AROUNDTOWN SA

Berlin

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Frankfurt

CONTENT

KEY FINANCIALS


Cologne

KEY FINANCIALS

in € millions unless otherwise indicated	1–12/2018	change	1–12/2017
Revenue	747.1	42%	527.1
Net rental income	633.0	41%	449.0
Adjusted EBITDA [1]	606.0	41%	429.3
FFO I [1) 2)]	405.7	38%	293.0
FFO I per share (in €)	0.39	8%	0.36
FFO I per share after perpetual notes attribution (in €)	0.34	6%	0.32
FFO II	574.6	69%	339.2

1) including AT's share in GCP and other joint ventures, net of contributions from commercial assets held for sale
2) excluding minorities

	2018*	change	2017
Dividend per share (in €)	0.25	9%	0.23

* 2018 dividend distribution subject to the next AGM approval and based on a payout ratio of 65% of FFO I per share

in € millions unless otherwise indicated	1-12/2018	change	1-12/2017
EBITDA	2,295.1	19%	1,922.3
Profit for the year	1,827.8	19%	1,539.0
EPS (basic) (in €)	1.54	-1%	1.56
EPS (diluted) (in €)	1.49	10%	1.35

in € millions unless otherwise indicated	Dec 2018	Dec 2017	Dec 2016
Total Assets	19,040.8	13,770.4	8,089.0
Total Equity	9,944.3	7,249.9	3,941.1
Equity Ratio	52%	53%	49%
Loan-to-Value	35%	36%	39%

NET ASSET VALUE

in € millions unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Dec 2018	9,309.5	8,742.4	10,290.1	8,730.7
Dec 2018 per share (in €)	8.2	7.7	9.1	7.7
Per share growth (dividend adjusted)	**+19%**	**+22%**	**+23%**	**+28%**
Per share growth (excluding dividend adjustment)	+15%	+18%	+20%	+24%
Dec 2017	7,157.3	6,483.0	7,656.3	6,243.1
Dec 2017 per share (in €)	7.1	6.5	7.6	6.2

THE COMPANY

Berlin

The Board of Directors of Aroundtown SA and its investees (the "Company" or "AT"), including associates (the "Group"), hereby submits the annual report as of December 31, 2018. The figures presented are based on the consolidated financial statements as of December 31, 2018, unless stated otherwise.

Aroundtown SA is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier cities primarily in Germany and the Netherlands. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investment is held through a holding in Grand City Properties S.A ("GCP"). As of December 2018, the Company`s direct holdings in GCP (a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market) was 39%. In AT's financials, GCP is accounted for as an equity-accounted investee. The Group's unique business model and experienced management team led the Company to grow continuously since 2004.

FINANCIAL POSITION HIGHLIGHTS

London

FINANCIAL POSITION HIGHLIGHTS

in € millions unless otherwise indicated	Dec 2018	Dec 2017
Cash and liquid assets [1]	**1,600.6**	848.7
Investment property	**14,174.0**	9,804.1
Total Assets	**19,040.8**	13,770.4
Total Equity	**9,944.3**	7,249.9
Convertible bonds	**-**	293.8
Straight bonds	**6,351.6**	3,827.0
Loans and borrowings [2]	**1,119.9**	1,127.8

1) including cash and liquid assets under held for sale
2) including loans and borrowings under held for sale

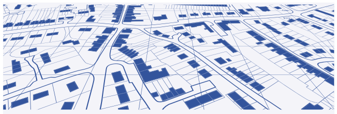
EPRA PERFORMANCE MEASURES

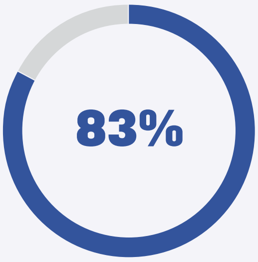
in € millions unless otherwise indicated	2018	change	2017
EPRA Earnings	403.2	33%	303.6
EPRA Earnings per share (in €)	0.38	3%	0.37
EPRA NAV	8,742.4	35%	6,483.0
EPRA NAV per share (in €)	7.7	18%	6.5
EPRA NAV incl. perpetual notes	10,290.1	34%	7,656.3
EPRA NAV incl. perpetual notes per share (in €)	9.1	20%	7.6
EPRA NNNAV	8,730.7	40%	6,243.1
EPRA NNNAV per share (in €)	7.7	24%	6.2
EPRA Net Initial Yield (NIY)	4.1%	-0.1%	4.2%
EPRA 'Topped-up' NIY	4.1%	-0.2%	4.3%
EPRA Vacancy - Commercial portfolio	8.8%	-0.6%	9.4%
EPRA Vacancy - Group portfolio	8.5%	-0.4%	8.9%
EPRA Cost Ratio (including direct vacancy costs)	20.2%	1.2%	19.0%
EPRA Cost Ratio (excluding direct vacancy costs)	17.5%	1.1%	16.4%

SUBSTANTIAL QUALITY ENHANCEMENT OF THE PORTFOLIO

DIVERSIFICATION

Diversification into **central locations in top tier cities** with strong fundamentals and into strong asset types, increasing the **asset quality**





OFFICE & HOTELS

Enhanced diversification into strong asset types: Office and Hotels now make up **83%** of the portfolio, up from 80% in Dec 2017.

HOTELS

85% of hotel portfolio is comprised of **4-star hotels**, located in Top European business and tourist cities with high quality additions in 2018

HOTEL BRISTOL

Berlin Ku'damm Prime Center (ex-Kempinski)

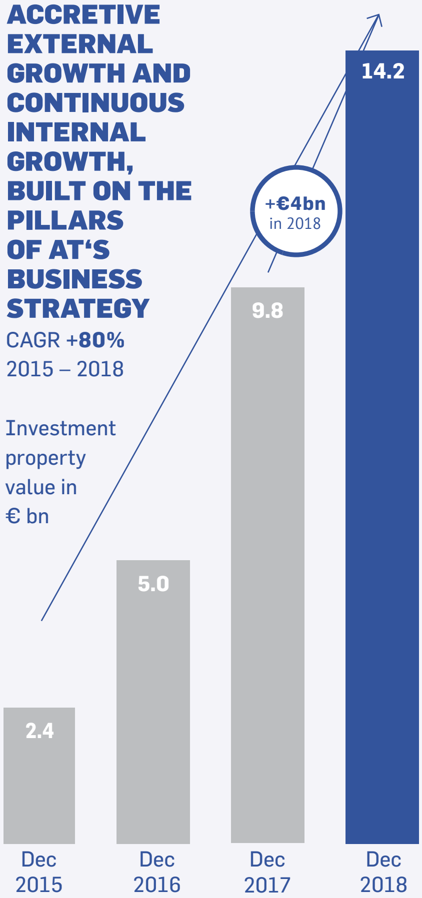
HILTON HOTELS

at Berlin Gendarmenmarkt, London Hyde Park and Edinburgh & Dublin main central train stations

ACCRETIVE EXTERNAL GROWTH AND CONTINUOUS INTERNAL GROWTH, BUILT ON THE PILLARS OF AT'S BUSINESS STRATEGY

CAGR **+80%**
2015 – 2018

Investment property value in € bn



ROBUST OPERATIONAL PERFORMANCE

Strong operational platform extracting the upside potential in the portfolio

IN-PLACE RENT L-F-L +2.6% 2018

TOTAL LIKE-FOR-LIKE +4.8% 2018

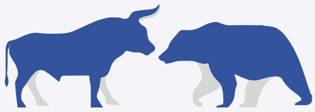
OCCUPANCY L-F-L +2.2% 2018

Germany & NL

Primarily located in Germany- economic stronghold of Europe- and Netherlands, distributed further into top tier cities with different economic characteristics: **Berlin, Frankfurt, Munich, Hamburg, Stuttgart, Cologne, Amsterdam, Rotterdam and Utrecht**

BERLIN

22% of the portfolio, **90% in top tier neighborhoods** with prime additions in **Kurfürstendamm and Mitte**



FRANKFURT

Office additions in the prime business district next to the **main central train station**, bringing Frankfurt to 15% of the office portfolio

CAPITAL RECYCLING

disposed at **12%** over net book value (profit of €77m) and total disposal gains over cost of approx. **30%** (€169m), channeled into high quality locations

8.2 years WALT — +1 years since 2017

Providing increasing recurring cash flow stability

€2,159 VALUE/SQM — +12% since 2017

Testifying for high value creation

5.2% NET RENTAL YIELD

Low yields reflecting the improvements in the Company profile

COMMITMENT TO ENVIRONMENTAL SUSTAINABILITY, SOCIAL RESPONSIBILITY AND STRONG GOVERNANCE (ESG), RECOGNIZED INTERNATIONALLY

OUTPERFORMER 93RD PERCENTILE GLOBALLY AMONG PEERS

SUSTAINALYTICS

Aroundtown improved its ranking by Sustainalytics, one of the leading global sustainability rating agencies, to **Outperformer in 93rd percentile** globally among 319 peers

High standards of financial reporting and transparency brought AT the **EPRA BPR Gold award** for the second time in September 2018

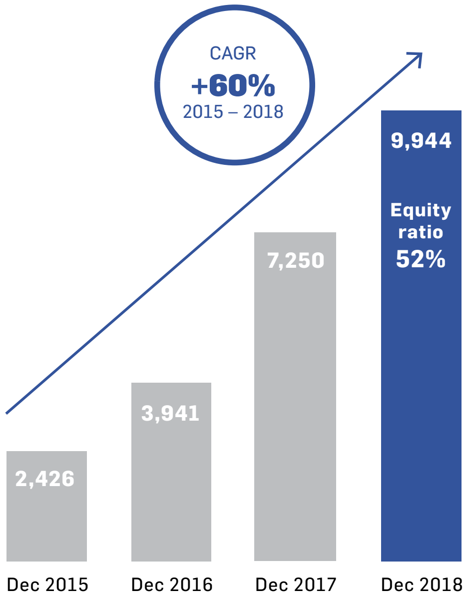
Furthermore, EPRA awarded AT with an **EPRA sBPR Gold award** and a **sBPR most improved award**, yet another testament to AT's progress in sustainability

INCLUSION INTO MSCI INDEX FAMILY, PROVIDING STRONGER VISIBILITY IN INTERNATIONAL FINANCIAL MARKETS

AT was added to **MSCI Index series** such as MSCI ACWI Index, MSCI World Index, MSCI Germany Index and others in December 2018, enhancing its presence in the capital markets globally. AT was already a constituent of key benchmark indices, being included in **MDAX** and **FTSE EPRA Index Series** in March 2018 and **STOXX 600** in December 2017

EQUITY STORY

SUBSTANTIAL EQUITY GROWTH



On top of revaluations and high profits, AT's equity base was strengthened by **€1.4 billion** contribution from capital markets

€362 million

CONVERSIONS
Full conversion of Series C and remaining Series B convertible bonds, completed in 2018

€606 million

CAPITAL RAISE
AT's largest equity capital raise to date

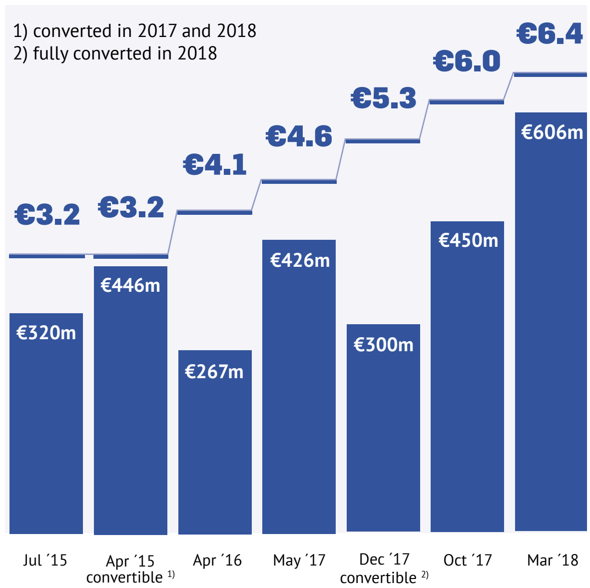
€400 million

PERPETUALS
Further expanding and diversifying the investor base

AT'S SHARE: AN INVESTMENT THAT BRINGS SUSTAINABLE VALUE GROWTH FOR THE SHAREHOLDERS

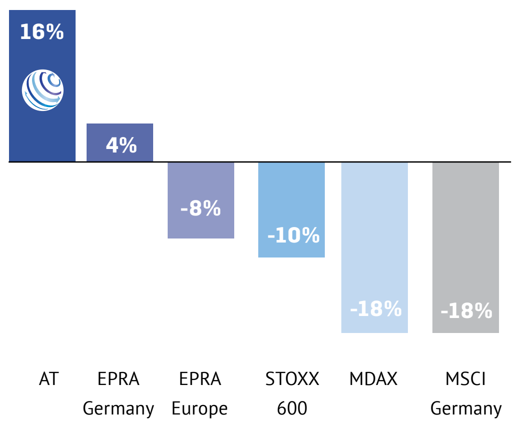
SHARE ISSUE PRICE & AMOUNT DEVELOPMENT

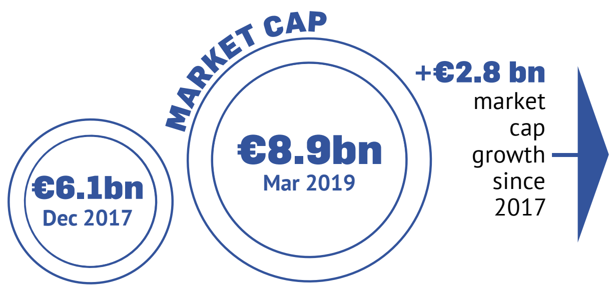
Successfully employing convertible bonds as a financing source with share prices significantly above the conversion prices



2018 TOTAL RETURN PERFORMANCE

Significantly outperforming the markets





POSITIONING AROUNDTOWN AS THE:

LARGEST
listed commercial RE in Germany

4th LARGEST
listed commercial RE in Europe

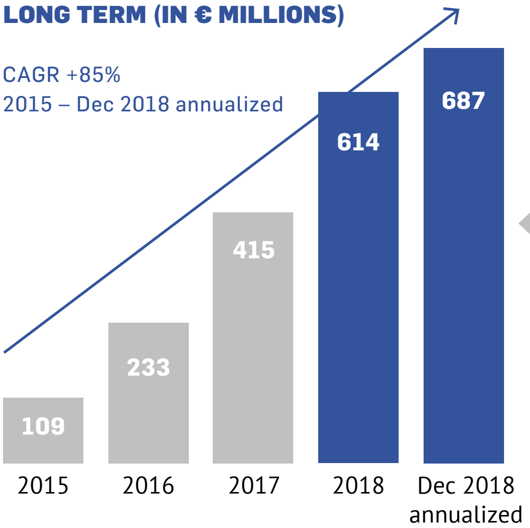
2nd LARGEST
listed offices in Europe

BY MARKET CAP

PROFITABLE GROWTH PATH

NET RENTAL INCOME, RECURRING LONG TERM (IN € MILLIONS)

CAGR +85%
2015 – Dec 2018 annualized

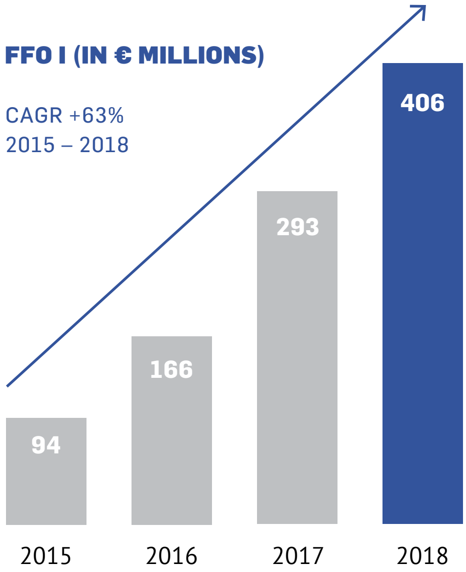


Investment strategy brings accretive external growth and proven business model extracts robust internal growth...

...refined by high operational performance, creating solid recurring cash profitability...

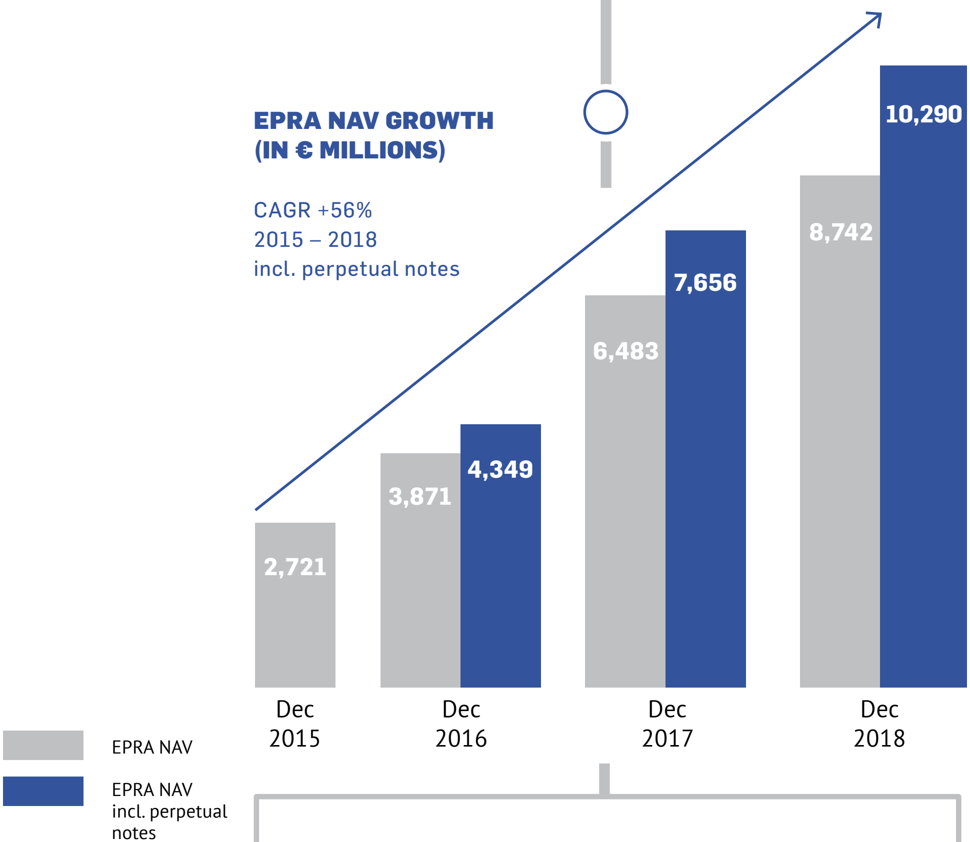
FFO I (IN € MILLIONS)

CAGR +63%
2015 – 2018



EPRA NAV GROWTH (IN € MILLIONS)

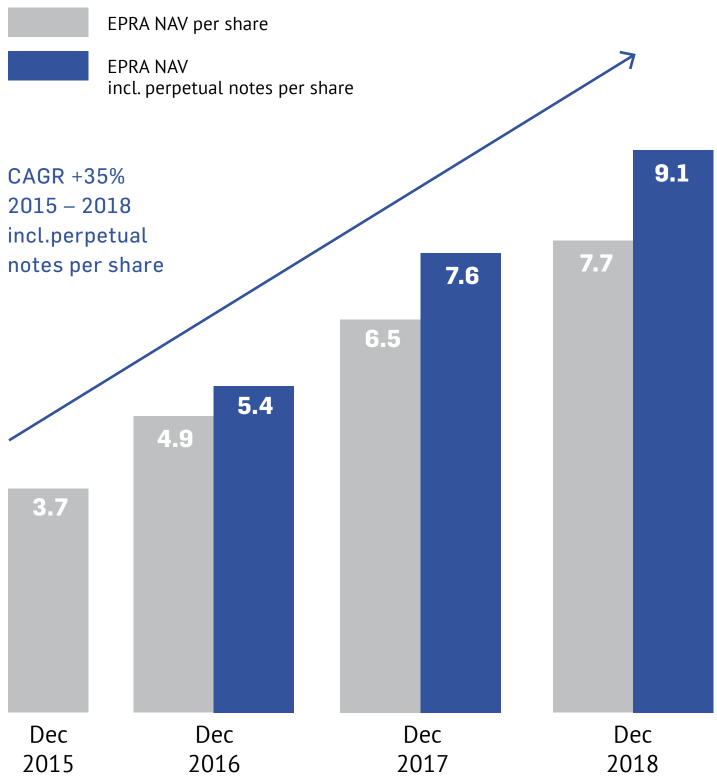
CAGR +56%
2015 – 2018
incl. perpetual notes



...all part of the sustainable value creation process

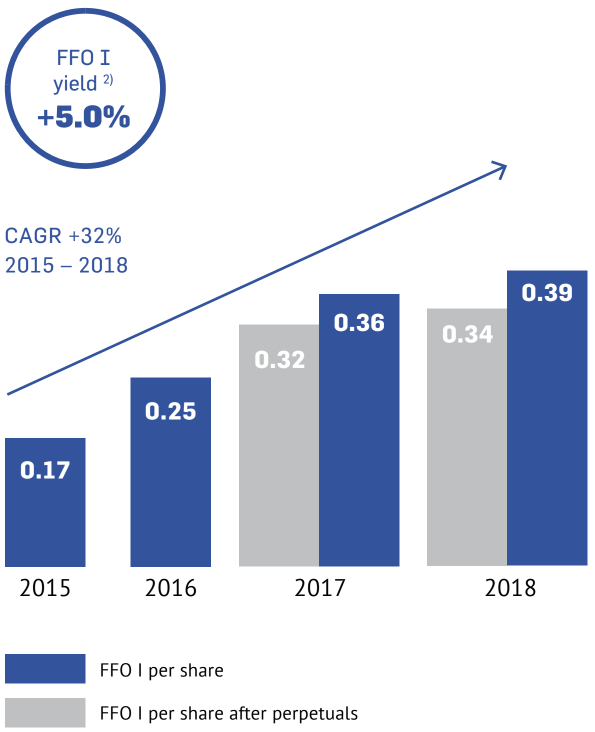
MAXIMIZING THE SHAREHOLDER VALUE

EPRA NAV PER SHARE GROWTH (IN €)

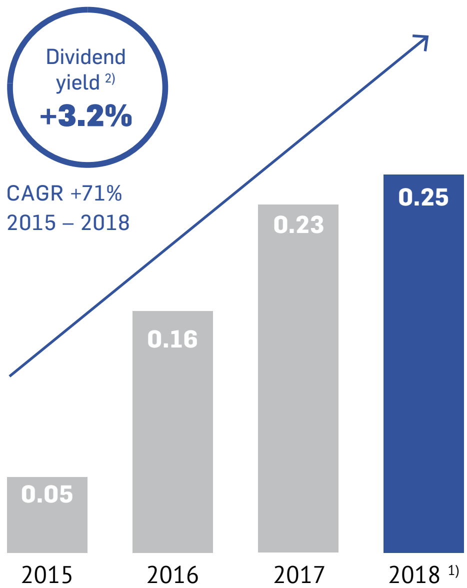


2018
diluted EPS
€1.49
+10%
year-over-year

FFO I PER SHARE (IN €)



DIVIDEND PER SHARE (IN €)

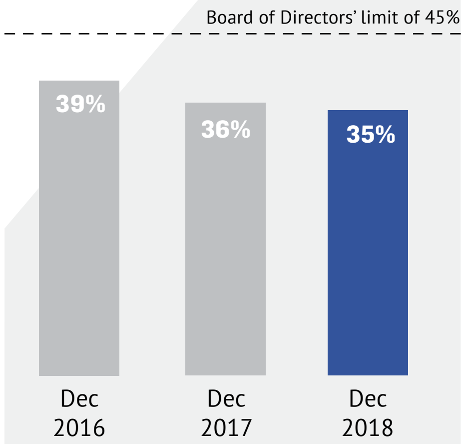


1) the dividend for 2018 is subject to the next AGM approval and based on a payout ratio of 65% of FFO I per share
2) based on a share price of €7.87

REINFORCING THE CONSERVATIVE FINANCIAL PROFILE

LOW LEVERAGE MAINTAINED

LOAN-TO-VALUE



DEBT PROFILE OPTIMIZATION

long average debt maturity
and no significant maturities until **2022**

7.4 YEARS

low average cost of debt

1.8%

high interest
coverage ratio

4.7x ICR

2018

HIGH UNENCUMBERED ASSETS RATIO

Large pool and high share of unencumbered investment properties, providing high financial flexibility and additional liquidity potential

€10.2BN

2018

€7.1BN DEC 2017

71% DEC 2017

LETTER FROM THE BOARD

DEAR STAKEHOLDERS,

We hereby present to you our 2018 annual financial and management report, reflecting once again exceptional performance across the board. We mark 2018 as another year of accretive growth, positioning Aroundtown as a market leader in European real estate. Our successful year is the result of the combined efforts throughout the entire organization, backed by high investor and market confidence.

We carried on the successful execution of our investment strategy and further strengthened the quality of our portfolio, acquiring €3.7 billion properties, including acquisitions with joint ventures. Acquisition of these high quality assets which, combined with the value enhancement of the existing portfolio, increased the size of our commercial portfolio to over €14 billion as of year-end 2018. We continued building a portfolio which benefits from strong market dynamics with high upside potential. In 2018, we continued to put our main focus on the strong asset classes, and acquired primarily office and hotel assets, which now represent 83% of the portfolio. Berlin, Frankfurt and Munich are our top single locations for offices totaling 42%. 46% of our hotel portfolio is located in Berlin, London and Munich. In addition, our focus remained on high quality properties in top tier cities, evident in acquisitions such as the Hilton Berlin Gendarmenmarkt, the Bristol Hotel Berlin Ku'damm Prime Center (ex-Kempinski), prime office properties next to Frankfurt's main central train station and the Hilton London Hyde Park. Furthermore in 2018, we have maintained and slightly increased our stake in the German residential real estate market through our holding in GCP, a strongly cash flow generating specialist in this asset class, to 39% from 38% at year-end 2017. This investment remains to be a strategic decision which supports our portfolio in terms of further diversification into a strong and stable asset class while benefiting from compelling underlying market dynamics which secures increasing cash flows.

2018 saw continued extraction of the reversionary potential in our portfolio by increasing rents and occupancy and lengthening the average lease term. The high value creation potential of our portfolio, consisting of an internal growth driver, is evident in a high level of our total like-for-like net rental growth of 4.8% and extension of our WALT to 8.2 years. In addition, during 2018, we have disposed over €740 million of non-core properties, 12% over the net book value and approx. 30% over total costs, increasing our headroom for additional acquisitions and increasing the total quality of the portfolio.

As of December 2018, the annualized net rental income amounted to €687 million, driven by internal and external growth. The value per sqm amounted to €2,159, up 12% from 2017 due to value creation and high quality portfolio additions. Our accretive external growth, combined with our organic growth and high operational performance all benefitted towards achieving a robust FFO I of €406 million, which grew by 38% compared to 2017. This reflects an FFO I per share of €0.39 and a proposed dividend of €0.25 per share, up by 8% and 9% year-over-year respectively, presenting strong increase on a per share basis. Based on the closing share price of €7.87, the FFO I and dividend yield is 5.0% and 3.2% accordingly.

Our ability to create high value is further illustrated by the growth in EPRA NAV to €8.7 billion and €7.7 per share, increasing by 35% and 18% compared to year-end 2017. EPRA NAV including perpetual notes amounted to €10.3 billion and €9.1 per share in 2018, increasing accordingly by 34% and 20% compared to year-end 2017.

As we have successfully positioned ourselves as a leading real estate company, we have applied a series of ESG initiatives to set higher standards in terms of corporate responsibility and dedicated ourselves towards a sustainable business model. In terms of governance, we have achieved strong additions, supporting the business and ensuring the highest level of corporate governance. Dr. Gerhard Cromme was appointed as the new Chairman of the Advisory Board and Mr. Andrew Wallis as the new Deputy CEO, overseeing capital markets, operational strategy and ESG. Impressive track records of Dr. Cromme and Mr. Wallis further enrichen the vast experience level of our management. We have also improved the transparency in our reporting procedures and consequentially, our very high standards of financial reporting and transparency brought us the EPRA BPR Gold award for the second time in September 2018.

In 2018, we have made significant progress in regards to sustainability. In April 2018 we published our first annual corporate responsibility report and we will continue to do so annually. We have improved our Outperformer ranking by Sustainalytics, one of the leading global sustainability rating agencies, and scored in the 93rd percentile globally among 319 real estate peers, up from the 88th percentile in the previous year. Our commitment to sustainability was also recognized by EPRA with an sBPR Gold award and sBPR most improved award in September 2018.

Within the framework of corporate responsibility, we maintain our strong dedication to contribute to our communities. Starting from 2019, we have incorporated Social Days to provide our employees with opportunities to volunteer in various social responsibility projects, spreading awareness for social commitment to the individual level.

In 2018, we strengthened our equity base by €1.4 billion with over €600 million equity increase, €400 million of perpetual issuances and full conversion of Series B and Series C convertible bonds with over €360 million. In 2018 we increased our market presence further - we are currently the largest listed commercial real estate company in Germany and 4th largest in Europe, as well as 2nd largest listed offices in Europe by market capitalization. In 2018, we were included in the MSCI Index series, underlining our strong visibility in the capital markets in addition to the fact that we were already included in the key benchmark indices MDAX, FTSE EPRA Index series and GPR 250 in March 2018 as well as the STOXX 600 in 2017. While we achieved over €2.8 billion market cap growth since year-end 2017, we also showcased an outstanding growth in our share price where we continuously outperform the relevant indices by double-digit figures.

Our share currently has 18 Buy recommendations from various distinguished institutions. Our capital market activities also helped us in optimizing our debt profile with over €4 billion in bond issuances during 2018 and 2019 year-to-date combined, contributing towards an extended long-term average debt maturity of 7.4 years while maintaining a conservative LTV of 35%. Issuances also support us on maintaining a high cash and liquidity balance at €1.6 billion as of year-end 2018 through which we are able to execute swift and opportunistic acquisitions. On the other hand, over €10 billion of unencumbered assets is a good indicator of our high financial flexibility and additional liquidity potential. Our strong business profile in combination with our conservative financial profile was acknowledged by S&P in December 2018 by confirming our BBB+ rating, positioning us towards achieving our long-term goal of an A- global rating.

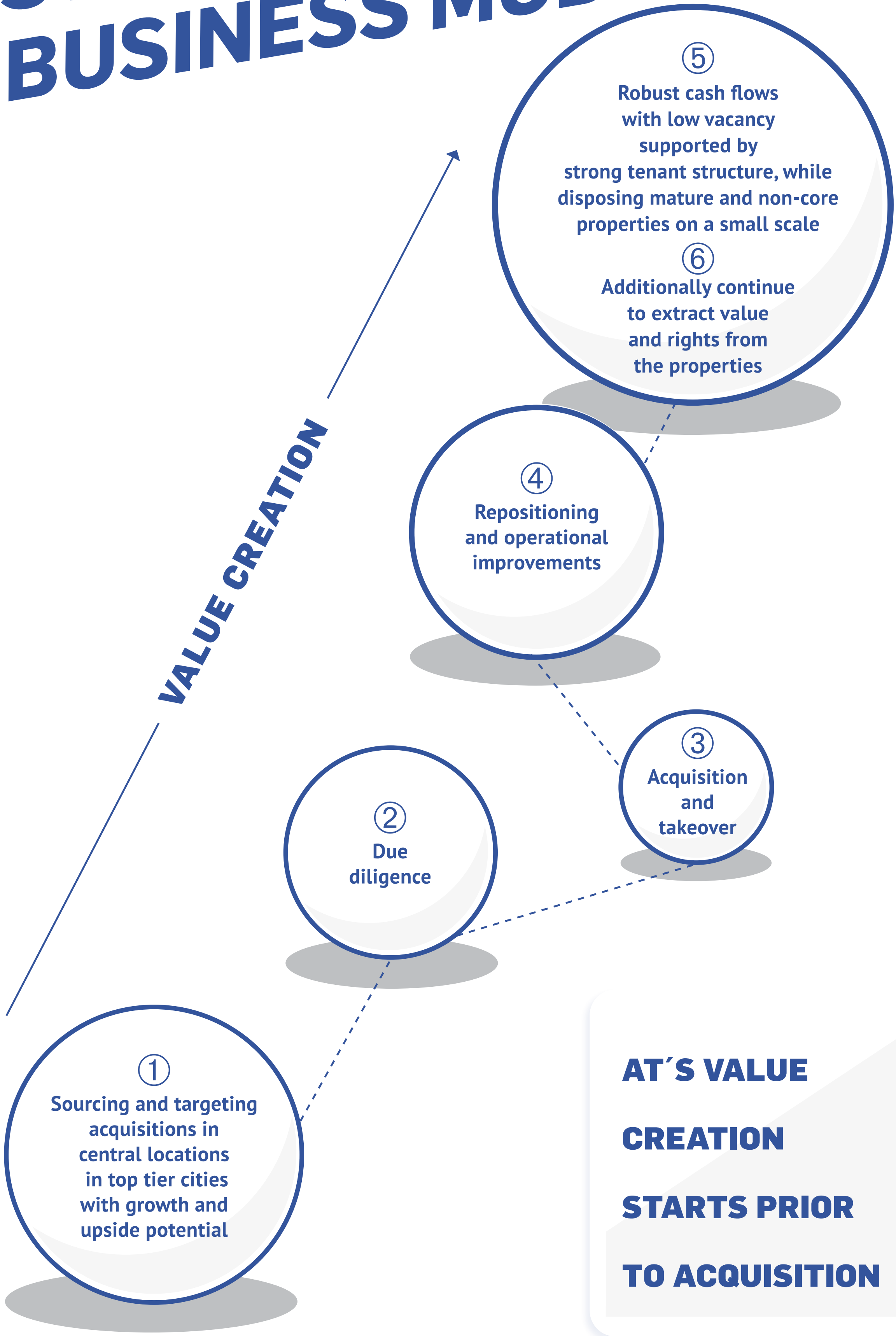
Following our accomplishments and fundamentals laid in 2018, we take a firm step towards the year 2019. We are thankful for the trust our stakeholders have placed in us, a key element in our successful journey so far. With your confidence in us, we are in the pursuit of making 2019 yet another remarkable year.

Frank Roseen
Member of the Board of Directors

Oschrie Massatschi
Member of the Board of Directors

Jelena Afxentiou
Member of the Board of Directors

STRATEGY AND BUSINESS MODEL



AT´S VALUE CREATION STARTS PRIOR TO ACQUISITION

① SOURCING AND TARGETING ACQUISITIONS IN CENTRAL LOCATIONS IN TOP TIER CITIES WITH GROWTH AND UPSIDE POTENTIAL

Aroundtown's property sourcing success stems from its unique network as well as its reputation as a reliable real estate acquisition partner. The Group focuses on value-add properties in central locations in top tier cities characterized by below market rent levels, inefficient cost or lease structure and/or vacancy reduction potential. With over 15 years of experience in the real estate markets, the Group benefits from a preferred buyer status across its sourcing network. The Group sources deals from a large and diverse deal sourcing base, such as receivers, banks, loan funds, broker networks, distressed owners, private and institutional investors and court auctions. The Group's primary focus is on major cities and metropolitan areas with positive demographic prospects.

The Group follows acquisition criteria which ensure that newly acquired properties align with its business model. These criteria include:

- Acquisition focus in central locations in top tier EU cities
- Value-add potential through operational improvements
- Cash flow generating assets
- Rent level per sqm below market level (under-rented properties)
- Purchase price below replacement cost and below market values
- Potential to reduce the cost per sqm significantly

Due to the experience and knowledge of its board and management, the Group is able to consider all possible uses for properties that it acquires, including altering the property's primary use in order to target specific supply shortages in the market. The Group believes that its business model provides it with a strong and sustainable competitive advantage.

② DUE DILIGENCE

After a potential property passes an initial screening, the property is further assessed in order to take into account the specific features of each project while ensuring that the acquisition is in line with the Group's overall business strategy. AT believes that its experience in analyzing properties with value creation potential, and in identifying both the potential risks and the upside potential of each property, results in fast, but thorough and reliable, screening procedures.

During the due diligence phase, the Group's construction team analyses potential capex requirements for the property. These are subsequently priced in the valuation process in order to provide a fair assessment of the property's acquisition cost. A detailed business plan is created for each property in the due diligence phase, including an identification of feasible tenants. Beginning to identify potential tenants prior to acquisition of the property not only decreases operational risk but also accelerates the property's repositioning process.

③ ACQUISITION AND TAKEOVER

Due to a thorough cross-organizational process in the due diligence phase, once a property is acquired, the actual takeover occurs swiftly and efficiently. Because liquidity plays a significant role in the acquisition of value-add properties, AT benefits strongly from its solid liquidity position and its ability to acquire properties with existing resources and refinance the acquisition at a later stage. The Group also benefits from a strong and experienced legal department, which, combined with close and longstanding relationships with external law firms, enables AT to complete multiple deals simultaneously.

④ REPOSITIONING AND OPERATIONAL IMPROVEMENTS

As a specific tailored business plan is constructed for each property, and the weaknesses and strengths are identified pre-acquisition, the execution of the repositioning process becomes smoother and faster. The business plan input is integrated into AT's proprietary IT/software platform which enables the management to monitor all operational and financial parameters and fully control the repositioning progress. The success of the repositioning of the properties is the result of the following functions:

Operational and marketing initiatives

The initial repositioning activities aim at minimizing the time until the profitability of the acquired properties is improved. Targeted marketing activities are implemented to increase occupancy and thereby rental income. Vacancy reduction initiatives are tailored to the specific property type at hand. Procedures applied to AT's commercial properties include establishing a network of internal and external, as well as local and nationwide letting brokers, offering promotional features and building a reputation in the market for high service standards. For the Group's hotel assets, optimal operators are selected for the asset and a fixed long-term lease contract is entered into once the hotel is repositioned. Initiatives for the Group's residential properties target relationship building with potential tenants and the local community by collaborating with local municipalities, supporting community initiatives and advertising on key real estate platforms.

