GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2012

GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2012

CONTENTS

GRAND CITY PROPERTIES S.A
OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	Cleo Koushos - Cros Christos Metaxas Daniel Malkin Harilaos Koureas
Independent Auditors (Réviseur d'Entreprises agréé)	KPMG Luxembourg S.à r.l.
Bankers	Bank of Cyprus Public Company Ltd Marfin Popular Bank Public Co Ltd Bank Hapoalim (Schweiz) AG Landesbank Berlin AG Deutsche Kreditbank AG Hypo noe
Registered Office	6 Boulevard Pierre Dupong L 1430 Luxembourg
Registration number	B165560

GRAND CITY PROPERTIES S.A
BOARD OF DIRECTORS' REPORT

The Board of Directors of Grand City Properties S.A. (the "Company") presents to the members its interim report together with the condensed consolidated interim financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the period ended 30 June 2012.

INCORPORATION

Grand City Properties S.A. was incorporated in Luxembourg on 16 December 2011 as a private company with limited liability.

PRINCIPAL ACTIVITIES

The Group is buying, redeveloping, turning-around and optimizing residential properties in Germany.

FINANCIAL RESULTS

The Group's financial results for the period ended 30 June 2012 are set out on page 6 of the condensed consolidated interim financial statements. The profit for the period attributable to the owners of the Company for the six months ended 30 June 2012 amounted to €34.488 thousand (30 June 2011: €53.498 thousand).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

During the reporting period, the Company through investees and partners took over 3.461 residential units in Germany (in NRW region), with accounting value of Euro 140 million.

REVENUE

The Group's revenue for the six months ended 30 June 2012 was €18.286 thousand (30 June 2011 €13.014 thousand).

DIVIDENDS

The Board of Directors do not recommend the payment of a dividend and the net profit for the period is retained.

MAIN RISKS AND UNCERTAINTIES

The Board of Directors is evaluating the risks of the Company on an on-going basis. The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in note 23 of the condensed consolidated interim financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

GRAND CITY PROPERTIES S.A

BOARD OF DIRECTORS' REPORT

SHARE CAPITAL

Authorised capital

Per the articles of incorporation the Company has an authorized share capital of 200,000,000 ordinary shares of nominal value of €0,10 each.

Issued capital

Upon incorporation on 16 December 2011 the Company issued to the subscribers of its Memorandum of Association 5.000.000 ordinary shares of €0,10 each at par.

On 12 April 2012, the Company issued additional 45,000,000 shares of €0,10 each at par, fully paid up in cash.

On 19 July 2012, the Company received gross proceeds of EUR 15.125 million during the current capital increase against contribution in cash. A total of 5.5 million new shares were placed at an issue price of EUR 2.75 as part of an international private placement to institutional investors. (For more information see note 26).

BOARD OF DIRECTORS

The members of the Group's Board of Directors as at 30 June 2012 and at the date of this report are presented on page 2. All of them were members of the Board of Directors throughout the period ended 30 June 2012.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

RELATED PARTY TRANSACTIONS

Disclosed in note 21 of the condensed consolidated interim financial statements.

EVENTS AFTER THE REPORTING PERIOD

The events that occurred after the reporting period are described in note 26 of the condensed consolidated interim financial statement.

By order of the Board of Directors,

Secretary

Luxembourg, 24 September 2012

KPMG Luxembourg S.à r.l.
9, allée Scheffer
L-2520 Luxembourg

Telephone +352 22 51 51 1
Fax +352 22 51 71
Internet www.kpmg.lu
Email info@kpmg.lu

To the Shareholders of
Grand City Properties S.A.
6 Boulevard Pierre Dupong
L-1430 Luxembourg

Report of the Réviseur d'Entreprises agree on the review of the condensed consolidated interim financial information

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Grand City Properties S.A. ("the Company") and its subsidiaries ("the Group") as at 30 June 2012, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated interim financial information ("the condensed consolidated interim financial information"). The Board of Directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as adopted, for Luxembourg, by the Institut des Réviseurs d'Entreprises. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2012 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

Luxembourg, 24 September 2012

KPMG Luxembourg S.à r.l.
Cabinet de révision agréé

Alison Macleod

GRAND CITY PROPERTIES S.A

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Six months ended June 30, 2012	Six months ended June 30, 2011	Year ended December 31, 2011 (*)
		Unaudited	Unaudited	Audited
		Euro in thousands		
Revenue	4	18.286	13.014	26.402
Capital gain and property revaluation		45.713	64.441	72.843
Share of profit from investments in equity accounted investees		3.050	-	1.497
Personnel expenses		(817)	(479)	(1.151)
Depreciation and amortization		(21)	-	(7)
Refurbishment and maintenance		(2.086)	(985)	(1.886)
Property operating expenses		(7.995)	(5.582)	(10.868)
Other expenses		(1.705)	(301)	(2.461)
Operating profit		54.425	70.108	84.369
Net interest result	5	(4.122)	(2.668)	(5.748)
Other finance result	5	(6.245)	-	(8.125)
Net finance expenses		(10.367)	(2.668)	(13.873)
Profit before tax		44.058	67.440	70.496
Deferred and current tax expenses	6	(7.547)	(10.981)	(11.859)
Profit for the period		36.511	56.459	58.637
Attributable to:				
Owners of the Company		34.588	53.498	55.568
Non-controlling interests		1.923	2.961	3.069
Profit for the period		36.511	56.459	58.637
Net earnings per share attributable to owners of the Company (in cent)				
Basic net earnings	7	69,18	1.070	1.111,4
Diluted net earnings	7	69,18	1.070	1.111,4

(*) please refer to note 1(c) for the comparative figures.

