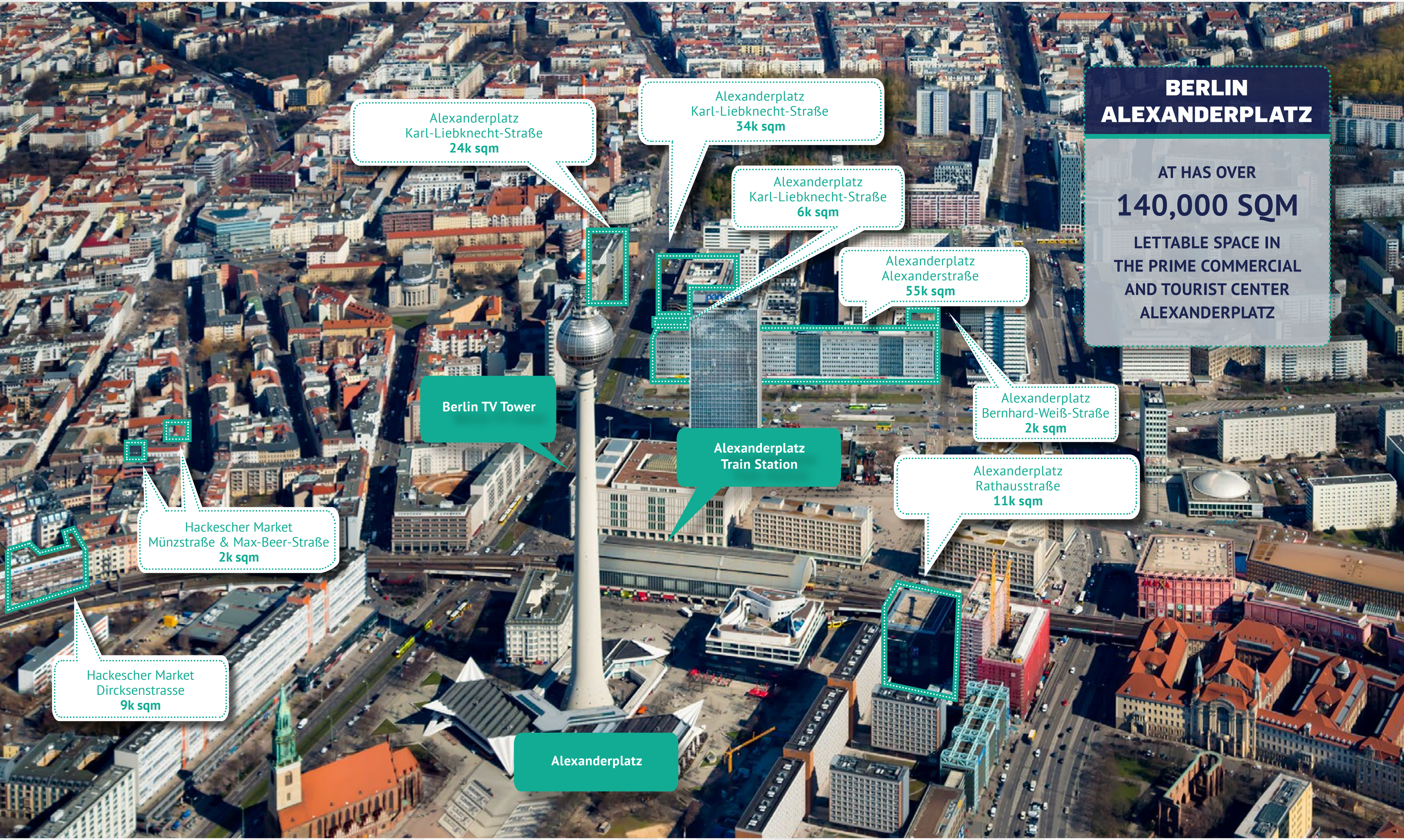
AROUNDTOWN SA

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021



BERLIN ALEXANDERPLATZ
AT HAS OVER
140,000 SQM
LETTABLE SPACE IN THE PRIME COMMERCIAL AND TOURIST CENTER ALEXANDERPLATZ
Alexanderplatz Karl-Liebknecht-Straße 24k sqm
Alexanderplatz Karl-Liebknecht-Straße 34k sqm
Alexanderplatz Karl-Liebknecht-Straße 6k sqm
Alexanderplatz Alexanderstraße 55k sqm
Alexanderplatz Bernhard-Weiß-Straße 2k sqm
Alexanderplatz Rathausstraße 11k sqm
Berlin TV Tower
Alexanderplatz Train Station
Hackescher Market Münzstraße & Max-Beer-Straße 2k sqm
Hackescher Market Dircksenstrasse 9k sqm
Alexanderplatz

CONTENT

FINANCIAL POSITION HIGHLIGHTS

in € millions unless otherwise indicated	**Dec 2021** [1]	Dec 2020	Dec 2019
Total Assets	**39,383.1**	30,880.3 [2]	25,444.7
Total Equity	**19,156.4**	15,583.0	13,378.9
Investment property	**29,115.9**	21,172.4	18,127.0
Investment property of assets held for sale	**1,009.3**	830.2	202.4
Cash and liquid assets [3]	**3,244.1**	3,262.7	3,043.8
Total financial debt [4]	**15,588.2**	11,860.9	10,028.3
Unencumbered assets ratio [5]	**83%**	76%	81%
Equity Ratio	**49%**	50%	53%
Loan-to-Value	**39%**	34%	34%

1) GCP is consolidated as of July 1, 2021
2) reclassified
3) including cash and liquid assets under held for sale
4) including financial debt under held for sale
5) by rent

KEY FINANCIALS

in € millions unless otherwise indicated	**1-12/2021** [1]	Change	1-12/2020
Revenue	**1,323.2**	12%	1,180.3
Net rental income	**1,085.7**	8%	1,003.0
Adjusted EBITDA [2]	**974.9**	3%	944.1
FFO I before extraordinary Covid adjustment [2]	**478.2**	0%	477.8
FFO I per share before extraordinary Covid adjustment (in €) [2]	**0.41**	11%	0.37
FFO I [2] [3]	**353.2**	(1%)	357.8
FFO I per share (in €) [2] [3]	**0.30**	11%	0.27
FFO II [3]	**968.6**	4%	932.5
ICR [4]	**4.9x**	0.8x	4.1x
Profit for the year	**1,078.1**	19%	906.4
EPS (basic) (in €)	**0.55**	10%	0.50
EPS (diluted) (in €)	**0.53**	8%	0.49

1) GCP's results are consolidated starting from July 1, 2021
2) including AT's share in companies which AT has significant influence, excluding the contributions from assets held for sale
3) including extraordinary expenses for uncollected rent due to the Covid pandemic (€125 million in FY 2021, €120 million in FY 2020)
4) reclassified during 2021 to exclude the contributions from joint venture positions

	2021	Change	2020
Dividend per share (in €)	**0.23** [1]	5%	0.22

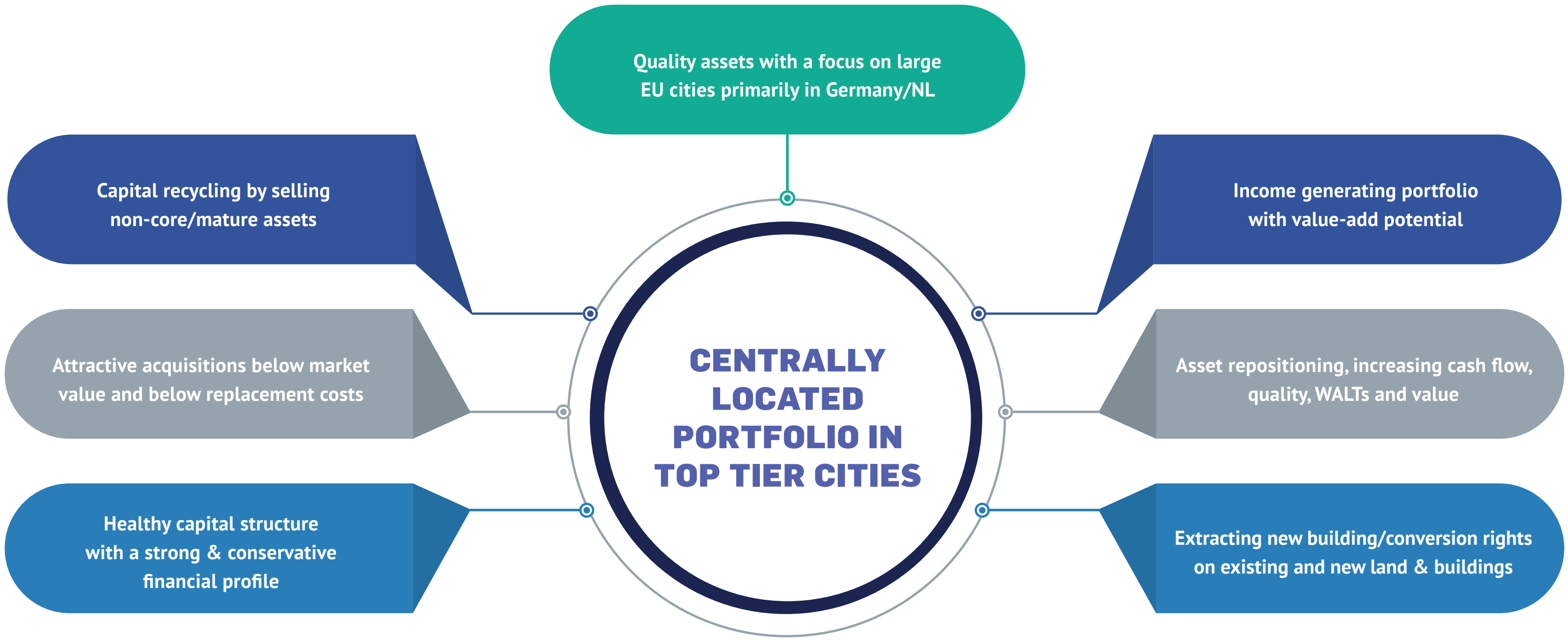
1) 2021 dividend is based on 75% of FFO I per share and is subject to AGM approval

EPRA PERFORMANCE MEASURES

In € millions unless otherwise indicated	2021	Change	2020
EPRA NRV	13,057.5	0%	13,093.9
EPRA NRV per share (in €)	11.5	4%	11.1
EPRA NTA	11,564.0	3%	11,187.4
EPRA NTA per share (in €)	10.2	7%	9.5
EPRA NDV	8,462.5	1%	8,354.9
EPRA NDV per share (in €)	7.5	6%	7.1
EPRA Earnings	393.7	(9%)	434.8
EPRA Earnings per share (in €)	0.34	3%	0.33
EPRA Net initial yield (NIY)	3.4%	(0.2%)	3.6%
EPRA 'Topped-up' NIY	3.5%	(0.2%)	3.7%
EPRA Vacancy	7.7%	(1.2%)	8.9%
EPRA Vacancy including JV	7.8%	(0.7%)	8.5%
EPRA Cost Ratio (including direct vacancy costs)	29.7%	0.4%	29.3%
EPRA Cost Ratio (excluding direct vacancy costs)	27.6%	0.2%	27.4%
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	19.6%	0.2%	19.4%
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	17.5%	(0.1%)	17.6%


Berlin

AROUNDTOWN



The Board of Directors of Aroundtown SA and its investees (the "Company", "Aroundtown", "AT", or the "Group"), hereby submits the consolidated annual report as of December 31, 2021. The figures presented are based on the consolidated financial statements as of December 31, 2021, 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 European cities primarily in Germany, the Netherlands and London. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. Aroundtown invests in residential real estate through its subsidiary Grand City Properties S.A. ("GCP"), a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market, as well as in London. As of December 31, 2021, the Group's holding in GCP is 49% excluding shares GCP holds in treasury (46% including these shares). GCP is consolidated in AT's financials starting from July 1, 2021. The Group's unique business model and experienced management team led the Group to grow continuously since 2004.


FRANKFURT HBF & CBD
APPROX. 200,000 SQM LETTABLE SPACE IN FRANKFURT'S PRIME CENTERS, MAIN CENTRAL TRAIN STATION AND BANKING DISTRICT
Frankfurt Büro Center (FBC) Mainzer Landstraße 43k sqm
Frankfurt Stadtmitte Bleichstraße 9k sqm
Intercontinental Frankfurt Wilhelm-Leuschner Strasse 28k sqm
Frankfurt HBF Stuttgarter Straße 9k sqm
Frankfurt Office Campus Gutleutstraße 88k sqm
Banking District
Frankfurt Hauptbahnhof (Central Train Station)
Frankfurt HBF Hafenstraße 20k sqm
VIEW FROM HAFENSTR. OFFICE TOWER
VIEW FROM HAFENSTR. OFFICE TOWER

LARGE SCALE WITH A FOCUS ON STRONG ASSET TYPES IN TOP TIER LOCATIONS

LARGER AND HIGHER QUALITY PLATFORM AS A RESULT OF PORTFOLIO ENHANCEMENT ACTIVITIES THROUGH CONSOLIDATION OF GCP, TLG MERGER AND NON-CORE DISPOSALS

ECONOMIES OF SCALE

- 3rd largest listed RE company in Europe with €39 billion total assets
- Largest office landlord in Berlin, Munich and Frankfurt among publicly listed peers
- A leading landlord position across multiple asset types in cities such as Berlin with a total portfolio of €7.3 billion

SOLID DIVERSIFI-CATION

- Strong diversification across several asset types, well-balanced portfolio with increased share of German residential
- 44% Office, 30% Residential, 18% Hotels, 2% Logistics, 6% Retail
- No dependency on single tenants or industries

TOP TIER LOCATIONS

- 85% in Germany and the Netherlands, 7% in London
- 65% in German and Dutch top tier cities as well as London
- Higher concentration on stronger cities since December 2019 through portfolio enhancement activities including disposals of non-core assets

STRONGER PLATFORM

- GCP is consolidated starting from July 1, 2021
- Increased stake in TLG and delisting of TLG's shares in 2021
- JV control stake in Globalworth is obtained (50/50 JV holding over 60% stake)

INCREASED PORTFOLIO QUALITY

- €2.3BN closed during 2021, with 3% margin over book value and 37% margin over cost value
- Additional €0.5 billion signed for disposal but not completed
- Non-core disposals improve the portfolio quality

CONTINUOUSLY CREATING VALUE FOR STAKEHOLDERS

FURTHER ESG PROGRESS

- ca. 30% of the NL portfolio is certified with BREEAM (2% in 2020). Knowledge supports implementation in other portfolio locations
- Further investments in energy efficient measures such as PV's, CHP's, EV charging stations and efficient windows, lighting, roofs, façade and heating systems
- Contributed further to local communities with numerous charitable activities

IMPROVED SUSTAINABILITY SCORE

SUSTAINALYTICS

- Improved score within the low-risk category
- Top 4% globally across all industries
- Top 12% globally across RE coverage

SUSTAINABILITY INDICES

S&P EUROPE 350 ESG INDEX

DAX® 50 ESG

Global property research
Solutions for customized property indices

- Included in S&P EUROPE 350 ESG Index since May 2021, adding to strong visibility in green indices

CONSECUTIVE EPRA AWARDS

2021 ▸ EPRA BPR GOLD | EPRA sBPR GOLD

- AT received EPRA BPR Gold award for the 5th time and EPRA sBPR Gold award for the 4th time, consecutively, testifying to high standards of financial transparency and sustainability reporting

2020 ▸ EPRA BPR GOLD | EPRA sBPR GOLD

2019 ▸ EPRA BPR GOLD | EPRA sBPR GOLD

2018 ▸ EPRA BPR GOLD | EPRA sBPR GOLD

2017 ▸ EPRA BPR GOLD

LARGE YIELDING PORTFOLIO

PORTFOLIO ENHANCEMENT ACTIVITIES IN THE PAST 2 YEARS

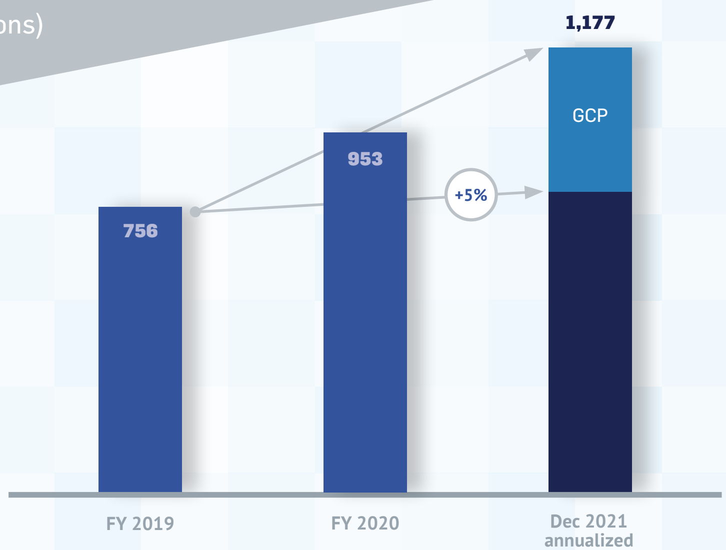
€13BN CONSOLIDATED
(2020 & 2021)

From TLG merger and GCP consolidation

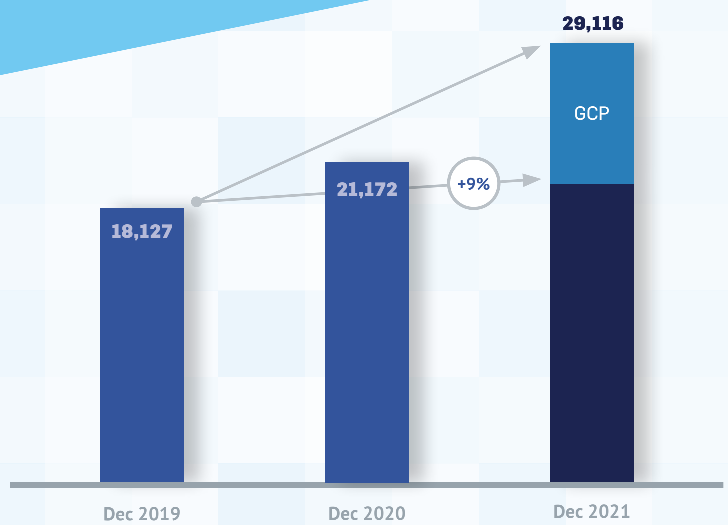
€4.7BN DISPOSED
(2020 & 2021)

Through various deals above book value

NET RENTAL INCOME, RECURRING LONG-TERM
(in € millions)



INVESTMENT PROPERTY
(in € millions)

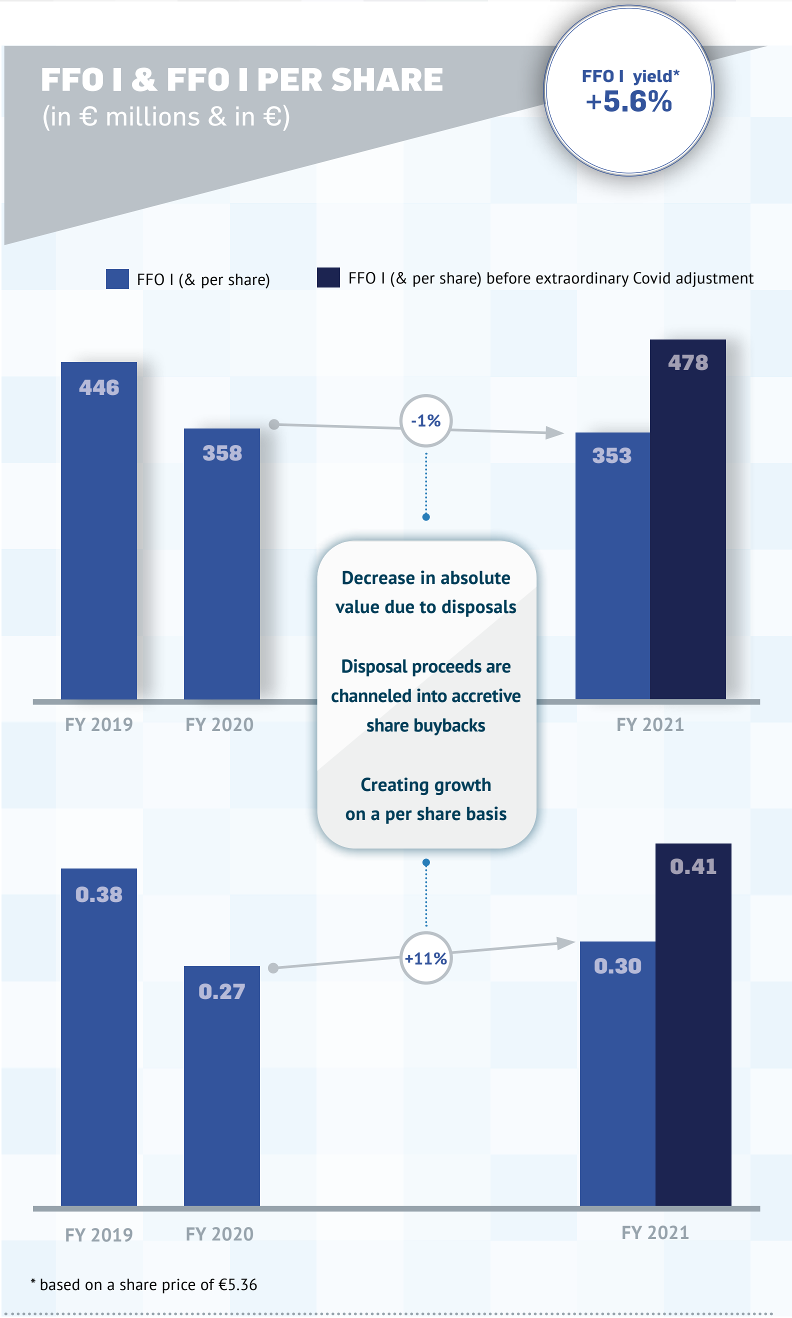


+10% TOTAL SHAREHOLDER RETURN IN 2021

Through value creation and profits, supported by accretive share buyback.

Capital recycling through selling assets above book value and using the proceeds to buyback shares significantly below NAV and repay debt.

€2bn share buyback in 2020, 2021 and 2022 (€1.6bn executed as of March 25, 2022)



FINANCIAL DISCIPLINE MAINTAINED

HIGH LIQUIDITY AND FINANCIAL FLEXIBILITY

€3.2BN

Cash and liquid assets

€24BN / 83% OF RENT

Unencumbered investment properties

39%

Low LTV

BBB+/STABLE

Credit rating by S&P
(reaffirmed in Dec 2021)

CONSERVATIVE DEBT PROFILE

€2.3BN

Debt repayments in 2021, which had higher cost of debt and shorter maturity, contributing to...

1.2%

Low cost of debt

5.7Y

Long average debt maturity


ADAC
Autovermietung
Autovermietung
Autovermietung
ADAC

Berlin

LETTER FROM THE BOARD

Dear Stakeholders,

We proudly present to you our results for the year 2021. While we acknowledge that the pandemic has continued to pose certain challenges throughout the year, we have managed to navigate the uncertainties through hands-on management response and action, supported by our dedicated professional teams, on the back of a well-diversified and strong portfolio, located in strong economic centers. During the year, we bolstered our platform further while maintaining a disciplined balance sheet and made additional progress towards achieving our ESG targets. We are confident that we are well-positioned to capture the pandemic recovery and believe that the pandemic has enabled us to strengthen the Group for the long-term and may provide new opportunities in the future. We are happy to share with you some of our achievements across the entire business spectrum.

STRONGER PLATFORM

During the year, we solidified our position within the European real estate market. Our portfolio increased to €29 billion as of December 2021 from €21 billion as of December 2020. Our growth and large asset base places us among the Top 3 largest listed real estate companies in Europe. We amassed a larger and higher quality portfolio as a result of portfolio enhancement activities over the last two years. We continued building a diversified portfolio, with a focus on the strongest asset types within top tier cities. The consolidation of GCP, the merger with TLG and non-core disposals, resulted in a higher portfolio quality due to increased focus on core asset types and core locations. The increased stake and consolidation of GCP strengthened our position in residential real estate to 30% of the Group's portfolio. All these portfolio enhancements increased the size of the portfolio within strong German cities as well as the quality and the total vacancy decreased to 7.7% as of December 2021, down from 8.9% in December 2020. As a result, we have a well-balanced and large-scale portfolio with a focus on strong asset types in top tier locations. 65% of our portfolio is in top tier cities of Germany and the Netherlands, as well as London. We have a strong presence in our top markets and are the largest office landlord in Berlin, Munich and Frankfurt among listed peers. With the consolidation of GCP, we now have a leading landlord position across multiple asset types in cities such as Berlin with a total portfolio of €7.3 billion.

TLG has been delisted from the Frankfurt Stock Exchange in December 2021, taking a further step towards integration and simplification of the Group structure. TLG's business is fully integrated and the extraction of synergies is progressing successfully. In terms of operations, we have a more efficient property and asset management resulting from overlapping portfolio locations. We have already achieved some cost optimization across the operating platform through economies of scale and on the corporate level through combining administrative capabilities and IT systems. Furthermore, we have combined the deal sourcing network of both companies which has strengthened the disposal activity. In terms of financial synergies, with our best-in-class capital market access, we have integrated TLG and its capital market instruments into a platform with many bank and investor relationships. Since the merger, we have refinanced €1.2 billion of TLG's debt which was partly funded by a €1 billion bond issued at 0% coupon. Additionally, through the delisting offer and TLG's share buyback, our control increased further.

Further complementary diversification to our platform was achieved via the increased stake in Globalworth, the leading listed office real estate company in Poland and Romania. Through a 50/50 JV with CPI Property Group, we together hold 61% of Globalworth. Our holding makes up over 30% of Globalworth, which is only 1.4% of our total assets but provides an attractive opportunity at an attractive entry price. Together with our JV partner, CPI, we are exploring possibilities for synergies and value creation. Globalworth is a leader in prime CBD areas of key Polish and Romanian cities with high quality, modern and energy efficient office buildings. They have a strong tenant base of mostly blue-chip international tenants, with long-term, euro-denominated, triple-net and inflation-linked leases.

COVID-19 IMPACT & MARKET PERFORMANCE

2021 was another challenging year for hotels, impacted by Covid-related lockdowns and restrictions throughout Europe up until June, and with some restrictions remaining during the rest of the year. With the lifting of the lockdowns and increasing pace of vaccinations, the hotel sector re-opened and especially the leisure hotels began to recover during the summer holiday season. The recovery, however, was asymmetric across different demand drivers. Domestic leisure demand led to a swift recovery, supported by the holiday season, pent-up demand

and international travel restrictions. On the other hand, international demand and business travels remained subdued due to remaining uncertainties, volatile infection rates and constantly changing travel restrictions. We remain cautious for the coming periods and are working together with our tenants to find long-term solutions. However, we expect that 2022 will be better than 2021. Nevertheless, hotels now make up only 18% of our portfolio as of December 2021, as opposed to 24% in December 2020, driven by the portfolio enhancement activities, and therefore the underperformance of the hotel portfolio on the level of overall portfolio will be smaller.

Our office markets, Germany and the Netherlands, continued to recover during 2021 from the low market performance of 2020. With the easing of restrictions, a high pace of vaccinations and government support, we have seen the business demand and new letting activity picking up since the beginning of 2021. Market vacancy, albeit slightly increasing, is still at a historically low level due to solid demand and large undersupply which kept market rents and values stable or at a slight growth. Our portfolio has performed in parallel to these market developments. Driven by our operational performance and strong fundamentals of our assets, we had stable like-for-like rent and value performance in our office portfolio during 2021.

CAPITAL RECYCLING & SHAREHOLDER VALUE CREATION

Disposing a large amount of properties above book value while our share is traded at a discount to NAV highlights the large mispricing of the equity markets to the real estate transaction markets. German and Dutch real estate assets are highly demanded, supported by the fact that these assets offer large spread over bond yields, and benefit from long-term sustainable economic fundamentals. The disconnect between the equity and transaction markets provides us with a unique arbitrage opportunity to dispose assets above their book values and use the proceeds to buyback our shares at a significant discount and thus creating long-term shareholder value. Since the beginning of pandemic until the year-end 2021, we have closed €4.7 billion of disposals with 3% margin over the book values and utilized the proceeds to buyback €2 billion of our shares at a steep discount to EPRA NTA and to repay debt. In addition, we increased and extended the buyback program by €500 million until the end of 2022. Out of the €2 billion buyback volume, €1.6 billion has been executed already and €0.4 billion is remaining as of the date of this report. The share buyback was not the only shareholder distribution during 2021 as we have additionally paid a dividend of €0.22 per share in line with our dividend policy. As a result of all value creation activities, our EPRA NTA per share grew by 10% in 2021, adjusted for dividends.

The share buyback programs, executed at an attractive FFO yield, will enable us to drive operational growth on a per share basis in the years to come and create higher FFO returns to our shareholders.

During 2021, we have signed €2.8 billion of assets for disposal in various transactions, of which €2.3 billion were closed in 2021. Of the closed disposals, 42% were offices, 31% were hotels, 22% were logistics, retail and residential assets and 5% were development rights. 38% were in non-core locations while the remaining were in locations such as Berlin, London, Dresden, Hamburg, NRW, Munich, Leipzig and Wiesbaden. Disposals above book value, including the hotel and development right disposals, validate the conservative valuations of the portfolio. As part of our value creation process, we signed €350 million of development rights for disposal (€120 million closed during 2021) over their book values, demonstrating our strong track record of value identification, realization and subsequent crystallization.

Besides the share buyback, part of the disposal proceeds were utilized for debt repayments. We repaid approx. €3 billion of debt in 2021 and 2022 year-to-date while issuing €1.3 billion new debt. As a result of these proactive payments and the consolidation of GCP's conservative financial profile, we further optimized our debt profile and lowered our cost of debt to 1.2% while maintaining a long average debt maturity of 5.7 years which will positively support the FFO and dividends in long term.

Our strong liquidity position was maintained, further complemented by our strong cash flow producing portfolio. With this large liquidity position, we have substantial firepower that will enable us to seize attractive investment opportunities in the future.

ESG PROGRESS

We continued our progress in our ESG commitments during 2021. We have incorporated ESG principles in all our departments which helps us in having a comprehensive and unified approach across our platform. We are very proud to mention that our efforts were recognized and awarded by various international organizations. We improved our score with Sustainalytics within the low-risk category and ranked among Top 4% globally across all industries and Top 12% across real estate. Furthermore, we received the EPRA BPR Gold award for the 5th time and the EPRA sBPR Gold award for the 4th time, consecutively, validating our high standards of financial transparency and sustainability reporting. Additionally, we were included in the S&P Europe 350 ESG Index in May 2021, adding to our strong visibility in ESG indices such as DAX 50 ESG index and GPR Green indices.

With respect to **E**nvironment, our efforts were concentrated on our Energy Investment Program and Green Building Certification pilot program. We established an energy department, currently including 16 employees, of which 10 are certified engineers to help us navigate the progress into a success story. With regard to Green Building Certifications, we undertook a major project in our Dutch portfolio and as of this reporting date certified already ca. 30% of the Dutch portfolio, up from 2% in the previous year. The pilot project was launched in the Netherlands as there is a high demand from tenants for green buildings, higher rents and occupancies can be achieved and capex for upgrades yields positively. Based on experiences gained through this pilot project, we are currently implementing this strategy in other portfolio locations. In parallel, we started the analysis for our German portfolio which aims to certify assets that need minimal upgrades. Within the Energy Investment Program, we have made further investment in efficient and renewable energy generation and storage systems, electrical vehicle charging stations and smart meters to reduce our environmental footprint. We have additionally invested in efficient windows, lighting, roofs, façade and heating systems.

On the **S**ocial front, we continued to build and maintain strong relationships with the local communities. The Aroundtown Foundation has engaged in more than a dozen charitable activities during the year across our portfolio locations. We have worked together with local partners such as Die Arche e.V., HORIZONT e.V., Off Road Kids, EvE Foundation, Joblinge, children and youth fire department of various local governments, etc. The donations were focused on supporting local institutions with a purpose of improving child and youth education & healthcare, eliminating child poverty, preparing disadvantaged young people for the job market, providing solidarity to minorities and many more. Furthermore, following the flood disaster in the Ahr valley in NRW, we donated funds to local associations to help those in need with the clean-up and reconstruction, provided accommodation to some local volunteers in our hotels and several of our employees volunteered in the region as part of the Social Day 2021. In addition, we ramped up our training and development opportunities during the year and offered a wide range of courses to our employees such as language courses, software training, real estate related topics, sustainability and leadership courses.

With regard to **G**overnance, we maintain a diverse mix in our board composition – of which 4 out of 6 are independent / non-executive and 2 out of 6 are female – which is supported by various committees with higher level of oversight for special topics. In pursuit of higher transparency, we have updated our sustainability reporting and added new disclosures. You can find all the materials on our website.

In our *Non-Financial Report*, you can see our performance and impact with regard to the management of ESG matters (audited by Mazars). Under *Sustainability Insights*, you can find comprehensive accounts of a dozen individual topics forming our Sustainable Business Strategy. Lastly, in the *Sustainability – In Focus* report, you can see an overview of our sustainability activities, designed to inform various stakeholders. The Non-Financial Report for 2021 will be published on our website by the end of April 2022.

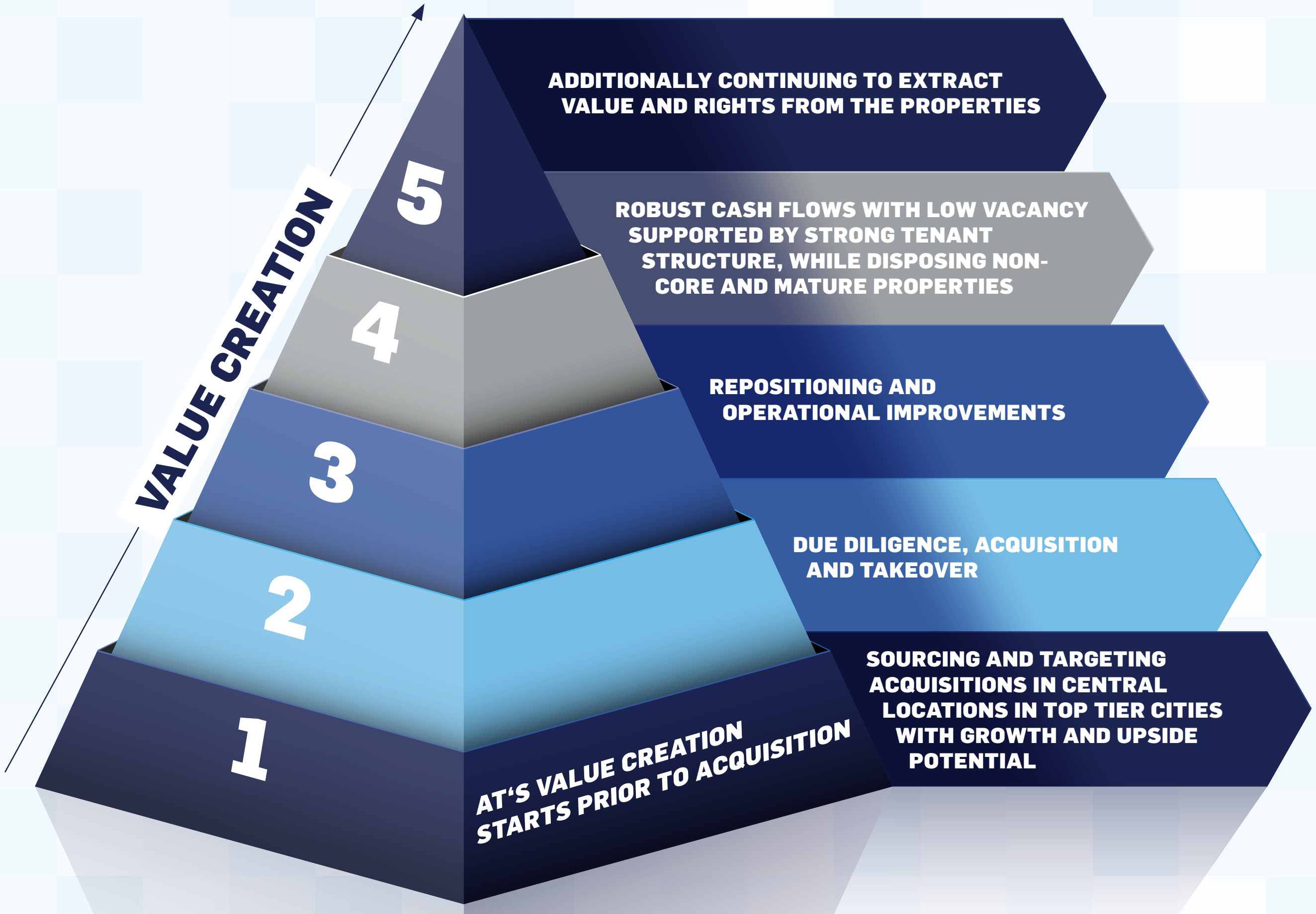
We have built a large and diversified platform over the years with multiple distinct growth drivers which has proven its defensiveness. We have accomplished in creating value for our stakeholders, especially throughout unprecedented and challenging times, and we are confident in our ability to continue doing so in 2022. With our talented workforce, large yielding portfolio with strong upside potential, high financial strength and ample firepower, we will pursue the opportunities that 2022 may bring us.

By the order of the Board of Directors, March 29, 2022

Frank Roseen	**Jelena Afxentiou**
Executive Director	Executive Director

Dresden

THE STRATEGY AND BUSINESS MODEL



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 of top tier cities characterized by below market rent levels, inefficient cost or lease structure and/or vacancy reduction potential. With over 18 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:

- Focus on 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 operational 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, ACQUISITION AND TAKEOVER

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 the 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.

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.

3) 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 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. 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 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 the Group 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 Group 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 and fast response times to its tenants.

Smart capex investments when required

AT addresses capex needs to keep the properties' 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 Group 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 space extensions to facilitate growth and smart space redesign to match modern office layouts. For its residential tenant base, the Group supports its tenants through a TÜV- and ISO 9001:2015-certified Service Center with 24/7 availability via various channels. Furthermore, the Group aims to establish personal relationships between its tenants and its asset and property managers, 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.

4) 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. The operational focus is to extract the high upside potential embedded in the portfolio, in order to increase and strengthen internal growth and cash flows.

Capital recycling by selling non-core and mature assets

While the Group's main focus is on extracting the potential of its portfolio, the Group also pursues an accretive capital recycling of non-core and/or mature properties. 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 AT. The disposal of such properties enables capital recycling and provides firepower to pursue new opportunities with high upside potential on one hand and increases the quality of the portfolio on the other.

5) EXTRACTING BUILDING RIGHTS FROM UNUSED OR UNDERUTILIZED LAND OR CONVERSION RIGHTS FROM EXISTING PROPERTIES AND NEW LAND

As part of the value creation process, Aroundtown identifies and extracts building rights from unused or underutilized existing and new land and buildings and conversion rights, providing an additional internal growth driver. AT assesses internally the best use for the rights and advances on to maintain the discussion with authorities, engineers 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 sellable permits or proceeding to execute the development. Aroundtown does not intend to fully build and develop all of the rights and estimates that part of the rights will be disposed. In certain assets, the Group considers development of the rights where the Group believes to have low risk and such projects enable to unlock further potential through pre-let long-term agreements with strong tenants.

Munich

KEY STRENGTHS

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 Group'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 Group and its business units which shapes its processes and operational improvements.

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, 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 ABILITY TO CREATE ACCRETIVE GROWTH

The Group's acquisition track record over the past 18 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.

QUALITY LOCATIONS IN TOP TIER CITIES

The Group's assets are primarily located in two of Europe's strongest economies with AAA sovereign ratings: Germany and the Netherlands. Within these countries, the Group 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, Netherlands' financial center and capital Amsterdam, Europe's biggest port Rotterdam and Germany's dynamic metropolitan regions in the east Dresden and Leipzig. The Group's assets are further diversified into other top cities with strong economic fundamentals, such as one of Europe's main financial centers and most popular touristic destination, London.

CONSERVATIVE FINANCING STRUCTURE

AT's conservative capital structure approach is reflected in a low LTV of 39% as of December 31, 2021, 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.

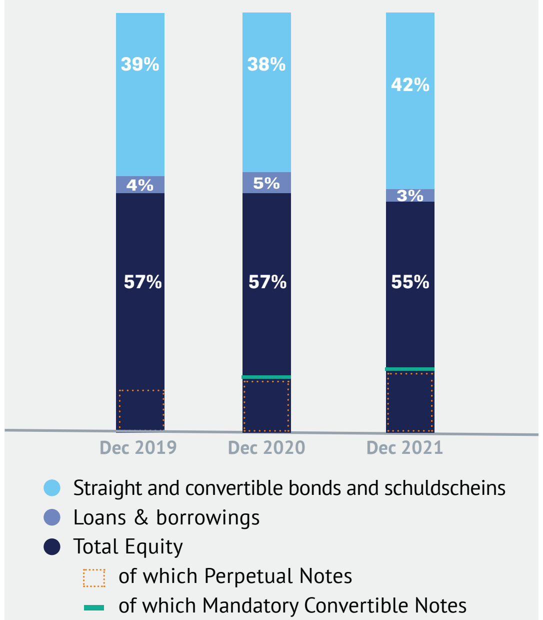
FINANCIAL POLICY

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

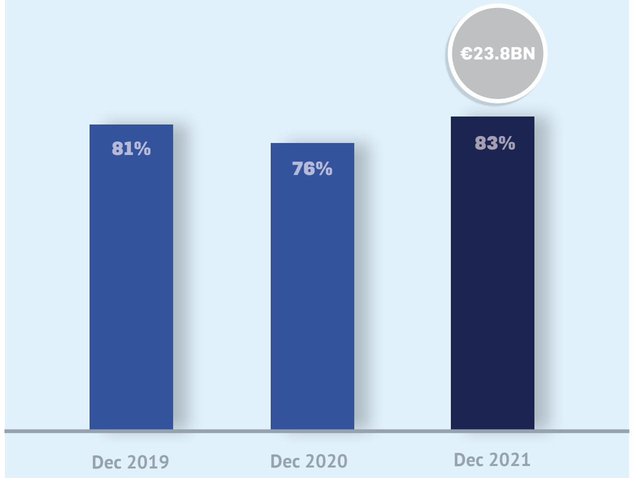
- Strive to achieve A global rating in the long-term
- LTV limit at 45%
- Debt to debt-plus-equity ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios with a strong ICR
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long-term unsecured bonds & non-recourse bank loans
- Dividend distribution of 75% of FFO I per share

In addition to its conservative capital structure and strong track record in accessing capital markets that enables the Group to finance its future growth, the Group maintains a robust liquidity position through a mix of operational cash flow generation and balance of cash and liquid assets which as of December 31, 2021 amounted to €3.2 billion. Additionally, the high ratio of unencumbered investment properties of 83% (by rent, €23.8 billion in total value) as of December 31, 2021 provides for additional financial flexibility.

