

## SUPPLEMENT DATED 1 APRIL 2020 TO THE OFFERING CIRCULAR DATED 19 JULY 2019



### **Grand City Properties S.A.**

*(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, Avenue du Bois, L-1251 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register (Registre de commerce et des sociétés) under number B165560)*

## **€10,000,000,000 Euro Medium Term Note Programme**

This Supplement (the **Supplement**) to the Offering Circular dated 19 July 2019, as supplemented on 21 August 2019 and 20 November 2019 (as so supplemented, the **Offering Circular**) which comprises a base prospectus for the purposes of Article 5.4 of the Prospectus Directive constitutes a supplement for the purposes of Regulation 51 of Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (S.I. No. 324 of 2005) (as amended) (the **Prospectus Regulations**) and is prepared in connection with the €10,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by Grand City Properties S.A. (the **Issuer**). Terms defined in the Offering Circular have the same meaning when used in this Supplement. When used in this Supplement, Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under Directive 2003/71/EC. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and European Union law pursuant to the Directive 2003/71/EC.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

### **Purpose of the Supplement**

The purpose of this Supplement is to (i) incorporate by reference the auditors' report and the audited consolidated financial statements of the Issuer as at and for the year ended 31 December 2019; (ii) to make certain amendments to the risk factors, the Terms and Conditions of the Subordinated Notes and the Applicable Final Terms for Subordinated Notes; and (iii) include new "Significant Change in the Financial or Trading Position" and "Trend Information" statements.

### **Consolidated Financial Statements as at and for the year ended 31 December 2019**

On 16 March 2020, the Issuer published its audited consolidated financial statements as at and for the year ended 31 December 2019 (the **2019 Financial Statements**). By virtue of this Supplement, the 2019 Financial Statements are incorporated in, and form part of, the Offering Circular including the information set out at the following pages in particular:

Board of Directors' Report	Pages 2 to 58; Page 71
EPRA Performance Measures	Pages 60 to 65
Alternative Performance Measures	Pages 66 to 70
Report of the Réviseur d'Enterprises Agréé (Independent auditor)	Pages 72 to 75
Consolidated Statement of Profit or Loss	Page 76
Consolidated Statement of Comprehensive Income	Page 77
Consolidated Statement of Financial Position	Pages 78 to 79
Consolidated Statement of Changes in Equity	Pages 80 to 81
Consolidated Statement of Cash Flows	Pages 82 to 83
Notes to the Interim Consolidated Financial Statements	Pages 84 to 134

Any other information incorporated by reference that is not included in the cross-reference list above is considered to be additional information to be disclosed to investors rather than information required by the relevant Annexes of the Prospectus Regulations.

Copies of all the documents incorporated by reference in the Offering Circular can be obtained from the registered office of the Issuer, and from the specified office of the Paying Agent for the time being in London, England and will be available for viewing on the website of the Issuer at <http://www.grandcityproperties.com/en/downloads.html>.

Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in this Supplement.

### **Alternative Performance Measures**

For the purposes of the paragraph "Alternative Performance Measures" on page 59 of the Offering Circular and the reconciliation of certain of the APMs referred to therein, their components as well as their basis of calculation see the following pages of the 2019 Financial Statements: Page 50 (Adjusted EBITDA), Page 50 (FFO I), Page 58 (LTV) and Page 62 (EPRA NAV).

### **General Information**

The paragraph under the heading "Significant Change in the Financial or Trading Position" on page 214 of the Offering Circular shall be deemed deleted and replaced with the following paragraph:

"Since 31 December 2019, there has been no significant change in the financial or trading position of the Issuer or the Group."

The paragraph under the heading "Trend Information" on page 214 of the Offering Circular shall be deemed deleted and replaced with the following paragraph:

"There has been no material adverse change in the prospects of the Issuer since 31 December 2019."