The notes on pages 14 to 45 are an integral part of these condensed consolidated financial statements.

GRAND CITY PROPERTIES S.A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,		Year ended December 31,
	2012	2011	2011 (*)
	Unaudited		Audited
	Euro in thousands		
Profit for the period / year	36.511	56.459	58.637
Net value of (losses) /gains on cash flow hedges	(139)	-	24
Tax on other comprehensive income/(losses)	27	-	(4)
Other comprehensive (losses)/ income for the period after tax	(112)	-	20
	36.399	56.459	58.657
Attributable to :			
Owners of the Company	34.488	53.498	55.586
Non- controlling interests	1.911	2.961	3.071
Total comprehensive income for the period	36.399	56.459	58.657

(*) please refer to note 1(c) for the comparative figures.

The notes on pages 14 to 45 are an integral part of these condensed consolidated financial statements.

GRAND CITY PROPERTIES S.A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2012 Unaudited	December 31 2011 (*) Audited
		Euro in thousands	
Assets			
Non-current assets			
Equipment	8	93	61
Intangible assets	9	66	67
Investment properties	10	299.158	258.116
Investments in equity-accounted investees	12	10.438	2.397
Tenancy deposits	14	1.814	1.449
Deferred tax assets	18	2.155	2.121
Loans to associate undertakings	21	381	479
Total non-current assets		314.105	264.690
Current assets			
Trade and other receivables	14	16.073	11.803
Loan to shareholders	21	1.430	-
Cash and cash equivalents	15	3.421	8.158
Assets classified as held for sale	22	32.149	5.400
Total current assets		53.073	25.361
Total assets		367.178	290.051

(*) please refer to note 1(c) for the comparative figures.

GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	June 30, 2012 Unaudited	December 31 2011 (*) Audited
		Euro in thousands	
Equity attributable to owners of the Company			
Share capital	16	5.000	500
Reserves		117.842	83.352
Total equity attributable to owners of the Company		122.842	83.852
Non-controlling interests		7.288	5.379
Total equity		130.130	89.231
Non-current liabilities			
Loans and borrowings	17	146.073	138.149
Loans from associate undertakings	21	791	309
Loans from shareholders	21	11.046	18.793
Tenancy deposits	20	2.004	1.600
Derivative financial instruments	13	10.444	8.823
Deferred tax liabilities	18	19.481	15.014
Provisions for other liabilities and charges	19	2.004	-
Total non-current liabilities		191.843	182.688
Current liabilities			
Short term portion of long-term loans	17	2.762	2.599
Trade and other payables	20	18.921	13.587
Provisions for other liabilities and charges	19	3.661	1.946
Liabilities classified as held for sale	22	19.861	-
Total current liabilities		45.205	18.132
Total liabilities		237.048	200.820
Total equity and liabilities		367.178	290.051

On 24 September 2012 the Board of Directors of Grand City Properties S.A. authorised these condensed consolidated interim financial statements for issue.

Cleo Koushos - Cros
Director

Christos Metaxas
Director

(*) please refer to note 1(c) for the comparative figures

GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months, ended 30 June

	Attributable to the owners of the Company						
	Share capital	Hedge reserve	Other reserve	Retaining earnings	Total	Non-controlling interests	Total Equity
	Euro in thousands						
Balance as of January 1, 2012 (Audited)	500	(148)	14.211	69.291	83.854	5.377	89.231
Profit for the period	-	-	-	34.588	34.588	1.923	36.511
Other comprehensive loss for the period	-	(100)	-	-	(100)	(12)	(112)
Total comprehensive income (loss) for the period	-	(100)	-	34.588	34.488	1.911	36.399
Issuance of share capital	4.500	-	-	-	4.500	-	4.500
Balance as of June 30, 2012 (Unaudited)	5.000	(248)	14.211	103.879	122.842	7.288	130.130
Balance as of January 1, 2011 (Audited)	500	(104)	14.211	24.688	39.295	4.600	43.895
Profit for the period	-	-	-	53.498	53.498	2.961	56.459
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	53.498	53.498	2.961	56.459
Acquisition of non – controlling interests	-	3	-	735	738	(1.676)	(938)
Balance as of June 30, 2011 (Unaudited)	500	(101)	14.211	78.921	93.531	5.885	99.416

The notes on pages 14 to 45 are an integral part of these condensed consolidated financial statements.

GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2011

	Attributable to the owners of the Company						
	Share capital	Hedge reserve	Other reserve	Retaining earnings	Total	Non-controlling interests	Total Equity
	Euro in thousands						
Balance as of January 1, 2011 (Audited)	500	(104)	14.211	24.688	39.295	4.600	43.895
Profit for the year	-	-	-	55.568	55.568	3.069	58.637
Other comprehensive income for the year	-	18	-	-	18	2	20
Total comprehensive income for the year	-	18	-	55.568	55.586	3.071	58.657
Dividends	-	-	-	(10.545)	(10.545)	(586)	(11.131)
Acquisitions through business combinations	-	(62)	-	(422)	(484)	(1.706)	(2.190)
Balance as of December 31, 2011 (Audited) (*)	500	(148)	14.211	69.289	83.852	5.379	89.231

(*) Please refer to note 1(c) for the comparative figures.

The notes on pages 14 to 45 are an integral part of these condensed consolidated financial statements.

GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2012

	Six months ended June 30,		Year ended December 31,
	2012	**2011**	**2011**
	Unaudited		**Audited**
	Euro in thousands		
Cash flows from operating activities:			
Profit for the period/ year	36.399	56.459	58.657
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization	21	-	13
Share of profit from investments in equity-accounted investees	(3.050)	-	(1.497)
Loss/(profit) from the sale of investment properties	194	-	(1.678)
Fair value gains on investment property	(45.909)	(64.441)	(71.165)
Interest expense and other financial results	10.367	2.668	13.872
Income tax expense	7.547	10.981	11.859
Change in asset and liability items:			
Decrease in inventories	-	(6)	115
Increase in trade and other receivables	(6.127)	(4.979)	(5.770)
Increase in trade and other payables	7.521	4.073	1.616
Decrease in financial assets at fair value	-	(35)	269
Decrease in derivative financial instruments	-	97	8.432
Increase in provisions	3.802	(154)	1.577
	10.765	4.663	16.300
Cash paid and received during the period			
Taxes paid	(1.001)	(568)	(1.373)
Net cash provided by operating activities	9.764	4.095	14.927
Cash flows from investing activities			
Payment for acquisition of equipment and intangible assets	(53)	(26)	(82)
Payment for acquisition of investment property	(25.233)	(21.076)	(65.260)
Payment for acquisition of investments in investments in equity-accounted investees	(4.346)	-	(910)
Proceeds from sale of investment properties	5.400	-	56.400
Loans granted	(3.598)	(89)	(110)
Net cash used in investing activities	(27.830)	(21.191)	(9.962)
Cash flows from financing activities			
Proceeds from issue of share capital	4.500	-	-
Repayment of loans from shareholders and related companies	(9.070)	(2.984)	(10.776)
Proceeds from borrowings	22.290	18.007	29.585
Dividends paid to Owners of the Company and to non-controlling interest	-	-	(11.131)
Interest paid	(3.710)	(2.668)	(5.747)
Other financial results	(569)	-	(8.125)

The notes on pages 14 to 45 are an integral part of these condensed consolidated financial statements.

GRAND CITY PROPERTIES S.A.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 June 2012

Net cash provided by financing activities	13.441	12.355	(6.194)
Assets held for sale - cash	(112)	-	-
Net decrease in cash and cash equivalents	(4.737)	(4.741)	(1.229)
Cash and cash equivalents at the beginning of the period	8.158	9.387	9.387 (**)
Cash and cash equivalents at the end of the period	3.421	4.646	8.158

(*) please refer to note 1(c) for the comparative figures.

(**) The cash and cash equivalents as at 1 January 2011 was adjusted in amount of Euro 500 thousand to reflect as if the issuance of 5.000.000 ordinary shares of €0,10 each at par had always been from the earliest period presented in the condensed consolidated interim financial statements. (For more information see note 1(c)).

The notes on pages 14 to 45 are an integral part of these condensed consolidated financial statements.

GRAND CITY PROPERTIES S.A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2012

1. GENERAL

(a) Incorporation and principal activities

Grand City Properties S.A. (the "Company") was incorporated in Luxemburg on 16 December 2011 as a private company with limited liability.Its Registered Office is at 6 Boulevard Pierre Dupong, L 1430 Luxembourg.

The Group vision is buying, redeveloping, turning-around and optimizing residential properties in Germany.

The condensed consolidated interim financial statements for the period ended 30 June 2012 consists of the financial statements of the Company and its subsidiaries ("the Group").

(b) Restructuring

As of 1 January 2012 the Company got from its shareholders the control, rights and interests on 94,8% of the shares of ADMINOND TRADING & INVESTMENTS LTD (a private Company limited by shares and incorporated under the laws of Cyprus, hereinafter "Adminond") as part of a group restructuring under common control.

(c) Comparative figures

To reflect the acquisition of Adminond's shares by the Company as a transaction under common control as describe above, the Group presents comparative figures (which comprise the consolidated statement of financial position as of 31 December 2011 and the consolidated statement of comprehensive income, change in equity and cash flows for the year then ended as of 31 December 2011), as if the transaction had always been from the earliest period presented in the condensed consolidated interim financial statements. In fact the Group's condensed consolidated interim financial statements include the Company's interests in Adminond's results as of 1 January 2011.

