2015 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31,

AROUNDTOWN

PROPERTY HOLDINGS PLC

CONTENT

KEY FINANCIALS

	1-12 2015	change	1-12 2014
RENTAL AND OPERATING INCOME PRO-FORMA [1] (€ thousands)	**125,162**	388%	25,659
ADJUSTED EBITDA (€ thousands)	**153,289**	157%	59,665
EBITDA (€ thousands)	**1,041,372**	3%	1,012,395
NET PROFIT (€ thousands)	**920,754**	2%	898,454
EPS (BASIC) (€)	**1.26**	(12%)	1.43
FFO I (€ thousands)	**94,450**	144%	38,752
FFO I PER SHARE (€ cent)	**17.3**	122%	7.8

	Dec 2015	Dec 2014	Dec 2013
TOTAL GROUP ASSETS (including GCP's assets at 100%, in € thousands)	**7,945,902**	3,442,192	1,882,850
EPRA NAV (€ thousands)	**3,042,864**	1,273,270	441,049

	Dec 2015 [2]	Dec 2015	Dec 2014	Dec 2013
TOTAL EQUITY (€ thousands)	**2,965,942**	2,425,512	1,221,661	871,664
LOAN-TO-VALUE	**19.9%**	34.5%	19.1%	35.4%
EQUITY RATIO	**66.8%**	54.6%	71.0%	46.3%

1) Assuming deconsolidation of GCP S.A. in 01.01.2014

2) Assuming conversion of the convertible bonds which are in the money


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THE COMPANY

The Board of Directors of Aroundtown Property Holdings PLC and its investees (the "Company", "AT" or the "Group") hereby submits the annual report as of December 31, 2015. The figures presented are based on the consolidated financial statements as of December 31, 2015, unless stated otherwise.

AT is a specialist real estate investment group, with a focus on value-add income generating properties primarily in the German real estate markets. The Group covers commercial and residential real estate assets which benefit from strong fundamentals and growth prospects. Whereas the commercial properties are held directly by AT and its subsidiaries the residential investments are carried out through Grand City Properties S.A. ("GCP") and as of 2016 held to 32% by AT. The Group's unique business model and experienced management team led the Company to grow continuously for more than a decade.

The in-place rent of AT's total portfolio, including the portion of the residential portfolio, is 6.5 €/sqm and the vacancy rate on rentable space is at 10%. The portfolio is positioned on one hand to benefit from high and strong cash flows, and capture upside potential in terms of rent and occupancy on the other.

Operating with a fully integrated real estate value chain Aroundtown targets turnaround opportunities of mismanaged properties. In this real estate market AT picks cash generating properties with upside potential in rent and/or occupancy increase and consequential value. Through an intensive property turnaround, including operational and repositioning activities, AT further improves the portfolio results, creating secure and strong cash flow generating characteristics and great internalized growth potential.

AT's properties generate strong operational results, best illustrated through run rates, annualizing the monthly results and excluding any operational improvements or further growth. The Adjusted EBITDA run rate for March 2016 is €224 million and the Funds from Operations I (FFO I) run rate is €141 million.


PLANETHOME GROUP
PLANETHOME GROUP
PLANETHOME GROUP

FINANCIAL POSITION HIGHLIGHTS

€ thousands As of	Dec 2015	Dec 2014
CASH AND LIQUID ASSETS	**386,983**	175,750
TOTAL ASSETS	**4,440,147**	1,721,569
TOTAL GROUP ASSETS (including GCP's assets at 100%)	**7,945,902**	3,442,192
TOTAL EQUITY	**2,425,512**	1,221,661
TOTAL EQUITY ASSUMING CONVERSION 1)	**2,965,942**	1,318,389
TOTAL LOANS AND BORROWINGS	**645,339**	188,209
STRAIGHT BONDS	**187,923**	150,522
CONVERTIBLE BONDS	**817,721**	96,728

1) Assuming conversion of the convertible bonds which are in the money


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ACHIEVEMENTS

DEC 2014

Private placement of **Series A straight bonds** at the amount of €161 million. The series was tapped to a total aggregate amount of €200 million in January 2015

APR 2015

Successful **pre-IPO convertible bonds (Series B)** issuance of €450 million in April 2015 led by Deutsche Bank, Berenberg and Morgan Stanley

13 JUL 2015

Successful **capital increase** of €320 million in July 2015 led by Berenberg and Société Générale. The new shares start to trade on Euronext Stock Exchange on 13.7.15, Symbol: ALATP

JUL 2015

Dividend policy resolved of 30% of FFO I starting in 2016

NOV 2015

Dual listing on Frankfurt Stock Exchange **(Xetra)**, Symbol: AT1

DEC 2015

AT received an **investment grade credit rating of BBB-** from S&P

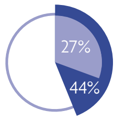
DEC 2015

Successful issuance of **convertible bonds (Series C)** of €300 million led by Deutsche Bank, Berenberg and Société Générale

DEC 2015

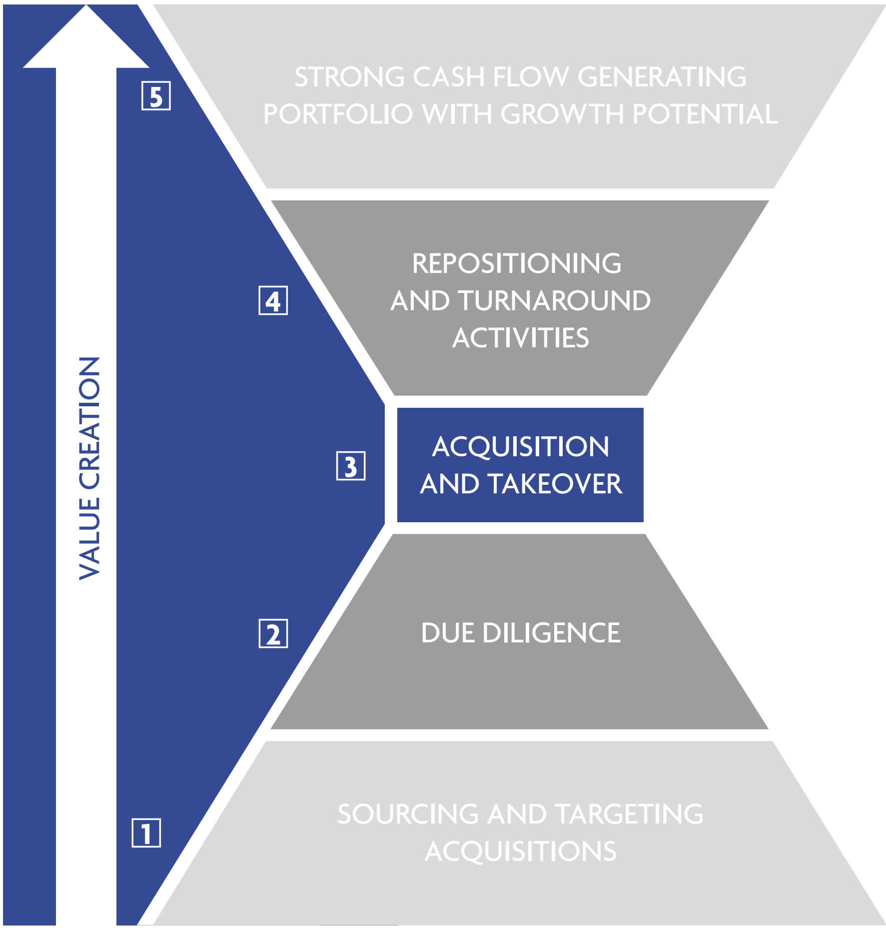
Successful portfolio growth **to €8 billion** Group assets

Current free float at 27%
(Fully diluted free float at 44%)



STRATEGY

AT'S VALUE CREATION STARTS PRIOR TO ACQUISITION



1 SOURCING AND TARGETING ACQUISITIONS

AT's property sourcing success stems from its unique network as well as reputation as a reliable real estate acquirer. The Group focuses on value-add properties characterized mainly by under market rent levels and/or high vacancy rates. Through its over 12 years of experience in the market 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 network, 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 its newly acquired properties fit to AT's business model:

- Upside potential through operational improvements
- Cash flow generating assets
- Vacancy reduction potential
- Rent level per sqm below market level (under-rented properties)
- Acquisition in densely populated areas and commercially attractive cities
- Purchase price below replacement costs and below market values
- Potential to reduce the cost per sqm significantly through operational improvements

Through the broad coverage and knowledge of its management, AT considers the potential usage for the individual property. This includes altering its primary usage which opens up opportunities for properties that experience demand shortages in their current market. Given the complexity and necessity for cross-segment experience in the successful completion of reclassification projects, AT's unique profile is a strong and sustainable competitive advantage.

2 DUE DILIGENCE

AT's successful due diligence processes are based on the vast experience of all departments involved. After a potential property passes the initial indicative screening, each property is assessed taking into account the individuality of each project while ensuring the acquisition is in line with the Company's business strategy. The experience of the Group in analyzing mismanaged portfolios, identifying both the potential risks and the potential upside 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. These are subsequently priced in the valuation process to provide a fair assessment.

For each property a detailed business plan is created in the due diligence phase, including an assessment of the portfolio fit and identification of feasible tenants. Starting to look for tenants prior to acquisition decreases risk on one hand, while on the other accelerates the takeover process.

3 ACQUISITION AND TAKEOVER

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

STRATEGY

4 REPOSITIONING AND TURNAROUND ACTIVITIES

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

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 property at hand. Procedures applied to AT's commercial properties focus on establishing a network of internal and external, local and nationwide, letting brokers, offering promotional features and building a reputation in the market for high service standards. Initiatives in the residential properties target relationship building with potential tenants and the local community by collaborating with local governments, supporting community building projects and advertising on key real estate platforms. For the hotel assets, optimal operators are selected for the asset and a fixed long-term lease contract entered into once the hotel is stabilized.

Rent increase and tenant restructuring, assessed in the due diligence process, are executed according to the business plan. Further, the operational improvements AT initiates improve the living quality or business environment for existing and future tenants. Thereby, the demand for these repositioned assets rises.