Financing sources mix



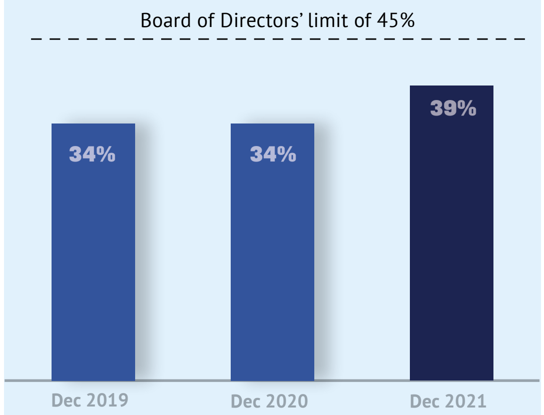
High unencumbered assets ratio



Consistently maintaining high interest cover ratio (ICR)

* reclassified

Loan-To-Value



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 large 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 the 'BBB+' rating. Aroundtown continues to strive to achieve its long-term target rating of A.

AROUNDTOWN'S QUALITY PORTFOLIO

*including development rights & invest and representing GCP at 100%. AT's holding rate in GCP is 49% as of December 31, 2021 excluding the shares GCP holds in treasury

GROUP PORTFOLIO OVERVIEW

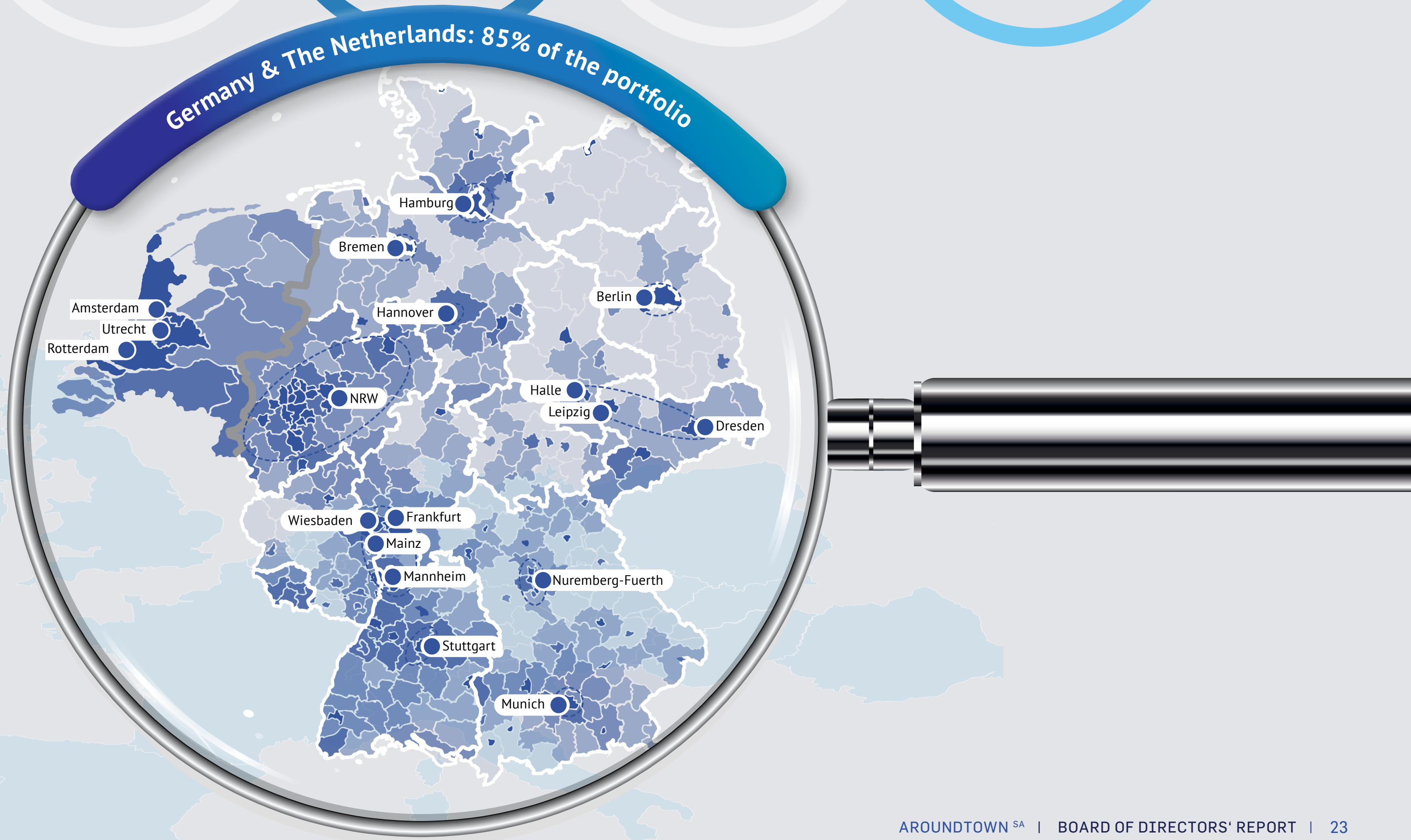
8 OF THE 15 LARGEST METROPOLITANS IN THE EU ARE IN GERMANY & THE NL

TOGETHER MAKING UP MORE THAN A QUARTER OF THE EU'S ECONOMY

TWO OF THE STRONGEST ECONOMIES IN EUROPE WITH AAA CREDIT RATING

AMONG THE LOWEST UNEMPLOYMENT LEVELS IN EUROPE

AMONG THE LOWEST DEBT/GDP LEVELS IN EUROPE



POPULATION DENSITY IN GERMANY AND THE NETHERLANDS

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

Inhabitants per sqkm (2017, Destatis; 2019, CBS)

WELL-DIVERSIFIED GROUP PORTFOLIO WITH FOCUS ON STRONG VALUE DRIVERS

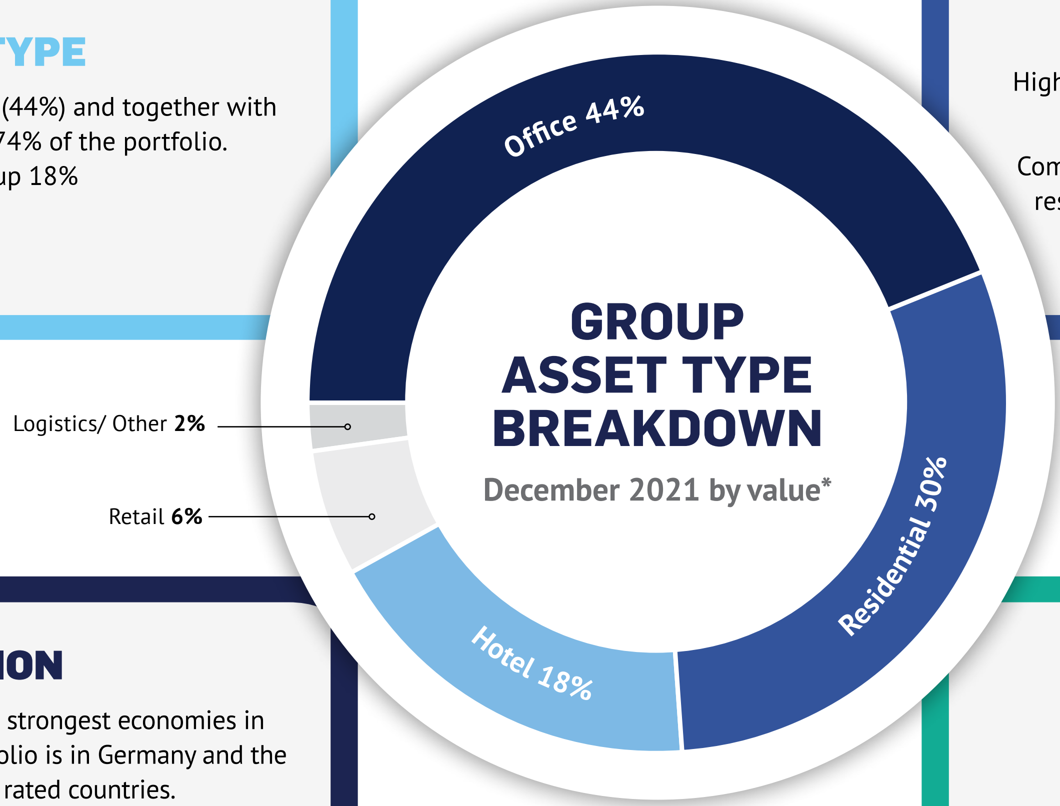
ASSET TYPE

The largest asset type is Office (44%) and together with Residential, they make up 74% of the portfolio. Hotels make up 18%

TENANT

High tenant diversification with no material tenant or industry dependency.

Commercial portfolio with approx. 3,500 tenants and residential portfolio with very granular tenant base



LOCATION

The portfolio is focused on the strongest economies in Europe: 85% of the Group's portfolio is in Germany and the Netherlands, both AAA rated countries.

Focus on top tier cities of Germany and the Netherlands and on London

Well-distributed across multiple regions with a large foot-print in top tier cities such as Berlin, Munich and Frankfurt

INDUSTRY

Each location has different key industries and fundamentals driving the demand.

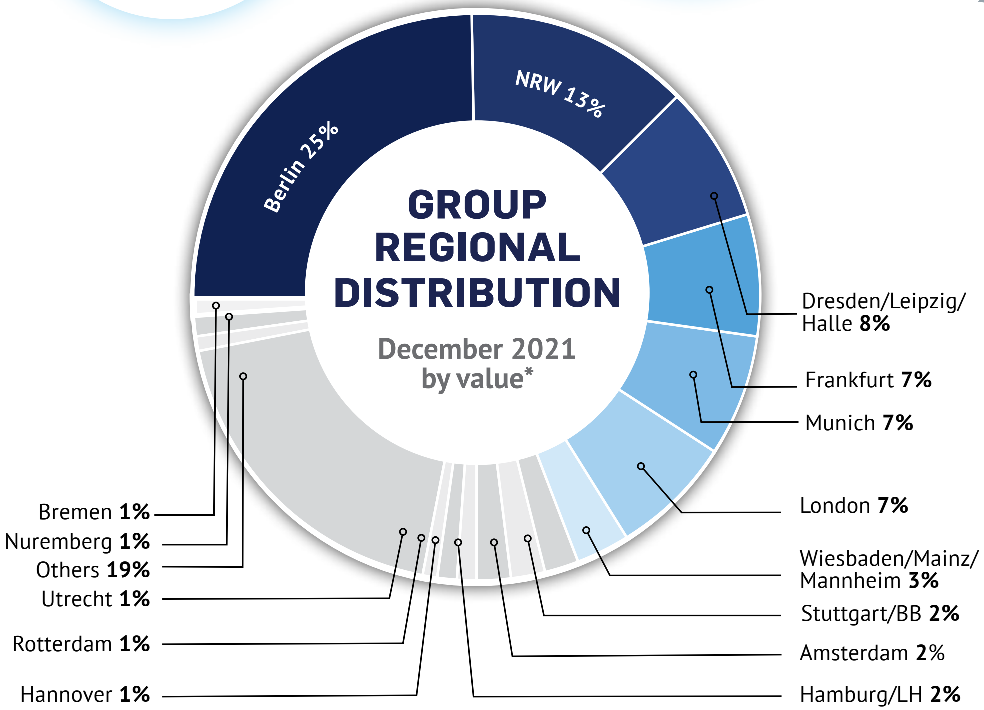
Therefore, the Group's tenants are diversified into distinct sectors, eliminating the dependency on a single industry

*including development rights & invest and representing GCP at 100%

HIGH GEOGRAPHICAL DIVERSIFICATION

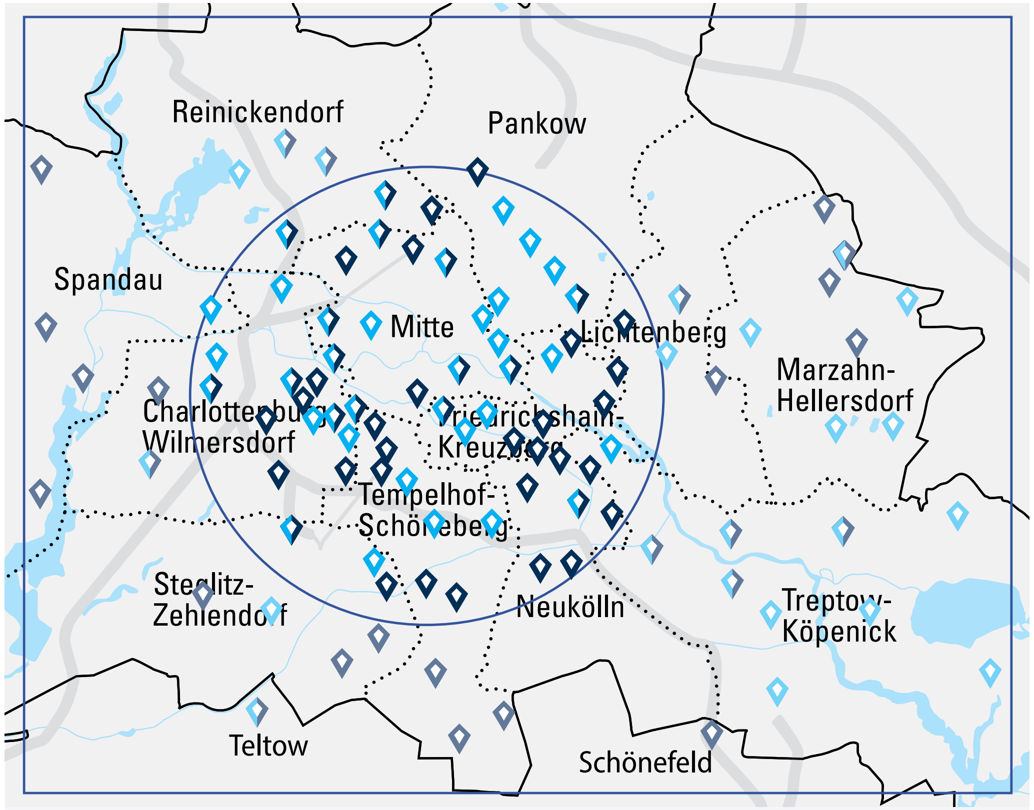
Berlin is the single largest location. AT is a leading landlord in Berlin across multiple asset types.

Central locations within top tier cities: A Berlin example



*including development rights & invest and representing GCP at 100%

BEST-IN-CLASS BERLIN PORTFOLIO



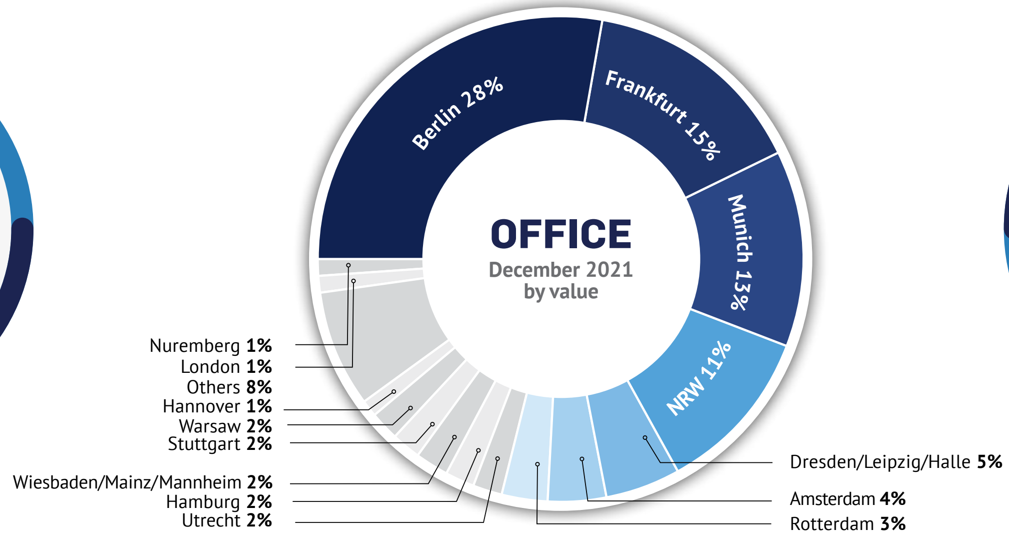
- **85%** of the portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- **15%** of the portfolio is well located primarily in Reinickendorf, Spandau, Treptow, Köpenick and Marzahn-Hellersdorf

Commercial properties | Residential properties

*Map representing approx. 95% of the portfolio and 98% including central Potsdam

OFFICE: HIGH QUALITY OFFICES IN TOP TIER CITIES

AT is the largest office landlord in Berlin, Frankfurt and Munich among publicly listed peers



Top 4 office cities: Berlin, Munich, Frankfurt and Amsterdam make up **60%** of the office portfolio

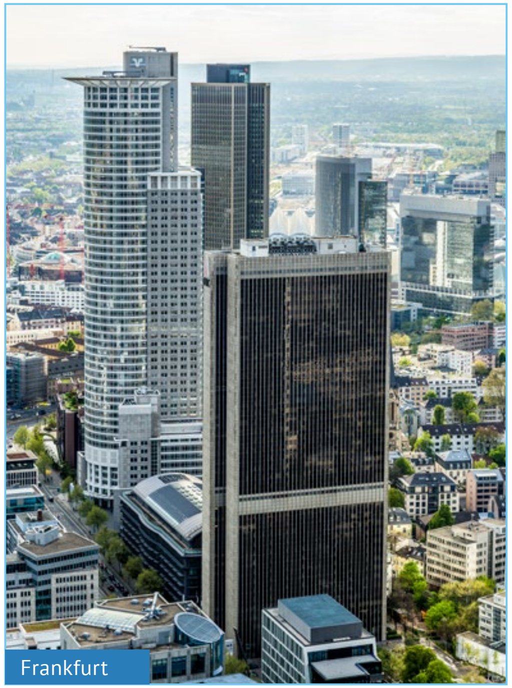
TOP OFFICE LOCATIONS Key Industries driving the business demand

Aroundtown´s office assets are well-diversified and well-located across top tier cities in Europe with a focus on Germany and the Netherlands, two of the strongest and most stable economies in Europe

BERLIN	Government	Start-up, Fintech, IT	Healthcare	Biotech
MUNICH	Insurance & Finance	Advanced manufacturing	Info & Comm. Tech & IT	Media
FRANKFURT	Finance	Chemicals/pharma	Aviation/Transportation	Exhibition & trade fair
AMSTERDAM	Info & Comm. Tech	Finance & trade	Start-up, Fintech, Agtech	Infrastructure & transportation

On top of geographical diversification, different macroeconomic characteristics of each location provide AT with an additional layer of diversification in terms of industry exposure


Berlin


Frankfurt


Munich


Amsterdam


Hamburg


Leipzig


Stuttgart

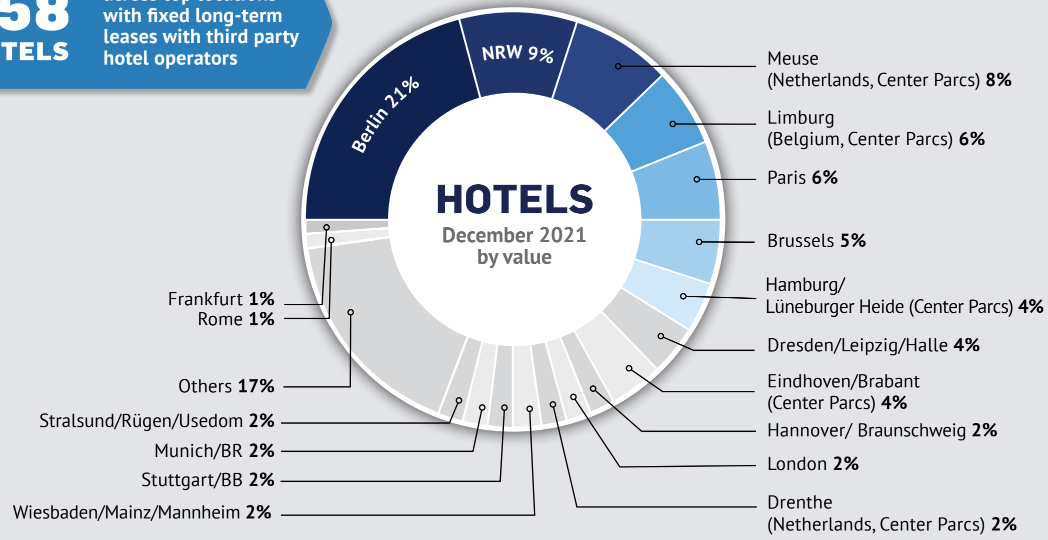

Dresden

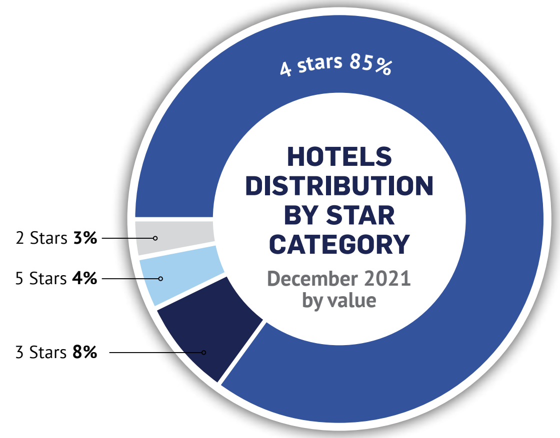

Rotterdam


Cologne

HOTELS: FOCUS ON CENTRAL LOCATIONS

158 HOTELS across top locations with fixed long-term leases with third party hotel operators





AT's hotel portfolio, valued at €4.8 billion as of December 2021, is well diversified and covers a total of 1.6m sqm. The largest share of the hotel portfolio is 4-star hotels with 85%, catching the largest market share 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.

The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. AT's management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. AT maintains close relations with the operators and monitors their performance on an ongoing basis, making use of its tailor-made IT/software system.

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

HIGH GEOGRAPHICAL DIVERSIFICATION


Berlin


Frankfurt

Berlin


London


Cologne


Meuse (Netherlands , Center Parcs)

DIVERSE EUROPEAN METROPOLITAN FOOTPRINT

Fixed long term leases with third party hotel operators

Aroundtown's hotel assets are well-diversified and well-located across major European metropolitans, with a focus on Germany. The locations of AT's hotel assets benefit from a strong tourism industry since they are some of Europe's most visited cities as well as top business locations such as Berlin, Frankfurt, Munich, Cologne, Paris, Rome, Brussels, London and Vienna.

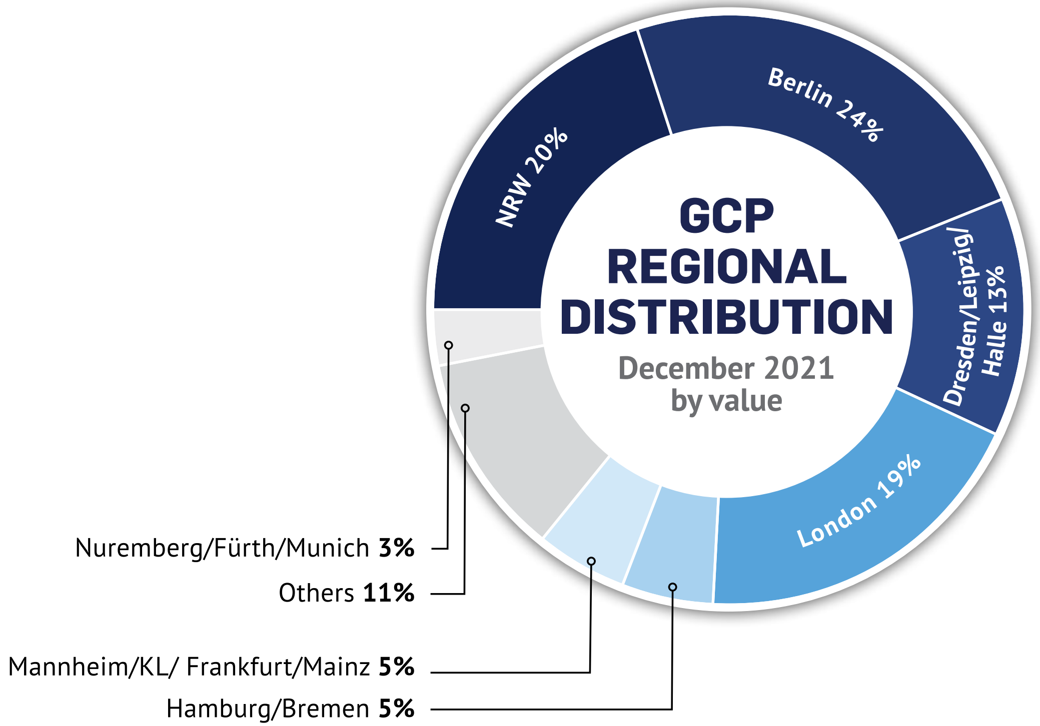

Hamburg /
Lüneburger Heide (Center Parcs)


Davos


Berlin


Dresden

GRAND CITY PROPERTIES (RESIDENTIAL PORTFOLIO)

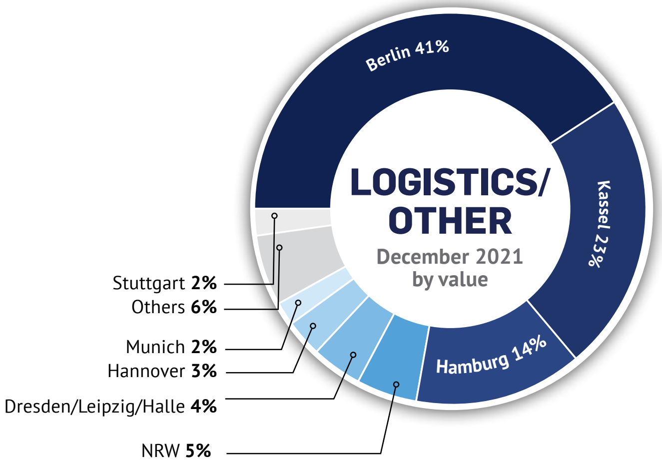


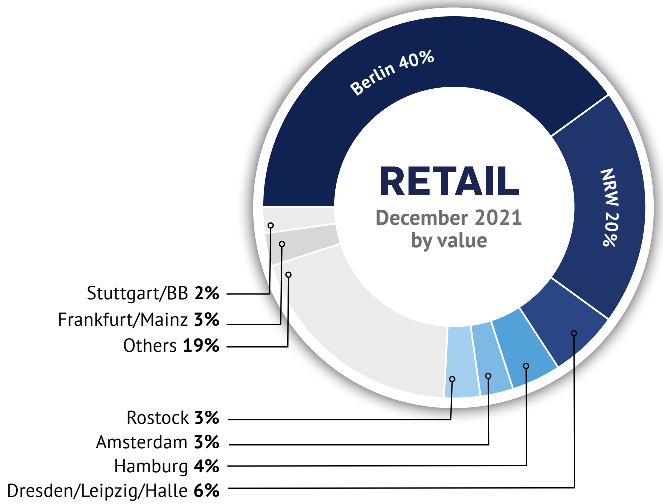

Berlin

The residential portfolio is primarily held through a 49% stake in Grand City Properties ("GCP") excluding the shares GCP holds in treasury (46% including these shares). GCP is a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas, predominantly in Germany, as well as in London. Since July 1, 2021, GCP is consolidated in AT's financial accounts, providing the Group with a well-balanced portfolio breakdown. GCP's portfolio has a value of €9.3 billion and operates at an in-place rent of €8.1/sqm and an EPRA vacancy of 5.1%. The portfolio generates an annualized net rental income of €383 million and includes a strong value-add potential. GCP holds 65k units in its portfolio with the properties spread across densely populated areas in Germany, with a focus on Berlin, North Rhine-Westphalia and the metropolitan regions of Dresden, Leipzig and Halle, as well as London. GCP's portfolio includes a relatively small share of commercial properties which AT reclassifies into their relevant asset class. GCP puts a 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.

FURTHER PORTFOLIO DIVERSIFICATION THROUGH LOGISTICS/OTHER AND RETAIL

Largest focus is on resilient essential goods tenants and grocery-anchored properties catering strong and stable demand from local residential neighborhoods





Berlin

Berlin

ASSET TYPE OVERVIEW

DECEMBER 2021	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	11,857	3,798	10.5%	480	11.2	3,122	4.0%	4.6
Residential	8,073	3,714	5.2%	347	8.1	2,174	4.3%	NA
Hotel	4,819	1,565	4.1%	242	13.3	3,079	5.0%	15.3
Retail	1,825	778	11.1%	84	10.0	2,346	4.6%	4.9
Logistics/Other	469	492	6.6%	24	4.3	953	5.1%	4.8
Development rights & Invest	2,073							
Total	**29,116**	**10,347**	**7.7%**	**1,177**	**10.0**	**2,614**	**4.4%**	**7.8**
Total (GCP at relative consolidation)	**24,343**	**8,252**	**8.2%**	**981**	**10.5**	**2,718**	**4.4%**	**7.9**

REGIONAL OVERVIEW

DECEMBER 2021	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	6,544	1,568	6.7%	207	11.4	4,175	3.2%
NRW	3,765	2,013	8.4%	176	7.6	1,870	4.7%
Dresden/Leipzig/Halle	2,112	1,259	4.9%	103	7.1	1,677	4.9%
London	2,061	285	6.2%	92	30.0	7,226	4.5%
Frankfurt	1,931	548	11.9%	78	13.2	3,526	4.0%
Munich	1,873	556	7.9%	53	7.9	3,371	2.8%
Wiesbaden/Mainz/Mannheim	755	282	7.7%	35	10.7	2,677	4.6%
Hamburg/LH	642	265	4.7%	33	10.5	2,424	5.2%
Amsterdam	623	168	9.8%	27	13.6	3,704	4.2%
Stuttgart/BB	333	134	9.4%	17	11.8	2,476	5.0%
Hannover	284	156	12.9%	13	8.0	1,825	4.5%
Rotterdam	257	100	4.9%	16	13.2	2,585	6.4%
Utrecht	222	93	7.4%	13	11.8	2,375	6.0%
Other	5,641	2,920	8.1%	314	9.6	1,932	5.6%
Development rights & Invest	2,073						
Total	**29,116**	**10,347**	**7.7%**	**1,177**	**10.0**	**2,614**	**4.4%**

Berlin

CAPITAL MARKETS

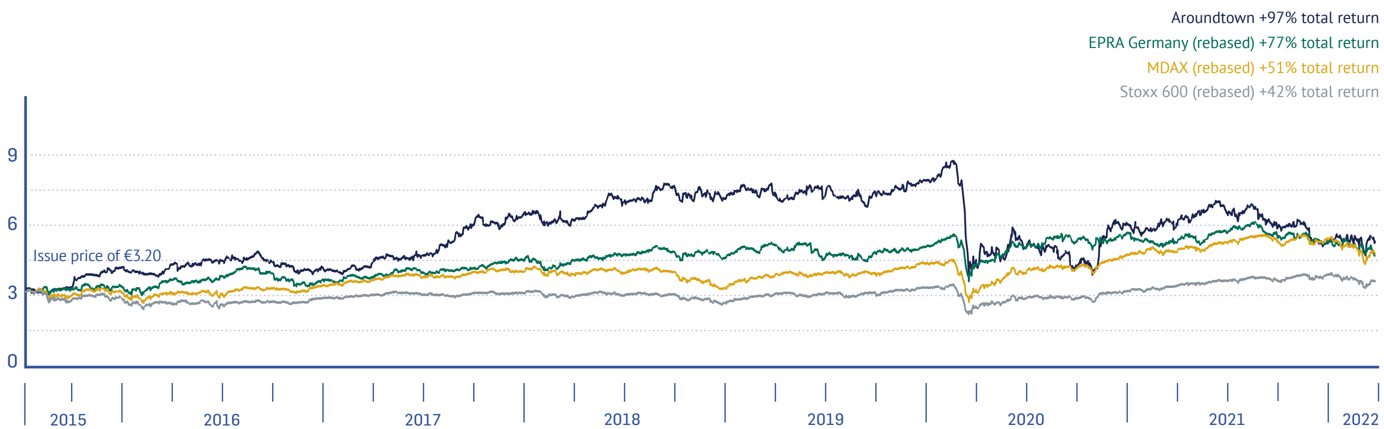
KEY INDEX INCLUSIONS

Aroundtown's share is a constituent of several major indices such as **MDAX, DAX 50 ESG, FTSE EPRA/NAREIT Index Series, FTSE Eurofirst 300, MSCI Index Series, S&P EUROPE 350, S&P EUROPE 350 ESG, STOXX Europe 600** as well as **GPR 250, GPR ESG** 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, one-on-one presentations and in virtual video conferences 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 18 different research analysts on an ongoing basis, with reports updated and published regularly.

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



TRADING DATA

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	DAX 50 ESG MDAX FTSE EPRA / NAREIT: – Global – Developed Europe – Eurozone – Germany – Green Indexes MSCI Index Series S&P Europe 350 S&P Europe 350 ESG STOXX Europe 600 GPR 250 GPR ESG DIMAX
AS OF DECEMBER 31, 2021	
Number of shares	1,537,025,609
Number of shares, base for share KPI calculations[1]	1,131,257,303 [1] excluding suspended voting rights, including the conversion impact of mandatory convertible notes
AS OF THE DAY OF THIS REPORT:	
Number of shares, base for share KPI calculations[1]	1,106,947,650 [2] [2] as at March 25, 2022
Shareholder Structure[2]	Freefloat: 60% - of which Blackrock Inc. 5.6% Shares held in treasury*: 30% Avisco Group: 10% *12% are held held through TLG Immobilien AG, voting rights suspended
Market cap	€8.2 bn

Frankfurt

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

COMMITMENT TO HIGH ESG STANDARDS

At Aroundtown, we are committed to generate sustainable value creation for all our stakeholders and in this regard, we set ourselves high ESG standards to ensure the sustainability of our business practices. We aligned our business practices with the United Nations Sustainable Development Goals because we are of the opinion that our long-term success is tied to our corporate footprint. Therefore, we aim to create value while ensuring minimal environmental footprint, leaving a positive social impact and maintaining high standards of governance and transparency. We place great emphasis on the shared benefits of a socially responsible investment strategy where it jointly improves all our stakeholders: our society, shareholders, employees, tenants, business partners and communities. For this reason, we have incorporated ESG principles in all our departments, guided by our dedicated Sustainability Department.

During 2021, we conducted a material risk assessment, which identifies material ESG risks through evaluating their impacts on both the business and its stakeholders and guides management of these risks. Specific topics were given greater importance within the framework, namely climate change mitigation, climate change adaptation, sustainable use of resources and circular economy. Key changes from the updated material risk assessment will be discussed in the Non-Financial Report 2021 on our website which will give more details on the relevant ESG matters. An updated material risk matrix will be published in the next year's non-financial reporting. Furthermore, we have made additional progress towards achieving our long-term ESG goals and are proud to share with you some of our initiatives and accomplishments in this ESG reporting section.

With regard to **E**nvironmental, we certified a part of our Dutch portfolio with green building credentials and made further investments in our Energy Investment Program to reduce our GHG emissions. With regard to Green Building Certifications, our ongoing pilot project in the Netherlands already certified approx. 30% of the Dutch portfolio, up from 2% in the previous year. Based on experiences gained through this pilot project, we are currently implementing this strategy in other portfolio locations. In parallel, we started the analysis for our German portfolio which aims to certify assets that need minimal upgrades. We will roll over the accumulated experience and knowledge from these projects to the rest of our portfolio. With regards to our Energy Investment Program, as a part of our ongoing pipeline, we have made further investments in energy efficient measures such as PV's, CHP's, EV charging stations and efficient windows, lighting, roofs, façade and heating systems.

With regard to **S**ocial, we continued to focus on establishing and maintaining strong relationships with our local communities. The Aroundtown Foundation has engaged in numerous charitable activities across our portfolio locations in order to support the development of our communities, working in close contact with local partners such as Die Arche e.V., HORIZONT e.V., Off Road Kids etc. Furthermore, following the flood disaster in the Ahr Valley in NRW, we donated funds to a local association to help those in need with the clean-up and reconstruction and several of our employees volunteered in the region. Further, in order to continue improving employee satisfaction and strengthen the knowledge base, we ramped up training and development opportunities and offered a wide range of courses to our employees.

With regard to **G**overnance, we maintained our high level of governance with a diverse mix of board composition – of which 4 out of 6 are independent / non-executive and 2 out of 6 are female – which is supported by various committees with higher level of oversight for special topics.

We are immensely proud that our ESG efforts are continuously recognized by international institutions. We received the EPRA Gold award for the 5th time and the EPRA sBPR Gold award for the 4th time consecutively, highlighting the high standards of financial transparency and sustainability reporting. We improved our Sustainalytics score within the low-risk category and ranked among the Top 4% globally across all industries and among Top 12% globally in real estate. We were included in the S&P Europe 350 ESG Index in May 2021, adding to our strong visibility in ESG indices such as DAX 50 ESG and GPR Green indices.

We have made updates to our sustainability reporting and all the materials can be found on our website. In our *Non-Financial Report* 2020, you can see our performance and impact with regards to the management of ESG matters (audited by Mazars). Under *Sustainability Insights*, you can find comprehensive accounts of a dozen individual topics forming our Sustainable Business Strategy. Lastly, in the *Sustainability – In Focus* report, you can see an overview of our sustainable activities, designed to inform various stakeholders. Aroundtown will disclose the eligibility reporting requirements for its activities in accordance with the EU Taxonomy Regulation Article 8 within its Non-Financial Report 2021 which will be published on its website by the end of April 2022.

EPRA BPR GOLD

EPRA sBPR GOLD

GOLD AWARDS FOR THE FINANCIAL AND SUSTAINABILITY REPORTING FOR THE 5TH AND 4TH CONSECUTIVE YEAR, RESPECTIVELY

SUSTAINALYTICS

IMPROVED SCORE WITHIN THE LOW-RISK CATEGORY, TOP 4% GLOBALLY ACROSS ALL INDUSTRIES, TOP 12% GLOBALLY AMONG REAL ESTATE PEERS

S&P EUROPE 350 ESG INDEX

INCLUDED IN MAY 2021, ADDING TO STRONG VISIBILITY IN ESG INDICES

DAX® 50 ESG

Global property research
Solutions for customized property indices

Frankfurt

ENVIRONMENTAL RESPONSIBILITY

The Group considers environmental responsibility as an integral part of its integrated sustainable business strategy which is complemented by the Group's ESG and energy efficiency policies. 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 with the goal of reducing its carbon footprint. Environmental factors are integral to the Group's business and are included in the investment strategy, due diligence process and the business plan. Over the life cycle of the assets and as part of the repositioning process, the Group seeks to continuously reduce the environmental footprint. As part of this process, the Group conducts 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 green- house gases (GHG) reduction potential. The Group's efforts to reduce carbon emissions and generate clean energy support the United Nations Sustainable Development Goals, particularly those relating to Affordable and Clean Energy (#7) and Climate Action (#13).

The energy market is shifting towards more decentralized and renewable/green-based energy. This has implications for the demand side of the real estate market since increasingly more tenants demand sustainable solutions from their landlords. Therefore, it is important for the Group to address these changes and improve its competitive position in the market. In order to reduce its environmental footprint, as well as to improve attractiveness of its properties with regard to sustainability and advanced green technology, the Group launched a broad Energy Investment Program. The program targets 40% reduction in CO_2 emissions by 2030 by mainly investing in efficient and renewable energy generation and storage systems, electrical vehicle charging stations, smart meters and advanced energy measurement software across the portfolio. The program is focused around five core components:

» The installation and operation of solar Photovoltaics (PV) production systems on rooftops and parking areas

» The installation of highly efficient energy generating systems based on combined heat and power production (CHP) or combined cooling heat and power (CCHP)

» The implementation of electricity storage to support these solar, CHP and CCHP systems. This will enable optimal management of energy consumption and production and provide the necessary infrastructure for fast and ultrafast electric vehicle (EV) charging stations to serve the Group, its tenants and its clients

» The installation of EV charging stations

» The implementation of smart meters combined with a total energy management system (demand/response) to optimize the efficiencies in term of resource and costs

During 2021, the Group invested in energy efficient measures such as PV's, CHP's, EV charging stations and efficient windows, lighting, roofs, façade and heating systems.

During 2021, the Group executed further on its efforts to certify its portfolio with green building credentials and undertook a major project in its Dutch portfolio. The goal is to increase number of green buildings within the portfolio to match AT's integrated sustainable business strategy. The pilot project was identified in the Netherlands as there is a high demand from tenants for green buildings, higher rents and occupancy can be achieved and capex for upgrades yields positively immediately. Approx. 30% of the Dutch portfolio was already certified in accordance with BREEAM standards, up from 2% in 2020. Based on experiences gained through this pilot project, the strategy is being implemented in other portfolio locations. In parallel, AT started the analysis process in its German portfolio which aims to certify assets that need minimal upgrades. Developments and major refurbishments are aimed at certification eligibility.

Energy, carbon emission, water and waste management

The objective of the Group is to reduce consumption of energy with a high carbon footprint, 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 to higher efficiency systems. A substantial share of the fossil-operated heating plants has already been switched, and further units are being switched on an ongoing basis. 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 Group has also set the goal to switch all electricity to Power Purchase Agreement (PPA) certified renewable electricity from wind, hydroelectric and solar PV sources by 2027.

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. The Group is installing remote water meters not only to detect water leaks and unusual water usages more efficiently but also to create awareness and influence tenant behavior. The Group is also implementing water-saving measures in its assets' sanitary facilities to reduce water consumption. With regards to waste management, the Group is focusing its efforts on increasing recycling rates by providing facilities to support waste separation at its sites. The Group is engaging with tenants to promote better waste management practices and is exploring


Amsterdam

potential to further optimize waste and operational costs through waste management systems. In this regard, the Group has set up an initiative in some of its assets where waste disposal companies provide more detailed waste data and disposal methods used in order to increase awareness and optimize the process. It is important to note that waste management measures are efficiently incentivized in Germany and other locations of the portfolio, such as having no charges for recycled waste.