## Risk Factors

(a) By virtue of this Supplement, the risk factor entitled, “The withdrawal of the United Kingdom from the European Union may cause significant political and economic uncertainty in the European Union, potentially limiting access to debt and equity financing for the GCP Group and resulting in defaults by the GCP Group's counterparties.” on pages 17 to 18 of the Offering Circular shall be deemed to be deleted in its entirety and replaced with the following wording:

*“The withdrawal of the United Kingdom from the European Union may cause significant political and economic uncertainty in the European Union, potentially limiting access to debt and equity financing for the GCP Group and resulting in defaults by the GCP Group's counterparties.*

On 29 March 2017 the United Kingdom invoked Article 50 of the Treaty on the European Union and officially notified the European Union of its decision to withdraw from the European Union. This commenced the formal two-year process (although this has subsequently been extended twice) of negotiations regarding the terms of the withdrawal and the framework of the future relationship between the United Kingdom and the European Union (the **article 50 withdrawal agreement**).

Under the terms of the ratified article 50 withdrawal agreement, a transition period has now commenced which will last until 31 December 2020. During this period, most European Union rules and regulations will continue to apply to and in the United Kingdom and negotiations in relation to a free trade agreement will be ongoing. Under the ratified article 50 withdrawal agreement, the transition period may, before 1 July 2020, be extended once by up to two years. However, the United Kingdom legislation ratifying the article 50 withdrawal agreement (the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020 (as so amended, the **EUWA**)) contains a prohibition on a Minister of the Crown agreeing any extension to the transition period. While this does not entirely remove the prospect that the transition period will be extended (as the United Kingdom Parliament could pass legislation that would override the effect of the prohibition in the EUWA), the likelihood of a further extension is reduced. During the transition period, the United Kingdom and the European Union may not reach agreement on the future relationship between them, or may reach a significantly narrower agreement than that envisaged by the political declaration of the European Commission and the United Kingdom Government.

Due to the on-going political uncertainty as regards the structure of the future relationship between the United Kingdom and the European Union, the precise impact on the business of the GCP Group is difficult to determine.

Since the United Kingdom is currently the second largest economy in the European Union, a withdrawal from the European Single Market is expected to have significant negative impacts on the economy of the United Kingdom as well as the remaining Member States of the European Union. If the United Kingdom no longer had access to the European Single Market, the Member States of the European Union would face greater barriers to trade and commerce with the United Kingdom, which may in turn diminish overall economic activity between the European Union and the United Kingdom, resulting in a general economic downturn throughout the United Kingdom, the European Union or both. The Brexit referendum may also give rise to or strengthen tensions in other Member States regarding their membership in the European Union, potentially resulting in additional referendums or other actions in Member States regarding withdrawal from the European Union. The withdrawal of other Member States from the European Union would have unpredictable consequences and may have adverse effects on levels of economic activity in the countries in which the Issuer operates.

The GCP Group relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may reduce its ability to refinance its existing and future liabilities or gain access to new financing, in each case on favourable terms or at all. Furthermore, the GCP Group's counterparties, in

particular its hedging counterparties, may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons. In addition, as of 31 December 2019, approximately 13% of GCP Group's portfolio consisted of properties located in London. This percentage may increase in the future, and this portion of the GCP Group's Portfolio may be particularly exposed to the economic and political impact of Brexit.

The occurrence of any of these risks may have a material adverse effect on the GCP Group's business, net assets, financial condition, cash flow, results of operations, net profits and prospects."

(b) By virtue of this Supplement, the following wording shall be deemed to be inserted at the end of the section of the risk factors entitled, "Risks Relating to the Business of the GCP Group" on page 31 of the Offering Circular:

***"Emergence of coronavirus***

The recent emergence of coronavirus (**Covid-19**) poses a new risk to the GCP Group and has affected investment sentiment on a global scale, resulting in a significant increase in volatility in the global capital markets. In addition, the outbreak has resulted in restrictions on travel and public transport, restrictions on trade and transportation of goods, and prolonged closures of workplaces.