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

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

SMART CAPEX INVESTMENTS, WHEN REQUIRED

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

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

RELATIONSHIP MANAGEMENT

AT puts great emphasis on establishing strong relationships with its tenants to reduce churn rates, to predict as well as strengthen the tenant structure and thereby positively affect its cash flows in the future. The Company aims at offering a high quality service, for potential as well as existing tenants. The Group pays strong attention to the industry in which its commercial tenants operate and to their individual success factors. The Group offers direct support in form of additions to the rental property such as parking facilities, space extensions to facilitate growth and smart space redesign to match modern office layouts. For its strong residential tenant base GCP provides a wide range of services including a 24/7 Service Center and invests into community building projects such as playgrounds and community centers.

Further, the Group aims to establish personal relationships between its sales representatives and tenants, providing them with personal contact points, reacting promptly to problems and proactively prolonging existing contracts that expire soon to optimize and secure long-term revenues.

5 STRONG CASH FLOW GENERATING PORTFOLIO WITH GROWTH POTENTIAL

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

STRATEGY

TRADING DATA AND ANALYST COVERAGE

Placement	Frankfurt Stock Exchange and Euronext Paris
Initial placement of capital	13.7.2015
Number of shares (as of 31 December 2015)	600,141,641
Total number of shares incl. dilution effect of Series B*	730,829,241
Number of shares on a fully diluted basis	782,619,233
Free Float (as of the date of this report)	27%
Free float including conversion	44%
WKN/Symbol	AT1 (Xetra, FSE), ALATP (Euronext Paris)
Market Cap (as of 31 December 2015)	€2.5 bn

*Convertible bond Series B is in the money

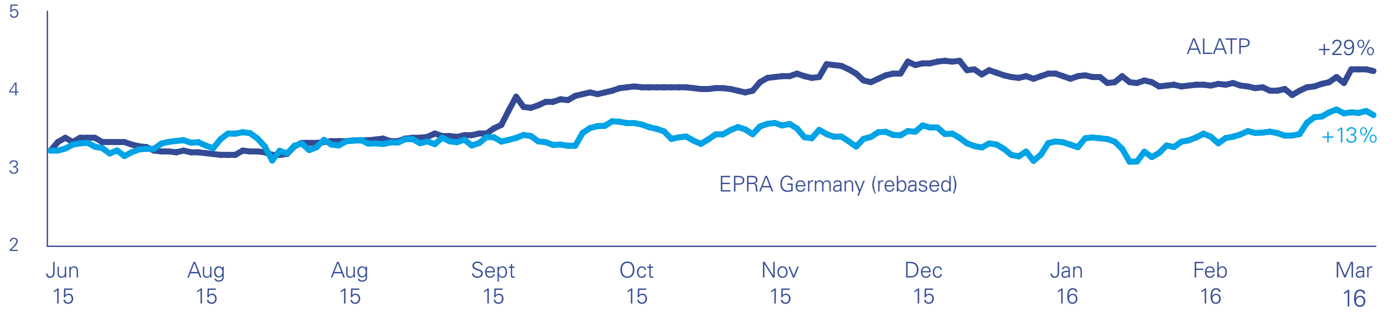
INVESTOR RELATIONS ACTIVITIES

The Group is pro-actively approaching a large investor audience in order to present its business strategy, provide insight into its developments and create awareness of its overall activities in order to enhance its perception in the market.

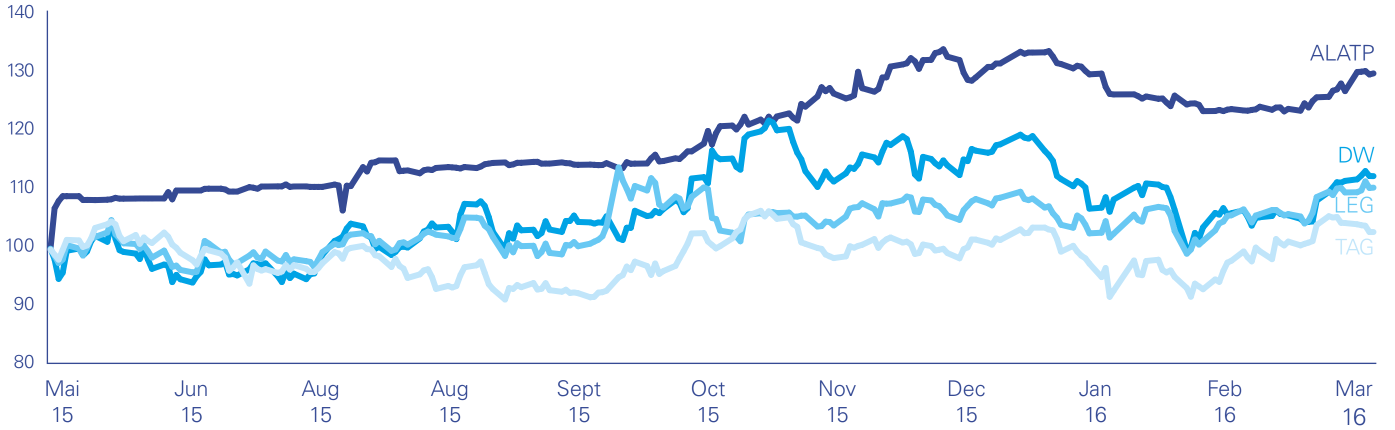
AT participates in a manifold amount of various national and international conferences, roadshows and one-on-one presentations in order to present a platform for open dialogue. Explaining our unique business strategy in detail and presenting the daily operations allows investors to gain a full overview about the Group's successful business approach. Additionally to publishing comprehensive financial statements on a quarterly basis, the Group publishes monthly updates on, among others, developments of the portfolio, operations and financial activities. The most recent information is provided on its website www.aroundtownholdings.com and open channels for communication are always provided.

Currently, AT is covered by four different research analysts on an ongoing basis, which reports are updated and published regularly.

SHARE PRICE PERFORMANCE COMPARISON



CONVERTIBLE BOND PRICE PERFORMANCE COMPARISON (REBASED)



Several equity research analysts follow the Company's growth on a continuous basis.

Berenberg	Recommendation	Buy
	Target Price	€5.10
	Last updated	14.03.2016
Kepler Cheuvreux	Recommendation	Buy
	Target Price	€5.00
	Initial Coverage	21.03.2016
ODDO	Recommendation	Buy
	Target Price	€4.75
	Last updated	30.11.2015
First Berlin	Recommendation	Buy
	Target Price	€6.20
	Last updated	10.12.2015

KEY STRENGTHS

EXPERIENCED MANAGEMENT

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

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

AT's management possesses the knowledge that makes up its main competitive advantage, the ability to extract the potential from mismanaged assets. This includes the ability to execute the business plan successfully, which includes among others, the competence to assess the limiting factors that led to vacancy and execute reduction activities rapidly, putting in-place cost effective measures, setting rent increase processes in place, understanding tenant structures and optimizing rental contracts in terms of lease maturity and income security, cross-sector experience to enable the extraction of the full value of the property and operations experience to monitor and reduce costs.

DEAL SOURCING AND ABILITY TO CREATE ACCRETIVE GROWTH

The Group's acquisition track record of over 12 years has led the Group to become a market leader and have a preferred acquirer status, primarily due to its professional approach, fast and high execution rates and reliability.

Given the wide coverage and knowledge, AT is able to assess repositioning options, including optimizing the object's primary use. This improves efficiency and extracts value.

The Group has a proven track record of acquiring properties which exhibit potential value gains and successfully turning these around. This ability is mirrored by a continuous pipeline and acquisition of attractive properties and the successful transition of the existing properties to stabilized assets.

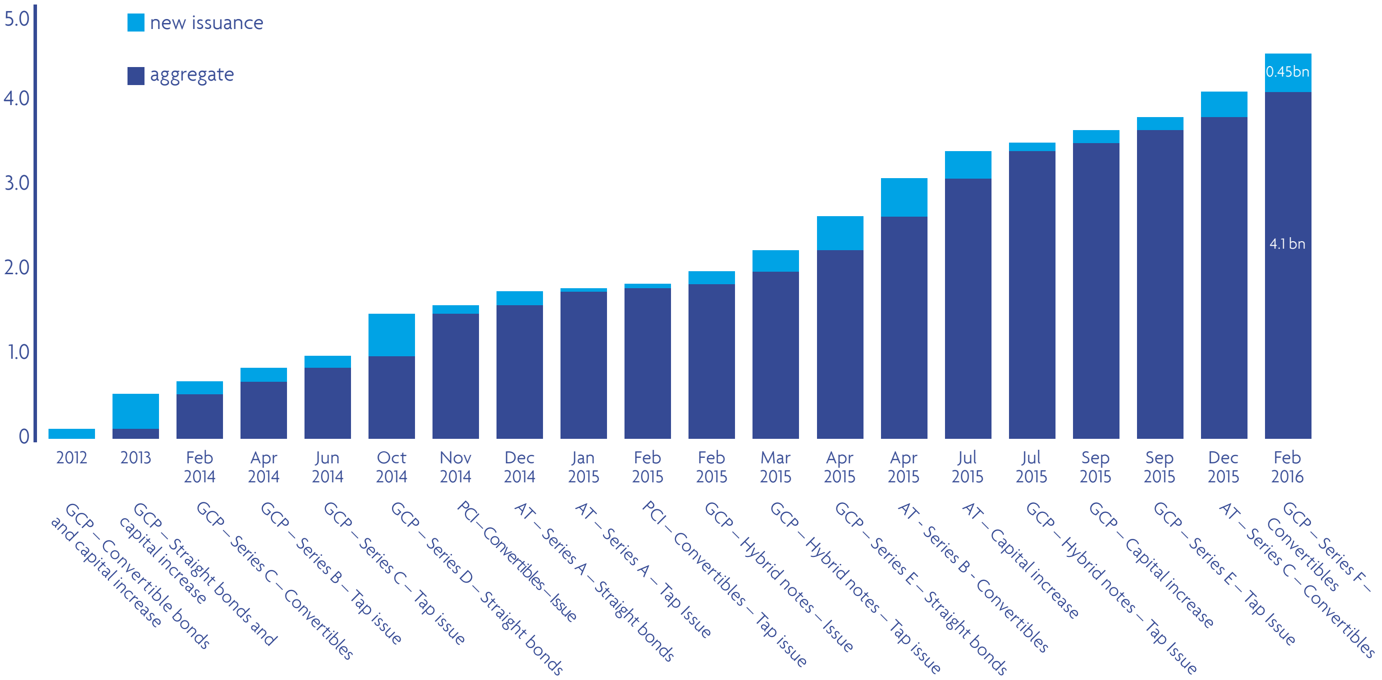
PROPRIETARY IT/SOFTWARE PLATFORM

AT emphasizes the internalization of relevant skills to support innovation and improve processes. Its operations and growth are supported by a scalable proprietary IT/software system that connects all departments and all property units, enabling efficient monitoring and implementation of turnaround measures. The platform constantly monitors vacancy and rents across AT's portfolio, ensuring yields are optimized and strict cost discipline is implemented. The Group's in-house software team continuously interacts with the operational teams and delivers fast and efficient solutions to the Company's operational needs. After a software solution is implemented, constant improvements and updates take place to adapt to any additional operational necessities arising.