Rent increase and tenant restructuring, assessed during the due diligence process, are executed according to the property's business plan. Furthermore, the operational improvements AT initiates improve the living quality or business environment for existing and future tenants, resulting in increased demand for these repositioned assets.

Having identified areas for operational improvements, the Group drills down on cost saving opportunities on a per unit basis, making use of modern technologies such-as consumption-based meters. These efforts, combined with cost savings achieved through vacancy reductions and economies of scale, enable the Company to benefit from a significant improvement of the cost base and therefore higher profitability.

AT manages its entire real estate value chain across acquisition, letting, upkeep and refurbishment. This integrated approach brings further efficiency benefits, a preferred landlord status to the Group and fast response times to its tenants.

Smart capex investments when required

AT addresses capex needs to keep the properties at high standards and addresses the requirements of its existing and prospective tenants. Capital improvements are discussed in close coordination with committed tenants, allowing an efficient and cost effective implementation of the investments. The carried out investments are followed up by AT's experienced construction team.

The financial feasibility of the proposed alterations is balanced against the lease term, rental income and property acquisition cost and bears quick returns over the investment period.

Relationship management

Aroundtown puts great emphasis on establishing strong relationships with its tenants to reduce churn rates, to predict as well as strengthen the tenant structure and thereby positively affect its cash flows in the future. The Company aims to offer high quality services for both potential and existing tenants. The Group pays great attention to the industry in which its commercial tenants operate and to their individual success factors. The Group also offers direct support to its tenants through add-on facilities at its rental properties such as parking facilities and other space extensions to facilitate growth and smart space re-design to match modern office layouts. For its residential tenant base, GCP supports its tenants through a state-of-the-art TÜV- and ISO 9001:2015-certified Service Center with 24/7 availability via various channels. Further, the Group aims to establish personal relationships between its asset and property managers and its tenants, providing them with personal contact points, which allows the Group to react promptly to problems and proactively prolonging existing contracts in order to optimize and secure long-term revenues.

⑤ ROBUST CASH FLOWS WITH LOW VACANCY SUPPORTED BY STRONG TENANT STRUCTURE

Secure cash flows are continuously strengthened by ongoing cost controls and profitability improvements. Given vacancy and rents below market rents, AT's portfolio exhibits further strong and lasting growth after the implementation of initial repositioning activities. In line with the Group's primarily buy and hold strategy, with a strong focus on creating a long-term stream of secure cash flows, this continuous internal growth ensures that AT can continue to grow organically without relying on further acquisitions.

Capital recycling by selling non-core and mature assets

While AT's main focus is on extracting the potential of its portfolio, the Company also pursues an accretive capital recycling of non-core or mature properties on an opportunistic basis. AT continuously analyzes its portfolio in terms of upside potential to lift and focuses its resources on properties with higher upside. AT seeks to dispose properties where most of the potential has been lifted or which are not in the core locations of Aroundtown. The disposal of such properties enables capital recycling and provides firepower to pursue new accretive acquisitions with high upside potential on one hand, and increases the quality of the portfolio on the other. AT believes that it will continue to recycle a limited amount of properties in the future.

⑥ EXTRACTING UNUSED OR UNDERUTILIZED BUILDING RIGHTS FROM EXISTING AND NEW LAND & BUILDINGS

As part of the value creation process, Aroundtown identifies and extracts unused or underutilized building rights from existing and new land and buildings, providing additional internal growth. AT assesses internally the best use for the rights and advances on to maintain the discussion with authorities and architects in order to realize plans into permits. Once the planning and permit phases are completed, Aroundtown analyzes each project individually and decides the best way to realize the value into proceeds. This is either through materializing these building rights into actual sellable permits or proceeding the rights into actual development. Aroundtown does not intend to fully build and develop all of the rights, and estimates that part of the rights will be disposed at high gains. In certain assets, Aroundtown considers development of the rights where Aroundtown believes to have low risk and such projects enable the Company to unlock further potential through pre-let long-term agreements with strong tenants.


HILTON

KEY STRENGHTS

Stuttgart

EXPERIENCED BOARD AND MANAGEMENT

AT's board and management can draw on a wealth of experience in the real estate market and associated sectors. This enables the Group to continuously innovate, make strategic decisions quickly and accurately, and successfully grow. The Company's remarkable growth in recent years has created two key benefits in this regard: on one hand, the ability to attract managers and employees that redefine the industry, and on the other hand the internalization of a knowledge and experience pool at a fraction of the cost in relation to its portfolio.

This knowledge is communicated and utilized across the Company and its business units which shapes its processes and operational improvements, such as automated cost saving measures and automated rent increase processes.

AT's management possesses the knowledge that makes up its main competitive advantage, the ability to extract the operational and value potential from its assets. This includes the ability to execute the business plan successfully, which includes executing vacancy reduction activities rapidly, establishing cost efficiency measures, setting rent increase processes, understanding tenant structures and optimizing rental contracts in terms of lease maturity and income security. Cross-sector experience enables the extraction of the full value of the properties and operational experience improves the monitoring and reduction of costs.

DEAL SOURCING AND THE ABILITY TO CREATE ACCRETIVE GROWTH

The Group's acquisition track record over the past 15 years has led it to become a market leader and have a preferred acquirer status, primarily due to its professional approach, fast and high execution rates, and reliability.

The Group has a proven track record of acquiring properties with various value-add drivers and successfully extracting the upside potential. This activity is accompanied by a continuous pipeline and acquisition of attractive properties and the successful transition of the existing properties into mature assets, generating secure long-term cash flows.

Munich

QUALITY LOCATIONS IN TOP TIER CITIES

Aroundtown's assets are primarily located in two of Europe's best performing economies with AAA sovereign ratings: Germany and the Netherlands. Within these countries, the Company mainly focuses on central locations in top tier cities including Germany's capital, Berlin, the financial center Frankfurt, the wealthiest cities Hamburg and Munich, the large metropolitan area of North Rhine-Westphalia, as well as the Netherlands' financial center and capital Amsterdam and Europe's biggest port, Rotterdam. Aroundtown's assets are further diversified into other top cities with strong economic fundamentals, such as Europe's largest financial center and most popular touristic destination, London.

PROPRIETARY IT/SOFTWARE PLATFORM

Aroundtown emphasizes the internalization of relevant skills to support innovation and improve processes. Its operations and growth are supported by scalable proprietary IT/software systems, enabling efficient monitoring and implementation of value-add measures. The platform constantly monitors vacancy and rents across AT's portfolio, ensuring yields are optimized and a strict cost discipline is implemented.

CONSERVATIVE FINANCING STRUCTURE

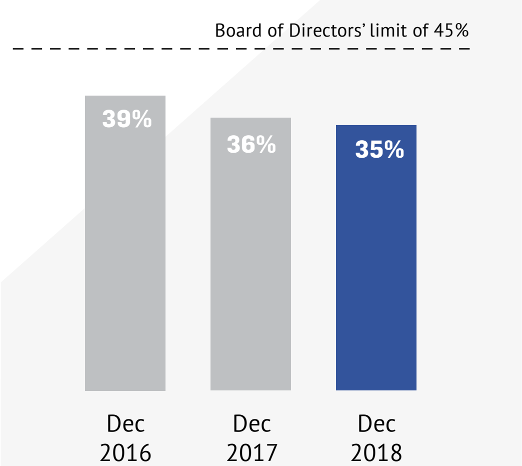
AT's conservative capital structure approach is reflected in a low LTV of 35 % as of December 31, 2018, well below the limit of 45% established by the Board of Directors. Aroundtown's management views the conservative debt metrics as vital to secure long-term financial strength and implements policies to keep financing costs low and the share of unencumbered assets high. The low leverage of the Group enables further external growth, while still maintaining a conservative capital structure. This conservative capital structure stems from AT's diversified financing sources with long debt maturities.

FINANCIAL POLICY

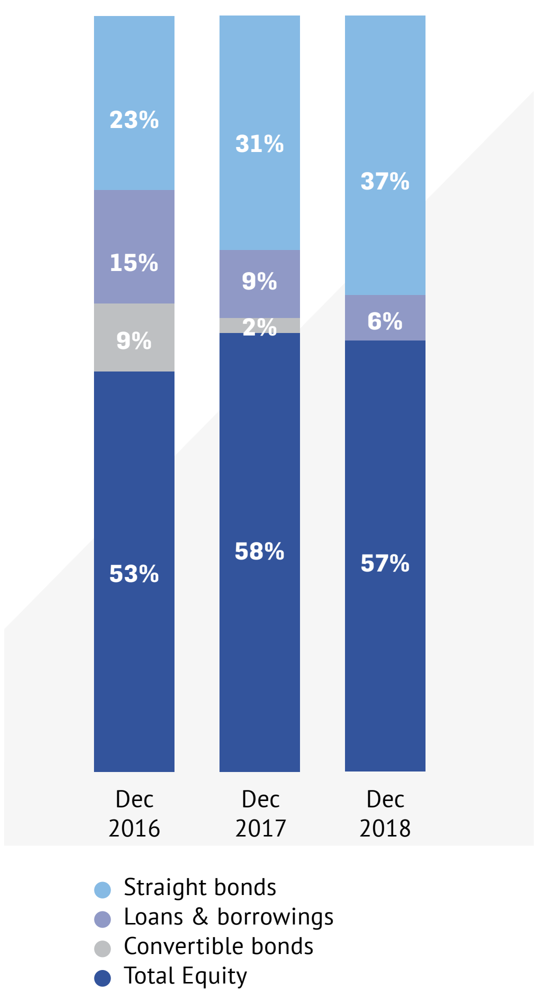
Aroundtown has set a financial policy to improve its capital structure further:

- **Strive to achieve A- global rating in the long-term**
- LTV limit at 45%
- Debt to debt-plus-equity ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios with a strong ICR
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long-term unsecured bonds & non-recourse bank loans
- Support convertible bond holders to convert into equity
- Dividend of 65% of FFO I per share

LOAN-TO-VALUE

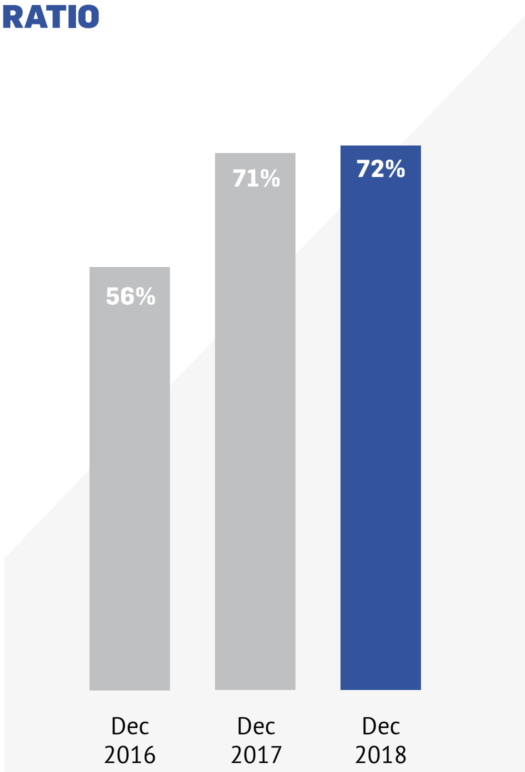


FINANCING SOURCES MIX

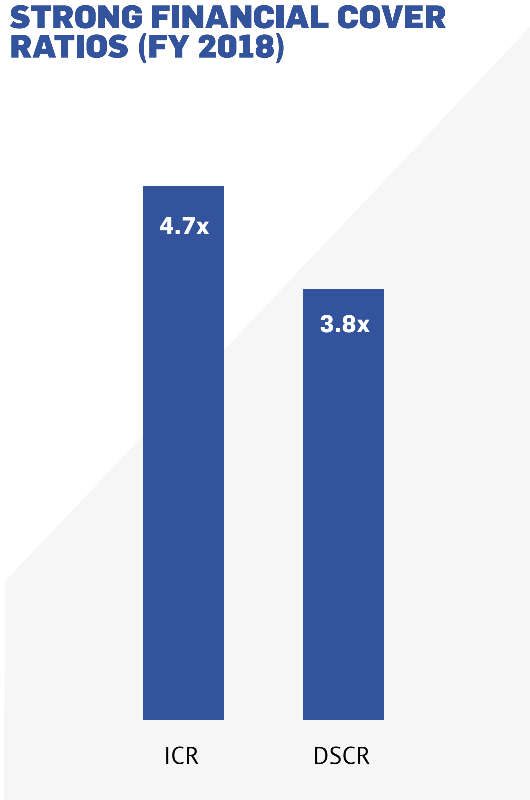


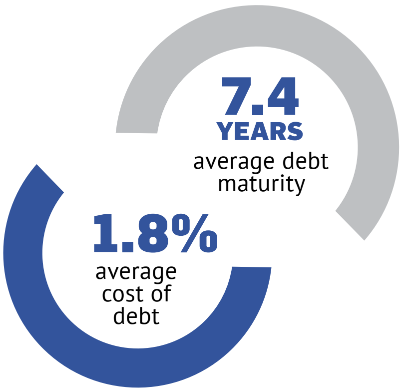
In addition to its conservative capital structure and vast experience in accessing capital markets that enables AT to finance its future growth, the Company maintains a robust liquidity position through a mix of operational cash generation and balance of cash and liquid assets which as of December 31, 2018 amounted to €1.6 billion. Additionally, the high ratio of unencumbered assets of 72% as of December 2018 (€10.2 billion in total value) provides for additional financial flexibility.

HIGH UNENCUMBERED ASSETS RATIO



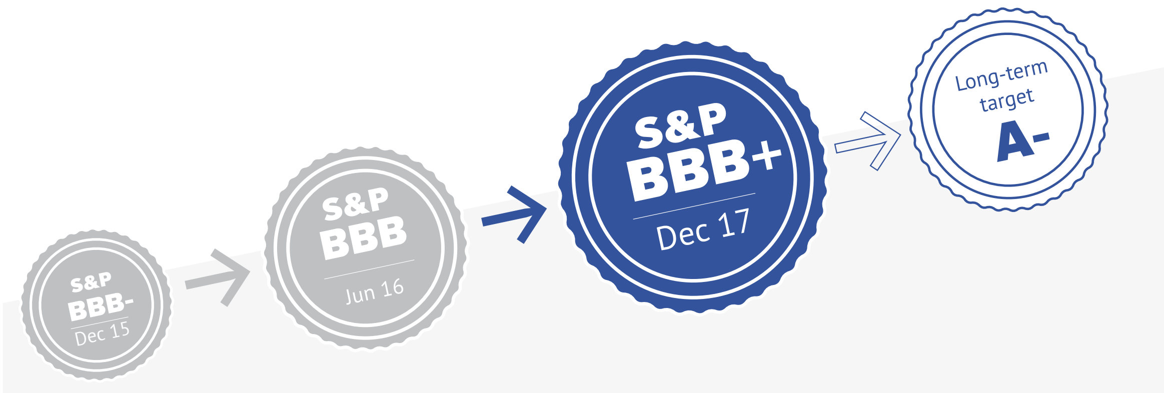
STRONG FINANCIAL COVER RATIOS (FY 2018)





INVESTMENT GRADE CREDIT RATING

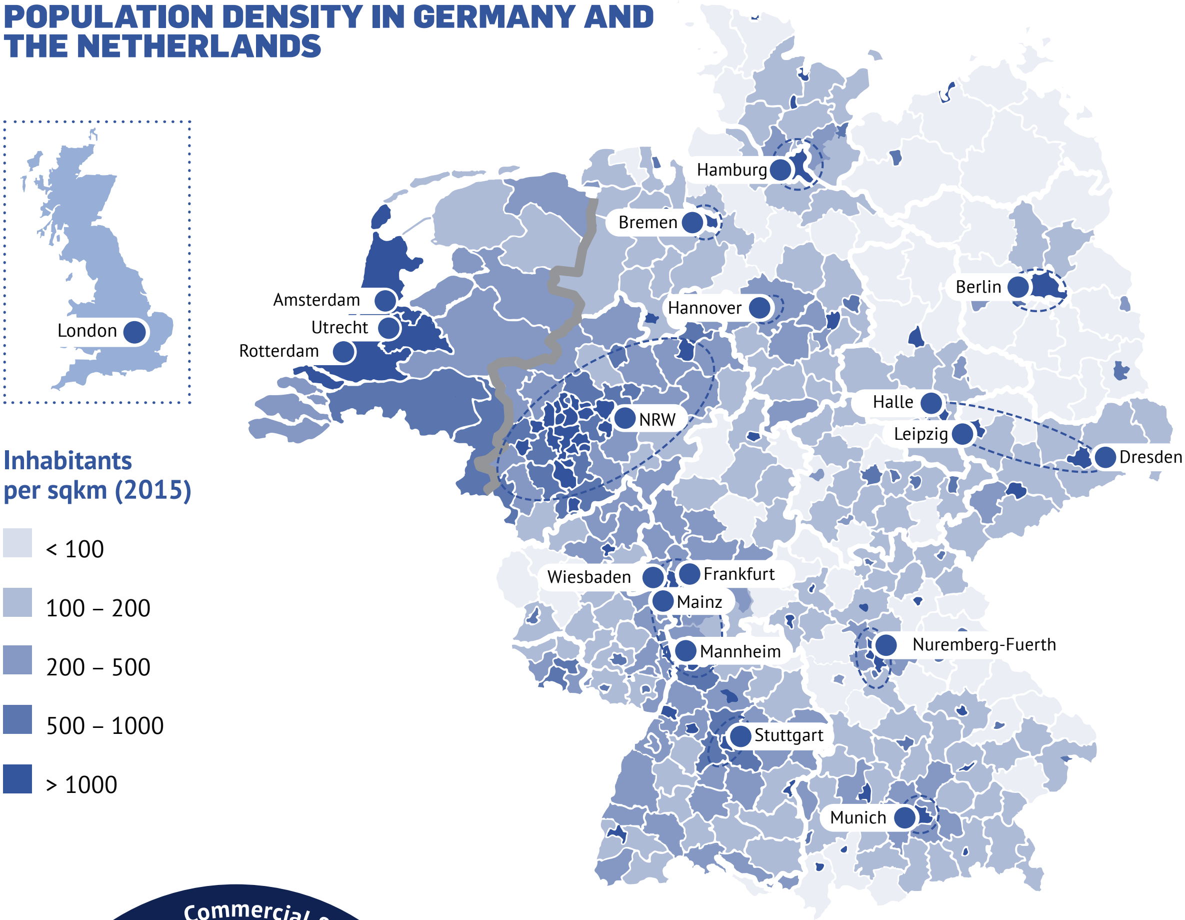
AT has a 'BBB+' rating by Standard & Poor's ratings services ("S&P"). S&P acknowledges AT's strong business profile and larger portfolio with great scale and diversification, well balanced across multiple asset types and regions with no dependency on a single asset type or region, together with a large and diverse tenant base and long lease structures. Since the initial credit rating of 'BBB-' received from S&P in December 2015, AT's rating was upgraded twice to reach the 'BBB+' rating. **Aroundtown continues to strive to achieve its long-term target rating of A-.**



AROUNDTOWN'S QUALITY PORTFOLIO

GROUP PORTFOLIO OVERVIEW

POPULATION DENSITY IN GERMANY AND THE NETHERLANDS



Inhabitants per sqkm (2015)

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

As of December 2018*

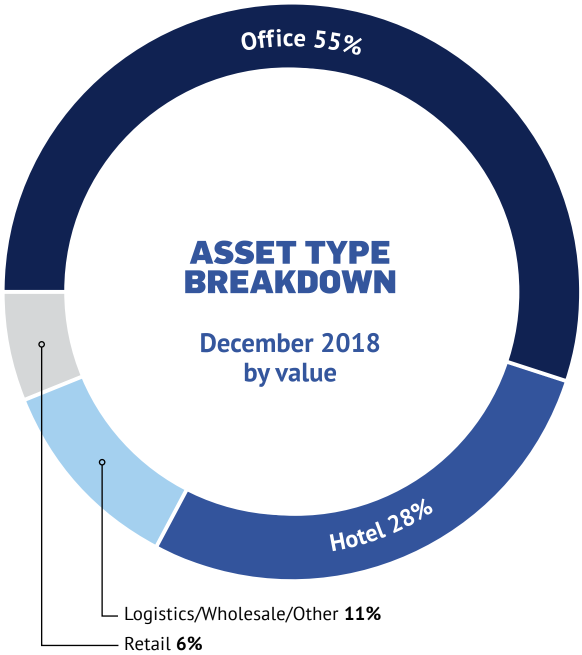
In-place rent
€8.9/sqm

EPRA vacancy
8.5%

* the residential portfolio is accounted for at the holding rate of 39%

COMMERCIAL PORTFOLIO – TOP TIER CITIES

Aroundtown owns a diverse portfolio of commercial assets which focuses on central locations in top tier cities with strong demographics and favorable economic fundamentals. The commercial portfolio is diversified over several different asset types including office, hotel, logistics, wholesale, retail and other covering a total of 6.1 million sqm as of December 2018. As of December 2018 and excluding assets held for sale, the Group's commercial portfolio with a value of over €14 billion operates at an in-place rent of 9.9 €/sqm and an EPRA vacancy of 8.8%. The portfolio generates as of the December 2018 an annualized net rental income of €687 million and includes a strong growth potential through rent and occupancy increases as well as cost efficiency improvements. Furthermore, AT's portfolio is well diversified in terms of geographical and asset type diversification but also has a limited dependency on single tenants, with a tenant base of over 3,000 tenants spread across a wide range of sustainable market sectors which further reduces cluster risk. A long portfolio WALT of 8.2 years offers long-term cash flow stability and security. The management believes that its business platform benefits from its skilled personnel, experience and track record, and reliable practices that enable the Company to perform strongly and to further expand in the commercial property market. In addition, the management is extracting new building rights from existing land and buildings, contributing to the value creation process. The Company also believes that the business environment will provide abundant acquisition opportunities in the attractive markets it targets, to support its external growth strategy in the medium to long term. An active deal pipeline and favorable market conditions provide for continued opportunities for accretive external growth.



PORTFOLIO DISTRIBUTION

Aroundtown's commercial portfolio is spread over different asset classes, mainly offices and hotels, and is located in quality locations which benefit from strong demographic and economic fundamentals, such as Berlin, Munich, Hamburg, Frankfurt, Düsseldorf, Cologne, London and Amsterdam. Within these regions Aroundtown focuses on assets with favourable micro-locations and various demand drivers.

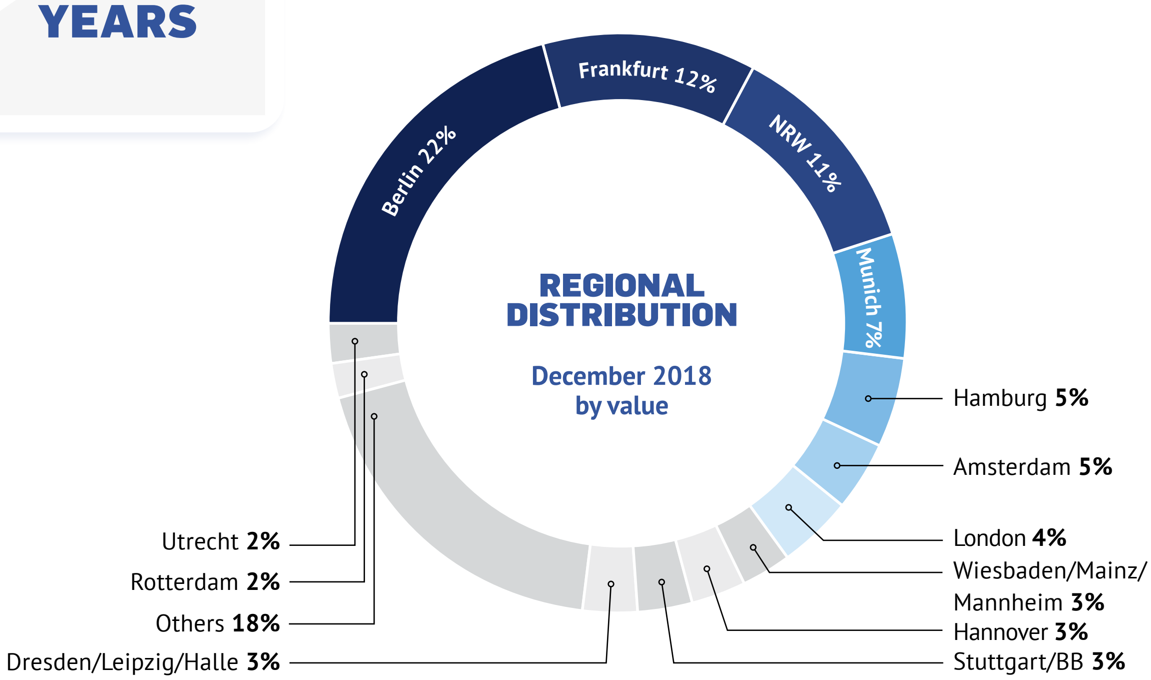
ASSET TYPE OVERVIEW

DECEMBER 2018	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield	WALT (in years)
Office	7,128	2,998	10.9%	359	10.7	2,377	5.0%	4.6
Hotel	3,925	1,255	6.0%	201	13.9	3,127	5.1%	15.9
Logistics/Wholesale/Other	1,226	1,411	6.1%	71	4.5	869	5.8%	6.7
Retail	917	448	7.5%	56	10.4	2,046	6.1%	5.7
Land for development & other rights	978							
Total	**14,174**	**6,112**	**8.8%**	**687**	**9.9**	**2,159**	**5.2%**	**8.2**

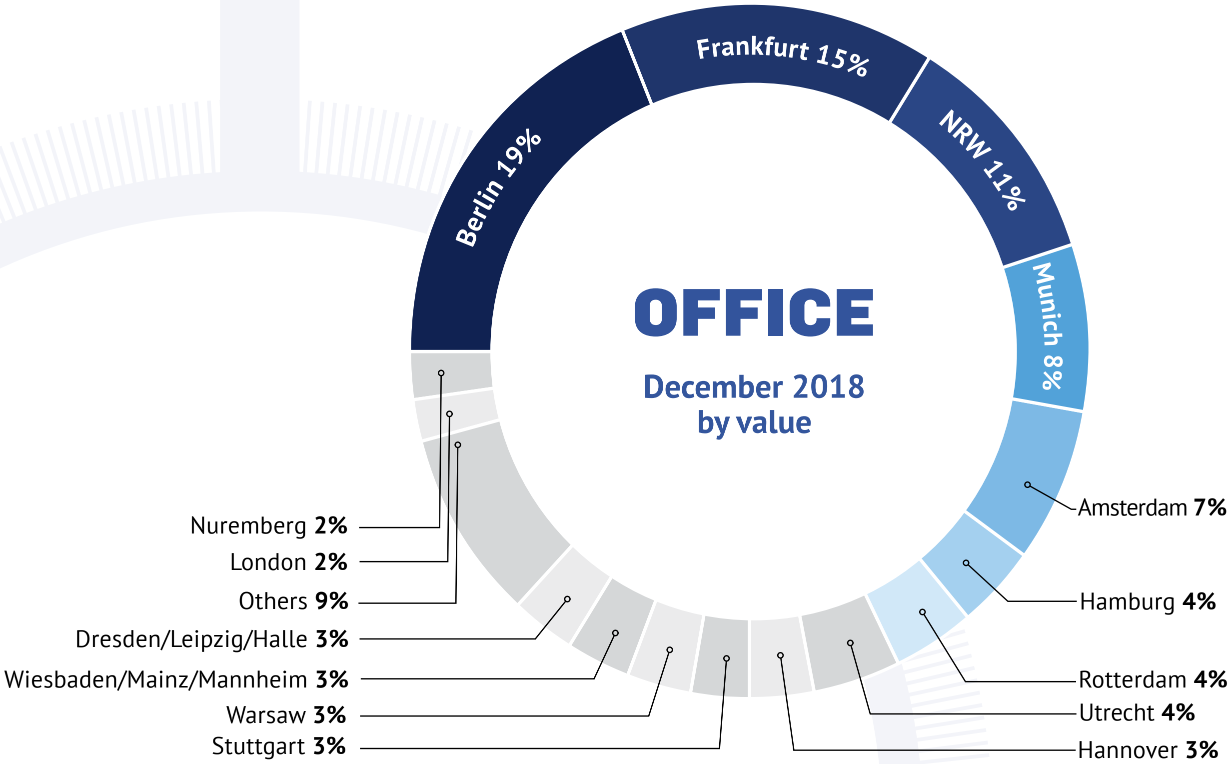
REGIONAL OVERVIEW

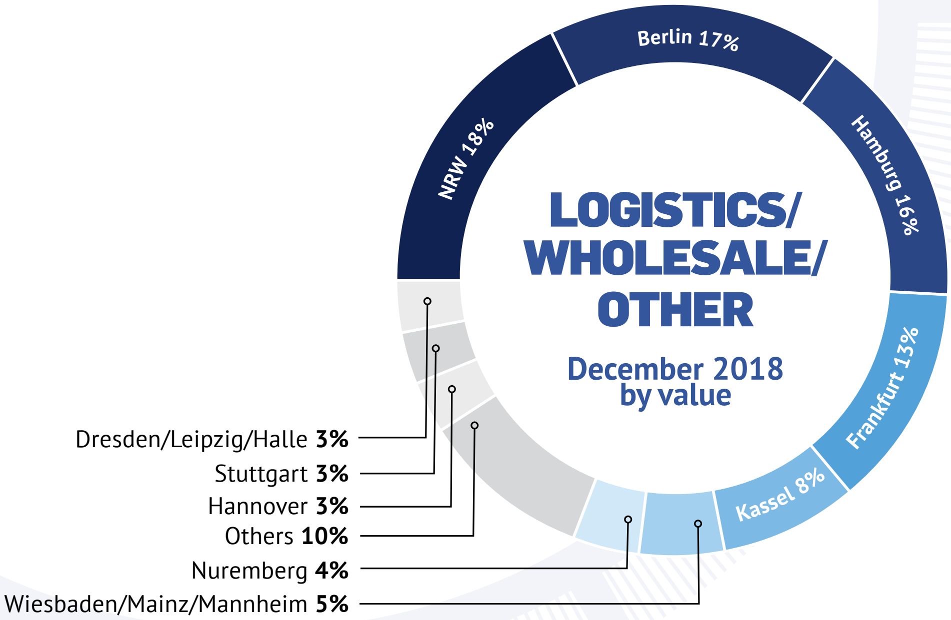
DECEMBER 2018	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Berlin	2,753	880	10.2%	102	10.5	3,130	3.7%
Frankfurt	1,434	459	19.0%	50	10.8	3,120	3.4%
Munich	811	263	7.7%	36	11.4	3,081	4.4%
NRW	1,601	1,090	9.2%	97	7.5	1,469	6.0%
Hamburg	459	259	6.0%	25	8.8	1,772	5.4%
London	585	81	7.8%	25	29.7	7,177	4.4%
Amsterdam	610	192	7.9%	30	13.8	3,185	5.0%
Hannover	406	286	9.6%	24	8.0	1,422	6.0%
Wiesbaden/Mainz/Mannheim	375	178	6.3%	23	10.7	2,100	6.1%
Stuttgart/BB	347	160	2.3%	21	11.0	2,170	6.1%
Dresden/Leipzig/Halle	380	213	4.8%	22	9.0	1,788	5.8%
Rotterdam	310	138	7.3%	22	13.3	2,246	6.9%
Utrecht	275	124	7.7%	16	10.7	2,219	6.0%
Other	2,850	1,789	7.1%	194	9.5	1,593	6.8%
Land for development & other rights	978						
Total	**14,174**	**6,112**	**8.8%**	**687**	**9.9**	**2,159**	**5.2%**

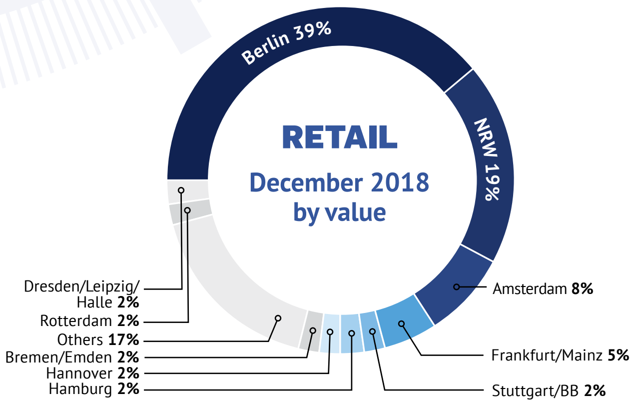
WALT
8.2
YEARS



REGIONAL DISTRIBUTION

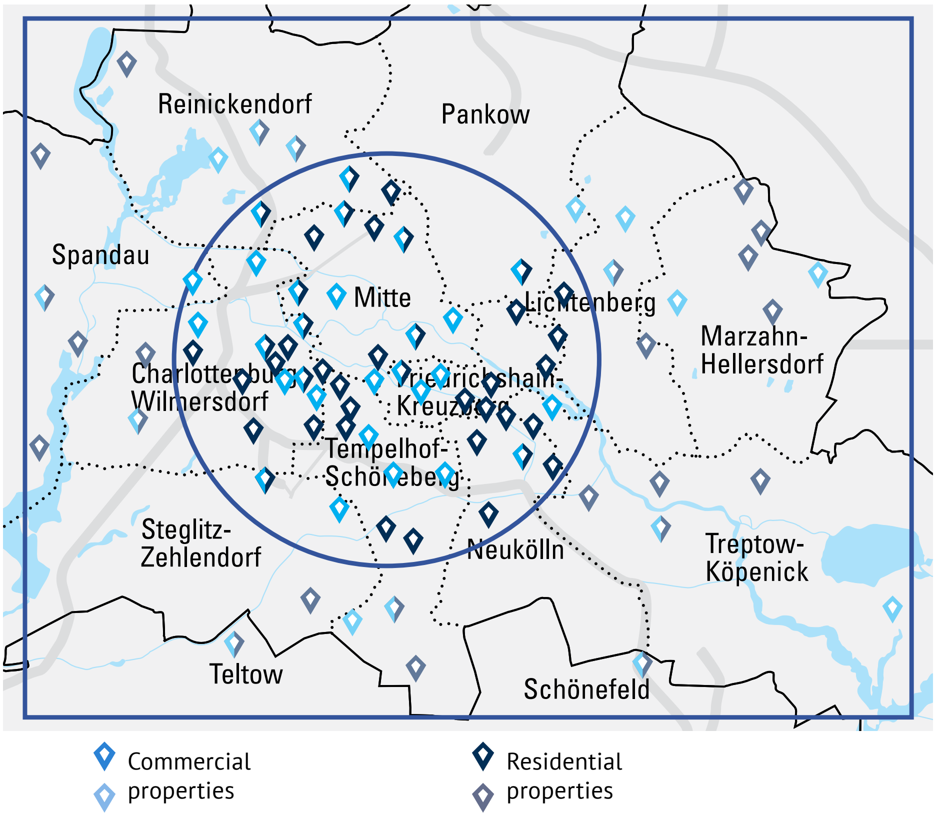






Berlin

BEST-IN-CLASS BERLIN PORTFOLIO

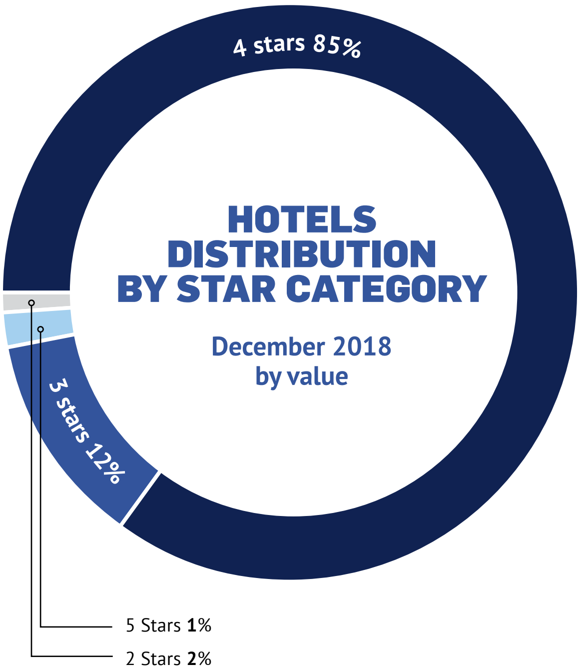


- **90%** of the commercial portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- **10%** of the commercial portfolio is well located primarily in Reinickendorf, Spandau, Treptow, Köpenick and Marzahn-Hellersdorf

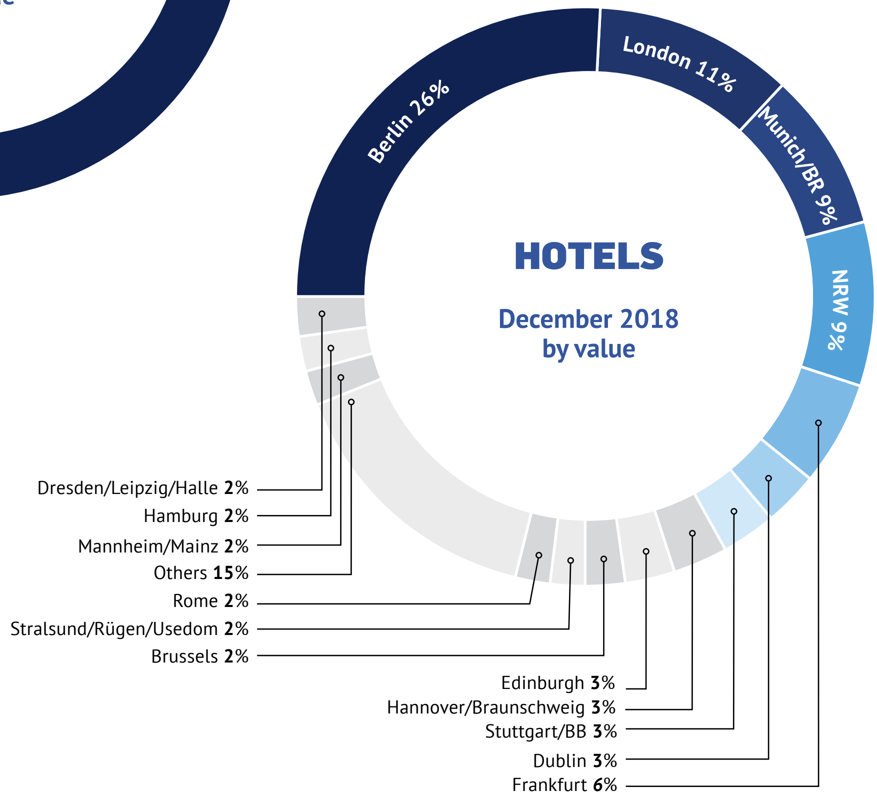
*Map representing approx. 95% of the portfolio and 99% including central Potsdam

HIGH QUALITY HOTELS IN PRIME LOCATIONS

OVER 100 HOTELS ACROSS TOP LOCATIONS



AT's hotel portfolio, valued at €3.9 billion as of December 2018, is well diversified and covers a total of approx. 1.3m sqm. The largest share of the hotel portfolio is 4-star hotels with 85%, meeting the strong market demand which rises from tourism and business travel. The hotels are branded under a range of globally leading branding partners which offer key advantages such as worldwide reservation systems, global recognition, strong loyalty programs, quality perception and benefits from economies of scale. Furthermore, the hotels have long-term fixed leases with third-party hotel operators, providing stable cash flows.