With the Issuer's focus on residential properties, Covid-19 could have an adverse impact on tenant's income and on the general economic situation in Germany, which in turn could have a material adverse impact on the GCP Group's revenue and earnings. The Issuer has further prohibited travel to regions considered as high risk regions while also putting on hold participation in business events and fairs. All employees have been advised to take necessary precautions and follow guidelines prescribed by authorities.

The extent of the risk posed by Covid-19 in the future is unclear; if the impact of the virus is severe or prolonged, this may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of the GCP Group."

(c) By virtue of this Supplement, the reference to "the First Reset Date" after "*Floating Rate Subordinated Notes*," shall be replaced with, "the Floating Rate Call Date" in the risk factor entitled, "The Subordinated Notes will be subject to optional redemption by the Issuer including upon the occurrence of certain events" on page 50 of the Offering Circular and the following wording shall be inserted immediately after the statement ending with, "...if at all, is uncertain.":

"During the 23 October 2019 meeting of the IASB, the potential scope and indicative timetable of the project plan regarding the DP/2018/1 Paper were discussed but no decisions were made."

**Amendments to the Terms and Conditions of the Subordinated Notes**

By virtue of this Supplement, the following changes shall be made to the Terms and Conditions of the Subordinated Notes from pages 151 to 192 of the Offering Circular:

- The definition of "Repurchase Event" in Condition 7.7 (Redemption upon a Repurchase Event) on page 180 of the Offering Circular shall be deemed to be deleted in its entirety and replaced with the following wording:

"A **Repurchase Event** has occurred if 75 per cent. or more of the originally issued aggregate principal amount of the Subordinated Notes (including any further issues pursuant to Condition 19) have been redeemed or purchased and cancelled by the Issuer or any Subsidiary pursuant to the provisions of this Condition 7."

- Condition 7.2 (Issuer’s Call Option) on page 177 of the Offering Circular shall be deemed to be deleted in its entirety and replaced with the following wording:

**“7.2 Issuer’s Call Option**

If Issuer Call is specified as being applicable in the applicable Final Terms, then this Condition 7.2 shall apply.

The Issuer may, having giving not less than the minimum period not more than the maximum period of notice specified in the applicable Final Terms to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 16, the Subordinated Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Subordinated Notes (a) if Issuer Call Period is specified as being applicable in the applicable Final Terms, at any time during the Issuer Call Period so specified and (b) (i) on the First Reset Date, in the case of Fixed Rate Resettable Subordinated Notes, or at any time thereafter; or (ii) on the Floating Rate Call Date, in the case of Floating Rate Subordinated Notes or any Interest Payment Date thereafter, in each case at their principal amount together with any accrued and unpaid interest to (but excluding) the date of redemption and any remaining Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.”

- The words “if Issuer Call Period is specified as being applicable in the applicable Final Terms, the Issuer Call Period or, if Issuer Call Period is not so specified as being applicable,” shall be inserted immediately before the words “the First Reset Date” at the end of the second paragraph in each of Condition 7.3 (Redemption upon a Tax Deduction Event), Condition 7.4 (Redemption upon an Accounting Event) and Condition 7.5 (Redemption upon a Rating Event) on pages 177 to 178 of the Offering Circular so that this wording now provides for the redemption of the Subordinated Notes in the circumstances specified in those Conditions where applicable at 101 per cent. of their principal amount, where such redemption occurs prior to, or at their principal amount, where such redemption occurs on or after, the Issuer Call Period as reflected below:

“If Issuer Call Period is specified as being applicable in the applicable Final Terms, the Issuer Call Period, or if Issuer Call Period is not specified as being applicable, the First Reset Date, in the case of Fixed Rate Resettable Subordinated Notes, or the Floating Rate Call Date, in the case of Floating Rate Subordinated Notes, and together, in each case, with any accrued and unpaid interest to (but excluding) the date of redemption and any remaining Arrears of Interest. Upon the expiry of such notice, the Issuer shall redeem the Subordinated Notes.”