ROBUST FINANCIAL FLEXIBILITY

AT's operations are based upon solid financing and its management can draw from many years of experience in raising capital. The Group works with leading national as well as international investment banks both as a direct source of bank loan funding and as bookrunners. Proven access to capital markets through numerous issuances of equity, bonds, convertible bonds and hybrid notes provide experience and contacts to tap capital markets in the future. In 2015 and starting 2016 alone, the Group raised €2.8 billion capital through issuances of equity, bonds, convertible bonds and hybrid notes. Furthermore, the Group has a strong network with over 20 commercial banks and has vast experience in obtaining bank debt with preferred conditions.

FRUITFUL CAPITAL MARKET ACTIVITIES. GROUP RAISED OVER €4 BILLION



PROVEN ABILITY TO ACCESS CAPITAL MARKETS

FEB 2016	GCP issued Series F, 6 year convertible bonds € 450m and a coupon of 0.25% p.a. (issued at 100%) with J.P. Morgan, Berenberg and UBS acting as joint bookrunners
JAN 2016	Completion of the conversion of GCP's Series C convertible bonds (€ 275m)
DEC 2015	AT issued Series C, € 300m convertible bonds bearing a coupon of 1.5% with a duration of 5.1 years (issued at 97.05%)
SEP 2015	GCP tap issuance of € 150m of 10 year straight bonds to an aggregate nominal amount of € 550m. J.P. Morgan acted as sole bookrunner
SEP 2015	GCP increased capital by € 151m with Berenberg acting as sole bookrunner
JUL 2015	GCP tap issuance of perpetual hybrid notes of additional € 100m. Morgan Stanley served as bookrunner
JUL 2015	AT increased capital by € 320m. Berenberg and Société Générale acted as joint bookrunners
APR 2015	AT issuance of Series B, 5 year convertible bonds of € 450m with a coupon of 3.0% p.a. (issued at 95.68%). Deutsche Bank, Berenberg and Morgan Stanley acted as joint bookrunners
APR 2015	GCP issuance of 10 year straight bonds of € 400m with a coupon of 1.5% p.a. (issued at 96.76%). Deutsche Bank, J.P.Morgan and Morgan Stanley acted as joint bookrunners
MAR 2015	GCP tap issuance of the perpetual hybrid notes for additional € 250m (issued at 97.04%); Morgan Stanley and J.P.Morgan served as bookrunners
FEB 2015	GCP issuance of perpetual hybrid notes of € 150 million with a coupon of 3.75% (issued at 96.3%). Morgan Stanley served as bookrunner

FEB 2015	PCI tap issuance of € 50 million on existing convertible bonds
JAN 2015	AT tap issuance of € 39m of Series A bonds to a total aggregate amount of € 200m
DEC 2014	AT issuance of Series A straight bonds of € 161 million (nominal value) with a coupon of 3% p.a.
NOV 2014	PCI issuance of convertible bonds at principal amount of € 100 million
OCT 2014	GCP redemption of straight bonds with nominal amount of € 350m. Issuance of 7 year straight bond of € 500m with a coupon of 2% p.a. (issued at 95.6%). Morgan Stanley, J.P. Morgan and Deutsche Bank acted as joint bookrunners
JUN 2014	GCP tap issuance of convertible bonds with gross proceeds of € 140m at 111.25% reflecting an effective yield of 0.5%. J.P. Morgan and Berenberg acted as bookrunners
APR 2014	GCP tap issuance of existing straight bonds with gross proceeds of € 160m at 107.25% with a yield-to-call of 3.85% and Morgan Stanley as bookrunner
FEB 2014	GCP issued 5 year convertible bonds of € 150m and a coupon of 1.50% p.a. with J.P. Morgan, Berenberg and Deutsche Bank as joint bookrunners
DEC 2013	Capital increase of GCP of € 175m with Berenberg and J.P. Morgan as joint bookrunners
OCT 2013	Full conversion of GCP's Series A convertible bonds into equity
JUL 2013	GCP issued 7 year straight bonds of € 200m with a coupon of 6.25% p.a.
FEB 2013	GCP increased capital by € 36m
OCT 2012	Issuance of 5 year convertible bonds of € 100m and a coupon of 8% p.a. by GCP, with Credit Suisse as bookrunner
JUL 2012	GCP increased capital by € 15m

KEY STRENGTHS

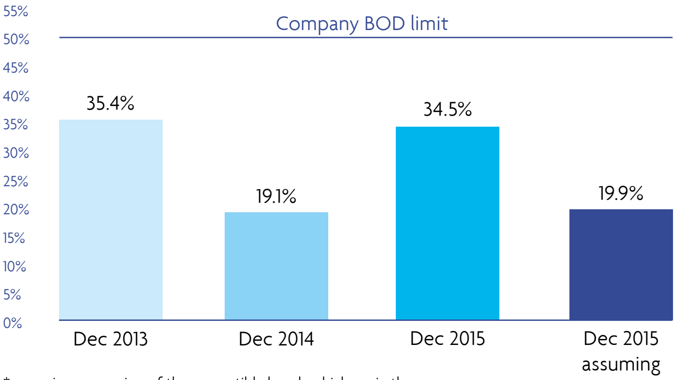
CREDIT RATING ACHIEVEMENT

CONSERVATIVE FINANCING STRUCTURE

AT's conservative capital structure approach is reflected in an LTV of 34.5% as of December 31, 2015 and 19.9% assuming conversion. The management views the debt ratios as a key source of competitive advantage and puts policies in place to keep financing costs low and the portion 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 emerges from AT's diversified financing sources with long maturities.

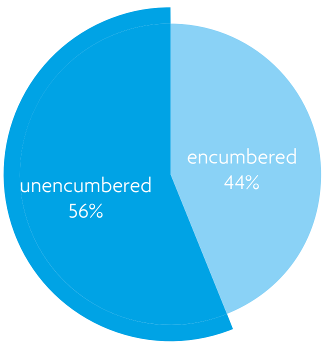
As a result, in December 2015, Aroundtown was assigned for the first time with the investment grade credit rating of 'BBB-' from Standard & Poor's Ratings Services. Besides Aroundtown's strong cover ratios and low leverage which result in a financial risk profile assessment of "intermediate", the business risk profile is supported by a portfolio of good scale and diversification across multiple property types with long lease structures and no tenant dependency.

LOAN-TO-VALUE

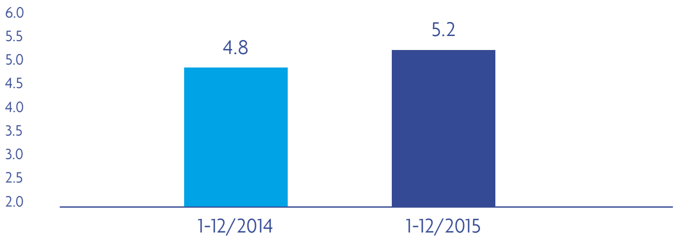


* assuming conversion of the convertible bonds which are in the money

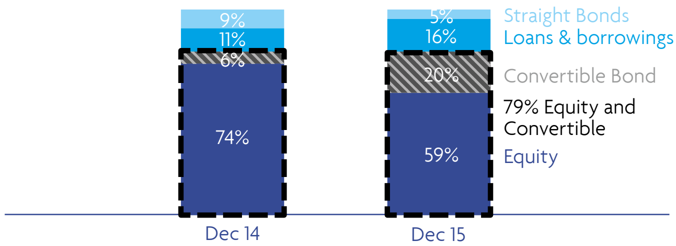
UNENCUMBERED ASSETS AS OF MARCH 2016 (BASED ON RENT)



STRONG INTEREST COVER RATIOS



FINANCING SOURCES MIX



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

- Maintaining an LTV below 50%
- Maintaining conservative financial ratios
- Unencumbered assets above 50%
- Long debt maturity profile
- Convert the convertible bonds into equity
- Dividend of 30% of FFO I
- **Thrive to achieve A- global rating in the long-term**

In addition to its conservative capital structure and vast experience in accessing capital markets that enable AT to finance its future growth, the Company holds a high amount of liquid assets and thereby the ability to make additions to its portfolio on an opportunistic basis. As of December 2015 AT holds €387 million in cash and liquid assets.