(d) Capital increase

On 12 April 2012 the Company increased its Share Capital to 5.000.000 euro (50.000.000 shares of 0,1 euro per share).

(e) Listing on Frankfurt Stock Exchange

On 28 May 2012, the Company was listed on the Frankfurt Stock Exchange on the Entry Standard market segment. The Company has registered 50.000.000 ordinary shares with a par value of EUR 0,10 per share.

1. GENERAL (continued)

(f) Definition

In these financial statements:

The Company	Grand City Properties S.A
The Group	The Company and its investees.
Subsidiaries	Companies that are controlled by the Company (as defined in IAS 27) and whose accounts are consolidated with those of the Company.
Associates	Companies over which the Company has significant influence and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company at equity.
Investees	Subsidiaries, jointly controlled entities and associates.
Related parties	As defined in IAS 24.

2. BASIS OF PREPARATION

(a) Basis of preparation of the interim consolidated financial statements

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group in the reporting period. The condensed consolidated interim financial statements do not include all the information required for full annual financial statement prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU).

These condensed consolidated interim financial statements were approved by the Board of Directors on 24 September 2012.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared under the historical cost convention, except for the following:

- Financial instruments are presented at fair value through profit or loss;
- Investment property is measured at fair value;
- Non-current assets held for sale;
- Income taxes receivable and income taxes payable;
- Deferred tax assets and deferred tax liabilities;
- Investments accounted for at equity;
- Provisions;

The Group has elected to present income statement items using the function of expense method.

(c) Adoption of new and revised International Financial Reporting Standards and Interpretations

During the current period the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2012 . This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these condensed consolidated interim financial statements, standards and interpretations were issued by the International Accounting Standards Board which was not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these financial reporting standards in future periods will not have a significant effect on the condensed consolidated interim financial statements of the Group.

(d) Use of estimates and judgments

The preparation of financial statements in accordance with IFRSs requires from Management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are revised on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments (continued)

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

- Income taxes
  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Fair value of investment property
  The Group uses external valuation reports issued by independent professionally qualified valuers to determine the fair value of its investment properties. The fair value of the investment property has been estimated based on the fair value of the particular investment properties held. Changes in their fair value are recognized in condensed consolidated income statements.
  The fair value measurement of investment property requires valuation experts and the Company's management to use certain assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

- Fair value of financial assets
  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses the fair values as determined by the relevant bank. The fair value of the financial assets available for sale has been estimated based on the fair value of these individual assets.

- Impairment of investments in associates
  The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- Impairment of intangible asset
  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over

2. BASIS OF PREPARATION (continued)

Use of estimates and judgments (continued)

their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- Impairment of goodwill
  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

- Legal claims
  In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the companies rely on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and historical legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates.

(e) Functional and presentation currency

The condensed consolidated interim financial statements are presented in Euro (€'000) which is the functional currency of the Group.

The functional currency, which is the currency that best reflects the economic environment in which the Group operates and conducts its transactions, is separately determined for each Group entity, including an associate accounted for using the equity method, and is used to measure its financial position and operating results. The functional currency of the Group is the Euro.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The Group's condensed consolidated interim financial statements comprise the financial statements of the parent company Grand City Properties S.A. and the financial statements of its subsidiaries. Subsidiaries are entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date that control commences until the date control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The restructuring of the group in which Adminond shares were transferred to the Company at par value was treated as a restructuring under common control. Therefore, these financial statements present the results as if the Company owned 94.8% of Adminond shares from the beginning of the earliest reported period.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Acquisition-related costs are generally recognised in the condensed consolidated income statements as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in condensed consolidated income statements as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in condensed consolidated income statements.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(c) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated condensed interim financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the condensed consolidated income statements and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates (continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(d) Revenue recognition

Revenues are recognized in profit or loss when the revenues can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- Changes in balance of operating cost receivables
  The position reflects the change in the operating cost receivables that consists of accumulated recoverable property operating expenses recharged on the tenants. The operating cost receivables are paid off on an annual basis by the respective prepayments received for operating costs.

- Other operating income
  Other income is used to represent income from activities other than rental operations, such as profit from release of provisions, tax repayments, commissions, cancelled debts and others.

- Rental income
  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

(e) Net interest result

Net interest result comprises interest income and expenses recognized on an accrual basis, using the effective interest method. The results originate from loans granted by credit institutions, third parties, related companies and shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other finance expenses

Other finance expenses represent changes in the time value of provisions, changes in the fair value of financial assets, impairment losses of financial assets and profit or losses on derivative financial instruments which are recognized in the consolidated income statement. In addition, other finance expenses include borrowing costs and loan arrangement fees.

(g) Deferred, income and property taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or to be recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantially enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

German property taxation includes taxes on the holding of real estate property and construction.