The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. The management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. An integral component of the business plan is a long-term fixed rental lease, which increases the cash flow stability. AT maintains close relations with the operators and monitors their performance on an ongoing basis, making use of its tailor-made IT/software system.


Berlin

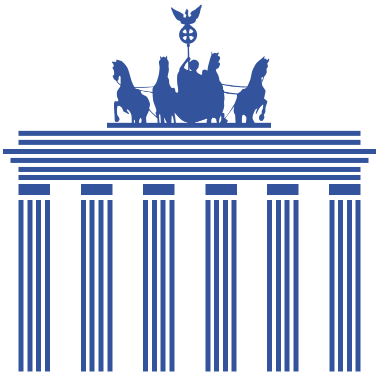

Bad Reichenhall

Edinburgh

HOTELS FRANCHISED WITH VARIOUS STRONG BRANDS AND A LARGE SCALE OF CATEGORIES WHICH PROVIDES HIGH FLEXIBILITY FOR THE BRANDING OF ITS ASSETS

Hilton Hotels & Resorts
InterContinental Hotels & Resorts
Sheraton Hotels & Resorts
Hotel Bristol Berlin
Marriott
Crowne Plaza Hotels & Resorts
DoubleTree by Hilton
Radisson Blu Hotels & Resorts
Meliã Hotels International
NH Hotel Group
Moxy (by Marriott)
Hilton Garden Inn
Wyndham Hotels and Resorts
Wyndham Garden
Best Western
ibis Hotels
Holiday Inn
Mercure Hotels
Novum group hotels
Tryp by Wyndham
AccorHotels Feel Welcome
Hotel im Wasserturm Cologne
Carlson Rezidor Hotel Group
Days Inn
Seminaris

FUNDAMENTALS IN AT'S TOP LOCATIONS SUPPORT ITS ROBUST GROWTH: TOP TRENDS IN 2018



BERLIN

Berlin continues to top the lists in various investment markets. Germany's capital has received the highest start-up[1] as well as Fintech[2] investment volume in Continental Europe. Owing to its growing economy and high demand for its office space, **Berlin has shown the highest rental growth for prime offices in Europe** and second largest in the world among top 30 global cities[3]. Berlin also has the lowest vacancy rate among main 15 European markets[4].

FRANKFURT

High demand for Frankfurt's office space from diverse industries drives the take-up volumes to a record level, the second highest volume in the last 15 years[5] and third highest of all-time[6], as well as the **vacancy to its lowest level in the last 15 years**[5]. Frankfurt continues to attract high volume of cross-border investments from various industries and particularly has the highest foreign direct investment volume in the world for infrastructure industry[7].

MUNICH

The Bavarian capital has emerged as a city of innovation and growth and was marked as the "Top Large European City of the Future" overall for its foreign direct investment attractiveness, as well as for its economic potential[8]. Additionally, office space in Munich is highly sought-after, as a result the city has the **second highest office take-up volume** in Continental Europe among main 15 European markets[4] and is experiencing its lowest vacancy in the last 15 years[6].

NRW

NRW, economically the strongest state of Germany, maintained its solid economic prospects in 2018 with **Cologne having its lowest vacancy in the last decade**[6] and **Essen having the highest y-o-y take-up growth** rate among Germany's top 8 locations[5]. For its foreign direct investment attractiveness, NRW ranked second in "Top 25 European Regions of the Future", as well as ranked top for "Human Capital and Life Style" subcategory[8].

HAMBURG

Germany's largest and Europe's third largest seaport, as well as Europe's largest container rail port, Port of Hamburg was the recipient of Best Global Seaport award in 2018[9]. Hamburg metropolitan region is home to nearly 13k logistics firms and employs approx. 400k people in the logistics sector[10]. With its strong economy, Hamburg sees high demand for its office space, and thus has the **second highest growth in prime office rental values in Europe** among main 15 European markets and is now experiencing its lowest vacancy in the last 15 years[6].

FUNDAMENTALS IN AT'S TOP LOCATIONS SUPPORT ITS ROBUST GROWTH: TOP TRENDS IN 2018

AMSTERDAM

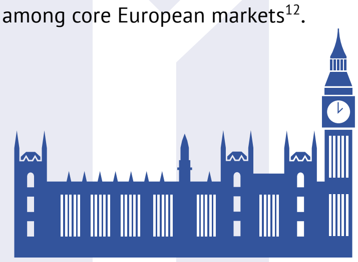
Netherlands' capital has been marked as the "Best Tech City" in Continental Europe and the Best City in the World in terms of "Quality of Urban Infrastructure"[11]. Thanks to its strong economy and business environment, Amsterdam has shown the **third largest vacancy decline** in offices among 24 core EMEA markets[12].

ROTTERDAM

Rotterdam's port remains to be the busiest port in Europe, and has demonstrated the second largest annual throughput growth among world's Top 20 ports[13]. Thanks to the increasing investor appetite, Rotterdam has shown the **strongest prime office yield compression** y-o-y among the Netherlands' top 5 cities[14]. Rotterdam is also having **its highest take-up volume in the last decade**[14], with **one of the largest y-o-y growth rates** among core European markets[12].

UTRECHT

Netherland's second largest regional economy, Utrecht, tops the list for competitiveness in continental Europe according to the latest edition of European Commission's Regional Competitiveness Index thanks to Utrecht's robust infrastructure, connectivity and business environment[15] which is further reflected by Utrecht having the **highest prime office rent growth** y-o-y among Netherlands' top 5 cities[14].



LONDON

London continues topping tourism rankings, by being Europe's most and the world's second most popular tourist destination[16]. UK's capital also leads many investment markets globally, such as having Europe's highest VC investment volume[11], due to its strong fundamentals and plentiful attractive opportunities. According to PwC, London had the **highest room occupancy rate** among European hotel markets in 2017 and is forecasted to have the highest in 2018 & 2019 as well[17].

JLL's **Top 30 Global Cities** include **Berlin** & **Frankfurt** from Germany and **Amsterdam** from Netherlands

JLL's **24 core EMEA markets** include **Berlin**, **Dusseldorf, Frankfurt**, **Hamburg** & **Munich** from Germany and **Amsterdam** from Netherlands

JLL's **Germany Big 7** include **Berlin**, **Cologne**, **Dusseldorf**, **Frankfurt**, **Hamburg**, **Munich** & **Stuttgart**

BNP's **main 15 European markets** include **Berlin**, **Frankfurt**, **Hamburg** & **Munich** from Germany and **Amsterdam** from Netherlands

BNP's **Germany Top 8** include **Berlin**, **Cologne**, **Dusseldorf**, **Essen**, **Frankfurt**, **Hamburg**, **Leipzig** & **Munich**

Cushman & Wakefield's **Netherlands Top 5** include **Amsterdam**, **Eindhoven**, **the Hague**, **Rotterdam** & **Utrecht**

References:

1) Ernst & Young, Start-up-Barometer, October 2018
2) University of Cambridge Judge Business School, Global Fintech Hub Report, 2018
3) JLL Global Research, Global Market Perspective, Nov 2018
4) BNP Paribas Real Estate, At a Glance – Main Office Markets in Europe, Q4 2018
5) BNP Paribas Real Estate, Office Market Germany, 2019
6) JLL, Office Market Overview, Germany, Big 7, Q4, 2018
7) A.T. Kearney, 2018 Global Cities Report, 2018
8) Financial Times - fDi Magazine, fDi European Cities and Regions of the Future, 2018/2019
9) 2018 AFLAS Awards
10) Logistics Initiative Hamburg
11) Savills Research, Tech Cities in Motion, 2019
12) JLL EMEA Office Research, JLL Office Property Clock, Q4 2018
13) Lloyd's List – Maritime Intelligence – Informa plc, One Hundred Ports, 2018
14) Cushman & Wakefield, The Netherlands Office Market Snapshot, Q4 2018
15) European Commission, European Regional Competitiveness Index, 2016
16) Master Card, 2018 Global Destination Cities Index, 2018
17) PwC, Best placed to grow?, European cities hotel forecast for 2018 and 2019, April 2018

RESIDENTIAL PORTFOLIO

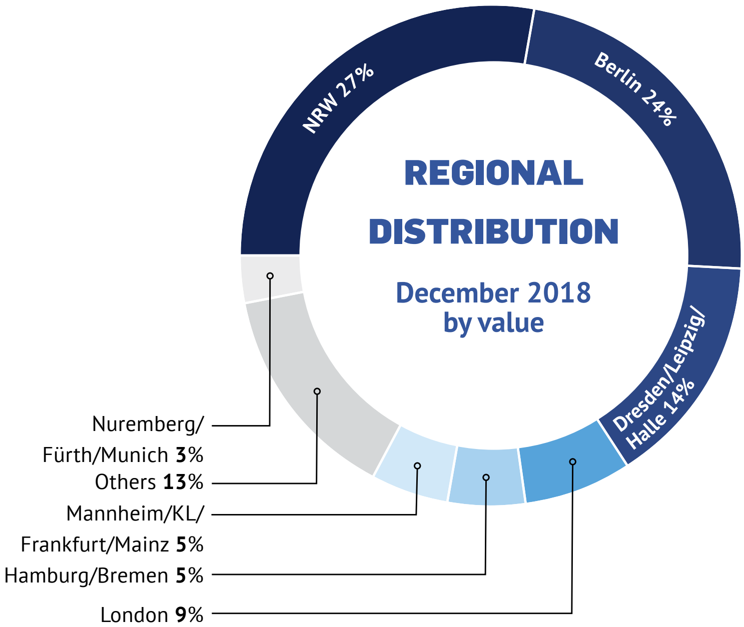
(GRAND CITY PROPERTIES)

The residential portfolio is mainly held through a 39% stake in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas predominantly in Germany. AT is the largest shareholder in GCP, with the remaining 61% widely distributed and held mainly by many international leading institutional investors. For an additional increase of AT's position in the residential real estate, AT holds minority positions in several subsidiaries of GCP. As of December 2018, GCP holds 84k units in its portfolio with the properties spread across densely populated areas in Germany, with a focus on North Rhine-Westphalia, Berlin and the metropolitan regions of Dresden, Leipzig and Halle. In addition, GCP's portfolio is complemented by a small scale, but compelling portfolio in London. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting local community initiatives, GCP established industry-leading service standards and lasting relationships with its tenants. The table below represents GCP at 100%.

REGIONAL OVERVIEW

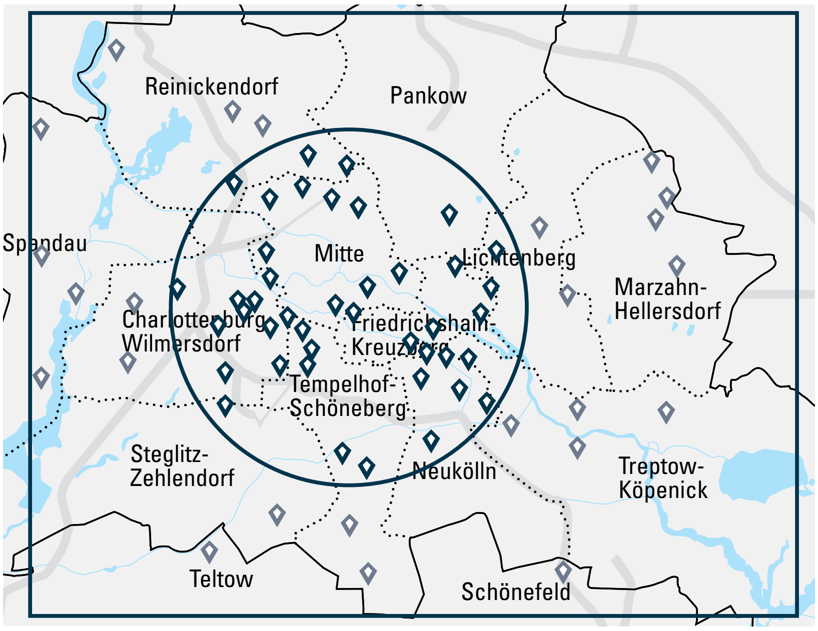
DECEMBER 2018	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,950	1,843	8.0%	116	5.6	27,591	1,058	5.9%
Berlin	1,553	635	6.3%	55	7.6	8,141	2,443	3.5%
Dresden/Leipzig/ Halle	1,020	1,076	8.3%	59	5.0	18,537	948	5.7%
Mannheim/KL/ Frankfurt/Mainz	395	270	5.0%	22	7.0	4,477	1,464	5.5%
Nuremberg/Fürth/ Munich	213	103	4.3%	10	7.9	1,471	2,073	4.6%
Hamburg/Bremen	352	297	4.7%	20	5.9	4,272	1,183	5.7%
London	294	40	9.5%	12	28.8	730	7,326	4.2%
Others	948	1,086	6.6%	65	5.5	18,452	874	6.9%
Development rights and new buildings*	519							
Total	**7,244**	**5,350**	**7.1%**	**359**	**6.0**	**83,671**	**1,257**	**5.3%**

*including land for development, building rights on existing buildings (€186m) and pre-marketed buildings in London (€333m)

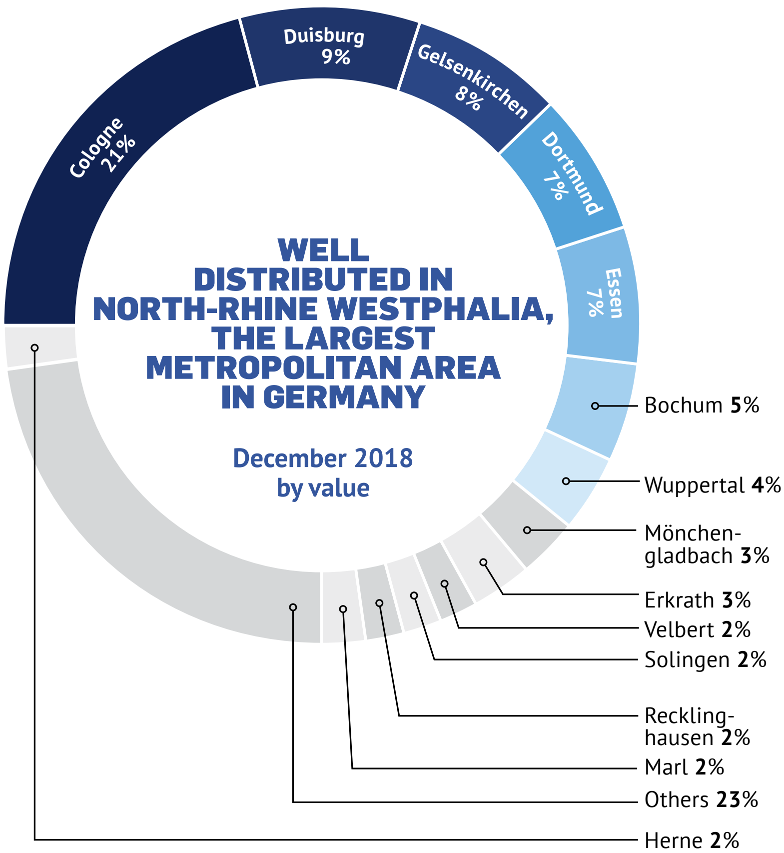


Berlin

BERLIN – BEST IN CLASS PORTFOLIO



- **2/3** of the Berlin portfolio is located in **top tier neighborhoods:** Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- **1/3** is well located in **affordable locations**, primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf



GCP's NRW portfolio distribution is focused on cities with strong fundamentals within the region. 21% of the NRW portfolio is located in Cologne, the largest city in NRW, 9% in Duisburg, 8% in Gelsen-kirchen, 7% in Dortmund and 7% in Essen.

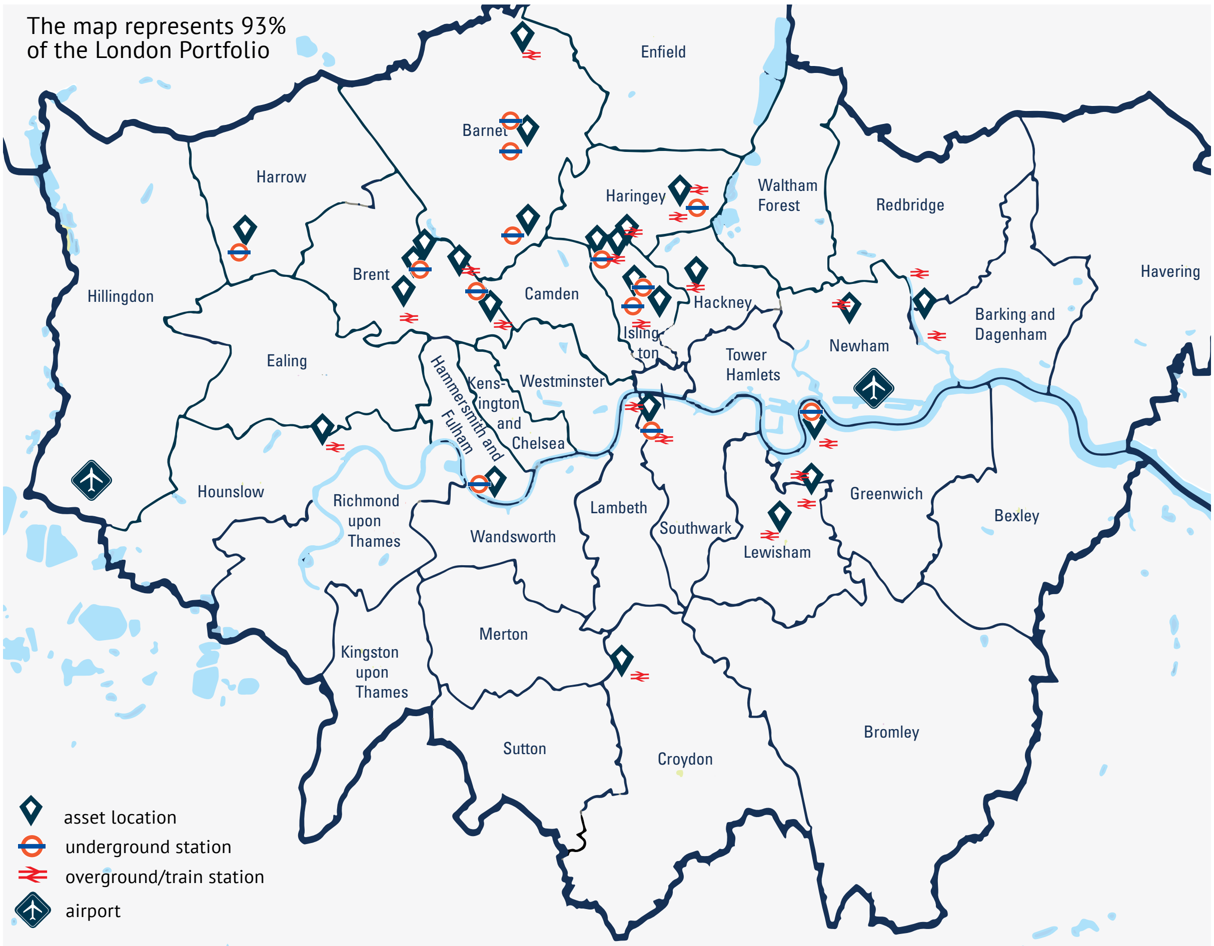
GCP's East portfolio is well distributed in the growing and dynamic cities Dresden, Leipzig and Halle.

GCP's North portfolio is focused on the major urban centers Hamburg and Bremen.

LONDON

HIGH QUALITY ASSETS LOCATED IN STRONG MIDDLE CLASS NEIGHBORHOODS

Over **93%** of the portfolio is situated within a short walking distance to an underground/overground station



London

RESIDENTIAL PORTFOLIO

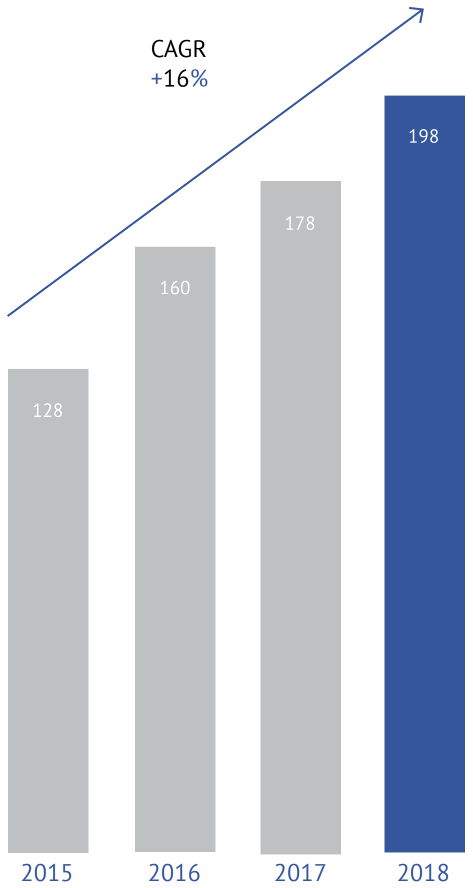
(GRAND CITY PROPERTIES)

Grand City Properties' portfolio generates a net rental income of €359 million as of December 2018 annualized and bottom line FFO I of €198 million in FY 2018. The current portfolio has an in-place rent of 6.0 €/sqm at an EPRA vacancy rate of 7.1%.

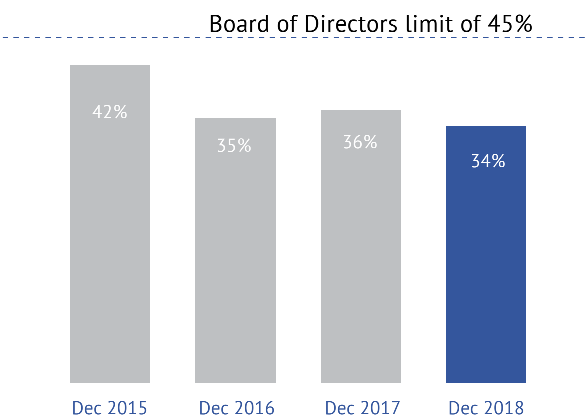
GCP's success is mirrored in its strong performance in the debt and capital markets. GCP is included in the MDAX index of the Deutsche Börse, the FTSE EPRA/NAREIT index series family, GPR 250 and DIMAX, as well as the STOXX All Europe 800 and the MSCI index family. GCP has a dividend policy to distribute 65% of its FFO I per share.

GCP follows a conservative financial approach with low leverage and a diversified capital structure, with a long weighted average debt maturity of over 8.3 years and an average cost of debt of 1.6%. GCP carries two investment-grade credit ratings: BBB+ from Standard & Poor's rating services (S&P) and Baa1 from Moody's investors service (Moody's) – and as part of its strategy aims to achieve an A- rating in the long-term. GCP has a market cap of €3.2 billion as of December 31, 2018 and has outperformed the market continuously since its IPO in 2012.

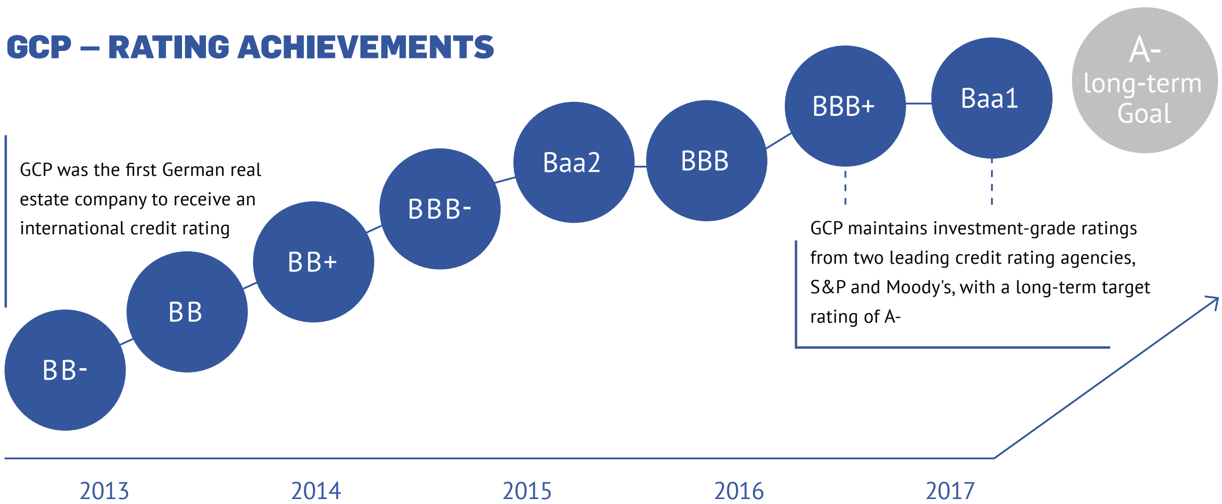
GCP – CONSISTENTLY GROWING FUNDS FROM OPERATIONS (IN € MILLIONS)



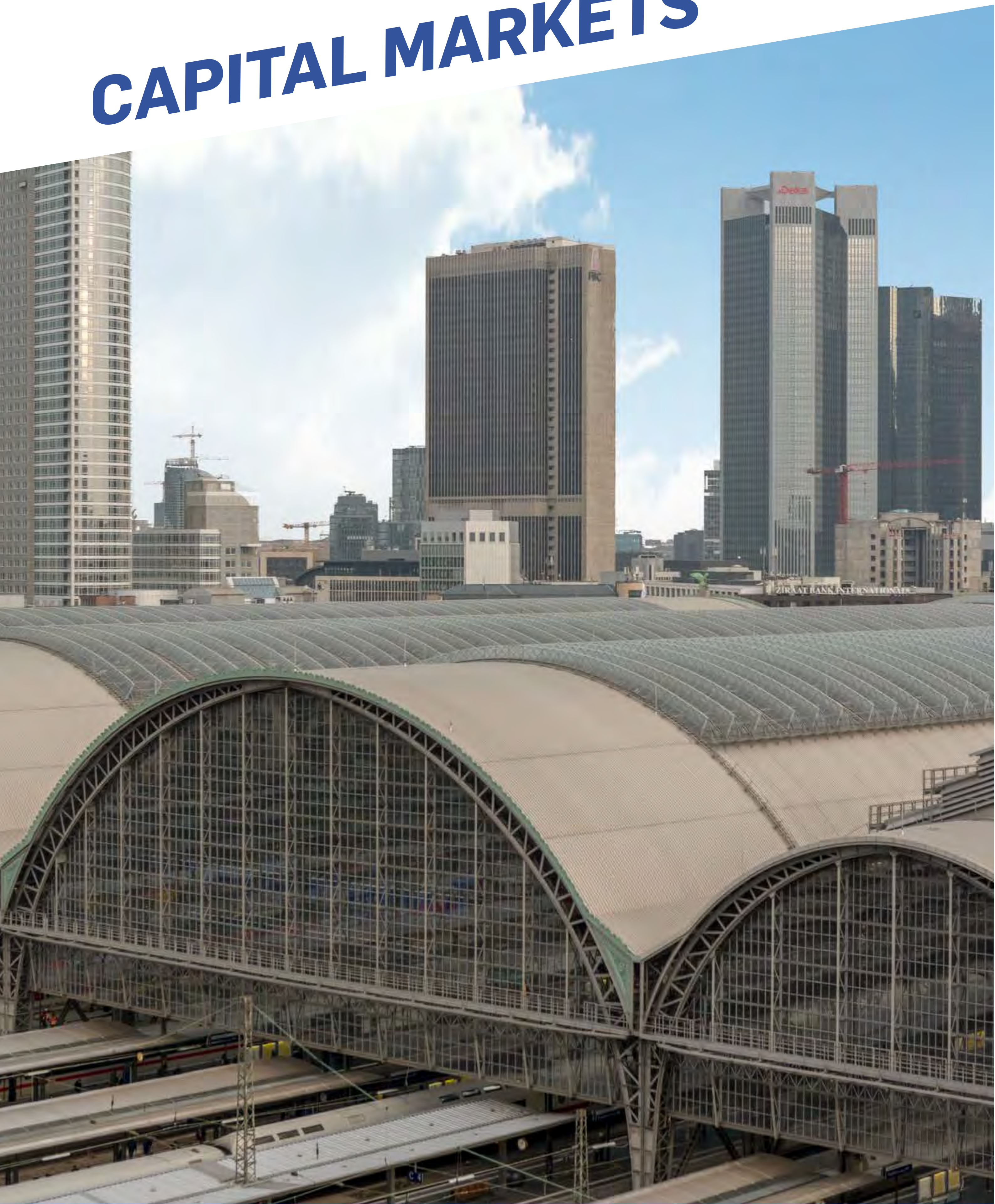
GCP – CONSERVATIVE LOAN-TO-VALUE



GCP – RATING ACHIEVEMENTS



CAPITAL MARKETS



Frankfurt

TRADING DATA AND ANALYST COVERAGE

Placement	Frankfurt Stock Exchange
Market Segment	Prime Standard
Trading ticker	AT1
Initial placement of capital	13.07.2015 (€3.2 per share)
Key index memberships	MDAX FTSE EPRA/NAREIT: – Global – Developed Europe – Eurozone – Germany MSCI Index Series STOXX Europe 600 GPR 250 DIMAX

AS OF THE DAY OF THIS REPORT

Number of shares	1,128,581,866
Shareholder Structure	Freefloat: 71.1% - Of which Blackrock Inc. 5.3% Avisco: 28.9%
Market Cap	€8.9 bn

KEY INDEX INCLUSIONS

Aroundtown's share is a constituent of several major indices such as **MDAX, FSTE/EPRA/NAREIT Index Series, MSCI Index Series, STOXX Europe 600** as well as GPR 250 and DIMAX. These inclusions are the result of Aroundtown's large market cap and high trading volumes on the Prime Standard of the Frankfurt Stock Exchange (XETRA).

INVESTOR RELATIONS ACTIVITIES

The Group is proactively approaching a large investor audience in order to present its business strategy, provide insight into its progression and create awareness of its overall activities to enhance its perception in the market. AT participates in a vast amount of various national and international conferences, roadshows and one-on-one presentations in order to present a platform for open dialogue. Explaining its unique business strategy in detail and presenting the daily operations allow investors to gain a full overview about the Group's successful business approach. The most recent information is provided on its website and open channels for communication are always provided. Currently, AT is covered by 19 different research analysts on an ongoing basis, with reports updated and published regularly.

AROUNDTOWN CONTINUES TO DEMONSTRATE ITS PROVEN ABILITY TO ACCESS THE CAPITAL MARKETS

€2.6 BILLION raised in 2016
€4.2 BILLION raised in 2017
€4.2 BILLION raised in 2018
€1.2 BILLION raised in 2019 YTD

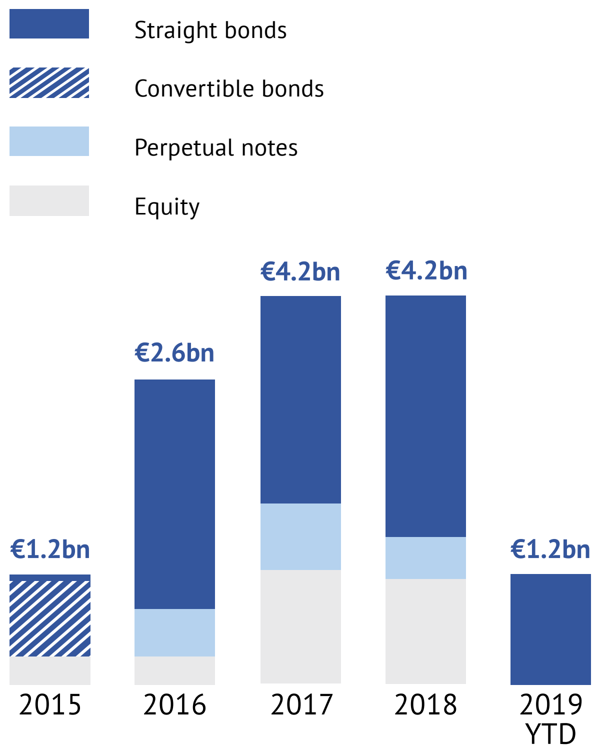
LARGEST EUROPEAN LISTED REAL ESTATE ISSUER IN 2016 AND 2017

In total, AT raised

€13

BILLION

since 2015 through diverse issuances of **bonds, perpetual notes** and **equity**



EQUITY AND BOND BOOKRUNNERS

Deutsche Bank, Morgan Stanley, citi, Goldman Sachs, Jefferies, Standard Chartered, J.P.Morgan, UBS, RBC, Bank of America Merrill Lynch, HSBC, UniCredit, Societe Generale, Credit Suisse, Berenberg

ACCESS TO GLOBAL CAPITAL VIA BOND EMTN PROGRAMME

€ $ £ CAD CHF AUD NOK HKD

Aroundtown has achieved further diversification of its funding sources and capital structure through the issuance of instruments in various foreign currencies through its Euro Medium Term Notes (EMTN) programme. These foreign currency issuances are the result of the strong demand for the Company's notes from global investors.

PROVEN TRACK RECORD IN THE CAPITAL MARKETS: – PROFOUND ACTIVITY LEVEL IN 2018 AND 2019 YTD

SHAREHOLDERS EQUITY

€450 million
conversion of Series B 3% convertible bonds to an aggregate amount of €450 million fully converted in 2018

€606 million
issuance of equity capital in March 2018 at €6.38 per share

€300 million
conversion of Series C 1.5% convertible bonds, fully converted in 2018

PERPETUAL NOTES (EQUITY)

€400 million
perpetual notes issued in January 2018 at a coupon of 2.125% – AT's lowest perpetual coupon yet

STRAIGHT BONDS

€125 million
Series Z Schuldschein due 2024 issued in February 2019 via €100 million initial and €25 million tap issuances

HKD 430 million
Series 27 straight bonds due 2024 with full currency hedge to Euro, issued in March 2019

USD 600 million
Series 28 straight bonds due 2029, full currency hedge to Euro, issued in March 2019

NOK 1,735 million
Series 29 straight bonds due 2029, full currency hedge to Euro, issued in March 2019

€100 million
Series Y Schuldschein due 2026 issued in February 2019

CHF 200 million
Series X straight bonds due 2026 with full currency hedge of notional amount to Euro, issued in February 2019

€76 million
Series W straight bonds due 2032 issued in November 2018

€50 million
Series V straight bonds due 2028 issued in October 2018

€75 million
Series U straight bonds due 2033 issued in September 2018

AUD 250 million
Series P Australian dollar straight bonds due 2025 issued in May 2018, with a currency hedge to Euro

GBP 400 million
Series Q British pound straight bonds due 2027 issued in July 2018

CAD 250 million
Series R Canadian dollar straight bonds due 2025 issued in September 2018 with full currency hedge to Euro

€100 million
Series S Schuldschein due 2023 issued in August 2018

€150 million
Series T straight bonds due 2030 issued in September 2018

€500 million
Series O straight bonds due 2026 issued in April 2018

€800 million
Series N straight bonds due 2028 issued in January 2018

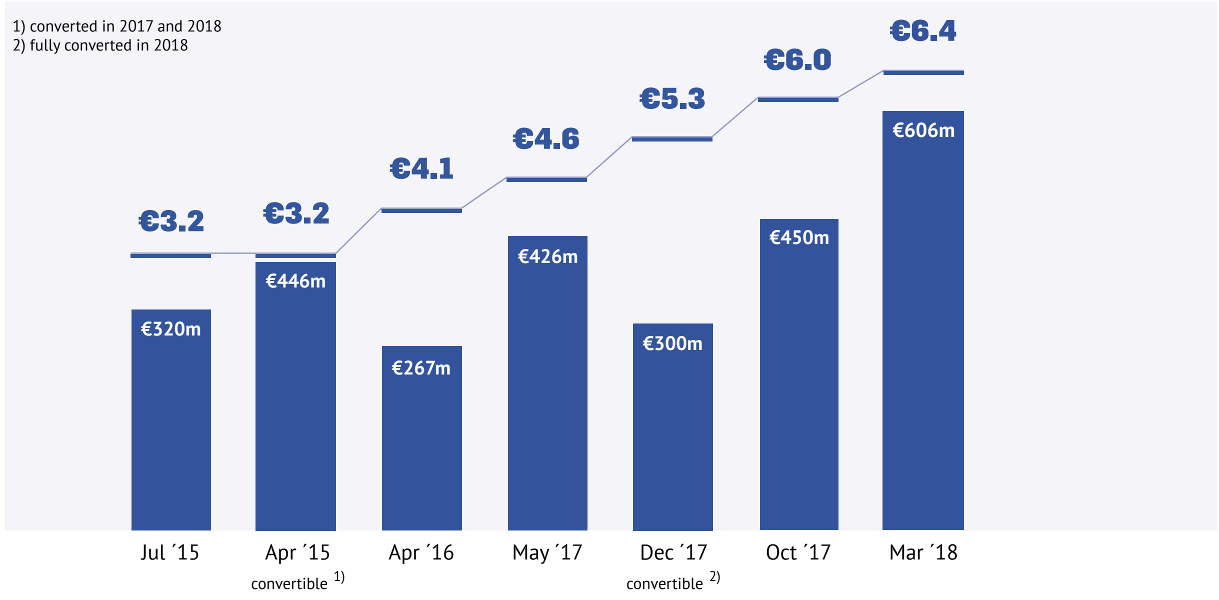
CHF 250 million
Series M straight bonds due 2025 issued in January 2018 – with a currency hedge of notional amount to Euro

USD 150 million
Series L straight bonds due 2038 issued in January 2018 with a currency hedge to Euro

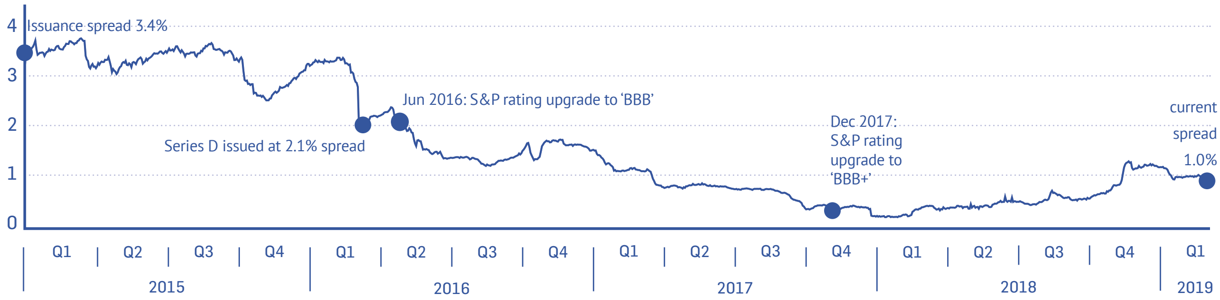
STOCK AND BOND PERFORMANCE

SHARE PRICE PERFORMANCE AND TOTAL RETURN SINCE INITIAL PLACEMENT OF CAPITAL (13.07.2015)

SHARE ISSUE PRICE AND AMOUNT DEVELOPMENT



SPREAD OVER MID-€-SWAP FOR STRAIGHT BONDS A AND D, REMAINING 3.5 YEARS



Hannover

ESG — ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Leipzig

COMMITMENT TO SUSTAINABILITY

Along the growth of the Company, we have dedicated ourselves to set high standards with regards to sustainability, as we strongly believe in generating sustainable value creation for all of our stakeholders. It is of importance to the Company's long-term success that its operations are sustainable in the long term such as ensuring a minimal environmental footprint, high standard of governance and transparency, healthy and balanced workplace environment, high standard of service quality provided to tenants, and a positive social impact on the communities in which the Company operates. AT strives to be a responsible corporate citizen, with its strong operational business success being mirrored in an equally strong corporate reputation. We place emphasis on the shared benefits of a socially responsible investment strategy where it jointly improves our society, shareholders, employees, tenants, business partners, suppliers and our communities, with leaving a minimal environmental impact.