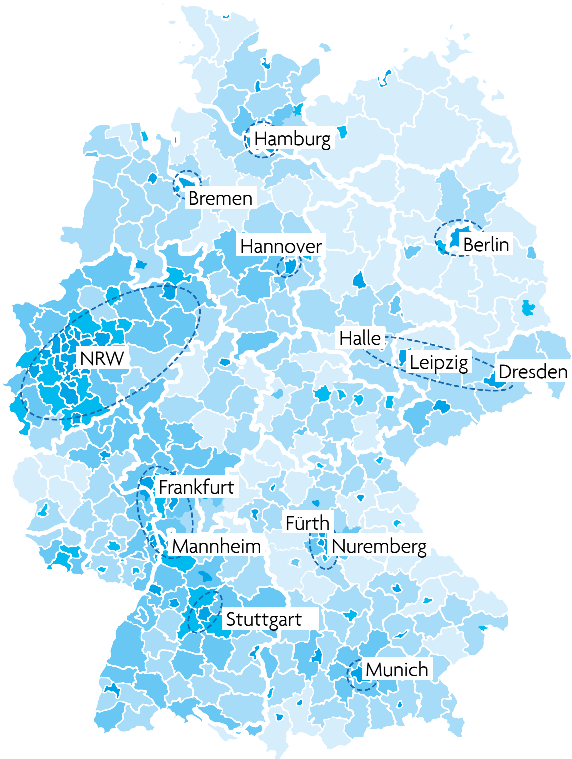
AROUNDTOWN
PROPERTY HOLDINGS PLC

COMMERCIAL
PORTFOLIO

RESIDENTIAL
PORTFOLIO
32% IN GCP

AROUNDTOWN'S PORTFOLIO

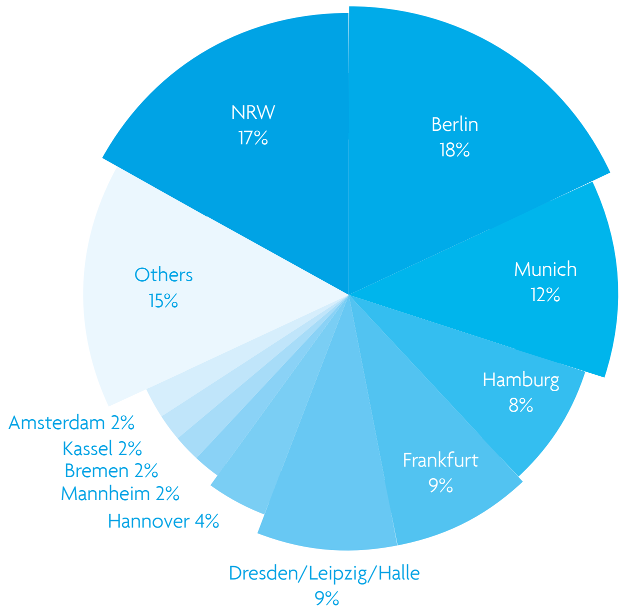
POPULATION DENSITY IN GERMANY



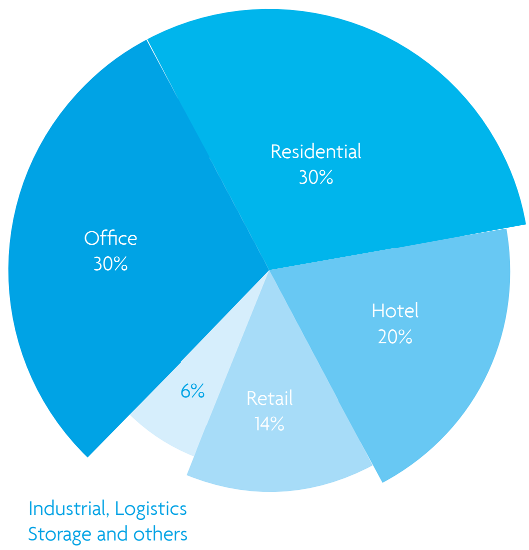
INHABITANTS PER SQKM (2013)

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

REGIONAL DISTRIBUTION (BY VALUE) *



ASSET TYPE (BY VALUE)*



*residential portfolio is accounted for at the holding rate of 32%

COMMERCIAL INVESTMENT PORTFOLIO

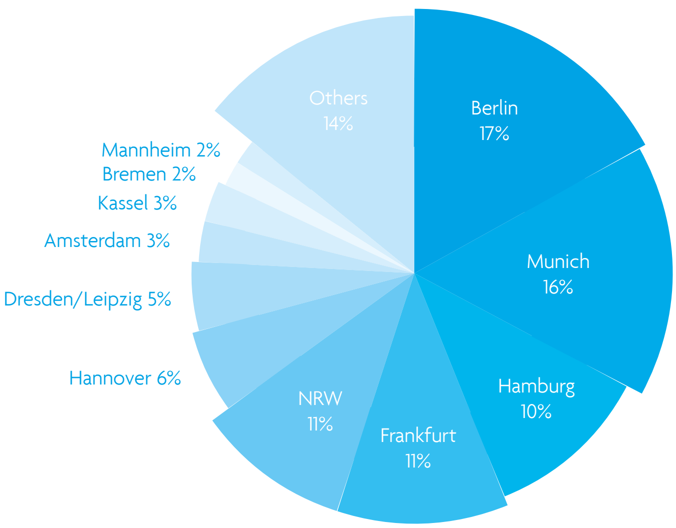
AT holds a diverse portfolio of commercial assets of various asset types which focus on various urban centers with strong demographics and favourable economic fundamentals. The commercial portfolio is diversified over several different asset types of diverse multi-tenant offices, retail, hotel and other properties covering 2.3 million sqm.

As of March 2016, the Group's commercial portfolio with a value of over €3 billion assets generate a rental income run rate (March 2016 annualized) of €213 million and operate at an in-place rent of 7.5 €/sqm and at a vacancy rate on rentable space of 9%. The portfolio exhibits strong growth potentials through rent and occupancy increase as well as cost efficiency improvements resulting in the bottom line FFO run rate (March 2016 annualized) of €109 million.

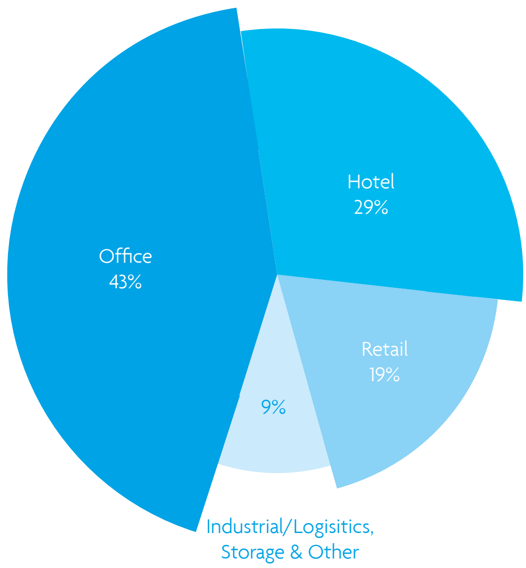
Aroundtown's commercial portfolio is located in key locations which benefit from strong demographic and economical fundamentals, such as Berlin, Munich, Hamburg, Frankfurt, Dresden, Düsseldorf, Mannheim and Leipzig. Due to the high diversity AT's portfolio has a limited dependency on single tenants with a tenant base of over 1,400 tenants spread across a wide range of sustainable market sectors which further reduces cluster risk while a WALT of 9 years offers long-term cash flow security. The management believes that its business platform benefits from its skilled personnel, its experience and track record and reliable practices that enable the Company to perform strongly and to further expand in the commercial property market. The Company also believes that the business environment will provide abundant acquisition opportunities in the attractive markets it targets, to support its external growth strategy in the medium to long term. A strong deal pipeline and favourable market conditions provide further upside potential for the future.

The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. The management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. An integral component of the business plan is a long-term fixed rental lease, which increases the cash flow visibility and decreases the dependency on the operational business. AT keeps close relations with the operators and monitors their performance on an ongoing basis, making use of its tailor made IT system. In return, AT benefits from fixed annual rent increases, which contributes directly to the bottom line. As of March 2016 the Group holds hotel assets across 0.5 millions sqm in 55 hotels with 8,700 rooms.

REGIONAL DISTRIBUTION (BY VALUE)



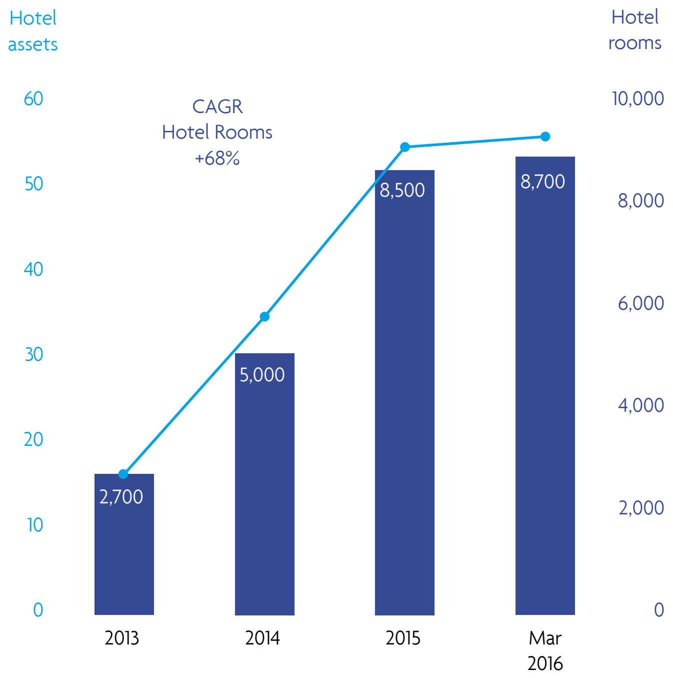
ASSET TYPE (BY VALUE)





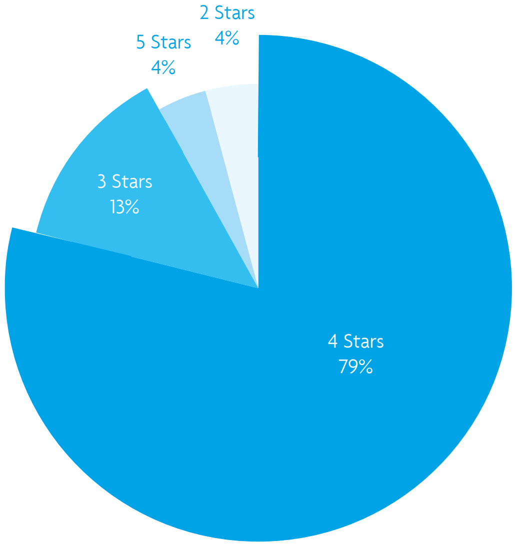
COMMERCIAL INVESTMENT PORTFOLIO (CONTINUED)

HOTEL ASSETS & ROOMS



HOTEL PORTFOLIO COMPOSITION BY STAR CATEGORY (BY VALUE)

Responding to the highest market demand of star category, the majority of hotels consists of 4 star hotels.