Biodiversity

Protecting the biological diversity in the long-term is a key task in mitigating climate change and securing food production, as well as in the purification of water and air. Therefore, the Group sees it as part of its corporate responsibility to not only minimize the impacts it has on biodiversity but also to contribute positively. To minimize its impact, the Group has taken on several measures outlined in its Biodiversity Policy, such as avoiding operating in areas that are

recognized to have important biodiversity or near areas with critical biodiversity, avoiding wood or wood products that have not been produced by sustainable methods and instructing facility management companies not to use herbicides or pesticides on its premises that could harm natural life. The Group contributes positively to biodiversity by integrating biodiversity assessment into its due diligence processes, working with external facility management companies to ensure the protection and promotion of biodiversity, consulting with local authorities on the topic and promoting awareness for its own employees and business partners. The Group is committed to regularly monitor and report on the implementation of its biodiversity achievements in its sustainability reporting. Some examples of the achievements on this front during 2021 are addition of green facilities in the portfolio and the ongoing "Aroundtown buzzes" project. This project ensures the survival of bees in urban areas by installing beehives on the rooftop of AT's properties.

Environmental programs for business partners

The Group's environmental policy is further supplemented by the green procurement policy which governs the selection of and the

collaboration with business partners. Business partners 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 help in assessing the environmental impact of their activities and end products. As a result, Aroundtown is engaging its contracted business partners to take actions to improve their environmental impact, an example being certification in accordance with the environmental norm ISO 14001. Aroundtown also actively encourages business partners to innovate and present better systems, technologies and methods in order to improve the overall environmental performance of the supply chain.

For further information on the Group's environmental responsibility, please see the 2020 *Non-Financial Report*, as well as relevant *Sustainability Insights* which are both available on AT's website. AT will update and publish its Non-Financial Report 2021 on its website by the end of April 2022 which will give more details on the relevant ESG matters.

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 its social responsibility measures and actions, which can be found in the sustainability reporting materials published on AT's website.

Responsible employer

The Group is running high profile programs with regards to Human Capital Development which are outlined in its 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. The Group believes that a diverse workforce brings value to the team and therefore constantly guides its human capital to achieve maximum growth and performance by providing people with the means for success and keeping a focus on internal promotion. Furthermore, the Group 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. In addition, the Group has significantly increased its efforts on employee training and development to support the employees in their personal development and improvement of competencies. Multiple training topics are offered to employees such as software training, real estate related topics, sustainability, leadership and language courses. Furthermore, the Group is committed to health, safety and security of its employees. Beyond the topic of compliance, the Group sets its own standards to increase the well-being of its employees. The Group imparts training on a variety of safety measures and preventive behaviors, carries out periodic workstation ergonomic assessments and invites employees to participate in activities to improve their health. This includes a fitness center, available free of charge to employees at the Berlin headquarters, which offers a variety of classes.

Community development

The Group seeks 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 since the Group aims to conduct its operations while being a responsible corporate citizen. The Group engages in a number of activities that address regional needs and generate economic and social development in its portfolio locations. Policies and procedures contain social and environmental impact assessments as well as periodic reviews of existing operations and stakeholder engagement.

The Group believes that involvement with local communities and local authorities are vital to establishing long-term partnerships. On this front, the Group has taken further initiatives to increase its involvement. Building further on its previous relationships, the Aroundtown Foundation continued during 2021 to engage with local communities and participated in numerous charitable activities across the portfolio locations. The foundation aims to support the development of communities, working in close contact with local partners such as Die Arche e.V., HORIZONT e.V., Off Road Kids, EvE Foundation, children and youth fire departments of various local governments, etc. The donations were focused on supporting local institutions and associations that aim at eliminating child poverty, improving child and youth education & healthcare, providing solidarity to ethnic minorities, helping the socially disadvantaged and many more. In addition, following the flood disaster in the Ahr Valley in NRW in July 2021, the foundation donated funds to a local association to help those in need with the clean-up and reconstruction and provided accommodation to local volunteers in its hotels. Several employees of AT volunteered in the region to help with the clean-up. The Group introduced Social Days volunteering program in 2019 where employees were given opportunities to participate and volunteer in social responsibility projects. The program was postponed during 2020 due to the Covid-19 related lockdown measures and during 2021 the Group directed its focus towards urgently helping those in need after the flood. AT also participates in community-led initiatives that are aimed towards improving the livelihood of their locations. AT is a member of the "SINN" initiative in Frankfurt which aims to support the transformation of the Niederrad office district into a vibrant mixed-use residential and business quarter. The Group's activities contribute towards the United Nation's Sustainable Developments Goals, particularly those relating to Good Health and Well-being (#3), Quality Education (#4), Gender

Equality (#5), Reduced Inequality (#10), Sustainable Cities and Communities (#11) and Partnerships for the Goals (#17).

ESG Committee

The Board of Directors established an ESG Committee to review policies, stakeholder proposals and recommendations that relate to ESG topics, including foundation-related activities. In addition, the Committee reviews and assesses the Group's initiatives and environmental, social and governance practices and reviews policies with respect to ESG. The ESG Committee consists of the Independent Directors, Mr. Markus Leininger and Mr. Markus Kreuter and is assisted by the Sustainability Department.

For further information on the Group's social responsibility, please see the 2020 *Non-Financial Report*, as well as relevant *Sustainability Insights* which are both available on AT's website. AT will update and publish its Non-Financial Report 2021 on its website by the end of April 2022 which will give more details on the relevant ESG matters.

CORPORATE GOVERNANCE

The Group places a strong emphasis on corporate governance, executed responsibly by the Board of Directors and the management teams. 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. Among AT's shareholders and bondholders are the large international leading institutional investors and major global investment and sovereign funds.

Aroundtown follows very strict Code of Conducts which apply to its employees and business partners, and include policies for Anti-Bribery, Anti-Corruption, Anti-Discrimination, Conflict of Interest and others.

Aroundtown 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 Code, which are only applicable to domestic issuers. Nevertheless, Aroundtown already complies with most of the principles and continues to take steps to implement environmental, social and corporate governance best practices throughout its business. The Group's efforts support the United Nations Sustainable Development Goals, particularly those relating to Peace, Justice and Strong Institutions (#16) and Partnerships for the Goals (#17).

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 association 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 and one is non-executive. The members are elected by the General Meeting and resolve on matters on the basis of a simple majority, in accordance with the articles of association. 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, but directors may be re-appointed after such term.

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

Annual General Meeting

The next Annual General Meeting of the shareholders is scheduled to take place on June 29, 2022 in Luxembourg. It is expected to resolve, among others, on the approval of €0.23 dividend per share for the 2021 fiscal year.

Members of the Board of Directors

Name	Position
Mr. Frank Roseen	Executive Director
Ms. Jelena Afxentiou	Executive Director
Mr. Ran Laufer	Non-Executive Director
Mr. Markus Leininger	Independent Director
Ms. Simone Runge-Brandner	Independent Director
Mr. Markus Kreuter	Independent Director

Mr. Ran Laufer and Ms. Simone Runge-Brandner were appointed at the Ordinary General Meeting which took place in December 2019. All remaining directors' mandates were renewed at the Ordinary General Meeting 2019 until the Annual General Meeting 2022.

Senior and Key Management

Name	Position
Mr. Barak Bar-Hen	Co-CEO and COO
Mr. Eyal Ben David	CFO
Mr. Oschrie Massatschi	CCMO (Chief Capital Markets Officer)
Mr. Klaus Krägel	CDO (Chief Development Officer)

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 Group 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. The Audit Committee consists of the independent directors Mr. Markus Kreuter (Chairman), Mr. Markus Leininger and Ms. Simone Runge-Brandner.

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 association of the Group, 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.

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

Risk Committee and Risk Officer

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 is supported by the Risk Officer, who brings a systematic and disciplined approach to evaluate and improve the culture, capabilities, and practices integrated with strategy-setting and execution. The Risk Officer's responsibilities are determined and monitored by the Risk Committee, whose oversight is established pursuant to the Rules of Procedure of the Risk Committee. 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. Members of the Risk Committee are Mr. Markus Kreuter (Chairman), Mr. Markus Leininger, Mr. Frank Roseen and Mr. Ran Laufer.

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.

The internal controls and compliance of the Group is supervised by Mr. Christian Hupfer, the CCO (Chief Compliance Officer) of the Group.

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 on 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 the 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.

Compliance, code of conduct, data protection and information & cyber security

Safeguarding the Group from any reputational damage due to error or misconduct is essential in maintaining the Group's reputation. Therefore, enforcing responsible behavior 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 behavior throughout its operations, Aroundtown implemented Code of Conducts for both its employment contracts and business partners contracts which include policies that prevent compliance violations and misconducts. These policies include Anti-Corruption, Diversity and Anti-Discrimination, Anti-Bribery, measures to prevent human right violations and Data Protection Declaration and User Policy as well as a Whistleblowing Policy.

The Group agreed on binding standards to achieve an ethical business conduct within its Group, its employees and other personnel to expressly distance from corrupt behaviors and unethical business and such principles shall be explicitly acknowledged by its business partners, too. The Code of Conduct - which is mandatory for Aroundtown'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 labor, 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 throughout the Group. In addition to these general requirements, the Group also promotes diversity in many different areas, such as a professional and cultural background and talent pool. The commitment to diversity is guided by the Diversity Committee which implemented a diversity training program during the orientation period for employees. Additionally, Aroundtown is a signatory of the "Diversity Charter". The details about the Group's diversity management and key figures can be found in its sustainability reporting materials published on AT's website.

The Group, in its employee Code of Conduct, has instruments in-place to prevent and fight violations of law, such as human rights violation, corruption and bribery. The employees have reporting channels 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 Chief Compliance Officer. 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 sub-para. 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.

The Group has established procedures to protect the confidentiality and integrity of management information and data across all business process. Furthermore, the Group had implemented a wide range of guidelines and provisions, with the ratification of the EU General Data Protection Regulation (GDPR), including enhanced mandatory awareness training on GDPR. The Group has implemented Standard Operating Procedures (SOPs) to ensure that all personal data stored and processed in the course of the Group's operations are safe from manipulation and misuse. Additionally, the Group adopted an information security and privacy strategy in order to maintain a high level of controls to help minimize the potential risks. 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 AT's sustainability 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 rate risks, inflation risk, liquidity risks, credit risk, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments, property damage risk 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.

Climate-related risks

Climate change poses a range of material risks to individual companies and sectors and has long been recognized as a global risk. Whilst multiple forums continue discussions on how best to address this risk; governments, lenders, and investors globally have come to view climate change as a systemic risk. In response, climate policies and requirements have been rolled out for companies to report climate-related financial information. An emerging set of climate policies that will impact the businesses and their operations is the EU 'Fit for 55' package, which is driving introduction of new climate-related requirements for the real estate sector at the national level in member states of the EU. In the real estate sector, the demand for sustainable buildings with embedded low carbon technologies is also increasingly coming from tenants.

To stay abreast with these demands of stakeholders, Aroundtown has already launched its own Group-wide climate-related risk assessment which will lead to development of its climate action strategy. Aroundtown is working to progressively integrate aspects linked to climate risks in the decision-making process for purchase of new assets.

In the real estate sector, and especially in the European market, one of the biggest challenges is the reduction of GHG emissions which is closely linked to the poor energy efficiency of existing buildings. The reduction of portfolio's carbon footprint requires investments in energy retrofits in the existing buildings. Aroundtown's Energy Investment Program is working to boost transition towards low carbon initiatives by adopting measures for increased energy efficiency through infrastructure upgrades, as described above. Furthermore, Aroundtown is planning to initiate the use of specific tools to identify assets with a heightened 'stranding risk'. One tool being considered is the Carbon Risk Real Estate Monitor (CRREM), which assesses the stranding risk of individual assets and the greater portfolio against specified climate targets. Based on the determined stranding risks, appropriate mitigation measures may be taken to safeguard the asset and to manage associated financial risks.

Aroundtown is continuously monitoring changes in climate targets and policies, taking action to meet current regulations and follow trends to anticipate and prepare for stricter regulations in the future. In doing so, Aroundtown is positioning itself to not only mitigate climate-related risks and adapt to external changes, but also to act on climate-related opportunities that will contribute to sustainable value creation over the long-term.

Other external risks

For information regarding the COVID-19 effect, inflation, interest rates, Berlin elections and expropriation referendum, please see pages 150-153 (Note 26.3.5. Other risks) and regarding the Russia - Ukraine conflict, please see page 159-160 (Note 30. Significant subsequent events).

Nomination committee

The Board of Directors established a Nomination Committee to identify suitable candidates for director positions and examine their skills and characteristics. The Nomination Committee consists of the Independent Directors, Mr. Markus Leininger, Mr. Markus Kreuter, and Ms. Simone Runge-Brandner.

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. The Remuneration Committee consists of the Independent Directors, Mr. Markus Leininger, Mr. Markus Kreuter and Ms. Simone Runge-Brandner.

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 general meeting of the shareholders, whereby each share is granted one vote. The voting rights attached to shares held by TLG Immobilien AG in Aroundtown SA are suspended. The suspension of the voting rights also applies to shares held and/or acquired by Aroundtown SA, either directly or through subsidiaries, pursuant to its buy-back programme. 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 Group 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, as amended (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 Luxembourg Stock Exchange as the officially appointed mechanism (OAM) 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 the 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 are published annually in the same day of Aroundtown SA consolidated report.

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 page 135 (Note 20. Total equity) of this consolidated 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 34 of this consolidated annual report and on the Company's website, where the shareholding structure is updated as per shareholder notifications on a regular basis.

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 December 31, 2021:

Shareholder name	Amount of Shares [1]	Percentage of voting rights
Aroundtown SA and its wholly owned affiliate	246,422,954	16.03%[2]
TLG Immobilien AG	183,936,137	11.97%[2]
Avisco Group PLC	153,850,513	10.01%
BlackRock, Inc.	85,274,562	5.55% [3]

1) Total number of Aroundtown SA shares as of December 31, 2021: 1,537,025,609
2) Voting rights are suspended
3) Including 0.08% 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. The voting rights attached to shares held by TLG Immobilien AG in the Company are suspended. The suspension of the voting rights applies to any other shares acquired by the Company, either directly or through subsidiaries, pursuant to its buy-back programme.

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 page 138 (Note 21. Share-based payment agreements) of this consolidated 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 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, 2021, 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 42 of this consolidated 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 if (i) more than one half of the share capital is present or represented and (ii) a majority of at least two-thirds of the votes validly cast are 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 42-46 and 85 of this consolidated 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 135 (Note 20.1.1. Share capital) and page 138 (Note 21. Share-based payment agreements) of this consolidated 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 ordinary shareholders' meeting of the Company held on 11 January 2022 further increased the maximum aggregate nominal amount of the shares of the Company which may be acquired under the Company's buy-back program, as approved by the ordinary general meeting of the shareholders of the Company on 6 May 2020 and as approved and firstly increased by the annual general meeting of the shareholders of the Company on 30 June 2021, from 30% to 50% of the aggregate nominal amount of the issued share capital of the Company from time to time. Further details on the Company's share buy- back program are described on page 135 (Note 20.1.2. Treasury shares) of this consolidated annual report.

j) With regard to article 11 (1) (j) of the Takeover Law, the Company's listed straight bonds, perpetual notes and security issuances (listed on pages 135-137 and 140-143; and Note 20.1.1, Note 20.2. and Note 22.2.) 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.

NOTES ON BUSINESS PERFORMANCE

Hamburg

SELECTED CONSOLIDATED INCOME STATEMENTS DATA

	Year ended December 31,	
	2021[1)]	2020
	in € millions	
Revenue	1,323.2	1,180.3
Net rental income	**1,085.7**	**1,003.0**
Property revaluations and capital gains	809.7	769.4
Share of profit from investment in equity-accounted investees	193.4	195.7
Recurring property operating expenses [2)]	(408.0)	(322.6)
Extraordinary expenses for uncollected rent [3)]	(125.0)	(120.0)
Administrative and other expenses	(56.6)	(51.1)
Operating profit	1,736.7	1,651.7
Adjusted EBITDA [2) 4)]	**974.9**	**944.1**
Finance expenses	(180.4)	(200.7)
Current tax expenses	(100.3)	(89.4)
FFO I before extraordinary Covid adjustment [2) 5)]	**478.2**	**477.8**
FFO I [5)]	**353.2**	**357.8**
FFO I per share (in €) [5)]	**0.30**	**0.27**
FFO II [5)]	**968.6**	**932.5**
Other financial results	(162.1)	(167.8)
Deferred tax expenses	(215.8)	(287.4)
Profit for the year	**1,078.1**	**906.4**

1) GCP's results are consolidated starting from July 1, 2021
2) excluding extraordinary expenses for uncollected rent due to the Covid pandemic
3) extraordinary expenses for uncollected rent due to the Covid pandemic
4) including AT's share in the adjusted EBITDA of companies in which AT has significant influence, excluding the contributions from commercial assets held for sale. For more details regarding the methodology, please see pages 74-80
5) including AT's share in the FFO I of companies in which AT has significant influence, excluding FFO I relating to minorities and contributions from commercial assets held for sale. For more details regarding the methodology, please see pages 74-80

REVENUE

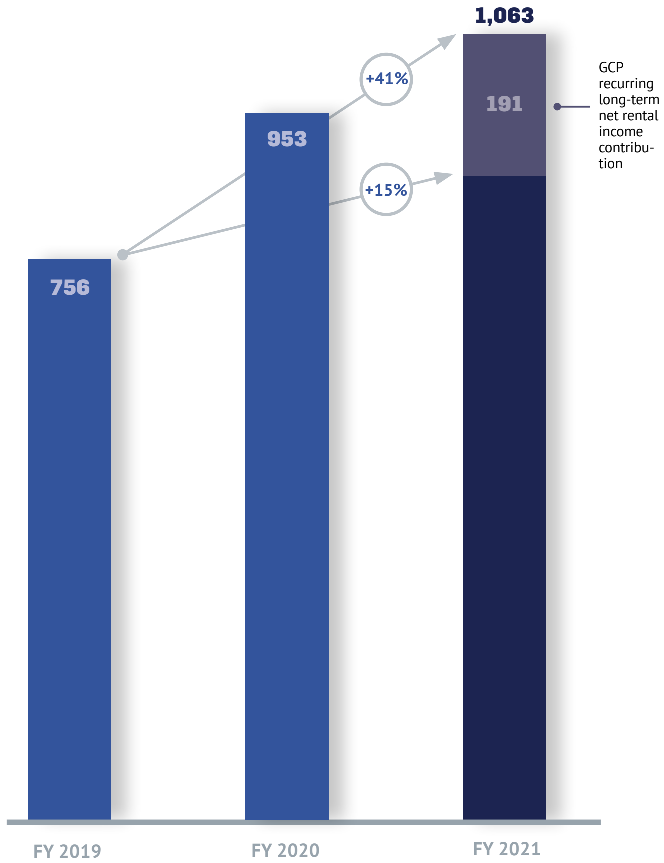
	Year ended December 31,	
	2021	2020
	in € millions	
Recurring long-term net rental income	**1,063.2**	**953.3**
Net rental income related to properties marked for disposal	22.5	49.7
Net rental income	**1,085.7**	**1,003.0**
Operating and other income	237.5	177.3
Revenue	**1,323.2**	**1,180.3**

AT generated €1,323 million of revenues during 2021, up by 12% compared to €1,180 million generated during 2020. Net rental income makes up the majority of the revenues and amounted to €1,086 million for 2021, up by 8% compared to €1,003 million recorded during 2020. This increase is mainly driven by the consolidation of GCP as of July 1, 2021 and is partially offset by disposals. Excluding GCP's contribution during the second half of 2021, net rental income for 2021 amounted to €894 million, 11% lower compared to 2020. This decrease is mainly due to €2.3 billion of disposals closed during 2021 as well as the full year impact of disposals closed in 2020. The like-for-like net rental income growth slightly offset the decrease in net rent from disposals. Excluding the hotels, AT recorded a total like-for-like net rental income growth of 1.0% for 2021. Including the hotels, the like-for-like amounted to 0.3% growth, which is comprised of positive 0.8% in-place rent like-for-like and negative 0.5% occupancy like-for-like. As the hotel portfolio was significantly impacted from the pandemic, some rents have been reduced temporarily on a selective basis, which resulted in a negative rent like-for-like of 1.1% for the standalone hotel portfolio. The 2021 like-for-like increase does not include the like-for-like performance from GCP which will be included starting next year. In 2021, GCP's like-for-like amounted to 2.8% increase, reflecting the strength of the residential portfolio.

AT recorded €238 million of operating and other income during 2021, up by 34% compared to €177 million recorded during 2020 mainly due to the consolidation of GCP. This income is mainly linked to ancillary expenses that are reimbursed by tenants such as utility costs (energy, heating, water, electricity, insurance, etc.) and charges for services provided to tenants (cleaning, security, etc.). The lease structures in residential real estate usually have a higher share of ancillary expenses as opposed to commercial real estate where net lease structures are more prevalent and some of these costs are directly incurred by the tenants. As a result, the increase in operating and other income was higher than the increase in net rental income after the consolidation of GCP. This increase in income is in line with the increase in purchased services as explained below.

AT further breaks down its net rental income into the recurring long-term net rental income and net rental income generated by properties marked for disposal. Since AT intends to dispose these properties, AT views their contribution as non-recurring and are therefore presented in a separate line item. The net rental income from the held-for-sale properties amounted to €23 million for 2021, lower compared to €50 million for 2020. The attribution in 2021 was lower since 2021 disposals were signed and closed at later periods compared to 2020 disposals. Correspondingly, the recurring long-term net rental income amounted to €1,063 million for 2021, compared to €953 million for 2020, which shows a 12% growth.

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



AT signed disposals in the amount of €2.8 billion in 2021, of which €2.3 billion were completed during 2021. The disposals that were signed during the year and not completed are part of the held for sale properties. As of December 2021, the monthly annualized net rent, excluding the properties classified as held for sale, amounts to €1.18 billion.

SHARE OF PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	Year ended December 31,	
	2021	2020
	in € millions	
Share of profit from investment in equity-accounted investees	**193.4**	**195.7**

AT recorded €193 million profit share from investment in equity-accounted investees for 2021, lower compared to €196 million recorded for 2020. This item represents AT's share of profit from investments which are not consolidated in its financial statements, but over which AT has significant influence. Prior to consolidating GCP as of July 1, 2021, GCP was the main contributor to this line item. This item includes a one-time revaluation gain recorded in the second half of 2021 in the net amount of €76 million generated as part of the initial consolidation process of GCP. These gains were recorded as part of a valuation executed on the investment in GCP prior to the consolidation, which was validated by a third-party valuer. In addition, the second half year profits are attributed to other joint venture investments. The main equity-accounted investee as of year-end 2021 is the investment in Globalworth Real Estate Investments Limited ("GWI"), a leading publicly listed office landlord in Polish and Romanian markets. During the third quarter of 2021, AT increased its position in GWI to over 30%. The recurring investees contribution to 2021's adjusted EBITDA and FFO I, excluding GCP's impact in the second half of 2021, amounted to €104 million and €69 million, compared to €167 million and €107 million in 2020, respectively.

PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2021	2020
	in € millions	
Property revaluations	744.1	711.6
Capital gains	65.6	57.8
Property revaluations and capital gains	**809.7**	**769.4**

Property revaluations and capital gains amounted to €810 million in 2021, compared to €769 million in 2020. The majority of these gains are attributed to property revaluations which amounted to €744 million in 2021, higher compared to €712 million in 2020. This growth is largely driven by significant revaluation gains that the Group recorded via GCP since the consolidation in 2021. Excluding the revaluations consolidated from GCP, the revaluation gains amounted to €257 million, reflected a total like-for-like value growth, net of capex, of positive 1.3%. GCP reported like-for-like value growth of 8% for the full year 2021. The Group's portfolio is well-diversified across multiple asset types, locations, tenants and lease structures, providing the Group with multiple distinct value drivers. The Group was able to deliver positive revaluations due to the strong fundamentals of the portfolio, its operational stability and yield compression. All valuations are performed externally by independent and qualified valuers.

The Group completed €2.3 billion of disposals during 2021 with a margin of 3% above book value, which has been accordingly recorded as capital gains. The disposal margin over total costs including capex was 37%. 42% of the disposals were offices, 31% were hotels, 22% were logistics, retail and residential and 5% were disposals of development rights. 38% were in non-core locations while the remaining were in cities such as London, Berlin, core cities in NRW, Munich, Dresden, Hamburg and Leipzig. Disposals of various asset types above book value validates the conservative valuations of the portfolio and highlights the discrepancy between the transaction markets and the discount of AT's share price to its NAV metrics, which creates an arbitrage opportunity which AT is utilizing by freeing up funds from disposals above book value and carrying out share buybacks. Further, the proceeds are also utilized for debt repayments.

As of December 2021, the portfolio reflects an average value of €2,614 per sqm and net rental yield of 4.4%, compared to €2,665 per sqm and 4.6% net rental yield in December 2020. The decrease is mainly due to the consolidation of a residential portfolio in 2021 which has lower value per sqm in comparison to commercial.

Leipzig

PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2021	2020
	in € millions	
Ancillary expenses and purchased services	(238.1)	(195.1)
Maintenance and refurbishment	(37.8)	(30.6)
Personnel expenses	(46.8)	(28.3)
Depreciation and amortization	(15.9)	(4.3)
Other operating costs [1]	(69.4)	(64.3)
Recurring property operating expenses	**(408.0)**	**(322.6)**
Extraordinary expenses for uncollected rent [2]	(125.0)	(120.0)
Property operating expenses	**(533.0)**	**(442.6)**

1) excluding extraordinary expenses for uncollected rent due to the Covid pandemic
2) extraordinary expenses for uncollected rent due to Covid pandemic

AT recorded recurring property expenses of €408 million in 2021, 26% higher compared to €323 million recorded in 2020. The growth is largely driven by the contribution of GCP in the second half of the year, as also reflected in the growth of operating and other income. Excluding GCP's contribution, recurring property operating expenses decreased by ca. 10% as a result of the disposals. The main portion of property operating expenses are ancillary expenses and purchased services which are mainly recoverable from tenants such as utility costs (energy, heating, water, electricity, insurance, etc.), charges for services provided to tenants (cleaning, security, etc.) and other services contracted in relation with the management of properties. In parallel to the increase in the operating and other income, residential real estate leases have a relatively higher share of recoverable costs that are purchased and passed onto the tenants as opposed to commercial real estate. Operating personnel expenses amounted to €47 million in 2021, higher compared to €28 million in 2020, mainly driven by the consolidation of GCP and cost inflation. Other operating costs have been impacted by some cost inflation and include various expenses such as marketing, letting and legal fees, transportation, travel, communications, insurance and VAT. These expenses amounted to €69 million in 2021 compared to €64 million in 2020.

Property operating expenses include non-recurring extraordinary expenses for uncollected rent, which amounted to €125 million in 2021, compared to €120 million in 2020. AT created extraordinary expenses for uncollected rent in response to the impact of the Coronavirus pandemic especially affecting the hotel industry's ability to pay rent which has been heavily impacted by the government-enacted restrictions. The extraordinary expenses recorded during 2021 was slightly higher compared to 2020 as the lockdown and other restrictions have been longer and stricter in 2021, adversely impacting the demand in the hospitality industry. 2021 collection was impacted by the lockdown and restrictions throughout Europe during the first half of the year and uncertainties around restrictions and increasing infection rates during the fourth quarter. Including the extraordinary expenses for uncollected rent, property operating expenses amounted to €533 million in 2021.

Rotterdam

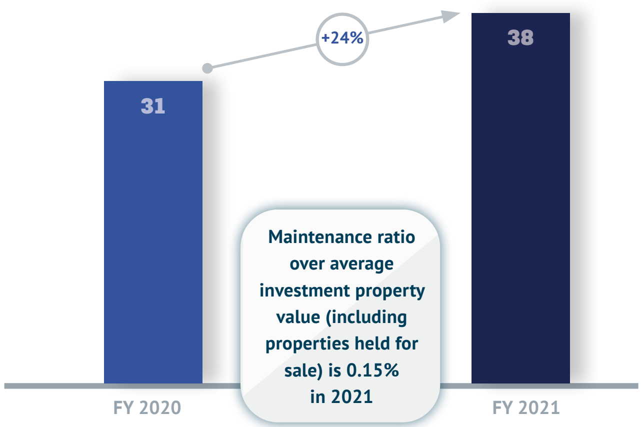
MAINTENANCE AND CAPEX

Maintenance and refurbishment expenses amounted to €38 million in 2021, higher by 24% compared to €31 million in 2020, driven by the consolidation of GCP. Residential real estate has higher share of maintenance expenses as opposed to commercial real estate where net lease structures are more prevalent and some of these costs are directly incurred by the tenants. As a result, the maintenance expense ratio over average investment property value (including properties held for sale) increased slightly to 0.15% in 2021 compared to 0.14% in 2020.

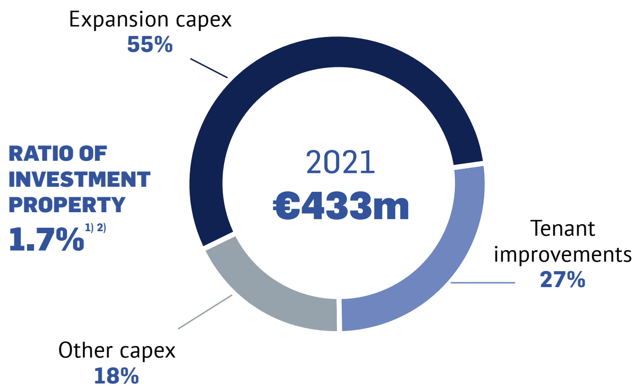
AT analyzes its portfolio for its capex needs in order to maintain the high quality of the portfolio, increase its attractiveness and address the requirements of its existing and prospective tenants. During 2021, AT invested €433 million in capex, reflecting a ratio of 1.7% over average investment property value (including properties held for sale) in 2021, in comparison to €286 million and 1.3% in 2020. Excluding GCP, the capex amounted to €377 million, 1.8% over average investment property value (including held for sale, excluding GCP).

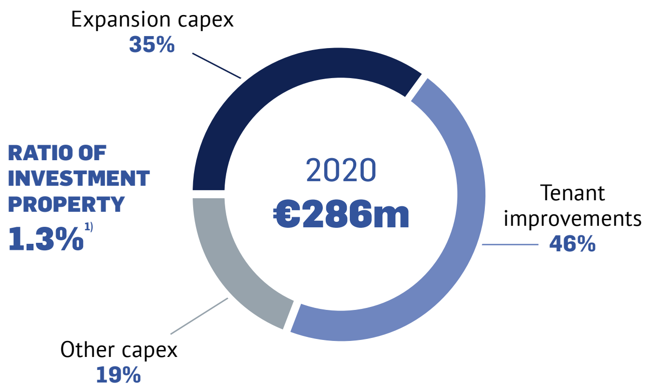
Since each capex project targets different goals, AT classifies its capex into three main categories: Expansion capex, Tenant improvements and Other capex. Expansion capex includes activities that are targeted at creating additional income drivers or value generation potential which may result in additional lettable space or significant enhancement of the existing space. These selective development projects are done at low risk with high pre-let ratios. Expansion capex additionally includes GCP's pre-letting modifications starting from July 1, 2021. Expansion capex accounted for 55% of the total capex in 2021. Tenant improvements include capex such as fit-out works that are targeted at retaining existing tenants or attracting new tenants, supporting the quality of the tenant structure. This item accounted for 27% of the total capex in 2021. Other capex includes ongoing expenditures that are not included above and are targeted at sustaining the high quality of the portfolio as well as at improving energy systems which results in a reduction of CO_2 emissions. Starting from July 1, 2021, this item also includes GCP's repositioning capex. Other capex accounted for 18% of the total capex in 2021, of which 8% are GCP's repositioning capex during the second half of 2021. The Group's capex initiatives result in higher asset quality and stronger tenant structure which creates additional income and value.

MAINTENANCE (IN € MILLIONS)



CAPEX





1) incl. properties held-for-sale
2) Portfolio value is average of the beginning and end of the period

ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31, 2021	2020
	in € millions	
Personnel expenses	(26.2)	(19.6)
Legal and professional fees	(9.7)	(10.9)
Audit and accounting expenses	(6.2)	(4.9)
Marketing and other administrative expenses	(14.5)	(15.7)
Administrative and other expenses	**(56.6)**	**(51.1)**

AT recorded €57 million of administrative and other expenses in 2021, higher compared to €51 million recorded in 2020, mainly as a result of the consolidation of GCP from July 1, 2021. Excluding GCP's contribution, administrative and other expenses in 2021 amounted to €51 million, stable in comparison to 2020. These expenses consist mainly of administrative personnel expenses which amounted to €26 million in 2021, higher compared to €20 million in 2020, growing in line with the growth of the Group. Administrative and other expenses also include expenses such as fees for legal, professional, accounting and audit services, as well as sales, marketing and other administrative expenses which in total decreased for 2021 compared to 2020, mainly as a result of higher level of efficiency and extraction of synergies from the merger with TLG and partially offset by cost inflation.

FINANCE EXPENSES

	Year ended December 31, 2021	2020
	in € millions	
Finance expenses	**(180.4)**	**(200.7)**

The finance expenses mainly include net interest on bank loans, bonds and other financing sources such as schuldschein and revolving credit line facilities. AT reduced its recurring finance expenses by 10% from €201 million in 2020 to €180 million in 2021, despite the increase in total debt by €3.7 billion during the year, as a result of proactive debt optimization activities. During 2021 the main changes in the debt position were the following: AT has repaid approx. €2.3 billion of debt, issued new debt with a total amount of €1.3 billion and consolidated €4.5 billion of debt from GCP. The repaid debt had a cost of debt of 1.8% while the issued and consolidated debt had a cost of debt of 0.9%, thus contributing towards lower recurring finance expenses. As a result, AT has reduced its cost of debt to 1.2% in December 2021 from 1.4% previously while maintaining a long average debt maturity period of 5.7 years. The conservative debt profile combined with the operational profitability manifests itself in the high ICR of 4.9x for 2021.

OTHER FINANCIAL RESULTS

	Year ended December 31, 2021	2020
	in € millions	
Changes in fair value of financial assets and liabilities, net	(115.4)	(135.1)
Finance-related costs	(46.7)	(32.7)
Other financial results	**(162.1)**	**(167.8)**

Other financial results amounted to an expense of €162 million in 2021, compared to an expense of €168 million in 2020. Other financial results are composed of items that are non-recurring and/or non-cash where values fluctuate and thus the result varies from one period to another, and include one time finance-related costs connected to debt pre-payments in order to optimize the debt schedule as well as finance-related costs referring to hedging fees, financial consultancy fees, loan breakage fees and rating fees for new bonds. Approx. 75% of the other financial result during 2021 were incurred for the debt pre-payments to optimize the Company`s debt structure.

TAXATION

	Year ended December 31,	
	2021	2020
	in € millions	
Current tax expenses	(100.3)	(89.4)
Deferred tax expenses	(215.8)	(287.4)
Total current and deferred tax expenses	**(316.1)**	**(376.8)**

Current tax expenses amounted to €100 million in 2021, higher compared to €89 million in 2020, mainly due to the consolidation of GCP in the second half of 2021. Current tax expenses are comprised of corporate income taxes and property taxes. Deferred tax expenses amounted to €216 million in 2021, lower compared to €287 million recorded in 2020 mainly due to positive tax impact relating to changes in the fair value of financial derivatives and deferred tax income related to changes in lease items.

NET PROFIT & EARNINGS PER SHARE

	Year ended December 31,	
	2021	2020
	in € millions	
Profit for the year	**1,078.1**	**906.4**
Profit attributable to:		
Owners of the Company	642.2	651.7
Perpetual notes investors	105.9	89.6
Non-controlling interests	330.0	165.1
Basic earnings per share (in €)	**0.55**	**0.50**
Diluted earnings per share (in €)	**0.53**	**0.49**
Weighted average basic shares (in millions)	1,168.2	1,305.2
Weighted average diluted shares (in millions)	1,169.4	1,306.5
Profit for the year	**1,078.1**	**906.4**
Total other comprehensive income (loss) for the year, net of tax	107.7	(73.2)
Total comprehensive income for the year	**1,185.8**	**833.2**

AT generated a net profit of €1,078 million in 2021, higher compared to €906 million generated in 2020 as a result of the consolidation of GCP, higher revaluation gains and lower financing results, offsetting the effect of disposals. The shareholders' profit amounted to €642 million in 2021, slightly lower than in 2020. The profit attributable to non-controlling interest increased from €165 million in 2020 to €330 million in 2021, mainly due to the minorities related to the holding in GCP. AT's economic holding rate in GCP amounts to 49% and therefore approx. €240 million is attributable to minorities in GCP. Profit attributable to perpetual notes investors increased from €90 million in 2020 to €106 million in 2021 mainly as a result of the consolidation of GCP and the full year impact of TLG's perpetual notes. Additionally, in the beginning of 2021, AT issued €600 million of perpetual notes with a coupon of 1.625% and repurchased a nominal amount of €231 million of the first perpetual notes issued in 2016 bearing a coupon of 3.75%.

AT generated basic and diluted earnings per share of €0.55 and €0.53 in 2021, higher compared to €0.50 and €0.49 per share generated in 2020, respectively. Per share KPI's grew in comparison to the decrease in the shareholders' profit due to the 10% decrease in the average share count between the periods driven by the impact of the share buyback program, partially offset by the impact of scrip dividends issued in 2021.

AT generated total comprehensive income of €1,186 million in 2021, higher compared to €833 million in 2020 due to the increase in profits and total comprehensive income of €108 million in 2021. This income was driven by the consolidation of GCP and its comprehensive income items and positive impact of cash flow hedges and currency fluctuation.

ADJUSTED EBITDA

	Year ended December 31,	
	2021	2020
	in € millions	
Operating profit	1,736.7	1,651.7
Total depreciation and amortization	15.9	4.3
EBITDA	**1,752.6**	**1,656.0**
Property revaluations and capital gains	(809.7)	(769.4)
Share of profit from investment in equity-accounted investees	(193.4)	(195.7)
Other adjustments incl. one-off expenses related to TLG merger [1]	8.1	7.0
Contribution of assets held for sale	(11.6)	(40.5)
Add back: Extraordinary expenses for uncollected rent [2]	125.0	120.0
Adjusted EBITDA before JV contribution [3]	**871.0**	**777.4**
Contribution of joint ventures' adjusted EBITDA [4]	103.9	166.7
Adjusted EBITDA	**974.9**	**944.1**

1) the other adjustment is expenses related to employees' share incentive plans
2) extraordinary expenses for uncollected rent due to the Covid pandemic
3) previously defined as Adjusted EBITDA commercial portfolio, recurring long-term
4) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021, GCP is consolidated

Adjusted EBITDA is a key performance measure used to evaluate the operational results of the Group, derived by deducting from the EBITDA non-operational items such as revaluation gains, capital gains, extraordinary expenses and other adjustments. Additionally, in order to mirror the recurring operational results of the Group, the share of profit from investment in equity-accounted investees is subtracted as this also includes the Group's share in non-operational and non-recurring profits generated by these investees. Instead, to reflect their operational earnings, AT includes in its adjusted EBITDA its share in the adjusted EBITDA generated by investments where the Group has significant influence in accordance with its economic holding rate over the period. Prior to the third quarter of 2021, this line item was mostly attributed to AT's share in GCP's adjusted EBITDA, however, starting from July 1, 2021, GCP is consolidated in AT's financial accounts.

AT generated adjusted EBITDA before JV contribution of €871 million in 2021, higher by 12% compared to €777 million generated in 2020, mainly due to GCP's consolidation starting from July 1, 2021. Excluding GCP, the adjusted EBITDA amounted to €720 million in comparison to €777 million in the comparable period. The decrease in the adjusted EBITDA is predominantly due to the disposal activity. Including joint venture positions' adjusted EBITDA contribution, the Group generated an adjusted EBITDA of €975 million in 2021, 3% higher compared to €944 million in 2020, driven by the full contribution of GCP in the second half of 2021 as opposed to relative contribution in previous periods, offsetting the impact of disposals. Adjusted EBITDA excludes the effect of extraordinary expenses for uncollected rent. Including these effects, adjusted EBITDA, Covid adjusted amounted to €850 million in 2021, higher by 3% compared to €824 million in 2020.

The adjusted EBITDA accounts for other adjustments in the amount of €8.1 million in 2021 mainly related to non-cash expenses for employees' share incentive plans and other one-off costs related to the merger process with TLG. Furthermore, AT conservatively does not include the contributions from commercial properties marked for disposal since they are intended to be sold and therefore their contributions are non-recurring. The adjustment amounted in 2021 to €12 million, compared to €41 million in 2020.

Hamburg

Berlin

FUNDS FROM OPERATIONS (FFO I, FFO II)

	Year ended December 31,	
	2021	2020
	in € millions	
Adjusted EBITDA before JV contribution	**871.0**	**777.4**
Finance expenses	(180.4)	(200.7)
Current tax expenses	(100.3)	(89.4)
Contribution to minorities [1]	(82.3)	(35.8)
Adjustments related to assets held for sale [2]	6.8	9.4
Perpetual notes attribution	(105.9)	(89.6)
FFO I before JV contribution [3]	**408.9**	**371.3**
Contribution of joint ventures' FFO I [4]	69.3	106.5
FFO I before extraordinary Covid adjustment	**478.2**	**477.8**
FFO I per share before extraordinary Covid adjustment (in €)	**0.41**	**0.37**
Extraordinary expenses for uncollected rent [5]	(125.0)	(120.0)
FFO I	**353.2**	**357.8**
FFO I per share (in €)	**0.30**	**0.27**
Weighted average basic shares (in millions) [6]	1,168.2	1,305.2
FFO I	**353.2**	**357.8**
Result from the disposal of properties [7]	615.4	574.7
FFO II	**968.6**	**932.5**

1) including the minority share in TLG's and GCP's FFO
2) the net contribution which is excluded from the FFO amounts to €4.8 million in FY 2021 and €31.1 million in FY 2020
3) previously did not include perpetual notes attribution and defined as FFO I commercial portfolio, recurring long-term
4) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
5) extraordinary expenses for uncollected rent due to the Covid pandemic
6) weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations
7) the excess amount of the sale price, net of transaction costs and total costs (cost price and capex of the disposed properties)

Funds from Operations I (FFO I) is an industry standard performance indicator, reflecting the recurring operational profitability. FFO I starts by deducting the finance expenses, current tax expenses and the contribution to perpetual notes from the adjusted EBITDA. The calculation further includes the relative share of AT in the FFO I of joint venture positions and excludes the share in minorities' operational profits. Prior to the third quarter of 2021, adjustment for joint venture positions included AT's share in GCP's FFO I. Starting from July 1, 2021, GCP is consolidated in AT's financial accounts and the minority share in GCP's FFO I is deducted instead. Furthermore, AT makes an adjustment related to assets held for sale. Aroundtown has a dividend payout policy of 75% of the FFO I per share.