For this reason, we have incorporated an ESG team to structure our sustainability efforts and manage processes related to these matters. Our ESG team proudly presented our first full annual corporate responsibility report for the year 2017 in line with GRI (Global Reporting Initiative) standards as well as EPRA (European Public Real Estate Association)'s sBPR (Sustainability Best Practices Recommendations). Our high sustainability standards were acknowledged by EPRA, which awarded Aroundtown the EPRA sBPR Gold award and sBPR most improved award in September 2018. In order to raise awareness for our exceptional ESG efforts, the team also collaborated with a globally recognized ESG rating agency, Sustainalytics, which has given us an Outperformer ranking in the 93rd percentile globally among 319 real estate peers, reflecting a strong improvement from the previous ranking of 88th percentile. We have also improved the transparency in our reporting procedures and consequentially, our very high standards of financial reporting and transparency brought us the EPRA BPR Gold award for the second time in September 2018.

To maintain a high ESG and corporate responsibility, the Board of Directors established a CR Steering Committee to review shareholder proposals and recommendations that relate to matters of Corporate Social Responsibility. In addition, the Committee reviews and assesses the Company's CSR strategy, initiatives for environmental, social and governance practices and reviews policies with respect to CSR subjects.

The non-financial information that are based on AT´s 2017 Corporate Responsibility report is available on Aroundtown's website. It provides extensive details on key non-financial information and related figures. AT´s 2018 Corporate Responsibility report will be published in April 2019 on AT´s website.

OUTPERFORMER 93RD PERCENTILE GLOBALLY AMONG PEERS

ENVIRONMENTAL RESPONSIBILITY

The Group considers environmental responsibility as an integral part of its business strategy. The Group established a comprehensive environmental policy that reflects all aspects of energy management and environmental responsibility, with the aim to reduce environmental pollution by installing sustainable energy systems which improve energy and cost efficiency, switching to renewable energy sources, and reducing its carbon footprint. Environmental factors are included in the investment strategy, due diligence process and the business plan. Over the life cycle of our assets and as part of the repositioning process, we seek to continuously reduce the potential environmental footprint. As part of this process, we conduct regular environmental risk assessments. Environmental due diligence and risk assessments include all aspects of environmental management, such as water, climate risk and waste management, energy efficiency, and greenhouse gases (GHG) reduction.

ENERGY, EMISSION, WATER AND WASTE MANAGEMENT

The objective of the Group is to reduce energy consumption, especially of fossil fuels, by increasing the use of renewable energy, and to that end the Group sets periodic emission reduction targets. The Group has strategically decided on switching from low-efficient fossil and oil-operated heating plants to higher efficiency systems. A substantial share of the fossil and oil-operated heating plants have already been switched, and further units are being switched on an ongoing basis. Furthermore, the Group believes that water and waste management brings cost savings for the tenants, and thus enhances the attractiveness of the assets for all stakeholders.

Additionally, the Group employs strategic partnerships with energy suppliers (gas and electricity), who must possess relevant certifications. Stipulated by the contractual limits set by the Group's environmental policy, providers monitor their energy consumption and keep to a high standard. The policy also ensures that GHG emission are 100% offset.

SUPPLIER ENVIRONMENTAL PROGRAMS

The Group's environmental policy is further supplemented by the green procurement policy which governs the selection of and the collaboration with suppliers. Suppliers must sign a Code of Conduct as a mandatory component of their contract, which requires them to comply with all relevant legal standards and to possess relevant external certifications that helps assessing the environmental impact of their activities and end products. As a result, nearly all of the Group's contracted suppliers were certified in accordance with the environmental norm ISO 14001. The Group also actively encourages suppliers to innovate and present better systems, technologies and methods in order to improve the overall environmental performance of the supply chain.

For further information of the Company's environmental responsibility, please see the 2017 Corporate Responsibility report available on Aroundtown's website. AT´s 2018 Corporate Responsibility report will be published in April 2019 on AT´s website.

SOCIAL RESPONSIBILITY

The Group strongly believes in the shared benefit of aligning its investment activities with creating a positive social impact in its business relationships, by investing in the safety and well-being of its employees, tenants and communities, as well as partnering only with suppliers that hold responsible values. AT promotes transparency on social responsibility measures and actions taken by the Company, which can be found in the Corporate Responsibility report published annually on the Company's website.

RESPONSIBLE EMPLOYER

The Group is running high profile programs with regards to Human Capital Development which are outlined in our Commitment to Human Capital Development. A main part of the Group's success lies in its ability to attract, develop and retain qualified and motivated employees. To this extent the Group aims to have great leaders at all levels, and encourage the individual pursuit of a work/life balance. The Group believes that a diverse workforce brings value to the team and therefore constantly guides its human capital to a maximum growth and performance by providing people with the means for success and keeping a focus on internal promotion. Furthermore, the Company puts additional emphasis on gender equality. The Group has implemented operating guidelines, monitoring systems and policies such as Diversity Policy and Anti-discrimination Policy to further reinforce the high standards in the workplace, a workplace that is governed by openness and respect.

ECONOMIC AND SOCIAL DEVELOPMENT

The Group's goal is to contribute to the economic and social development of the communities in which it operates and therefore it focuses on supporting initiatives which benefit directly the well-being, health, safety and economic development of its tenants, employees and communities. The Community Involvement & Development Program includes strategic development of relationships with local stakeholders and to conduct operations as a responsible corporate citizen. The Group engages in a number of activities that address regional needs and generate economic and social development in its operating locations. The Group includes economic and social factors in the investment strategy and due diligence process. Policies and procedures contain social and environmental impact assessments as well as periodic reviews of existing operations and stakeholder engagement. The management team reports regularly on economic and social development.

For further information of the Company's environmental responsibility, please see the 2017 Corporate Responsibility report available on Aroundtown's website. AT´s 2018 Corporate Responsibility report will be published in April 2019 on AT´s website.

CR STEERING COMMITTEE

The Board of Directors established a CR Steering Committee to review shareholder proposals and recommendations that relate to matters of Corporate Social Responsibility. In addition, the Committee reviews and assesses the Company's CSR strategy, initiatives and practices for environmental, social and governance practices and reviews policies with respect to CSR subjects.

CORPORATE GOVERNANCE

The Group places a strong emphasis on corporate governance, executed responsibly by the Board of Directors and the management teams. The Group directs its efforts in maintaining the high trust it received from its shareholders to balance interests. The Group is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. AT's shares and bonds were issued to many international leading institutional investors and major global investment and sovereign funds.

The Group follows very strict Code of Conducts which apply to its employees and main suppliers, and include policies such as Anti-Bribery Policy, Anti-Corruption Policy, Anti-discrimination Policy, Conflict of Interest and others.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions and therefore not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to the German corporate governance regime, which are only applicable to domestic issuers. Nevertheless, the Company already complies with most of the principles and intends to comply with the remaining principles in the future, as well as continues to take steps to implement environmental, social and corporate governance best practices throughout its business.

BOARD OF DIRECTORS

The Board of Directors makes decisions solely in the Group's best interests and independently of any conflict of interest. The Group is administered by a Board of Directors that is vested with the broadest powers to perform in the Group's interests. All powers not expressly reserved by the Luxembourg companies act or by the articles of incorporation to the general meeting of the shareholders fall within the competence of the Board of Directors.

On a regular basis, the Board of Directors evaluate the effective fulfilment of their remit and compliance with corporate governance procedures implemented by the Group. This evaluation is also performed by the Audit and Risk Committees. The Board of Directors currently consists of a total of six members, of which three are independent. The members are elected at the Annual General Meeting and resolve on matters on the basis of a simple majority, in accordance with the articles of incorporation. The number of directors, their term and their remuneration are determined by the general meeting of shareholders and the maximum term of directors' appointment per election is six years according to Luxembourg law.

The Board of Directors is provided with regular training on regulatory and legal updates, sector-specific and capital markets subjects and ESG/CSR matters.

ANNUAL GENERAL MEETING

The next Annual General Meeting of the shareholders is scheduled to take place on June 26, 2019 in Luxembourg. It is expected to resolve, among others, on the approval of €0.25 dividend per share for the 2018 fiscal year.

MEMBERS OF THE BOARD OF DIRECTORS

Name	Position
Mr. Frank Roseen	Director
Mr. Oschrie Massatschi	Director
Ms. Jelena Afxentiou	Director
Mr. Markus Leininger	Independent Director
Mr. Markus Kreuter	Independent Director
Dr. Axel Froese	Independent Director

All directors have been appointed and mandate renewed at the Annual General Meeting 2018 until the Annual General Meeting 2019. Details about the remuneration of the Board of Directors can be found under Note 23.1 on page 134.

SENIOR AND KEY MANAGEMENT

Name	Position
Mr. Shmuel Mayo	CEO
Mr. Andrew Wallis	Deputy CEO
Mr. Eyal Ben David	CFO

Details about the compensation of senior and key management can be found under Note 23.1 on page 134.

Berlin

AUDIT COMMITTEE

The Board of Directors established an Audit Committee. The Board of Directors decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The responsibilities of the Audit Committee relate to the integrity of the financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes, including reviewing accounting policies and updating them regularly. The Audit Committee recommends to the Board of Directors the appointment and replacement of the approved independent auditor and provides guidance to the Board of Directors on the auditing of the annual financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor.

Cologne

ADVISORY BOARD

The Board of Directors established an Advisory Board to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the Advisory Board as well as the appointment and dismissal of its members. The Advisory Board has no statutory powers under the Luxembourg companies act or the articles of incorporation of the Company, but applies rules adopted by the Board of Directors. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions. In June 2018, Dr. Gerhard Cromme was appointed as the new Chairman of the Advisory Board.

MEMBERS OF THE ADVISORY BOARD

Name	Position
Dr. Gerhard Cromme	Chairman of the Advisory Board
Mr. Yakir Gabay	Advisory Board Deputy Chairman
Mr. Claudio Jarczyk	Advisory Board Member

RISK COMMITTEE

The Board of Directors established a Risk Committee tasked with assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommending a risk management structure including its organization and its process as well as assessing and monitoring the effectiveness of risk management systems. The Risk Committee provides advice on actions of compliance, in particular by reviewing the Group's procedures for detecting risk, the effectiveness of the Group's risk management and internal control system and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks. The Board of Directors decides on the composition, tasks and term of the Risk Committee and the appointment and dismissal of its members.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

The Group closely monitors and manages any potential risk and sets appropriate measures in order to mitigate the occurrence of any possible failure to a minimum. The risk management is led by the Risk Committee, which constructs the risk management structure, organization and processes, and coordinates risk-related training.

The Risk Committee monitors the effectiveness of risk management functions throughout the organization, ensures that infrastructure, resources and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline. The Group categorizes the risk management systems into two main categories; internal risk mitigation and external risk mitigation.

As part of the strong corporate governance structure and to enhance the internal controls and compliance of the company, Mr. Christian Hupfer was appointed as the CCO (Chief Compliance Officer).

INTERNAL RISK MITIGATION

Internal controls are constructed from five main elements:

- Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies in the organization and executes issues raised by internal audit impacting the risk management framework.
- Control discipline – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.
- Control features – the Group sets physical controls, compliance checks and verifications such as cross departmental checks. The Group puts strong emphasis on separation of duties, as approval and payments are done by at least two separate parties. Payment verifications are cross checked and confirmed with budget and contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.
- Monitoring procedures – the Group monitors and tests unusual entries, mainly through a detailed monthly actual vs. budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.
- ESG risk-related expenditures – the Group has included identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Potential future expenditures on ESG matters and opportunities are included in the financial budget. ESG matters and opportunities are included in the financial budget.

COMPLIANCE, CODE OF CONDUCT AND DATA PROTECTION

Safeguarding the Group from any reputational damage due to error or misconduct is essential in maintaining the Group's reputation. Therefore, enforcing responsible behaviour guided by integrity is a central tool for the management in terms of its dealings. For this reason, the compliance and risk management teams are structured accordingly and supplemented by internal audit procedures, covering all steps of real estate investment and management chain. In order to stipulate ethical behaviour throughout its operations, the Group implemented Code of Conducts for both its employment contracts and supplier contracts which includes policies that prevent compliance violations and misconducts. These policies include Anti-corruption Policy, Diversity and Anti-discrimination Policy, Whistle-blowing Policy, Anti-Bribery Policy, measures to prevent human right violations and Data Protection Declaration and User Policy.

The Company agreed on binding standards to achieve an ethical business conduct within its Group, its employees and other personnel to expressly distance from corrupt behaviours and unethical business and such principles shall be explicitly acknowledged by its business partners, too. The Code of Conduct - that is mandatory for the Group's business partners- includes matters such as respecting and recognizing employees' rights pertaining to freedom of association and the exercise of collective bargaining, providing fair remuneration in wages, refraining from child, forced and compulsory labour, respecting the minimum age requirements within given countries and providing a workplace free of harassment and discrimination of any kind.

The Code of Conduct for employees is supplemented by topical guidelines, the Diversity Policy and Anti-discrimination policy. The diversity of perspectives from differences in nationality, ethnicity, race, culture, age, gender, religion, ideology, sexual identity, or physical ability are all respected. Discrimination on the basis of any of these characteristics constitutes an infringement of basic human rights and is explicitly prohibited at all the bodies of the Company. In addition to this general requirements, the Company also promotes diversity in many different areas, such as professional and cultural background and talent pool. The commitment to diversity is guided by the Diversity Committee which implemented diversity training program during the orientation period to the employees. Additionally, Aroundtown is a signatory of the "Diversity Charter". The details about the Company's diversity management and key figures can be found in the Corporate Responsibility Report published on the Company's website.

The Group, in its employee Code of Conduct, has instruments in place to prevent and fight any kind of violations of law, such as human rights violation, corruption or bribery. The employees have reporting channels to communicate through in case of a possible violation where the measures are dealt with in confidence to the full extent permitted by statutory law. Reported issues are investigated by the Compliance Manager. Besides the reporting channels, there is also a Whistleblowing Service conducted by an external service provider, enabling for full anonymity. If any violation is to be found, certain disciplinary measures are taken if preconditions in that respect are met.

The Company´s Code of Conduct includes the prohibition of insider dealing. The Company is subject to several obligations under Regulation (EU) No. 596/2014 (Market Abuse Regulation, "MAR"). The Company notifies pursuant to Article 19 para. 5 subpara. 1 sentence 1 of MAR, all person discharging managerial responsibilities of their obligations in the context of managers' transactions. Memorandums, notifications and information are distributed regularly.

With regards to data protection, the Group had already implemented a wide range of guidelines and provisions, with the ratification of EU General Data Protection Regulation (GDPR) as of 2018. The Group has implemented Standard Operating Procedures (SOPs) to ensure that all personal data stored and processed in the course of Group's operations are safe from manipulation and misuse. The diligence of the Group with regards to all compliance issues presents itself in the pleasing level of zero compliance related violations. The Code of Conducts for employees as well as business partners can be found on the Company's website.

EXTERNAL RISK MITIGATION

As ordinary course of business, the Group is exposed to various external risks. The Risk Committee is constantly determining whether the infrastructure, resources and systems are in place and adequate to maintain a satisfactory level of risk. The potential risks and exposures are related, inter alia, to volatility of interest risks, liquidity risks, credit risk, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments and market downturn risk. The Group sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

BREXIT EFFECT

On 23 June 2016, voters in the United Kingdom voted in a referendum in favour of the United Kingdom leaving the European Union, a decision known as "Brexit". On 29 March 2017 the United Kingdom submitted a formal departure notice to the European Council pursuant to Article 50(2) of the Treaty on European Union (the EU Treaty) and if no change will occur, the UK is due to leave the European Union.

As many questions relating to Brexit remain open, the outcome of the negotiations regarding the withdrawal of the United Kingdom from the European Union is impossible to predict. Among other consequences, departure from the European Union may result in the United Kingdom no longer having access to the European Single Market. 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. 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 vote 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. Therefore, Brexit may have an adverse effect on the Group's business and the portfolio may be particularly exposed to the economic and political impact of Brexit. The final outcome of Brexit may have a significant impact on the currency exchange rate between the Pound Sterling and the Euro, which should have a limited effect on AT as AT has effectively hedged a large portion of its exposure by issuing Pound Sterling debt against Pound sterling assets. It may however have an adverse effect on the net assets.

The uncertainty around the timing of Brexit and its economic and other terms cause volatility in the financial markets. Since the Group relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, on-going 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 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.

NOMINATION COMMITTEE

The Board of Directors established a Nomination Committee to identify suitable candidates for director positions and examine their skills and characteristics.

REMUNERATION COMMITTEE

The Board of Directors established a Remuneration Committee to determine and recommend to the Board the Remuneration policy for the Chairman of the Board, the Executive Directors and Senior Management including evaluation of short-term performance-related remuneration to senior executives.

SHAREHOLDERS' RIGHTS

The Group respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels as well as on a specific section on its website. The shareholders of Aroundtown SA exercise their voting rights at the annual general meeting of the shareholders, whereby each share is granted one vote. The Annual General Meeting of the shareholders takes place at such place and time as specified in the notice of the meeting. At the Annual General Meeting of the shareholders the board of directors presents, among others, the directors report as well as consolidated financial statements to the shareholders. The Annual General Meeting resolves, among others, on the financial statements of Aroundtown, the appointment of the approved independent auditor of the Company and the discharge to and appointment or re-election of the members of the Board of Directors.

COMPLIANCE TO THE TRANSPARENCY LAW

The Company is committed to adhere to best practices in terms of corporate governance by applying, among others, rules arising from the Luxembourg law of 11 January 2008 on transparency requirements for issuers (the "**Transparency Law**"). In particular, the Company continuously monitors the compliance with the disclosure requirements with respect to regulated information within the meaning of article 1 (10) (the "**Regulated Information**") of the Transparency Law and therefore publishes, stores with the OAM of the Luxembourg Stock Exchange and files with the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") the Regulated Information on an ongoing basis.

The quarterly, half-yearly and annual financial reports, investor presentations, press releases and ad-hoc notifications are available in English language on the Company´s website. In addition, the Company provides on its website information about its organization, its management and upcoming and past shareholder meetings, such as its annual general meetings. The Company´s website further provides a financial calendar announcing the financial reporting dates as well as other important events. The financial calendar is published before the beginning of a calendar year and is regularly updated.

The individual Aroundtown SA financial statements is published annually in the same day of Aroundtown SA consolidated report.

Essen

INFORMATION ACCORDING TO ARTICLE 11 (2) OF THE LUXEMBOURG TAKEOVER LAW

The following disclosure is provided pursuant to article 11 of the Luxembourg law of 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, as amended (the "Takeover Law"):

a) With regard to article 11 (1) (a) and (c) of the Takeover Law (capital structure), the relevant information is available on pages 39 and 127, and Note 19 of this annual report. In addition, the Company's shareholding structure showing each shareholder owning 5% or more of the Company's share capital is available on page 39 of this annual report and on the Company's website, where the shareholding structure chart is updated monthly.

b) With regard to article 11 (1) (b) of the Takeover Law, the ordinary shares issued by the Company are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and are freely transferable according to the Company's articles of association (the "Articles of Association").

c) In accordance with the requirements of Article 11 (1) c of the Takeover Law, the following significant shareholdings were reported to the Company until 31 December 2018:

Shareholder name	Amount of Shares [1]	Percentage of voting rights
Avisco Group PLC	381,723,971	33.8 %
BlackRock, Inc.	59,795,685	5.3% [2]

1) Total number of Aroundtown SA. shares as of 31 December 2018: 1,128,581,866
2) including 0.27% of total voting rights through financial instruments

d) With regard to article 11 (1) (d) of the Takeover Law, each ordinary share of the Company gives right to one vote according to article 8.1 of the Articles of Association. There are no special control rights attaching to the shares.

e) With regard to article 11 (1) (e) of the Takeover Law, control rights related to the issue of shares are directly exercised by the relevant employees. The key terms and conditions in relation to the Company's incentive share plan are described on pages 129 and Note 20 of this annual report.

f) With regard to article 11 (1) (f) of the Takeover Law, the Articles of Association impose no voting rights limitations. However, the sanction of suspension of voting rights automatically applies, subject to the Luxembourg law of 11 January 2008 on transparency requirements for issuers, as amended (the "Transparency Law") to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in the Transparency Law but have not notified the Company accordingly. In this case, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

g) With regard to article 11 (1) (g) of the Takeover Law, as of December 31, 2018, the Company was not aware of any agreements between shareholders that would lead to a restriction on the transfer of shares or voting rights .

h) With regard to article 11 (1) (h) of the Takeover Law, according to article 15.1 of the Articles of Association, the members of the board of directors of the Company (the "Board") shall be elected by the shareholders at their annual general meeting by a simple majority vote of the shares present or represented. The term of the office of the members of the Board shall not exceed six years, but they are eligible for re-election. Any member of the Board may be removed from office with or without specifying a reason at any time. In the event of a vacancy in the office of a member of the Board because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, by observing the applicable legal prescriptions. Further details on the rules governing the appointment and replacement of a member of the Board are set out in page 47 of this annual report.

According to article 14 of the Articles of Association, any amendment to the Articles of Association made by the general meeting of shareholders shall be adopted requires a quorum (i) more than one half of the share capital present and (ii) a majority of at least two-thirds of the votes are validly cast in favour of adopting the resolution. In case the first condition is not reached, a second meeting may be convened, which may deliberate regardless of the proportion of the share capital represented and at which resolutions are taken at a majority of at least two-thirds of votes validly cast.

i) With regard to article 11 (1) (i) of the Takeover Law, the Board of Directors is endowed with wide-ranging powers to exercise all administrative tasks in the interest of the Company including the establishment of an Advisory Board, an Audit Committee, a Risk Committee, a Remuneration Committee and a Nomination Committee. Further details on the powers of the Board are described on pages 47, 48, 50 and 85 of this annual report.

Pursuant to article 7.2 of the Articles of Association, the Board is authorized to issue shares under the authorised share capital as detailed on page 127 (Note 19.1.2. Authorized capital) and page 129 (Note 20. Share-based payment agreements) of this annual report. According to article 8.7 of the Articles of Association, the Company may redeem its own shares to the extent and under the terms permitted by law. The shareholders' meeting did not authorise yet the Board to acquire own shares pursuant to articles 430-15 (1) of the 1915 Law.

j) With regard to article 11 (1) (j) of the Takeover Law, the Company's (listed on pages 130) convertible bonds, hybrid bonds and security issuances under the EMTN programme contain change of control provisions that provide noteholders with the right to require the Company to repurchase their notes upon a change of control of the issuer. The Company's ISDA master agreement securing derivate transactions with regard to its listed debts contains a termination right if the Company is financially weaker after a takeover.

k) With regard to article 11 (1) (k) of the Takeover Law, there are no agreements between the Company and members of the Board or employees according to which, in the event of a takeover bid, the Company may be held liable for compensation arrangements if the employment relationship is terminated without good reason or due to a takeover bid.

Rheinsberg

Rotterdam

NOTES ON BUSINESS PERFORMANCE

Frankfurt

SELECTED CONSOLIDATED INCOME STATEMENT DATA

	For the year ended December 31,	
	2018	2017
	in € millions	
Revenue	747.1	527.1
Net rental income	**633.0**	**449.0**
Property revaluations and capital gains	1,536.4	1,326.6
Share in profit from investment in equity-accounted investees	251.6	228.4
Property operating expenses	(219.1)	(147.1)
Administrative and other expenses	(22.5)	(14.7)
Operating profit	2,293.5	1,920.3
EBITDA	2,295.1	1,922.3
Adjusted EBITDA 1)	**606.0**	**429.3**
Finance expenses	(114.6)	(69.7)
Other financial results	(93.8)	(15.0)
Current tax expenses	(44.4)	(33.5)
Deferred tax expenses	(212.9)	(263.1)
Profit for the year	**1,827.8**	**1,539.0**
FFO I 2) 3)	**405.7**	**293.0**
FFO II	**574.6**	**339.2**

1) including AT's share in GCP's and other joint ventures' adjusted EBITDA, net of contributions from commercial assets held for sale. For more details, see pages 76-80

2) including AT's share in GCP's and other joint ventures FFO I (after perpetual notes attribution). For more details, see pages 76-80

3) excluding minorities and contributions from assets held for sale. For more details, see pages 76-80

REVENUE

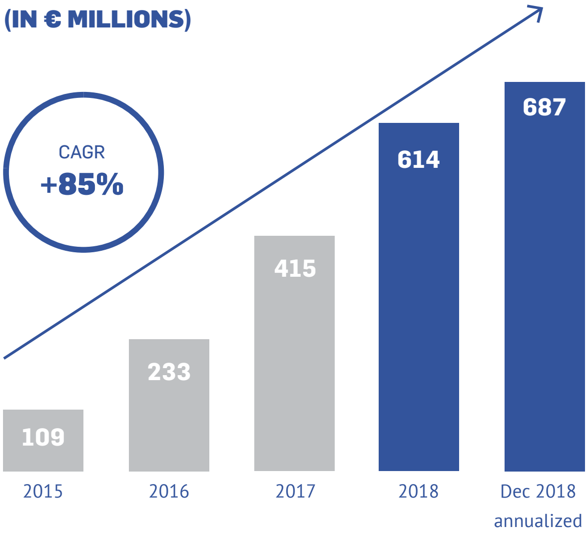
	For the year ended December 31, 2018	2017
	in € millions	
Recurring long-term net rental income	**613.8**	**415.2**
Net rental income related to properties marked for disposal	19.2	33.8
Net rental income	**633.0**	**449.0**
Operating and other income	114.1	78.1
Revenue	**747.1**	**527.1**

In 2018 AT generated an increase in revenues of 42% to €747 million, compared to €527 million in 2017. The main source of revenues is the net rental income which totaled to €633 million in 2018, reflecting an increase of 41% from €449 million in 2017. AT continued its accretive external growth during the year 2018, acquiring over €3 billion properties on a consolidated basis, which was the main driver behind the increase in net rental income. Acquisitions including the investments through joint ventures were €3.7 billion in 2018. In conjunction with its external growth performance, the Company continued to generate organic growth in its portfolio on a like-for-like basis of 4.8% net rental income growth, of which 2.6% results from in-place rent increases and 2.2% from occupancy increases. The internal growth results from AT's portfolio's rent reversionary potential and its ability to unlock this potential.

AT additionally provides a breakdown of its net rental income into recurring long-term net rental income which excludes the net rental income from assets marked for disposal. Since these assets are intended to be sold, their contribution is seen to be on a non-recurring basis and hence excluded here. AT's recurring long-term net rental income increased in 2018 by 48% and amounted to €614 million, compared to €415 million generated in 2017.

Taking into account Aroundtown's growth, the periodic net rental income figure does not fully represent the rent generation level of the existing portfolio as of the end of 2018 since it does not include the full year impact of acquisitions during the year. Therefore, AT provides its December 2018 annualized net rental income, which reflects the full year impact of the portfolio held at the end of 2018. The portfolio as of December 2018 generates an annualized net rental income of €687 million, reflecting a growth of 12% over the recurring long-term net rental income generated in 2018 and a CAGR of 85% since 2015.

RECURRING LONG-TERM NET RENTAL INCOME ANNUALIZED DEVELOPMENT (IN € MILLIONS)



SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	For the year ended December 31, 2018	2017
	in € millions	
Share in profit from investment in equity-accounted investees	**251.6**	**228.4**

Share in profit from investments in equity-accounted investees represents AT's share in the earnings from investments in companies over which it does not obtain control or has a minority holding and thus is not fully consolidated in its financial statements. These profits relate mainly to the Company's strategic investments in GCP and its subsidiaries as well as other joint venture investments. GCP is one of the largest listed real estate companies in Germany with a focus on German residential real estate. In order to tap into the positive developments and strong fundamentals of the German residential real estate sector, AT considers its holding in GCP as a strategic investment, which also supports the diversification of its commercial portfolio.

Share in profit from investment in equity-accounted investees amounted to €252 million for the full-year 2018, representing a growth of 10% over €228 million in 2017. The increase in this item increased due to the increased stake in GCP as well as increased investments in other joint ventures. The weighted average holding rate in GCP increased from 36% during the year 2017 to 38% during the year 2018 and was 39% as of the year-end 2018. Accordingly the balance of equity accounted investees increased to over €2.2 billion in 2018 from €1.9 billion in 2017.

Through its increased stake in GCP, AT is able to benefit strongly from GCP's recurring operating profitability where GCP displayed 11% growth in both adjusted EBITDA and FFO I.

PROPERTY REVALUATIONS AND CAPITAL GAINS

	For the year ended December 31,	
	2018	2017
	in € millions	
Property revaluations	1,459.6	1,315.2
Capital gains	76.8	11.4
Property revaluations and capital gains	**1,536.4**	**1,326.6**

Property revaluations and capital gains for the full year 2018 amounted to €1.5 billion, reflecting a growth of 16% over €1.3 billion recorded in 2017. The high property revaluations are the result of AT's business model of acquiring assets with a value-add potential through operational improvements and the ability to lift this potential. The focus on acquiring properties in central location of top tier cities and strong asset types such as offices and hotels supported the value-add approach due to the favorable market demands in AT's portfolio's locations. AT improves the properties' operational performance by filling up vacancies with strong tenants, extending WALTs, achieving rent increases and improving the cost structure which overall results in the generation of stable future cash flows and eventually in value appreciation.

Capital gains for the year 2018 amounted to €77 million compared to €11 million in 2017, driven by the disposals over their book value. AT is analyzing its portfolio for potential disposals of properties which do not fit the Company's strategy in terms of location or upside potential to lift. The healthy capital recycling of disposing non-core and/or mature properties and investing the funds into accretive acquisitions of properties in locations AT is focusing on increases the portfolio's quality in the long run.

In 2018, AT has sold over €740 million of non-core and/or mature assets which were disposed at 12% over their net book values and approx. 30% over their total cost. Disposals over the book value validate the conservative valuations of the portfolio and the high margins over total cost validate the value creation capabilities.

Aroundtown's properties are appraised at least once a year on an ongoing basis by qualified and independent external valuators. As of December 2018, the portfolio reflects an average value of €2,159 per sqm and a net rental yield of 5.2%, compared to €1,923 per sqm and 5.2% in December 2017, respectively.

PROPERTY OPERATING EXPENSES

	For the year ended December 31,	
	2018	2017
	in € millions	
Ancillary expenses and purchased services	(149.4)	(100.7)
Maintenance and refurbishment	(25.9)	(18.8)
Depreciation and amortization	(1.6)	(2.0)
Operational personnel expenses	(12.8)	(7.6)
Other operating costs	(29.4)	(18.0)
Property operating expenses	**(219.1)**	**(147.1)**

Property operating expenses for the year 2018 amounted to €219 million compared to €147 million in 2017, growing in line with the rental activities of the larger portfolio. The largest proportion of the property operating expenses are ancillary expenses such as energy, heating and water costs, and are mainly recoverable from the tenants. In 2018, these expenses amounted to €149 million, up from €101 million in 2017. Operational personnel expenses grew to €13 million in 2018, up from €8 million in 2017, as the Company requires a larger number of personnel to manage its expanding portfolio. Other operating costs, which include various operational expenses such as marketing, legal, transportation and travel, communications and VAT, amounted to €29 million, up from €18 million in 2017. Property operating expenses are also effected by a certain cost inflation factor provided by the growing economy in the regions in which AT operates, and relates mainly to wage and material costs inflation. It should be additionally noted that due to the nature of commercial real estate, with significant variances across property types, tenant and lease structures, and the resulting operating and maintenance cost structures, fluctuations in the expense ratios can occur between periods where the asset type or lease structure composition changes within the portfolio. Maintenance and capex expenses are presented in the following section.

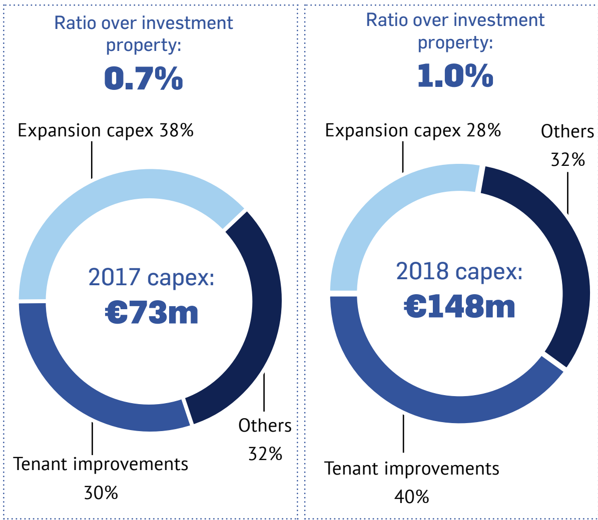
CAPEX AND MAINTENANCE

Maintenance expenses for the year 2018 amounted to €26 million, increasing from €19 million recorded in 2017. These expenses are connected to the lease structure (i.e. single vs multi-tenant, full vs partial pass-through expenses and to the asset type of the property) which result in different maintenance cost structures and thus fluctuate between the periods depending on the portfolio's lease structure composition. Nevertheless, the maintenance expense ratio of investment property was sustained at 0.2% in both years.

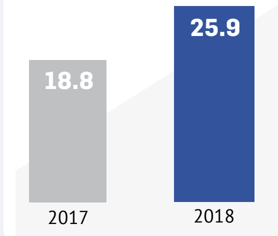
As part of its operations, AT implements capex directed towards increasing rental levels and lifting the value potential of the portfolio. In this regard, AT classifies capex into three different categories based on their targets. Expansion capex is part of the value-add process and refers to investments targeted at creating additional income drivers and value generation potential. Expansion capex in 2018 amounted to 28% of the total capex. Tenant improvements are investments supporting leasing efforts and are targeted at sustaining a high tenant quality by attracting new and retaining existing tenants and result in maintaining a long average lease terms with quality tenants while increasing rents. Investments for tenant improvements amounted to 40% of the total capex in 2018. Other capex refers to ongoing expenditures to sustain the high quality of the portfolio and amounted to 32% of the overall capex in 2018. Total capex amounted in 2018 to €148 million, compared to €73 million in 2017, a ratio of 1.0% over investment properties compared to 0.7% in 2017. Along with the portfolio's growth, AT increases its efforts in extracting the value potential of its properties. Filling up vacant space with strong tenants, extension of lease agreements, robust like-for-like net rental income growth and high value appreciations in the overall portfolio testify for the success of these investments.


Munich

CAPEX BREAKDOWN



MAINTENANCE (IN €MILLIONS)



Maintenance ratio of investment property was 0.2% in both years

ADMINISTRATIVE AND OTHER EXPENSES

	For the year ended December 31, 2018	2017
	in € millions	
Personnel expenses	(10.7)	(6.4)
Legal and professional fees	(4.6)	(3.7)
Year-end closing, accounting and audit expenses	(3.0)	(2.5)
Sales, marketing and administrative expenses	(4.2)	(2.1)
Administrative and other expenses	**(22.5)**	**(14.7)**

Administrative and other expenses for the year 2018 amounted to €23 million, up from €15 million in 2017, growing in line with the Company and its increased corporate initiatives. The largest item under these expenses are personnel expenses which amounted to €11 million in 2018, compared to €6 million in 2017. While positioning itself as an industry leader, AT incurred strong additions to the overhead level for administrative support, including additions to the Advisory Board, the management team, as well as increased ESG efforts. In addition, during the 2018, the Company initiated capital market activities in order to optimize its debt profile, which resulted in higher legal and consultancy fees.