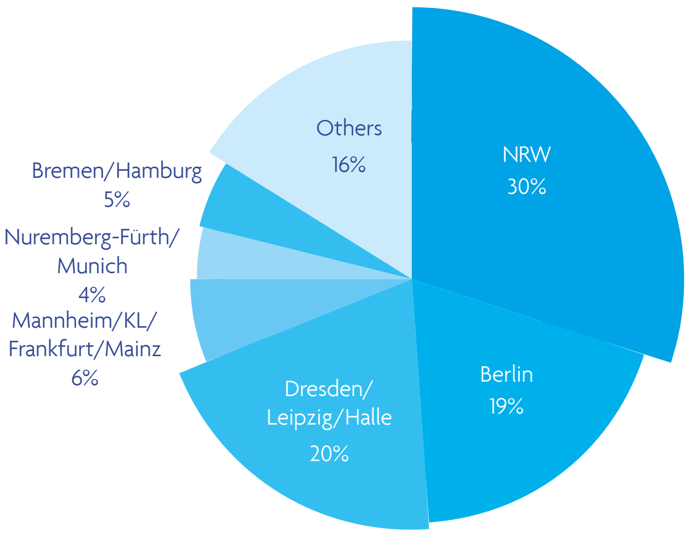


AROUNDTOWN CHOOSES FRANCHISORS WITH STRONG BRANDS, A COMPETITIVE BOOKING PLATFORM AND A LARGE SCALE OF CATEGORIES WHICH PROVIDES HIGH FLEXIBILITY FOR THE BRANDING OF ITS ASSETS

RESIDENTIAL INVESTMENT PORTFOLIO (GCP)

The residential portfolio is held through 32% interest in Grand City Properties ("GCP"), a leading market player in the German residential market. AT is the largest shareholder in GCP. The remaining 68% are widely distributed and held by many international leading institutional investors. There is no major single shareholder except for AT. As of March 2016, GCP holds 78,000 units in its portfolio and manages additional 16,000 units for third parties. Its holdings are spread across densely populated areas, with a focus on North Rhine-Westphalia, Berlin and the metropolitan regions of Leipzig, Halle and Dresden. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting community building initiatives Grand City Properties established an industry leading service level and lasting relationships with its tenants.

REGIONAL DISTRIBUTION (BY VALUE)

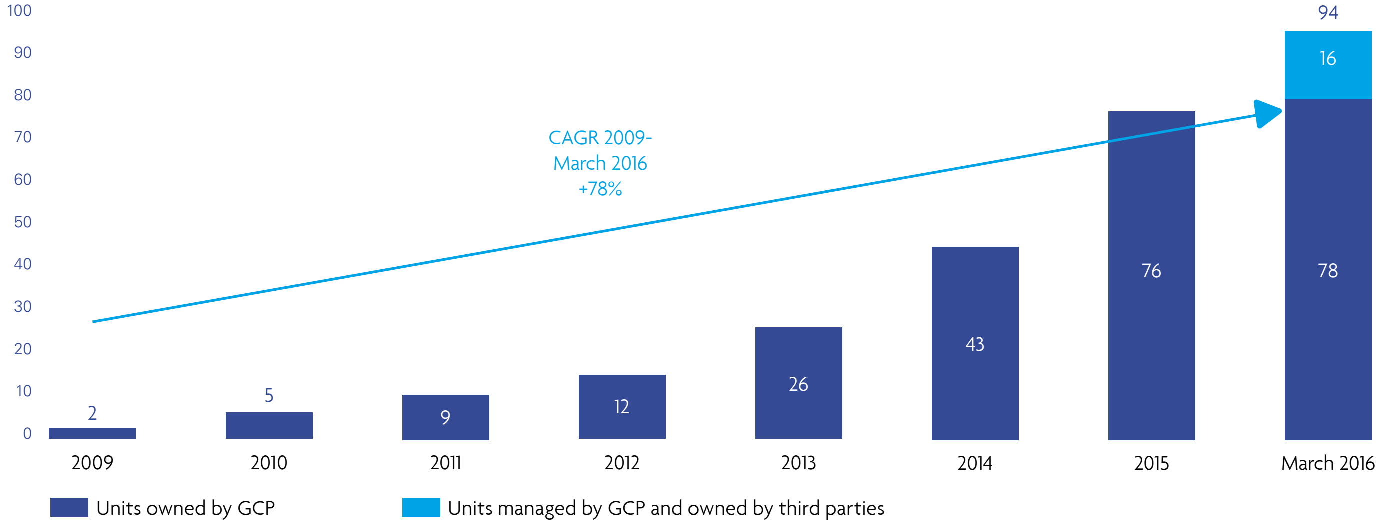


As of March 2016, Grand City Properties' portfolio generates an FFO I run rate (March 2016 annualized) of €151 million and rental income at a run rate (March 2016) of €412 million. The current portfolio has an in-place rent of 5.3 €/sqm at a vacancy rate on rentable space of 10.8%. Following its significant growth, the Company believes that GCP's current portfolio inhibits strong upside potential with 90% of its in-place rents below market levels and in excess of 30% potential on the current rental income run rate including vacancy reduction.

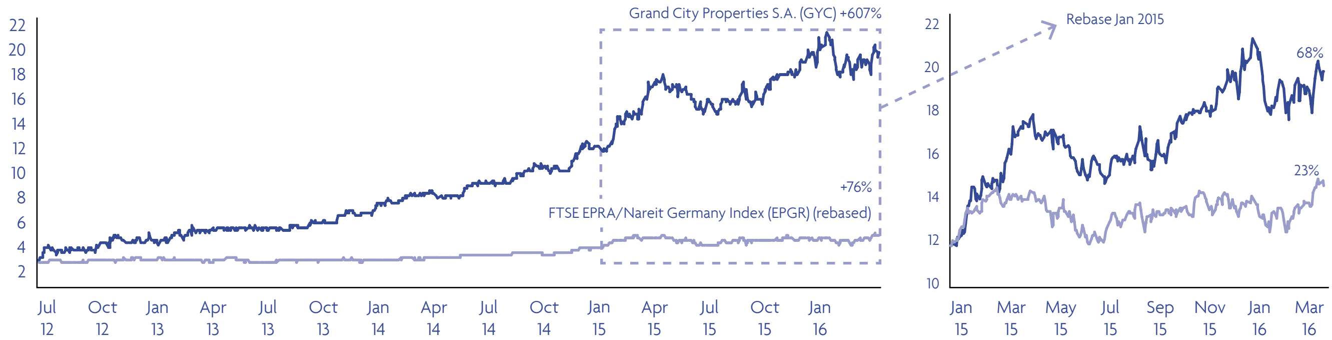
GCP's success is mirrored in the strong performance in the debt and capital markets. Since the beginning of 2015, GCP raised an aggregate amount of €1.65 billion, issuing in 2015 €550 million in straight bonds of Series E, €500 million in perpetual hybrid notes and €150 million in equity and in February 2016 the Series F convertible bond with a volume of €450 million. GCP's average cost of debt is 1.6%.

GCP holds investment grade credit ratings from Moody's Investors Service at Baa2 and BBB from Standard & Poor's Rating Services and follows the strategy to achieve a rating of A- in the long-term. GCP is listed on the Frankfurt stock exchange since 2012 and as of March 2016 has a market cap of €3 billion. GCP outperformed the market continuously since its IPO, in share, convertible bond, straight bond and hybrid notes performances. GCP is included in major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed and Developed Europe and in the GPR 250 index. GCP has a dividend policy to distribute 30% of FFO I.

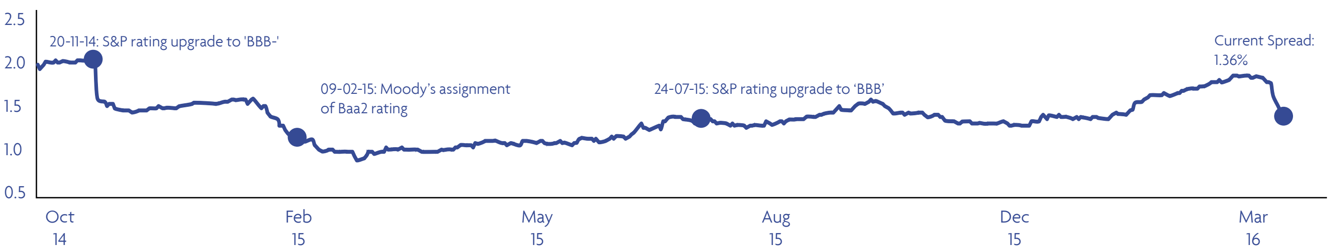
PORTFOLIO DEVELOPMENT IN UNITS ('000)



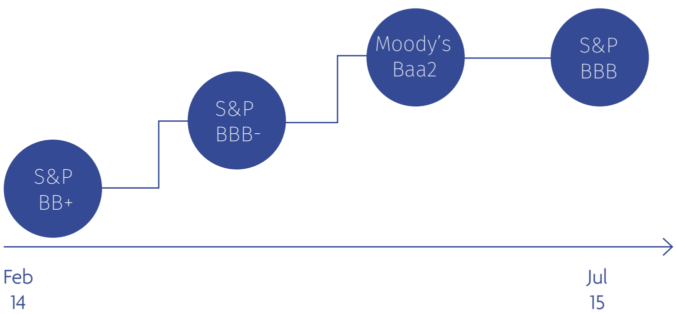
SHARE PRICE PERFORMANCE COMPARISON



SERIES D – SPREAD OVER MID-€-SWAP



RATING ACHIEVEMENTS



CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

On 4th of February 2016 the Annual General Meeting and Extraordinary General Meeting have been convened, in which all of the items on the agenda of both meetings were carried by a great majority. The main items included reappointing the Board of Directors, authorization to issue up to five million shares for an incentive plan for the Board of Directors and senior management and reappointing KPMG as the auditors of the Company.

