,898**	**-**	**4,091,880**	**4,230,597**	**4,050,499**	**180,098**	**-**

* 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.

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flows (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of input such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments and is discussed further below.

7.2 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.
- For the fair value measurement of investments in unlisted funds, the net asset value is used as a valuation input and an adjustment is applied for lack of marketability and restrictions on redemptions as necessary. This adjustment is based on management judgment after considering the period of restrictions and the nature of the underlying investments.
- 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.

There were no transfers between level 1, level 2 and level 3 during the reporting period.

8. COMMITMENTS

As at the reporting date, the Group had several financial obligations in total amount of approximately euro 100 million.

9. CONTINGENT ASSETS AND LIABILITIES

The Group does not have significant contingent assets and liabilities as at 31 March 2022 and as at 31 December 2021.

10. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

11. 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 17 March 2022.

Bonn (NRW)

GCP

London