Amsterdam

FINANCE EXPENSES

	For the year ended December 31,	
	2018	2017
	in € millions	
Finance expenses	**(114.6)**	**(69.7)**

AT recorded finance expenses of €115 million in 2018, compared to €70 million in 2017. The growth in finance expenses was mainly due to bond issuances during 2018 that totaled close to €3 billion and to bonds issuances during 2017, which had their full year effect in 2018. Proceeds from these issuances were utilized to fund the Company's growth, as well as to refinance shorter term debt. Accordingly, €319 million of Series D straight bonds maturing in 2022 were repurchased during the year. Additionally, the full conversion of Series B and Series C convertible bonds into equity were completed during 2018. These issuances and refinancing activities are part of AT's conservative financial policy and target for optimization in the debt profile, as well as strengthening the capital structure. By issuing long-term debt at attractive rates and repurchasing shorter term debt, AT was able to achieve a long average debt maturity of 7.4 years, with no significant maturities until 2022, at a low cost of debt of 1.8%. Majority of the issuances were under the EMTN programme enabling Aroundtown to attract funds from further markets via various instruments, as well as to diversify its investor base. AT's solid debt and credit profile, paired with its high operational profitability, is further mirrored by its strong coverage ratios, with an ICR of 4.7x and DSCR of 3.8x for the year 2018.

OTHER FINANCIAL RESULTS

	For the year ended December 31,	
	2018	2017
	in € millions	
Changes in fair value of financial assets and liabilities, net	(83.0)	(4.5)
Finance-related costs	(10.8)	(10.5)
Other financial results	**(93.8)**	**(15.0)**

AT recorded an expense of €94 million for its other financial results in 2018, compared to €15 million in 2017, which are mainly non-recurring or non-cash and one-off expenses. This item consists of expenses related to bond issuances and buybacks, bank and debt repayment fees, hedging fees and CPI hedging effects, as well as fair value changes in financial derivatives and traded securities. The year-over-year growth is primarily driven by costs associated with new bond issuances, repurchases of **Series D** bonds at a premium, conversion incentives for **Series C** bonds and fair value changes in traded securities and derivative financial instruments. These expenses vary from one period to another, impacted by the level of capital market activities and changes in the fair value of financial assets and liabilities.

TAXATION

	For the year ended December 31,	
	2018	2017
	in € millions	
Current tax expenses	(44.4)	(33.5)
Deferred tax expenses	(212.9)	(263.1)
Tax and deferred tax expenses	**(257.3)**	**(296.6)**

AT recorded total tax expenses of €257 million for the year 2018, compared to €297 million recorded in 2017. Current tax expenses refer to corporate and property taxes, and increased to €44 million, reflecting the growth in operational profits. The largest item under total tax expenses is deferred tax expenses which are non-cash expenses driven by revaluation gains. Deferred tax expenses amounted to €213 million for the year 2018, decreasing from €263 million in 2017. The Company accounts for a theoretical future disposals of properties in the form of asset deals, triggering the full real estate tax rate. In practice, as AT's assets are mainly held in separate SPV's, the Company can dispose through share deals and thus minimize the effective tax.

PROFIT FOR THE YEAR

	For the year ended December 31,	
	2018	2017
	in € millions	
Profit for the year	**1,827.8**	**1,539.0**
Profits attributable to:		
Owners of the company	1,620.4	1,282.6
Perpetual notes investors	46.1	28.8
Non-controlling interests	161.3	227.6

AT generated a profit of €1.8 billion for the year 2018, up by 19% compared to €1.5 billion recorded in 2017, of which shareholders' profit amounted to €1.6 billion, growing by 26% compared to €1.3 billion in 2017. This strong bottom-line profit reflects the growth in operational profits as well as value creation. The profit was also positively impacted by disposal gains over the book value. Profit attributable to the perpetual notes investors grew by 60% to €46 million, compared to €29 million in 2017, mainly due to the issuance of €400 million perpetual notes in 2018 and the full period effect of the perpetual notes issued in 2017. Profit attributable to non-controlling interest decreased by 29% mainly due to the Company's consolidation activities during the year.

Brussels

EARNINGS PER SHARE

	For the year ended December 31,	
	2018	2017
Basic earnings per share (in €)	1.54	1.56
Diluted earnings per share (in €)	1.49	1.35
Weighted average basic shares (in millions)	1,052.6	821.5
Weighted average diluted shares (in millions)	1,082.8	925.0

AT recorded in 2018 basic earnings per share of €1.54 and diluted earnings per share of €1.49. While diluted earnings per share grew by 10%, basic earnings per share slightly decreased by 1% compared to 2017. The strong profit generation in the shareholder level was offset by the increase in total share count between two periods. During 2018, over €600 million of equity capital was raised, as well as €300 million Series C convertible bonds and remaining of over €60 million Series B convertible bonds were fully converted into equity. Furthermore, the share count increase in 2017 had a full effect in 2018. In total the weighted average basic share increased by 28% in 2018. On the other hand, the conversions lowered the increase in the weighted average diluted share, which increased by 17%, which therefore resulted in the growth of the diluted earnings per share of 10%.

COMPREHENSIVE INCOME

	For the year ended December 31,	
	2018	2017
	in € millions	
Total comprehensive income for the year	**1,789.2**	**1,538.5**

The comprehensive income for the year 2018 amounted to €1.8 billion, increasing by 16% compared to €1.5 billion recorded in 2017. The increase follows the increase in the profit for the year and was offset by €39 million other comprehensive loss mainly in relation to hedge and foreign currency translation reserve effect.

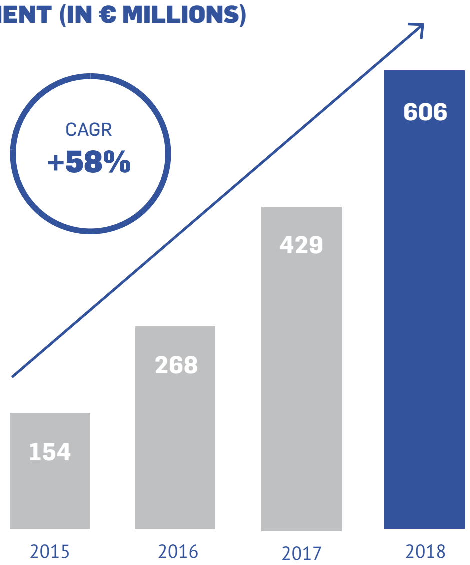
ADJUSTED EBITDA

	For the year ended December 31,	
	2018	2017
	in € millions	
Operating profit	2,293.5	1,920.3
Total depreciation and amortization	1.6	2.0
EBITDA	**2,295.1**	**1,922.3**
Property revaluations and capital gains	(1,536.4)	(1,326.6)
Share in profit from investment in equity-accounted investees	(251.6)	(228.4)
Other adjustments	(10.4)	(28.3)
Adjusted EBITDA commercial portfolio, recurring long-term	**496.7**	**339.0**
Adjustment for GCP and other joint venture positions adjusted EBITDA contribution [1)]	109.3	90.3
Adjusted EBITDA	**606.0**	**429.3**

1) the adjustment is to reflect AT's share in GCP's and other joint ventures' adjusted EBITDA. GCP generated an adjusted EBITDA of €276 million in FY 2018 and €248 million in FY 2017

The adjusted EBITDA is a key performance measure used to evaluate the operational result of the Company, derived by deducting from the EBITDA non-operational items such as revaluation and capital gains, result from disposal of properties and other adjustments. Additionally, in order to mirror the recurring operational results of the Group, the share in profit from investment in equity-accounted investees is subtracted as it also includes the Company's share in non-operational profits generated by its equity-accounted investees. Due to the nature of its strategic investment in GCP and for other joint venture positions, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by those investments for the period in accordance with its holding rate over the period. AT's holding rate in GCP has increased to 39% as of year-end 2018 from 38% as of year-end 2017.

ADJUSTED EBITDA DEVELOPMENT (IN € MILLIONS)



The adjusted EBITDA in 2018 amounted to €606 million and grew by 41% compared to €429 million recorded in 2017. Aroundtown's effective operating platform allowed for capitalizing on its high reversionary potential, evident in high like-for-like total net rent growth of 4.8%. AT's adjusted EBITDA additionally includes the contributions from GCP's and other joint venture holdings' adjusted EBITDA. Through its efficient and scalable operating platform, GCP achieved an adjusted EBITDA growth of 11% in 2018. The adjusted EBITDA additionally accounts for other adjustments in the amount of €10 million. These adjustments are implemented mainly to deduct non-recurring items and add back non-cash items: non-recurring items being mainly the contributions from properties marked for disposal since they are intended to be disposed and therefore not part of the recurring adjusted EBITDA, and non-cash item being mainly expenses for the employee share incentive plan.

FUNDS FROM OPERATIONS I (FFO I)

	For the year ended December 31, 2018	2017
	in € millions	
Adjusted EBITDA commercial portfolio, recurring long-term	**496.7**	**339.0**
Finance expenses	(114.6)	(69.7)
Current tax expenses	(44.4)	(33.5)
Contribution to minorities	(6.7)	(8.9)
Other adjustments	7.9	10.1
FFO I commercial portfolio, recurring long-term	**338.9**	**237.0**
Adjustment for GCP's and other joint ventures' FFO I contribution [1]	66.8	56.0
FFO I	**405.7**	**293.0**
Weighted average basic shares (in millions)	1,052.6	821.5
FFO I per share (in €)	0.39	**0.36**

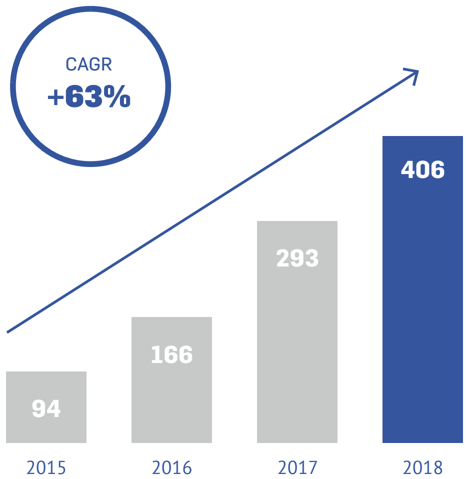
1) the adjustment is to reflect AT's share in GCP's and other joined ventures' FFO I. GCP generated an FFO I after perpetual notes attribution of €168 million in FY 2018 and €154 million in FY 2017

Funds from Operations I (FFO I) is an industry standard performance indicator, reflective of the recurring operational profits after deducting the finance expenses and current tax expenses from the adjusted EBITDA. The calculation further includes adjustments to consider minorities and the relative share of AT in GCP's reported FFO I (after perpetual notes attribution), and the FFO I of other joint venture positions.

The Group generated an FFO I of €406 million in 2018, reflecting a growth of 38% over €293 million recorded in 2017. Accompanying the growth in adjusted EBITDA, the FFO I growth too was driven by accretive external and organic growth. The strong top-line growth was partially offset by proportionally higher financing activities from AT's debt optimization initiatives. During the year, AT continued its capital market activities in order to optimize its debt profile by raising long-term debt at attractive rates. As a result, AT was able to achieve a long average debt maturity of 7.4 years, with no significant maturities until 2022, while keeping the average cost of debt low at 1.8%. The FFO I additionally includes the FFO I contribution from GCP and other joint ventures. GCP yet again concluded another year with high recurring operational profits, with 9% growth in its FFO I after perpetual notes attribution. Through its increased stake in GCP, AT additionally benefits from GCP's high operating performance, as well as from the positive development in the residential real estate market. In addition, FFO I includes other adjustments in the amount of €8 million, mainly relating to finance and tax expenses from the contribution of properties marked for disposal.


Essen

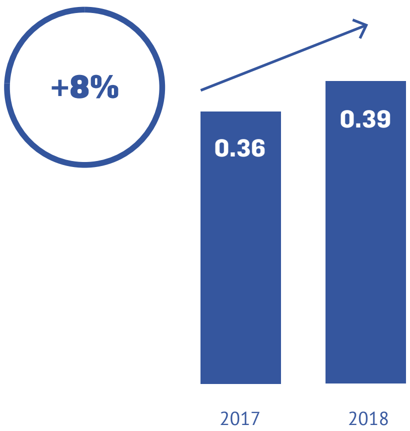
FFO I ANNUAL DEVELOPMENT (IN € MILLIONS)



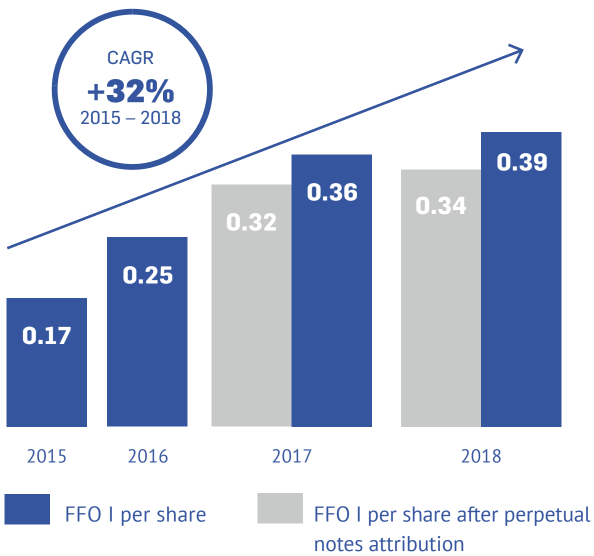
FFO I PER SHARE

Aroundtown generated an FFO I per share of €0.39 in 2018, representing a growth of 8% over €0.36 recorded in 2017. This robust growth reflects AT's ability to create accretive growth for its shareholders, despite the higher amount of share count between two periods due to an equity capital issuance and full conversions of the outstanding convertible bonds. Based on a dividend payout ratio of 65% of FFO I per share, this reflects a dividend of €0.25 per share which is subject to the next AGM approval, reflecting a dividend yield of 3.2%.

FFO I PER SHARE DEVELOPMENT (IN €)



FFO I PER SHARE DEVELOPMENT (IN €)

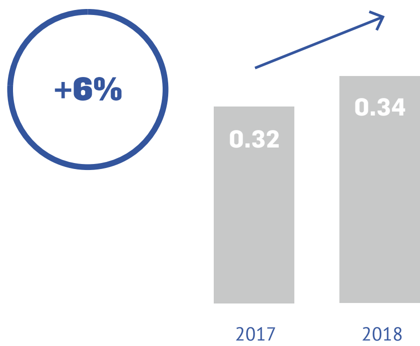


FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

	For the year ended December 31,	
	2018	2017
	in € millions	
FFO I	**405.7**	**293.0**
Adjustment for accrued perpetual notes attribution	(46.1)	(28.8)
FFO I after perpetual notes attribution	**359.6**	**264.2**
Weighted average basic shares (in millions)	1,052.6	821.5
FFO I per share after perpetual notes attribution (in €)	**0.34**	**0.32**

According to IFRS accounting treatment, contributions to perpetual notes are recorded through changes in equity and not as a financial expenses in the income statement. In order to ensure a high level of transparency, the Company additionally presents an adjusted FFO I per share figure factoring in these accrued attributions. AT recorded an FFO I after perpetual notes attribution of €360 million in 2018, up by 36% compared to €264 million in 2017. FFO I per share after perpetual notes attribution amounted to €0.34, up by 6% compared to €0.32 recorded in 2017. The growth in per share amount was partially offset by €400 million new perpetual notes issuance in 2018 and the full period effect of the perpetual notes issued in 2017.

FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION DEVELOPMENT (IN €)



FFO II

	For the year ended December 31,	
	2018	2017
	in € millions	
FFO I	405.7	293.0
Result from disposal of properties [1]	168.9	46.2
FFO II	**574.6**	**339.2**

1) the excess amount of the gross sale price to total cost (cost price plus capex of the disposed properties)

FFO II is an additional key performance indicator used in the real estate industry to evaluate the operational recurring profits including the impact from disposal activities during the reporting period. Results from the disposal of properties amounted to €169 million in 2018, increasing significantly by 266% compared to €46 million in 2017. As a result, FFO II amounted to €575 million, which is 69% higher than €339 million recorded in 2017. During 2018, AT pursued an accretive capital recycling program by which AT disposed non-core and/or mature assets with a total value of over €740 million, reflecting a gross disposal margin of 12% over the net book value and approx. 30% margin over total costs. The proceeds from these non-core disposals were channeled into accretive acquisitions which supports the quality enhancement of the portfolio.

CASH FLOW

	For the year ended December 31,	
	2018	2017
	in € millions	
Net cash provided by operating activities	472.8	361.7
Net cash used in investing activities	(2,924.3)	(2,753.9)
Net cash provided by financing activities	2,952.9	2,491.9
Net changes in cash and cash equivalents	**501.4**	**99.7**

The net cash provided by operating activities for the full year 2018 amounted to €473 million, up by 31% compared to €362 million recorded in 2017, reflecting AT's high operational profit growth. This high operational profitability was achieved through robust external and organic growth. The organic growth is evident in the solid operational performance which is reflected in the 4.8% total like-for-like net rental growth in the past 12 months.

The net cash used in investing activities for the full year 2018 increased by 6% to €2.9 billion, compared to €2.8 billion in 2017, driven by the substantial level of accretive acquisition carried out during the year. This was partially offset by the disposals of non-core assets. In order to seize attractive acquisition opportunities swiftly when they arise, AT maintains a high cash and liquid assets balance. As part of this liquidity is parked in traded securities, the increase in the investment in these traded securities contributed partially towards the increase in net cash used in investing activities balance.

Hamburg

Dresden

The net cash provided by the financing activities for the full year of 2018 increased by 18% to €3.0 billion, compared to €2.5 billion in 2017, primarily driven by the profound level of capital market activities that were conducted during the year. Its proven access to capital provides AT with funds to optimize its debt profile and capital structure, as well as to keep a high liquidity balance for acquisitions. Accordingly, AT raised over €600 million equity capital, €400 million perpetual notes, €2.9 billion bonds and correspondingly repurchased over €300 million of Series D bonds with shorter maturity. Debt profile optimization was achieved by issuing debt with long maturities at attractive rates and repurchasing shorter maturing debt. On the other hand, accessing capital from various markets with issuances in different instruments and currencies provide for a healthy and well-balanced capital structure with a low level of leverage. The increase in the net cash provided by financing activities was partially offset by the dividend distributions of €226 million for the year 2017, which was paid out during 2018.

As a result, the net increase in cash and cash equivalents was €501 million for 2018, up by over 400% compared to an increase of €100 million in 2017. This significant growth contributed towards a high liquidity balance of €1.6 billion as of year-end 2018 which increased by nearly 90% compared to 2017. This solid liquidity position enables AT to quickly realize its acquisition pipeline, as well as provides for a high financial flexibility.

ASSETS

	Dec 2018	Dec 2017
	in € millions	
Non-current assets	**16,938.9**	**12,247.3**
Investment property	14,174.0	9,804.1
Equity-accounted investees in publicly traded company - holding in GCP SA [1)]	1,807.6	1,609.7
Equity-accounted investees, other	407.2	295.9
Current assets	**2,101.9**	**1,523.1**
Assets held for sale [2)]	209.9	500.6
Cash and liquid assets [3)]	1,600.6	848.7
Total Assets	**19,040.8**	**13,770.4**

1) according to AT's holding rate, the fair market value of GCP as of December 2018 is €1.2 billion and €1.4 billion as of the date of this report
2) excluding cash in assets held for sale
3) including cash in assets held for sale

AT's total assets amounted to €19.0 billion as of year-end 2018, representing a growth of 38% over €13.8 billion at year-end 2017, driven by the enhancement of the portfolio through acquisitions and value appreciation, as well as by a higher liquidity balance arising from capital market activities.

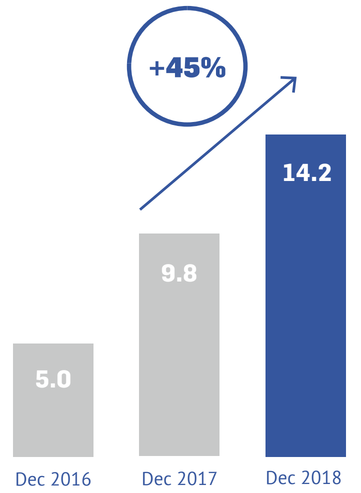
Non-current assets as of year-end 2018 totaled to €16.9 billion, growing by 38% compared to 2017. This is mainly attributable to the growth in investment properties which amounted to €14.2 billion as of year-end 2018, up by 45% from €9.8 billion at year-end 2017. The strong growth is the result of acquisitions mainly, as well as value uplifts of the portfolio, which are all part of AT's investment strategy. Value creation in the portfolio starts prior to the acquisitions, where AT's deal sourcing network and acquisition criteria target value-add properties in central locations of top tier cities. Accordingly, during the year, AT performed €3.1 billion of acquisitions with a rent multiple of 20x, primarily located in top tier cities such as Berlin, Frankfurt, Munich, Stuttgart, London, NRW, Amsterdam and Utrecht. Furthermore, including investments through joint ventures, the Group invested €3.7 billion of properties in 2018. Subsequent to the acquisitions, AT steers its operational focus on creating value in its portfolio through operational improvements which leads to improved occupancies with stronger tenant structures, high like-for-like performance of the asset, extended average lease terms, thus stabilizing future cash flows and eventually to value uplift. Additionally, the main markets that AT invests in, which embodies strong fundamentals, have shown favorable developments during the year. With its enhanced diversification strategy, both in terms of investing in central locations in top tier cities and in strong asset types such as offices and hotels, AT was able to tap into the positive market developments, where demand continues to outweigh the supply, and brought further value-added to its platform. Further value creation measures include identification and extraction of additional building rights, which provides an additional value-add driver to the portfolio. The value appreciation in the portfolio is reflected in €1.5 billion valuation gains recorded during the year.

Investment in equity-accounted investees amounted to €2.2 billion at year-end 2018, growing by 16% compared to €1.9 billion in 2017. This line item represents AT's investment in companies which are not consolidated in its financial accounts and is mainly attributed to the Company's strategic residential portfolio investment via a 39% stake in Grand City Properties as of the year-end 2018, totaling to €1.8 billion compared to €1.6 billion as of year-end 2017. The increase is mainly driven by the profit generation of GCP. In addition, the balance of other equity-accounted investees increased from €0.3 billion to €0.4 billion, due to investments in other joint ventures. GCP's business strategy and operational performance firmly overlaps with AT's investment strategy, providing AT with an access to the German residential real estate sector, given GCP's strong position and high recurring profitability. Non-current assets also include derivative financial assets, deferred tax assets and other non-current assets which are comprised of mainly non-current prepayments, trade receivables, loans which are connected to future real estate transactions and tenancy deposits.

Current assets totaled to €2.1 billion at year-end 2018, up by 38% from €1.5 billion at year-end 2017. This item consists mainly of cash and liquid assets, which amounted to €1.6 billion as of year-end 2018, representing a growth of 89% over €0.8 billion recorded in 2017. This was largely impacted by the capital market activities carried out during the year where AT issued over €600 million equity capital, €400 million perpetual notes and €2.9 billion bonds. Proceeds from these issuances were partly utilized to repurchase over €300 million of shorter term Series D straight bonds, and partly to fund the Company's growth. The remainder resulted in the growth of the liquidity balance which allows for a swift execution in accretive acquisition opportunities. Some of the liquidity is parked through holdings in traded securities which amounted to €352 million as of year-end 2018.

The assets held for sale balance consists of non-core assets that are intended to be sold within the next 12 months. The balance (excluding cash as held for sale) decreased to €210 million as of year-end 2018, from €501 million as at year-end 2017, driven by the disposals during the period. During the year, AT disposed over €740 million of non-core assets at 12% margin over net book value and approx. 30% over total cost. The disposals were primarily in non-core areas such as Freiburg, Langenfeld, Regensburg and Koblenz, or several mature assets in Frankfurt, Berlin, Munich and London. The proceeds from the disposals are channeled into accretive acquisitions in high quality locations. The increase or decrease in this item does not have an impact on the total asset balance but on its composition instead.

INVESTMENT PROPERTY (IN € BILLIONS)



AVERAGE VALUATION PARAMETERS - 2018

Rental multiple	19.2x
Value per sqm	€2,159

VALUATION ASSUMPTIONS SET BY INDEPENDENT VALUATORS - 2018

Market rental growth p.a.	1.8%
Management cost in % per year	2.2%
Average discount rate	5.7%
Average cap rate	5.3%

DECEMBER 2018	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield	WALT (in years)
Office	7,128	2,998	10.9%	359	10.7	2,377	5.0%	4.6
Hotel	3,925	1,255	6.0%	201	13.9	3,127	5.1%	15.9
Retail	1,226	1,411	6.1%	71	4.5	869	5.8%	6.7
Logistics/Wholesale/ Other	917	448	7.5%	56	10.4	2,046	6.1%	5.7
Land for develop-ment & other rights	978							
Total	**14,174**	**6,112**	**8.8%**	**687**	**9.9**	**2,159**	**5.2%**	**8.2**

Baden Baden

Frankfurt

LIABILITIES

	Dec 2018	Dec 2017
	in € millions	
Loans and borrowings 1)	1,119.9	1,127.8
Straight bonds	6,351.6	3,827.0
Convertible bonds	-	293.8
Deferred tax liabilities 2)	887.8	776.5
Other long-term liabilities and derivative financial instruments	164.1	125.0
Current liabilities 3)	573.1	370.4
Total Liabilities	**9,096.5**	**6,520.5**

1) including short-term loans and borrowings and financial debt held for sale
2) including deferred tax under held for sale
3) excluding short-term loans and borrowings and liabilities held for sale

AT's total liabilities as of year-end 2018 amounted to €9.1 billion, compared to €6.5 billion as of year-end 2017, driven by new bond issuances and offset by full conversions of convertible bonds and buybacks of the Series D bonds. Backed by its solid credit profile reflected in a high investment grade rating of BBB+ by S&P, AT undertook capital market activities during the year which delivered further optimization in the debt profile. The debt servicing schedule is effectively spread out over the long-term and more room is made available for focusing on the operations and generating profitability. During the year, AT issued €2.9 billion of bonds, through 12 straight bond issuances and a Schuldschein. Some of the straight bonds were issued in various non-Euro currencies (AUD, CHF, CAD and USD) which were swapped to Euro, providing for a healthy diversification in funding sources. Additionally, AT issued GBP 400 million straight bond in 2018 without a currency hedge to create an effective hedge for the UK properties. Proceeds from these issuances were partly utilized in optimizing the debt profile of the Company. Accordingly, AT repurchased €319 million Series D straight bonds that had a shorter maturity. This liability management is a vital part of AT's conservative financial policy, enabling AT to maintain a healthy balance sheet and liquidity profile. After the reporting period, in 2019 year-to-date, AT additionally issued €1.2 billion through 4 straight bond and 2 Schuldschein issuances. As of the date of this report, AT has a long average debt maturity of 7.4 years with a low cost of debt at 1.8%.

During 2018, all convertible bonds were fully converted into equity. These conversions not only boosted AT's equity base but also reflect AT's success in deploying convertibles as a funding source.

Total liabilities also include deferred tax liabilities which are non-cash items that are predominantly tied to revaluation profits. Deferred tax liabilities increased to €888 million as of year-end 2018, compared to €777 million at year-end 2017, driven by high revaluation gains recorded during the year. The deferred taxes are calculated assuming theoretical future property disposals in the form of asset deals and as such the full corporate tax rate is applied as a result. In practice, as the Company's assets are mainly held in separate SPVs, sales can be structured as share deals, reducing the effective capital tax gains tax significantly.

NET FINANCIAL DEBT

	Dec 2018	Dec 2017
	in € millions	
Total financial debt 1)	7,471.5	5,248.6
Cash and liquid assets 1)	1,600.6	848.7
Net financial debt	**5,870.9**	**4,399.9**

1) including balances held for sale

The net financial debt as at year-end 2018 amounted to €5.9 billion, compared to €4.4 billion at year-end 2017, driven by new bond issuances and offset by the full conversion of the remaining convertible bonds. The cash and liquid assets balance totaled to €1.6 billion as at year-end 2018, from €0.8 billion in 2017. By keeping a high liquidity balance, AT maintains a healthy balance sheet, providing the Company with a financial cushion, as well as reserves to quickly act upon attractive acquisition opportunities.

EQUITY

	Dec 2018	Dec 2017
	in € millions	
Total equity	**9,944.3**	**7,249.9**
of which equity attributable to the owners of the Company	7,829.5	5,402.3
of which equity attributable to perpetual notes investors	1,547.7	1,173.3
of which non-controlling interests	567.1	674.3
Equity ratio	**52.2%**	**52.6%**

Total equity as at year-end 2018 amounted to €9.9 billion, growing by 37% compared to €7.2 billion at year-end 2017, driven by revaluations and a high level of operational profits, as well as capital market activities carried out during the year. During the year, AT issued over €600 million of equity capital and over €360 million of Series C and Series B convertible bonds were fully converted into equity. Paired with a high level of profits supported by the strong value appreciation in the portfolio, this contributed towards an increase of 45% in shareholders' equity to €7.8 billon. The growth in equity attributable to perpetual notes investors were largely impacted by the issuance of €400 million perpetual notes in 2018. During the year, the Company successfully managed to increase its position in several subsidiaries which the Company sees additional value-add potential as well as disposed part of its position without losing control in other mature subsidiaries where the value-add was nearly reached, getting to a net effect of a lower balance in non-controlling interests. The equity ratio slightly decreased from 52.6% at year-end 2017 to 52.2% at year-end 2018, due to proportionally larger increase in total liabilities.

Following IFRS accounting treatment, perpetual notes are classified as equity as they do not have a repayment date, coupon payments are deferrable at the Company's discretion, they are subordinated to debt and do not have any default rights nor covenants.

LOAN-TO-VALUE

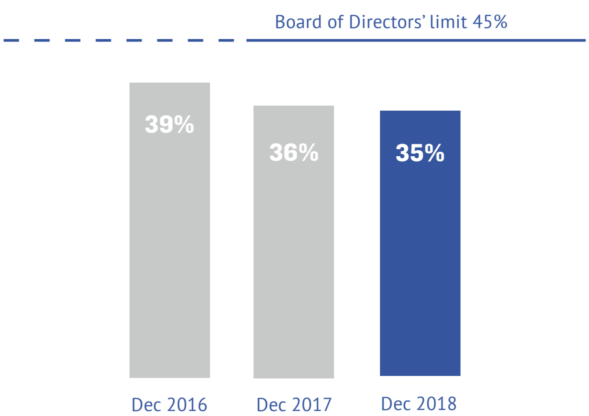
	Dec 2018	Dec 2017
	in € millions	
Investment property [1]	14,222.6	9,874.2
Assets held for sale [2]	203.7	493.1
Investment in equity-accounted investees	2,214.8	1,905.6
Total value	**16,641.1**	**12,272.9**
Net financial debt [3]	**5,870.9**	**4,399.9**
LTV	**35%**	**36%**

1) including advance payments for investment properties
2) held for sale investment property
3) including financial debt and cash and liquid assets held for sale

The Loan-to-Value (LTV) is the ratio of the financial debt, net of cash and liquid assets, to the value of investment property, including advance payments and investments in equity-accounted investees. Maintaining a conservative level of leverage is a key component of Aroundtown's financial policy, with an internal LTV limit of 45% set by the Board of Directors, and results in a strong financial and credit profile.

Aroundtown recorded an LTV of 35% as of year-end 2018, down from 36% at year-end 2017, due to value enhancement in the portfolio through acquisitions and valuations, as well as proportionally lower growth in net financial debt due to conversions. The LTV remains to be well below the Board of Director's limit which provides the Company with significant headroom to initiate further growth, as well as empowers a high degree of comfort against a potential market downturn.

LOAN-TO-VALUE



Amsterdam

UNENCUMBERED ASSETS RATIO

	Dec 2018	Dec 2017
	in € millions	
Rent generated by unencumbered assets *	600.4	460.3
Rent generated by the total Group *	830.0	647.1
Unencumbered assets ratio	**72%**	**71%**

* annualized net rent including GCP's contribution and excluding the net rent from assets held for sale

AT's portfolio embeds additional financial flexibility through a high ratio of unencumbered assets. With a total value of €10.2 billion and a ratio of 72% at year-end 2018, compared to €7.1 billion and 71% in 2017, a high ratio of unencumbered assets provide the Company with additional potential liquidity.

AT's strong credit profile is further reflected in solid ICR and DSCR ratios, 4.7x and 3.8x respectively as at year-end 2018. By maintaining these debt metrics at such high multiples, AT demonstrates the high level of comfort that its operational results have in covering its debt servicing.

ICR

	For the year ended December 31,	
	2018	2017
	in € millions	
Group finance expenses*	132.2	84.4
Adjusted EBITDA*	616.2	459.4
ICR	**4.7x**	**5.4x**

* including the contributions from held for sale and GCP

DSCR

	For the year ended December 31,	
	2018	2017
	in € millions	
Group finance expenses*	132.2	84.4
Group amortizations of loans from financial institutions*	27.9	36.0
Total Group finance expenses and amortizations of loans*	160.1	120.4
Adjusted EBITDA*	616.2	459.4
DSCR	**3.8x**	**3.8x**

* including the contributions from held for sale and GCP

EPRA PERFORMANCE MEASURES

The European Public Real Estate Association (EPRA) is the widely-recognized market standard guidance and benchmark provider for the European real estate industry. EPRA's best practices recommendations dictate the ongoing reporting of a set of performance metrics intended to enhance the quality of reporting by bridging the gap between the regulated IFRS reporting presented and specific analysis relevant to the European real estate industry. These standardized EPRA performance measures provide additional relevant earnings, balance sheet and operational metrics, and facilitate for the simple and effective comparison of performance-related information across the industry. The information presented below is based on the Best Practice Recommendations by EPRA and on the materiality and importance of information.

EPRA PERFORMANCE MEASURES - SUMMARY

in € millions unless otherwise indicated	2018	change	2017
EPRA Earnings	403.2	33%	303.6
EPRA Earnings per share (in €)	0.38	3%	0.37
EPRA NAV	8,742.4	35%	6,483.0
EPRA NAV per share (in €)	7.7	18%	6.5
EPRA NAV incl. perpetual notes	10,290.1	34%	7,656.3
EPRA NAV incl. perpetual notes per share (in €)	9.1	20%	7.6
EPRA NNNAV	8,730.7	40%	6,243.1
EPRA NNNAV per share (in €)	7.7	24%	6.2
EPRA Net Initial Yield (NIY)	4.1%	-0.1%	4.2%
EPRA 'Topped-up' NIY	4.1%	-0.2%	4.3%
EPRA Vacancy - Commercial portfolio	8.8%	-0.6%	9.4%
EPRA Vacancy - Group portfolio	8.5%	-0.4%	8.9%
EPRA Cost Ratio (including direct vacancy costs)	20.2%	1.2%	19.0%
EPRA Cost Ratio (excluding direct vacancy costs)	17.5%	1.1%	16.4%

Düsseldorf

EPRA EARNINGS

The EPRA Earnings is intended to serve as a key indicator of the Company's underlying operational profits for the year in the context of a European real estate company. Given AT's strategic investment in GCP, the proportional share in GCP's EPRA Earnings for the year is included in accordance with the average holding over for the period.

As the Funds from Operations is the widely-recognized industry standard KPI for operational performance and Aroundtown distributes its dividend based on the FFO I per share for the year, an additional reconciliation from the EPRA Earnings to the FFO I is provided below.

	For the year ended December 31,	
	2018	2017
	in € millions	
Earnings per IFRS income statement	**1,827.8**	**1,539.0**
Property revaluations and capital gains	(1,536.4)	(1,326.6)
Changes in fair value of financial assets and liabilities, net	83.0	4.5
Deferred tax expenses	212.9	263.1
Adjustments for investment in equity-accounted investees *	(177.4)	(167.5)
Contribution to minorities	(6.7)	(8.9)
EPRA Earnings	**403.2**	**303.6**
Weighted average basic shares (in millions)	1,052.6	821.5
EPRA Earnings per share (in €)	**0.38**	**0.37**
Bridge to FFO I		
Add back: Depreciation	1.6	2.0
Add back: Finance-related costs	10.8	10.5
Add back: Other adjustments	3.3	1.8
Less: FFO items related to investment in equity-accounted investees*	(7.4)	(4.9)
Less: FFO contribution from assets held for sale	(5.8)	(20.0)
FFO I	**405.7**	**293.0**
FFO I per share (in €)	**0.39**	**0.36**

* including AT's share in GCP and other joint ventures

EPRA Earnings for the year 2018 amounted to €403 million and €0.38 per share, growing by 33% and 3% from €304 million and €0.37 per share respectively. The growth in EPRA Earnings follows the growth in FFO I, reflecting the high level of operational profits generation in the Group level. The per share growth was partially offset by the larger share count between the two years due to equity capital raise, conversions and full effect of the capital raise in 2017.