In addition, AT provides the FFO II, which is an additional key performance indicator used in the real estate industry to evaluate the operational recurring profits including the disposal gains during the relevant period.

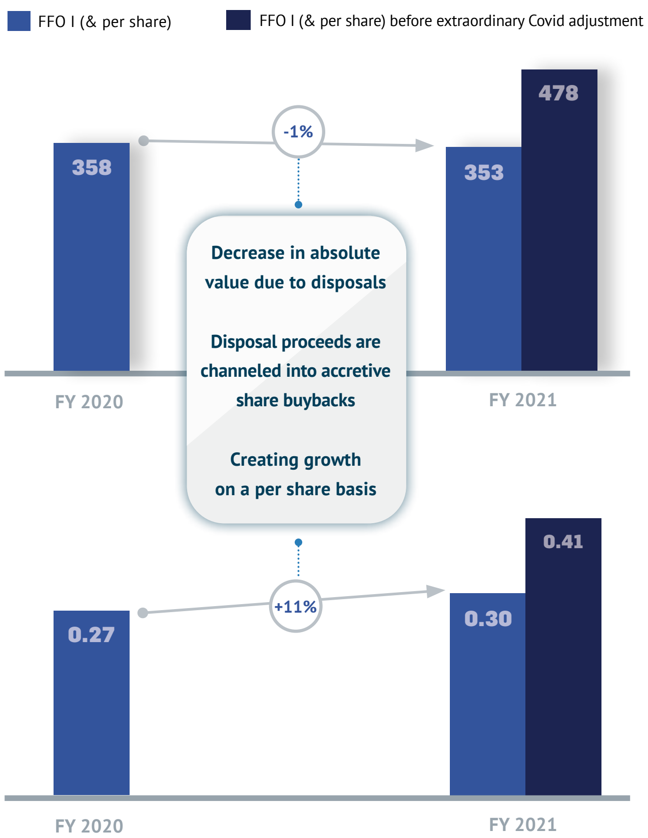
The Group generated an FFO I before extraordinary Covid adjustment of €478.2 million in 2021 compared to €477.8 million generated in 2020. The like-for-like growth, increased stake in GCP's and TLG's recurring operational profits as well as lower finance expenses as a result of debt optimization activities offset the disposal impact. Furthermore, FFO I per share before extraordinary Covid adjustment increased by 11% to €0.41 per share in 2021 from €0.37 per share in 2020. The higher increase in the per share compared to the absolute amount is the result of the share buyback program executed in 2021 which only had partial impact in 2021 and will have full year impact in 2022. The consolidation of GCP has no material impact on the FFO I as this figure already previously included AT's proportional share in GCP's FFO.

The contribution from commercial properties marked for disposal, which is excluded from the FFO, amounted to €5 million in 2021 and €31 million in 2020. The decrease is due to lower net rental income related to properties marked for disposal and to the lower operational profits of the properties marked for disposal.

Including the extraordinary expenses for uncollected rent due to the Covid pandemic, which amounted to €125 million in 2021, slightly higher compared to the €120 million 2020, FFO I amounted to €353 million in 2021, 1% lower compared to €358 million in 2020. However, the accretive share buyback program resulted in an increase of 11% on the per share level to an FFO I per share of €0.30 in 2021 from €0.27 in 2020, validating the strong positive impact of AT's capital recycling into acquiring its own shares.

AT generated FFO II of €969 million in 2021, 4% higher than €933 million generated in 2020. AT completed €2.3 billion disposals in 2021 with a 37% margin over their cost values including capex. In comparison, AT completed €2.3 billion of disposals in 2020 with a 33% margin over total costs. The high margin over total cost value across multiple asset classes demonstrates AT's ability to achieve substantial economic profit and value creation across its portfolio.

FFO I & FFO I PER SHARE(IN € MILLIONS & IN €)



CASH FLOW

	Year ended December 31,	
	2021	2020
	in € millions	
Net cash from operating activities	625.8	615.8
Net cash from investing activities	1,077.6	1,013.7
Net cash used in financing activities	(2,606.5)	(1,634.1)
Net changes in cash and cash equivalents	**(903.1)**	**(4.6)**
Cash and cash equivalents as at the beginning of the year	2,692.1	2,191.7
Cash and cash equivalents from business combinations	1,069.7	508.7
Other changes*	14.3	(3.7)
Cash and cash equivalents as at the end of the year	**2,873.0**	**2,692.1**

* including change in balance of assets held for sale and movements in exchange rates on cash held

AT generated €626 million of operating cash flow during 2021, compared to €616 million generated during 2020. The Group generated higher operating cash profit during the year which is mainly driven by the consolidation of GCP, offsetting the disposal impact, higher amount of extraordinary provisions due to the Covid pandemic and lower amount of cash dividends from joint venture positions.

€1.1 billion of net cash was provided by investing activities in 2021, compared to €1.0 billion that was provided in 2020. Cash proceeds from €2.3 billion disposals during 2021 were partially offset by cash uses in acquisition of properties, prepayments for future transactions, capex investments in the portfolio, investment in investees including Globalworth and other non-current assets including loans-to-own assets, other loans to third parties and GCP's cash uses.

€2.6 billion of net cash was used in financing activities in 2021, compared to €1.6 billion that was used in 2020. During 2021, AT repaid approx. €2.3 billion of debt, completed over €710 million of share buyback including the buyback of subsidiaries, which increased the economic holding rate in them, and distributed over €250 million of cash dividends. Partially offsetting this, AT issued €1.3 billion of new debt and €600 million of perpetual notes, which was subsequently utilized for buying back €244 million (€231 million nominal) of its perpetual notes, and consolidated further stake in subsidiaries.

As a result, AT utilized its large cash balance and used €0.9 billion of net cash during 2021. Additionally, €1.1 billion of cash and cash equivalents were added with the consolidation of GCP. Including other liquid assets, AT's liquidity position amounts to €3.2 billion as of year-end 2021.

ASSETS

	Note	Dec 2021	Dec 2020
		in € millions	
Total Assets	(a)	**39,383.1**	**30,880.3** [1]
Non-current assets	(a)	**33,854.2**	**26,099.2** [1]
Investment property	(b)	29,115.9	21,172.4
Goodwill and intangible assets	(c)	1,717.3	840.0
Investment in equity-accounted investees	(d)	1,222.5	3,177.4
Other non-current assets	(e)	1,189.1	564.0

1) reclassified

(a) Total assets amounted to €39.4 billion at year-end 2021, 28% higher compared to €30.9 billion at year-end 2020, mainly driven by the consolidation of GCP. Non-current assets amounted to €33.9 billion at year-end 2021, 30% higher compared to €26.1 billion at year-end 2020.

(b) The largest item under non-current assets is investment property which increased by 38% or €7.9 billion from €21.2 billion at year-end 2020 to €29.1 billion at year-end 2021. This growth is primarily driven by the initial consolidation of GCP in the third quarter of 2021, supported by the value creation and capex investments in the Group's portfolio. Excluding the consolidation of GCP, the investment property balance amounted to €19.8 billion at year-end 2021, lower by €1.4 billion compared to €21.2 billion at year-end 2020, due to the classification of properties into held for sale and disposals out of investment property balance.

Over the last two years, the Group enhanced the quality and scale of its portfolio via the consolidation of GCP, the takeover of TLG and non-core disposals. As a result, the size of the portfolio increased from €18 billion at year-end 2019 to €29 billion at year-end 2021 including GCP and €20 billion excluding GCP. The increased stake and consolidation of GCP during 2021 solidified the Group's position within the European real estate market and placed the Group among Top 3 largest listed real estate companies in Europe. It strengthened the Group's position in residential real estate to 30% of the Group's portfolio (18% on group share), increased the size of the portfolio within strong German cities, increased the quality of the portfolio and decreased the total vacancy to 7.7% (8.2% on group share). As a result, the Group has a well-balanced, large-scale and high-quality portfolio with a focus on strong asset types in top tier locations.

(c) Intangible assets and goodwill amounted to €1.7 billion at year-end 2021, compared to €0.8 billion at year-end 2020. The €0.9 billion growth in 2021 is mainly related to €863 million goodwill created as a result of the consolidation of GCP. The goodwill on GCP was calculated as the difference between the fair value which was previously held at equity interest in GCP (validated by external independent valuers as of the date of initial consolidation) to GCP's identifiable net assets minus non-controlling interest and perpetual notes. The goodwill balance also includes the goodwill related to the TLG takeover in the amount of €0.8 billion. Due to the disposals above book values, the strong demand for real estate, commercial, residential and M&A transactions in the Company's sectors, there was no indication for an impairment for the year-end 2021 statements.

(d) Non-current assets also include investment in equity-accounted investees which amounted to €1.2 billion at year-end 2021, lower compared to €3.2 billion at year-end 2020, mainly driven by the consolidation of GCP. This line item represents the Group's long-term investments in joint ventures in which the Group has a significant influence but which are not consolidated. The largest investment in this item as of December 2021, which represents approx. 50% of the total balance, is AT's stake in Globalworth, a leading publicly listed office landlord in Poland and Romania. The holding rate in Globalworth increased during the third quarter of 2021 to over 30%, indirectly held through a joint venture with CPI Property Group S.A. The remaining balance of equity-accounted investees includes mainly several positions in real estate properties and investments in real estate related funds specialized among others in Proptech, digitalization and technology in the real estate sector, as well as real estate loan funds, which work in a similar profile to the Group's loans-to-own investments and may provide future access to attractive deals, and additional investments in co-working and renewable energy solutions.

(e) Other long-term assets are mainly comprised of vendor loans that are related to disposals (making up only part of the total consideration of the disposals), long-term financial investments and loans-to-own assets. The growth in these non-current assets is also related to the consolidation of GCP. Loans-to-own assets are asset-backed and yielding loans where, under certain conditions, the default of the loan will enable the Group to take over the underlying asset at a material discount.

Loans-to-own assets are provided to a diverse number of property owners and are sourced through the Group's wide deal sourcing network established over the years. As of December

2021, the loans-to-own balance amounted to approx. €700 million, of which €300 million is presented in the non-current assets and approx. €400 million is presented under the current assets. This item comprises of over 20 loans to diverse variety of property owners, mainly in the residential sector, with maturities primarily within the years 2022 - 2025 with an average LTV of 65%, bearing interest rates of 3%-10% and fully secured by the underlying property. Although the loans-to-own balance is a relatively small part of the Group's balance sheet, it is extending the Group's deal sourcing opportunities, which may provide attractive options for alternative acquisition opportunities in the current market environment.

Vendor loans, which are loans given to several buyers of assets sold, amounted to €266 million at year-end 2021, with the majority being paid in instalments from 2022-2024. The vendor loans are secured against the properties sold at an LTV of approx. 35% and in case of default gives AT the right to get the asset back with a significant penalty to the defaulted buyer. Due to the very low risk, the average interest rate of the vendor loans is ca. 2.5%.

The long-term financial investments amounted to approx. €300 million which are over a dozen diversified investments in real estate funds with the expectation for long-term yield and potentially co-investments in their attractive deals.

The other non-current assets also include long term deposits in the amount of over €80 million, €60 million of tenant deposits, which are used as a security for rent payments, €60 million of receivables due to revenue straight-lining effect arising from the rent-free periods granted to tenants, and long-term minority position in real estate properties and other receivables.

Furthermore, non-current assets include advance payments and deposits which mainly refer to advanced payments for signed deals, deposits for deals in the due diligence phase and deposits for committed capex programs, as well as long-term derivative financial assets and deferred tax assets.

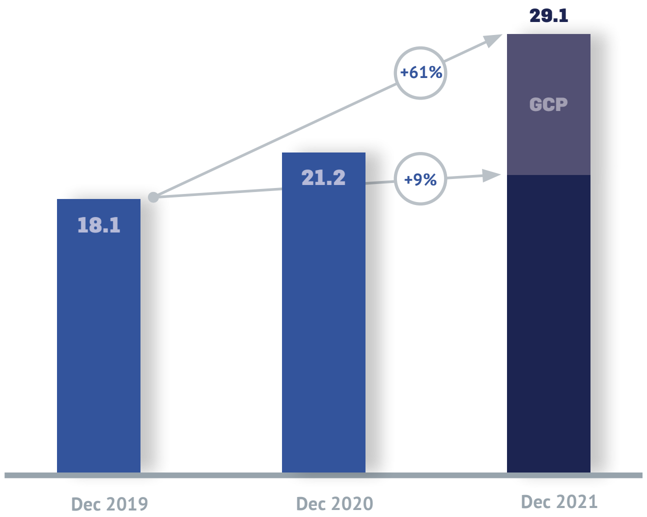
	Dec 2021	Dec 2020
	in € millions	
Current assets	**5,528.9**	**4,781.1**
Assets held for sale [1]	1,029.2	875.4
Cash and liquid assets [2]	3,244.1	3,262.7
Trade and other receivables	1,131.3	616.6

1) excluding cash in assets held for sale
2) including cash in assets held for sale, short term deposits and financial assets at fair value through profit or loss

Current assets amounted to €5.5 billion at year-end 2021, higher compared to €4.8 billion at year-end 2020. The growth is mainly driven by the consolidation of GCP and the classification of investment property as held for sale. The held for sale balance amounts to €1.0 billion at year-end 2021 and consists of non-core and/or mature assets that are intended to be sold within the next 12 months, of which approx. half are already signed to be disposed in the upcoming periods as of the date of this report. The cash and liquid assets balance remained at a similar level, supported by the consolidation of GCP's liquidity, and amounted to €3.2 billion at year-end 201. During 2021, AT reinforced its cash balance with inflow from consolidation, disposals, operations, perpetual notes issuance (net of repurchased notes) and bond issuance which was utilized for debt repayments, dividend distributions and share buybacks (including the share buybacks of TLG and GCP).

Current assets also include €1.1 billion of trade and other receivables at year-end 2021, increasing compared to €0.6 billion at year-end 2020, mainly due to the consolidation of GCP. This item includes of €0.6 billion of operating costs and operational rent receivables as well as pre-paid expenses and tax assets. Additionally, it includes other short-term financial assets with a maturity of less than 1 year made up of loans-to-own assets, vendor loans and short-term financial investments in an amount of approx. €400 million which is explained above as part of the non-current assets. Operating receivables relate to ancillary services to tenants and other charges billed to tenants. These services include utility costs (energy, heating, water, electricity, insurance, etc.). This balance is correlated to prepayments for ancillary services received from tenants under short-term liabilities.

INVESTMENT PROPERTY (IN € BILLIONS)



AVERAGE VALUATION PARAMETERS

	2021	2020
Rental multiple	23.0x	21.7x
Value per sqm	€2,614	€ 2,665

VALUATION ASSUMPTIONS SET BY INDEPENDENT VALUERS

		2021	2020
DCF method	Market rental growth p.a.	1.8%	1.7%
	Average discount rate	5.3%	5.6%
	Average cap rate	4.5%	4.9%

December 2021	Investment properties (in €M)	Area (in 000' sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield	WALT (in years)
Office	11,857	3,798	10.5%	480	11.2	3,122	4.0%	4.6
Residential	8,073	3,714	5.2%	347	8.1	2,174	4.3%	NA
Hotel	4,819	1,565	4.1%	242	13.3	3,079	5.0%	15.3
Retail	1,825	778	11.1%	84	10.0	2,346	4.6%	4.9
Logistics/ Other	469	492	6.6%	24	4.3	953	5.1%	4.8
Development rights & Invest	2,073							
Total	**29,116**	**10,347**	**7.7%**	**1,177**	**10.0**	**2,614**	**4.4%**	**7.8**
Total (GCP at relative consolidation)	**24,343**	**8,252**	**8.2%**	**981**	**10.5**	**2,718**	**4.4%**	**7.9**

Utrecht

LIABILITIES

	Dec 2021	Dec 2020
	in € millions	
Short- and long-term loans and borrowings from financial institutions [1]	1,166.2	1,376.8
Short- and long-term straight bonds, convertible bond and schuldscheins	14,422.0	10,484.1
Deferred tax liabilities (including those under held for sale)	2,796.5	1,913.1 [2]
Short- and long-term derivative financial instruments and other long-term liabilities	858.4	671.3
Other current liabilities [3]	983.6	852.0
Total Liabilities	**20,226.7**	**15,297.3**

1) including loans and borrowings under held for sale
2) reclassified
3) excluding current liability items that are included in the lines above

AT's total liabilities amounted to €20.2 billion at year-end 2021, higher compared to €15.3 billion at year-end 2020 mainly due to the consolidation of GCP's liabilities. Excluding the consolidation, total liabilities decreased as a result of debt repayments, net of new issuances. Total debt from financial institutions, bonds and schuldscheins amounted to €15.6 billion at year-end 2021, higher compared to €11.9 billion at year-end 2020. During 2021 the main changes were the following: the Group has repaid approx. €2.3 billion of debt, issued new debt with a total amount of €1.3 billion and consolidated approx. €4.5 billion of debt from GCP. The repaid debt had a cost of debt of 1.8% while new and consolidated debt had a cost of debt of 0.9%, resulting in a lower cost of debt of 1.2% as of year-end 2021, down from 1.4% previously, reducing the finance expenses of the Group, optimizing the debt profile and supporting the operational profitability KPI's. AT has a long average debt maturity of 5.7 years and its liquidity comfortably covers the debt maturities in the next years, which is a testament to its disciplined liability management approach and reduces its dependency on short-term liquidity. After the reporting period, the Group repaid over €0.7 billion of debt.

Deferred tax liabilities amounted to €2.8 billion at year-end 2021, higher than €1.9 billion at year-end 2020, mainly as a result of GCP's consolidation and revaluation gains. Deferred tax liabilities make up 14% of total liabilities and are non-cash items that are predominantly tied to revaluation gains, calculated conservatively by assuming the theoretical future property disposals in the form of asset deals and as such the full corporate tax rate is applied in the relevant jurisdictions.

The other long-term and current liabilities increased mainly due to the consolidation of GCP. This subtotal item includes €425 million of short- and long-term derivative financial instruments, mainly relating to a contingent liability created as a part of the takeover of TLG.

Other current liabilities amounted to €984 million at year-end 2021, higher compared to €852 million at year-end 2020 mainly due to consolidation of GCP's relevant current liability items. Nevertheless, current assets cover current liabilities comfortably by several times which is a testament to AT's disciplined working capital management.

Dresden

DEBT METRICS

LOAN-TO-VALUE (LTV)	Dec 2021	Dec 2020
	in € millions	
Investment property [1]	29,206.3	21,150.0
Investment property of assets held for sale	1,009.3	830.2
Investment in equity-accounted investees	1,222.5	3,177.4
Total value (a)	**31,438.1**	**25,157.6**
Total financial debt [2]	15,588.2	11,860.9
Less: Cash and liquid assets [2]	(3,244.1)	(3,262.7)
Net financial debt (b)	**12,344.1**	**8,598.2**
LTV (b/a)	**39%**	**34%**

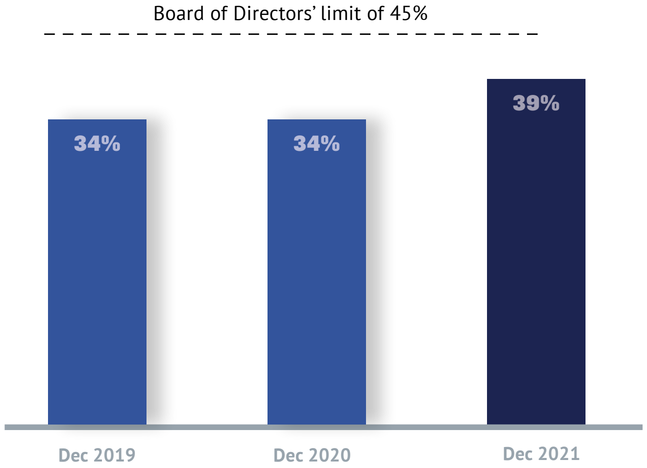
UNENCUMBERED ASSETS	Dec 2021	Dec 2020
	in € millions	
Rent generated by unencumbered assets [3]	998.0	796.6
Rent generated by the total Group [3]	1,197.4	1,045.9
Unencumbered assets ratio	**83%**	**76%**

INTEREST COVER RATIO (ICR)	Year ended December 31, 2021	2020 [4]
	in € millions	
Finance expenses	180.4	200.7
Adjusted EBITDA [5]	882.6	817.9
ICR	**4.9x**	**4.1x**

1) including advance payments and deposits and inventories - trading property, excluding right-of-use assets
2) including balances under held for sale
3) annualized net rent including the contribution from joint venture positions and excluding the net rent from assets held for sale
4) reclassified during 2021 to exclude the JV contribution
5) including the contributions from assets held for sale, excluding extraordinary expenses for uncollected rent due to the Covid pandemic

AT's disciplined debt management approach, strong credit profile and high financial strength are reflected in its solid debt metrics. The LTV amounted to 39% at year-end 2021, higher compared to 34% at year-end 2020. The increase is mainly due to the consolidation of GCP where its debt was consolidated at market values following IFRS accounting treatment, whereas in December 2020 GCP was presented only as an asset under equity-accounted investees. Nevertheless, GCP's conservative debt profile positively impacts the Group's financial structure and the consolidation strengthens the business profile, increasing the position in the residential market. The LTV remains well-below the internal limit of 45% set by the Board of Directors. An unencumbered investment property ratio of 83% (by rent) with a total value of €23.8 billion as well as a high ICR of 4.9x are consistently maintained at comfortable levels, highlighting the Group's financial flexibility.

CONSISTENTLY LOW LEVERAGE (LTV)



EQUITY

	Dec 2021	Dec 2020
	in € millions	
Total equity	**19,156.4**	**15,583.0**
of which equity attributable to the owners of the Company	10,533.6	10,424.8
of which equity attributable to perpetual notes investors	4,747.7	3,132.9
of which non-controlling interests	3,875.1	2,025.3
Equity ratio	**49%**	**50%**

AT's total equity amounted to €19.2 billion at year-end 2021, 23% higher compared to €15.6 billion at year-end 2020 mainly due to the impact of GCP's consolidation and the perpetual notes issuance (net of repurchased notes). Shareholders' equity amounted to €10.5 billion at year-end 2021, slightly higher compared to €10.4 billion at year-end 2020 mainly due to profits and the scrip dividends issued in 2021, further impacted by additional goodwill created from the consolidation of GCP. The growth was offset by accretive share buybacks of €444 million and cash dividend in an amount of ca. €150 million which AT paid in July 2021. The remaining dividends were distributed as company shares in the form of scrip dividends. Similarly, out of €161 million dividend reserve created during year-end 2020, €58 million was added back to the equity during 2021 due to scrip dividends. A high scrip dividend participation ratio supports the equity base.

The non-controlling interests amounted to €3.9 billion at year-end 2021, increasing compared to €2.0 billion at year-end 2020, mainly due to the consolidation of GCP to account for the minority share in GCP. Excluding GCP's impact, non-controlling interests balance decreased mainly due to higher stake in TLG as a result of TLG's share buyback program and additional shares purchased as part of TLG's delisting process. TLG has been delisted from the Frankfurt Stock Exchange in December 2021, taking a further step towards integration and simplification of the Group structure.

The perpetual notes balance amounted to €4.7 billion at year-end 2021, increasing compared to €3.1 billion at year-end 2020 as a result of the consolidation of GCP's perpetual notes and the issuance of €600 million perpetual notes with a coupon of 1.625%, which have been partially used to repurchase €231 million (nominal) of AT's first perpetual notes with a coupon of 3.75%. The reduction in the coupon rate between the issuances is reflective of AT's stronger credit rating driven by the improvements in business profile since the first issuance.

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. Following IFRS accounting treatment, mandatory convertible notes are classified as equity attributable to the owners of the Company.

Hannover

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 operating 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.

in € millions unless otherwise indicated	**2021**	Change	2020
EPRA NRV	13,057.5	0%	13,093.9
EPRA NRV per share (in €)	11.5	4%	11.1
EPRA NTA	11,564.0	3%	11,187.4
EPRA NTA per share (in €)	10.2	7%	9.5
EPRA NDV	8,462.5	1%	8,354.9
EPRA NDV per share (in €)	7.5	6%	7.1
EPRA Earnings	393.7	(9%)	434.8
EPRA Earnings per share (in €)	0.34	3%	0.33
EPRA Net initial yield (NIY)	3.4%	(0.2%)	3.6%
EPRA 'Topped-up' NIY	3.5%	(0.2%)	3.7%
EPRA Vacancy	7.7%	(1.2%)	8.9%
EPRA Vacancy including JV	7.8%	(0.7%)	8.5%
EPRA Cost Ratio (including direct vacancy costs)	29.7%	0.4%	29.3%
EPRA Cost Ratio (excluding direct vacancy costs)	27.6%	0.2%	27.4%
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	19.6%	0.2%	19.4%
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	17.5%	(0.1%)	17.6%

EPRA NAV KPI'S

The European Public Real Estate Association (EPRA) provides three key Net Asset Value (NAV) metrics designed to provide stakeholders with the most relevant information on the fair value of the Group's assets and liabilities. With the evolving nature of their business models, real estate companies progressed into actively managed entities, engaging in non-property operating activities, actively recycling capital and accessing capital markets for balance sheet financing. In line with these developments, EPRA has provided the market with the following three NAV KPI's: EPRA Net Reinstatement Value (EPRA NRV), EPRA Net Tangible Assets (EPRA NTA) and EPRA Net Disposal Value (EPRA NDV).

The EPRA NRV's purpose is to reflect the value of net assets required to rebuild a company on a long-term basis assuming entities do not sell assets. Therefore, balance sheet items that are not expected to crystallize in normal circumstances such as the fair value movements of financial derivatives and deferred tax liabilities are added back to the equity. Additionally, gross purchasers' costs are added back since this metric is aiming to reflect what would be needed to recreate a company through the investment markets based on its capital financing structure.

The EPRA NTA aims to reflect the tangible value of a company's net assets assuming entities buy and sell assets, crystallizing certain levels of unavoidable deferred tax liabilities. Therefore, EPRA NTA excludes intangible assets and goodwill, and adds back the portion of deferred tax liabilities that is not expected to crystallize as a result of long-term hold strategy.

The EPRA NDV provides the shareholders with the value under the scenario that a company's assets are sold or its liabilities are not held until maturity. For this purpose, it assumes that deferred taxes, financial instruments and other adjustments are calculated to the full extent of their liability, net of any resulting tax.

	Dec 2021			Dec 2020		
	in € millions			in € millions		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NTA	EPRA NDV
Equity attributable to the owners of the Company	**10,533.6**	**10,533.6**	**10,533.6**	**10,424.8**	**10,424.8**	**10,424.8**
Deferred tax liabilities [1]	2,274.3	1,870.1	-	1,853.2	1,494.5	-
Fair value measurement of derivative financial instruments [2]	113.8	113.8	-	55.8	55.8	-
Goodwill in relation to TLG [3]	(822.0)	(822.0)	(822.0)	(822.0)	(822.0)	(822.0)
Goodwill in relation to GCP [4]	(862.9)	(862.9)	(862.9)	-	(620.5)	(620.5)
Intangibles as per the IFRS balance sheet [5]	-	(24.7)	-	-	(18.0)	-
Net fair value of debt	-	-	(386.2)	-	-	(627.4)
Real estate transfer tax [6]	1,820.7	756.1	-	1,582.1	672.8	-
NAV	**13,057.5**	**11,564.0**	**8,462.5**	**13,093.9**	**11,187.4**	**8,354.9**
Number of shares (in millions) [7]	1,132.7			1,176.7		
NAV per share (in €)	**11.5**	**10.2**	**7.5**	**11.1**	**9.5**	**7.1**

1) excluding significant minority share in deferred tax liabilities (DTL), as well as deferred tax assets on certain financial instruments in line with EPRA recommendations. EPRA NRV additionally includes DTL of assets held for sale
2) excluding significant minority share in derivatives
3) deducting the goodwill resulting from the business combination with TLG
4) deducting the goodwill resulting from the consolidation of GCP
5) excluding significant minority share in intangibles
6) including the gross purchasers' costs of assets held for sale and relative share in TLG's and GCP's relevant RETT. EPRA NTA includes only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved
7) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NRV

EPRA NRV amounted to €13.1 billion at year-end 2021, stable compared to €13.1 billion at year-end 2020. The profits and value creation were offset by the share buyback, dividend payments and the impact from the consolidation of GCP. However, driven by the share buyback program, EPRA NRV per share increased by 4% from €11.1 per share at-year end 2020 to €11.5 per share at year-end 2021. AT delivered a strong shareholder value creation by disposing assets above book value realizing further profits and in return buying back shares at a price deeply below the NAV. During 2021, AT bought back €444 million of its shares. As the EPRA NRV aims to reflect the value required to recreate the entity, the full amount of deferred tax liabilities and gross purchasers' costs are added back, including held for sale and net of significant minority share in deferred tax liabilities and deferred tax assets on certain financial instruments in line with EPRA recommendations.

EPRA NTA

EPRA NTA amounted to €11.6 billion at year-end 2021, increasing by 3% from €11.2 billion at year-end 2020. AT's portion in GCP's adjustments (i.e. deferred tax liabilities and real estate transfer taxes) are included in December 2021 due to the consolidation of GCP. This further contributed to the growth, apart from the profits and value creation, net of share buyback and dividend payments. EPRA NTA per share increased at a higher rate of 7% to €10.2 at year-end 2021 from €9.5 at year-end 2020, due to the accretive share buyback program. Adjusted for dividends, EPRA NTA per share grew by 10% year-over-year. As EPRA NTA aims to reflect the tangible value of a company's net assets assuming entities buy and sell assets, intangibles and goodwill are deducted and certain levels of deferred tax liabilities are assumed to be crystallized. In this regard, AT adds back only the deferred tax liabilities with regards to its long-term portfolio and this item is net of significant minority share in deferred tax liabilities, as well as deferred tax assets on certain financial instruments in line with EPRA recommendations. The remaining portfolio is treated as follows:

Investment property of assets held for sale:

Assets held for sale are properties which are expected to be disposed within the next 12 months. Conservatively, deferred taxes are not added back, although Aroundtown has a track record of benefitting from a lower tax ratio for its disposals due to the disposal structure.

Retail portfolio:

Aroundtown actively seeks to reduce its share of retail portfolio on an opportunistic basis. Therefore, deferred tax liabilities related to these properties are conservatively not added back.

GCP's portfolio cities classified as "Others":

Aroundtown follows GCP's approach to not add back deferred tax liabilities related to these properties.

Development rights & Invest portfolio:

As an additional value creation driver, Aroundtown pursues a selective development program which is designed to unlock further potential through identifying and selling development rights at high gains or developing at low risks with high pre-let ratios. Since the decision is based on an opportunistic basis, Aroundtown conservatively does not add back deferred tax liabilities related to these assets.

PORTFOLIO ITEMS	Dec 2021		
in € millions unless otherwise indicated	Fair value [1]	as % of total portfolio	as % of deferred tax added back to EPRA NTA per classification
Portfolio to be held long-term	25,056.5	83%	73%[2]
Investment property of assets held for sale	1,009.3	3%	0%
Retail portfolio	1,501.3	5%	0%
GCP's portfolio cities classified as "Others"	1,020.8	4%	0%
Development rights & Invest portfolio	1,537.3	5%	0%
Total	**30,125.2**	**100%**	

1) fair value breakdown according to exact portfolio classification may vary following the main use approach used to determine the deferred tax
2) excluding significant minority share in DTL and others

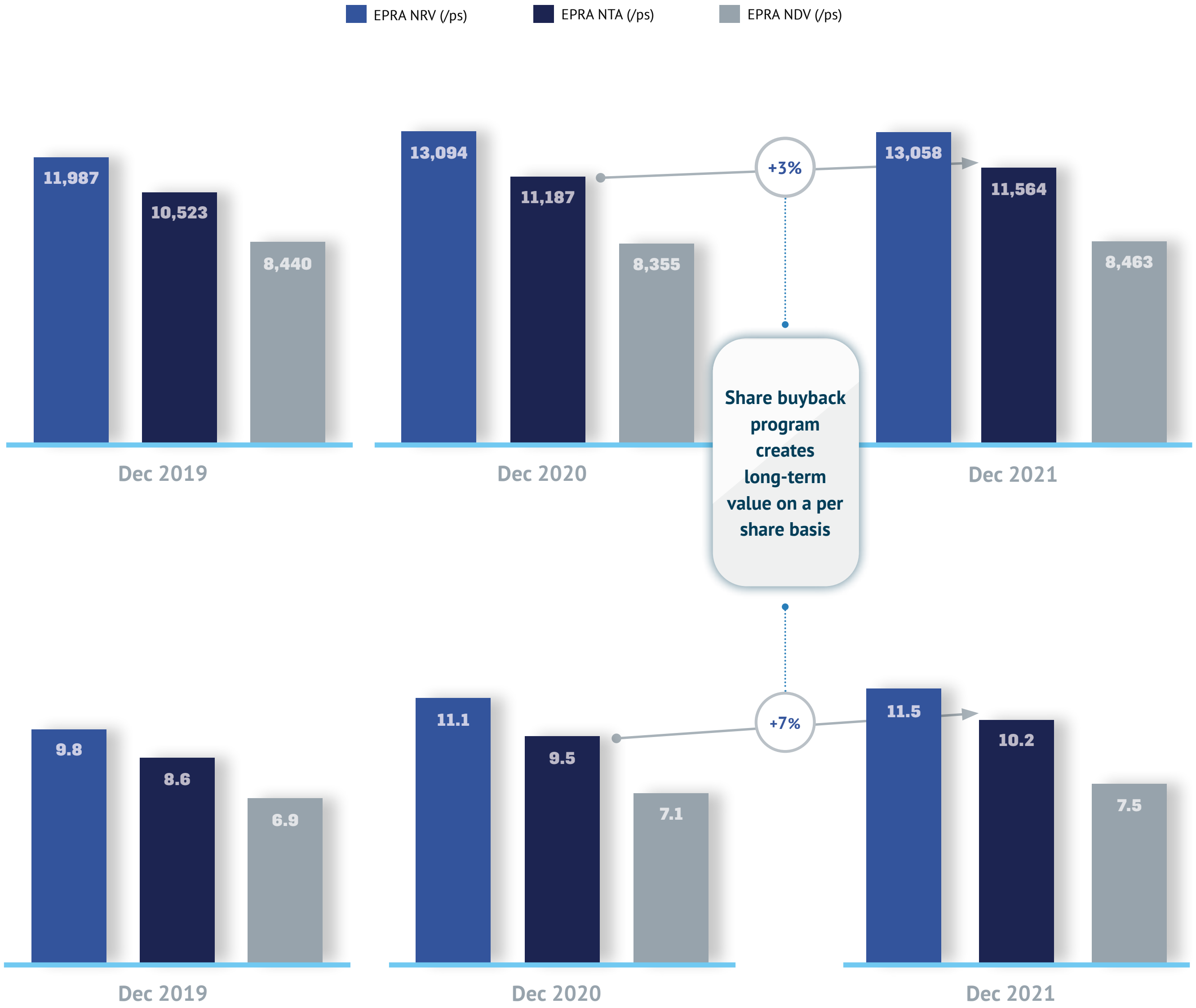
With regards to the gross purchasers' costs, Aroundtown adds back the costs related to properties which enable a RETT optimization at disposal. The corporate structure enables Aroundtown to sell properties through share deals and therefore RETT and purchasers' costs are optimized. Aroundtown has a clear track record of optimizing RETT through disposals in share deals. IFRS valuations conservatively deduct the RETT and purchasers' costs, regardless of Aroundtown's corporate structure or its intention to dispose properties. Therefore, in properties which enable RETT optimization, the EPRA NTA adds back the purchasers' costs. These are mainly properties in Germany that can be sold through share deals without the need of restructuring. They account to 37% of all investment properties including held for sale.

PORTFOLIO BREAKDOWN	Dec 2021 Portion of the portfolio	Adding RETT
Properties for which RETT optimization at disposal can be achieved	37%	Yes
Properties which require restructuring or for which RETT optimization at disposal is not possible	63%	No

EPRA NDV

EPRA NDV amounted to €8.5 billion at year-end 2021, higher by 1% compared to €8.4 billion at year-end 2020, mainly due to movement in the fair value of debt. EPRA NDV per share grew at a higher rate of 6% to €7.5 at year-end 2021 from €7.1 at year-end 2020, driven by the accretive share buyback program.

EPRA NAV KPI'S (IN € MILLIONS) & EPRA NAV PER SHARE KPI'S (IN €)



EPRA EARNINGS

The EPRA Earnings is intended to serve as a key indicator of the Group's underlying operational profits for the year in the context of a European real estate company. Given AT's strategic joint venture investments, the proportional share in these joint venture investments' EPRA Earnings for the year is included in accordance with the average holding rate for the period. Prior to the third quarter of 2021, these contributions were mostly attributed to GCP. Starting from July 1, 2021, GCP is consolidated in AT's financial accounts and the minority share in GCP's EPRA Earnings is deducted instead. 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.

EPRA Earnings for 2021 amounted to €394 million, lower compared to €435 million in 2020. The decrease is mainly the result of the disposals which proceeds were utilized into the share buyback and debt repayments, a lower contribution from joint venture positions, higher finance-related costs which were incurred in connection with the debt pre-payments, and extraordinary expenses for uncollected rent due to the Covid pandemic. The decrease was partially offset by the like-for-like growth, the increased stake in and contribution of GCP as well as lower financing expenses as a result of the debt pre-payments. On a per share basis the decrease was fully offset as a result of the share buyback which evident in the growth of the EPRA Earnings on a per share basis by 3% to €0.34 in 2021 from €0.33 in 2020.

	Year ended December 31,	
	2021	2020
	in € millions	
Earnings per IFRS income statement	**1,078.1**	**906.4**
Property revaluations and capital gains	(809.7)	(769.4)
Changes in fair value of financial assets and liabilities, net	115.4	135.1
Deferred tax expenses	215.8	287.4
Share of profit from investment in equity-accounted investees	(193.4)	(195.7)
Adjustment for investment in equity-accounted investees [1]	66.6	106.8
EPRA Earnings contribution to minorities [2]	(79.1)	(35.8)
EPRA Earnings	**393.7**	**434.8**
Weighted average basic shares (in millions) [3]	1,168.2	1,305.2
EPRA Earnings per share (in €)	**0.34**	**0.33**
Bridge to FFO I		
Add back: Total depreciation and amortization	15.9	4.3
Add back: Finance-related costs	46.7	32.7
Add back: Other adjustments incl. one-off expenses related to TLG merger	8.1	7.0
Less: FFO items mainly related to investments in equity-accounted investees [1] [2]	(0.5)	(0.3)
Less: FFO contribution from asset held for sale	(4.8)	(31.1)
Less: Perpetual notes attribution	(105.9)	(89.6)
FFO I	**353.2**	**357.8**
FFO I per share (in €)	**0.30**	**0.27**

1) including AT's share in joint venture positions. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
2) additionally adjusting for the minority share in GCP's FFO adjustments
3) weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations

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

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 plus an allowance for estimated purchasers' costs. EPRA 'Topped-up' NIY is an additional calculation that factors into consideration the effects of rent-free period and other lease incentives. Given the strategic investment in joint venture positions, they are proportionately consolidated in the table below in accordance with the holding rate at the end of the period.

EPRA NIY amounted to 3.4% at year-end 2021, down from 3.6% at year-end 2020, due to the consolidation of GCP which operates properties at a lower yield environment and the value creation during the year. As of December 2021, the portfolio reflected a growth of 1.3% on a like-for-like basis, excluding GCP, supported by AT's focus on high quality assets in central location of top tier cities with the strong fundamentals, operational strength and yield compression. EPRA 'Topped-up' NIY amounted to 3.5% at year-end 2021, similarly down from 3.7% at year-end 2020.


Essen

	Dec 2021	Dec 2020
	in € millions	
Investment property	29,115.9	21,172.4
Investment property of assets held for sale	1,009.3	830.2
Share of JV investment property [1]	1,194.1	4,189.2
Less: Classified as Development rights & Invest	(2,073.1)	(1,881.6)
Complete property portfolio	**29,246.2**	**24,310.2**
Allowance for estimated purchasers' costs [1]	2,112.7	1,749.7
Grossed up complete property portfolio value	**31,358.9**	**26,059.9**
End of period annualized net rental income [1] [2]	1,267.6	1,111.9
Operating costs [3]	(187.8)	(165.8)
Annualized net rent, after non-recoverable costs	**1,079.8**	**946.1**
Notional rent expiration of rent-free periods or other lease incentives	15.9	13.9
Topped-up net annualized rent	**1,095.7**	**960.0**
EPRA NIY	**3.4%**	**3.6%**
EPRA 'TOPPED-UP' NIY	**3.5%**	**3.7%**

1) including AT's share in joint venture positions
2) including the net rent contribution of assets held for sale
3) to reach annualized operating costs, cost margins were used for each respective periods

EPRA VACANCY

EPRA Vacancy is an operational measure that calculates a real estate company's economic vacancy rate as based on the prevailing market rental rates. It is calculated by dividing the market rental value of the vacant space in the portfolio by the annualized rental value of the portfolio, including vacancy at market rents. It was previously defined as EPRA Vacancy – Commercial portfolio and was renamed to EPRA Vacancy following the consolidation of GCP. The EPRA Vacancy including JV further includes AT's share in joint venture investments, including its holding rate in Globalworth, the leading publicly listed office landlord in Poland and Romania. It was previously defined as EPRA Vacancy – Group portfolio.