(h) Dividends

Dividend distribution to the Group's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Group's shareholders.

(i)Equipment

Equipment is measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised in profit or loss on the straight-line method over the useful lives of each part of an item of equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Furniture, fixtures and office equipment	10-50

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

SIGNIFICANT ACCOUNTING POLICIES (continued)

Equipment (continued)

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in consolidated income statement.

(j) Deferred income

Deferred income represents income which relate to future periods.

(k) Investment properties

An investment property is property comprising buildings held by the owner to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business.

Investment property is measured initially at cost, including costs directly attributable to the acquisition. After initial recognition, investment property is measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are included in profit or loss when they arise. Investment property is not systematically depreciated.

Investment property is derecognized on disposal or when the investment property ceases to be used and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of the disposal.

The Group determines the fair value of investment property on the basis of valuations by independent valuers who hold recognized and relevant professional qualifications and have the necessary knowledge and experience.

(l)Assets held for sale

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assets held for sale *(continued)*

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

(m) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in 'investments in associates'.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised immediately in condensed consolidated income statement.

(ii) Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administrative expenses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Financial instruments

1. Financial assets:

Financial assets within the scope of IAS 39 are initially recognized at fair value plus directly attributable transaction costs, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

After initial recognition, the accounting treatment of investments in financial assets is based on their classification into one of the following two categories:

(a) Financial assets at fair value through profit or loss;

(b) Loans and receivables;

(a) Financial assets at fair value through profit or loss:

The Group has financial assets at fair value through profit or loss and financial assets designated upon initial recognition as at fair value through profit or loss.

(b) Loans and receivables:

The Group has loans and receivables that are financial assets (non-derivative) with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans are measured based on their terms at amortized cost using the effective interest method taking into account directly attributable transaction costs. Short-term receivables (such as trade and other receivables) are measured based on their terms, normally at face value. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the systematic amortization process.

(o) Derivative financial instrument

Derivative financial instruments are initially accounted for at cost and subsequently measured at fair value. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative. The adjustments on the fair value of derivatives held at fair value are transferred to income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Cash and cash equivalents

Cash equivalents are liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

(q) Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(r) Trade payables

Trade payables are initially measured at fair value.

(s) Allowance for doubtful accounts

The allowance for doubtful accounts is determined in respect of specific debts whose collection, in the opinion of the Company's management, is doubtful. The Company also recognizes a provision for groups of customers that are collectively assessed for impairment based on their credit risk characteristics. Impaired debts are derecognized when they are assessed as uncollectible.

(t) Derecognition of financial assets and liabilities

(i) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidation income statement.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(v) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

(w) Share capital

Ordinary shares are classified as equity.

(x) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(y) Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

(z) Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(aa) Refurbishment maintenance

Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

(ab) Operating segments

The Group operates in one operating segment.
An operating segment is a component of the Group that meets the following three criteria:
1.Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
2.whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
3.For which separate financial information is available

(ac) Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

(ad) Earnings per share

Earnings per share are calculated by dividing the net profit attributable to Owners of the Company by the weighted number of Ordinary shares outstanding during the period. Basic earnings per share only include shares that were actually outstanding during the period. Potential Ordinary shares (convertible securities such as convertible debentures, warrants and employee options) are only included in the computation of diluted earnings per share when their conversion decreases earnings per share or increases loss per share from continuing operations. Further, potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Company.

(ae) Presentation of comprehensive income

The Company has elected to present comprehensive income using two statements: a statement of income and a statement of comprehensive income in which all the items recognized in other comprehensive income are presented, excluding net income which is brought forward from the statement of income.

4. REVENUE

	01/01 - 30/06/2012 €'000	01/01 - 30/06/2011 €'000	01/01 - 31/12/2011(*) €'000
Net rent	10.932	8.871	16.169
Property operating income	7.093	3.889	8.729
Other operating income	261	254	1.504
	18.286	13.014	26.402

5. NET FINANCE EXPENSES

	01/01 - 30/06/2012 €'000	01/01 - 30/06/2011 €'000	01/01 - 31/12/2011(*) €'000
Other finance results			
Loss from derivative financial instruments	3.052	-	6.494
Refinance related expenses	1.189	-	1.631
Others	2.004	-	-
	6.245	-	8.125
Interest expense, net			
Interest on loans from credit institution and third parties, net	3.722	2.668	4.408
Interest on loans from related parties and shareholders, net	400	-	1.340
	4.122	2.668	5.748

6. TAXATION

	01/01 - 30/06/2012 €'000	01/01 - 30/06/2011 €'000	01/01 - 31/12/2011(*) €'000
Corporation tax	267	172	306
Property tax	734	449	1.067
Deferred tax - charge	6.546	10.360	10.486
Charge for the period	7.547	10.981	11.859

(*) please refer to note 1(c) for the comparative figures.

GRAND CITY PROPERTIES S.A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2012

6. TAXATION (continued)

The German subsidiaries are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15,0 % for 31 June 2012, plus an annual solidarity surcharge of 5,5 % on the amount of federal corporate taxes payable. (Aggregated tax rate: 15,825%).