EPRA NAV

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

	Dec 2018		Dec 2017	
	in € millions	per share	in € millions	per share
NAV per the financial statements	9,944.3		7,249.9	
Equity attributable to perpetual notes investors	(1,547.7)		(1,173.3)	
NAV excluding perpetual notes	8,396.6		6,076.6	
Effect of conversion of in-the-money convertible bonds	-		293.8	
Fair value measurements of derivative financial instruments [1)]	25.1		10.4	
Deferred tax liabilities [1)]	887.8		776.5	
NAV	**9,309.5**	**€8.2**	**7,157.3**	**€7.1**
Non-controlling interests	(567.1)		(674.3)	
EPRA NAV	**8,742.4**	**€7.7**	**6,483.0**	**€6.5**
Equity attributable to perpetual notes investors	1,547.7		1,173.3	
EPRA NAV including perpetual notes	**10,290.1**	**€9.1**	**7,656.3**	**€7.6**
Number of shares, including in-the-money dilution effects (in millions)	1,129.7		1,004.5	

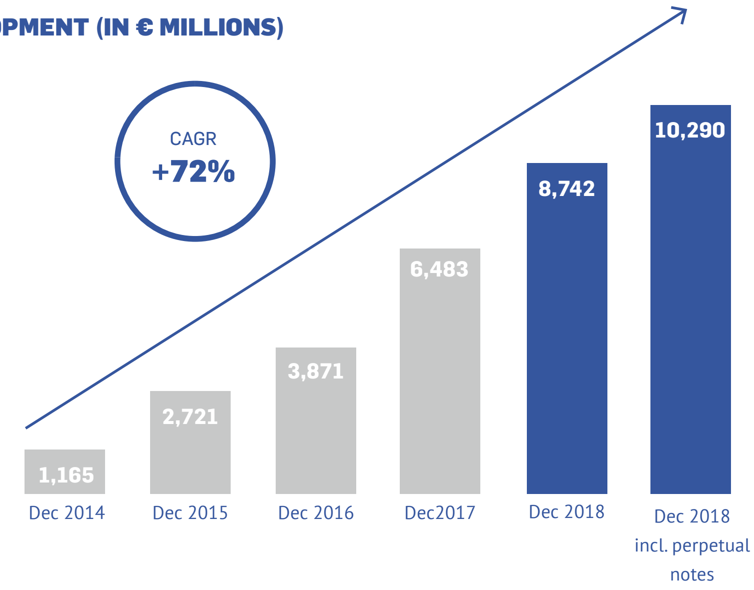
[1)] including balances in assets held for sale

The EPRA NAV as of year-end 2018 amounted to €8.7 billion, up by 35% compared to €6.5 billion recorded at year-end 2017. On a per share basis, this reflects a growth of 18% from €6.5 per share at year-end 2017 to €7.7 per share at year-end 2018. The dividend adjusted growth was 22% on a per share basis.

This substantial growth in EPRA NAV reflects the strong level of value creation and profit generation AT was able to deliver during the year, which was further complemented by the equity raise and conversions. This was partially offset by the dividend distribution of €226 million. The growth in EPRA NAV per share, despite being offset by higher share count between two years, testifies for AT's ability in maximizing the shareholder value.

AT additionally reports the EPRA NAV including perpetual notes since perpetual notes are classified as equity in accordance with IFRS accounting treatment. The EPRA NAV including perpetual notes amounted to €10.3 billion and €9.1 per share at year-end 2018, increasing by 34% and 20% from €7.7 billion and €7.6 per share recorded at year-end 2017, respectively. This was mainly driven by the issuance of €400 million perpetual notes in January 2018.

EPRA NAV DEVELOPMENT (IN € MILLIONS)



EPRA NNNAV

	Dec 2018	Dec 2017
	in € millions	
EPRA NAV	**8,742.4**	**6,483.0**
Fair value measurements of derivative financial instruments	(25.1)	(10.4)
Net fair value of debt	50.4	(190.6)
Deferred tax liabilities [1)]	(37.0)	(38.9)
EPRA NNNAV	**8,730.7**	**6,243.1**
Number of shares, including in-the-money dilution effects (in millions)	1,129.7	1,004.5
EPRA NNNAV per share (in €)	**7.7**	**6.2**

1) assuming disposals through share deals

The EPRA NNNAV is derived by adjusting the EPRA NAV by marking to market the spot values of the Company's financial debt, derivative financial instruments and deferred taxes. The purpose of the EPRA NNNAV is to provide stakeholders with the most relevant information on the Company's financial liabilities by reporting them at their spot values as of the end of the reporting period.

AT's EPRA NNNAV amounted to €8.7 billion as of year-end 2018, increasing by 40% from €6.2 billion at year-end 2017. On a per share basis, the EPRA NNNAV increased by 24% to €7.7 from €6.2 at year-end 2017.

Berlin

EPRA NET INITIAL YIELD (NIY) AND 'TOPPED-UP' NIY

	Dec 2018	Dec 2017
	in € millions	
Investment property	14,174.0	9,804.1
Investment properties of assets held for sale	203.7	493.1
Share of JV investment property [1]	2,821.9	2,449.8
Less: Classified as development rights and new buildings	(977.7)	-
Complete property portfolio	16,221.9	12,747.0
Allowance for estimated purchasers' costs	1,183.7	966.8
Grossed up complete property portfolio value	**17,405.6**	**13,713.8**
End of period annualized net rental income [2]	844.2	676.1
Operating costs [3]	(135.2)	(94.8)
Annualized net rent, after non-recoverable costs	**709.0**	**581.3**
Notional rent expiration of rent-free periods or other lease incentives	12.5	8.0
Topped-up net annualized rent	721.5	589.3
EPRA NIY	**4.1%**	**4.2%**
EPRA 'Topped-up' NIY	**4.1%**	**4.3%**

1) including AT's share in GCP and other joint ventures
2) including AT's share of GCP's and other joint ventures' net rental income and from assets held for sale
3) to reach annualized operating costs, cost margins were used for each respective period

The EPRA Net Initial Yield (NIY) is calculated by subtracting the non-recoverable operating costs from the net rental income as of the end of the period, and dividing the result by the fair value of the full property portfolio (including non-core assets) plus an allowance for estimated purchasers' costs. EPRA 'topped-up' NIY is an additional calculation that factors into consideration the effects of rent-free periods and other lease incentives. Given the strategic investment in GCP, the residential portfolio is proportionally consolidated in the table above in accordance with the holding rate at the end of the period.

The EPRA NIY for the year 2018 was 4.1%, down from 4.2% recorded in 2017, driven by the robust level of value creation in the portfolio and further supported by the general yield compression in the Group's strategic locations which is driven by the strong market dynamics in Germany's and the Netherlands' top tier cities. During the year, the Group continued to focus its operations on extracting values in its portfolio through repositioning efforts and operational improvements, which leads to positive developments in all the KPIs of a property, maximization of its future cash flows and eventually in value creation. The EPRA 'Topped-up' NIY amounted to 4.1% in 2018, likewise down from 4.3% recorded in 2017.

Amsterdam

EPRA VACANCY

	Dec 2018	Dec 2017
EPRA Vacancy - Commercial portfolio	**8.8%**	**9.4%**
EPRA Vacancy - Group portfolio	**8.5%**	**8.9%**

EPRA vacancy is an operational measures that calculates a real estate company's economic vacancy rate as based on the prevailing market rental rates, as opposed to in-place rents and physical vacancy. It is calculated by dividing the market rental value of the vacant spaces in the portfolio by the market rental value of the total portfolio. Aroundtown presents the EPRA Vacancy both on a stand-alone basis for the commercial portfolio only and on a group basis including the relative consolidation of the GCP portfolio in accordance with the holding rate as of the end of the reporting period.

As at year-end 2018, EPRA vacancy of commercial portfolio equaled to 8.8% and Group portfolio to 8.5%, decreasing from 9.4% and 8.9% at year-end 2017, respectively. The reduction in vacancy reflects the positive operational performance of the Company in improving the occupancy levels which was achieved despite the acquisitions with higher vacancies carried out during the year. Reduction in vacancy on a like-for-like basis, excluding the acquisitions and disposals during the year, is reflected in 2.2% like-for-like occupancy growth. This shows AT's ability in delivering its value creation proposition through achieving high like-for-like operational performance.


Hamburg

EPRA COST RATIOS

	For the year ended December 31,	
	2018	2017
	in € millions	
Operational expenses	79.1	50.2
Maintenance and refurbishment	25.9	18.8
Administrative expenses	22.5	14.7
Share of equity-accounted investees [1]	33.7	29.0
Exclude:		
Depreciation	(1.6)	(2.0)
Ground rents	(3.6)	(3.5)
EPRA Costs (including direct vacancy costs)	**156.0**	**107.2**
Direct vacancy costs [1]	(20.7)	(14.9)
EPRA Costs (excluding direct vacancy costs)	**135.3**	**92.3**
Rental and operating income	747.1	527.1
Less: ground rents	(3.6)	(3.5)
Less: operating income	(114.1)	(78.1)
Add: share of net rental income from equity-accounted investees [1]	142.5	118.4
Net rental income	**771.9**	**563.9**
EPRA Cost Ratio (including direct vacancy costs)	**20.2%**	**19.0%**
EPRA Cost Ratio (excluding direct vacancy costs)	**17.5%**	**16.4%**

1) including AT's share in GCP and other joint ventures

The EPRA Cost Ratios provide a detailed analysis of a Company's operating costs structure and provide for increased comparability across companies. The cost ratio is derived by dividing the Company's direct administrative expenses and property operating expenses (including non-recoverable service charges) by the rental income for the year, excluding ground rents. The ratio is calculated both including and excluding the direct vacancy costs.

The Group's EPRA Cost Ratios for 2018 amounted to 20.2% when including direct vacancy costs and 17.5% when excluding direct vacancy costs, compared to 19.0% and 16.4% in 2017 respectively. Although the cost ratios increased y-o-y due to increased rental activities of the larger portfolio, the Group's cost structure remains to be lean, provided by the Group's large scale and operational efficiency. Given the varying nature of commercial property leases and differences in operating cost structures across different commercial property types, fluctuations can be expected in the context of a shifting portfolio structure in terms of property type breakdown and tenant mix.

ALTERNATIVE PERFORMANCE MEASURES

Aroundtown follows the real estate reporting criteria and provides alternative performance measures. These measures provide more clarity on the business and enables benchmarking and comparability to market levels. In the following section, Aroundtown presents a detailed reconciliation for the calculations of its Alternative Performance Measures.

Munich

ADJUSTED EBITDA

The adjusted EBITDA is a performance measure used to evaluate the operational results of the Company by deducting from the *EBITDA*, which includes the *Total depreciation and amortization* on top of the *Operating Profit*, non-operational items such as the *Property revaluations and capital gains*, and *Other adjustments*. *Other adjustments* is calculated by (1) deducting the Adjusted EBITDA related to assets held for sale, a non-recurring item and (2) adding back employee share based payments, a non-cash item. In order to reflect only the recurring operational results, AT deducts the *Share in profit from investment in equity-accounted investees* as this item also includes non-operational profits generated by AT's equity-accounted investees. Due to the nature of its strategic investment in GCP and in other joint venture positions, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by those investments for the period in accordance with its holding rate over the period, labelled as the *Adjustment for GCP and other joint venture positions adjusted EBITDA contribution*.

Adjusted EBITDA calculation
Operating Profit
(+) Total depreciation and amortization
(=) EBITDA
(-) Property revaluations and capital gains
(-) Share in profit from investment in equity-accounted investees
(-) Other adjustments
(=) Adjusted EBITDA Commercial portfolio, Recurring Long-term
(+) Adjustment for GCP and other joint venture positions adjusted EBITDA contribution*
(=) Adjusted EBITDA

* the adjustment is to reflect AT's share in GCP's and other joint ventures' adjusted EBITDA

FUNDS FROM OPERATIONS I (FFO I)

Funds from Operations I (FFO I) is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. AT calculates FFO I by deducting from the *Adjusted EBITDA Commercial Portfolio, Recurring Long-term*, the *Finance expenses, Current tax expenses* and *Contribution to minorities* and adds back *Other adjustments*. *Other adjustments* refers to finance expenses and current tax expenses related to assets held for sale.

Due to the deduction of the *Share in profit from investment in equity-accounted investees* in the adjusted EBITDA calculation which includes the operational profits from those investments, AT adds back its relative share in GCP's reported FFO I after perpetual notes attribution and the FFO I of other joint venture positions, reflecting the recurring operational profit generated by those investments for the period in accordance with the holding rate over the period.

FFO I calculation
Adjusted EBITDA Commercial Portfolio, Recurring Long-term
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities
(+) Other adjustments
(=) FFO I Commercial Portfolio, Recurring Long-term
(+) Adjustment for GCP's and other joint ventures FFO I contribution*
(=) FFO I

* the adjustment is to reflect AT's share in GCP's and other joint ventures' FFO I

FFO I AFTER PERPETUAL NOTES ATTRIBUTION

According to IFRS accounting treatment, AT records perpetual notes as equity in its balance sheet and contributions to perpetual notes are recognized through changes in equity, not as a financial expense in the income statement. For the purpose of enhanced transparency, AT additionally provides the FFO I after perpetual notes attribution which is derived by deducting the *Adjustment for accrued perpetual notes attribution* from the *FFO I.*

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

FUNDS FROM OPERATIONS II (FFO II)

Funds from Operations II (FFO II) is an additional measurement used in the real estate industry to evaluate operational recurring profits including the impact from disposal activities. To derive to the FFO II, the *Results from disposal of properties* are added to the FFO I. These results from disposals reflect the profit driven from the excess amount of the sale price to cost price plus capex of the disposed properties.

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

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

Duisburg

EPRA EARNINGS

The EPRA Earnings is defined by the European Public Real Estate Association (EPRA) as the earnings from operational activities and serves as an indicator of the Company's underlying operational profits for the period in the context of a European real estate company. AT calculates its *EPRA Earnings* by deducting *Property revaluations and capital gains*, a non-operational profit item, adding back *Changes in fair value of financial assets and liabilities*, *net*, a non-operational expense item, adding back *Deferred tax expenses* in line with long-term real estate business model, deducting *Adjustment for investment in equity-accounted investees* and *Contribution to minorities* for its operational recurring profits. With regards to *Adjustment for investment in equity-accounted investees*, given AT's strategic investment in GCP and other joint ventures, the proportional share in GCP's and other joint ventures' EPRA Earnings for the period are included in accordance with the average holding over the period. As FFO I is the widely-recognized indicator for a company's operational performance and AT distributes its dividend based on the FFO I per share for the year, an additional reconciliation is provided from the EPRA Earnings to the FFO I. In this regard, on top of *EPRA Earnings, Depreciation, Finance-related costs* and *Other adjustments* are added back and *FFO items related to investment in equity-accounted investees* and *FFO contribution from assets held for sale* are deducted. *Other adjustments* are share-based payments and *FFO items related to investment in equity-accounted investees* refers to AT's share in GCP's FFO I bridge adjustments for its *Depreciation, Finance-related costs* and *Other adjustments* excluding AT's share in GCP's perpetual note attributions.

EPRA Earnings calculation
EPRA per IFRS income statement
Excluding
Property revaluations and capital gains
Changes in fair value of financial assets and liabilities, net
Deferred tax expenses
Adjustments for investment in equity-accounted investees*
Contribution to minorities
(=) EPRA Earnings

EPRA Earnings to FFO I bridge
EPRA Earnings
(+) Depreciation
(+) Finance-related costs
(+) Other adjustments
(-) FFO items related to investment in equity-accounted investees*
(-) FFO contribution from assets held for sale
(=) FFO I

*including AT's share in GCP and other joint ventures

EPRA NET ASSET VALUE (EPRA NAV)

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

AT's EPRA NAV calculation begins with deducting the *Equity attributable to perpetual notes investors* from the *NAV per the financial statements* to arrive at the *NAV excluding perpetual notes*. In compliance with EPRA's guideline to present the NAV on a dilutive basis, AT adds the *Effect of conversion of in-the-money convertible bonds*. After adding the *Fair value measurement of derivative financial instruments* and *Deferred tax liabilities* which both include balances in assets held for sale, this results in the *NAV*. These items are added back in line with EPRA's standards as they are not expected to materialize on an ongoing and long-term basis. Equity attributable to the *Non-controlling interests* is deducted from the *NAV* to arrive at the *EPRA NAV. EPRA NAV including the perpetual notes* is calculated by adding back the *Equity attributable to perpetual notes investors* on top of the *EPRA NAV*.

EPRA NAV calculation
NAV per the financial statements
(-) Equity attributable to perpetual notes investors
(=) NAV excluding perpetual notes
(+) Effect of conversion of in-the-money convertible bonds
(+) Fair value measurements of derivative financial instruments [1]
(+) Deferred tax liabilities [1]
(=) NAV
(-) Non-controlling interests
(=) EPRA NAV
(+) Equity attributable to perpetual investors
(=) EPRA NAV including perpetual notes

1) including balances in assets held for sale

EPRA TRIPLE NET ASSET VALUE (EPRA NNNAV)

The EPRA Triple Net Asset Value (EPRA NNNAV) is derived by adjusting the EPRA NAV by marking to market the spot values of the Company's financial debt, derivative financial instruments and deferred taxes. The purpose of the EPRA NNNAV is to provide stakeholders with the most relevant information on the Company's financial liabilities by reporting them at their spot values as of the end of the reporting period. Correspondingly, the *EPRA NNNAV* is calculated by deducting first the *Fair value measurements of derivative financial instruments* and the *Net fair value of debt* which is the difference between the market value of debt to the book value of debt, adjusted for taxes. Lastly, *Deferred tax liabilities* are deducted to reach the *EPRA NNNAV* and in compliance with EPRA standards. The adjustment is based on the evidence observed in the market, thus assuming disposal through share deals.

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

* assuming disposal through share deals

Munich

EPRA NET INITIAL YIELD (NIY) AND EPRA 'TOPPED-UP' NIY

The EPRA Net Initial Yield (NIY) and EPRA 'Topped-up' NIY are comparable yield measures provided by EPRA for portfolio valuations. The *EPRA NIY* calculation begins by subtracting the non-recoverable *Operating costs* from *End of period annualized net rental income* which includes AT's share of GCP's and other joint ventures' net rental income and net rental income from assets held for sale. In order to reach annualized operating costs, AT uses cost margins for each respective periods. This *Annualized net rent, after non-recoverable costs* is divided by the *Grossed-up complete property portfolio value* which is the sum of *Complete property portfolio* and *Allowance for estimated purchasers' costs. Complete property portfolio* is the sum of *Investment property, Investment properties of assets held for sale* and *Share of JV investment property*, excluding the part of the portfolio that is *Classified as development rights and new buildings*. On the other hand, *EPRA 'Topped-up'NIY* divides *Topped-up net annualized rent* which includes additionally *Notional rent expiration of rent-free periods or other lease incentives* by the *Grossed up complete property portfolio value.*

EPRA NIY and 'Topped-up' NIY
(+) Investment property
(+) Investment properties of assets held for sale
(+) Share of JV investment property [1]
(-) Classified as development rights and new buildings
(=) Complete property portfolio
(+) Allowance for estimated purchasers' costs
(=) (A) Grossed up complete property portfolio value
(+) End of period annualized net rental income [2]
(-) Operating costs [3]
(=) (B) Annualized net rent, after non-recoverable costs
(C) Notional rent expiration of rent-free periods or other lease incentives
(=) (D=B+C) Topped-up net annualized rent
(=) (B/A) EPRA NIY
(=) (D/A) EPRA 'Topped up' NIY

1) including AT's share in GCP and other joint ventures
2) including AT's share of GCP's and other joint ventures' net rental income and from assets held for sale
3) to reach annualized operating costs, cost margins are used for each respective periods

EPRA COST RATIOS

The EPRA Cost Ratios are key benchmarks provided by the Company in line with EPRA guidelines in order to enable meaningful measurement of the changes in its operating costs, as well as to provide for increased comparability across companies. The *EPRA Costs (including direct vacancy costs)* is derived by adding together *Operational expenses* (including non-recoverable service charges), *Maintenance and refurbishment, Administrative expenses* and *Share of equity-accounted investees* which refers to AT's share in GCP's and other joint ventures' EPRA costs (including direct vacancy costs), excluding *Depreciation* and *Ground rents*. To reach *EPRA Cost ratio (including direct vacancy costs)*, the sum is then divided by the *Net rental income,* which is derived by deducting from *Rental and operating income, Ground rents* and *Operating income* but adding *Share of net rental income from equity-accounted investees*, reflecting AT's share in GCP's and other joint ventures' net rental income. The *EPRA Cost ratio (excluding direct vacancy costs)* is simply derived by dividing *Net rental income* by the *EPRA Costs (excluding direct vacancy costs)* which deducts *Direct vacancy costs* (including AT's share in GCP's direct vacancy costs) from *EPRA Costs (including direct vacancy costs)*.

EPRA Cost Ratios
(+) Operational expenses
(+) Maintenance and refurbishment
(+) Administrative expenses
(+) Share of equity-accounted investees*
(-) Depreciation
(-) Ground rents
(=) (A) EPRA Costs (including direct vacancy costs)
(B) Direct vacancy costs*
(=) (C=A-B) EPRA Costs (excluding direct vacancy costs)
(+) Rental and operating income
(-) Ground rents
(-) Operating income
(+) Share of net rental income from equity-accounted investees*
(=) (D) Net rental income
(=) (A/D) EPRA cost ratio (including direct vacancy costs)
(=) (C/D) EPRA cost ratio (excluding direct vacancy costs)

* including AT's share in GCP and other joint ventures

LOAN-TO-VALUE (LTV)

The Loan-to-Value (LTV) is a measurement aimed at reflecting the leverage of a Company. The purpose of this metric is to assess the degree to which the total value of the real estate properties are able to cover financial debt and the headroom against a potential market downturn. With regards to AT's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which AT can comfortably raise further debt to finance additional growth. *Total value* is calculated by adding together the *Investment property* which includes *Advance payments for real estate transactions, Assets held for sale* (which is held for sale investment property) and *Investment in equity-accounted investees. Net financial debt* is calculated by deducting the *Cash and liquid assets* from the *Total financial debt* which is a sum of *Straight bonds, Convertible Bonds* and *Loans and borrowings. Loans and borrowings* includes short-term loans and borrowings and financial debt held for sale. *Cash and liquid assets* is the sum of *Cash and cash equivalents, Short-term deposits* and *Traded securities at fair value through profit or loss*, as well as cash balances of assets held for sale. AT calculates the *LTV* ratio through dividing the *Net financial debt* by the *Total value*.

LOAN-TO-VALUE calculation
(+) Investment property [1]
(+) Assets held for sale [2]
(+) Investment in equity-accounted investees
(=) (a) Total value
(+) Total financial debt [3] [4]
(-) Cash and liquid assets [4]
(=) (b) Net financial debt
(=) (b/a) LTV
(c) Effect of conversion of in-the-money convertible bond(s)
(=) (b-c)/(a) LTV assuming conversion

1) including advance payments for investment properties
2) held for sale investment property
3) total bank loans and bonds
4) including balances held for sale

UNENCUMBERED ASSETS RATIO

The Unencumbered assets ratio is an additional indicator to assess the Company's financial flexibility. As the Company is able to raise secured debt over the unencumbered asset, a high ratio of unencumbered assets provides the Company with additional potential liquidity. Additionally, unencumbered assets provide debt holders of unsecured debt with a headroom. AT derives the *Unencumbered assets ratio* from the division of *Rent generated by unencumbered assets* by *Rent generated by the total Group. Rent generated by unencumbered assets* is the net rent on an annualized basis generated by assets which are unencumbered, including the contribution of GCP but excluding the net rent from assets held for sale. In parallel, *Rent generated by the total Group* is the net rent on annualized basis generated by the total Group including GCP's contribution but excluding the net rent from assets held for sale.

Unencumbered Assets Ratio calculation
(a) Rent generated by unencumbered assets*
(b) Rent generated by the total Group*
(=) (a/b) Unencumbered Assets Ratio

* annualized net rent including GCP's contribution and excluding the net rent from assets held for sale

DEBT COVER RATIOS: ICR AND DSCR

The Interest Cover Ratio (ICR) and Debt Service Cover Ratio (DSCR) are widely used in the real estate industry to assess the strength of a firm's credit profile. These multiples indicate the degree to which the Company's operational results are able to cover its debt servicing. *ICR* is calculated by dividing the *Adjusted EBITDA* including the contributions from held for sale and GCP by the *Group Finance expenses* which is the sum of AT's finance expenses and AT's share in GCP's finance expenses. The *DSCR* is calculated by dividing the *Adjusted EBITDA* including the contributions from held for sale and GCP by the sum of the *Group Finance expenses* and the *Group Amortizations of loans from financial institutions* which is the sum of AT's amortizations and AT's share in GCP's amortizations.

ICR calculation
(a) Group Finance expenses*
(b) Adjusted EBITDA*
(=) (b/a) ICR

* including the contributions from held for sale and GCP

DSCR calculation
(a) Group Finance expenses*
(b) Group Amortizations of loans from financial institutions*
(=) (c=a+b) Total Group finance expenses and amortizations of loans*
(d) Adjusted EBITDA*
(=) (d/c) DSCR

* including the contributions from held for sale and GCP

RESPONSIBILITY STATEMENT

To the best of our knowledge, the annual consolidated financial statements of Aroundtown SA, prepared in accordance with the applicable reporting principles for financials statements, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report of the Group includes a fair review of the development of the business, and describes the main opportunities, risks, and uncertainties associates with the Group.

DISCLAIMER

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

By order of the Board of Directors,
March 28, 2019

Frank Roseen
Member of the Board of Directors

Oschrie Massatschi
Member of the Board of Directors

Jelena Afxentiou
Member of the Board of Directors

Frankfurt

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

(INDEPENDENT AUDITOR)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Aroundtown SA and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2018 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

BASIS FOR OPINION

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 on the audit profession (the "Law of July 23, 2016") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (the "CSSF"). Our responsibilities under those Regulation, Law and standards are further described in the « Responsibilities of the "Réviseur d'Entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF INVESTMENT PROPERTIES

a) Why the matter was considered to be one of most significant in the audit?

We refer to the accounting policies 2(C) "Judgments and estimates" on page 97, 3(M) "Investment Property" and 3(N) "Assets and liabilities held for sale" on page 105, and Note 14 "Investment Property" on page 123 and Note 18 "Disposal group held for sale" on page 126 in the consolidated financial statements of Aroundtown S.A.

As at December 31, 2018 the Group held a portfolio of investment properties with a fair value of MEUR 14,174.0 (December 31, 2017: MEUR 9,804.1) and Investment Property within Assets held for sale with a fair value of MEUR 203.7 (December 31, 2017: MEUR 493.1).

The valuation of investment properties is a significant judgement area and is underpinned by a number of assumptions.

The fair value measurement of investment property is inherently subjective and requires valuation experts and the Group's management to use certain special 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, building rights, building permits, capital expenditure estimates, and discount and cap rates 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.

The Group uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment properties.

The external valuers were engaged by management, and performed their work in compliance with the Royal In-stitute of Chartered Surveyors ("RICS") Valuation – Pro-fessional Standards, and the International Standards Valuation Council (IVSC). The valuers used by the Group have considerable experience of the markets in which the Group operates. In determining a property's valuation, the valuers take into account property-specific charac-teristics and information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influ-enced by prevailing market yields and comparable mar-ket transactions, to arrive at the final valuation.

The significance of the estimates and judgments involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement in the consolidated statement of profit or loss and consolidated statement of financial position, warrants specific audit focus in this area.

b) How the matter was addressed during the audit?

Our procedures over valuation of investment properties include but are not limited to the following:

- We tested the design and implementation of the key controls around the determination and monitoring of the fair value measurement of the investment properties;
- We assessed the competence, capabilities, qualifications, independence and integrity of the external valuers and read their terms of engagement by Aroundtown SA to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- We assessed that the valuation approach applied by the external valuer is in accordance with relevant valuation and accounting standards and suitable for use in determining the carrying value in the consolidated statement of financial position;
- We tested the integrity, accuracy and completeness of inputs used by the external valuers, as well as appropriateness of valuation parameters used, such as discount capitalisation rates, market rents per square meter and capital expenditure and comparable price per square meter;
- We assessed the valuation process and significant assumptions and critical judgement areas by benchmarking the key assumptions to external industry data and comparable property transactions, in particular the yields applied.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the Board of Directors' Report, EPRA Performance Measures and Alternative Performance Measures but does not include the consolidated financial statements and our report of the "Réviseur d'Entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

RESPONSIBILITIES OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "Réviseur d'Entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of report of the "Réviseur d'Entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on June 27, 2018 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The Board of Directors' Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The accompanying Corporate Governance Statement is presented on pages 47 to 52. The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014, on the audit profession were not provided and that we remain independent of the Group in conducting the audit.

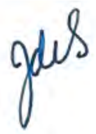
OTHER MATTER

The Corporate Governance Statement includes information required by Article 68ter paragraph (1) points a), b), e), f) and g) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

Luxembourg, March 28, 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

39, Avenue John F. Kennedy
L-1855 Luxembourg



Joseph de Souza

Stuttgart

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended December 31,	
		2018	2017
	Note	in € millions	
Revenue	6	**747.1**	527.1
Property revaluations and capital gains	7	1,536.4	1,326.6
Share in profit from investment in equity-accounted investees	15	251.6	228.4
Property operating expenses	8	(219.1)	(147.1)
Administrative and other expenses	9	(22.5)	(14.7)
Operating profit		**2,293.5**	1,920.3
Finance expenses	10i	(114.6)	(69.7)
Other financial results	10ii	(93.8)	(15.0)
Profit before tax		**2,085.1**	1,835.6
Current tax expenses	11B	(44.4)	(33.5)
Deferred tax expenses	11C	(212.9)	(263.1)
Profit for the year		**1,827.8**	1,539.0
Profit attributable to:			
Owners of the Company		1,620.4	1,282.6
Perpetual notes investors		46.1	28.8
Non-controlling interests		161.3	227.6
Profit for the year		**1,827.8**	1,539.0
Net earnings per share attributable to the owners of the Company (in €)			
Basic earnings per share	12A	1.54	1.56
Diluted earnings per share	12B	1.49	1.35

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2018	2017
	in € millions	
Profit for the year	**1,827.8**	**1,539.0**
Other comprehensive (loss) income:		
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations	(21.8)	(0.7)
Cash flow hedges and cost of hedging	(14.5)	-
Equity-accounted investees – share of OCI	(4.0)	-
Tax related to the other comprehensive income component	1.7	0.2
Total other comprehensive loss for the year, net of tax	**(38.6)**	**(0.5)**
Total comprehensive income for the year	**1,789.2**	**1,538.5**
Total comprehensive income attributable to:		
Owners of the Company	1,581.8	1,282.1
Perpetual notes investors	46.1	28.8
Non-controlling interests	161.3	227.6
Total comprehensive income for the year	**1,789.2**	**1,538.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		December 31,	
		2018	2017
	Note	in € millions	
ASSETS			
Equipment and intangible assets	13	33.1	25.8
Investment property	14	14,174.0	9,804.1
Advanced payments for real estate transactions		48.6	70.1
Investment in equity-accounted investees	15	2,214.8	1,905.6
Derivative financial assets		22.0	34.1
Other non-current assets	16	369.8	392.8
Deferred tax assets	11c	76.6	14.8
Non-current assets		**16,938.9**	**12,247.3**
Cash and cash equivalents		1,242.8	736.4
Short-term deposits		4.7	17.5
Financial assets at fair value through profit or loss		352.0	87.7
Trade and other receivables	17	277.0	162.9
Derivative financial assets		14.4	10.9
Assets held for sale	18	211.0	507.7
Current assets		**2,101.9**	**1,523.1**
Total Assets		**19,040.8**	**13,770.4**

	Note	December 31, 2018	December 31, 2017
		in € millions	
EQUITY	19		
Share capital		11.3	9.5
Retained earnings and other reserves		7,818.2	5,392.8
Equity attributable to the owners of the Company		**7,829.5**	**5,402.3**
Equity attributable to perpetual notes investors		1,547.7	1,173.3
Equity attributable to the owners of the Company and perpetual notes investors		**9,377.2**	**6,575.6**
Non-controlling interests	19.3	567.1	674.3
Total Equity		**9,944.3**	**7,249.9**
LIABILITIES			
Loans and borrowings	21.1	1,092.9	956.9
Convertible bonds	21.2	-	293.8
Straight bonds	21.2	6,351.6	3,827.0
Derivative financial liabilities		61.5	54.9
Other non-current liabilities	22	102.6	70.1
Deferred tax liabilities	11C	882.3	752.2
Non-current liabilities		**8,490.9**	**5,954.9**
Current portion of long-term loans	21.1	27.0	17.4
Trade and other payables	24	450.8	266.5
Tax payable		10.0	8.9
Provisions for other liabilities and charges		106.5	87.1
Liabilities held for sale	18	11.3	185.7
Current liabilities		**605.6**	**565.6**
Total Liabilities		**9,096.5**	**6,520.5**
Total Equity and Liabilities		**19,040.8**	**13,770.4**

The Board of Directors of Aroundtown SA authorized these consolidated financial statements for issuance on March 28, 2019

Frank Roseen
Member of the Board of Directors

Oschrie Massatschi
Member of the Board of Directors

Jelena Afxentiou
Member of the Board of Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

	Attributable to the owners of the Company								
	Share capital	Share Premium and other capital reserves	Hedge Reserves	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
					in € millions				
Balance as at December 31, 2017	**9.5**	**1,809.5**	**(0.5)**	**3,583.8**	**5,402.3**	**1,173.3**	**6,575.6**	**674.3**	**7,249.9**
Adjustment on initial application of IFRS 9, net of tax	-	-	-	(5.9)	(5.9)	-	(5.9)	-	(5.9)
Restated balance as at January 1, 2018	**9.5**	**1,809.5**	**(0.5)**	**3,577.9**	**5,396.4**	**1,173.3**	**6,569.7**	**674.3**	**7,244.0**
Profit for the year	-	-	-	1,620.4	1,620.4	46.1	1,666.5	161.3	1,827.8
Other comprehensive income (loss) for the year, net of tax	-	(26.1)	(12.5)	-	(38.6)	-	(38.6)	-	(38.6)
Total comprehensive income (loss) for the year	**-**	**(26.1)**	**(12.5)**	**1,620.4**	**1,581.8**	**46.1**	**1,627.9**	**161.3**	**1,789.2**
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares	0.9	599.6	-	-	600.5	-	600.5	-	600.5
Issuance of shares related to conversion of convertible bonds	0.8	412.8	-	-	413.6	-	413.6	-	413.6
Equity settled share-based payment	(*) 0.0	1.4	-	-	1.4	-	1.4	-	1.4
Dividend distribution, net (**)	(*) 0.0	(225.7)	-	-	(225.7)	-	(225.7)	-	(225.7)
Total contributions and distributions	**1.7**	**788.1**	**-**	**-**	**789.8**	**-**	**789. 8**	**-**	**789.8**
Changes in ownership interests									
Non-controlling interest arising from initially consolidated companies and other transactions	-	-	-	9.8	9.8	-	9.8	(268.5)	(258.7)
Total changes in ownership interests	**-**	**-**	**-**	**9.8**	**9.8**	**-**	**9.8**	**(268.5)**	**(258.7)**
Transactions with perpetual notes investors									
Issuance of perpetual notes, net	-	-	-	-	-	390.2	390.2	-	390.2
Amount attributed to perpetual notes investors	-	-	-	-	-	(10.2)	(10.2)	-	(10.2)
Issuance of shares in connection with a buy-back of perpetual notes	0.1	51.6	-	-	51.7	(51.7)	-	-	-
Total Transactions with perpetual notes investors	**0.1**	**51.6**	**-**	**-**	**51.7**	**328.3**	**380.0**	**-**	**380.0**
Balance as at December 31, 2018	**11.3**	**2,623.1**	**(13.0)**	**5,208.1**	**7,829.5**	**1,547.7**	**9,377.2**	**567.1**	**9,944.3**

(*) less than €0.1 million.

(**) See also note 19.1.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

	Attributable to the owners of the Company								
	Share capital	Share Premium and other capital reserves	Hedge Reserves	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
					in € millions				
Balance as at December 31, 2016	**6.8**	**633.2**	**-**	**2,450.2**	**3,090.2**	**478.3**	**3,568.5**	**372.6**	**3,941.1**
Adjustment on initial application of IFRS 9, net of tax	-	-	-	(3.3)	(3.3)	-	(3.3)	-	(3.3)
Restated balance as at January 1, 2017	**6.8**	**633.2**	**-**	**2,446.9**	**3,086.9**	**478.3**	**3,565.2**	**372.6**	**3,937.8**
Profit for the year	-	-	-	1,282.6	1,282.6	28.8	1,311.4	227.6	1,539.0
Other comprehensive income (loss) for the year, net of tax	-	-	(0.5)	-	(0.5)	-	(0.5)	-	(0.5)
Total comprehensive income (loss) for the year	**-**	**-**	**(0.5)**	**1,282.6**	**1,282.1**	**28.8**	**1,310.9**	**227.6**	**1,538.5**
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares	1.7	864.4	-	-	866.1	-	866.1	-	866.1
Issuance of shares related to conversion of convertible bonds	1.0	310.3	-	-	311.3	-	311.3	-	311.3
Equity settled share-based payment	(*) 0.0	1.6	-	-	1.6	-	1.6	-	1.6
Dividend distribution	-	-	-	(154.5)	(154.5)	-	(154.5)	-	(154.5)
Total contributions and distributions	**2.7**	**1,176.3**	**-**	**(154.5)**	**1,024.5**	**-**	**1,024.5**	**-**	**1,024.5**
Changes in ownership interests									
Non-controlling interest arising from initially consolidated companies and other transactions	-	-	-	5.5	5.5	-	5.5	74.1	79.6
Total changes in ownership interests	**-**	**-**	**-**	**5.5**	**5.5**	**-**	**5.5**	**74.1**	**79.6**
Transactions with perpetual notes investors									
Issuance of perpetual notes, net	-	-	-	-	-	695.0	695.0	-	695.0
Amount attributed to perpetual notes investors	-	-	-	-	-	(28.8)	(28.8)	-	(28.8)
Total Transactions with perpetual notes investors	**-**	**-**	**-**	**-**	**-**	**666.2**	**666.2**	**-**	**666.2**
Balance as at December 31, 2017	**9.5**	**1,809.5**	**(0.5)**	**3,580.5**	**5,399.0**	**1,173.3**	**6,572.3**	**674.3**	**7,246.6**

(*) less than €0.1 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2018	2017
		in € millions	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**1,827.8**	**1,539.0**
Adjustments for the profit:			
Depreciation and amortization		1.6	2.0
Property revaluations and capital gains	7	(1,536.4)	(1,326.6)
Share in profit from investment in equity-accounted investees	15	(251.6)	(228.4)
Finance expenses and other financial results	10	208.4	(*) 84.7
Current and deferred tax expenses	11D	257.3	296.6
Share-based payment	20	3.3	1.8
Change in working capital		(42.1)	(*) (15.4)
Dividend received	15	50.9	40.7
Tax paid		(46.4)	(32.7)
Net cash provided by operating activities		**472.8**	**361.7**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of equipment and intangible assets, net	13	(4.7)	(9.4)
Investments and acquisitions of investment property, capex and advances paid, net		(915.1)	(614.6)
(Acquisition)/disposals of investees and loans, net of cash acquired/disposed		(1,829.2)	(1,945.5)
Proceeds from/(investments in) traded securities and other financial assets, net		(175.3)	(184.4)
Net cash used in investing activities		**(2,924.3)**	**(2,753.9)**

(*) reclassified.