EPRA Vacancy decreased from 8.9% at year-end 2020 to 7.7% at year-end 2021. The decrease was due to the increased stake in and consolidation of GCP and disposals of assets with higher-than-average vacancy, offsetting the negative 0.5% like-for-like occupancy which excludes GCP. Similarly, the EPRA Vacancy including JV decreased from 8.5% at year-end 2020 to 7.8% at year-end 2021, due to the positive impact from the full contribution of GCP as opposed to its relative contribution at year-end 2020, as well as from the increased stake in GCP. Aroundtown observed no significant change in the market rents of vacant space during 2021. Aroundtown views the rental prospects of its markets stable with growth potential in some core cities, driven by the strong fundamentals of these locations.

	Dec 2021	Dec 2020
	in € millions	
Estimated Rental Value (ERV) of the vacant space including JV [1]	106.0	99.9
Dec annualized net rent including vacancy rented at ERV including JV [1]	1,353.3	1,173.9
EPRA VACANCY INCLUDING JV [2]	**7.8%**	**8.5%**

1) including AT's share in joint venture positions
2) previously defined as EPRA Vacancy - Group portfolio

	Dec 2021	Dec 2020
	in € millions	
Estimated Rental Value (ERV) of the vacant space	97.8	86.8
Dec annualized net rent including vacancy rented at ERV	1,274.6	969.9
EPRA VACANCY [1]	**7.7%**	**8.9%**

1) previously defined as EPRA Vacancy - Commercial portfolio

Leipzig

EPRA COST RATIOS

The EPRA Cost Ratios provide an overview of a company's operating cost structure and provide for increased comparability across companies. The cost ratios are derived by dividing the administrative expenses and property operating expenses (including non-recoverable service charges) by the net rental income. The ratio is calculated both including and excluding the direct vacancy costs. Given the strategic importance of its joint venture investments, AT includes in its calculations their relative contributions at the average holding rate during the year. Prior to the third quarter of 2021, these contributions were mostly attributed to GCP. Starting from July 1, 2021, GCP is consolidated in AT's financial accounts.

The Group's EPRA cost ratios for 2021 amounted to 29.7% including direct vacancy costs and 27.6% excluding direct vacancy costs, compared to 29.3% and 27.4% for 2020, respectively. The increase is mainly driven by the cost inflation and offset by the impact from disposals. Excluding the extraordinary expenses for uncollected rent, cost ratios were 19.6% and 17.5% for 2021, compared to 19.4% and 17.6% for 2020. The cost ratio excluding direct vacancy costs decreased due to improvement in the portfolio occupancy after the consolidation of GCP and disposals of assets with higher-than-average vacancy.

	Year ended December 31,	
	2021	2020
	in € millions	
Administrative and other expenses	56.6	51.1
Maintenance and refurbishment	37.8	30.6
Ancillary expenses and purchased services, net	0.6	17.8
Personnel expenses	46.8	28.3
Other operating costs	194.4	184.3
Depreciation and amortization	15.9	4.3
Share of equity-accounted investees [1]	30.8	45.6
Exclude:		
Depreciation and amortization	(15.9)	(4.3)
EPRA Costs (including direct vacancy costs)	**367.0**	**357.7**
Direct vacancy costs [1]	(25.9)	(23.0)
EPRA Costs (excluding direct vacancy costs)	**341.1**	**334.7**
Extraordinary expenses for uncollected rent [2]	(125.0)	(120.0)
EPRA Costs (including direct vacancy costs, excluding Covid-19 adjustment)	**242.0**	**237.7**
EPRA Costs (excluding direct vacancy costs, excluding Covid-19 adjustment)	**216.1**	**214.7**
Revenue	1,323.2	1,180.3
Less: Operating and other income	(237.5)	(177.3)
Add: Share of net rental income from equity-accounted investees [1]	149.9	219.9
Net rental income	**1,235.6**	**1,222.9**
EPRA Cost Ratio (including direct vacancy costs)	**29.7%**	**29.3%**
EPRA Cost Ratio (excluding direct vacancy costs)	**27.6%**	**27.4%**
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	**19.6%**	**19.4%**
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	**17.5%**	**17.6%**

1) including AT's share in joint venture positions. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
2) extraordinary expenses for uncollected rent due to the Covid pandemic

ALTERNATIVE PERFORMANCE MEASURES (APM)

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.

ADJUSTED EBITDA

The adjusted EBITDA is a performance measure used to evaluate the operational results of the Group 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 *Share of profit from investment in equity-accounted investees*, as well as *Contributions of assets held for sale*. Aroundtown adds to its adjusted EBITDA a non-recurring and/or non-cash item called *Other adjustments incl. one-off expenses related to TLG merger*, other adjustment being the expenses for employees' share incentive plans. In order to reflect only the recurring operational profits, Aroundtown deducts the *Share of profit from investment in equity-accounted investees* as this item also includes non-operational profits generated by Aroundtown's equity accounted investees. Instead, Aroundtown includes in its adjusted EBITDA its share in the adjusted EBITDA generated by investments where Aroundtown has significant influence in accordance with its economic holding rate over the period. This line item is labelled as *Contribution of joint ventures' adjusted EBITDA* which was renamed during 2021. Prior to the third quarter of 2021, this line item was mostly attributed to Aroundtown's share in GCP's adjusted EBITDA, however, starting from July 1, 2021, GCP is consolidated in Aroundtown's financial accounts.

Aroundtown created extraordinary expenses for uncollected rent due to Covid pandemic in response to the impact of Coronavirus on the hotel industry. Adjusted EBITDA excludes (adds back) these expenses which are called *Extraordinary expenses for uncollected rent*.

FUNDS FROM OPERATIONS I (FFO I)

Adjusted EBITDA calculation
Operating Profit
(+) Total depreciation and amortization
(=) EBITDA
(-) Property revaluations and capital gains
(-) Share of profit from investment in equity-accounted investees
(+) Other adjustments incl. one-off expenses related to TLG merger [1]
(-) Contribution of assets held for sale
(+) Add back: Extraordinary expenses for uncollected rent [2]
(=) Adjusted EBITDA before JV contribution [3]
(+) Contribution of joint ventures' adjusted EBITDA [4]
(=) Adjusted EBITDA

1) the other adjustment is expenses related to employees' share incentive plans
2) extraordinary expenses for uncollected rent due to the Covid pandemic
3) previously defined as Adjusted EBITDA commercial portfolio, recurring long-term
4) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021, GCP is consolidated

Funds from Operations I (FFO I) is an industry standard performance indicator for evaluating operational recurring profits of a real estate firm. Aroundtown calculates *FFO I* by deducting from the *Adjusted EBITDA before JV contribution*, the *Finance expenses*, *Current tax expenses, Contribution to minorities* and adds back *Adjustments related to assets held for sale*. *Adjustments related to assets held for sale* refers to finance expenses and current tax expenses related to assets held for sale. *Contribution to minorities* include among others the minority share in GCP's FFO I (starting from July 1, 2021) and the minority share in TLG's FFO I after perpetual notes attribution and contribution of Aroundtown, excluding the contribution from assets held for sale. Aroundtown additionally deducts the *Perpetual notes attribution* to reach at *FFO I before JV contribution*. Prior to 2021, this figure did not deduct the perpetual notes attribution.

Due to the deduction of the *Share of profit from investment in equity-accounted investees* in the adjusted EBITDA calculation which includes the operational profits from those investments, Aroundtown adds back its relative share in the FFO I of joint venture positions in accordance with the holding rate over the period to reflect the recurring operational profits generated by those investments. This item is labelled as *Contribution of joint ventures' FFO I* which was renamed during 2021. Prior to the third quarter of 2021, this item was mostly attributed to Aroundtown's share in GCP's FFO I, however, starting from July 1, 2021, GCP is consolidated in Aroundtown's financial accounts.

By adding this item, Aroundtown reaches to *FFO I before extraordinary Covid adjustment*.

Aroundtown created *Extraordinary expenses for uncollected rent* due to the Covid pandemic in response to the impact of Coronavirus on the hotel industry. Therefore, Aroundtown's *FFO I* includes these expenses.

FFO I per share before extraordinary Covid adjustment is calculated by dividing the *FFO I before extraordinary Covid adjustment* by the *Weighted average basic shares* which excludes the shares held in treasury and includes the conversion impact of mandatory convertible notes. *FFO I per share* is calculated by dividing the *FFO I* by the *Weighted average basic shares* which excludes the shares held in treasury and includes the conversion impact of mandatory convertible notes.

Funds From Operations (FFO I) Calculation
Adjusted EBITDA before JV contribution
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities [1]
(+) Adjustments related to assets held for sale
(-) Perpetual notes attribution
(=) FFO I before JV contribution [2]
(+) Contribution of joint ventures' FFO I [3]
(=) FFO I before extraordinary Covid adjustment
(-) Extraordinary expenses for uncollected rent [4]
(=) FFO I

1) including the minority share in TLG's and GCP's FFO
2) previously did not include perpetual notes attribution and defined as FFO I commercial portfolio, recurring long-term
3) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
4) extraordinary expenses for uncollected rent due to the Covid pandemic

FFO I Per Share Before Extraordinary Covid Adjustment and FFO I Per Share Calculation
(a) FFO I before extraordinary Covid adjustment
(b) Weighted average basic shares [1]
(=) (a/b) FFO I per share before extraordinary Covid adjustment
(c) FFO I
(d) Weighted average basic shares [1]
(=) (c/d) FFO I per share

1) weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations

FUNDS FROM OPERATIONS II (FFO II)

Funds form 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 the *FFO II*, the *Results from disposal of properties* are added to the FFO I. The results from disposals reflect the profit driven from the excess amount of the sale price, net of transactions costs, to cost price plus capex of the disposed properties.

FFO II Calculation
FFO I
(+) Result from the disposal of properties [1]
(=) FFO II

1) the excess amount of the sale price, net of transaction costs and total costs (cost price and capex of the disposed properties)

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 can cover financial debt and the headroom against a potential market downturn. With regards to Aroundtown's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which Aroundtown can comfortably raise further debt to finance additional growth. *Total value* is calculated by adding together the *Investment property* which includes *Advance payments and deposit* and *Inventories – trading property* but excludes the right-of-use assets, *Investment property of assets held for sale* 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 *Short- and long-term loans and borrowings from financial institutions* and *Short- and long-term straight bonds*, *convertible bond and schuldscheins*. *Cash and liquid assets* are the sum of *Cash and cash equivalents*, *Short-term deposits* and *Financial assets at fair value through profit or loss*, as well as cash balances of assets held for sale. Aroundtown calculates the LTV ratio through dividing the *Net financial debt* by the *Total value*.

LTV Calculation
(+) Investment property [1]
(+) Investment property of assets held for sale
(+) Investment in equity-accounted investees
(=) (a) Total value
(+) Total financial debt [2] [3]
(-) Cash and liquid assets [3]
(=) (b) Net financial debt
(=) (b/a) LTV

1) including advance payments and deposits and inventories – trading property, excluding the right-of-use assets
2) total bank loans, straight bonds, schuldscheins and convertible bond and exluding lease liabilities
3) including balances under held for sale

EQUITY RATIO

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

Equity Ratio Calculation
(a) Total Equity
(b) Total Assets
(=) (a/b) Equity Ratio

UNENCUMBERED ASSETS RATIO

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

Unencumbered Assets Ratio Calculation
(a) Rent generated by unencumbered assets [1]
(b) Rent generated by the total Group [1]
(=) (a/b) Unencumbered Assets Ratio

1) annualized net rent including the contribution from joint venture positions and excluding the net rent from assets held for sale

INTEREST COVER RATIO (ICR)

The Interest Cover Ratio (ICR) is widely used in the real estate industry to assess the strength of a firm's credit profile. The multiple indicates the degree to which Aroundtown's operational results are able to cover its debt servicing. *ICR* is calculated by dividing the *Adjusted EBITDA* including the contributions from assets held for sale by the *Finance expenses*. ICR previously included the contribution from joint venture positions in both the finance expenses and adjusted EBITDA but it was reclassified during 2021 to exclude these contributions.

ICR Calculation
(a) Finance Expenses
(b) Adjusted EBITDA [1]
(=) (b/a) ICR

1) including the contributions from assets held for sale, excluding extraordinary expenses for uncollected rent due to the Covid pandemic

EPRA NET REINSTATEMENT VALUE (EPRA NRV)

The EPRA NRV is defined by the European Public Real Estate Association (EPRA) as a measure to highlight the value of a company's net assets on a long-term basis, assuming entities never sell assets. This KPI aims to represent the value required to rebuild the company. Aroundtown's *EPRA NRV* calculation begins by adding to the *Equity attributable to the owners of the Company* the *Deferred tax liabilities* which includes balances in assets held for sale and excludes significant minority share in deferred tax liabilities, as well as excluding deferred tax assets on certain financial instruments in line with EPRA recommendations. Aroundtown also adds/deducts *Fair value measurement of derivative financial instruments* which includes the derivative financial instruments related to interest hedging and excludes significant minority share in derivative financial instruments. 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. Aroundtown then deducts the *Goodwill in relation to TLG, Goodwill in relation to GCP* and adds *Real estate transfer tax* which is the gross purchasers' costs in line with EPRA's standards which includes Aroundtown's share in TLG's and GCP's relevant real estate transfer taxes (RETT). Following the consolidation of GCP, the goodwill recognized in relation to GCP became relevant for EPRA NRV calculations. *EPRA NRV per share* is calculated by dividing the *EPRA NRV* by the *Number of shares* which excludes the treasury shares and includes the conversion impact of mandatory convertible notes.

EPRA NRV and EPRA NRV Per Share Calculation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities [1]
(+/-) Fair value measurement of derivative financial instruments [2]
(-) Goodwill in relation to TLG [3]
(-) Goodwill in relation to GCP [4]
(+) Real estate transfer tax [5]
(=) (a) EPRA NRV
(b) Number of shares [6]
(=) (a/b) EPRA NRV per share

1) excluding significant minority share in deferred tax liabilities (DTL), as well as deferred tax assets on certain financial instruments in line with EPRA recommendations, including DTL of assets held for sale
2) excluding significant minority share in derivatives
3) deducting the goodwill resulting from the business combination with TLG
4) deducting the goodwill resulting from the consolidation of GCP
5) including the gross purchasers' costs of assets held for sale and relative share in TLG's and GCP's relevant RETT
6) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NET TANGIBLE ASSETS (EPRA NTA)

The EPRA NTA is defined by the European Public Real Estate Association (EPRA) as a measure to highlight the value of a company's net tangible assets assuming entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred taxes. Aroundtown's *EPRA NTA* calculation begins by adding to the *Equity attributable* to *the owners of the Company* the *Deferred tax liabilities* which excludes the deferred tax liabilities of properties held for sale, retail portfolio, development rights & invest portfolio, GCP's portfolio cities classified as "Others" and significant minority share in deferred tax liabilities, as well as excluding deferred tax assets on certain financial instruments in line with EPRA recommendations. Aroundtown also adds/deducts *Fair value measurement of derivative financial instruments* which includes the derivative financial instruments related to interest hedging and excludes significant minority share in derivative financial instruments. Furthermore, Aroundtown deducts the *Goodwill in relation to TLG, Goodwill in relation to GCP* and *Intangibles as per the IFRS balance sheet* which excludes significant minority share in intangibles. Moreover, Aroundtown adds gross purchasers' cost of properties which enable RETT optimization at disposals based on track record. This figure includes Aroundtown's share in GCP's relevant RETT. The *EPRA NTA per share* is calculated by dividing the *EPRA NTA* by the *Number of shares* which excludes the treasury shares and includes the conversion impact of mandatory convertible notes.

EPRA NTA and EPRA NTA Per Share Calculation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities [1]
(+/-) Fair value measurement of derivative financial instruments [2]
(-) Goodwill in relation to TLG [3]
(-) Goodwill in relation to GCP [4]
(-) Intangibles as per the IFRS balance sheet [5]
(+) Real estate transfer tax [6]
(=) (a) EPRA NTA
(b) Number of shares [7]
(=) (a/b) EPRA NTA per share

1) excluding significant minority share in deferred tax liabilities (DTL), as well as deferred tax assets on certain financial instruments in line with EPRA recommendations
2) excluding significant minority share in derivatives
3) deducting the goodwill resulting from the business combination with TLG
4) deducting the goodwill resulting from the consolidation of GCP
5) excluding significant minority share in intangibles
6) including only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved. Additionally including relative share in GCP's relevant RETT
7) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NET DISPOSAL VALUE (EPRA NDV)

The EPRA NDV is defined by the European Public Real Estate Association (EPRA) as a measure that represents the shareholders' value under a disposal scenario, where deferred taxes, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax. Aroundtown calculates its *EPRA NDV* by deducting from the *Equity attributable to the owners of the Company*, the *Goodwill in relation to TLG* and *Goodwill in relation to GCP* and deducting/adding the *Net fair value of debt* which is the difference between the market value of debt and the book value of debt, adjusted for taxes. The *EPRA NDV per share* is calculated by dividing the *EPRA NDV* by the *Number of shares* which excludes the treasury shares and includes the conversion impact of mandatory convertible notes.

EPRA NDV and EPRA NDV Per Share Calculation
Equity attributable to the owners of the Company
(-) Goodwill in relation to TLG [1]
(-) Goodwill in relation to GCP [2]
(+/-) Net fair value of debt
(=) (a) EPRA NDV
(b) Number of shares [3]
(=) (a/b) EPRA NDV per share

1) deducting the goodwill resulting from the business combination with TLG
2) deducting the goodwill resulting from the consolidation of GCP
3) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

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 a company's underlying operational profits for the period in context of a European real estate company. Aroundtown calculates its *EPRA Earnings* by deducting from the *Earnings per IFRS income statement*, the *Property revaluations and capital gains*, a non-cash and non-linear profit item, adding back *Changes in fair value of financial assets and liabilities*, *net*, a non-cash and non-operational expense item, adding back *Deferred tax expenses* in line with long-term real estate business model, deducting the *Share of profit from investment in equity-accounted investees* and adding back their recurring earnings called *Adjustment for investment in equity-accounted investees* and deducting *EPRA Earnings contribution to minorities*. With regards to *Adjustment for investment in equity-accounted investees*, given Aroundtown's strategic joint venture investments, the proportional share in these joint venture investments' EPRA Earnings for the year is included in accordance with the average holding rate throughout the year. Prior to the third quarter of 2021, these contributions were mostly attributed to GCP. Starting from July 1, 2021, GCP is consolidated in AT's financial accounts and the minority share in GCP's EPRA Earnings is deducted instead.

EPRA Earnings per share is calculated by dividing the *EPRA Earnings* by the *Weighted average basic shares* which excludes the shares held in treasury and includes the conversion impact of mandatory convertible notes.

As FFO I is the widely-recognized indicator for a company's operational performance and Aroundtown's dividend payout policy is 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, Total depreciation and amortization, Finance-related costs* and *Other adjustments incl. one-off expenses related to TLG merger* are added back. *Other adjustments incl. one-off expenses related to TLG merger* are share-based payments and one-off expenses related to TLG merger. Furthermore, *FFO items mainly related to investments in equity-accounted investees, FFO contribution from assets held for sale* and *Perpetual notes attribution* are deducted. FFO items related to investment in equity-accounted investees refers to Aroundtown's share in GCP's FFO I bridge adjustment for its depreciation, finance-related costs, adjustment for perpetual notes attributions and other FFO adjustments, additionally adjusting for the minority share in these adjustments starting from the third quarter of 2021.

EPRA Earnings Calculation
Earnings per IFRS income statement
(-) Property revaluations and capital gains
(+) Changes in fair value of financial assets and liabilities, net
(+) Deferred tax expenses
(-) Share of profit from investment in equity-accounted investees
(+) Adjustment for investment in equity-accounted investees [1]
(-) EPRA Earnings contribution to minorities [2]
(=) (a) EPRA Earnings
(b) Weighted average basic shares [3]
(=) (a/b) EPRA Earnings per share
Bridge to FFO I
EPRA Earnings
(+) Total depreciation and amortization
(+) Finance-related costs [2]
(+) Other adjustments incl. one-off expenses related to TLG merger
(-) FFO items mainly related to investments in equity-accounted investees [1] [2]
(-) FFO contribution from asset held for sale
(-) Perpetual notes attribution
(=) (c) FFO I
(b) Weighted average basic shares [3]
(=) (c/b) FFO I per share

1) including AT's share in joint venture positions. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
2) additionally adjusting for the minority share in GCP's FFO adjustments
3) weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations

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 Aroundtown's share in joint venture positions' net rental income and net rental income from assets held for sale. In order to reach annualized operating costs, Aroundtown 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*. The *Complete property portfolio* is the sum of *Investment property, Investment property of assets held for sale* and *Share of JV investment property*, excluding the part of the portfolio that is *Classified as Development rights & Invest*. On the other hand, *EPRA 'Topped-up' NIY* divides the *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 Calculation
(+) Investment property
(+) Investment properties of assets held for sale
(+) Share of JV investment property [1]
(-) Classified as Development rights & Invest
(=) Complete property portfolio
(+) Allowance for estimated purchasers' costs [1]
(=) (a) Grossed up complete property portfolio value
(+) End of period annualized net rental income [1] [2]
(-) Operating costs [3]
(=) (b) Annualized net rent, after non-recoverable costs
(+) Notional rent expiration of rent-free periods or other lease incentives
(=) (c) Topped-up net annualized rent
(=) (b/a) EPRA NIY
(=) (c/a) EPRA 'TOPPED-UP' NIY

1) including AT's share in joint venture positions
2) including the net rent contribution of assets held for sale
3) to reach annualized operating costs, cost margins were used for each respective periods

EPRA VACANCY

The EPRA Vacancy is a key benchmark for providing comparable vacancy reporting across real estate companies. Aroundtown provides *EPRA Vacancy* and *EPRA Vacancy including JV. EPRA Vacancy* is calculated by dividing the *Estimated Rental Value (ERV) of the vacant space* by the *Dec annualized net rent including vacancy rented at ERV*. This figure was previously defined as EPRA Vacancy - Commercial portfolio but it was renamed following the consolidation of GCP as of July 1, 2021. *EPRA Vacancy including JV* includes the contribution from joint venture positions and is calculated by dividing the *Estimated Rental Value (ERV) of the vacant space including JV* by the *Dec annualized net rent including vacancy rented at ERV including JV*. This figure was previously defined as EPRA Vacancy - Group portfolio.

EPRA Vacancy Including JV Calculation
Estimated Rental Value (ERV) of the vacant space including JV [1]
Dec annualized net rent including vacancy rented at ERV including JV [1]
EPRA VACANCY INCLUDING JV [2]

1) including AT's share in joint venture positions
2) previously defined as EPRA Vacancy - Group portfolio

EPRA Vacancy Calculation
Estimated Rental Value (ERV) of the vacant space
Dec annualized net rent including vacancy rented at ERV
EPRA VACANCY [1]

1) previously defined as EPRA Vacancy - Commercial portfolio

EPRA COST RATIOS

The EPRA Cost Ratios are key benchmarks provided by Aroundtown in line with EPRA guidelines in order to enable meaningful measurement of changes in its operating costs, as well as to provide for increased comparability across companies. The *EPRA Costs* is derived by adding together the *Administrative and other expenses, Maintenance and refurbishment, Ancillary expenses and purchased services, net, Personnel expenses, Other operating costs* and *Share of equity-accounted investees* which refers to Aroundtown's share in joint venture positions' EPRA costs (including direct vacancy costs). Prior to the third quarter of 2021, these contributions were mostly attributed to GCP. Starting from July 1, 2021, GCP is consolidated in Aroundtown's financial accounts. The EPRA Costs exclude *Depreciation and amortization* if included above and include *Extraordinary expenses for uncollected rent* due to the Covid pandemic. 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 the *Revenue*, the *Operating and other income* but adding *Share of net rental income from equity-accounted investees*, reflecting Aroundtown's share in joint venture positions' net rental income. Similar to the EPRA Costs, prior to the third quarter of 2021, these contributions from joint venture positions were mostly attributed to GCP. Starting from July 1, 2021, GCP is consolidated in Aroundtown's financial accounts. The *EPRA Cost Ratio (excluding direct vacancy costs)* is derived by the *EPRA Costs (excluding direct vacancy costs)*, which deducts *Direct vacancy costs* (including Aroundtown's share in joint venture positions' direct vacancy costs) from *EPRA Costs (including direct vacancy costs)*, by the *Net rental income*. Aroundtown additionally provides EPRA Costs Ratios excluding Covid-19 adjustments. The *EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)* is derived by dividing the *EPRA Costs (including direct vacancy costs, excluding Covid-19 adjustment)*, which adds back the *Extraordinary expenses for uncollected rent* to the *EPRA Costs* (*including direct vacancy costs)*, by *Net rental income*. The EPRA *Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)* is derived by dividing the *EPRA Costs (excluding direct vacancy costs, excluding Covid-19 adjustment)*, which adds back the *Extraordinary expenses for uncollected rent* to the *EPRA Costs (excluding direct vacancy costs)*, by *Net rental income*.

EPRA Cost Ratios Calculation
(+) Administrative and other expenses
(+) Maintenance and refurbishment
(+) Ancillary expenses and purchased services, net
(+) Personnel expenses
(+) Other operating costs
(+) Depreciation and amortization
(+) Share of equity-accounted investees [1)]
Exclude:
(-) Depreciation and amortization
(=) (a) EPRA Costs (including direct vacancy costs)
(-) (b) Direct vacancy costs [1)]
(=) (c=a-b) EPRA Costs (excluding direct vacancy costs)
(-) (d) Extraordinary expenses for uncollected rent [2)]
(=) (e=a-d) EPRA Costs (including direct vacancy costs, excluding Covid-19 adjustment)
(=) (f=c-d) EPRA Costs (excluding direct vacancy costs, excluding Covid-19 adjustment)
(+) Revenue
(-) Operating and other income
(+) Share of net rental income from equity-accounted investees [1)]
(=) (g) Net rental income
(=) (h=a/g) EPRA Cost Ratio (including direct vacancy costs)
(=) (i=c/g) EPRA Cost Ratio (excluding direct vacancy costs)
(=) (j=e/g) EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)
(=) (k=f/g) EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)

1) including AT's share in joint venture positions. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
2) extraordinary expenses for uncollected rent due to the Covid pandemic

RESPONSIBILITY STATEMENT

To the best of our knowledge, the 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 or 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 29, 2022

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

To the Shareholders of
Aroundtown SA
40, rue du Curé
L-1368 Luxembourg
Grand Duchy of Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

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 31 December 2021, and the consolidated statements of profit or loss, other comprehensive income, changes in equity and 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 31 December 2021 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 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "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 Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("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 significance in the audit of the consolidated financial statements for the year ended 31 December 2021?

We refer to the accounting policies at note 2.3 "Significant accounting judgments, estimates and assumptions", note

3.12 “Investment Property”, note 3.14 “Non-current assets held for sale” and note 16 “Investment Property” in the consolidated financial statements of Aroundtown SA.

As at 31 December 2021 the Group held a portfolio of investment property with a fair value of MEUR 29,115.9 (31 December 2020: MEUR 21,172.4) and investment property within assets held for sale with a fair value of MEUR 1,009.3 (31 December 2020: MEUR 830.2).

The valuation of investment property 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 assumptions regarding rates of return on the Group’s assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants’ financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could cause a significant change in its fair value.

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

The external valuers were engaged by management and performed their work in compliance with the Royal Institute of Chartered Surveyors (“RICS”) Valuation – Professional Standards, TEGoVA European Valuations Standards and IVSC International Valuation Standard. 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 characteristics and information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market 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;
- Through the involvement of our own property valuation specialist, on a sample basis, we tested the 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, vacancy rates, comparable price per square meter and development cost;
- In case a valuation was performed considering the highest and best use, we assessed, on a sample basis, the appropriateness of the special assumptions considered, and whether these assumptions were technically possible, legally permissible and financially feasible;

- Through the involvement of our own property valuation specialist, on a sample basis, 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;
- We considered the adequacy of the disclosures in the consolidated financial statements, and the Group's descriptions regarding the inherent degree of subjectivity and the key assumptions in estimates.

Consolidation of Grand City Properties S.A. ("GCP") as business combination achieved in stages

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements for the year ended 31 December 2021?

We refer to the accounting policies at note 2.3 "Significant accounting judgments, estimates and assumptions" and note 3.4 "Business combinations and goodwill", and note 5.1 "Grand City Properties S.A." in the consolidated financial statements of Aroundtown SA.

On 13 July 2021 (the "Acquisition Date"), the Group concluded on obtaining de facto control over Grand City Properties S.A.. Prior to the Acquisition Date, the Group's effective holding rate in GCP was 43.8% (excluding shares GCP held in treasury), and increased to 44.3% due to shares received from GCP's scrip dividend as of the Acquisition Date. The de facto control arises despite holding less than 50% of the voting rights and followed a thorough analysis of several cumulative circumstances that indicated on the sustainable ability of the Group to control GCP. These circumstances included, inter alia, the continuous increase in the holding rate by the Group over time, the Group's historical attendance levels in GCP's annual general meeting, and the composition of GCP's shareholding structure that is widely dispersed.

Goodwill arising from the GCP consolidation represents the excess of the consideration transferred over the Group's share of the fair value of the identifiable net assets of GCP as of the Acquisition Date. As the business combination was achieved in stages where de facto control was obtained via successive increase in GCP's shareholding, the consideration transferred was represented by the fair value of the equity interest in GCP held by the Group prior to the Acquisition Date, including direct minority interests in subsidiaries of GCP. Further details are set out in note 5.1 "Grand City Properties S.A." to the consolidated financial statements.

We identified the business combination with GCP as a key audit matter because it represents a significant transaction for the Group and has a significant impact on the consolidated financial statements, in particular revenue, equity-accounted investees, investment property and goodwill of the Group for the year ended 31 December 2021.

b) How the matter was addressed during the audit?

Our procedures over the business combination with Grand City Properties S.A. include but are not limited to the following:

- We obtained an assessment prepared by the Group's management ("Management Assessment") on its conclusion over de facto control over GCP in accordance with IFRS 10 Consolidated Financial Statements;
- We agreed the main inputs of the Management Assessment, held discussion with Those Charged with Governance and assessed compliance with IFRS 10 de facto control requirements;
- We evaluated management's accounting treatment related to the business combination achieved in stages with reference to the requirements set out in IFRS 3 Business Combinations;
- We obtained a breakdown of all assets and liabilities of GCP as of the Acquisition Date including any adjustments to reflect the fair values of the identifiable net assets;
- We performed audit procedures with respect to the identifiable net assets as at Acquisition Date in conjunction with audit procedures as at 31 December 2021 to determine that fair values of the identifiable net assets at Acquisition Date are not materially misstated;

- We assessed the valuation process and Management's calculation of the fair value of the equity interest in GCP held by the Company prior to the Acquisition Date that represented the consideration transferred;
- We performed audit procedures with respect to the determination of goodwill, including the measurement of any non-controlling interest held in GCP;
- We assessed the Group's disclosures in the consolidated financial statements in respect of the business combination with reference to the requirements of the prevailing accounting standards.

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 and the Corporate Governance Statement 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.

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

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 23 July 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.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the EU Regulation N°

537/2014, the Law of 23 July 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 the 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 our 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, actions taken to eliminate threats or safeguards applied.

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 Shareholders on 30 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is five years.

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

The Corporate Governance Statement is included in the Board of Directors' Report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 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 N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a valid xHTML format;
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of Aroundtown SA as at 31 December 2021, identified as 529900H4DWG3KWMBMQ39-2021-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Aroundtown SA as at 31 December 2021, identified as 529900H4DWG3KWMBMQ39-2021-12-31-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 29 March 2022

KPMG Luxembourg,

Société anonyme

Cabinet de révision agréé

Muhammad Azeem

KPMG Luxembourg is a Société anonyme with its registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended December 31, 2021	2020
		in € millions	
Revenue	7	1,323.2	1,180.3
Property revaluations and capital gains	8	809.7	769.4
Share of profit from investment in equity-accounted investees	17	193.4	195.7
Property operating expenses	9	(533.0)	(442.6)
Administrative and other expenses	10	(56.6)	(51.1)
Operating profit		**1,736.7**	**1,651.7**
Finance expenses	11	(180.4)	(200.7)
Other financial results	11	(162.1)	(167.8)
Profit before tax		**1,394.2**	**1,283.2**
Current tax expenses	12.2	(100.3)	(89.4)
Deferred tax expenses	12.3	(215.8)	(287.4)
Profit for the year		**1,078.1**	**906.4**
Profit attributable to:			
Owners of the Company		642.2	651.7
Perpetual notes investors		105.9	89.6
Non-controlling interests		330.0	165.1
Profit for the year		**1,078.1**	**906.4**
Net earnings per share attributable to the owners of the Company (in €)			
Basic earnings per share	13.1	0.55	0.50
Diluted earnings per share	13.2	0.53	0.49

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended December 31,	
	2021	2020
	in € millions	
Profit for the year	**1,078.1**	**906.4**
Other comprehensive income (loss):		
Items that are or may be reclassified subsequently to profit or loss, net of tax:		
Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations	21.5	(*) (19.1)
Cash flow hedges and cost of hedging	65.4	(*) (39.1)
Equity-accounted investees – share of other comprehensive income (loss)	20.8	(15.0)
Total comprehensive income for the year	**1,185.8**	**833.2**
Total comprehensive income attributable to:		
Owners of the Company	741.8	578.5
Perpetual notes investors	105.9	89.6
Non-controlling interests	338.1	165.1
Total comprehensive income for the year	**1,185.8**	**833.2**

(*) reclassified

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2021	2020
	Note	in € millions	
ASSETS			
Property and equipment	14	132.0	(*) 37.2
Goodwill and intangible assets	15	1,717.3	(*) 840.0
Investment property	16	29,115.9	21,172.4
Advance payments and deposits		155.8	147.5
Investment in equity-accounted investees	17	1,222.5	3,177.4
Derivative financial assets	26.1	236.1	111.5
Other non-current assets	18	1,189.1	564.0
Deferred tax assets	12.3	85.5	(*) 49.2
Non-current assets		**33,854.2**	**26,099.2**
Cash and cash equivalents	26.3.2	2,873.0	2,692.1
Short-term deposits		27.5	140.8
Financial assets at fair value through profit or loss	26.1	339.8	427.8
Inventories – trading property		88.0	-
Trade and other receivables	19	1,131.3	616.6
Derivative financial assets	26.1	36.3	26.4
Assets held for sale	16.3.2	1,033.0	877.4
Current assets		**5,528.9**	**4,781.1**
Total assets		**39,383.1**	**30,880.3**

(*) reclassified

The accompanying notes form an integral part of these consolidated financial statements

	Note	As at December 31, 2021	2020
		in € millions	
EQUITY			
Share capital	20.1.1	15.4	15.4
Treasury shares	20.1.2	(2,937.3)	(2,621.6)
Retained earnings and other reserves		13,455.5	13,031.0
Equity attributable to the owners of the Company		**10,533.6**	**10,424.8**
Equity attributable to perpetual notes investors	20.2	4,747.7	3,132.9
Equity attributable to the owners of the Company and perpetual notes investors		**15,281.3**	**13,557.7**
Non-controlling interests	20.3	3,875.1	2,025.3
Total equity		**19,156.4**	**15,583.0**
LIABILITIES			
Loans and borrowings	22.1	1,091.8	1,293.6
Straight bonds and schuldscheins	22.2	13,934.6	10,386.4
Derivative financial liabilities	26.2	394.7	409.3
Other non-current liabilities	23	433.0	249.4
Deferred tax liabilities	12.3	2,766.0	(*) 1,884.5
Non-current liabilities		**18,620.1**	**14,223.2**
Current portion of long-term loans and loan redemptions	22.1	56.2	83.2
Straight and convertible bonds	22.2	487.4	97.7
Dividend payable		-	160.8
Trade and other payables	25	620.9	434.8
Tax payable		112.6	67.6
Provisions for other liabilities and accrued expenses		235.3	176.8
Derivative financial liabilities	26.2	30.7	12.6
Liabilities held for sale	16.3.2	63.5	40.6
Current liabilities		**1,606.6**	**1,074.1**
Total liabilities		**20,226.7**	**15,297.3**
Total equity and liabilities		**39,383.1**	**30,880.3**

(*) reclassified

The Board of Directors of Aroundtown SA authorized these consolidated financial statements for issuance on March 29, 2022

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

The accompanying notes form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the owners of the Company									
		Share capital	Share premium and capital reserves	Cash flow hedge and cost of hedge reserves	Treasury shares	Retained earnings	Equity attributable to the owners of the Company	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
		in € millions									
Balance as at January 1, 2021		**15.4**	**5,752.4**	**(37.2)**	**(2,621.6)**	**7,315.8**	**10,424.8**	**3,132.9**	**13,557.7**	**2,025.3**	**15,583.0**
Profit for the year		-	-	-	-	642.2	642.2	105.9	748.1	330.0	1,078.1
Other comprehensive income for the year, net of tax		-	38.2	61.4	-	-	99.6	-	99.6	8.1	107.7
Total comprehensive income for the year		**-**	**38.2**	**61.4**	**-**	**642.2**	**741.8**	**105.9**	**847.7**	**338.1**	**1,185.8**
Transactions with owners of the Company											
Contributions and distributions											
Share buy-back program	20.1.2	-	-	-	(444.1)	-	(444.1)	-	(444.1)	-	(444.1)
Equity settled share-based payment	21.2	-	0.5	-	1.8	-	2.3	-	2.3	-	2.3
Dividend distributions	20.1.3	-	(237.6)	-	146.4	-	(91.2)	-	(91.2)	-	(91.2)
Total contributions and distributions		**-**	**(237.1)**	**-**	**(295.9)**	**-**	**(533.0)**	**-**	**(533.0)**	**-**	**(533.0)**
Changes in ownership interests											
Share buy-back in subsidiaries	20.3.1	-	-	-	-	(9.0)	(9.0)	-	(9.0)	(260.6)	(269.6)
Transactions with non-controlling interests, (NCI), dividends to NCI and deconsolidations	20.3.1	-	-	-	-	(47.5)	(47.5)	-	(47.5)	(303.1)	(350.6)
Business combination with Grand City Properties S.A.	5	-	-	-	(19.8)	-	(19.8)	1,250.0	1,230.2	2,075.4	3,305.6
Total changes in ownership interests		**-**	**-**	**-**	**(19.8)**	**(56.5)**	**(76.3)**	**1,250.0**	**1,173.7**	**1,511.7**	**2,685.4**
Transactions with perpetual notes investors											
Issuance of perpetual notes, net of perpetual notes buy-back	20.2	-	(23.7)	-	-	-	(23.7)	364.7	341.0	-	341.0
Payment to perpetual notes investors		-	-	-	-	-	-	(105.8)	(105.8)	-	(105.8)
Total transactions with perpetual notes investors		**-**	**(23.7)**	**-**	**-**	**-**	**(23.7)**	**258.9**	**235.2**	**-**	**235.2**
Balance as at December 31, 2021		**15.4**	**5,529.8**	**24.2**	**(2,937.3)**	**7,901.5**	**10,533.6**	**4,747.7**	**15,281.3**	**3,875.1**	**19,156.4**

The accompanying notes form an integral part of these consolidated financial statements

	Note	Attributable to the owners of the Company									
		Share capital	Share premium and capital reserves	Cash flow hedge and cost of hedge reserves	Treasury shares	Retained earnings	Equity attributable to the owners of the Company	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
		in € millions									
Balance as at January 1, 2020		**12.2**	**3,008.0**	**2.2**	**-**	**6,563.1**	**9,585.5**	**2,484.0**	**12,069.5**	**1,309.4**	**13,378.9**
Profit for the year		-	-	-	-	651.7	651.7	89.6	741.3	165.1	906.4
Other comprehensive loss for the year, net of tax		-	(33.8)	(39.4)	-	-	(73.2)	-	(73.2)	-	(73.2)
Total comprehensive income (loss) for the year		**-**	**(33.8)**	**(39.4)**	**-**	**651.7**	**578.5**	**89.6**	**668.1**	**165.1**	**833.2**
Transactions with owners of the Company											
Contributions and distributions											
Share buy-back program	20.1.2	-	-	-	(1,000.8)	-	(1,000.8)	-	(1,000.8)	-	(1,000.8)
Issuance of mandatory convertible notes		-	190.6	-	-	-	190.6	-	190.6	-	190.6
Equity settled share-based payment	21.2	(**) 0.0	3.0	-	-	-	3.0	-	3.0	-	3.0
Dividend distribution		-	(160.8)	-	-	-	(160.8)	-	(160.8)	(*) -	(160.8)
Total contributions and distributions		**(**) 0.0**	**32.8**	**-**	**(1,000.8)**	**-**	**(968.0)**	**-**	**(968.0)**	**-**	**(968.0)**
Changes in ownership interests											
Transactions with non-controlling interests, dividends to NCI and deconsolidations		-	-	-	-	101.0	101.0	-	101.0	(*) (93.8)	7.2
Business combination with TLG Immobilien AG	5.2	3.2	2,745.4	-	(1,620.8)	-	1,127.8	643.1	1,770.9	644.6	2,415.5
Total changes in ownership interests		**3.2**	**2,745.4**	**-**	**(1,620.8)**	**101.0**	**1,228.8**	**643.1**	**1,871.9**	**550.8**	**2,422.7**
Transactions with perpetual notes investors											
Payment to perpetual notes investors		-	-	-	-	-	-	(83.8)	(83.8)	-	(83.8)
Total transactions with perpetual notes investors		**-**	**-**	**-**	**-**	**-**	**-**	**(83.8)**	**(83.8)**	**-**	**(83.8)**
Balance as at December 31, 2020		**15.4**	**5,752.4**	**(37.2)**	**(2,621.6)**	**7,315.8**	**10,424.8**	**3,132.9**	**13,557.7**	**2,025.3**	**15,583.0**

(*) reclassified

(**) less than €0.1 million

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2021	2020
		in € millions	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		1,078.1	906.4
Adjustments for the profit:			
Depreciation and amortization	14, 15	15.9	4.3
Property revaluations and capital gains	8	(809.7)	(769.4)
Share of profit from investment in equity-accounted investees	17.1	(193.4)	(195.7)
Finance expenses and other financial results	11	342.5	368.5
Current and deferred tax expenses	12	316.1	376.8
Share-based payment	21.2	5.9	3.0
Change in working capital		(61.3)	(39.0)
Dividend received	17	24.3	43.4
Tax paid		(92.6)	(82.5)
Net cash from operating activities		**625.8**	**615.8**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from (payments for) disposals (acquisitions) of property, equipment and intangible assets, net		22.9	(36.3)
Proceeds from disposals of investment property and proceeds from investees	16	1,994.0	2,063.1
Acquisitions of investment property and investee, investment in capex and advances paid	16, 17	(815.0)	(636.3)
Investments in traded securities and other financial assets, net		(124.3)	(376.8)
Net cash from investing activities		**1,077.6**	**1,013.7**

The accompanying notes form an integral part of these consolidated financial statements

	Note	Year ended December 31, 2021	2020
		in € millions	
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back program	20.1.2	(444.1)	(1,000.8)
Share buy-back in subsidiaries	20.3.1	(269.6)	-
Proceeds (payments) from (to) mandatory convertible notes investors, net		(10.5)	219.0
Proceeds (payments) from (to) perpetual notes investors, net of buy-back		235.2	(83.8)
Buy-back of bonds, net of proceeds from issuance of straight bonds	22.3	(699.7)	(188.1)
Proceeds (repayments) from (of) loans from financial institutions and others, net	22.3	(595.1)	(494.6)
Amortization of loans from financial institutions and others	22.3	(14.9)	(29.5)
Transactions with non-controlling interests	20.3.1	(277.4)	(*) 180.5
Dividend paid to the owners of the Company	20.1.3	(252.0)	-
Dividend paid to non-controlling interests	20.3.1	(77.4)	(*) (24.4)
Interest and other financial expenses paid, net	22.3	(201.0)	(212.4)
Net cash used in financing activities		**(2,606.5)**	**(1,634.1)**
Net changes in cash and cash equivalents		**(903.1)**	**(4.6)**
Cash and cash equivalents as at January 1		2,692.1	2,191.7
Assets held for sale – change in cash	16.3.2	(1.8)	(3.2)
Cash and cash equivalents from business combinations (**)	5	1,069.7	508.7
Effect of movements in exchange rates on cash held		16.1	(0.5)
Cash and cash equivalents as at December 31	**26.3.2**	**2,873.0**	**2,692.1**

(*) reclassified

(**) the Company obtained de facto control over Grand City Properties S.A (see note 5.1). The presented amount is the cash and cash equivalents acquired and initially consolidated as part of the business combination, net of the transaction costs incurred. The comparative figure refers to the cash and cash equivalents (net of the transaction costs incurred) initially consolidated as part of the business combination with TLG Immobilien AG that took place in February 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

1.1 Incorporation and principal activities

Aroundtown SA (the "Company" or "Aroundtown"), a public limited liability company (Société Anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, Rue du Curé, L-1368, Luxembourg. Aroundtown's ordinary shares are listed on the Prime Standard of the Frankfurt Stock Exchange and included in the MDAX index of the Deutsche Börse (symbol: AT1).