The corporation tax rate for Cyprus companies is 10%.

Under certain conditions interest income of the Cyprus company may be subject to defense contribution at the rate of 15% (10% to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter).

7. PROFIT PER SHARE

	01/01 - 30/06/2012 €'000	01/01 - 30/06/2011 €'000	01/01 - 31/12/2011(*) €'000
Basic and fully diluted earnings attributable to owners (€'000)	34.588	53.498	55.570
Weighted average number of ordinary shares in issue during the period	50.000.000	5.000.000	5.000.000
Basic and fully diluted earnings per share (cent)	69,18	1.070	1.111,4

(*) please refer to note 1(c) for the comparative figures.

8. EQUIPMENT

	Furniture, fixtures and office equipment €'000	Total €'000
Cost		
Balance as at 1 January 2011	18	18
Additions	61	61
Balance as at 31 December 2011	79	79
Balance as at 1 January 2012	79	79
Additions	52	52
Balance as at 30 June 2012	131	131
Depreciation		
Balance as at 1 January 2011	13	13
Depreciation for the year	5	5
Balance as at 31 December 2011	18	18
Balance as at 1 January 2012	18	18
Depreciation for the period	20	20
Balance as at 30 June 2012	38	38
Carrying amounts		
Balance as at 30 June 2012	93	93
Balance as at 31 December 2011(*)	61	61

(*) please refer to note 1(c) for the comparative figures

9. INTANGIBLE ASSETS

	Goodwill €'000	Computer software €'000	Total €'000
Cost			
Balance as at 1 January 2011	45	6	51
Additions	27	2	29
Balance as at 31 December 2011	72	8	80
Balance as at 1 January 2012	72	8	80
Balance as at 30 June 2012	72	8	80
Amortisation			
Balance as at 1 January 2011	8	3	11
Amortisation for the year	-	2	2
Balance as at 31 December 2011	8	5	13
Balance as at 1 January 2012	8	5	13
Amortisation for the period	-	1	1
Balance as at 30 June 2012	8	6	14
Carrying amounts			
Balance as at 30 June 2012	64	2	66
Balance as at 31 December 2011(*)	64	3	67

10. INVESTMENT PROPERTY

	30/06/2012 €'000	31/12/2011(*) €'000
Balance as at 1 January	258.116	181.813
Additions	25.549	66.938
Disposals	(316)	(56.400)
Transfer to assets held for sale	(30.100)	(5.400)
Fair value adjustment	45.909	71.165
Balance as at 30 June /31 December	299.158	258.116

Investment properties are stated at fair value, which has been determined based on external valuation reports performed by independent professionally qualified valuers as of 30 June 2012.

(*) please refer to note 1(c) for the comparative figures.

11. INVESTMENTS IN SUBSIDIARIES

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	30/06/2012 Holding %	31/12/2011 (*) Holding %
Adminond Trading & Investments Limited	Cyprus	Holding of investments	94,8	94,8
Nimessa Investments Limited	Cyprus	Holding of investments	94,8	94,8
Aistair Investments Limited	Cyprus	Holding of investments	94,8	94,8
Brexton Holdings Limited	Cyprus	Holding of investments	94,8	94,8
Townleyhall Investments Limited	Cyprus	Holding of investments	94,8	94,8
Melonrock Investments Limited	Cyprus	Holding of investments	94,8	94,8
Quinnell Investments Limited	Cyprus	Holding of investments	94,8	94,8
Melbonaco Holdings Limited	Cyprus	Holding of investments	94,8	94,8
Adva Investments Limited	Cyprus	Holding of investments	94,8	94,8
Neroway Holdings Limited	Cyprus	Holding of investments	94,8	94,8
Mindoza Investments Limited	Cyprus	Holding of investments	94,8	94,8
Mansanu Investments Limited	Cyprus	Holding of investments	94,8	94,8
Sedoy Investments Limited	Cyprus	Holding of investments	94,8	94,8
Brencere Investments Limited	Cyprus	Holding of investments	94,8	94,8
Berardi Investments Limited	Cyprus	Holding of investments	94,8	94,8
Carmiside Investments Limited	Cyprus	Holding of investments	94,8	94,8
Pahlia Limited	Cyprus	Holding of investments	94,8	94,8
Romeliaco Investments Limited	Cyprus	Holding of investments	94,8	94,8
Residential Koln Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Bielefeld I Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8

GRAND CITY PROPERTIES S.A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2012

Residential Bielefeld II Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Braunschweig I Grundstucks	Germany	Investing in real estate properties	94,8	94,8
Residential Braunschweig II Grundstucks	Germany	Investing in real estate properties	94,8	94,8
Residential Braunschweig III Grundstucks	Germany	Investing in real estate properties	94,8	94,8
Residential Dortmund I Grundstucks	Germany	Investing in real estate properties	94,8	94,8
Residential Erkrath I Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Erkrath II Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Hurth Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Dortmund II Grundstucks	Germany	Investing in real estate properties	94,8	94,8
Residential Solingen I Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Solingen II Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Bremerhaven Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Hagen Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Wuppertal Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Bonn-St. Augustin Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Dortmund III Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Dortmund IV Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Velbert Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Lunen Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Jade 992 GmbH	Germany	Investing in real estate properties	94,8	94,8
RGG Rohrdamm Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Residential Essen II Grundstucks GmbH	Germany	Investing in real estate properties	94,8	94,8
Jade 660. GmbH	Germany	Investing in real estate properties	89,11	89,11
Awdess 1.Grundstucks GmbH	Germany	Investing in real estate properties	89,11	89,11
Residential Project Monchengladbach GmbH	Germany	Investing in real estate properties	89,11	89,11

(*) please refer to note 1(c) for the comparative figures.

12. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

	30/06/2012 €'000	31/12/2011 (*) €'000
Balance as at 1 January	2.397	-
Additions	1.295	900
Long term loans and receivables	3.696	-
Share of profit from associates	3.050	1.497
Balance as at 30 June/31 December	10.438	2.397

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	30/06/2012 Holding %	31/12/2011 (*) Holding %	30/06/2012 €'000	31/12/2011(*) €'000
Terra Heimbau Zwei Ltd & Co KG	Germany	Investing in real estate properties	47,4	50	2.776	1.348
Terra Heimbau 407 Ltd & Co KG	Germany	Investing in real estate properties	47,4	50	790	1.049
Residential Essen I Grundstucks GmbH	Germany	Investing in real estate properties	47,4	0	561	-
Residential Duisburg Grundstucks GmbH	Germany	Investing in real estate properties	47,4	0	5.454	-
Residential Project Monchengladbach II GmbH	Germany	Investing in real estate properties	47,4	0	857	-
					10.438	2.397

(*) please refer to note 1(c) for the comparative figures

13. DERIVATIVE FINANCIAL INSTRUMENTS

	30/06/2012 €'000	31/12/2011(*) €'000
Liabilities		
Non-current portion	10.444	8.823
	10.444	8.823

The Group uses interest rate swaps, Collars, Caps and Floors ("hedging instruments") to manage its exposure to interest rate movements on its bank borrowings (as required by the lending banks).

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

14. TRADE AND OTHER RECEIVABLES

	30/06/2012 €'000	31/12/2011(*) €'000
Operating costs receivables	13.061	8.875
Receivables from related companies	232	374
Rent and other receivables	2.664	2.423
Tenancy deposits	1.814	1.449
Prepaid expenses	116	131
	17.887	13.252
Non-current portion	1.814	1.449
Current portion	16.073	11.803
	17.887	13.252

The Group does not hold any collateral over the trading balances.

Tenancy deposits mostly include three months' net rent from the tenants at the beginning of the lease. The deposits are considered as a security payment paid by the tenant and the Company can use those funds mainly if the tenant has open debts or cause damages to the apartment. Past experience shows that the majority of the leases are for long-term therefore the deposits are presented in long-term assets.
The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

(*) please refer to note 1(c) for the comparative figures.

15. CASH AND CASH EQUIVALENTS

Cash balances are analysed as follows:

	30/06/2012 €'000	31/12/2011(*) €'000
Cash and cash equivalents	3.421	8.158
	3.421	8.158

16. SHARE CAPITAL

	30/06/2012 Number of shares	30/06/2012 €'000	31/12/2011(*) Number of shares	31/12/2011(*) €'000
Authorised				
Ordinary shares of €0,10 each	200.000.000	20.000	5.000.000	5.000
Issued and fully paid				
Balance as at 1 January	5.000.000	500	-	-
Issue of shares	45.000.000	4.500	5.000.000	500
Balance at 30 June/31 December	50.000.000	5.000	5.000.000	500

Authorised capital
Under its Memorandum the Company fixed its share capital at 50.000.000 ordinary shares of nominal value of €0,10 each.

Issued capital
Upon incorporation on 16 December 2011 the Company issued to the subscribers of its Memorandum of Association 5.000.000 ordinary shares of €0,10 each at par.

On 12 April 2012, the Company made an issue of 45.000.000 shares of €0,10 each at par value. the issue was fully paid up in cash.

(*) please refer to note 1(c) for the comparative figures.

GRAND CITY PROPERTIES S.A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2012

17. LOANS AND BORROWINGS

	30/06/2012 €'000	31/12/2011(*) €'000
Long term liabilities		
Bank loans	143.133	138.149
Other loans	2.940	-
	146.073	138.149
Short term liabilities		
Bank loans	2.762	2.599
	2.762	2.599
Total	148.835	140.748

18. DEFERRED TAX

Movement on the deferred taxation account is as follows:

Deferred tax liability

	Fair value gains on investment property €'000	Total €'000
Balance as at 1 January 2011	3.302	3.302
Charged to:		
Consolidated income statement (Note 6)	11.712	11.712
Balance as at 31 December 2011(*)	15.014	15.014
Balance as at 1 January 2012	15.014	15.014
Charged to:		
Consolidated income statement (Note 6)	7.229	7.229
Transfer to liabilities held for sale	(2.271)	(2.271)
Transfer to deferred tax assets	(491)	(491)
Balance as at 30 June 2012	19.481	19.481

(*) please refer to note 1(c) for the comparative figures.