	Note	Year ended December 31, 2018	2017
		in € millions	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares, net	19	600.5	866.1
Proceeds from issuance of bonds, net	21.2	2,455.5	2,133.4
Proceeds from perpetual notes investors, net	19	352.1	695.2
Redemption and buy-back of convertible bonds		-	(114.4)
Proceeds (repayments) from/(of) loans from financial institutions and others, net		157.1	(822.5)
Amortizations of loans from financial institutions		(24.6)	(32.0)
Transactions with non-controlling interests		(265.4)	(13.2)
Dividend distribution	19	(225.7)	(154.5)
Interest and other financial expenses, net		(96.6)	(66.2)
Net cash provided by financing activities		**2,952.9**	**2,491.9**
Net changes in cash and cash equivalents		**501.4**	**99.7**
Assets held for sale – cash	18	5.9	(4.7)
Cash and cash equivalents as at January 1		736.4	641.4
Effect of movements in exchange rates on cash held		(0.9)	-
Cash and cash equivalents as at December 31		**1,242.8**	**736.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL

(A) Incorporation and principal activities

Aroundtown SA ("the Company" or "AT") was incorporated on May 7, 2004 as a private limited liability company under the Cyprus Companies Law, Cap. 113. On September 13, 2017, the Company transferred its registered office and principal place of business from Cyprus to Luxembourg, and continued as a Société Anonyme (public limited liability company), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 1, Avenue du Bois, L-1251, Luxembourg. The Company's name was changed from "Aroundtown Property Holdings Plc" to "Aroundtown SA".

Aroundtown is a specialist real estate company, with a focus on value-add and income generating properties primarily in the German, Dutch and UK real estate markets. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and additionally, as at December 2018, Aroundtown holds a significant interest of 38.75% (2017: 37.66%) in Grand City Properties S.A., a publicly traded real estate company that focuses on investing in value-add opportunities mainly in the German residential real estate market. Aroundtown's investment in Grand City Properties S.A. is accounted for as equity-accounted investee in its financials.

These consolidated financial statements for the year ended December 31, 2018 consist of the financial statements of the Company and its investees ("the Group").

(B) Listing on the Stock Exchange

On June 2, 2017 the Company's shares were up-listed to the Prime Standard of the Frankfurt Stock Exchange. Since 2015 until 2017, the Company's shares were also listed on the Euronext Paris Stock Exchange.

Effective from March 19, 2018 the Company's shares were included in the MDAX index of the Deutsche Börse.

As at December 31, 2018, the issued share capital consists 1,128,581,866 shares with a par value of €0.01 per share

(C) Capital and bonds increases

Since December 2014, the Company undertook several capital market transactions which include the issuance of straight bonds, convertible bonds, perpetual notes and equity. In addition, the Company established an EMTN program of €10 billion. For further information please see notes 19 and 21.

(D) Group rating

In December 2017, S&P upgraded its credit rating of the company to 'BBB+' with a stable outlook from 'BBB', which was assigned in June 2016. The rating upgrade also applies to the Company's straight bonds which increased to 'BBB+' and its perpetual notes which increased to 'BBB-'.

As at December 2018, the Group rating remained unchanged, as described above.

(E) Definitions

Throughout these notes to the consolidated financial statements:

The Company	Aroundtown SA
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
GCP S.A.	Grand City Properties S.A. (an associate of the Company)
PCI, Camelbay, ATF, ATS	Primecity Investment PLC, Camelbay Limited, ATF Netherlands B.V. and AT Securities B.V. (subsidiaries of the Company)
Related parties	As defined in IAS 24
The reporting period	The year ended on December 31, 2018

2. BASIS OF PREPARATION

(A) Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Certain consolidated statement of profit or loss, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2017 have been reclassified to enhance comparability with 2018 figures and are marked as "reclassified".

The consolidated financial statements were authorized for issuance by the Company's board of directors on March 28, 2019.

(B) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, applying the historical cost convention, except for the measurement of the following:

- Financial assets at fair value through profit or loss;
- Investment properties are measured at fair value;
- Investment in equity accounted investees;
- Derivative financial assets and liabilities;
- Assets and liabilities classified as held for sale;
- Deferred tax assets and liabilities on fair value gains and losses on investment property and derivative financial assets and liabilities.

(C) Judgments and estimates

The preparation of consolidated financial statements in accordance with IFRS requires from management the exercise of judgment, to make estimates and special 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 current knowledge available at that time. Actual results may differ from such estimates.

The estimates and underlying assumptions are revised on a regular basis. Revisions in accounting estimates are recognized 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.

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

(I) Fair value of investment property

The Group uses external valuation reports issued by independent professionally qualified valuators to determine the fair value of its investment properties. Changes in their fair value are recognized in the consolidated statement of profit or loss.

The fair value measurement of investment property requires valuation experts and the Company's management to use certain special 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, building rights, building permits, capital expenditure estimates, and discount and cap rates 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.

(II) Impairment of financial assets measured at amortized cost

When measuring expected credit losses (ECLs) the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

(III) 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 associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

(IV) Tax and deferred tax expenses

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 recognizes 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.

(V) Impairment of intangible asset

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over 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 an 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.

(VI) 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.

(VII) Legal claims

In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the Group relies 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.

(VIII) Provisions

Provisions are recognized 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 recognized as a separate asset but only when the reimbursement is virtually certain.

(IX) Fair value hierarchy

Please see note 4.2

Amsterdam

(D) Functional and presentation currency

The consolidated financial statements are presented in euro, which is also the functional currency of the Group, and reported in millions of euros rounded to one decimal point, except when otherwise indicated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations in the UK which operate in pound (GBP), are expressed in euro (EUR) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in an equity component under the other capital reserves.

As at December 31, 2018, the Company has financial instruments in British Pound (GBP), US Dollar (USD), Swiss Franc (CHF), Australian Dollar (AUD), Canadian Dollar (CAD) and Norwegian Krone (NOK). The exchange rates versus the euro were as follows:

	EUR/GBP	EUR/USD	EUR/CHF	EUR/AUD	EUR/CAD	EUR/NOK
Average rate 2018	0.885	1.181	1.155	1.580	1.529	9.597
December 31, 2018	0.895	1.145	1.127	1.622	1.561	9.948
December 31, 2017	0.887	1.199	1.170	1.535	1.504	9.840
Percentage changes during the respective year:						
Year ended December 31, 2018	0.8%	(4.5%)	(3.7%)	5.7%	3.8%	1.1%
Year ended December 31, 2017	3.6%	13.7%	9.0%	5.2%	6.0%	8.3%

3. SIGNIFICANT ACCOUNTING POLICIES

(A) Changes in accounting policies and disclosures

The Group applied IFRS 9 and IFRS 15 in these consolidated financial statements for the first time. The nature and effect of the changes as a result of adoption of these new standards are described below.

(I) IFRS 9 - Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurements; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of January 1, 2018 using an exemption not to restate comparative information for prior periods. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

The following table summarizes the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings and non-controlling interests (increase/(decrease)).

	Adjustments	As at 1 January 2018	As at 1 January 2017
Retained earnings	(b)	(5.9)	(3.3)

The change did not have material impact on the Group's operating, investing and financing cash flows and the basic and diluted EPS.

The nature of the impact of the initial application on the Group's consolidated financial statements is described below:

(a) Classification and measurement

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as at the date of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognized before January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of IFRS 9 (other than impairment) did not have any impact on the Group.

- The Group continued measuring at fair value through profit or loss all financial assets and financial liabilities held at fair value through profit or loss under IAS 39.
- Trade and other receivables and other non-current financial assets previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortized cost. As the measurement basis has not been changed compared to prior year.
- The Group has not elected to classify irrevocably any of its equity instruments as equity instruments at fair value through OCI.
- The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

(b) Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Upon adoption of IFRS 9, the Group recognized additional loss allowance on the Group's Trade and other receivables and non-current assets, which resulted in a decrease in opening balance of Retained earnings of €5.9 million and €3.3 million as at December 31, 2017 and December 31, 2016, respectively.

(c) Hedge accounting

All hedging relationships designated under IAS39 at December 31, 2017, met the criteria for hedge accounting under IFRS 9 at January 1, 2018, and are therefore regarded as continuing hedging relationships.

(II) IFRS 15 - Revenue from Contracts with Customers

Effective from January 1, 2018, IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires revenue to be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires further disclosures.

Rental and operating income
Lease contracts are scoped out of IFRS 15 and are accounted for under IAS 17 Leases (from 2019: IFRS 16 Leases), and therefore the application of the new standard did not have any impact in terms of amounts and timing on the revenue recognition of rental income.

Any other components of contract which are not lease components should be accounted for under IFRS 15.

IFRS 15 requires the remaining transaction price after the deduction of the lease element in accordance with IAS 17 (from 2019: IFRS 16), to be allocated to all other performance obligations identified. The Group identified several performance obligations which include ancillary services provided to tenants, and allocated the remaining transaction price between the performance obligations based on their estimated relative selling prices. Since the billing of the ancillary services is made in market values, the Group uses these market value as an estimation for the stand-alone selling prices. These performance obligations are satisfied over-time, that is, as ancillary services are rendered. As there are no changes regarding the period-based recognition of operating income or the total amount recognized as operating income, the initial application of IFRS 15 did not have any impact in terms of amount or timing on the revenue recognition of operating income, and therefore no adjustment was required to any financial statement line item.

Sales of properties
For disposal of investment property, the Group identified the transfer of ownership on the property as a performance obligation which is satisfied at the point in time. The Group identified the completion date in which hand-over of the property to the customer has occurred as the point in time in which the customer obtains control over the property and legally bears substantially all the rewards and risks deriving from the ownership of the property. As the control model of IFRS 15 has not changed the point in time in which the performance obligation was satisfied there was no effect on the timing of revenue and gain or loss recognition. IFRS 15 did not have any impact on the amount in which revenue and gain or loss from sale of properties held as inventory or investment property respectively. As a result, no adjustment was required to any consolidated financial statement line item.

The Group has elected to make use of the following practical expedients:

- Completed contracts before the date of transition have not been reassessed.

- The Group applies the practical expedient in paragraph C5(d) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and explanation of when the Group recognized that amount as revenue for the year ended December 31, 2017.

The following amendments to IFRS and interpretations also apply for the first time in 2018:

(e) IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any material impact on the Group's consolidated financial statements.

(f) Amendments to IAS 40: Transfers of Investments Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

(g) Amendments to IFRS 2 - Classifications and Measurement of Share-based Payment Transactions

The issued amendments to IFRS 2 Share-based payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. These amendments affected the Group's share-based payment agreements with net settlement features for withholding tax obligation. For the year ended December 31, 2018, €1.5 million of withholding tax related to share-based payment were recognized in equity.

(B) Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the parent company Aroundtown SA and the financial statements of its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied by all entities in the Group.

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

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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 recognized directly in equity 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 recognized in other comprehensive income and accumulated in equity, the amounts previously recognized 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 IFRS). 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 IRFS 9 Financial Instruments:

(C) Business combinations

Acquisitions of businesses are accounted for using the acquisition method, i.e. when control is transferred to the Group. 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.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized 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 recognized 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 initially measured as the excess of the sum of the consideration transferred, the fair value 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 recognized immediately in the consolidated income statement 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 recognized 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.

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 IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in the consolidated income statements.

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 recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Where a transaction or other event does not meet the definition of a business combination due to the acquiree not meeting the definition of a business, the Group identifies and recognizes the individual identifiable assets acquired and liabilities assumed, and allocates the cost of the group of assets and liabilities to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

Such a transaction or event does not give rise to goodwill.

(D) Investments in associates and equity-accounted investees

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. A jointly controlled entity is an entity in which two or more parties have interest.

The results and assets and liabilities of associates and equity-accounted investees are incorporated in these consolidated 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 recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the consolidated income statement 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 recognizing its share of further losses. Additional losses are recognized 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 recognized at the date of acquisition is recognized 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 recognized immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize 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 recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

(E) Revenue recognition

Rental income
Rental income from operating lease of investment property is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

Ancillary expenses and purchased services
The Group enters as a lessor into lease agreements that include ancillary services provided to tenants by the Group or by other parties acting on its behalf, and other charges billed to tenants, for which the Group is entitled to payments.

Operating income is measured based on the consideration to which the Group expects to be entitled in a contract with a tenant and excludes amounts collected on behalf of third parties. Revenue from service charges is recognized over time as services are rendered.

The Group arranges for third parties to provide certain services to the tenants. The Group is primarily responsible for fulfilling the promise to perform the specific services and the Group bears inventory risk and credit risk on these transactions as it is obliged to pay the service provider even if the customer defaults on a payment. The Group controls the service before it is provided to the tenant and, hence, is principal rather than agent in these contracts, and thus reports revenue on a gross basis, that is, the amounts billed to the tenants are recorded as operating and other income (see note 6.1) and operating costs are recorded as an expense in ancillary expenses and purchased services (see note 8).

Sale of property
The Group enters into contracts with customers to sell properties that are either complete or under development.

The sale of completed property is generally expected to be the only performance obligation which will be satisfied at the point in time when the control is transferred to the customer, which is generally expected to be when legal title is transferred.

For contracts relating to the sale of properties under development, the Group is responsible for the overall management of the project and identifies various goods and services to be provided. In such contracts, the goods and services are not distinct and will generally be accounted for as a single performance obligation. Depending on the terms of each contract, the Group will determine whether control is transferred at a point in time or over time.

The Group has elected to make use of the following practical expedient:

- Contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred.
- The Group applies the practical expedient in

paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.

- The Group does not adjust the transaction price for the effects of significant financing component since at contract inception it is expected that the period between when the entity transfers the services to tenants and when the tenants pay for these services will be one year or less.

(F) Finance income and expenses

Finance income comprises interest income on funds invested.

Finance expenses comprise interest expense on bank loans, third party borrowings and bonds.

(G) Other financial results

Other financial results represent changes in the time value of provisions, changes in the fair value of traded securities, changes in the fair value of derivative financial instruments, borrowing and redemption costs, loan arrangement fees, dividend income and other one-time payments.

Financial expenses are recognized as they accrue in the statement of comprehensive income, using the effective interest method.

(H) Deferred tax, income tax and property taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

(I) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Tax expenses also include property taxation.

(J) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Similarly, unrecognised deferred tax assets are reassessed at each reporting date and recognized to the extent that is has become probable that the future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled (liabilities method), based on tax rates/laws that have been enacted or substantively enacted by the end of the reporting period.

(K) Equipment and intangible assets

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

Depreciation is recognized in profit or loss using 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.

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 derecognized 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 recognized in the consolidated statement of comprehensive income.

The intangible assets of the Group consist of goodwill and software. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization, and any accumulated impairment losses.

(L) Deferred income

Deferred income represents income which relates to future periods.

i. Prepayments
The Group receives prepayments from tenants for ancillary services and other charges on a monthly basis. Once a year, the prepayments received from tenants are settled against the operating cost receivables tenancy deposits.

ii. Tenancy deposits
Tenancy deposits are paid to ensure the property is returned in good condition. The tenancy deposits can also be used if a loss of rent occurs.

(M) Investment property

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 properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by accredited external independent valuers applying a valuation model recommended by the International Valuation Standards Council.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their 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 derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15, and is recognized in property revaluations and capital gain in the consolidated statement of profit or loss.

Transfers are made to (or from) investment property only when there is a change in use.

(N) Assets and liabilities held for sale

Non-current assets or disposal groups, comprising assets and liabilities 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.

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.

(O) Financial instruments

A financial instrument is any contract that gives right to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determine under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortized cost (debt instruments)

2. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)

4. Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amor tized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains or losses are recognized in profit or loss when the asset is de-recognized, modified or impaired refer to expected credit loss model in determined impairment.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other financial results in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidate statement of profit or loss.

Dividends on listed equity instruments are also recognized as other financial results in the consolidated statement of profit or loss when the right of payment has established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economics characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the term of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified entirely as a financial asset at fair value through profit or loss.

c) De-recognition

Financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from defaults events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the

Group has reasonable and supportable information that demonstrates otherwise.

Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECL that are expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or when there is a breach of financial covenants by the debtor. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

(ii) Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

c) De-recognition

A financial liability is de-recognized 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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(P) Perpetual notes

Perpetual notes have no maturity date and may only be redeemed by the Company, at its sole discretion, on certain dates. The perpetual notes are recognized as equity attributable to its holders, which forms part of the total equity of the Group. The Company may, at its sole discretion, elect to defer the payment of interest on the notes (referred to as Arrears of Interest). Arrears of Interest must be paid by the Company upon the occurrence of certain events, including but not limited to, dividends, distributions or other payments made to instruments such as the Company's ordinary shares, which rank junior to the perpetual notes. Upon occurrence of such an event, any Arrears of Interest would be re-classified as a liability in the Group's consolidated financial statements. The deferred amounts shall not bear interest.

(Q) Hedging activities and derivatives

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swap and cross-currency swap contracts, to hedge its foreign currency risks, interest rate risks and fair value risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment.
- Cash flow hedges when hedging the exposures to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Beginning January 1, 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ration is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedge item.
- Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI and accumulated in the hedge reserves, while any ineffective portion is recognized immediately in the consolidated financial statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The forward element is recognized in OCI and accumulated in a separate component of equity under other reserves.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently become a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the cash flows hedge occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the consolidated statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of profit or loss.

In cases that the Group designates only the spot element of swap contracts as a hedging instrument, the forward element is recognized in OCI and accumulated in a component of equity under hedge reserves as time period related element and amortized to the consolidated statement of profit or loss over the hedged period.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

Hedge of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of monetary item that is accounted for as part of the net investment, are accounted for as follows:

- The Group designates the spot element of a non-derivative financial liability and forward contracts as the hedging instrument.
- The forward element is recognized as cost of hedging and accumulated in a separate component of equity under hedge reserves.
- Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI.
- On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

Hedge accounting policy applicable before January 1, 2018

The policy applied in the comparative information presented for 2017 is similar to that applies for 2018.

(R) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

(S) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in euro that can be converted to share capital at the option of the holder, when the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity and no gain or loss is recognized.

(T) Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated 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.

(U) Operating segments

The Group has one reportable operating segment which refers to rental income from owned investment properties.

An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- 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
- For which separate financial information is available.

(V) Comparatives

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

(W) Earnings per share

Earnings per share are calculated by dividing the net profit attributable to owners of the Company by the weighted average 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 share-based payments for employee) 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 in earnings of investees is included based on the diluted earnings per share of the investees, multiplied by the number of shares held by the Company.

(X) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(Y) Provisions for other liabilities and charges

Provisions are recognized when there is a present obligation, either legal or constructive, vis-à-vis third parties as a result of a past event, if it is probable that a claim will be asserted and the probable amount of the required provision can be reliably estimated. Provisions are reviewed regularly and adjusted to reflect new information or changed circumstances.

Provisions include provisions for operating and administrative liabilities, as well as accruals of interest on straight and convertible bonds which have not become payable as at the reporting date.

(Z) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Determining whether an arrangement contains a lease at inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

New International Financial Reporting Standards (IFRS), amendments to IFRS and Interpretations.

The following new standards, interpretations and amendments to standards, which are relevant to the Group, are in issue and endorsed by the EU but are not yet effective for these consolidated financial statements:

IFRS 16 - Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for accounting periods beginning on or after January 1, 2019. The date of initial application of IFRS 16 for the Group will be January 1, 2019.

The Group has chosen the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

The Group will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

Impact on the Group as a lessee

IFRS 16 will change how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for leases of lands the Group will:

a) Recognize investment property and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

b) Recognize revaluations gains and losses on investment property and other financial results on lease liabilities in the consolidated statement of profit or loss;

c) Separate the total amount of cash paid into a principal portion and other finance cost which will be presented within financing activities in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortized as a reduction of rental expenses on a straight-line basis.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognize a lease expense on a straight-line basis as permitted by IFRS 16.

A preliminary assessment indicates that the Group will recognize investment property of approx. €53 million and a corresponding lease liability of approx. €53 million, which represents the present value of the future lease payments.

Subsequently, the investment property is measured at fair value, resulting in net revaluation gains of approx. €30 million. The tax impact of the first-time application of IFRS 16 will include recognition of deferred tax liability and corresponding deferred tax expenses of approx. €6 million.

Additionally, the lease payments included in property operating expenses will decrease by approx. €4 million and the other financial results on lease liability will increase by approx. €6 million.

The cumulative effect of the initial application of IFRS 16 which will be presented as an adjustment to the opening balance of retained earnings at January 1, 2019 is expected to be approx. €24 million.

Impact on the Group as a lessor

Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

Under IFRS 16, an intermediate lessor accounts for the head lease and the sublease as two separate contracts. The intermediate lessor is required to classify the sublease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under IAS 17).

The preliminary assessment indicates that there is no impact of the initial application of IFRS 16 on the Group as a lessor.

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstances that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted. The Group has not early adopted these amendments. The amendments will not have any impact on the consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatment separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transitions reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements.

The interpretation does not have any material impact on the consolidated financial statements.

The Group has not early adopted any standards, interpretations or amendments that have been in issued but are not yet effective and adopted by the EU.

4. FAIR VALUE MEASUREMENT

The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

4.1 Fair values

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, other than those with carrying amount are reasonable approximation of their fair values:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	in € millions			
Financial assets				
Financial assets at fair value through profit or loss	352.0	352.0	87.7	87.7
Derivatives financial instruments	36.4	36.4	45.0	45.0
Total	388.4	388.4	132.7	132.7
Financial liabilities				
Convertible bonds	-	-	293.8	386.0
Straight bonds	6,351.6	6,272.5	3,827.0	4,078.0
Derivatives financial instruments	61.5	61.5	54.9	54.9
Total	6,413.1	6,334.0	4,175.7	4,518.9

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

Valuation methods assumptions

The management assessed that cash and cash equivalents, trade and other receivables, trade and other payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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

- The fair values of the quoted bonds are based on price quotations at the reporting date. The fair value of unquoted bonds is measured using the discounted cash flows method with observable inputs.
- There's an active market for the Group's listed equity investments and quoted debt instruments.
- Hybrid instruments are measured using a combination of a discount cash flows method for the host contract and a call pricing model for the embedded derivative (i.e., the conversion option). The models use observable inputs such as market price of the underlying asset and swap rate curve.
- The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate and foreign exchange swap and forward, collar and cap contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation technique include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.

4.2 Fair value measurement hierarchy

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities:

Fair value measurement hierarchy for assets as at December 31, 2018 and 2017:

	December 31, 2018				December 31, 2017			
	Fair value measurement using				Fair value measurement using			
	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	in € millions							
Assets measured at fair value:								
Investment property	14,174.0	-	-	14,174.0	9,804.1	-	-	9,804.1
Financial assets at fair value through profit or loss	352.0	352.0	-	-	87.7	87.7	-	-
Derivatives financial assets	36.4	-	36.4	-	45.0	-	45.0	-
	14,562.4	**352.0**	**36.4**	**14,174.0**	**9,936.8**	**87.7**	**45.0**	**9,804.1**
Liabilities measured at fair value:								
Derivatives financial liabilities	61.5	-	61.5	-	54.9	-	54.9	-
Liabilities for which fair values are disclosed:								
Convertible bonds	-	-	-	-	386.0	386.0	-	-
Straight bonds	6,272.5	6,098.9	173.6	-	4,078.0	4,078.0	-	-
	6,334.0	**6,098.9**	**235.1**	**-**	**4,518.9**	**4,464.0**	**54.9**	**-**

There have been no transfers between Level 1, Level 2 and Level 3 during 2018 and 2017.
For the reconciliation of fair value measurement under level 3 hierarchy see note 14A.

5. ACQUISITION OF SUBSIDIARIES

During the year, the Group obtained control over several portfolios through acquisitions of companies. The transactions did not meet the definition of business combination. The purchases of these companies were treated as acquisition of a group of assets and liabilities.

A total purchase costs net of cash amounted to €2,185.6 million were allocated between the net assets and liabilities based on their relative fair value at the purchase date, without recognition of goodwill.

As part of the acquisition the Group initially consolidated investment property in the amount of €2,357.2 million and recognized €60.8 million non-controlling interests.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisitions.

	in € millions
Investment property	2,357.2
Equipment	4.2
Cash and working capital, Net	58.1
	2,419.5
Bank loans and other liabilities, net	(119.0)
Total identifiable net assets	**2,300.5**
Non-controlling interests arising from initial consolidation	(60.8)
Total consideration	**2,239.7**

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6. REVENUE

	Year ended December 31,	
	2018	2017
	in € millions	
Net rental income	633.0	449.0
Revenue from contracts with customers	114.1	78.1
	747.1	**527.1**

6.1 Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2018	2017
	in € millions	
Revenue from goods or services transferred to customers over time:		
Operating and other income	114.1	78.1

6.2 Geographical information

The geographical breakdown of revenue is as follows:

	Year ended December 31,	
	2018	2017
	in € millions	
Germany	564.3	436.0
The Netherlands	113.3	80.0
United Kingdom	45.5	9.6
Others	24.0	1.5
	747.1	**527.1**

The Group is not exposed to significant revenue derived from an individual customer.

7. PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2018	2017
	in € millions	
Property revaluations (*)	1,459.6	1,315.2
Capital gains	76.8	11.4
	1,536.4	**1,326.6**

(*) See also note 11C.

Stralsund (Rügen)

Potsdam / Berlin

8. PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2018	2017
	in € millions	
Ancillary expenses and purchased services	149.4	100.7
Maintenance and refurbishment	25.9	18.8
Personnel expenses	12.8	7.6
Depreciation and amortization	1.6	2.0
Other operating costs	29.4	18.0
	219.1	**147.1**

As at December 31, 2018, the Group had 374 employees (2017: 250 employees). On an average, the Group had 281 employees (2017: 194 employees).

The Amount of direct operating expenses (including Maintenance and refurbishment) arising from investment property that generates net rental income during the year amounted to €220.6 million (2017: €144.0 million)

The Amount of direct operating expenses (including Maintenance and refurbishment) arising from investment property that did not generate net rental income during the year amounted to €3.7 million (2017: €1.0 million)

Berlin

9. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2018	2017
	in € millions	
Personnel expenses	10.7	6.4
Legal and professional fees	4.6	3.7
Year-end closing, accounting and audit expenses	3.0	2.5
Sales, marketing and administrative expenses	4.2	2.1
	22.5	**14.7**

The following table shows the breakdown of audit, audit-related and tax services rendered by KPMG audit firm network and by other audit firms:

	Year ended December 31,			
	2018		2017	
	in € millions			
	KPMG Network	Other audit firms	KPMG Network	Other audit firms
Audit services	1.9	1.0	1.1	1.0
Audit related services	0.3	0.1	-	0.1
Tax and other services	0.2	0.3	-	0.2
	2.4	1.4	1.1	1.3

10. NET FINANCE EXPENSES

	Year ended December 31,	
	2018	2017
	in € millions	
(i) Finance expenses		
Finance expenses from credit institutions and third parties, net	19.0	18.2
Finance expenses from straight and convertible bonds, net	95.6	51.5
	114.6	**69.7**
(ii) Other financial results		
Changes in fair value of financial assets and liabilities, net	83.0	4.5
Finance-related costs	10.8	10.5
	93.8	**15.0**

11. TAXATION

A. Tax rates applicable to the Group

The Company is subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 26.01% (2017: 27.08%). The change in the corporation tax rate does not have a significant effect on current and deferred tax assets and liabilities.

The German subsidiaries with property are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2018 (2017: 15.0%), plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). German property taxation includes taxes on the holding of real estate property based on the location and size of the property.

The Cypriot subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cypriot companies is 12.5% (2017: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to special defense contribution at the rate of 30% (2017: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to special defense contribution at the rate of 17% (2017: 17%).

The Dutch subsidiaries are subject to taxation under the laws of the Netherlands. The corporation tax rate for Dutch companies is 25% and 20% for the taxable income above €200 thousand and below €200 thousand, respectively (2017: the same).

In December 2018, the Dutch Government approved the tax budget proposal for the fiscal year 2019 and the fiscal plan for the years 2020 and 2021. The Proposal includes a gradual reduction of the corporate income tax rate to 22.55% and 20.5% in 2020 and 2021 for the taxable income above €200 thousand, respectively (16.5% and 15% for the first €200 thousand taxable income in 2020 and 2021, respectively).

The United Kingdom subsidiaries with property are subject to taxation under the laws of the United Kingdom. Income taxes are calculated using a federal corporate tax (that includes capital gains) of 19.0% for December 31, 2018 (2017: 19.0%). The United Kingdom government approved reduction of the corporate income tax rate to 17% in 2020.

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 33%.

B. Current taxes included in the consolidated statement of profit or loss

	Year ended December 31,	
	2018	2017
	in € millions	
Corporate income tax	19.6	15.9
Property tax	24.8	17.6
Charge for the year	**44.4**	**33.5**

C. Movements in the deferred tax assets and liabilities net, during the current and prior reporting period:

Deferred tax liablities

	Derivative financial assets and other deferred tax liabilities	Fair value gains on investment property	Total
		in € millions	
Balance as at December 31, 2016	**1.1**	**364.9**	**366.0**
Charged to:			
Consolidated statement of profit or loss	6.3	258.0	264.3
Other comprehensive income	(0.2)	-	(0.2)
Deferred tax arising from initial consolidation	-	141.4	141.4
Deferred tax disposed from deconsolidation	-	(8.1)	(8.1)
Transfer to Liabilities held for sale	(0.7)	(10.5)	(11.2)
Balance as at December 31, 2017	**6.5**	**745.7**	**752.2**
Charged to:			
Consolidated statement of profit or loss	4.7	269.0	273.7
Other comprehensive income	(5.0)	(29.7)	(34.7)
Deferred tax disposed from deconsolidation and other	-	(*) (128.8)	(128.8)
Transfer to Liabilities held for sale	1.3	18.6	19.9
Balance as at December 31, 2018	**7.5**	**874.8**	**882.3**

(*) including adjustment of €99.5 million referred to prior year purchase price allocation.

Deferred tax assets

	Derivative financial liabilities	Deferred taxes – loss carried forward, net	Total
		in € millions	
Balance as at December 31, 2016	**1.9**	**13.7**	**15.6**
Charged to:			
Consolidated statement of profit or loss	(0.9)	2.1	1.2
Transfer to Assets held for sale	(0.1)	(1.9)	(2.0)
Balance as at December 31, 2017	**0.9**	**13.9**	**14.8**
Charged to:			
Consolidated statement of profit or loss	9.3	53.2	62.5
Deferred tax disposed from deconsolidation	0.1	-	0.1
Transfer to Assets held for sale	(0.1)	(0.7)	(0.8)
Balance as at December 31, 2018	**10.2**	**66.4**	**76.6**

As at December 31, 2018, the Group has unused tax losses for which no deferred tax assets have been recognized as it is not considered probable that there will be future taxable profits available. These deferred tax assets which have not been recognized approx. €23 million.

D. Reconciliation of tax expenses to profit before tax

	Year ended December 31	
	2018	2017
	in € millions	
Profit before tax	2,085.1	1,835.6
Statutory tax rate	26.01%	27.08%
Tax computed at the statutory tax rate	542.3	497.1
Decrease in taxes on income resulting from the following factors:		
Group share in earnings from companies accounted for at equity	(65.4)	(61.9)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(218.4)	(137.5)
Others	(1.2)	(1.1)
Total current and deferred tax expenses	**257.3**	**296.6**

Hamburg

12. NET EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

A. Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2018 is based on the profit attributable to the shareholders of €1,620.4 million (2017: €1,282.6 million), and a weighted average number of ordinary shares outstanding of 1,052.6 million (2017: 821.5 million), calculated as follows:

1. Profit attributed to the owners of the Company (basic)

	Year ended December 31,	
	2018	2017
	in € millions	
Profit for the year, attributable to the owners of the Company	1,620.4	1,282.6

2. Weighted average number of ordinary shares (basic)

	Year ended December 31,	
	2018	2017
	in millions of shares	
Issued ordinary shares on January 1	947.8	676.3
Capital increase	77.9	74.1
Effect of exercise of convertible bonds	26.9	71.1
Weighted average number of ordinary shares	**1,052.6**	**821.5**
Basic earnings per share (in €)	**1.54**	**1.56**

B. Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2018 is based on profit attributable to the shareholders of €1,620.4 million (2017: €1,245.8 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,081.9 million (2017: 925.0 million), calculated as follows:

1. Profit attributed to the owners of the Company (diluted)

	Year ended December 31,	
	2018	2017
	in € millions	
Profit for the year, attributable to the owners of the Company (basic)	1,620.4	1,282.6
Interest expense on convertible bonds, net of tax	7.0	23.0
Dilutive effect of the Company's share in profit of investees	(13.5)	(59.8)
Profit for the year, attributable to the owners of the Company (diluted)	**1,613.9**	**1,245.8**

2. Weighted average number of ordinary shares (diluted)

	Year ended December 31,	
	2018	2017
	In millions of shares	
As at the beginning of the year	947.8	676.3
Capital increase	77.9	74.1
Effect of exercise of convertible bonds	57.1	174.6
Weighted average number of ordinary shares	**1,082.8**	**925.0**
Diluted earnings per share (in €)	**1.49**	**1.35**

13. EQUIPMENT AND INTANGIBLE ASSETS

	Furniture, fixtures and office equipment	Goodwill	Computer software	Total
	in € millions			
COST				
Balance as at December 31, 2016	11.5	14.1	0.8	26.4
Additions, net	9.1	-	0.3	9.4
Equipment and intangible assets arising from initial consolidation, net	0.1	-	-	0.1
Balance as at December 31, 2017	20.7	14.1	1.1	35.9
Additions, net	4.6	-	0.1	4.7
Equipment and intangible assets arising from initial consolidation, net	4.2	-	-	4.2
Balance as at December 31, 2018	29.5	14.1	1.2	44.8
DEPRECIATION/AMORTIZATION				
Balance as at December 31, 2016	3.1	-	0.5	3.6
Depreciation/Amortization for the year	1.9	4.5	0.1	6.5
Balance as at December 31, 2017	5.0	4.5	0.6	10.1
Depreciation/Amortization for the year	1.5	-	0.1	1.6
Balance as at December 31, 2018	6.5	4.5	0.7	11.7
CARRYING AMOUNTS				
Balance as at December 31, 2017	**15.7**	**9.6**	**0.5**	**25.8**
Balance as at December 31, 2018	**23.0**	**9.6**	**0.5**	**33.1**

Frankfurt

14. INVESTMENT PROPERTY

A. Reconciliation of investment property

	Year ended December 31,	
	2018	2017
	in € millions	
Balance as at January 1	9,804.1	5,016.2
Acquisitions of investment property and investment in capex during the year, net	3,268.8	(*) 3,819.2
Effect of foreign currency exchange differences	(18.5)	(*) (2.0)
Transfer to Assets held for sale , net	(340.0)	(344.5)
Fair value adjustments	1,459.6	1,315.2
Balance as at December 31	**14,174.0**	**9,804.1**

(*) reclassified.

Investment property per geographical location

	December 31,	
	2018	2017
	in € millions	
Germany	10,655.0	8,351.4
The Netherlands	1,678.8	1,061.5
United Kingdom	1,174.2	165.4
Others	666.0	225.8
	14,174.0	**9,804.1**

B. Measurement of fair value

As at 31 December 2018 and 2017, the fair values of the investment properties are based on valuations performed by accredited independent valuers, who are specialist in valuing real estate properties. A valuation model in accordance with that recommended by the International Valuation Standards Committee has been applied.

The Group carries its investment properties at fair value, with changes in fair value being recognized in the consolidated statement of profit or loss. The Group engaged independent valuation specialists to assess fair value as at December 31, 2018 for investment properties. For investment properties, a valuation methodology based on a DCF and residual model was used.

The key assumptions used to determine the fair value of the investment properties and sensitivity analyses are further discussed below.

Significant unobservable inputs in the valuations (Nearly 100%)	**December 31,**	
	2018	2017
Assumed market Rent growth weighted average	1.82%	1.69%
Void periods after the end of each lease	0-24 months	0-24 months
Weighted average of Discount rate	5.68%	5.6%

Using the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownerships over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real estate property interest. To this projected cash flows series, a market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behavior that is a characteristic of the class of real estate property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long- term vacancy rate.

For additional fair value measurement disclosures of investment properties see note 4.2.

The table below presents the average and range of the discount rate and capitalization rate for nearly 100% of the portfolio per asset type:

Asset type	Parameter	Discount rate	Capitalization rate
Office	range	2.5%-10.3%	2.5%-13.7%
	average	5.3%	5.2%
Hotel	range	2.0%-12.3%	3.0%-10.0%
	average	7.2%	5.5%
Retail	range	2.8%-11%	3.5%-11.1%
	average	5.9%	5.9%
Logistics/wholesale/other	range	4.5%-9.6%	3.0%-9.0%
	average	7.1%	6.6%

15. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

A. Movement during the year

	Year ended December 31,	
	2018	2017
	in € millions	
Balance as at January 1	1,905.6	1,557.0
Additions, net	170.0	120.2
Transfer to held for sale	(108.4)	-
Share in profit from investments in equity accounted investees	251.6	228.4
Changes via OCI	(4.0)	-
Balance as at December 31	**2,214.8**	**1,905.6**

The balance as at December 31, 2018 and December 31, 2017 reflected mainly the Group's investment in residential real estate portfolio through its strategic direct investment in GCP S.A. and amounted to €1,807.6 million and €1,609.7 million, respectively.

In addition, as at December 31, 2018, the Group's minority investment in subsidiaries of GCP S.A. amounted to €328.7 Million and in other JV amounted to €78.5 Million.