Aroundtown is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities, primarily in Germany, Netherlands and London. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects.

These consolidated financial statements for the year ended December 31, 2021 consist of the financial statements of the Company and its investees (the "Group").

1.2 Group rating

Aroundtown's credit rating is 'BBB+' with a stable outlook given by Standard and Poor's (S&P). The rating of 'BBB+' also applies to the Company's unsecured debt. The Group`s subordinated perpetual notes' rating is 'BBB-'.

Grand City Properties S.A.'s (a subsidiary of the Company, "GCP") corporate credit rating is 'BBB+' with a stable outlook given by S&P, and 'Baa1' given by Moody's Investors Service (Moody's). The 'BBB+' and 'Baa1' ratings also apply to the GCP's unsecured debt, and the GCP`s subordinated perpetual notes are rated 'BBB-' and 'Baa3', by S&P and Moody's, respectively.

As at December 31, 2021, and as of the date of issuance of these consolidated financial statements, Aroundtown's and GCP's rating remained unchanged, as described above.

1.3 Definitions

Throughout these notes to the consolidated financial statements following definitions apply:

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	Grand City Properties S.A. (subsidiary of the Company; listed for trade in the Prime Standard of the Frankfurt Stock Exchange)
TLG	TLG Immobilien AG (subsidiary of the Company)
Related parties	As defined in IAS 24, additionally see note 24
The reporting period	The financial year ended on December 31, 2021

2. BASIS OF PREPARATION

2.1 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 comprehensive income, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2020 have been reclassified to enhance comparability with 2021 figures and are marked as "reclassified".

The consolidated financial statements were authorized for issuance by the Company's board of directors on March 29, 2022.

2.2 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 – measured at fair value;
» Assets and liabilities classified as held for sale – measured at fair value less costs to sell;
» Deferred tax assets and liabilities – measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period .

2.3 Significant accounting judgments, estimates and assumptions

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

The estimates and underlying assumptions are reassessed 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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

- **Leases**

  Property lease classification (the Group as lessor)

  The Group has entered into property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease terms not constituting a major part of the economic life of the properties and the present value of the minimum lease payments not amounting to substantially all of the fair value of the properties, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

- **Revenue from contracts with customers**

  Determination of performance obligations

  In relation to the services provided to tenants of investment property as part of the lease agreements into which the Group enters as a lessor, the Group has determined that the promise is the overall property management service and that the service performed each day is distinct and substantially the same. Although the individual activities that comprise the performance obligation vary significantly throughout the day and from day to day, the nature of the overall promise to provide management service is the same from day to day. Therefore, the Group has concluded that the services to tenants represent a series of daily services that are individually satisfied over time, using a time-elapsed measure of progress, because tenants simultaneously receive and consume the benefits provided by the Group. With respect to the sale of property, the Group concluded the goods and services transferred in each contract constitute a single performance obligation.

  Principal versus agent considerations (services to tenants)

  The Group arranges for certain services provided to tenants of investment property included in the contract the Group enters into as a lessor, to be provided by third parties. The Group has determined that it controls the services before they are transferred to tenants, because it has the ability to direct the use of these services and obtain the benefits from them. In making this determination, the Group has considered that it is primarily responsible for fulfilling the promise to provide these specified services because it directly deals with tenants' complaints and it is primarily responsible for the quality or suitability of the services. Therefore, the Group has concluded that it is the principal in these contracts. In addition, the Group has concluded that it transfers control of these services over time, as services are rendered by the third-party service providers, because this is when tenants receive and, at the same time, consume the benefits from these services.

  Determining the timing of revenue recognition on the sale of property

  The Group has evaluated the timing of revenue recognition on the sale of property based on a careful analysis of the rights and obligations under the terms of the contract and legal advice from the Group's external counsels in various jurisdictions. The Group has generally concluded that contracts relating to the sale of completed property are recognized at a point in time when control transfers. For unconditional exchanges of contracts, control is generally expected to transfer to the customer together with the legal title. For conditional exchanges, this is expected to take place when all the significant conditions are satisfied.

- **Business combinations**

  The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities and assets, including property, is acquired. More specifically, consideration is given to the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary. When the acquisition of subsidiaries does not represent a business combination, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

- **Interest rate benchmark reform ("IBOR reform")**
  Economically equivalent - IBOR reform Phase 2 requires, as a practical expedient, for changes to the basis for determining contractual cash flows that are necessary as a direct consequence of IBOR reform to be treated as a change to a floating rate of interest, provided the transition from IBOR to risk-free rates (RFR) takes place on a basis that is 'economically equivalent'. To qualify as 'economically equivalent', the terms of the financial instrument must be the same before and after transition except for the changes required by IBOR reform. For changes that are not required by IBOR reform, the Group applies judgement to determine whether they result in the financial instrument being derecognized. Therefore, as financial instruments transition from IBOR to RFRs, the Group applies judgement to assess whether the transition has taken place on an economically equivalent basis. In making this assessment, the Group considers the extent of any changes to the contractual cash flows as a result of the transition and the factors that have given rise to the changes, with consideration of both quantitative and qualitative factors. Factors of changes that are economically equivalent include: changing the reference rate from an IBOR to a RFR; changing the reset days between coupons to align with the RFR; adding a fallback to automatically transition to an RFR when the IBOR ceases; and adding a fixed credit spread adjustment based on that calculated by the International Swaps and Derivatives Association (ISDA) or which is implicit in the market forward rates for the RFR.

  Hedge accounting - the Group applies the temporary reliefs provided by the IBOR reform Phase 1 amendments, which enable its hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an RFR. For the purpose of determining whether a forecast transaction is highly probable, the reliefs require it to be assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform. The reliefs end when the Group judges that the uncertainty arising from IBOR reform is no longer present for the hedging relationships that are referenced to IBORs. This applies when the hedged item has already transitioned from IBOR to an RFR and also to exposures that will transition via fallback to an RFR when certain benchmark interest rate ceases on January 1, 2022.

Estimates and assumptions

The key assumptions concerning future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when these consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Valuation of investment property

The Group uses external valuation reports issued by independent professionally qualified valuers to determine the fair value of its investment property. Changes in its fair values 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 assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

Valuation of financial assets and liabilities

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

Taxes

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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 in the period in which such determination is made.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Impairment of financial assets measured at amortized cost

When measuring expected credit loss (ECL) 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.

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 the investment is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the recoverable amount associated with this investment (being the higher of fair value less costs of disposal and value in use, that is the present value of the future cash flows expected to be derived from the investment) would be compared to its carrying amounts to determine if a write down to fair value is necessary.

Impairment of non-financial assets (property, equipment and intangible assets)

When there is an indication that an asset may be impaired or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit (CGU)'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

Impairment of goodwill

Goodwill is not amortized but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's CGUs (or groups of CGUs) expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is lower than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is non reversable in subsequent periods.

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 counsels. These estimates are based on the legal counsels' 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 court, the results could differ from these estimates.

Property leases - estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in leases where it is the lessee, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available.

2.4 Functional and presentation currency

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

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss, with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, liability, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates prevailing at the dates of the transactions are used. The exchange differences arising on translation for consolidation are recognized in other comprehensive income and accumulated in a separate component of equity under the header of Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

As at December 31, 2021, the Group's main foreign exchange rates versus the euro were as follows:

	EUR/GBP ("British Pound")	EUR/USD ("US Dollar")
December 31, 2021	**0.840**	**1.133**
December 31, 2020	0.899	1.227
Average rate 2021	0.860	1.183
Changes (%) during the year:		
Year ended December 31, 2021	(6.5%)	(7.7%)
Year ended December 31, 2020	5.6%	9.3%

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

The accounting policies adopted and methods of computation followed are consistent with those of the previous financial year, except for items disclosed below.

Operating Segments

During the reporting period, the Group has initially consolidated GCP, a publicly traded real estate company, previously presented as an equity-accounted investee in the consolidated financial statements of the Company. As a result, the Group had two reportable operating segments. For more information, see note 3.24 and note 6.

There were several new and amendments to standards and interpretations which are applicable for the first time in 2021, but either not relevant or do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. See note 3.30.

The following amendments were adopted and effective by the EU during 2021:

With effective date of January 1, 2021:

- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19**

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

- **Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

  The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly RFR.

  The amendments include the following practical expedients:

  » A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest

  » Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued

  » Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  These amendments have not had a material impact on the consolidated financial statements. See note 26.3.1.

With effective date of April 1, 2021:

- **Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021 (issued on March 31, 2021)**

  In May 2020, the IASB published an amendment to IFRS 16 that provided lessees (but not lessors) with relief in the form of an optional practical expedient from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees could elect to account for rent concessions in the same way as if they were not lease modifications. The expedient initially only applied to reductions in lease payments due on or before June 30, 2021, but that date was subsequently extended to June 30, 2022 through further amendments made in March 2021.

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

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

» Power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee)

» Exposure, or rights, to variable returns from its involvement with the investee

» The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

» The contractual arrangement(s) with the other vote holders of the investee

» Rights arising from other contractual arrangements

» The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. 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 over a subsidiary, 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 and other components of equity, and is recognized in the consolidated statement of profit or loss under 'Property revaluation and capital gains'.

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 IFRS 9 Financial Instruments or IAS 28 Investments in Associates and Joint Ventures.

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.

3.3 Property acquisitions not part of business combination

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not determined to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity or assets and liabilities is allocated between the identifiable assets and liabilities of the entity based on their relative values at the acquisition date. Such a transaction or event does not give rise to goodwill.

3.4 Business combinations and goodwill

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that, together, significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, at fair value or at the proportionate share of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Acquisition-related costs are expensed as incurred and included in administrative and other expenses in the consolidated statement of profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date and included as part of the consideration transferred in a business combination. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

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' period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When the Group acquires a business, it assesses the identifiable financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by 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.

Any excess amount identified between the fair value of the asset or liability and their carrying amount upon initial recognition is amortized in accordance with the accounting treatment applicable to its the respective underlying asset or liability.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed upon the business combination). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, the gain (defined as a "bargain purchase") is immediately recognized in profit or loss.

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, 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.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs or groups of CGUs that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment as defined by IFRS 8.

At the Group, each real estate property generally meets the requirements for classification as a CGU. As part of internal management, the real estate properties are grouped under managed portfolio clusters (TLG and GCP which is each a public company, and the rest). These portfolio clusters are the lowest level within the Group at which goodwill is monitored for internal management purposes hence the impairment test is performed at property portfolio level of the acquiree. Other cash-generating assets that are expected to benefit from the synergies of the business combination and form part of the recoverable amount (e.g., investment in financial assets) are included within the same CGU.

Goodwill is subsequently measured at cost less any accumulated impairment losses (that are non-reversable in following years) as described above in the Estimates and assumptions section (part of note 2.3) and is not subject to amortization. An impairment testing is performed on an annual basis and whenever events or circumstances indicate on impairment arise.

Where goodwill has been allocated to a CGU or a group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU or group of CGUs. A single real estate asset that forms part of the CGU under a managed portfolio cluster that is monitored together for internal management purposes does not constitute an operation within this group of CGUs. As such, disposals of single properties do not result in a derecognition of goodwill.

3.5 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 statement of profit or loss 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. In the event of changes in the net assets of an investee that are recognized directly in the investee's equity, the Group accounts these for as equity transaction in the consolidated financial statements.

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. In the event of impairment indicators, 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.

3.6 Revenue recognition

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers:
  - » Services to tenants including management charges and other expenses recoverable from tenants
  - » Sale of properties – inventories and investment property defined as trading property

The accounting for each of these elements is discussed below:

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are capitalized to the investment property and recognized as an expense over the lease term on the same basis as the lease income.

Lease incentives that are paid or payable to the lessee are deducted from lease payments. Accordingly, tenant lease incentives are recognized as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the Group is reasonably certain that the tenant will exercise that option.

Revenue from services to tenants

For investment property held primarily to earn rental income, the Group enters as a lessor into lease agreements that fall within the scope of IFRS 16. These agreements include certain ancillary services offered to tenants (i.e., customers). The consideration charged to tenants for these services includes fees and reimbursement of certain expenses incurred. These services are specified in the lease agreements and separately invoiced. The Group has determined that these services constitute distinct non-lease components (transferred separately from the right to use the underlying asset) and are within the scope of IFRS 15. The Group allocates the consideration in the contract to the separate lease and revenue (non-lease) components on a relative stand-alone selling price basis.

In respect of the revenue component, these services represent a series of daily services that are individually satisfied over time because the tenants simultaneously receive and consume the benefits provided by the Group. The Group applies the time elapsed method to measure progress.

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the Group records revenue on a gross basis.

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 constitutes a single performance obligation and the Group has determined that this is satisfied at the point in time when control transfers. For unconditional exchange of contracts, this generally occurs when legal title transfers to the customer. For conditional exchanges, this generally occurs when all significant conditions are satisfied.

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 are generally accounted for as a single performance obligation. Depending on the terms of each contract, the Group determines 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.

3.7 Finance income and expenses and other financial results

Finance income comprises interest income on funds invested.

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

The interest portion of the lease payment is part of the "Interest and other financial expenses paid, net" in the consolidated statements of cash flows.

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

Financial expenses are recognized as they are incurred in the consolidated statement of profit or loss, using the effective interest rate (EIR) method.

3.8 Current tax and property taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

3.9 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

In accounting for the deferred tax relating to the lease, the Group considers both the lease asset and liability separately. The Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition, are equal and offset to zero. Deferred tax is recognized on subsequent changes to the taxable and temporary differences. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if there is new information about changes in facts and circumstances. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.10 Property, equipment and intangible assets

Property and equipment are 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	7-50
Buildings	2-3

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.

3.11 Deferred income

Deferred income represents income which relates to future periods.

- **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**
  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.

3.12 Investment property

Investment property comprises completed property and property under development or re-development that is held, or to be held, to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property comprises principally properties that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business. Investment property that comprises a portion that is occupied for use by, or in the operations of, the Group, and that can be sold separately or leased under financial lease, shall be accounted for separately as owner-occupied property as per IAS 16 or IFRS 16, depending on the case, and classified as property and equipment in the consolidated statement of financial position.

Investment property is measured initially at cost, including directly attributable expenditure such as transfer taxes, professional fees for legal services and other transaction costs.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Transfers are made to (or from) investment property only when there is evidence of a change in use (such as commencement of development or inception of an operating lease to another party). For a transfer from investment property to inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an inventory property becomes an investment property, the difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in profit or loss. The Group considers as evidence the commencement of development with a view to sale (for a transfer from investment property to inventories) or inception of an operating lease to another party (for a transfer from inventories to investment property). For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, equipment and intangible assets up to the date of change in use.

Investment property is derecognized either when has been disposed of (i.e. at the date the recipient obtains control of the investment property in accordance with the requirements for determining when a performance obligation is satisfied in IFRS 15) or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in 'Property revaluations, capital gains and other income" in the consolidated statement of profit or loss in the period of derecognition. In determining the amount of consideration to be included in the gain or loss arising from the derecognition of investment property, the Group considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any) in accordance with the requirements for determining the transaction price in IFRS 15.

Refer to the note 3.14 "Non-current assets held for sale" on the accounting for investment property classified by held for sale.

3.13 Trading property (Inventories)

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realizable value (NRV).

Cost incurred in bringing each property to its present location and condition includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for development
- Planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, development overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs necessary to make the sale.

When an inventory property is sold, the carrying amount of the property is recognized as an expense in the period in which the related revenue is recognized. The carrying amount of inventory property recognized in profit or loss is determined with reference to the directly attributable costs incurred on the property sold and an allocation of any other related costs based on the relative size of the property sold.

3.14 Non-current assets held for sale

The Group classifies non-current assets (principally investment property) and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale (except for investment property measured at fair value) are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification 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. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Investment property held for sale continues to be measured at fair value. Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position.

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.

3.15 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.

(a) Financial assets

(1) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or 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 determined under IFRS 15. See note 3.6.

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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) 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 amortized 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 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 equity instruments are recognized as revenue 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 economic 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.

(3) 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.

(4) Impairment of financial assets

The Group recognizes an allowance for expected credit loss for all financial assets 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 ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For trade receivables, 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.

(b) Financial liabilities

(1) 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 and are subsequently expensed via EIR.

(2) 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 EIR 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.

(3) 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.

(c) 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.

3.16 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.

3.17 Mandatory convertible notes

Mandatory convertible notes are classified as equity, and coupon related to the noteholders is recognized in the consolidated statement of changes in equity. Both the noteholders and the Company may convert the notes into Company's shares using a fixed ratio that does not vary with changes in fair value. At maturity, the unconverted notes are mandatorily converted into shares. The Company may, at its sole discretion, elect to defer the payment of interest on the notes (Arrears of Interest). Arrears of Interest are presented as liability and must be paid by the Company upon conversion event and should not compound interest. Issuance costs incurred are deducted from the initial carrying amount of the notes.

3.18 Convertible bonds

Convertible bonds, that can be converted to share capital of the Company or of a subsidiary of the Company at the option of the holder and the number of shares to be issued is fixed are separated into liability and equity component based on the terms of the contract.

On issuance of the convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

The remainder of the proceeds is allocated to the conversion option that is recognized and included in equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible bonds, based on the allocation of the proceeds to the liability and equity components when the instruments are initially recognized.

On conversion, the financial liability is reclassified to equity and no gain or loss is recognized in the consolidated statement of profit or loss.

3.19 Treasury shares

When own shares are repurchased, the amount of the consideration paid including direct acquisition costs is recognized as a deduction from equity. Repurchased own shares are classified as treasury shares, presented in the treasury share reserve and are not revaluated after the acquisition. When treasury shares are subsequently sold or delivered, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented in the share premium.

3.20 Perpetual notes

Perpetual notes have no maturity date and may only be redeemed by the Group, 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.

3.21 Derivative financial instruments and hedge accounting

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 foreign operations.

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.

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 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 hedges and the quantity of the hedging instrument that the Group 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 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 reserve.

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 while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of profit or loss.
- 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.

3.22 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and in the consolidated statement of cash flow comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.23 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 statement of profit or loss. 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.

3.24 Operating segments

Operating segments are components of the Group that meet the following three criteria:

- are engaged in business activities from which they 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 (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and
- for which separate financial information is available.

The Group has two reportable operating segments for which the revenue, net operating income and revaluation gains from investment property is regularly monitored.

3.25 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period, and marked as "reclassified".

3.26 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.

3.27 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.

3.28 Provisions for other liabilities and accrued expenses

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.

3.29 Leased assets

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Initially, the right-of-use assets are measured at cost and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

In addition, the Group leases properties that meet the definition of investment property. These right-of-use assets are classified and presented as part of the line item 'Investment property' in the consolidated statement of financial position and subsequently measured at fair value.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. IFRS 16 requires certain adjustments to be expensed, while others are added to the cost of the related right-of-use asset.

The Group presents the cash payments for interest portion of lease liability under "interest and other financial expenses, net" and the cash payments for principal portion of lease liability under "Amortization of loans from financial institutions and others" in the consolidated statement of cash flows.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Refer to accounting policies on rental income in note 3.6.

3.30 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The following amendments were adopted by the EU, but not yet effective in 2021:

With effective date of January 1, 2022:

- **Amendments to IFRS 3 Business Combinations**
  Amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation IFRIC 21 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.

- **Amendments to IAS 16 Property, Plant and Equipment**
  The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is testing whether the asset is functioning properly when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets**
  The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

- **Annual Improvements 2018-2020**
  The following improvements were finalized in May 2020:
  - IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

» IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

» IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

With effective date of January 1, 2023:

- **Amendments to IAS 1 and IFRS Practice Statement 2** – Disclosure of Accounting Policies, Classification of Liabilities as Current or Non-current
- **Amendments to IAS 8** – Definition of Accounting Estimates
- **Amendments to IAS 12** – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- **IFRS 17 Insurance Contracts and amendments to this standard**

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective and anticipates the impact of adoption to be insignificant.

4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

4.1 Fair value hierarchy

The following tables present the Group's financial assets and liabilities measured and presented at fair value as at December 31, 2021 and as at December 31, 2020 on a recurring basis under the relevant fair value hierarchy, and for those measured and presented at amortized cost which their carrying amount significantly differs from the fair value:

	As at December 31, 2021					As at December 31, 2020				
			Fair value measurement using					Fair value measurement using		
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	in € millions					in € millions				
FINANCIAL ASSETS										
Financial assets at fair value through profit or loss (1)	605.6	605.6	300.4	282.9	22.3	484.8	484.8	427.8	(*) 57.0	-
Derivative financial assets	272.4	272.4	-	272.4	-	137.9	137.9	-	137.9	-
Total financial assets	**878.0**	**878.0**	**300.4**	**555.3**	**22.3**	**622.7**	**622.7**	**427.8**	**194.9**	-
FINANCIAL LIABILITIES										
Straight and convertible bonds and schuldscheins (2)	14,422.0	14,886.6	14,314.5	572.1	-	10,589.9	11,387.7	10,995.0	392.7	-
Loans and borrowings	1,148.0	1,168.3	-	1,168.3	-	1,376.8	1,414.9	-	1,414.9	-
Derivative financial liabilities	425.4	425.4	-	425.4	-	421.9	421.9	-	421.9	-
Total financial liabilities	**15,995.4**	**16,480.3**	**14,314.5**	**2,165.8**	**-**	**12,388.6**	**13,224.5**	**10,995.0**	**2,229.5**	**-**

(*) reclassified
(1) includes also the non-current financial assets at fair value through profit or loss, see note 18
(2) the carrying amount excludes accrued interest

Level 1: the fair value of financial instruments traded in active markets (such as debt and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: the fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant input required to fair value of financial instrument are observable, the instrument is included in level 2.

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

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (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.

4.2 Valuation techniques used to determine fair values

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

- The fair values of the quoted bonds are based on price quotations at the reporting date. The fair value of unquoted bonds is measured using the discounted cash flow method with observable inputs.
- There is an active market for the Company's listed equity investments and quoted debt instruments.
- For the fair value measurement of investments in unlisted funds, the net asset value is used as a valuation input and an adjustment is applied for lack of marketability and restrictions on redemptions as necessary. This adjustment is based on management judgment after considering the period of restrictions and the nature of the underlying investments.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate and foreign exchange swap and forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.

5. BUSINESS COMBINATIONS

5.1 GRAND CITY PROPERTIES S.A.

During July 2021, the Group concluded on obtaining de facto control over Grand City Properties S.A. GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany, and is complimented by a portfolio in London. GCP's strategy is to improve its properties through targeted modernization and intensive tenant management and create value by subsequently raising occupancy and rental levels. The Group has determined that the acquired inputs and processes significantly contribute to the ability to create revenue and concluded that the acquired set qualifies as a business.

The Group's holding rate in GCP's was 43.8% (excluding GCP's own shares held in treasury), and the effective holding rate was 44.3%, including shares received from GCP's scrip dividend in July 2021. The de facto control arises despite holding less than 50% of the voting rights and followed a thorough analysis of several cumulative circumstances that indicated on the sustainable ability of the Company to control GCP. These circumstances included, inter alia, the continuous increase in the holding rate by the Company over time, the Group's historical attendance levels in GCP's annual general meeting, and the composition of GCP's shareholding structure that is widely dispersed.

As described in note 20.3.1, the effective holding rate (that reflected the voting rights in GCP) as at December 31, 2021 increased to 48.8%, and after the reporting period exceeded 50%.

Considering practicality and materiality level, the initial consolidation of GCP commenced on July 1, 2021 (acquisition date was concluded to be on July 13, 2021). From then and until December 31, 2021, GCP contributed revenue in the amount of €264.9 million and net profit of €500.5 million to the consolidated Group's results. Had the initial consolidation occurred on January 1, 2021, the consolidated revenue and consolidated net profit (excluding share of profit from investment in equity-accounted investments for the six-month period ended June 30, 2021 during which GCP was accounted for at equity) for the period would have been increased by €259.2 million and €157.1 million, respectively.

The fair value of the equity interest in GCP held by the Group prior to the initial consolidation, including direct minority interests in subsidiaries of GCP, amounted to €2,665.9 million and was reviewed by a professional advisor. The remeasurement to fair value of the equity interest in GCP, previously accounted for as equity-accounted investee, resulted in a gain of €75.7 million on initial consolidation. The amount has been included in share of profit from investment in equity-accounted investees in the consolidated statement of profit or loss. The Group did not incur significant acquisition-related costs.

The following table summarizes the recognized amounts of identified assets and liabilities assumed as at the date of the initial consolidation:

	Note	in € millions
NON-CURRENT ASSETS		
Property and equipment	(a)	74.8
Intangible assets		14.6
Investment property	16.2	8,326.8
Advance payments and deposits		29.8
Investment in equity-accounted investees		110.9
Derivative financial assets		21.3
Other non-current assets		349.6
Deferred tax assets		50.0
Total identifiable non-current assets		**8,977.8**
CURRENT ASSETS		
Cash and cash equivalents		1,069.7
Financial assets at fair value through profit or loss	(b)	285.0
Trade and other receivables	(c)	482.5
Derivative financial assets		6.0
Assets held for sale		97.3
Total identifiable current assets		**1,940.5**

	Note	in € millions
NON-CURRENT LIABILITIES		
Loans and borrowings		166.0
Straight bonds	22.2.2	3,948.2
Derivative financial liabilities		79.9
Other non-current liabilities		147.3
Deferred tax liabilities		717.4
Total identifiable non-current liabilities		**5,058.8**
CURRENT LIABILITIES		
Current portion of loans and borrowings		0.9
Straight bond	22.2.2	52.0
Convertible bond	22.2.2	290.2
Dividend payable		44.8
Trade and other payables		294.0
Tax payable		4.2
Provisions for other liabilities and accrued expenses		32.5
Derivative financial liabilities		3.9
Liabilities held for sale		8.6
Total identifiable current liabilities		**731.1**
Net identifiable assets and liabilities acquired		**5,128.4**

(a) includes mainly owner-occupied property in an amount of €61.8 million
(b) includes €19.8 million investment in the Company's shares, that are classified as shares held in treasury in the consolidated statement of financial position
(c) measured at fair value and presented net of ECL provision of €15.5 million

Measurement of fair values

The valuation techniques used for measuring the fair value of the material identifiable assets acquired and liabilities assumed as well as the consideration assumed were as follows:

Investment property, property classified as "Property and Equipment", properties held for sale	• **Discounted cash flows method** - under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership 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 property interest. To this projected cash flow series, an appropriate, 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. • **Comparable approach** - under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. • **Residual value approach** - the residual value assesses the various factors associated with a conversion or a new development of a property. The goal of this method is to calculate an objective value for the site, which is either undeveloped or suboptimally utilized.
Financial assets at fair value through profit or loss	• Quoted prices. • Discounted cash flow method with observable inputs where possible, but where this was not feasible, a degree of judgement was required in establishing fair values. Judgements include considerations of input such as liquidity risk, credit risk and volatility.
Derivative financial assets and liabilities	Interest rate and foreign exchange swap and forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.
Loans and borrowings	Discounted cash flow method with observable inputs where possible, but where this was not feasible, a degree of judgement was required in establishing fair values. Judgements include considerations of input such as liquidity risk, credit risk and volatility.
Straight and convertible bonds	• Quoted prices. • Discounted cash flow method with observable inputs where possible, but where this was not feasible, a degree of judgement was required in establishing fair values. Judgements include considerations of input such as liquidity risk, credit risk and volatility.
Consideration transferred	Discounted cash flow with unobservable inputs of the estimated operating profit of GCP with key input parameters of WACC rate of 3% and growth rate of 0.75%, adjusted by the fair value of the loans and borrowings (that is based on quoted prices for the traded instruments and on DCF using market observable inputs for the non-traded instruments), carrying amount of excess of cash and deposits and fair value of other liquid assets (that is based on quoted prices).

Deferred tax liabilities and deferred tax assets were recognized and measured in accordance with IAS 12. The fair value of other identifiable assets acquired and liabilities assumed approximate their carrying amounts, since interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

If new information obtained within one year following the date of the initial consolidation about facts and circumstances that existed at the date of the initial consolidation, the accounting presentation will be revised accordingly.

Goodwill arising from the acquisition has been recognized as follows:

	Note	in € millions
Fair value of previously held equity interest in GCP		2,665.9
GCP's identifiable net assets		5,128.4
Non-controlling interests arising from initial consolidation of GCP	(a)	(2,075.4)
Perpetual notes from GCP	(b)	(1,250.0)
GCP's net assets attributable to the Company		**1,803.0**
Goodwill recognized		**862.9**

(a) includes non-controlling interests that existed in GCP and non-controlling interests arising as a result of the initial consolidation, based on their proportionate ownership interests in the recognized amounts of the assets and liabilities of GCP upon business combination date

(b) includes three different euro series of perpetual notes based on their acquisition-date fair value (quoted price) of €1,250.0 million, having an annual coupon rate of between 1.5% and 2.75% (for further information see note 20.2)

The goodwill recognized is attributable mainly to deferred tax liabilities initially consolidated and financial synergies expected to be achieved following the integration of GCP and the Company. The goodwill is not expected to be deductible for tax purposes.

5.2 TLG IMMOBILIEN AG

On February 19, 2020, the Company completed the takeover on 77.5% of the share capital and voting rights of TLG, a German publicly listed real estate company, specializing in commercial properties in Germany. The transaction was done by voluntary takeover share to share offer, enabling the shareholders of TLG to tender their holdings against a consideration of 3.6 Aroundtown shares for each TLG share. The offer resulted in a receipt of 86,857,831 TLG shares (representing 77.5%) against 312,688,188 of the Company's own ordinary shares. Including immaterial TLG shares previously held, Aroundtown increased its holding in TLG to 77.8%, granting it control over TLG and lead it to conduct a business combination and to initially consolidate TLG from this date.

The total consideration of the business combination amounted to €2,987.6 million. This amount comprised of the shares newly issued by Aroundtown with a fair value of €8.812 per share as of the takeover date, as well as €223.1 million of liabilities recognized in relation to an indemnification agreement and €9.1 million investment in TLG held by the Company prior to the initial consolidation.

The following table summarizes the recognized amounts of identified assets and liabilities assumed as at the date of the initial consolidation:

	in € millions
Total identifiable assets	7,160.2
Total identifiable liabilities	(3,706.9)
Net identifiable assets and liabilities acquired	**3,453.3**

Goodwill arose from the acquisition has been recognized as follows:

	in € millions
Total consideration	2,987.6
TLG's identifiable net assets	3,453.3
Non-controlling interests	(644.6)
Perpetual notes from TLG	(643.1)
TLG's net assets attributable to the Company	**2,165.6**
Goodwill recognized	**822.0**

The goodwill was attributable mainly to deferred tax liabilities coming from TLG consolidated accounts and the operational and financial synergies expected to be achieved following the integration of TLG and the Company.

For more information about further increase of holding rate in TLG as well as updates on delisting TLG from the stock market, refer to notes 20.3.1 and 20.3.2.

6. OPERATING SEGMENTS

6.1 Reportable segments

Products and services from which reportable segments derive their revenues and net operating income.

Information reported to the Group's CODM for the purposes of resource allocation and assessment of segment performance is based on Aroundtown's commercial portfolio and GCP's portfolio, and contains the segments' revenue, net operating income and property revaluation and capital gains. The Group's reportable segments under IFRS 8 are therefore as follows:

Commercial portfolio

The portfolio includes mainly office and hotel properties. The Group's assets are well-diversified and well-located across top tier cities in Europe with a focus on Germany and the Netherlands.

GCP portfolio

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany and London. GCP's portfolio, excluding assets held for sale and properties under development, as of December 31, 2021, consists of 65 thousand units, located in densely populated areas with a focus on Berlin, North Rhine-Westphalia (Germany's most populous federal state), the metropolitan regions of Dresden, Leipzig and Halle and other densely populated areas as well as London.

6.2 Segment revenues and net operating income

The following is an analysis of the Group's revenue and results by reportable segment:

	Note	Commercial portfolio	GCP portfolio	Total segments	Adjust-ments	Total
		Year ended December 31, 2021				
		in € millions				
Segment revenue	7	1,058.8	265.2	**1,324.0**	(0.8)	**1,323.2**
Net operating income		651.4	155.5	**806.9**	(0.8)	**806.1**
Property revaluations and capital gains	8	295.2	514.5	**809.7**	-	**809.7**
Share of profit from equity-accounted investees	17					193.4
Administrative and other expenses	10					(56.6)
Depreciation and amortization	14, 15					(15.9)
Finance expenses	11					(180.4)
Other financial results	11					(162.1)
Profit before tax						**1,394.2**
Current tax expenses	12					(100.3)
Deferred tax expenses	12					(215.8)
Profit for the year						**1,078.1**

The reportable segments are disclosed for the first time in these consolidated financial statements due to the business combination and initial consolidation of GCP group (see note 5.1).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment revenue, net operating income and revaluation and capital gains represent the results earned by each segment without allocation of the depreciation and amortization, administration expenses, share of profits from equity-accounted investees, finance expenses, and tax expenses. These are the measures reported to the Group's CODM for the purpose of resource allocation and assessment of segment performance. The geographical disaggregation is not considered by the Group's CODM in how the operating results are monitored – for the geographical distribution of revenue and investment property see notes 7 and 16, respectively.

7. REVENUE

	Year ended December 31,	
	2021	2020
	in € millions	
Net rental income	1,085.7	1,003.0
Operating and other income	237.5	177.3
	1,323.2	**1,180.3**

Geographical distribution of revenue

	Year ended December 31,	
	2021	2020
	in € millions	
Germany	944.5	844.8
The Netherlands	155.4	172.7
United Kingdom	146.2	91.9
Belgium	26.0	22.2
Others	51.1	48.7
	1,323.2	**1,180.3**

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

8. PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2021	2020
	in € millions	
Property revaluations	744.1	711.6
Capital gains	65.6	57.8
	809.7	**769.4**

9. PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2021	2020
	in € millions	
Ancillary expenses and purchased services	(238.1)	(195.1)
Maintenance and refurbishment	(37.8)	(30.6)
Personnel expenses	(46.8)	(28.3)
Depreciation and amortization	(15.9)	(4.3)
Other operating costs (*)	(194.4)	(184.3)
	(533.0)	**(442.6)**

(*) the Group recognized an allowance for expected credit loss and other impairment on trade and other receivables in the total amounted of €156.4 million (2020: €149.1 million), also containing an allowance for impairment due to the Covid-19 pandemic impact

As at December 31, 2021, the Group had 1,631 employees (2020: 711 employees). On average, the Group had 1,202 employees (2020: 652 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 €529.5 million (2020: €442.2 million). The amount of direct operating expenses (including maintenance and refurbishment) arising from investment property that did not generates net rental income during the year amounted to €3.5 million (2020: €0.4 million).

10. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2021	2020
	in € millions	
Personnel expenses	(26.2)	(19.6)
Legal and professional fees	(9.7)	(10.9)
Audit and accounting expenses	(6.2)	(4.9)
Marketing and other administrative expenses	(14.5)	(15.7)
	(56.6)	**(51.1)**

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

	Year ended December 31,			
	2021		2020	
	in € millions			
	KPMG Network	**Other audit firms**	**KPMG Network**	**Other audit firms**
Audit services	3.5	2.3	2.4	1.9
Audit-related services	0.3	0.1	0.2	0.2
Tax and other services	0.1	0.4	-	0.5
	3.9	**2.8**	**2.6**	**2.6**

11. FINANCE EXPENSES AND OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2021	2020
	in € millions	
Finance expenses		
Interest to financial institutions, bonds and third parties, net	(166.9)	(191.1)
Finance expenses on lease liabilities	(13.5)	(9.6)
	(180.4)	**(200.7)**
Other financial results		
Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net	(115.4)	(135.1)
Finance-related costs	(46.7)	(32.7)
	(162.1)	**(167.8)**

12. TAXATION

12.1 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 24.94% (2020: 24.94%).

The German subsidiaries containing real estate 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, 2021 (2020: 15.0%), plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). When applicable, an additional effective rate of approximately 14% is imposed as German trade tax (Gewerbesteuer). 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% (2020: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to special defense contribution at the rate of 30.0% (2020: 30.0%). 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 17.0% (2020: 17.0%). In such case, this dividend income will be exempt from Cyprus income (corporation) tax. Under certain conditions, dividend income earned from Cyprus tax resident companies is exempt from special defense contribution and Cyprus income (corporation) tax.

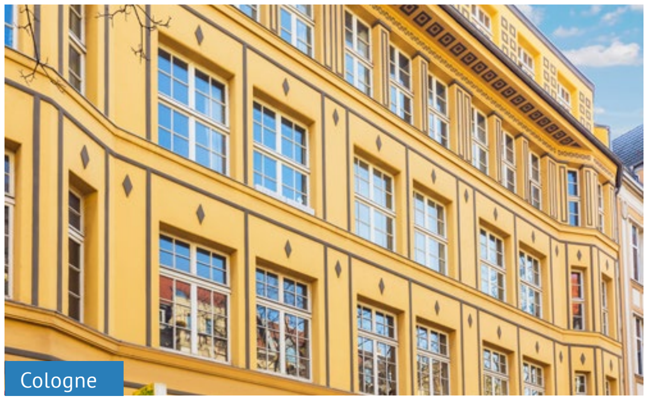
The Dutch subsidiaries are subject to taxation under the laws of the Netherlands. The Dutch corporation tax rate for the financial year 2021 is 25.0% (reduced 15% rate applies to taxable income up to €245 thousand) (2020: 25.0% and 16.5%, respectively). From January 1, 2022, the Dutch corporation tax rate will increase to 25.8% and the reduced 15% rate applies to taxable income up to €395 thousand.

The United Kingdom subsidiaries containing real estate property, are subject to taxation under the laws of the United Kingdom. Income taxes are calculated using a federal corporate tax (also for capital gains) of 19.0% for December 31, 2021 (2020: 19.0%). From April 1, 2023, the UK corporation tax rate will increase from 19% to 25% on profit over GBP 250 thousand.

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 28.2%.

12.2 Current tax expenses

	Year ended December 31,	
	2021	2020
	in € millions	
Corporate income tax	(56.3)	(52.6)
Property tax	(44.0)	(36.8)
	(100.3)	**(89.4)**


Cologne

12.3 Movements in the deferred tax assets and liabilities

Deferred tax liabilities	**Derivative financial instruments and other deferred tax liabilities**	**Fair value gains on investment property**	**Total**
		in € millions	
Balance as at December 31, 2019	**13.6**	**1,093.8**	**1,107.4**
Charged to:			
Consolidated statement of profit or loss	6.5	280.0	286.5
Other comprehensive income	3.4	(*) (1.6)	1.8
Initially consolidated in business combinations	-	796.5	796.5
Disposed of through deconsolidations and others	-	(*) (142.2)	(142.2)
Transfer to liabilities held for sale	(0.5)	(23.7)	(24.2)
Netting of deferred taxes (**)	-	(141.3)	(141.3)
Balance as at December 31, 2020	**23.0**	**(*) 1,861.5**	**(*) 1,884.5**
Excess of deferred tax liabilities as at December 31, 2020			**1,835.3**
Charged to:			
Consolidated statement of profit or loss	9.3	215.5	224.8
Other comprehensive income	(0.3)	14.1	13.8
Initially consolidated in business combinations (see note 5.1)	(0.1)	717.5	717.4
Disposed of through deconsolidations and others	-	(43.4)	(43.4)
Transfer to liabilities held for sale	-	(1.9)	(1.9)
Netting of deferred taxes (**)	-	(29.2)	(29.2)
Balance as at December 31, 2021	**31.9**	**2,734.1**	**2,766.0**
Excess of deferred tax liabilities as at December 31, 2021			**2,680.5**

As at December 31, 2021, the Group did not recognize cumulative deferred tax liabilities on fair value gains on investment property amounting to €535.7 million (2020: €566.2 million) due to the initial recognition exception on acquisitions that did not meet the definition of business combination.