CORPORATE GOVERNANCE

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

The Group strives to put a strong emphasis on high standards of corporate governance and internal procedures. This is particularly the case with the implementation of the Advisory Board, the Risk Committee and the Audit Committee. Furthermore, the Group ensures that its senior management are comprised of senior executives with vast experience and skills in the areas relevant to the business of the group. The Group adopted quarterly reporting standards and updates its corporate presentation and most updated Run Rate figures on a continuous basis.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Board of Directors and the management make decisions solely on the Group's interest 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 interest. All powers not expressly reserved by the Cyprus Companies Law or by the articles of incorporation to the general meeting of the shareholders fall within the competence of the Board of Directors.

Regularly, the Board of Directors and its senior management evaluate the effective fulfilment of their remit and compliance with corporate governance procedures implemented by the Group. This evaluation is also performed on and by the Audit and Risk Committees. Aroundtown Property Holdings PLC, the Board of Directors currently consists of a total of three members and resolves on matters on the basis of a simple majority, in accordance with the articles of incorporation.

MEMBERS OF THE BOARD OF DIRECTORS

Name	Position
Mr. Reshef Ish-Gur	Director
Ms. Elena Koushos	Director
Ms. Jelena Afxentiou	Director

SENIOR MANAGEMENT

Name	Position
Mr. Shmuel Mayo	CEO
Mr. Eyal Ben David	CFO
Mr. Oschrie Massatschi	COO

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 Cyprus Companies Law or the articles of incorporation of the Company, but applies rules adopted by the Board of Directors from time to time. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions, acquisitions, capital markets activities, corporate rating and in fostering contact with the business community, governmental authorities, financial institutions, analysts, and investors.

MEMBERS OF THE ADVISORY BOARD

Name	Position
Mr. Yakir Gabay	Chairman of the Advisory Board
Mr. Andrew Wallis	Vice chairman of the Advisory Board
Dr. Axel Froese	Member

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. The Audit Committee provides guidance to the Board of Directors on the auditing of the annual financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor. The members of the Audit Committee are Ms. Jelena Afxentiou, Mr. Christian Hupfer as well as Mr. Oschrie Massatschi.

RISK COMMITTEE

The Board of Directors established a Risk Committee for assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommend a risk management structure including its organization and its process as well as assess and monitor effectiveness of the risk management. 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 members of the Risk Committee are Mr. Andrew Wallis, Ms. Jelena Afxentiou and Mr. Eyal Ben David. The Board of Directors decides on the composition, tasks and term of the Risk Committee and the appointment and dismissal of its members.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

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

INTERNAL RISK MITIGATION

Internal controls are constructed from four main elements:

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

EXTERNAL RISK MITIGATION

As ordinary course of business, the Group is exposed to various external risks. The Risk Committee is constantly determining whether the infrastructure, resources and systems are in place and adequate to maintain a satisfactory level of risk. The potential risks and exposures are related, inter alia, to volatility of interest risks, liquidity risks, credit risk, regulatory and legal risks, collection and tenant deficiencies, the need for unexpected capital investments and market downturn risk.

The Group sets direct and specific guidelines and boundaries to mitigate and address each risk, hedging and reducing to a minimum the occurrence of failure or potential default.

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 Property Holdings PLC exercise their voting rights at the Annual General Meeting of the shareholders, whereby each share is granted one vote. The Annual General Meeting of the shareholders takes place at such place and time as specified in the notice of the meeting. At the Annual General Meeting of the shareholders the Board of Directors presents, among others, the directors report as well as consolidated financial statements to the shareholders.

The Annual General Meeting resolves, among others, on the financial statements of Aroundtown Property Holdings PLC, the appointment of the auditor of the Company and the discharge to and appointment or re-election of the members of the Board of Directors.

NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Revenue	125,162	257,171
Rental and operating income	125,162	242,496
Rental and operating income - Pro-forma*	**125,162**	**25,659**
Capital gains, revaluations and other income	814,511	877,618
Share in profit from investment in equity-accounted investees	134,138	936
Property operating expenses	(28,152)	(102,031)
Cost of buildings sold	-	(14,425)
Administrative and other expenses	(4,664)	(7,797)
Operating profit	**1,040,995**	**1,011,472**
EBITDA	1,041,372	1,012,395
Adjusted EBITDA	**153,289**	**59,665**
Finance expenses	(20,466)	(26,930)
Other financial results	7,869	(32,877)
Current tax expenses	(9,264)	(16,760)
Deferred tax expenses	(98,380)	(36,451)
Profit for the year	**920,754**	**898,454**

* assuming deconsolidation of GCP S.A. in 01.01.2014

DECONSOLIDATION OF GCP

On December 31, 2014 GCP was deconsolidated from AT's financials as a subsidiary and from this day on is presented as equity-accounted investee. Since the deconsolidation took place at the year end of 2014, the profit and loss statements of AT for the year 2014 fully consolidate the results of GCP. As of January 1, 2015 the profit and loss of AT do not consolidate GCP results line by line but instead presents AT's share in GCP's profit in the profit and loss statement item share in profit from equity accounted investees.
In order to reach a correct comparison of the profit and loss items we present in selected items below the actual results as they were published and also pro-forma results under the assumption that GCP was deconsolidated already at the beginning of 2014. Such comparison reflects the change of the profit and loss items on the same basis.

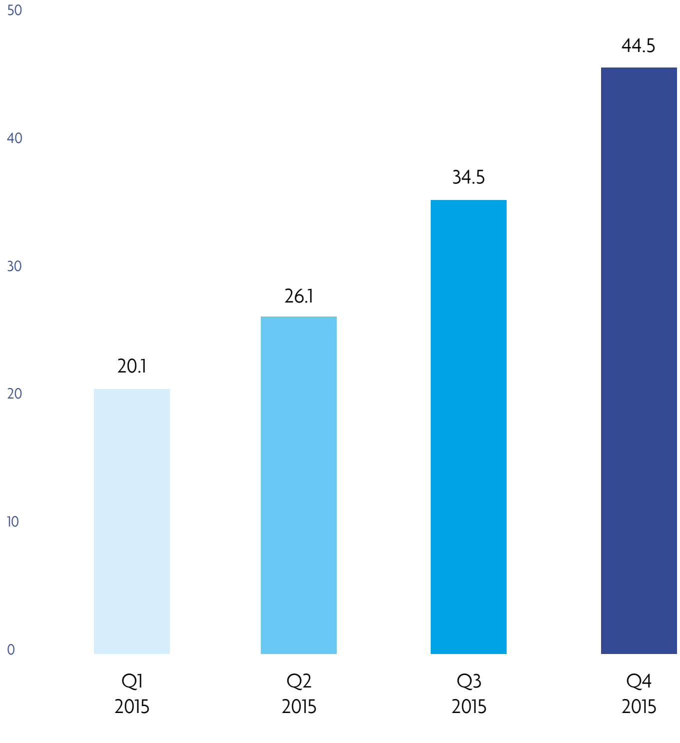
REVENUE

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Rental and operating income	125,162	242,496
Revenue from sales of buildings	-	14,675
Revenue	**125,162**	**257,171**
Rental and operating income - Pro-forma*	**125,162**	**25,659**

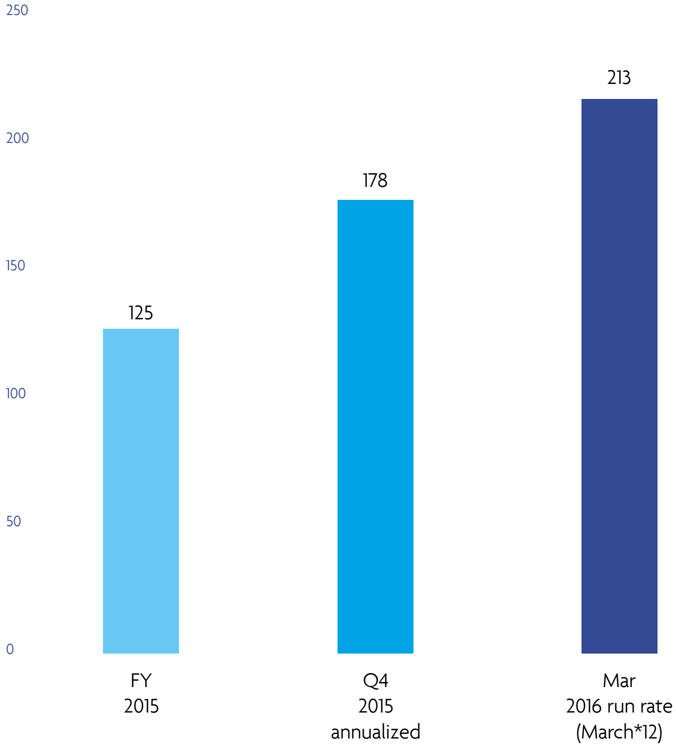
* assuming deconsolidation of GCP S.A. in 01.01.2014

In 2015, AT generated revenues at the amount of €125 million. Due to the deconsolidation of GCP the reported revenue of 2015 disregards the revenue generation from the residential portfolio. Assuming deconsolidation of GCP in the beginning of 2014, rental and operating income increased by 388%, or €100 million. The increase is the result of the Group's strong portfolio growth as well as from turnaround achievements of rent increase, vacancy decrease and improved cost structure.

RENTAL AND OPERATING INCOME QUARTERLY DEVELOPMENT (IN € MILLIONS)



RENTAL AND OPERATING INCOME ANNUAL DEVELOPMENT (IN € MILLIONS)



AT's operational performance is also reflected in the steady quarterly growth. In the fourth quarter of 2015 AT generated rental and operating income of €44.5 million, reflecting a quarterly annualized income of €178 million.

Since not all the properties were acquired in the beginning of 2015 not all assets contributed on a full year basis. Thus, the annualized fourth quarter of 2015 reflects a higher rental and operating income than the full year 2015. In order to present the current portfolio's rental income generation, we present the monthly annualized rental and operating income as of March 2016 of €213 million, an increase of 70% to the full year 2015 rental and operating income.