During the year, an investment amounting to €108.4 million was classified as held for sale and later in the year disposed.

B. GCP S.A. – Summary for the results as at December 31, 2018

The main balance sheet and profit or loss items of GCP S.A. as at December 31, 2018 and for the year then ended were as follows:

	Year ended December 31,	
	2018	2017
	in € millions	
Current assets	1,237.6	795.9
Total assets	8,860.5	7,508.3
Current liabilities	306.1	370.7
Total liabilities	4,193.5	3,658.6
Rental and operating income	545.2	494.9
Total comprehensive income	573.8	638.6
Total comprehensive income attributed to the owner of GCP S.A.	479.4	534.1
Company's share of total comprehensive income	183.5	195.4
Carrying amount of interest in GCP S.A.	1,807.6	1,609.7
The market cap of GCP S.A. as at December 31	3,159.3	3,236.5

During 2018, the Company received dividend from GCP S.A. amounting to €45.9 million (2017: €40.7 million).

C. GCP S.A. - Reconciliation of the carrying amount

The main equity items of GCP S.A. as at December 31, 2018 and the reconciliation of the carrying amount is as follows:

	December 31,	
	2018	2017
	in € millions	
GCP S.A. Equity attributable to the owners	3,227.5	2,819.3
AT Group's interest in GCP S.A.	38.75%	37.66%
AT Group's share in GCP S.A.	1,250.7	1,061.7
Surplus on investment	556.9	548.0
Total investment in GCP S.A.	1,807.6	1,609.7

16. OTHER NON-CURRENT ASSETS

	December 31, 2018	2017
	in € millions	
Tenancy deposit (a)	12.8	8.9
Finance lease asset	4.3	4.1
Trade receivables	15.6	12.9
Non-current financial investments (b)	337.1	366.9
	369.8	**392.8**

(a) Tenancy deposits mainly include several months net rent from the tenants which is paid at the beginning of the lease. The deposits are considered as a security payment by the tenant and the Group can use those funds mainly if the tenant has unpaid debts or causes damages to the property. Past experience shows that the majority of the leases are long-term and therefore the deposits are presented as non-current assets.

(b) Including mainly non-current prepayments, Group's loans as a seller as well as loans connected with future real-estate transactions.

17. TRADE AND OTHER RECEIVABLES

	December 31, 2018	2017
	in € millions	
Rent and other receivables	48.0	33.7
Operating costs receivables	150.9	100.7
Prepaid expenses	8.1	4.9
Current tax assets	29.7	16.1
Other current financial assets	40.3	7.5
	277.0	**162.9**

(a) Operating costs receivables represent an unconditional right to consideration in exchange for services that the Group has transferred to tenants. The Group recognizes an operating income based on contractual rights to consideration for providing ancillary services to tenants and for other charges billed to tenants, as the performance obligations are satisfied, that is, as services are rendered. Once a year, the operating cost receivables are settled against advances received from tenants.

(b) During the year, the Group recognized a loss allowance for expected credit losses on trade and other receivables in total amount of €13.8 million through the property operating expenses in the consolidated financial statement of profit or loss.

London

18. DISPOSAL GROUP HELD FOR SALE

As at December 31, 2018, the Group resolved an intention to sell several real estate properties. Selling activities have been initiated and regarding some of the properties negotiation and discussions are still ongoing. Accordingly, assets and liabilities relating to these properties are presented as a disposal group held for sale.

As at December 2018 the fair value of the held for sale properties is €203.7 million and the annual expected net rent these assets generate is €12.6 million.

These properties include offices, hotels and retail properties which were identified by the Company as either non-core, primarily due to the location of the properties, or mature properties with lower than average upside potential in their current condition. The intention of the Company to dispose non-core and mature properties is part of its capital recycling plan of is following a strategic decision to increase the quality of its portfolio.

Efforts to sell the disposal group have started and a sale is expected within twelve months from the reporting date. No impairment loss was recognized on the reclassification of the disposal group as held for sale.

During the year, the Company completed the sale transactions of several non-core real estate investments in a value of €742.1 million and recognized capital gain of €76.8 million, which is presented as part of the Property revaluation and capital gains in the consolidated statement of profit or loss. As part of the sale transactions the Company disposed total liabilities and non-controlling interests in the amount of €202 million (of which €185 million refers to bank loans) and €33, respectively.

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

	December 31,	
	2018	2017
	in € millions	
Assets classified as held for sale		
Investment property	203.7	493.1
Cash and cash equivalents	1.1	7.1
Other assets	6.2	7.5
Total assets classified as held for sale	211.0	507.7
Liabilities classified as held for sale		
Loans and borrowings	-	153.5
Deferred tax liabilities	5.5	24.3
Other liabilities	5.8	7.9
Total liabilities classified as held for sale	11.3	185.7

Rotterdam

19. TOTAL EQUITY

19.1 Equity attributable to the owners of the Company

19.1.1 Share capital

	Year ended December 31, 2018		2017	
	Number of shares	in € millions	Number of shares	in € millions
AUTHORIZED				
Ordinary shares of €0.01 each	2,000,000,000	20.0	2,000,000,000	20.0
ISSUED AND FULLY PAID				
Balance as at January 1	947,808,641	9.5	676,268,473	6.8
Capital increases	95,000,000	0.9	168,000,000	1.7
Exercise of convertible bonds series B and series C into shares	75,310,961	0.8	103,367,565	1.0
Issuance of shares as part of the scrip dividend	3,392,129	(*) 0.0	-	-
Issuance of shares in connection with a buy-back of perpetual notes	6,818,781	0.1	-	-
Share-based payment	251,354	(*) 0.0	172,603	(*) 0.0
Balance at the end of the year	1,128,581,866	11.3	947,808,641	9.5

(*) less than €0.1 million.

19.1.2 Authorized capital

In September 2017, the Company increased its authorized ordinary number of shares from 1,500,000,000 to 2,000,000,000, with a par value of €0.01 for each share.

19.1.3 Issued capital during 2017-2018

1. On May 9, 2017 and October 20, 2017, the Company issued 93,000,000 and 75,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €4.58 per share and €4 per share, resulting in an issue volume of approximately €426 million and approximately €450 million, respectively.

2. On March 9, 2018, the Company issued 95,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €6.38 per share, resulting in an issue volume of approximately €600 million

3. On December 19, 2018, the Company issued 6,818,781 new ordinary shares (of €0.01 nominal value each), reflecting value of €7.50 per share, for the purchase of USD 58.5 million (nominal value) of its subsidiary's USD perpetual notes valued USD 58.2 million (€51.1 million).

4. During the year, a total amount of €6.0 million nominal value of Convertible bonds series B and €300.0 million nominal value of Convertible bonds series C were converted into 1.9 million shares and 56.0 million shares, respectively. Additionally, €56.3 million nominal value of Convertible bonds series B held by the Company was sold and then converted into 17.4 million shares.

5. In December 2018, the Company issued 251,354 new shares in total value of €1.9 million in connection with incentive share-based plan.

19.1.4 Share premium and other reserves

The capital reserves include share premium derived directly from the capital increases that took place since the date of incorporation, and from conversions of convertible bonds into ordinary shares, and can be distributed at any time. The account also consists the share-based payment reserve, and the other comprehensive income components arising from the hedge accounting and the foreign currency translations.

19.1.5 Resolution of dividend distribution

On June 27, 2018, the shareholders' Annual General Meeting resolved upon the distribution of a dividend in the amount of €0.234 per share from the share premium in accordance with the proposal of the Board of Directors. The Company provided the owners of the Company with the option to receive their dividend through a "Scrip Dividend", i.e. the shareholders may elect to receive up to 70% of their dividend in the form of the Company's shares, with the remainder paid in cash. Shareholders of 142.7 million shares opted to receive their dividend in the form of new ordinary shares of the Company. Accordingly, 3.4 million new shares were issued. The cash dividend was paid in July 2018 and amounted to €225.7 million.

Based on the results of 2018 and based of its dividend policy the company is expected to propose to the Annual general meeting which will take place on June 26, 2019 to distribute dividend of €0.25 per share.

As at December 31, 2018, the Company did not make a provision to this amount nor recognized the proposed dividend amount as a distribution to the shareholders.

19.2 Equity attributable to perpetual notes investors

In January 2018, the Company successfully placed €400 million (nominal value) of perpetual subordinated notes. These notes were issued at a price of 98.174% of the principal amount, are of unlimited duration and can only be called back by the Company on certain contractually fixed dates or occasions. Up until the first call date in January 2024, the perpetual notes shall bear an annual coupon of 2.125% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (January 2029) shall correspond to the five-year swap rate plus a margin of 200 basis points p.a. The mark-up will increase by 25 basis points as at January 2029 and by another 75 basis points commencing on January 2045.

On December 19, 2018, the Company bought back USD 58.5 million (nominal value) of its USD perpetual notes valued USD 58.2 million (€51.1 million).

19.3 Non-controlling interests

As at December 31, 2018 the non-controlling interests amounted to €567.1 million (2017: €674.3 million). The profit for the year attributed to the non-controlling interests amounted to €161.3 million (2017: €227.6 million).

During the year, the company did several separate transactions with non-controlling interests according to which the company`s stake in some subsidiaries has changed without losing control. The carrying amount of the Group's interest and non-controlling interests was adjusted to reflect the changes in their relative interest in those subsidiaries, in the net amount of €295.9 (in 2017: €6.0) million decrease and is presented in the consolidated statement of changes in equity. The results of the transactions are recognized directly in equity attributed to the owners of the Company.

For additional changes in non-controlling interests see note 5 and 18.

Düsseldorf

20. SHARE-BASED PAYMENT AGREEMENTS

A. Description of share-based payment arrangements

As at December 31, 2018 the Group had the following share-based payment arrangements:

Share incentive plan

The annual general meeting has approved to authorize the board of Directors to issue up to 8.5 million shares for an incentive plan for the board of directors, key management and senior employees. The incentive plan has up to 4 years vesting period with specific milestones to enhance management long-term commitment to Aroundtown strategic targets.

The key terms and conditions related to program are as follows:

Grant date	Number of shares (in thousands)	Contractual life of the incentive
2016 – 2018	1,677	Up to 4 years

B. Reconciliation of outstanding share options

The number and weighted-average of shares under the share incentive program and replacement awards were as follows:

	2018	2017
	Number of shares	Number of shares
	in € thousands	
Outstanding on January 1	1,417	1,073
Granted during the year, net	692	517
Exercised during the year (*)	(432)	(173)
Outstanding on December 31	**1,677**	**1,417**

(*) In accordance with the terms and conditions of the incentive share plan, the Company withheld 181 thousand shares equal to the monetary value of the employees' tax obligation from the total number of shares exercised. As a result, only 251 thousand shares were issued to employees across the Group.

During the year, the total amount recognized as share-based payment was €3.3 million (2017: €1.8 million). The amount was presented as administrative and other expenses in the consolidated statement of profit or loss income and as other reserves in the consolidated statement of changes in equity.

21. LOANS, BORROWINGS AND BONDS

21.1 Loans and borrowings composition

			December 31,	
			2018	2017
	Weighted average interest rate	Maturity date	in € millions	
Non-current portion of bank loans (a) (b)	1.9%	2020-2032	1,023.0	956.9
Credit facility from financial institutions	1.53%	2020	69.9	-
Total non-current loans and borrowings			**1,092.9**	**956.9**
Current portion of bank loans and credit facility	1.9%	2019	**27.0**	**17.4**

(a) The bank loans are non-recourse loans, having the serving assets as their main security. As at December 31, 2018 under the existing loan agreements, the Group is in compliance with its obligations (including loan covenants) to the financing banks.

(b) Approximately €4 billion (2017: €2.8 billion) of the investment property is encumbered.

21.2 Straight and convertible bonds composition

Set out below, is an overview of the Group's straight and convertible bonds as at December 31, 2018 and December 31, 2017:

		Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Issuance - maturity	December 31, 2018	December 31, 2017
			in millions	in millions	%		in € millions	
STRAIGHT BONDS								
Series D	(a)	EUR	277	277	1.5	05/2016-05/2022	268.5	572.5
Series E		EUR	650	650	1.5	07/2016-07/2024	624.8	620.6
Series F		EUR	550	550	2.125	12/2016-03/2023	542.2	540.4
Series H		USD	400	372	1.365 (q)(r)	03/2017-03/2032	329.8	312.8
Series NOK		NOK	750	79	0.818 (q)(r)	07/2017-07/2027	74.1	74.7
Series I		EUR	500	500	1.875	07/2017-01/2026	485.1	483.2
Series J	(h)	GBP	500	557	3.0	10/2017-10/2029	540.3	542.9
Series K		EUR	700	700	1.0	11/2017-01/2025	682.5	679.9
Series L	(b)	USD	150	125	1.75 (r)	02/2018-02/2038	130.1	-
Series M	(c)	CHF	250	213	0.732	01/2018-01/2025	220.9	-
Series N	(d)	EUR	800	800	1.625	01/2018-01/2028	775.2	-
Series O	(e)	EUR	500	500	2.0	05/2018-11/2026	488.5	-
Series P	(f)	AUD	250	158	1.605 (r)	05/2018-05/2025	151.8	-
Series Q	(g)	GBP	400	449	3.25	07/2018-07/2027	432.8	-
Series R	(j)	CAD	250	164	1.7 (r)	09/2018-09/2025	158.5	-
Series S	(i)	EUR	100	100	0.75 + Euribor (6m)	08/2018-08/2023	99.6	-
Series T	(k)	EUR	150	150	2.0 (r)	09/2018-09/2030	149.9	-
Series U	(l)	EUR	75	75	2.97	09/2018-09/2033	73.1	-
Series V	(m)	EUR	50	50	2.7	10/2018-10/2028	49.5	-
Series W	(n)	EUR	76	76	3.25	11/2018-11/2032	74.4	-
Total straight bonds							**6,351.6**	**3,827.0**
Total accrued interest on straight bonds	(s)						**81.0**	**41.7**
CONVERTIBLE BONDS								
Series B	(o)(p)	EUR	-	-	-	fully converted	-	5.8
Series C	(o)(p)	EUR	-	-	-	fully converted	-	288.0
Total convertible bonds							**-**	**293.8**
Total accrued interest on convertible bonds	(s)						**-**	**2.0**

The weighted average interest rate on the outstanding loans, borrowings and bonds is 1.8%.

(a) During the first quarter of 2018, the Company repurchased €319 million nominal amount of the outstanding Series D Bonds at a purchase price of 103.938% of the nominal amount excluding any accrued interest.

(b) In January 2018, the Company successfully completed the placement of USD 150 million (approximately €125 million) Series L Bonds, maturing in 2038, for a consideration that reflected 100% of the principal amount and coupon. The Company hedged the currency risk of the principal amount, and hedged the interest with a cross-currency swap; the effective semi–annual euro coupon is 1.75% p.a. for the first 5 years and 1.78% p.a. plus Euribor (6M) for the following 15 years. The bonds were issued under the EMTN Programme.

(c) In January 2018, the Company successfully completed the placement of Swiss Franc (CHF) 250 million (approximately €216 million) Series M Bonds, maturing in 2025 and carrying a 0.732% annual coupon, for a consideration that reflected 100% of the principal amount. The Company hedged the currency risk of the principal amount until maturity. The bonds were issued under the EMTN Programme.

(d) In January 2018, the Company successfully completed the placement of €800 million Series N Bonds, maturing in 2028 and carrying a 1.625% annual coupon, for a consideration that reflected 97.179% of the principal amount. The bonds were issued under the EMTN Programme.

(e) In May 2018, the Company successfully completed the placement of €500 million Series O Bonds, maturing in 2026 and carrying a 2.0% annual coupon, for a consideration that reflected 98.09% of the principal amount. The bonds were issued under the EMTN Programme.

(f) In May 2018, the Company successfully completed the placement of Australian Dollar (AUD) 250 million (approximately €158 million) Series P Bonds, maturing in 2025, for a consideration that reflected 98.98% of the principal amount. The Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective semi–annual euro coupon is 1.6045% p.a. for the first 5 years and 1.244% p.a. plus Euribor (6M) for the following 2 years. The bonds were issued under the Company's Australian debt issuance programme.

(g) In July 2018, the Company successfully completed the placement of GBP 400 million (approximately €449 million) Series Q Bonds, maturing in 2027 and carrying a 3.25% annual coupon, for a consideration that reflected 97.09% of the principal amount. The Company designated the bond as a hedging item on the net investment in foreign operations in the UK, so that the currency effect from the bond would offset the currency effect from the net foreign investment. The bonds were issued under the EMTN Programme.

(h) In August 2018, the Company winded-up the cross-currency swap it had on its Series J Bonds, and since then it has been designated as a hedging item on the net investment in foreign operations in the UK, so that the currency effect from the bond would offset the currency effect from the net foreign investment.

(i) In August 2018, the Company successfully completed the placement of a €100 million Schuldschein issuance, referred to as the Series S Bonds, maturing in 2023 and carrying a semi-annual coupon of 0.75% p.a. plus Euribor (6M) floored at zero, for a consideration that reflected 99.8% of the principal amount.

(j) In September 2018, the Company successfully completed the placement of Canadian Dollar (CAD) 250 million (approximately €164 million) Series R Bonds, maturing in 2025, for a consideration that reflected 99.59% of the principal amount. The Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective semi-annual euro coupon is 1.7% p.a. for the first 5 years and 2.72% p.a. plus Euribor (6M) for the following 2 years. The bonds were issued under the EMTN Programme

(k) During 2018, the Company successfully completed the placement of €150 million Series T Bonds, maturing in 2030, for a consideration that reflected 100% of the principal amount and carrying an annual coupon linked to the CMS index. The Company hedged the interest rate into a fixed 2.0% annual coupon for the first 5 years, and a semi-annual coupon of 2.27% p.a. plus Euribor (6M) for the following 7 years. The bonds were placed under the EMTN Programme

(l) In September 2018, the Company successfully completed the placement of €75 million Series U Bonds, maturing in 2033 and carrying a 2.97% annual coupon, for a consideration that reflected 100% of the principal amount. The bonds were issued under the EMTN Programme.

(m) In October 2018, the Company successfully completed the placement of €50 million Series V Bonds, maturing in 2028 and carrying a 2.7% annual coupon, for a consideration that reflected 99.594% of the principal amount. The bonds were issued under the EMTN Programme.

(n) In November 2018, the Company successfully completed the placement of €76 million (nominal value) Series W Bonds, maturing in 2032 and carrying a 3.25% annual coupon, for a consideration that reflected 98.351% of the principal amount. The bonds were issued under the EMTN Programme.

(o) During the year, a total amount of €6.0 million nominal value of Series B Bonds and €300.0 million nominal value of Series C Bonds were converted into 1.9 million shares and 56.0 million shares, respectively, as per the terms and conditions of the relevant bonds. Additionally, during the year, €56.3 million nominal value of Series B Bonds held by the Company was sold for its fair value (€116.1 million) and was then converted into 17.4 million shares.

(p) Due to the dividend distribution which took place in July 2018, the conversion prices relating to the Series B Bonds and the Series C Bonds were adjusted from €3.2746 to €3.1671 and from €5.5148 to €5.3338, respectively, effective July 5, 2018. As at the year end, both series were fully converted to shares.

(q) Coupon and principal are linked to CPI through derivative instruments.

(r) Effective coupon in euro.

(s) Presented as part of the provisions and current liabilities in the consolidated statement of financial position.

21.3 Reconciliation of movement of liabilities to cash flow arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

			Non-cash changes						
	31.12.2017	Financing cash flows (i)	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Conversion to shares	Other (ii)	Other changes (iii)	31.12. 2018
Convertible bonds (iv)	295.8	(9.1)	-	-	-	(296.3)	2.6	7.0	-
Straight bonds (iv)	(*) 3,868.7	2,397.6	-	27.2	-	-	21.6	117.5	6,432.6
Loans and borrowings (v)	974.3	117.3	(150.5)	-	153.5	-	-	25.3	1,119.9
Net derivative financial liabilities	9.9	(6.6)	-	(27.6)	(0.5)	-	49.9	-	25.1

			Non-cash changes						
	31.12.2016	Financing cash flows (i)	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Conversion to shares	Other (ii)	Other changes (iii)	31.12. 2017
Convertible bonds (iv)	713.4	(111.3)	-	-	-	(342.8)	22.6	13.9	295.8
Straight bonds (iv)	1,724.3	2,112.1	-	(25.2)		-	-	(*) 57.5	(*) 3,868.7
Loans and borrowings (v)	1,122.0	(884.1)	816.5	-	(119.2)	-	0.5	38.6	974.3
Net derivative financial liabilities	6.9	(2.5)	-	-	0.4	-	5.1	-	9.9

(*) reclassified
(i) Financing cash flows include interest payments and proceeds from (repayment of) financial instruments, net.
(ii) Other non-cash changes include discount and issuance cost amortization for the bonds, unrealized revaluations gains derivative financial instruments and foreign exchange effect.
(iii) Other changes include interest accruals and loss from buy-back of bonds.
(iv) Including accrued interest.
(v) Including current portion of bank loans and credit facility.

21.4 Main security, pledge and negative pledge as defined in the bonds' Terms and Conditions

This note provides an overview of certain covenants applicable to the Company under its outstanding series of bonds. The complete terms and conditions of each series of bonds are set forth in the relevant bond documentation. Capitalised terms used in this note have the meanings set forth in the terms and conditions of the relevant series of bond.

Under the terms of its outstanding series of bonds, the Company has undertaken that it will not, and will procure that none of its Restricted Subsidiaries will, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence: the sum of: (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 50 per cent or 60 per cent. (depending on the relevant series of bonds) of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition

by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

(i) the Consolidated Secured Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness).

The Company has also undertaken that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125 per cent. of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date.

The Company has also undertaken that on each Reporting Date, the Interest Coverage Ratio will be at least 1.5, 1.8, 1.86 or 2.0 (depending on the relevant series of bond). The Company's outstanding series of bonds also generally prohibit the Company from issuing additional bonds with the benefit of security interests unless the same security is granted to the Company's outstanding unsecured bonds equally and rateably.

Certain bond issuances of the Company also limit the ability of Restricted Subsidiaries to encumber or restrict their ability to (i) pay dividends to the Company, (ii) make payments on indebtedness owed to the Company, (iii) make loans or advances to the Company or other Restricted Subsidiaries, or (iv) transfer their properties or assets to the Company or any other Restricted Subsidiaries, subject, in each case, to certain carve-outs without respect to, among other things, (a) Subsidiary Project Financing, (b) Project Financing Debt, (c) purchase money obligations for property acquired in the ordinary course of business, (d) customary provisions in joint venture, asset sale and other types of agreements, (e) security granted in connection with Relevant Indebtedness, and (f) the granting of guarantees or indemnities in connection with the issue of Further Bonds by other members of the Group.

Berlin

22. OTHER NON-CURRENT LIABILITIES

	December 31,	
	2018	2017
	in € millions	
Tenancy deposits	10.3	7.1
Finance lease liability	4.1	4.1
Non-current payables	88.2	58.9
	102.6	**70.1**


Frankfurt

23. RELATED PARTY TRANSACTIONS

23.1 Directors and executive management personnel Remuneration

	Year ended December 31, 2018						
	Executive directors			Independent directors			
	Frank Roseen	Oschrie Masstschi	Jelena Afxentiou	Markus Leininger	Markus Kreuter	Dr. Axel Froese	Total
Salary, directors fee and supplementary payments (*)	300.0	228.6	101.5	60.0	60.0	60.0	810.1
Share incentive program	200.0	254.0	225.3	-	-	-	679.3
Total remuneration (**)	500.0	482.6	326.8	60.0	60.0	60.0	1,489.4

(*) Based on employer's costs
(**) On June 27, 2018, Mr. Wallis ceased to be a member of the board of directors. Until that date Mr. Wallis received remuneration in the amount of €132 thousand and €385 thousand from salary and supplementary payments and from share incentive respectively.

SENIOR AND KEY MANAGEMENT

Name	Position
Mr. Shmuel Mayo	CEO
Mr. Andrew Wallis	Deputy CEO
Mr. Eyal Ben David	CFO

Senior Management Compensation

In 2018, Mr. Mayo received a total fixed remuneration of €612 thousand and Mr. Ben David received a total remuneration of €552 thousand of which €401 thousand were in the form of share incentives. From July 1, 2018 until the end of the year Mr. Wallis received €542 thousand, of which €410 thousand were in the form of share incentives.

There were no other transactions between the Group and its directors and executive management, except as described in note 20.

23.2 Other related party transactions

The transactions and balances with related parties are as follows:

	Year ended December 31,	
	2018	2017
	in € millions	
Consulting services income	0.3	-
Consulting services expenses	(0.4)	-
Rental and operating expenses (*)	(1.0)	(0.4)

(*) As at December 31, 2018, all payments related to the lease agreements have been carried out.

	December 31,	
	2018	2017
	in € millions	
Loans to associates	8.7	106.7

24. TRADE AND OTHER PAYABLES

	December 31,	
	2018	2017
	in € millions	
Trade and other payables	135.7	151.2
Prepayments received on operating costs	137.7	92.5
Deferred income	15.3	11.3
Other current liabilities (*)	162.1	11.5
	450.8	**266.5**

(*) including advanced payments received.

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	in € millions
Balance as at December 31, 2016	28.0
Movement during the year	59.1
Balance as at December 31, 2017	87.1
Movement during the year	19.4
Balance as at December 31, 2018	**106.5**

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

26.1 Financial assets

Set out below, is an overview of financial assets, held by the Group as at December 31, 2018 and December 31, 2017:

	December 31, 2018	December 31, 2017
	in € millions	
Financial assets at amortized cost:		
Trade and other receivables (*)	282.6	166.8
Cash and cash equivalents	1,243.9	743.5
Short-term deposits	4.7	17.5
Other non-current assets	369.8	392.8
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	352.0	87.7
Derivative financial assets	36.4	45.0
Total	2,289.4	1,453.3

(*) including assets held for sale.

Utrecht

26.2 Financial liabilities

Set out below, is an overview of financial liabilities, held by the Group as at December 31, 2018 and December 31, 2017

	December 31, 2018	December 31, 2017
	in € millions	
Financial liabilities at amortized cost:		
Trade and other payables (*)	456.3	272.3
Tax payable	10.0	8.9
Loans and borrowings (**)	1,119.9	1,127.8
Straight bonds (***)	6,351.6	3,827.0
Accrued interest on straight bonds	81.0	41.7
Convertible bonds	-	293.8
Accrued interest on convertible bonds	-	2.0
Other non-current liabilities (*)	21.6	28.4
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	61.5	54.9
Total	8,101.9	5,656.8

(*) including liabilities held for sale.
(**) including liabilities held for sale and loan redemption.
(***) Including bond redemption.

26.3 Risks management objectives and polices

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, convertible and straight bonds, trade and other payable, tax payable and non-current liabilities. The Group's principal financial assets include trade and other receivables, cash and cash equivalent and other non-current asset. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's risk management policies are established to identify and analyze 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.

26.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

26.3.1.1 Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by hedging long-term debt with floating rate using swap, collar and cap contracts.

As at December 31, 2018, after taking into account the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

	Nominal amount outstanding December 31,	
	2018	2017
	in € millions	
Fixed rate	6,670.2	4,598.2
Capped rate	574.0	(*) 491.8
Floating rate	227.3	(*) 158.6
	7,471.5	**5,248.6**

(*) reclassified

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of long-term debt affected, after the impact of hedging. With all other variables held constant, the Group's profit before tax and pre-tax equity are affected through the impact on floating rate long-term debt, as follows:

	Increase/decrease in basis points	**Effect on profit before tax and pre-tax equity**
	in € millions	
2018	+100	(6.0)
	-100	1.4
2017	+100	(4.4)
	-100	-

26.3.1.2 Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investment in foreign subsidiaries and to several straight bonds issued in a foreign currency.

During the year, the Company issued several straight bonds in currencies other than euro and with fixed as well as floating interest rates. The Company used cross-currency swap contracts to hedge the fair value and cash flow risk derived from the changes in exchange rates and interest rates as explained in note 26.4.2.2
Due to the hedging above there is no material residual foreign currency risk.

In addition, the Company used forward contracts to hedge the fair value of its net investment in foreign operation which is denominated in British pound (GBP) as explained in note 26.4.2.3

26.3.1.3 Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncer tainties about future values of the investment securities. The Group manages the equity risk through diversi fication and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

At the reporting date, the exposure to investments in listed traded securities was €352.0 million (2017: €87.7 million).

26.3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments.

Trade and other receivables
Customer credit risk is managed by the property managers subject to the Group's established policy and control procedures relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision to measure expected credit loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic condition may also not be representative of customer's actual default in the future.

The Group has no significant concentration of credit risk.

The aging of rent receivables at the end of the year that were not impaired was as follows:

	December 31,	
	2018	2017
	In € million	
Neither past due and past due 1–30 days	9.9	15.2
Past due 31–90 days	4.4	1.0
Past due above 90 days	6.7	4.2
	21.0	20.4

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Financial instruments and cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's investment in debt instruments at fair value through profit or loss consist of quoted debt securities that are graded in the investment category and in hybrid instrument with a collateral on a quoted debt securities with very low credit risk.

The Group holds its cash and cash equivalents and its derivative instruments with high-rated banks and financial institutions with high credit ratings. Concentration risk is mitigated by not limiting the exposure to a single counter party.

26.3.3 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 loss. The Group has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following are the remaining contractual maturities at the end of the year and at the end of 2017 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

December 31, 2018

			Contractual cash flows including interest				
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
				In € million			
Bank loans	1,119.9	1,206.8	2.5	43.4	297.2	175.5	688.2
Straight bonds	6,432.6	7,607.1	33.7	88.5	120.9	120.9	7,243.1
Trade and other payables	135.7	135.7	26.7	109.0	-	-	-
Total	**7,688.2**	**8,949.6**	**62.9**	**240.9**	**418.1**	**296.4**	**7,931.3**

December 31, 2017

			Contractual cash flows including interest				
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
				In € million			
Bank loans	974.3	1,083.7	4.1	35.9	39.9	245.3	758.5
Straight bonds	3,868.7	4,402.4	4.7	44.5	37.4	37.0	4,278.8
Convertible bonds	295.8	322.1	2.2	2.4	4.7	10.6	302.2
Trade and other payables	151.2	151.2	107.3	43.9	-	-	-
Total	5,290.0	5,959.4	118.3	126.7	82.0	292.9	5,339.5

26.3.4 Operating 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.

26.3.5 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.

The Group's portfolio is located in major cities and strong markets throughout Germany, The Netherlands, United Kingdom and others. The current regional distribution structure enables the Group on one hand to benefit of economic scale, and on the other provides a diverse, well allocated and risk-averse portfolio.

Brexit

On June 23, 2016, voters in the United Kingdom voted in a referendum in favor of the United Kingdom leaving the European Union, a decision known as "Brexit". On March 29, 2017 the United Kingdom submitted a formal departure notice to the European Council pursuant to Article 50(2) of the Treaty on European Union (the EU Treaty) and to the date of writing this report if no change will occur till the March 29, 2019, the UK is due to leave the European Union.

As many questions relating to Brexit remain open, the outcome of the negotiations regarding the withdrawal of the United Kingdom from the European Union is impossible to predict. Among other consequences, departure from the European Union may result in the United Kingdom no longer having access to the European Single Market. 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. 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 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 Germany. Therefore, Brexit may have an adverse effect on the AT Group's business.

In addition, as at December 2018, 8% of the AT Group's Portfolio consisted of properties held in United Kingdom. This percentage may increase in the future, and this portion of the AT Group's Portfolio may be particularly exposed to the economic and political impact of Brexit. The final outcome of Brexit may have a significant impact on the currency exchange rate between the Pound Sterling and the Euro, which should have a low effect on AT, as AT has hedged itself against the Pound Sterling, but may have an adverse effect on the net assets.

The uncertainty around the timing of Brexit and its economic and other terms cause volatility in the financial markets. Since the AT Group relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, on-going 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 favorable terms or at all. Furthermore, the AT 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.

26.4 Hedging activities and derivatives

26.4.1 Derivative financial instruments

	Note	December 31, 2018	2017
		In € million	
Derivative financial assets			
Derivatives that are designated and effective as hedging instruments	26.4.2	34.9	45.0
Derivatives that are not designated in hedge accounting relationships		1.5	-
		36.4	**45.0**
Derivative financial liabilities			
Derivatives that are designated and effective as hedging instruments	26.4.2	49.7	44.8
Derivatives that are not designated in hedge accounting relationships		11.8	10.1
		61.5	**54.9**

26.4.2 Hedge accounting relationships

26.4.2.1 Cash flow hedges

Under cross-currency contracts, the Group agrees to exchange cash flows in different currencies calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing foreign exchange rates on its cash flows.

The fair value of cross-currency swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below.

As the critical terms of the cross-currency swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the cross-currency swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main sources of hedge ineffectiveness in these hedge relationships are minor initial fair values of the hedging instruments and the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in foreign exchange rates.

The following table details information regarding cross-currency swap contracts outstanding at the end of the reporting period and their related hedged items.

	Carrying amount	
	Assets	Liabilities
	in € millions	
Hedging instruments	15.8	46.9

During the year, the Group recognized a loss of €11.7 million in cash flow hedges in the consolidated financial statement of comprehensive income.

26.4.2.2 Fair value hedges

The Group used cross-currency swap, interest rate swap and forward contracts to hedge the exposure to changes in fair value of the Group's Straight bonds which arise from foreign exchange rate risk.

There is an economic relationship between the hedged items and the hedging instruments as the terms of foreign exchange rate swaps match the terms of the hedged items. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange rate swaps is identical to hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

	Carrying amount	
	Assets	Liabilities
	in € millions	
Hedging instruments	18.4	2.8

The forward element of the swap contracts which has been recognized as cost of hedging in the consolidated statement of comprehensive income amounted to €2.5 million.

26.4.2.3 Hedge of net investments in foreign operations

The Group uses the foreign currency component of non-derivative financial liabilities denominated in GBP and foreign exchange forward contracts as hedging instruments in a hedge of its exposure to foreign exchange rates on its investments in the UK.

The effective portion of any gains or losses on the retranslation of the non-derivative financial liabilities denominated in GBP and the forward contracts are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on hedging instruments. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiaries becomes lower than the nominal amount of the hedging instruments.

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

	Carrying amount	
	Assets	Liabilities
	in € millions	
Hedging instruments	0.7	-

During the year, the Group recognized a gain of €0.3 million in the consolidated financial statement of comprehensive income, net of foreign currency translation difference. There is no ineffectiveness recognized in the consolidated financial statement of profit or loss.

The forward element of the forward contracts which has been recognized as cost of hedging in the consolidated statement of comprehensive income amounted to €0.3 million.

26.5 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 striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio (LTV), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with a LTV to remain at a target below 45%. As at December 31, 2018 and 2017 the LTV ratio was 35% and 36%, respectively, and the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg and local regulations regarding restrictions on minimum capital. During the years covered by these consolidated financial statements, the Company complied with all externally imposed capital requirements.

27. OPERATING LEASE

The Group entered into long-term rent agreements as a lessor of its investment property. The future minimum rental income which will be received is as follows:

	December 31,	
	2018	2017
	in € millions	
Less than a year	673.4	514.1
Between one to five years	1,985.3	1,493.7
More than five years	2,973.5	1,693.7
	5,632.2	**3,701.5**

28. COMMITMENTS

The Group has signed several real estate transactions in a volume of about €200 million which were not yet completed and are subject to several condition precedents. The Company estimates the completion of the transactions to take place within the next twelve months.

In addition, the Group has approximately €70 million commitments for future capital expenditure on the properties.

29. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2018.

30. EVENTS AFTER THE REPORTING PERIOD

a) In February 2019, the Company successfully completed the placement of a €100 million (nominal value) Schuldschein series Y, maturing in 2026 and carrying semi-annual coupon of Euribor (6M) rate floored at zero plus 1.35% p.a., for a consideration that reflected 98.43% of the principal amount.

b) In February 2019, the Company successfully completed the placement of a €125 million (nominal value) Schuldschein series Z, maturing in 2024 and carrying semi-annual coupon of Euribor (6M) rate floored at zero plus 0.90% p.a., for a consideration that reflected 99.02% of the principal amount.

c) In March 2019, the Company successfully completed the placement of a CHF 200 million (nominal value) (€175 million) straight bond series X, maturing in 2026 and carrying 1.72% annual coupon. The bond was placed under the EMTN Programme.

d) In March 2019, the Company successfully completed the placement of a HKD 430 million (nominal value) (€48 million) straight bond series 27, maturing in 2024. The Company fully hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.62%. The bond was placed under the EMTN Programme.

e) In March 2019, the Company successfully completed the placement of a USD 600 million (nominal value) (€531 million) straight bond series 28, maturing in 2029, for a consideration that reflected 99.22% of the principal amount. The Company fully hedged the currency risk with a cross-currency swap; the effective annual euro coupon is 1.75% for the first 4 years and 2.64% plus Euribor (6M) for the following 6 years. The bond was placed under the EMTN Programme.

f) In March 2019, the Company successfully completed the placement of a NOK 1,735 million (nominal value) (€179 million) straight bond series 29, maturing in 2029. The Company fully hedged the currency risk with a cross-currency swap; the effective annual euro coupon is 1.75% for the first 4 years and 2.52% plus Euribor (6M) for the following 6 years. The bond was placed under the EMTN Programme.

31. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings under the Group are as follows:

			December 31,	
Name	Place of incorporation	Principal activities	2018 Holding %	2017 Holding %
Subsidiaries held directly and indirectly by the Company				
Edolaxia Group Limited	Cyprus	Holdings	100%	100%
ATF Netherlands B.V.	Netherlands	Financing	100%	100%
AT Securities B.V.	Netherlands	Financing	100%	100%
Aroundtown Real Estate Limited	Cyprus	Holdings	100%	100%
Primecity Investment PLC	Cyprus	Holdings	98.20%	98.18%
Associates held indirectly by the Company				
Grand City Properties S.A.	Luxembourg	Holdings	38.75%	37.66%
Capital Property S.a.r.l	Luxembourg	Real estate	30%	0%

AROUNDTOWN SA

Berlin