Deferred tax assets	Derivative financial instruments and other deferred tax assets	loss carried forward, net	Total
	in € millions		
Balance as at December 31, 2019	**10.2**	**70.6**	**80.8**
Charged to:			
Consolidated statement of profit or loss	(1.2)	0.3	(0.9)
Other comprehensive income	(1.6)	(0.1)	(1.7)
Initially consolidated in business combinations	30.4	80.3	110.7
Disposed of through deconsolidations	-	(0.1)	(0.1)
Transfer from assets held for sale	-	1.7	1.7
Netting of deferred taxes (**)	-	(141.3)	(141.3)
Balance as at December 31, 2020	**37.8**	**(*) 11.4**	**(*) 49.2**
Charged to:			
Consolidated statement of profit or loss	15.1	(6.1)	9.0
Other comprehensive income	6.7	-	6.7
Initially consolidated in business combinations (see note 5.1)	0.6	49.4	50.0
Disposed of through deconsolidations	-	(1.1)	(1.1)
Transfer (to) from assets held for sale	(0.4)	1.3	0.9
Netting of deferred taxes (**)	-	(29.2)	(29.2)
Balance as at December 31, 2021	**59.8**	**25.7**	**85.5**

(*) reclassified

(**) deferred tax assets and liabilities are netted against each other when the same taxable entity and the same taxation authority are involved, as well as the realization period and tax nature legally allow to set off current tax assets against current tax liabilities. As a result, as at December 31, 2021, a cumulative amount of €170.5 million was netted (2020: €141.3 million)

As at December 31, 2021, the Group had not recognized cumulative deferred tax assets on carried forward losses amounting to €83.6 million (2020: €48.7 million), as it was not considered probable that there would be future taxable profits available in the relevant entities.

12.4 Reconciliation of effective tax rate

	Year ended December 31,	
	2021	2020
	in € millions	
Profit before tax	1,394.2	1,283.2
Tax using domestic rate	24.94%	24.94%
Tax computed at the statutory tax rate	347.7	320.0
Decrease in taxes on income resulting from the following factors:		
Group's share in earnings from companies accounted for as equity-accounted investees	(48.2)	(48.8)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(45.1)	71.0
Effect of change in tax rates	32.3	(*) 19.0
Income and expenses on which the Group did not recognize deferred tax and others	29.4	(*) 15.6
Total current and deferred tax expenses	**316.1**	**376.8**
Effective tax rate	**22.7%**	**29.4%**

(*) reclassified

Rotterdam

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

13.1 Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2021 is based on the profit attributable to the owners of €642.2 million (2020: €651.7 million), and a weighted average number of ordinary shares outstanding of 1,168.2 million (2020: 1,305.2 million), calculated as follows:

Profit attributed to the shareholders (basic)

	Year ended December 31,	
	2021	2020
	in € millions	
Profit for the year, attributable to the owners of the Company	642.2	651.7

Weighted average number of ordinary shares (basic)

	Year ended December 31,	
	2021	2020
	in millions of shares	
Issued ordinary shares on January 1	1,148.4	1,223.6
Scrip dividend and share incentive	18.7	0.4
Capital increase from initially consolidating TLG	-	111.5
Mandatory convertible notes effect	27.7	22.5
Shares buy-back effect	(26.6)	(52.8)
Weighted average number of ordinary shares	**1,168.2**	**1,305.2**
Basic earnings per share (in €)	**0.55**	**0.50**

13.2 Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2021 is based on profit attributable to the shareholders of €620.0 million (2020: €641.8 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,169.4 million (2020: 1,306.5 million), calculated as follows:

Profit attributed to the shareholders (diluted)

	Year ended December 31,	
	2021	2020
	in € millions	
Profit for the year, attributable to the owners of the Company (basic)	642.2	651.7
Dilutive effect of the Company's share of profit in investees	(22.2)	(9.9)
Profit for the year, attributable to the owners of the Company (diluted)	**620.0**	**641.8**

Weighted average number of ordinary shares (diluted)

	Year ended December 31,	
	2021	2020
	in millions of shares	
Issued ordinary shares on January 1	1,148.4	1,223.6
Scrip dividend and share incentive	19.9	1.7
Capital increase from initially consolidation TLG	-	111.5
Mandatory convertible notes effect	27.7	22.5
Shares buy-back effect	(26.6)	(52.8)
Weighted average number of ordinary shares	**1,169.4**	**1,306.5**
Diluted earnings per share (in €)	**0.53**	**0.49**


Frankfurt

14. PROPERTY AND EQUIPMENT

	Owner-occupied properties	Furniture, fixtures and office equipment	Total
		in € millions	
COST			
Balance as at December 31, 2019	-	17.9	17.9
Additions, net	(*) 1.6	(*) 28.0	29.6
Initially consolidated in business combination	-	35.7	35.7
Transfer to assets held for sale	-	(35.2)	(35.2)
Balance as at December 31, 2020	1.6	46.4	48.0
Additions, net	3.8	26.2	30.0
Initially consolidated in business combination (see note 5.1)	61.8	13.0	74.8
Balance as at December 31, 2021	67.2	85.6	152.8
DEPRECIATION			
Balance as at December 31, 2019	-	8.1	8.1
Depreciation for the year	-	2.7	2.7
Balance as at December 31, 2020	-	10.8	10.8
Depreciation for the year	1.2	8.8	10.0
Balance as at December 31, 2021	1.2	19.6	20.8
CARRYING AMOUNT			
Balance as at December 31, 2020	**(*) 1.6**	**(*) 35.6**	**37.2**
Balance as at December 31, 2021	**66.0**	**66.0**	**132.0**

(*) reclassified

15. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Computer software and other intangible assets	Total
		in € millions	
COST			
Balance as at December 31, 2019	14.1	1.2	15.3
Additions, net	-	6.7	6.7
Initially consolidated in business combination	822.0	2.9	824.9
Balance as at December 31, 2020	836.1	10.8	846.9
Additions, net	-	5.7	5.7
Initially consolidated in business combination (see note 5.1)	862.9	14.6	877.5
Balance as at December 31, 2021	1,699.0	31.1	1,730.1
IMPAIRMENT / AMORTIZATION			
Balance as at December 31, 2019	4.5	0.8	5.3
Amortization for the year	-	1.6	1.6
Impairment for the year	-	-	-
Balance as at December 31, 2020	4.5	2.4	6.9
Amortization for the year	-	5.9	5.9
Impairment for the year (*)	-	-	-
Balance as at December 31, 2021	4.5	8.3	12.8
CARRYING AMOUNT			
Balance as at December 31, 2020	**831.6**	**8.4**	**840.0**
Balance as at December 31, 2021	**1,694.5**	**22.8**	**1,717.3**

(*) Annual impairment test of goodwill

The goodwill of €862.9 million recognized in 2021 arising from the business combination with GCP. This followed the recognition of €822.0 million in 2020 arising from the business combination with TLG. The goodwill initially recognized in both business combination transactions is attributable mainly to deferred tax liabilities initially consolidated therein; while most of the identifiable assets and assumed liabilities were initially recognized at their fair value, the deferred tax liabilities were calculated pursuant to IAS 12 principles and reflected the nominal tax values of the variance between the real estate portfolios' carrying amount for tax purposes and their fair value.

The Group considers the operational real estate portfolios under TLG and GCP as each one being a single CGU for internal management purposes to which the full amount of goodwill is allocated. For GCP there are some additional assets allocated to the CGU that are expected to benefit from the business combination. The Company assesses the impairment of each of the goodwill items by comparing (a) the carrying amount of the CGU (together with the attributed goodwill deducted by deferred tax liabilities arising from revaluation of investment property) to (b) their recoverable amount. The mandatory annual impairment test on the goodwill (performed in the fourth quarter of 2021) validated the carrying amount of the goodwill items.

In principle, the recoverable amount of a CGU is the higher of (a) fair value less costs to sell (a post-tax measure) and (b) value in use (a pre-tax measure). Since the carrying amount for comparison deducts deferred taxes liabilities, the Company uses the fair value less costs to sell as the recoverable amount, as both are post-tax items.

For testing of the goodwill on TLG, the carrying amount as at December 31, 2021 amounted to €4,207.4 million (being the investment property, goodwill and deferred tax liabilities). This was compared to the recoverable amount being the fair value of the same group of investment property less assumed costs to sell that amounted to €4,266.0 million and therefore concluded with no impairment for 2021. The fair value of the investment property used in this impairment test was the same one that the Company used in the investment property valuation and whose key parameters are elaborated in note 16.4.

For testing of the goodwill on GCP, the examination had to include all the business units and activities within the group of GCP to which the goodwill relates (e.g., investment in other financial assets) and amounted to €9,814.6 million as at December 31, 2021. This was compared to the recoverable amount being the fair value of the entity less assumed costs to sell that amounted to €9,875.4 million (based on a 'fair value hierarchy level 3' DCF calculation using the main unobservable input parameters of: projected cashflows of three years pursuant to the Group's anticipation and communicated guidance; WACC – 3.25%; growth rate – 1.00%; costs to sell – 0.75%) and therefore concluded with no impairment for 2021. Per sensitivity analysis for the goodwill on GCP that assumed increase of up to 20 basis points in both the WACC and the growth rate, the impairment test result would still conclude on no impairment required.

16. INVESTMENT PROPERTY

16.1 Reconciliation of investment property

	Year ended December 31,	
	2021	2020
	(**) Level 3	(**) Level 3
	in € millions	
Balance as at January 1	**21,172.4**	**18,127.0**
Plus: investment property classified as held for sale	830.2	202.4
Total investment property	**22,002.6**	**18,329.4**
Initially consolidated from business combinations (see note 16.2)	8,420.3	(*) 4,739.6
Acquisitions	669.4	(*) 340.9
Capital expenditures	432.8	(*) 286.4
Disposals (see note 16.3.1)	(2,193.5)	(2,324.3)
Transfer to trading property	(86.1)	-
Effect of foreign currency exchange differences	135.6	(81.0)
Fair value adjustments	744.1	711.6
Total investment property	**30,125.2**	**22,002.6**
Less: investment property classified as held for sale (see note 16.3.2)	(1,009.3)	(830.2)
Balance as at December 31	**29,115.9**	**21,172.4**

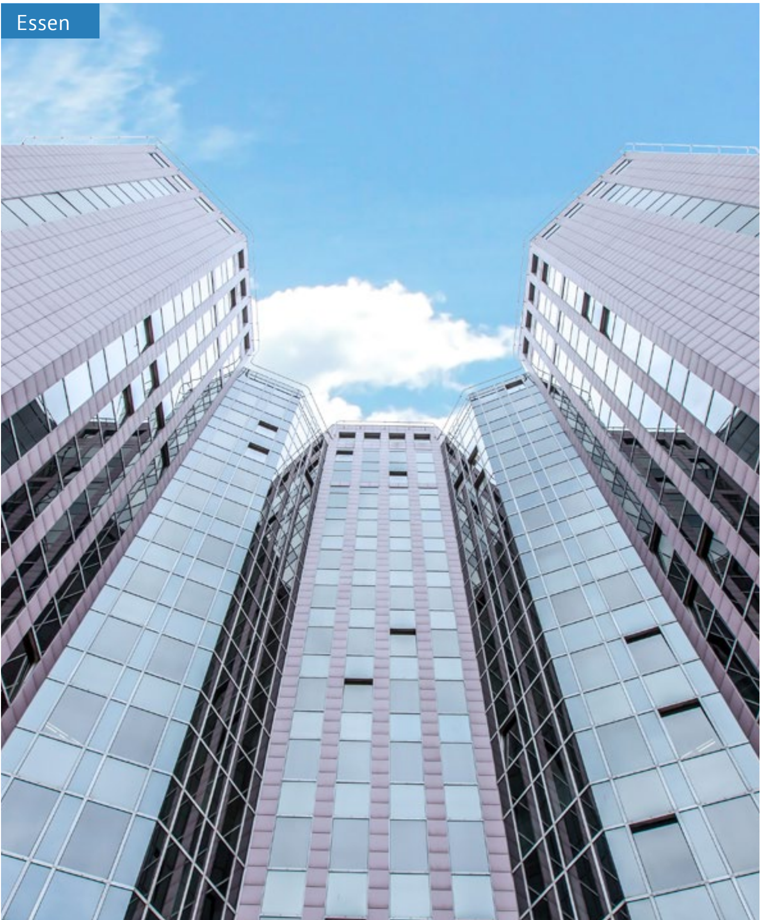
(*) reclassified

(**) classified in accordance with the fair vale hierarchy. Since one or more of the significant inputs is not based on observable market data, the fair value measurement is included in level 3 (see note 4.1 for definition)

Geographical distribution of investment property (*)

	As at December 31, 2021	2020
	in € millions	
Germany	22,258.0	15,891.9
The Netherlands	2,394.4	2,347.3
United Kingdom	2,618.8	1,287.4
Belgium	600.0	492.2
Others	1,244.7	1,153.6
	29,115.9	**21,172.4**

(*) excluding investment property classified as held for sale



16.2 Business combinations

As part of the business combination with GCP, the Group initially consolidated €8,326.8 million of investment property (2020: as part of the business combination with TLG, investment property in the amount of €4,739.6 million has been initially consolidated) as well as €93.5 million of investment property presented as assets held for sale.

16.3 Disposals and assets/ liabilities held for sale

16.3.1 Disposals of investment property

The following table describes the amounts of assets and liabilities disposed as part of deconsolidation of companies and asset deals took place during the year:

	As at December 31, 2021	2020
	in € millions	
Investment property	2,193.5	2,324.3
Other assets, net	1.5	17.1
Loans and borrowings	-	(113.5)
Deferred tax liabilities, net	(43.5)	(148.3)
Total net assets disposed of	**2,151.5**	**2,079.6**
Non-controlling interests deconsolidated	(21.7)	(123.2)
Total consideration (*)	(2,195.4)	(2,014.2)
Capital gains	65.6	57.8

(*) including vendor loans granted by the Group that amounted to €220.7 million (2020: €29.1 million) carrying interest in the average of 2.5% p.a. (with step-ups) that are presented as part of other non-current assets in the consolidated statement of financial position

16.3.2 Disposal group classified as held for sale

The Group resolved an intention to sell several properties. These properties were identified by the Group as either non-core, primarily due to the location or asset type of the properties, or mature properties which upside mainly has been lifted. The intention of the Group to dispose of non-core and / or mature properties is part of its capital recycling plan and is following a strategic decision to increase the quality of its portfolio and utilize the disposal proceeds into the share buy-back and debt repayments.

Some properties are expected to be disposed through sale of subsidiaries. Accordingly, assets and liabilities relating to these subsidiaries ("Disposal Group") and some properties which are expected to be disposed through asset deals are presented as assets held for sale and as liabilities held for sale in the consolidated statement of financial position. As at December 31, 2021, efforts to sell the properties have started and the sales are expected to be completed within twelve months.

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

	As at December 31, 2021	2020
	in € millions	
Assets classified as held for sale		
Investment property	1,009.3	830.2
Property and equipment	-	35.2
Cash and cash equivalents	3.8	2.0
Other assets	19.9	10.0
Total assets classified as held for sale	**1,033.0**	**877.4**
Liabilities classified as held for sale		
Loans and borrowings	18.2	-
Deferred tax liabilities	30.5	28.6
Other liabilities	14.8	12.0
Total liabilities classified as held for sale	**63.5**	**40.6**

16.4 Measurement of fair value

The fair value of the properties of the Group is determined at least once a year by external, independent and certified valuers, who are specialist in valuing real estate properties. The prime valuers, responsible for a major part of the portfolio are Jones Lang LaSalle, Savills and CBRE (the "Appraisers"), they are considered as the market leading valuers in the European real estate market. The fair value of the properties was prepared in accordance with the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards (current edition) as well as the standards contained within The European Group of Valuers Associations (TEGoVA) European Valuations Standards, and in accordance with International Valuation Standards Council (IVSC) International Valuation Standard (IVS), the International Accounting Standard (IAS) of the IFRS as well as the current guidelines of the European Securities and Market Authority (ESMA) based on the Market Value. This is included in the General Principles and is adopted in the preparation of the valuations reports of the Appraisers. Therefore, the valuation is based on internationally recognized standards.

As part of the engagement, the Company and the valuers confirm that there is no actual or potential conflict of interest that may have influenced the valuers' status as external and independent. The valuation fee is determined on the scope and complexity of the valuation report.

The fair value of the investment property is determined using the following valuation methods:

- **Discounted cash flow method**
  Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership 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 property interest. To this projected cash flow series, an appropriate, 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, and refurbishment. The appropriate durations are typically driven by market behavior that is a characteristic of the class of real property.

  Periodic cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses on future rents, 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.

- **Comparable approach**
  Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square meter ("sqm").

  In general, enquiries have been made to the valuers and public databases, local sales offices and recent transactions. The main components of the valuation are the location of the property, the condition of the property with its units; provision of concierge and tenants' facilities, provision and layout of accommodation, as well as market sentiment and how the individual units would be received by the market. The most recent sales data for individual units within the subject property and comparable evidence within the immediate area will be taken into account and adjusted by premium according to the specifics of the property and its units. The achieved market sales price per sqm will be multiplied by the area of the property to achieve the property specific market value.

- **Residual value approach**
  The residual value assesses the various factors associated with a conversion or a new development of a property. The goal of this method is to calculate an objective value for the site, which is either undeveloped or sub-optimally utilized. The residual value is determined by first calculating the net capital value of the property after completion of the planned development project. This figure is derived by subtracting the non-recoverable operating costs (e.g., maintenance and management costs) from the potential gross sale value. In order to determine the net capital value, the purchaser's costs have to be deducted. The costs for the assumed development are subtracted from the net capital value, resulting in the remainder (residuum). These costs include building fees as well as other required fees, which are necessary for the construction of a building, depending on its type of use.

  The additional construction costs are also part of the total development costs. The following additional costs are common for constructions: planning, construction, official review and approval costs as well as financing required immediately for construction. The amount of additional construction costs depends on the type of building, its finishes and the location. All of the construction and additional building costs as well as other project costs including financing costs and developer's profit are subtracted from the calculated gross sale value of the completed development. The difference of the gross sale value and the development costs results in the remainder (residuum). In order to acquire the residual value, financing and additional purchasing costs for the property are deducted from this remainder. The residual value represents the amount, which an investor would spend for the development of the property under specific economic conditions.

As at December 31, 2021, 93% (2020: 93%) of investment property have been valued using the discounted cash flows method, nearly 5% using the residual value approach (2020: 7%) and less than 2% using the comparable approach (2020: less than 1%).

The key assumptions used to determine the fair value of the investment property are further discussed below:

		As at December 31,	
		2021	2020
Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	
DCF method	Rent growth p.a. (%)	0.2 – 2.5 (1.8)	0.5 – 3.1 (1.7)
	Long-term vacancy rate (%)	0.0 – 13.0 (1.1)	0.0 – 14.5 (0.2)
	Discount rate (%)	2.3 – 11.8 (5.3)	2.5 – 15.1 (5.6)
	Capitalization rate (%)	1.7 – 16.8 (4.5)	2.5 – 15.0 (4.9)
Market comparable approach	Price per sqm (in €)	1,670 – 17,700 (6,570)	2,410 – 6,640 (2,950)
Residual value approach	Rent price per sqm (in €)	8.5 – 45.0 (18.0)	11.5 – 37.5 (18.8)
	Sales price per sqm (in €)	3,300 – 17,700 (9,750)	-
	Development cost per sqm (in €)	740 – 5,520 (3,330)	1,460 – 5,540 (2,920)
	Developer margin (%)	7.5 - 18.0 (12.1)	5.0 - 18.0 (12.9)

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 (and exit yield) 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.

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

		As at December 31,			
		2021		2020	
Asset type	**Parameter**	**Discount rate**	**Capitalization rate**	**Discount rate**	**Capitalization rate**
Office	Range	2.5% - 10.0%	2.5% - 12.3%	2.5%-9.0%	2.5%-14.9%
	Average	5.0%	4.5%	5.0%	4.6%
Hotel	Range	3.0% - 11.8%	2.8% - 10.3%	2.5%-15.1%	2.9%-9.0%
	Average	6.3%	4.9%	6.9%	5.3%
Residential	Range	2.3% - 8.0%	1.7% - 7.4%	-	-
	Average	4.8%	3.9%	-	-
Retail	Range	3.3% - 9.9%	2.8% - 10.4%	3.0%-11.0%	2.7%-14.0%
	Average	5.7%	5.4%	5.6%	5.5%
Logistics/ wholesale/other	Range	3.1% - 10.5%	2.2% - 16.8%	3.4%-10.8%	3.1%-15.0%
	Average	5.1%	4.3%	5.6%	5.1%

- **Highest and best use**

  As at December 31, 2021, the current use of all investment property is considered the highest and best use, except for 10.8% (2020: 17.3%) of the investment properties, for which the Group has determined the fair value, based on the development and sale of such properties, reflects the highest and best use. These properties are currently being utilized to earn rental income, in line with the Group's business model of buying and holding investment properties to generate rental income. By achieving increased rental value and implementing development projects, the worth of these properties is maximized and reflects the expected earnings for realization of the investments.

17. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

17.1 Reconciliation of investment in equity-accounted investees

	Year ended December 31,	
	2021	2020
	in € millions	
Balance as at January 1	**3,177.4**	**2,505.9**
Additions, net	587.8	594.4
Dividends received (cash and non-cash)	(84.1)	(89.8)
Share of profit from investees (*)	193.4	195.7
Changes through OCI and other equity reserves	13.9	(28.8)
Initial consolidation due to obtaining of effective control	(2,665.9)	-
Balance as at December 31	**1,222.5**	**3,177.4**

(*) of which €75.7 million in 2021 refers to capital gain on revaluating GCP investee due to change in status occurred in July 2021

17.2. Details of material equity-accounted investees

All the investments included in the equity-accounted investee balance are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies in note 3.

Details of each of the Group's material equity-accounted investees as at December 31, 2021 are as follow:

Name of investee	Note	Principal activity	Place of incorporation	Main place of principal activities	Rate of effective ownership interest held by the Group as at December 31,	
					2021	2020
					in %	
Grand City Properties S.A.	(1)	Real estate	Luxembourg	Germany and London	-	41.12
Globalworth Real Estate Investments Limited (2021: through 50% in Tevat Limited; 2020: directly)	(2)	Real estate	Guernsey	Poland and Romania	30.31	22.02

(1) initially consolidated from July 1, 2021 (see note 5.1)

(2) as at December 31, 2020, the Group held 22.02% directly in Globalworth Real Estate Investments Limited ("Globalworth") and accounted it for at equity. During 2021, the Group transferred its holdings in Globalworth to a subsidiary of a newly established joint arrangement entity named Tevat Limited, incorporated in Cyprus ("the JV"), held 50/50 with a third party. The third party transferred their holdings in Globalworth to the JV alongside a tender offer mutually submitted by the JV partners to the remaining shareholders of Globalworth. The tender resulted with the JV acquiring an additional stake of 9.24% (20.5 million shares) for a cash settlement of €7.0 per share. Following the tender offer and the restructuring of the shares as described above, the Group holds 50% in the JV which as at December 31, 2021, through a fully owned subsidiary, held 60.63% in Globalworth. The joint arrangement's principles are that decisions about the relevant activities require the unanimous consent of the two 50/50 JV partners (that led to the conclusion pursuant to which the Group has joint control over the JV), and the accounting treatment of it follows the same approach taken so far as an equity-accounted investee

17.3 Summarized financial information in respect of each of the Group's material equity-accounted investees is set out below:

Grand City Properties S.A.

	As at and for the period ended July 1,	As at and for the year ended December 31,
	2021 (1)	2020
	in € millions	
Current assets	1,940.4	2,264.1
Of which cash and cash equivalents	1,069.7	1,412.2
Non-current assets	8,975.5	8,601.7
Of which investment property	8,387.0	8,005.9
Current liabilities	751.7	427.3
Non-current liabilities	4,766.3	4,883.6
Of which loans, borrowings and bonds	3,882.1	4,066.3
Equity attributable to the owners	3,618.1	3,713.8
Revenue	259.4	535.4
Finance expenses, net	22.7	52.8
Current and deferred tax expenses	56.7	92.7
Net profit attributed to the owners	120.7	362.2
Other comprehensive income (loss) attributed to the owners	14.5	(37.9)
Total comprehensive income attributed to the owners	**135.2**	**324.3**
Group's share of profit in the investee	52.1	143.9
Group's share in other comprehensive income (loss) (2)	17.1	(14.9)
Dividends received (cash and non-cash) in the Group from the investee (3)	59.8	54.6
Reconciliation of the above summarized financial information to the carrying amount:		
Equity attributable to the owners		3,713.8
Group's interest		41.12%
Group's share		1,527.0
Surplus on investment		549.3
Total carrying amount of equity-accounted investee	**[consolidated]**	**2,076.3**

(1) until the initial consolidation of GCP – see note 5.1
(2) in 2021 the share in other comprehensive income included €10.9 million of realized OCI reserve arising from the investment in GCP due to change in holding status
(3) in 2021, cash portion of the dividend was €9.0 million (2020: €8.2 million) and the rest received in shares of GCP. The actual receipt of the dividend in 2021 took place after the acquisition date from which GCP was consolidated

Globalworth Real Estate Investments Limited

	As at and for the year ended December 31	
	2021	2020
	in € millions	
Current assets	582.0	558.4
Of which cash and cash equivalents	418.7	527.8
Non-current assets	3,045.5	3,071.7
Of which investment property	2,966.1	3,013.0
Current liabilities	426.3	92.1
Non-current liabilities	1,462.6	1,782.6
Of which loans, borrowings and bonds	1,285.6	1,604.0
Equity attributable to the owners	1,738.6	1,755.4
Revenue	219.4	223.3
Finance expenses, net	53.8	48.7
Current and deferred tax expenses	14.6	16.3
Net profit (loss) attributed to the owners	47.5	(46.8)
Total comprehensive income (loss) attributed to the owners	**47.5**	**(46.8)**
Group's share of profit in the investee	21.5	(2.9)
Dividends received in the Group from the investee	15.7	23.9
Reconciliation of the above summarized financial information to the carrying amount:		
Equity attributable to the owners	1,738.6	1,755.4
Group's interest	30.31%	22.02%
Group's share	527.0	386.5
Surplus on investment	43.5	48.7
Total carrying amount of equity-accounted investee	**570.5**	**435.2**

17.4 Aggregate information of investment in equity-accounted investees that are not individually material

	As at and for the year ended December 31,	
	2021	2020
	in € millions	
The Group's share of profit	44.1	50.7
The Group's share of other comprehensive income (loss)	3.7	(0.1)
The Group's share of total comprehensive income	**47.8**	**50.6**
Dividends received in the Group from the investees	8.6	11.3
Aggregate carrying amount of the Group's interests and loans in these investments	652.0	665.9

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18. OTHER NON-CURRENT ASSETS

		As at December 31,	
		2021	2020
	Note	in € millions	
Tenancy deposits	1	60.1	16.5
Trade receivables	2	61.0	84.0
Investment in non-current financial assets	3	779.0	(*) 386.1
Financial assets at fair value through profit or loss	4	265.8	(*) 57.0
Others		23.2	(*) 20.4
		1,189.1	**564.0**

(*) reclassified

(1) tenancy deposits mainly include several months net rent from the tenants which is paid at the beginning of the lease. The deposits are considered a security payment by the tenant. The Group can primarily use these funds, when the tenant has unpaid debts or causes damages to the property. Experience shows that the majority of the leases are long term and therefore the deposits are presented as long term assets

(2) consists of mainly the revenue straight-lining effect arising from the rent-free granted to tenants

(3) consists of mainly non-current investments in loans connected with future real-estate transactions (with maturities between 2023-2029 and an annual interest rate up to 10.0%), long-term deposits and loans provided as a seller (vendor loans)

(4) mainly includes investment in various real estate funds

19. TRADE AND OTHER RECEIVABLES

		As at December 31,	
		2021	2020
	Note	in € millions	
Rent and other receivables		125.3	50.7
Operating costs receivables	1	397.5	296.6
Prepaid expenses		67.3	37.6
Current tax assets		11.4	10.6
Other short-term financial assets	2	529.8	221.1
		1,131.3	**616.6**

(1) 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 for providing ancillary services 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

(2) the balance includes short-term vendor loans granted by the Group as part of sell transaction, other loans in connection with future real estate transactions. and other short-term receivables

The Group recognized an allowance for expected credit losses and other impairments on trade and other receivables in the total amount of €156.4 million (2020: €149.1 million) through the property operating expenses in the consolidated statement of profit or loss.

20. TOTAL EQUITY

20.1 Equity attributable to the owners of the Company

20.1.1 Share capital

	As at December 31,			
	2021		2020	
	Number of shares	**in € millions**	**Number of shares**	**in € millions**
Authorized				
Ordinary shares of €0.01 each	3,000,000,000	30.0	3,000,000,000	30.0
Issued and fully paid				
Balance as at January 1	1,537,025,609	15.4	1,223,574,261	12.2
Capital increase	-	-	312,688,188	3.2
Share-based payment and other issuances	-	-	763,160	(*) 0.0
Balance at the end of the year	**1,537,025,609**	**15.4**	**1,537,025,609**	**15.4**

(*) less than €0.1 million

Issued capital

There were no movements in the share capital during the reporting period. As part of the business combination with TLG in February 2020, the Company increased its share capital by 312,688,188 new ordinary shares against contribution in kind, that was received in 86,857,831 of TLG shares.

20.1.2 Treasury shares

	2021	2020
	Number of shares	
Balance at January 1	**388,629,499**	**-**
Treasury shares initially consolidated	3,000,000	183,936,137
Acquired during the year	71,478,246	204,693,362
Delivered as part of scrip dividend distributions (see note 20.1.3)	(29,280,757)	-
Delivered as part of share-based payment	(367,363)	-
Balance at December 31	**433,459,625**	**388,629,499**

During the year 2020, the Company and its wholly owned affiliate bought back 204,693,362 of its own shares as part of a public share purchase offer tender and a buy-back program initiated by the board of directors and followed the shareholders authorization received by the ordinary general meeting held in May 2020. The total amount paid was €1,008.8 million (including transaction fees).

As part of the business combinations with GCP (July 2021) and TLG (February 2020), the Company initially consolidated its own shares at their fair value upon takeover.

In March 2021, the Company's board of directors resolved on an additional buy-back program to acquire the Company's own shares that resulted in 71,478,246 shares bought by the Company's wholly owned affiliate for a total amount of €444.1 million (including transaction fees) by December 31, 2021. The program was expected to be finalized by June 30, 2022. After the reporting period, the Company announced on the increase of the buy-back program by additional €500 million, up to a maximum of additional 100 million shares of the Company and extended until December 31, 2022.

All shares bought back either through the public purchase offer or the buy-back programs and which are held in treasury are suspended from voting and dividend rights.

20.1.3 Dividend distributions

Settlement of dividend announced in December 2020

On December 15, 2020, the shareholders' Ordinary General Meeting (OGM) resolved upon the distribution of a dividend attributed to 2019 financial year in the amount of €0.14 per share from the Company's share premium, in accordance with the proposal of the Company's Board of Directors. The Company provided the shareholders with the option to receive up to 85% of their dividend in the form of the Company's shares ("Scrip Dividend"). In January 2021, the Scrip Dividend was settled by paying €102.4 million in cash and delivering 11,257,157 shares from the Company's treasury shares.

Dividend announcement in June 2021

On June 30, 2021, the shareholders' Annual General Meeting (AGM) resolved upon the distribution of a dividend attributed to 2020 financial year in the amount of €0.22 per share from the Company's share premium, in accordance with the proposal of the Company's Board of Directors. The Company provided the shareholders with the option of Scrip Dividend. The results and payment took place in July 2021 and concluded in delivering 18,023,600 shares from the Company's treasury shares and cash payment of €149.6 million.

20.1.4 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 (including the proceeds received by placing the mandatory convertible note) and from conversions of convertible bonds into ordinary shares and can be distributed at any time. The account also consists of the share-based payment reserve, and the other comprehensive income components arising from the hedge accounting and the foreign currency translations.

Legal reserve

The Company is required to allocate a minimum of 5% of its annual net increase to a legal reserve after deduction of any losses brought forward, until this reserve equals 10% of the subscribed share capital. The appropriation to legal reserve is affected after approval of the annual general meeting of the shareholders. This reserve is presented under Share premium and capital reserves in the consolidated statement of changes in shareholders equity and cannot be distributed. As of December 31, 2021, the legal reserve amounted to nil, as the last available statutory accounts showed on accumulated loss.

20.2 Perpetual notes

- **Issuance of perpetual notes**

On January 15, 2021, the Company issued €600 million nominal value of perpetual notes with a first reset date on July 15, 2026 ("First Reset Date"). The notes carry 1.625% coupon p.a. from and including interest commencement date up to but excluding the First Reset Date. The notes will carry the relevant 6-month fix-for-floating EURIBOR plus a margin of 2.419 per cent from the First Reset Date ending on but excluding July 15, 2031. A margin of 2.669 per cent for each reset period which falls in the period commencing on and including July 15, 2031 and ending on (but excluding) July 15, 2046, and a margin of 3.419 per cent for each reset period which falls on or after July 15, 2046.

- **Buy-back of perpetual notes**

In January 2021, the Company launched a buy-back tender offer for its wholly owned subsidiary's 3.75% €600 million outstanding perpetual notes that resulted in a nominal value of €231.1 million that was bought-back for a total amount of €243.6 million.

- **Perpetual notes initially consolidated**

As part of the business combination with GCP in July 2021, the Company initially consolidated the following series of perpetual notes:

» €200 million nominal value initially consolidated at a price of 102.69% of the principal amount. These perpetual notes are of unlimited duration and can be called back by the Group only on certain contractually fixed dates or occasions. Up until the first call date in January 2023, the perpetual notes shall bear a coupon rate of 2.75% p.a. In case the Group does not exercise its call right at that point, the coupon rate applied until the next call date (January 2028) shall correspond to the five-year swap rate plus a margin of 363.7 basis points p.a. The mark-up will increase by 25 basis points (to 388.7 basis points p.a.) as of January 2028 and by another 75 basis points (to 463.7 basis points p.a.) as of January 2043.

» €350 million nominal value initially consolidated at a price of 102.64% of the principal amount. These perpetual notes are of unlimited duration and can be called back by the Group only on certain contractually fixed dates or occasions. Up until the first call date in October 2023, the perpetual notes shall bear a coupon rate of 2.5% p.a. In case the Group does not exercise its call right at that point, the coupon rate applied until the next call date (October 2028) shall correspond to the five-year swap rate plus a margin of 243.2 basis points p.a. The mark-up will increase by 25 basis points (to 268.3 basis points p.a.) as of October 2028 and by another

75 basis points (to 343.3 basis points p.a.) as of October 2043.

» €700 million nominal value initially consolidated at a price of 97.92% of the principal amount. These perpetual notes are of unlimited duration and can be called back by the Group only on certain contractually fixed dates or occasions. Up until the first call date in June 2026, the perpetual notes shall bear a coupon rate of 1.5% p.a. In case the Group does not exercise its call right at that point, the coupon rate applied until the next call date (June 2031) shall correspond to the five-year swap rate plus a margin of 218.4 basis points p.a. The mark-up will increase by 25 basis points (to 243.4 basis points p.a.) as of June 2031 and by another 75 basis points (to 318.4 basis points p.a.) as of June 2046.

20.3 Non-controlling interests

20.3.1 Reconciliation of non-controlling interest (NCI)

	Note	in € millions
Balance at December 31, 2020		**2,025.3**
Share of profit for the year		330.0
Share of OCI for the year		8.1
Share buy-back in subsidiaries	(1)	(260.6)
Transactions and dividend with/to NCI and deconsolidations	(2)	(303.1)
Business combination with GCP	(3)	2,075.4
Balance as at December 31, 2021		**3,875.1**

(1) during the reporting period, TLG has conducted two tender offers to buy-back its own shares. Both tender offers that were announced in December 2020 and February 2021, concluded in January 2021 and in March 2021, respectively, and resulted in buying-back 6.4 million of TLG shares for a total amount of €155.3 million. The impact on the Company's consolidated financial statements was reduction of non-controlling interests in the amount of €154.2 million. From the date of initial consolidation, GCP has executed buybacks of 5.1 million of its own shares for an amount of €114.3 million. The impact on the Company's consolidated financial statements was reduction of non-controlling interests in the amount of €106.4 million

(2) During the reporting period, the Company increased its holding rate in subsidiaries within the Group, mainly in TLG (increase in holding rate of approximately 8.6% to 88.02% as at December 31, 2021) and GCP (increase in holding rate of approximately 4.5% since initial consolidation to 48.8% as at December 31, 2021), that led to a total decrease of €247.7 million in the NCI amount (the negative cash effect of these acquisitions amounted to €277.4 million). An amount of €21.7 million of NCI decreased due to deconsolidations that took place during the period following the disposal transactions of investment property. Additionally, the Group subsidiaries distributed dividends to the NCI in the amount of €32.6 million (the negative cash effect of the dividends amounted to €77.4 million since it also included the €44.8 million dividend paid to the NCI in GCP that has been initially consolidated in July 2021 as "dividend payable" hence was not part of the movement of €32.6 million presented above)

(3) refer to note 5.1

The following are subsidiaries that have material NCI:

20.3.2 TLG Immobilien AG

TLG Immobilien AG is an Aktiengesellschaft (stock corporation) incorporated in Germany with its registered office at 12 Hausvogteiplatz, 10117 Berlin, Germany. It holds and operates commercial real estate in Germany. The main activities consist of the operation of real estate businesses, such as the letting, management, acquisition, disposal and development of office, retail and hotel properties.

Summary of the financial information of the subsidiary, including business combination adjustments (together: "Financial Information"), and holding structure:

	As at and for the year ended December 31,	
	2021	2020
NCI percentage (also reflects the voting rights) as at the year-end	**11.98%**	**20.55%**
	in € millions	
Accumulated amount of NCI presented in the Group	394.2	652.0
Profit allocated to NCI presented in the Group	34.2	81.8
Dividend paid to NCI	16.4	21.9
Financial Information of TLG:		
Current assets	830.1	1,112.7
Of which cash and cash equivalents	306.4	524.0
Non-current assets	5,604.9	6,018.3
Of which investment property	3,928.3	4,242.9
Current liabilities	489.8	195.8
Non-current liabilities	2,872.8	3,802.8
Of which loans, borrowings and bonds	1,824.6	2,798.6
Total equity	3,072.4	3,132.4
Net asset attributable to NCI	368.2	643.7
Revenue	215.3	267.3
Net profit	213.0	398.4
Cash flows from operating activities	156.5	101.1
Cash flows from investing activities	585.6	370.7
Cash flows used in financing activities	(959.7)	(471.8)
Net change in cash and cash equivalents	**(217.6)**	**-**

On November 5, 2021, the Company announced a delisting tender offer to shareholders of TLG for a cash consideration of €31.67 for each TLG share tendered. As a public delisting tender offer, it was not subject to any closing conditions, and did not include a minimum acceptance threshold. The offer was designed to satisfy the criteria for a revocation of the TLG shares' admission to trading on the regulated market of the Frankfurt Stock Exchange. On December 9, 2021, TLG was delisted from trading in the Frankfurt Stock Exchange after approximately 3.7 million shares have successfully been tendered.

20.3.3 Grand City Properties S.A.

Grand City Properties S.A. was incorporated in Grand Duchy of Luxembourg as a Société Anonyme (public limited liability company). Its registered office is at 1 Avenue du Bois, L-1251 Luxembourg. GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany as well as London. GCP's strategy is to improve its properties through targeted modernization and intensive tenant management and create value by subsequently raising occupancy and rental levels. GCP's shares are listed on the Prime Standard of the Frankfurt Stock Exchange.

Summary of the financial information of the subsidiary, including business combination adjustments (together: "Financial Information"), and holding structure:

	For the period from July 1, (date of initial consolidation) to December 31,
	2021
NCI percentage (also reflects the voting rights) as at the year-end	**51.20%**
	in € millions
Accumulated amount of NCI presented in the Group	2,112.4
Profit allocated to NCI presented in the Group	239.7
OCI allocated to NCI presented in the Group	8.1
Dividend paid to NCI	44.8
Financial information of GCP for the period:	
Current assets	1,679.2
Of which cash and cash equivalents	895.5
Non-current assets	9,883.2
Of which investment property	9,321.6
Current liabilities	775.9
Non-current liabilities	5,251.6
Of which loans, borrowings and bonds	4,200.3
Total equity	5,534.9
Net asset attributable to NCI	2,833.8
Revenue	264.9
Net profit for the period	493.8
Total OCI for the period	15.2
Total comprehensive income for the period	**509.0**
Cash flows from operating activities	112.1
Cash flows used in investing activities	(83.0)
Cash flows used in financing activities	(204.4)
Net change in cash and cash equivalents	**(175.3)**

21. SHARE-BASED PAYMENT AGREEMENTS

21.1 Description of share-based payment arrangements

As at December 31, 2021, the Group has 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 a vesting period of up to 4 years with specific milestones to enhance management's long-term commitment to Aroundtown's 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
January 2018 – August 2025	2,924	Up to 4 years


Limburg (Belgium, Center Parcs)

21.2 Reconciliation of outstanding share options

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

	2021	2020
	Number of shares	Number of shares
	in thousands	
Outstanding on January 1	2,433	2,383
Granted during the year, net	1,138	646
Exercised during the year (*)	(647)	(596)
Outstanding on December 31	**2,924**	**2,433**

(*) in accordance with the terms and conditions of the incentive share plan, the Group withheld 280 thousand (2020: 236 thousand) shares equal to the monetary value of the employees' tax obligation from the total number of shares exercised. As a result, only 367 thousand (2020: 360 thousand issued by the Company) shares were delivered from the Company's treasury shares to employees across the Group

During the year, the total amount recognized as share-based payment was €5.9 million (2020: €3.0 million). The amount was presented as administrative and other expenses and property operating expenses in the consolidated statement of profit or loss and as creation of other reserve in the consolidated statement of changes in equity.