NOTES ON BUSINESS PERFORMANCE

SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Share in profit from investment in equity-accounted investees	**134,138**	**936***

* Reclassified

Due to the deconsolidation of GCP, AT's share in GCP's profit is reflected in profit from investment in equity-accounted investees, which amounted in 2015 to €134 million. The increase is the result of GCP's strong operational performance from its substantial portfolio growth and successful turnaround achievements. GCP's profit did not impact this item in 2014 as GCP was fully consolidated until year-end 2014. The comparable figure in 2014 reflects a small profit from immaterial equity accounted investees.

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Change in fair value in investment property	605,421	225,724
Capital gains and profit arising from business combinations (Bargain Purchase)	209,090	651,894*
Capital gains, revaluations and other income	**814,511**	**877,618**

* Reclassified

Capital gains, property revaluation and other income amounted in 2015 to €815 million. The capital gains in 2014 include a one-time fair value recognition from the deconsolidation of GCP.

Revaluation gains amounted in 2015 to €605 million, 168% higher than in 2014 and are a direct result of AT's value creation abilities, following the operational achievements in its assets. AT sources assets, primarily in off-market deals and out of mismanaged situations, that have sound business fundamentals and high upside potential, where it finds its management capabilities are fitting to achieve significant improvement of occupancy and rent, and reduction of operating costs. The value creation resulting from a successful turnaround validates AT's business model. The value assessment of the Group's assets is performed by independent professionally qualified valuators.

Due to its established deal sourcing network AT is able to create acquisition opportunities of assets which fair value of total net identifiable assets exceed the acquisitions price. In acquisitions constructed as share deals, the resulting profit is recorded as profit arising from business combination. Capital gains and profit arising from business combinations amounted in 2015 to €209 million. The parallel amount in 2014 was €652m which also included the one-time effect of the deconsolidation of GCP. The profit arising from business combination confirms the Company's ability to acquire deals at under market prices, which is supported by the strong deal sources network. Further details can be found in note 4 to the financial statements.

PROPERTY OPERATING EXPENSES

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Purchased services	(20,173)	(74,174)
Maintenance and refurbishment	(3,667)	(15,508)
Personnel expenses	(1,207)	(7,535)
Other operating costs	(3,105)	(4,814)
Property operating expenses	**(28,152)**	**(102,031)**

Property operating expenses are related to ancillary costs recoverable from the tenants, such as insurance and energy expenses, as well as maintenance, personnel expenses related to the operations and other non-recoverable costs.

As a result from the deconsolidation of GCP, property operating expenses decreased in 2015 by 72% to €28 million, which were offset by increased expenses related to the growth of the commercial portfolio.

ADMINISTRATIVE AND OTHER EXPENSES

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Personnel expenses	(2,712)	(2,009)
Legal and professional fees	(616)	(1,285)
Year-end closing, accounting and audit expenses	(800)	(1,464)
Sales, marketing and administrative expenses	(159)	(2,166)*
Depreciation and amortization	(377)	(923)*
Administrative and other expenses	**(4,664)**	**(7,797)**

* Reclassified

Administrative and other expenses include among others expenses for personnel, audit, accounting, legal and marketing. These expenses increased in 2015 to €4.7 million, 40% lower than in 2014 due to the deconsolidation of GCP. Assuming the deconsolidation of GCP in the beginning of 2014 the administrative expenses increase from €2.1 million in 2014, reflecting a marginal increase of 117%, significantly below the 388% increase in the rental and operating income. The relatively lower increase of administrative expenses in relation to the increase of the size of the portfolio reflects the Groups efficient and lean administrative structure benefiting from economies of scale. These benefits utilize in-place resources such as the proprietary IT/software systems and support cost efficiency due to the scalable platform which is suitable for further growth at marginal costs.

NET FINANCE EXPENSES

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Finance expenses	(20,466)	(26,930)
Other financial results	7,869	(32,877)
Net finance expenses	**(12,597)**	**(59,807)**

Aroundtown's net finance expenses decreased in 2015 by 79% to €12.6 million in comparison to 2014. In 2014, net finance expenses are weighted down by one-off costs in GCP related to the early redemption of its Series B straight bonds.

Finance expenses in 2015 amounted to €20.5 million, up from a €4.9 million expense in 2014 assuming the deconsolidation of GCP from January 2014. The increase is the direct result of financing raised in the end of 2014 and in 2015, supporting the significant growth in the last year. AT diversifies its financing on a wide mix of sources from bank loans to bonds and convertible bonds and maintains a strong capital structure. The Company's current cost of debt is 2.2% and marginally lower considering its recent first time credit rating assignment from S&P with the investment grade rating of BBB-. In Aroundtown's latest capital market activity, the Company issued convertible bonds at a coupon of 1.5%.

Net finance expenses were offset by €7.9 million positive other financial results, which refer mainly to non-cash changes in the fair value of derivatives and traded securities and other financial assets.

NOTES ON BUSINESS PERFORMANCE

TAXATION

	For the 12 months ended December 31, 2015	2014
	In thousands of euro	
Current tax expenses	(9,264)	(16,760)
Deferred tax expenses	(98,380)	(36,451)
Tax and deferred tax expenses	**(107,644)**	**(53,211)**

Tax and deferred tax expenses increased in 2015 to €108 million in comparison to €53 million in 2014. The majority of the expenses are made up of deferred tax expenses of €98 million which are linked to the capital and revaluation gains and not cash effective. The increase in tax expenses is offset by a lower amount of current tax expenses of 45% in comparison to 2014, resulting from the effect of GCP deconsolidation. Current taxes are made up of income and property tax and increase with the growth of the Company.

For its deferred tax expenses AT uses conservatively a corporate tax of 15.825% based on the theoretical disposal through asset deals.

PROFIT FOR THE YEAR

	For the 12 months ended December 31, 2015	2014
	In thousands of euro	
Profit for the year	**920,754**	**898,454**
Basic earnings per share in €	1.26	1.43
Diluted earnings per share in €	1.01	1.41
Weighted average basic shares in thousands	547,049	500,000
Weighted average diluted shares in thousands	632,880	500,000

The profit for the year amounted in 2015 to €921 million reflecting strong operational and revaluation profits which is the result of Aroundtown's successful turnaround achievements.
Earnings per share in 2015 amounted to €1.26 and on a fully diluted basis to €1.01, taking into account the dilutive effect of the outstanding convertible bonds.

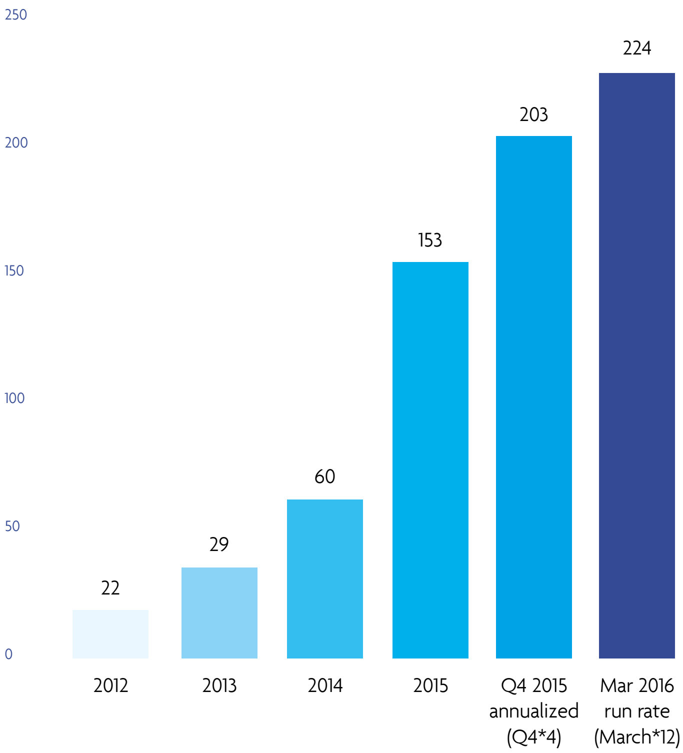
ADJUSTED EBITDA

	For the 12 months ended December 31, 2015	2014
	In thousands of euro	
Operating profit	1,040,995	1,011,472
Total depreciation and amortization	377	923
EBITDA	**1,041,372**	**1,012,395**
Capital gains, revaluations and other income	(814,511)	(877,618)
Result on disposal of Inventories – trading properties	-	(250)
Share in profit from investment in equity-accounted investees	(134,138)	(936)
Adjustment for 2015 GCP operational contribution*	60,566	-
Adjustment for 2014 AT actual holdings rate in GCP*	-	(73,926)
Adjusted EBITDA	**153,289**	**59,665**

* in 2014 GCP was consolidated and the adjustment is to reflect the Company's share in GCP's adjusted EBITDA. Starting 2015 GCP is not consolidated, this the respective result attributed to Aroundtown is added back.

Adjusted EBITDA is a measure of the operational performance of the portfolio, calculated by deducting non-operational items such as capital gains, revaluations and disposal gains from the EBITDA. For a reflection of the recurring operational results, the Group's investment in equity accounted investees are adjusted. In order to present the full operational results, the calculation substitutes the share of profit from investments in equity accounted investees, deriving from the total share in GCP's profit, with the Group's share in GCP's adjusted EBITDA, accounting for the operational results of GCP, and thus presenting a strictly operational performance measurement and a proper comparison between the operational results of the two years.
AT's adjusted EBITDA for 2015 rose to €153 million, up 157% in comparison to 2014. The substantial increase is a result of the significant portfolio growth as well as the effect of successful turnaround achievements. As the turnaround process advances, rent and occupancy levels are increasing on one hand, and on the other the operational expenses are decreasing due to optimizing the cost structure, leading to an increasing operational profit.
As the external portfolio growth was carried out throughout the year and the operational improvements were achieved continuously during the year, the reported year-end results do not reflect the full annualized effect of the portfolio. The quarterly annualized adjusted EBITDA for the fourth quarter of 2015 is €203 million and the monthly annualized run rate as of March 2016, reflecting the current portfolio's monthly annualized adjusted EBITDA generation, amounts to €224 million.