- Reference to “First Call Date” in each of Condition 7.3 (Redemption upon a Tax Deduction Event), Condition 7.4 (Redemption upon an Accounting Event) and Condition 7.5 (Redemption upon a Rating Event) on pages 176 to 177 of the Offering Circular shall be deemed to be deleted and replaced with the words, “Floating Rate Call Date”.

**Amendments to the Applicable Final Terms for Subordinated Notes**

- (a) Item 17 (*Issuer Call*) of Part A – Contractual Terms on page 84 of the Offering Circular in the section entitled, “Applicable Final Terms for Subordinated Notes” shall be deemed to be deleted in its entirety and replaced with the following:

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17. Issuer Call: [Applicable/Not Applicable]

- (a) Issuer Call Period: The period commencing on (and including) [*day falling on applicable anniversary for the minimum period Notes to remain outstanding*] and ending on (and including) [*the Business Day immediately prior to the First Reset Date or the Floating Rate Call Date*]
- (b) Notice periods: Minimum period: [15] days  
Maximum period: [30] days  
*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.)*
- (c) Floating Rate Call Date: [Interest Payment Date falling in or nearest to [specify month and year]][Not Applicable]  
*(N.B. Only relevant for Floating Rate Subordinated Notes)*

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(b) Item 2 (*Ratings*) of Part B – Other Information on pages 86 to 87 of the Offering Circular in the section entitled, “Applicable Final Terms for Subordinated Notes” shall be deemed to be deleted in its entirety and replaced with the following:

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## 2. RATINGS

- Ratings: [The Subordinated Notes to be issued [[have been]/[are expected to be]] [have not been] rated]/[The following ratings reflect ratings assigned to Subordinated Notes of this type issued under the Programme generally:]
- [Need to include a brief explanation of the meaning of ratings if this has previously been published by the rating provider.]*
- (The above disclosure should reflect the rating allocated to Subordinated Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

***[The following paragraphs in italics do not form part of the Terms and Conditions of the Subordinated Notes.]***

*The Issuer intends (without thereby assuming any legal or contractual obligation) that it will only redeem or repurchase the Subordinated Notes to the extent that the equity credit of the Subordinated Notes to be redeemed or repurchased does not exceed the equity credit resulting from the sale or issuance prior to the date of such redemption or repurchase by the Issuer of securities to third party purchasers (other than subsidiaries of the Issuer).*

*The following exceptions apply as to the Issuer's replacement intention. The Subordinated Notes are not required to be replaced:*

- (i) if the rating (or such equivalent nomenclature then used by [S&P]) assigned by [S&P] to the Issuer is at least equal to the rating on the date of the last additional hybrid issuance (excluding refinancing) and the Issuer is comfortable that such rating would not fall below this level as a result of such redemption or repurchase; or*
- (ii) in the case of repurchase of less than (x) 10 per cent. of the aggregate principal amount of the Subordinated Notes originally issued in any period of 12 consecutive months or (y) 25 per cent. of the aggregate principal amount of the Subordinated Notes originally issued in any period of 10 consecutive years is repurchased;*
- (iii) if the Subordinated Notes are redeemed pursuant to a Rating Event, an Accounting Event, a Tax Deduction Event, or a Gross-Up Event; or*
- (iv) in the case of repurchase, such repurchase would cause the Issuer's outstanding hybrid securities which are assigned equity credit by [S&P] to remain below the maximum aggregate principal amount of hybrid securities which S&P, under its then prevailing methodology, would assign equity credit to based on the Issuer's adjusted total capitalisation;*
- (v) if the Subordinated Notes are not assigned an "equity credit" (or such similar nomenclature then used by [S&P] at the time of such redemption or repurchase); or*

*(vi) if such redemption or repurchase occurs on or after [ ].]*

*(N.B. Only relevant for Undated Subordinated Notes)*

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To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Offering Circular by this Supplement and (b) any other statement in or incorporated by reference in the Offering Circular, the statements in (a) above will prevail.

Save as disclosed in this Supplement and any other supplement to the Offering Circular, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.