22. LOANS, BORROWINGS, BONDS AND SCHULDSCHEINS

22.1 Composition

			As at December 31,	
			2021	2020
	Weighted average interest rate as at December 31, 2021	Maturity	in € millions	
Non-current				
Bank loans (1) (2) (3)	1.5%	2023-2082	1,091.8	1,293.6
Straight bonds and schuldscheins	1.2%	2023-2039	13,934.6	10,386.4
Total non-current			**15,026.4**	**11,680.0**
Current				
Bank loans	1.5%	2022	15.0	22.1
Loan redemptions	1.8%	2022	41.2	61.1
Convertible bond (4)	0.3%	2022	265.7	-
Straight bond	0.4%	2022	221.7	97.7
Total current			**543.6**	**180.9**

(1) the bank loans are non-recourse loans, having the serving assets as their main security. As at December 31, 2021 under the existing loan agreements, the Group is in compliance with its obligations (including loan covenants) to the financing banks
(2) approximately €5.3 billion (2020: approximately €5.6 billion) of the investment property is encumbered
(3) during the year, the Group initially consolidated €368.0 million of bank loans (of which €166.9 initially consolidated as part of the business combination with GCP) and repaid a net amount of nearly €0.6 billion utilizing the proceeds from sale of investment property
(4) the convertible bond (series F from GCP) matured after the reporting period (March 2022) where no conversions to shares occurred – see note 30

22.2 Bonds and schuldscheins composition

Set out below, is an overview of the Group's bonds and schuldscheins as at December 31, 2021 and December 31, 2020:

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Maturity	Carrying amount as at December 31, 2021	Carrying amount as at December 31, 2020
			in millions	in € millions	%		in € millions	
Non-current portion								
Series E	22.2.3	EUR	-	-	1.50	07/2024	-	223.7
Series H	(a) (b) (c)	USD	400.0	372.4	1.365	03/2032	337.7	309.2
Series NOK	(a) (b) (c)	NOK	750.0	79.3	0.818	07/2027	74.2	70.6
Series I	22.2.3	EUR	251.0	251.0	1.88	01/2026	246.5	489.0
Series J		GBP	500.0	557.2	3.00	10/2029	580.1	540.6
Series K		EUR	700.0	700.0	1.00	01/2025	691.0	688.1
Series L	(b) (c)	USD	150.0	125.2	1.75	02/2038	131.6	121.5
Series M	(c)	CHF	250.0	223.6	0.73	01/2025	241.5	230.7
Series N		EUR	800.0	800.0	1.63	01/2028	783.1	780.5
Series O	22.2.3	EUR	305.2	305.2	2.00	11/2026	301.0	491.7
Series P	(b) (c)	AUD	250.0	157.6	1.605	11/2025	158.8	155.7
Series Q	22.2.3	GBP	81.1	91.0	3.25	07/2027	94.3	433.5
Series R	(b) (c)	CAD	250.0	164.3	1.70	09/2025	172.4	158.5
Series S	(e)	EUR	100.0	100.0	0.75 + Euribor (6m)	08/2023	99.9	99.8
Series T	(b)	EUR	150.0	150.0	2.00	09/2030	149.9	149.9
Series U		EUR	75.0	75.0	2.97	09/2033	73.4	73.3
Series V		EUR	50.0	50.0	2.70	10/2028	49.6	49.5
Series W	(c)	EUR	76.0	76.0	3.25	10/2032	74.7	74.6
Series X	22.2.3	CHF	100.0	87.8	1.72	03/2026	96.6	184.5
Series Y	(e)	EUR	100.0	100.0	1.35 + Euribor (6M)	02/2026	99.0	98.7
Series Z	(e)	EUR	125.0	125.0	0.9 + Euribor (6M)	02/2024	124.4	124.1
Series 27	(b) (c)	HKD	430.0	48.3	1.62	03/2024	48.6	45.1
Series 28	(b) (c)	USD	600.0	530.9	1.75	03/2029	524.0	483.1
Series 29	(b) (c)	NOK	1,735.0	179.0	1.75	03/2029	173.2	165.2
Series 30	(b) (c)	GBP	400.0	468.6	1.75	04/2031	465.3	434.1
Series 31	(c)	JPY	7,000.0	56.8	1.42	05/2029	53.5	55.1

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Maturity	Carrying amount as at December 31, 2021	Carrying amount as at December 31, 2020
			in millions	in € millions	%		in € millions	
Non-current portion (continued)								
Series 32		EUR	800.0	800.0	0.63	07/2025	788.4	785.2
Series 33		EUR	600.0	600.0	1.45	07/2028	590.8	589.5
Series 34	(b) (c)	NOK	500.0	45.8	1.50	07/2025	50.0	47.7
Series 35	22.2.3	EUR	-	-	1.38	11/2024	-	31.6
Series 36		EUR	600.0	600.0	1.50	05/2026	618.2	622.4
Series 37	22.2.3	EUR	221.7	221.7	0.38	09/2022	-	602.8
Series 38		EUR	1,000.0	1,000.0	0.00	07/2026	981.0	976.9
Series 39	22.2.1	EUR	1,250.0	1,250.0	0.375	04/2027	1,218.8	-
GCP series E	22.2.2 22.2.3	EUR	205.6	205.6	1.50	04/2025	215.3	-
GCP series G	22.2.2	EUR	600.0	600.0	1.38	08/2026	630.8	-
GCP series H	22.2.2	EUR	255.0	255.0	2.00	10/2032	281.7	-
GCP series I	(b) 22.2.2	HKD	900.0	92.6	1.00	02/2028	108.6	-
GCP series J	22.2.2	EUR	667.6	667.6	1.50	02/2027	704.9	-
GCP series K	22.2.2	CHF	125.0	108.2	0.96	09/2026	124.8	-
GCP series L	22.2.2	JPY	7,500.0	57.2	1.40	06/2038	57.2	-
GCP series M	(b) 22.2.2	EUR	47.0	47.0	1.70	07/2033	44.2	-
GCP series N	(b) 22.2.2	EUR	88.0	88.0	1.71 + 3M Euribor	02/2039	107.2	-
GCP series O	(b) 22.2.2	EUR	15.0	15.0	1.68 + 3M Euribor	02/2034	17.2	-
GCP series P	(b) (c) 22.2.2	HKD	290.0	32.8	1.38 + 3M Euribor	03/2029	36.0	-
GCP series Q	22.2.2	CHF	130.0	116.4	0.57	06/2024	127.4	-
GCP series R	22.2.2	EUR	40.0	40.0	2.50	06/2039	46.7	-
GCP series U	22.2.2	EUR	80.0	80.0	0.75	07/2025	81.8	-
GCP series V	(b) 22.2.2	EUR	70.0	70.0	1.50	08/2034	72.1	-
GCP series W	22.2.2 22.2.3	EUR	204.7	204.7	1.70	04/2024	212.7	-
GCP series X	22.2.2	EUR	1,000.0	1,000.0	0.13	01/2028	974.5	-
Total non-current portion							**13,934.6**	**10,386.4**

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Maturity	Carrying amount as at December 31, 2021	Carrying amount as at December 31, 2020
			in millions	in € millions	%		in € millions	
Current portion								
Series D	22.2.3	EUR	98.0	98.0	1.50	05/2022	-	97.7
Series 37	22.2.3	EUR	221.7	221.7	0.38	09/2022	221.7	-
GCP – convertible bond series F	22.2.2 22.2.3	EUR	263.3	263.3	0.25	03/2022	265.7	-
Total current portion							**487.4**	**97.7**
Total accrued interest on bonds and schuldscheins	(d)						**123.3**	**105.8**

(a) coupon and principal are linked to Consumer Price Index (CPI) through derivative instruments
(b) effective coupon in euro
(c) the Company hedged the currency risk of the principal amount until maturity
(d) presented as part of the provisions and current liabilities in the consolidated statement of financial position
(e) schuldschein


Frankfurt

22.2.1 Issuance of bond

In December 2021, the Company completed the placement of a €1,250 million straight bonds Series 39, maturing in April 2027 and carrying a 0.375% annual coupon, for a consideration that reflected 97.965% of the principal amount. The bond was issued under the EMTN Programme.

22.2.2 Bonds in GCP initially consolidated

As part of the business combination with GCP, the Company initially consolidated an aggregate euro value of €4,000.2 million of straight bonds series in both euro and other foreign currencies having an aggregated euro nominal value of €3,850.0 million. The bonds' maturities are between 2024 (except one series of €52.0 million nominal value that matured and fully repaid in July 2021) and 2039, and the effective interest rate varies between 0.13% and 2.5% p.a. GCP uses derivative instruments to hedge the foreign currency risk in all of its straight bonds' foreign currency principals.

Additionally, the Company initially consolidated €290.2 million of convertible bond series (having nominal value of €280.8 million), convertible into shares of GCP, maturing in March 2022 and carrying annual interest rate of 0.25%.

On September 29, 2021, GCP sold to Aroundtown €169.2 million nominal value of GCP's convertible bond, previously held in treasury by GCP. The transaction was carried at fair value (based on quoted price). Due to the initial consolidation of GCP in July, the transaction had no impact on these consolidated financial statements.

There were no material changes in the GCP bond covenants arising from the de facto control the Company obtained.

22.2.3 Buy-back of bonds

During the financial year, the Company completed the repurchase of some of its bonds. The repurchase utilizes the real estate disposal proceeds in accordance with the Group's pro-active debt optimization strategy with the aim to extend the average debt maturity and reduce the cost of debt, as described in the table below:

Straight bond	Currency	Original maturity	Nominal value bought-back		Outstanding nominal value as at December 31, 2021
			in millions (original currency)	in € millions	in millions (original currency)
Series D	EUR	05/2022	102.0	102.0	Fully redeemed
Series E	EUR	07/2024	236.0	236.0	Fully redeemed
Series I	EUR	01/2026	249.0	249.0	251.0
Series O	EUR	11/2026	194.8	194.8	305.2
Series Q	GBP	07/2027	318.9	371.8	(*) 81.1
Series X	CHF	03/2026	100.0	93.2	100.0
Series 35	EUR	11/2024	30.4	30.4	Fully redeemed
Series 37	EUR	09/2022	378.3	378.3	221.7
GCP - Series F (convertible)	EUR	03/2022	17.5	17.5	263.3
GCP - Series E	EUR	04/2025	32.0	32.0	205.6
GCP - Series W	EUR	04/2024	74.9	74.9	204.7
Total redeemed / bought back				**1,779.9**	

(*) presented net of €11.7 million nominal value that is held in treasury

22.3 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.

		Financing cash flows		Non-cash changes					
	31.12.2020	Finance expenses paid	Other cash flows	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Other [1]	Other changes [2]	31.12.2021
	in € millions								
Straight bonds and schuldscheins [3]	10,589.9	(167.3)	(693.9)	4,023.2	256.3	-	(1.6)	272.8	14,279.4
Convertible bond	-	(0.3)	(17.7)	290.5	-	-	(7.1)	0.5	265.9
Loans and borrowings [4]	1,376.8	(18.4)	(592.0)	368.0	-	(18.2)	(4.8)	36.6	1,148.0
Lease liability	105.9	(6.9)	(1.5)	59.2	0.9	(3.2)	5.1	8.4	167.9
Net derivative financial liabilities and others	284.0	(8.1)	(4.6)	62.5	(78.0)	-	(102.8)	-	153.0
	12,356.6	**(201.0)**	**(1,309.7)**	**4,803.4**	**179.2**	**(21.4)**	**(111.2)**	**318.3**	**16,014.2**

		Financing cash flows		Non-cash changes					
	31.12.2019	Finance expenses paid	Other cash flows	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Other [1]	Other changes [2]	31.12.2020
	in € millions								
Straight bonds and schuldscheins [3]	9,251.2	(168.2)	(188.1)	1,657.6	(189.1)	-	13.6	212.9	10,589.9
Loans and borrowings [4]	866.5	(34.9)	(452.8)	932.3	-	23.0	7.1	35.6	1,376.8
Lease liability	119.0	(5.2)	(1.5)	(14.2)	(1.8)	-	2.9	6.7	105.9
Net derivative financial (assets) liabilities and others	(71.6)	(4.1)	(69.8)	210.6	95.2	-	123.7	-	284.0
	10,165.1	**(212.4)**	**(712.2)**	**2,786.3**	**(95.7)**	**23.0**	**147.3**	**255.2**	**12,356.6**

(1) other non-cash changes include discount and issuance cost amortization for the bonds, unrealized revaluation gains and remeasurement of lease liabilities
(2) other changes include interest accruals and results on early repayment of debt
(3) including accrued interest
(4) including current portion of bank loans, loan redemption and credit facility

22.4 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 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 1.8 (2.0 for one of the outstanding GCP bonds).

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.

Negative Pledge. The Company undertakes, so long as the applicable bonds are outstanding, not to create or permit to subsist, and to procure that none of its Material Subsidiaries will create or permit to subsist, any security interest in rem over its assets to secure any Capital Market Indebtedness other than Securitized Capital Market Indebtedness unless, subject to certain conditions, the Issuer's obligations under the Notes are secured equally with (or, in case such Capital Market Indebtedness is subordinated debt, senior in priority to) the Capital Market Indebtedness secured by such security interest.

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 26.3.1.1 to the financial statements. There have been no breaches in covenants during the year and up to the date of approval of these financial statements.

23. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2021	2020
	in € millions	
Tenancy deposits	62.4	19.2
Lease liability (see note 23.1)	167.9	105.9
Non-current payables	202.7	124.3
	433.0	**249.4**

23.1 Lease liability

Set out below are the carrying amounts of lease liabilities of the Group and the movements during the year:

	As at December 31,	
	2021	2020
	in € millions	
As at 1 January	105.9	119.0
Additions (disposals), net	0.4	(18.0)
Interest expenses	13.5	9.6
Payments (1)	(8.4)	(6.7)
Initially consolidated in business combination	(2) 59.7	2.0
Transferred to liabilities held for sale	(3.2)	-
Balance at December 31	**167.9**	**105.9**

(1) the cash payments for interest portion are presented under "interest and other financial expenses paid, net" and the cash payments for principal portion under "Amortizations of loans from financial institutions and others" in the consolidated statement of cash flows (see also note 22.3)
(2) included in the other non-current liabilities from GCP that were initially consolidated

24. RELATED PARTY TRANSACTIONS

Related party transactions (as defined in IAS 24 Related Party Disclosures) performed by / with the Company and its affiliated undertakings and key management personnel are set out below, as well as the identity and nature of the related party and transaction.

Related parties are companies which have the ability to control or exercise significant influence over the Group entities, or which the Group entities control or exercises significant influence over. Related persons are the members of the Board of Directors and the executive management of the Company.

24.1 Directors and executive management personnel remuneration

At Aroundtown, the key management personnel defined as related parties to the Company pursuant to IAS 24 are the members of the members of the Board of Directors and the senior management personnel as defined below. The remuneration to and transactions with key management personnel are set out below:

	Year ended December 31, 2021						
	Executive directors		Non-executive director	Independent directors			
	in € thousands						
Fixed and variable incentive	**Mr. Frank Roseen (3)**	**Ms. Jelena Afxentiou**	**Mr. Ran Laufer (3)**	**Mr. Markus Leininger**	**Ms. Simone Runge-Brandner (4)**	**Mr. Markus Kreuter**	**Total**
Salary, directors fee and supplementary payments (1)	377	272	128	100	137	100	1,114
Share incentive program (2)	200	135	-	-	-	-	335
Total Remuneration	**577**	**407**	**128**	**100**	**137**	**100**	**1,449**

(1) based on employer's costs, excluding VAT
(2) multi-year fixed and variable share incentive program
(3) includes also the remuneration for the position as a director in TLG
(4) includes also the remuneration for the position as an independent director in GCP

Senior and Key Management

Mr. Barak Bar-Hen, the Company's Co-Chief Executive Officer and Chief Operating Officer, was entitled to a total remuneration of €585 thousand, of which nil was in the form of share incentives. The Company and Mr. Bar-Hen are currently in discussions about the new remuneration scheme to be agreed for 2022 and onwards.

Mr. Eyal Ben David, the Company's Chief Financial Officer, was entitled to a total remuneration of €2,047 thousand, of which €1,628 thousand was in the form of share incentives.

Mr. Oschrie Massatschi, the Company's Chief Capital Markets Officer, was entitled to a total remuneration of €661 thousand, of which €325 thousand was in the form of share incentives.

Mr. Klaus Krägel, the Company's Chief Development Officer, was entitled to a total remuneration of €432 thousand, of which nil was in the form of share incentives.

There were no other transactions between the Company and its key management personnel, except as described in note 21.

24.2 Other related party transactions

The transactions and balances with related parties are as follows:

	Year ended December 31,	
	2021	2020
	in € millions	
Consulting services income	1.9	2.4
Interest income on loans to associates	3.0	0.9
Consulting services expenses	(0.2)	(0.5)
Rental and operating expenses	(0.6)	(1.4)

	As at December 31,	
	2021	2020
	in € millions	
Receivables from related parties	-	0.4
Payables to related parties	-	(0.3)
Loans to associates (*)	151.5	20.2

(*) the loans given to associates carry interest rate in the range between 3% and 8% p.a.

Since the business combination with GCP, Aroundtown group companies acquired €186.7 million nominal value of convertible bond series F (issued by GCP, see note 22.2) for its fair value as of that date. After the reporting period, GCP fully repaid this bond as the maturity date arrived.

25. TRADE AND OTHER PAYABLES

	As at December 31,	
	2021	2020
	in € millions	
Trade and other payables	144.0	116.0
Prepayments received on operating costs	354.9	257.5
Deferred income	43.3	33.8
Other current liabilities	78.7	27.5
	620.9	**434.8**

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, 2021 and December 31, 2020:

		As at December 31,	
		2021	2020
	Note	in € millions	
Financial assets at amortized cost:			
Trade and other receivables	1	1,145.3	624.8
Cash and cash equivalents	1	2,876.8	2,694.1
Short-term deposits		27.5	140.8
Other non-current assets	1	1,190.1	565.8
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	2	339.8	427.8
Derivative financial assets	3	62.9	20.5
Total financial assets		**5,642.4**	**4,473.8**

(1) including assets held for sale
(2) those financial assets consist of bonds, shares, alternative investments and other trade debt securities
(3) excluding derivative financial assets designated as hedging instruments in hedge relationships in the amount of €209.5 million (2020: €117.4 million)

26.2 Financial liabilities

Set out below, is an overview of financial liabilities, held by the Group as at December 31, 2021 and as at December 31, 2020:

		As at December 31,	
		2021	2020
	Note	in € millions	
Financial liabilities at amortized cost:			
Trade and other payables	1	628.0	439.7
Tax payable	1	112.7	67.8
Loans and borrowings	2	1,166.2	1,376.8
Straight bonds and schuldscheins		14,156.3	10,484.1
Convertible bond		265.7	-
Accrued interest on straight bonds, convertible bond and schuldscheins	note 22.2	123.3	105.8
Dividend payable		-	160.8
Other long-term liabilities	1	434.8	256.3
Financial liabilities at fair value through profit or loss:			
Derivative financial liabilities	3	255.7	309.5
Total financial liabilities		**17,142.7**	**13,200.8**

(1) including liabilities held for sale
(2) including liabilities held for sale and loan redemption
(3) excluding derivative financial liabilities designated as hedging instruments in hedge relationships in the amount of €169.7 million (2020: €112.4 million)

26.3 Risks management objectives and polices

The Group's principal financial liabilities, other than derivatives, are comprised of loans and borrowings (convertibles), straight bonds and schuldscheins, trade and other payables, tax payables and non-current liabilities. The Group's principal financial assets include trade and other receivables, cash and cash equivalents and other non-current assets. In addition, the Group 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 (mainly to EURIBOR 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, 2021, after taking into account the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

	As at December 31,	
	2021	2020
	in € millions	
Fixed rate	14,760.1	11,290.3
Capped rate	269.1	198.2
Floating rate	540.8	372.4
	15,570.0	**11,860.9**

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	
2021	+100	(3.4)
	-100	(1.0)
2020	+100	(3.3)
	-100	(0.3)

The Group had no long-term debt for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2021.

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.

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 26.4.2.1 and 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 currency risk of its net investment in foreign operation which is denominated in 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 uncertainties about future values of the investment securities. The Group manages the equity risk through diversification 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.

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, loans as a seller and loans connected with future real-estate transactions) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments. The Group's maximum credit risk is represented by the financial assets' carrying amount (see note 26.1).

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:

	As at December 31,	
	2021	2020
	in € million	
Not past due and past due 1–30 days	46.5	16.1
Past due 31–90 days	31.8	12.2
Past due above 90 days	22.1	7.0
	100.4	**35.3**

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 minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's investment in equity and debt instruments at fair value through profit or loss consists of quoted securities that are graded in the investment category.

The Group holds its cash and cash equivalents and its derivative instruments with high-rated banks and financial institutions. Concentration risk is mitigated by not limiting the exposure to a single counter party. The Company has performed an expected credit loss calculation on the cash and cash equivalents accounts and presented the current balance net of the ECL provision.

The composition of cash and cash equivalents was as follows:

	As at December 31,	
	2021	2020
	in € million	
Cash at banks and on hand	2,748.0	2,674.6
Cash deposits of up to three months	125.0	17.5
Total cash and cash equivalents	**2,873.0**	**2,692.1**

None of the cash and cash equivalents items are restricted.

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 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements as at December 31, 2021 and as at December 31, 2020:

As at December 31, 2021	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 € millions						
Non-derivative financial liabilities							
Loans and borrowings (1)	1,148.0	1,252.1	2.0	69.8	188.1	102.3	889.9
Straight bonds and schuldscheins (2)	14,279.4	14,982.2	43.0	125.4	163.3	661.9	13,988.6
Convertible bonds (2)	265.7	263.6	-	263.6	-	-	-
Lease liability	167.9	1,537.7	1.5	8.1	9.3	9.2	1,509.6
Trade and other payables	144.0	144.0	24.0	120.0	-	-	-
Total	**16,005.0**	**18,179.6**	**70.5**	**586.9**	**360.7**	**773.4**	**16,388.1**

As at December 31, 2020	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 € millions						
Non-derivative financial liabilities							
Loans and borrowings (1)	1,376.8	1,484.7	34.6	69.5	141.1	86.9	1,152.6
Straight bonds and schuldscheins (2)	10,589.9	11,945.0	133.3	118.8	752.6	252.4	10,687.9
Lease liability	105.9	454.8	1.3	3.7	4.6	4.6	440.6
Trade and other payables	116.0	116.0	19.3	96.7	-	-	-
Total	**12,188.6**	**14,000.5**	**188.5**	**288.7**	**898.3**	**343.9**	**12,281.1**

(1) including current portion of long-term loans and loan redemptions
(2) the carrying amount includes accrued interest

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.


Amsterdam

Coronavirus effect

The coronavirus (COVID-19) pandemic started in December 2019 and has disrupted the global economy, affected supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In Europe, potential future changes to monetary policy, renewed doubts about the future of the Eurozone, political uncertainty arising from populist movements, insufficient deleveraging in the private and public sectors, a halt in implementing structural and financial reforms and an elevated level of political uncertainty could adversely affect the real estate markets as well as Aroundtown's operations. The extent, duration and magnitude of the COVID-19 pandemic's effects will depend on future developments, all of which are highly uncertain and difficult to predict, including the impact of the pandemic on global and regional economies, travel, and economic activity, as well as actions taken by governments, businesses and individuals in response to the pandemic or any future resurgence.

The measures taken against the spread of the virus causing COVID-19 such as business lockdowns and travel restrictions have led to a partial or total loss of revenues for some of Aroundtown Group's tenants, in particular hotel tenants who have faced considerable downturn in bookings. Even after hotel operators are able to reopen hotels, there remains considerable uncertainty as to the time it will take to see a recovery in travel demand. This in turn could lead to further loss of rental payments or in late or reduced payments due to a lack of Aroundtown Group's tenants' liquidity, operational failure, bankruptcy or for other reasons. Nevertheless, Aroundtown maintains a conservative debt profile with long average debt maturities and low cost of debt as at year-end 2021, giving it sufficient headroom to continue its operations. Aroundtown's high level of cash and liquid assets as well as diversified portfolio also support the resilience and coping the aforementioned impact of COVID-19. Lower economic activity could also make it more difficult to sell properties should Aroundtown Group decide to dispose of properties. However, demand in real estate remained high during 2020 and 2021 and the Group was able to dispose of a significant amount of properties with a profit above their book values.

The Group is taking necessary precautions to make sure employees are safe and secure which include encouraging working remotely. With its high liquidity, financial strength, financial flexibility and robust debt structure, Aroundtown believes to be in a strong position to withstand the rest of the pandemic. Aroundtown believes that the authorities are working their best to counteract the disease and its economic impact and it will follow the authorities' guidelines to act appropriately if needed.

Inflation and interest rates

The Coronavirus pandemic disruption of the global economy affecting significant supply and demand shocks, have further resulted in higher inflationary pressures in most of 2021 as well as into 2022. The inflationary pressure is further driven by monetary policies and economic stimulus which have been provided to mitigate the negative economic impact of the pandemic. Inflationary pressure has been particularly strong in material costs and energy prices in 2021 and there is uncertainty as to the development of prices in the coming periods. Higher levels of inflation particularly for materials and energy may have an impact on the Aroundtown Group's ability to acquire materials for Capex measures at a reasonable price and increase utility costs across its operations. Furthermore, higher levels of inflation across the economy may result in higher personnel expenses and expenses for external services, which could have a negative impact on the profitability. In addition, high levels of inflation are expected to lead to increases in interest rates, which could in turn adversely impact borrowing costs and put upward pressure on discount rates and cap rates, which may have a negative impact on the valuations of Aroundtown Group's assets and on the Company's share price performance.

Increases in material costs will have an impact on the cost of Capex projects for the Company. However, material costs generally form a relatively smaller component of total Capex and maintenance expenses and a large share of Capex projects are executed at the Company's discretion. These projects can usually be deferred if costs increase to such an extent that they become uneconomical. The Company is able to offset some of these expenses due to its economies of scale. In general, energy prices are not a material cost in the Group's operations and therefore the Company does not expect a material impact on the profits from increasing energy prices. The Company believes that, while increases in personnel expenses are likely to have an impact on its cost structure, efficiency gains and internal growth, as well as cost recovery from tenants, will be able to offset such higher expenses. Regarding potentially higher interest rates, the Company maintains a high ratio of hedged fixed interest, hence having limited exposure. Furthermore, due to balanced and long maturity schedule with limited near-term maturities and a strong liquidity position, the Company does not face material refinancing risk at higher rates in the near term.

Berlin elections and expropriation referendum

The 2021 Berlin State election and the Berlin expropriation referendum were held on September 26, 2021. The expropriation referendum called "Deutsche Wohnen & Co. enteignen" was held following an initiative which started in 2018, and for which enough valid signatures were received to put the referendum to the vote of the Berlin population. At the referendum voters were asked whether they supported the expropriation of all private real estate companies which own 3,000 or more units in the city of Berlin, a policy which would affect roughly a quarter million out of the 1.5 million apartments in Berlin. The costs estimation for the expropriation from the initiative's organizers was €7.3 billion to €13.7 billion whereas the Berlin Senate estimated costs between €30 billion to €37 billion. In addition, the Berlin Senate anticipates an annual shortfall of €100 million to €340 million of operating and financing expenses in excess of current rental income of the properties in question. The results of the referendum were 57.6% in favor, 39.8% opposed, however the results are not binding. The stance of the new mayor of Berlin (Ms. Giffey, SPD) during the campaign was in opposition to expropriation; Ms. Giffey repeated her negative view on the expropriation after the election outcome. Following the election and referendum, the new coalition, comprising of the SPD, Grüne and Die Linke, is setting up a commission of legal experts to assess whether it is possible under constitutional law to implement an expropriation as per the referendum's result.

Creating and maintaining a high standard of living, while maintaining affordability for its tenants, is a core part of the Group's business (under the operations of GCP). While the Company understands concerns among the wider population related to increasing housing costs, the Company strongly believes that expropriation of landlords based merely on portfolio size is not an appropriate response and does not create a solution for underlying issues, resulting in a net negative outcome for the parties involved. The Company does not believe that expropriation is a legally sound solution to the supply and demand imbalance in the Berlin housing market. The Company sees its opinion reflected by the opinions of most experts and by the stance of the Berlin coalition. In addition, the Company expects that, if legally permissible, expropriation would result in a financial burden to the City of Berlin which it can't carry. The Company therefore does not expect that expropriation is a realistic outcome.

Munich

26.4 Hedging activities and derivatives

26.4.1 Derivative financial instruments

	Note	As at December 31, 2021	2020
		in € millions	
Derivative financial assets			
Derivatives that are designated as hedging instruments in cash flow hedge	26.4.2.1	16.1	10.6
Derivatives that are designated as hedging instruments in fair value hedge	26.4.2.2	193.4	97.1
Derivatives that are designated as hedging instruments in net investment hedge	26.4.2.3	-	9.7
Derivatives that are not designated as hedge accounting relationships		62.9	20.5
		272.4	**137.9**
Derivative financial liabilities			
Derivatives that are designated as hedging instruments in cash flow hedge	26.4.2.1	31.8	94.1
Derivatives that are designated as hedging instruments in fair value hedge	26.4.2.2	36.8	18.3
Derivatives that are designated as hedging instruments in net investment hedge	26.4.2.3	101.1	-
Derivatives that are not designated as hedge accounting relationships		255.7	309.5
		425.4	**421.9**

26.4.2 Hedge accounting relationships

26.4.2.1 Cash flow hedges

As at December 31, 2021, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

Bond	Hedging instrument(*)	Notional currency	Company receives (in notional currency millions)	Company pays – in € millions
Series H	FX-Swap	United States Dollar	400.0	372.4
Series NOK	FX-Swap	Norwegian Krone	750.0	79.3
Series 27	FX-Swap	Hong Kong Dollar	430.0	48.3
Series 34	FX-Swap	Norwegian Krone	500.0	45.9

(*) all swaps are linked to bonds' maturity

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 impact of the hedging instruments on the consolidated statement of financial position is, as follows:

Risk Category	Carrying amount: Assets	Carrying amount: Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	in € millions			in € millions
As at December 31, 2021				
Foreign exchange rate and interest rate swaps	16.1	31.8	Derivative financial assets / liabilities	90.2
As at December 31, 2020				
Foreign exchange rate and interest rate swaps	10.6	94.1	Derivative financial assets / liabilities	(87.7)

The impact of the hedged items on the consolidated statement of financial position is, as follows:

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	in € millions		in € millions
As at December 31, 2021			
Straight bonds	510.6	Straight bonds	(90.2)
As at December 31, 2020			
Straight bonds	472.6	Straight bonds	(87.8)

The ineffectiveness recognized in the consolidated statement of profit or loss was immaterial (2020: €0.1 million).

26.4.2.2 Fair value hedges

As at December 31, 2021, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

Bond	Hedging instrument (*)	Notional currency	Company receives – in notional currency millions	Company pays – in € millions
Series L	FX-Swap	United States Dollar	150.0	125.2
Series M	FX-Swap	Swiss Franc	250.0	223.6
Series P	FX-Swap	Australian Dollar	250.0	157.6
Series R	FX-Swap	Canadian Dollar	250.0	164.3
Series X	FX-Swap	Swiss Franc	100.0	91.5
Series 28	FX-Swap	United States Dollar	600.0	530.9
Series 29	FX-Swap	Norwegian Krone	1,735.0	179.0
Series 30	FX-Swap	British Pound	400.0	468.6
Series 31	FX-Swap	Japanese Yen	7,000.0	61.3
GCP series I	FX-Swap	Hong Kong Dollar	900.0	92.6
GCP series K	FX-Swap	Swiss Franc	125.0	116.2
GCP series L	FX-Swap	Japanese Yen	7,500.0	75.5
GCP series P	FX-Swap	Hong Kong Dollar	290.0	32.8
GCP series Q	FX-Swap	Swiss Franc	130.0	119.4

(*) all swaps are linked to bonds' maturity

In addition, the Company has entered into several interest rate swap agreements. For further information regarding the effective coupon rate see note 22.2.

The swaps are being used to hedge the exposure to changes in fair value of the Company's straight bonds which arise from foreign exchange rate and interest rate risks.

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 may 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.

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

Risk Category	Carrying amount Assets	Carrying amount Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	in € millions			in € millions
As at December 31, 2021				
Foreign exchange rate and interest rate swaps	193.4	36.8	Derivative financial assets/ liabilities	54.6
As at December 31, 2020				
Foreign exchange rate and interest rate swaps	97.1	18.3	Derivative financial assets/ liabilities	(15.5)

The impact of the hedged items on the consolidated statement of financial position is, as follows:

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	in € millions		in € millions
As at December 31, 2021			
Straight bonds	2,667.4	Straight bonds	(52.2)
As at December 31, 2020			
Straight bonds	1,988.4	Straight bonds	15.6

The ineffectiveness recognized in the consolidated statement of profit or loss was a profit of €2.4 million (2020: €0.1 million).

26.4.2.3 Hedge of net investments in foreign operations

The Group uses foreign exchange forward contracts as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

The foreign exchange forward contracts are being used to hedge the Group's exposure to the GBP foreign exchange risk on these investments. Gains or losses on the retranslation of 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 the hedging instruments. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiaries becomes lower than the amount of the notional amount of the hedging instruments.

The impact of the derivative hedging instruments on the consolidated statement of financial position is, as follows:

Stuttgart

		Carrying amount			
Risk Category	**Notional amount outstanding**	**Assets**	**Liabilities**	**Line item in the consolidated financial statements**	**Net change in fair value used for measuring ineffectiveness for the year**
		in € millions			in € millions
As at December 31, 2021					
Foreign currency forward contracts	GBP 1,999.6	-	101.1	Derivative financial assets	(152.9)
As at December 31, 2020					
Foreign currency forward contracts	GBP 400.0	9.7	-	Derivative financial assets	19.6

Berlin

The impact of the hedged item on the consolidated statement of financial position is, as follows:

	Foreign currency translation reserve	**Change in fair value used for measuring ineffectiveness for the year**
	in € million	
As at December 31, 2021		
Net investment in foreign subsidiaries	218.3	152.9
As at December 31, 2020		
Net investment in foreign subsidiaries	(78.2)	(19.6)

The hedging gains and losses recognized in OCI before tax are equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss.

Non-derivatives hedging financial instruments

The Group has the following non-derivative hedging financial instruments used to hedge its exposure to foreign exchange risk on its investments in foreign operations (NIFO):

Bond	**Notional currency**	**Notional amount as at December 31,**	
		2021	2020
		in notional currency millions	
Series J	British Pound	500.0	500.0
Series Q	British Pound	81.1	400.0
Series X	Swiss Franc	-	60.0

The net change in the above non-derivative hedging financial instruments resulted in expense of €66.3 million (2020: income of €56.1 million) presented as an OCI impact on the NIFO. Consequently, together with designated derivative hedging instruments, the net result of the OCI item foreign currency – translation difference and NIFO amounted to a positive effect of €1.3 million (2020: loss of €2.5 million) and a post-tax profit effect of €21.5 million (2020: loss of €19.1 million).

26.4.2.4 Derivatives not designated as hedging instruments

The Group uses interest rate swaps, collars, caps and floors to manage its exposure to interest rate movements on its bank borrowings. These derivative financial instruments are linked to the bank loans maturity (see note 22.1).

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 an LTV to remain at a target below 45%. As at December 31, 2021 the LTV ratio was at 39%, 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.


Leipzig

27. LEASES

The Group has entered into long-term rent agreements as a lessor of its investment property. The future minimum rental income under non-cancelable operating leases is as follows:

	As at December 31,	
	2021	2020
	in € millions	
Less than a year	911.8	909.0
Between one to two years	861.2	881.6
Between two to three years	789.4	801.8
Between three to four years	672.4	698.5
Between four to five years	558.1	590.0
More than five years	3,976.9	5,299.5
	7,769.8	**9,180.4**

28. COMMITMENTS

As at December 31, 2021, the Group had commitments for future capital expenditures on the real estate properties and guarantees of approximately €0.3 billion. Furthermore, the Group had signed several deals to sell real estate in a volume of approximately €0.5 billion, which were not yet completed and are subject to several conditions precedent. The Company estimates the completion of the transactions to take place within the next twelve months.

29. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2021.

30. SIGNIFICANT SUBSEQUENT EVENTS

a) In January 2022, the Company announced the voting results of the OGM held on January 11, 2022 that resolved on increasing the maximum aggregate nominal amount of shares of the Company which may be acquired under the Company's share buy-back program from 30% to 50% of the aggregate nominal amount of the issued and fully paid share capital. Following that, in February 2022, the Company announced the Board of Director's resolution to increase the volume of the current ongoing share buy-back program commenced in March 2021, of which over 90% had been executed, by an additional €500 million, up to a maximum of additional 100 million shares, and to extend the duration of the program until December 31, 2022. After the reporting period and until the reporting date, more than 23 million of the Company's own shares were bought back.

b) After the reporting period, the Group repaid debt in a total amount of €745.3 million as follows:

- repayment of the outstanding €263.3 million nominal value of the GCP convertible bond F (an amount of €186.7 million was held by Group affiliates), where no conversion to shares of GCP occurred;
- early repayment of €225 million nominal value of the Company's series Y and series Z schuldscheins, by way of termination notices;
- early repayment of bank loan in a total amount of €166.0 million; and
- early repayment of the GBP 81.1 million (€91.0 million) nominal value of the Company's outstanding bond series Q, by way of further buybacks and a clean up call.

c) After the reporting period, the Group signed on contracts to acquire properties in amount of approximately €0.2 billion that are expected to be completed by the second quarter of 2022.

d) Concurrently, sales of investment property in value of approximately €0.2 billion, which were signed in 2021, were completed successfully. New deals to sell investment property in value of approximately €0.1 billion were signed.

e) Geopolitical situation around Russia – Ukraine conflict
On February 24, 2022, following several months of increasing escalation, the Russian Federation (Russia) announced the beginning of a "special military operation" in Ukraine. Following the announcement, Russia started moving military forces into Ukraine, initiating a full-scale invasion of Ukraine (the "Invasion" or the "Conflict"). The Invasion received widespread international condemnation and on March 2, 2022 the General Assembly of the United Nations, under an Emergency Special Sessions, adopted resolution A/RES/ES-11/1, among others, condemning the Invasion by Russia and demanding immediate ceasing of hostilities and withdrawal of military forces from the territory of Ukraine. As of the date of this report hostilities continue. In a reaction to Russian hostilities many nations and organizations, including Germany and the European Union (EU), have announced sanctions against Russia, Russian companies, and individuals in and from Russia. These sanctions, as well as increased uncertainty resulting from the conflict, have so far resulted in increased volatility in financial markets and increases in prices for a range of commodities, particularly in energy prices, among others. A large number of Ukrainian refugees are fleeing the country since the start of the conflict, seeking asylum in the EU. In response to this the EU invoked the Temporary Protection Directive (the "Directive"), granting expanded rights to Ukrainian citizens in the EU, granting such citizens residence permits in the EU for the duration of the Directive as well as, among others, access to employment, accommodation, social welfare or means of subsistence, access to medical treatment, access to education for minors, and more.

The Group is not directly impacted by the Conflict, as neither its portfolio nor its operations have direct exposure to Ukraine or Russia. However, the Group may be impacted by the indirect consequences of the Conflict. Firstly, the Group's tenants or business partners may have exposure to Ukraine or Russia and the Conflict may disrupt their cash flow streams which come from either of these countries. Continued loss of cash flow may deteriorate their ability to fulfil their obligations to the Group. Secondly, as a result of the Conflict inflationary pressures may increase, specifically heating and energy costs, which could have an impact on the operating costs of the Group. Such pressures may also have an impact on the ability of the Group's tenants to pay rent and/or for the Group to recover expenses related to recoverable expenses from tenants. Furthermore, higher levels of inflation may result in higher interest rates increasing its financing costs on one hand, while increased volatility in the capital markets may reduce the Group's ability to raise capital at attractive prices, further increasing its cost of capital and potentially limiting its growth opportunities. Due to its conservative financial policy, the Group has accumulated a high level of liquidity and long-term debt maturities with limited dependency on short-term financing, which is expected to mitigate the risk of deteriorating access to capital markets. In addition, the Group has sufficient headroom to meet its covenants which can, to a certain degree, absorb losses that may occur from indirect consequences.

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

While the conflict is currently limited to Ukraine on one side and Russia and several of its allies on the other, continued escalation, particularly in relation to levels of violence against civilians, threatening to use unconventional weapons and risk of accidents involving NATO military or civilian assets, may result in other countries joining the conflict. The Group currently assesses this as an unlikely scenario, but in the event that NATO, and as a result Germany, the Netherlands and the UK, are drawn into the conflict the impact on the Group may be significant, impacting the Group's operations and portfolio. However, at this point it is too early to understand the full impact of such a scenario, and the likelihood of its occurrence, and as a result the measures required to mitigate this risk.

31. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings under the Group are as follows:

				Holding rate as at December 31,	
Name	**Place of incorporation**	**Principal activities**	**Main place of principal activity**	**2021**	**2020**
Subsidiaries held directly and indirectly by the Company				in %	
ATF Netherlands B.V.	Netherlands	Financing	Netherlands	100	100
AT Securities B.V.	Netherlands	Financing	Netherlands	100	100
Aroundtown Real Estate Limited	Cyprus	Holdings	Germany, Netherlands, United Kingdom	100	100
Grand City Properties S.A. (*)	Luxembourg	Holdings and real estate	Germany, United Kingdom	48.80	41.12
Edolaxia Group Limited	Cyprus	Holdings	Cyprus	100	100
TLG Immobilien AG	Germany	Holdings and real estate	Germany	88.02	79.45
WCM Beteiligungs- und Grund-besitz- AG	Germany	Holdings and real estate	Germany	83.04	73.87
Primecity Investment PLC	Cyprus	Holdings and real estate	Germany	99.96	99.95
Aroundtown Holdings B.V.	Netherlands	Holdings and real estate	Germany, United Kingdom	100	100
Aroundtown Holdings S.à r.l.	Luxembourg	Holdings and real estate	United Kingdom	100	100
Associates and joint arrangements held indirectly by the Company					
Globalworth Real Estate Investment Limited	Guernsey	Real estate	Poland, Romania	30.31	22.02
Tevat Limited	Cyprus	Holdings	Cyprus	50	-
Capitals Property S.à r.l.	Luxembourg	Real estate	Germany	30	30

(*) until July 2021, GCP was accounted for at equity and presented as an associate held indirectly by the Company


Cologne

AROUNDTOWN SA