GRAND CITY PROPERTIES S.A.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2012

Deferred tax assets

	Derivative financial instruments €'000	Tax losses €'000	Total €'000
Balance as at 1 January 2011	372	527	899
Charged/(credited) to:			
Consolidated income statement (Note 6)	1.028	198	1.226
Consolidated statement of comprehensive income	(4)	-	(4)
Balance as at 31 December 2011 (*)	1.396	725	2.121
Balance as at 1 January 2012	1.396	725	2.121
Charged/(credited) to:			
Consolidated income statement (Note 6)	461	222	683
Consolidated statement of comprehensive income	27	-	27
Transfer to liabilities held for sale	(185)	-	(185)
Transfer from deferred tax liabilities	(378)	(113)	(491)
Balance as at 30 June 2012	1.321	834	2.155

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 6).

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

German property taxation includes taxes on the holding of real estate property.

(*) please refer to note 1(c) for the comparative figures.

19. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Provisions €'000
Balance as at 1 January 2011	369
Charged/(credited) to consolidated income statements during the period	1.577
Balance as at 31 December 2011(*)	1.946
Balance as at 1 January 2012	1.946
Charged/(credited) consolidated income statements during the period	3.719
Balance as at 30 June 2012	5.665

The amounts included in the consolidated statement of financial position include the following:

	30/06/2012 €'000	31/12/2011(*) €'000
Provisions to be used after more than twelve months	2.004	-
Provisions to be used within twelve months	3.661	1.946
Total provisions for other liabilities and charges	5.665	1.946

20. TRADE AND OTHER PAYABLES

	30/06/2012 €'000	31/12/2011(*) €'000
Trade and other payables	4.128	2.746
Prepayments received on operating costs	14.252	9.995
Tenancy deposits	2.004	1.600
Deferred income	541	473
Payables to related companies	-	373
	20.925	15.187
Non-current portion	2.004	1.600
Current portion	18.921	13.587
	20.925	15.187

(*) please refer to note 1(c) for the comparative figures.

21. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

(i) Receivables from related companies (Note 14)

Name	Nature of transactions	30/06/2012 €'000	31/12/2011(*) €'000
Other related companies	Trade	232	374
		232	374

(ii) Loans to associated undertakings

	30/06/2012 €'000	31/12/2011(*) €'000
Other associate undertakings	381	479
	381	479

(iii) Payables to related companies (Note 20)

Name	Nature of transactions	30/06/2012 €'000	31/12/2011(*) €'000
Other related companies	Trade	-	373
		-	373

(iv) Loans from associate undertakings

	30/06/2012 €'000	31/12/2011(*) €'000
Other associate undertakings	791	309
	791	309

(v) Loan from (to) shareholders

	30/06/2012 €'000	31/12/2011(*) €'000
Long term loans from shareholders	11.046	18.793
Long term loans from shareholders	(1.430)	
	9.616	18.793

The loans from shareholders were provided with an interest rate of 8% and they are repayable in 2014.

(*) please refer to note 1(c) for the comparative figures

22. ASSETS / LIABILITIES CLASSIFIED AS HELD FOR SALE

During the reporting period, the Company resolved to dispose of the control of one of the Group's subsidiaries. Negotiations with specific interested parties have taken place. The assets and liabilities attributable to the subsidiary, which is expected to be sold within twelve months, have been classified as asset/liability held for sale and are presented separately in the condensed consolidated interim statement of financial position. No impairment loss was recognised on reclassification of the assets as held for sale.

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	30/06/2012 €'000	31/12/2011(*) €'000
Assets classified as held for sale		
Investment property	30.100	5.400
Trade and other receivables	1.835	-
Cash	112	
Other assets	102	-
Total assets classified as held for sale	32.149	5.400
Liabilities classified as held for sale		
Trade payables	2.087	-
Loans and borrowings	13.962	-
Deferred tax liabilities	2.271	-
Other liabilities	1.541	-
Total liabilities classified as held for sale	19.861	-

(*) please refer to note 1(c) for the comparative figures

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Operational risk
- Other risks

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Group has policies to limit the amount of credit exposure to any financial institution.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

(ii) Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

(iii) Operational risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(iv) Other risks

The general economic environment prevailing internationally may affect the Group's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Group.

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the strive to improve the debt to equity ratio.

24. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2012.

25. COMMITMENTS

The Group had no capital or other commitments as at 30 June 2012.

26. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period except as described here below:

On 19 July 2012, the Company received gross proceeds of EUR 15.125 million during the current capital increase against contribution in cash. A total of 5,5 million new shares were placed at an issue price of EUR 2,75 as part of an international private placement to institutional investors. The funds are primarily determined for the acquisition of additional real estate portfolio. Total issuance cost in relation to this capital increase amounted to EUR 1,1 million.