ADJUSTED EBITDA DEVELOPMENT (IN € MILLIONS)



NOTES ON BUSINESS PERFORMANCE

FUNDS FROM OPERATIONS (FFO)

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Adjusted EBITDA	**153,289**	**59,665**
Finance expenses	(20,466)	(26,930)
Current tax expenses	(9,264)	(16,760)
FFO I adjustment for AT holding rate in PCI*	(7,452)	(919)
FFO I adjustment for AT holding rate in GCP*	(21,657)	23,696
FFO I	**94,450**	**38,752**
FFO I per share (in € cent)**	**17.3**	**7.8**

* in 2014 GCP was consolidated and the adjustment is to reflect the Company's share in GCP`s FFO I. Starting 2015 GCP is not consolidated, thus the respective result attributed to AT is added back. Furthermore, the FFO I calculation is adjusted to include AT's share in hotel portfolio in both periods.

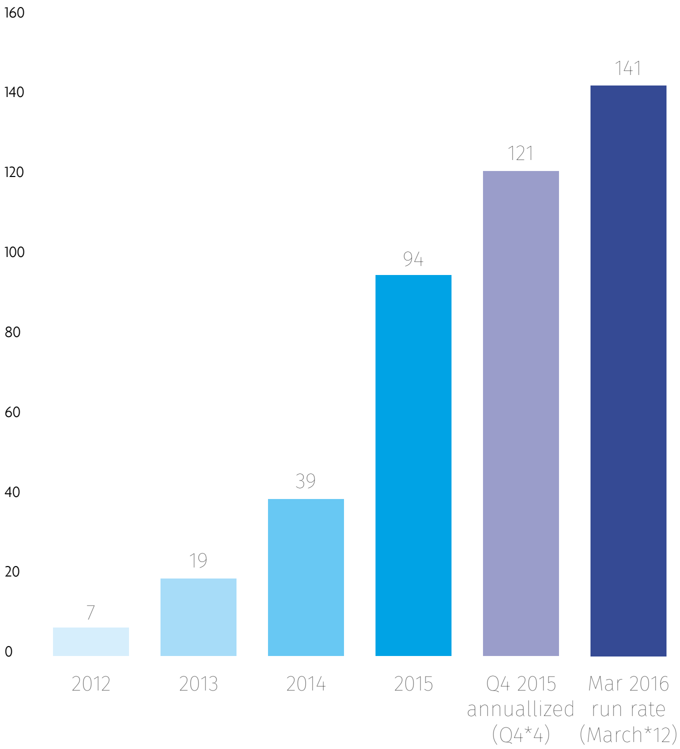
** assuming 500 million shares in 1-12/2014

Funds from Operation I (FFO I) is a measure of the materialized bottom line operational profit, calculated by deducting current tax expenses and finance expenses from the adjusted EBITDA.
We reconcile the calculation of the Group's FFO I to reflect the actual holding rates of AT to better indicate the operational profit attributed to the owners of the Company. As GCP is not consolidated in 2015, we add back the relative FFO I of GCP attributed to the holding of AT in GCP. The weighted average holding rate of the Group in GCP in 2015 was 34.3%, which was diluted to 32% in the beginning of 2016.

Regarding the hotel portfolio, the Group had in 2015 a weighted average holding rate of 65% through Primecity Investment PLC ("PCI"). We deduct the respective part of the FFO I contribution from the hotel portfolio. As of the date of this report, the Group increased its holdings in PCI to 81%.

Concluding, AT's FFO I resulted in 2015 to €94 million, reflecting an increase of 144% compared to 2014 which results from the strong operational performance reflected in the adjusted EBITDA.

FFO I DEVELOPMENT (IN € MILLIONS)

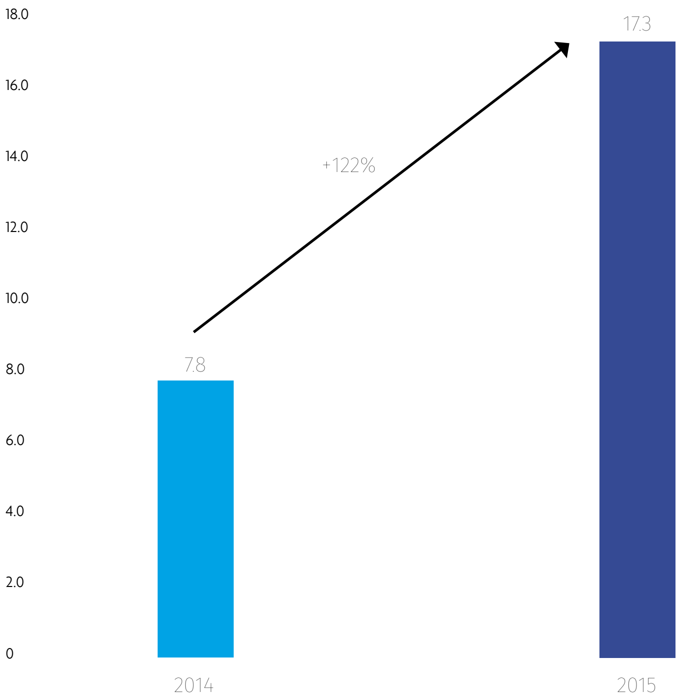


The FFO I increase reflects the substantial operational growth the Group accomplished in the last periods. As a significant amount of assets were added during and towards the end of the year and contributed only partially to the full year result, the monthly annualized FFO I run rate reflects the portfolio's full operational capabilities. The FFO I run rate as of March 2016 amounts to €141 million and the quarterly annualized FFO I for the fourth quarter of 2015 amounted to €121 million.

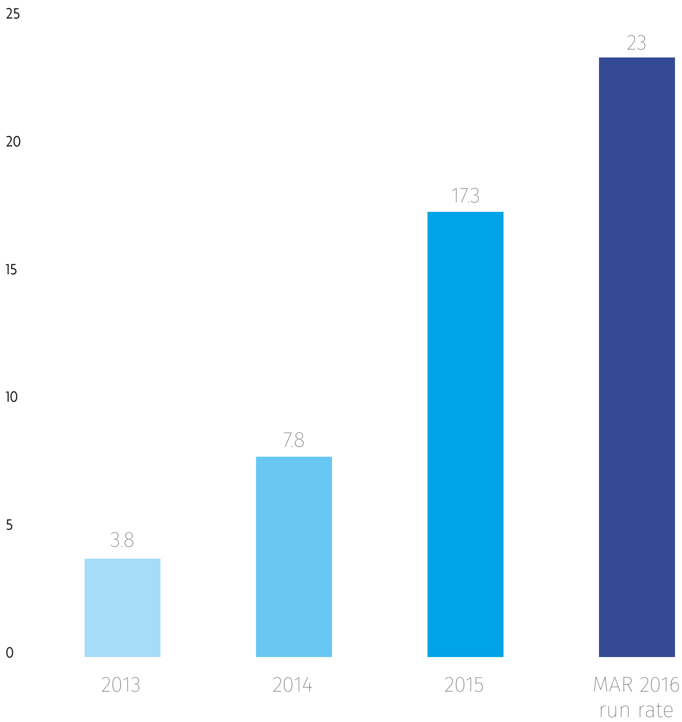
FFO I PER SHARE

FFO I per share increased to €17.3 cents per share, an increase of 122% in comparison to 2014. The year-over-year increase proves AT's ability to create substantial value for its shareholder on a per share basis. The FFO I per share increase was offset in comparison to the total FFO I increase due to dilution effects arising from the €320 million equity increase from July 2015. The FFO I per share run rate as of March 2016 is €23 cents per share.

FFO I DEVELOPMENT (IN € CENTS)



FFO I PER SHARE YEAR-OVER-YEAR DEVELOPMENT (IN € CENTS)



NOTES ON BUSINESS PERFORMANCE

CASH FLOW

	For the 12 months ended December 31,	
	2015	**2014**
	In thousands of euro	
Net cash provided by operating activities	94,305	134,572
Net cash used in investing activities	(1,418,725)	(629,166)
Net cash provided by financing activities	1,417,669	658,276
Cash in subsidiaries on which the company lost its control	-	(270,131)
Net increase (decrease) in cash and cash equivalents	**93,249**	**(106,449)**

Net cash flow provided by operating activities in 2015 amounted to €94 million. Assuming the deconsolidation of GCP in January 2014 the operating cash flow has increased by 356% from €20.7 million. The cash flow generated from operating activities significantly increased deriving from external growth over the period alongside the progressing turnaround and increased profitability in the existing assets. AT invested during 2015 over €1.4 billion in growing its portfolio. The Group chooses its investment targets carefully and based on clear acquisition criteria, focusing on accretive assets in its main core locations, and include a significant improvement potential matching AT's experience and skills.

AT financed its external growth over the period by various bank and capital market activities, including among others an equity increase of €320 million and convertible bonds in total of €800 raised in 3 separate issuances. The exceptional access to capital markets and cash availability are a supportive factor in capturing accretive acquisition opportunities and is one of the competitive advantages of the Group when sourcing deals.

In 2014 the cash balance was reduced by €270 million as a result of the deconsolidation of GCP at the end of the year 2014. In 2015, the total cash balance of the Group increased by €93.2 million, bringing its total balance of cash and liquid assets to €387 million, providing firepower to materialize further pipeline deals.

ASSETS

	As of December 31,	
	2015	**2014**
	In thousands of euro	
Non-current assets	4,007,602	1,543,865
Current assets	432,545	177,704
Assets	**4,440,147**	**1,721,569**

Total assets rose by 158% from €1.72 billion at the end of 2014 to €4.4 billion as of year-end 2015. The increase relates mainly to the increase in non-current assets which amounted to €4 billion at December 2015 reflecting an increase of 160% from 2014.

The main items are investment properties, accounting for the Group's investment in commercial properties, investment in equity-accounted investees, representing the Company's investment in residential properties through its holdings in GCP and investments in financial assets such as NPL`s and options for deals. Investment properties amounted to €2.4 billion, increasing by 470% during 2015 as the Group completed various acquisitions over the year, establishing itself at a more prominent market position and further increasing the diversification and overall quality of its portfolio. The increase in this items is also complemented by the effect of revaluation gains, quantifying the long term consequence of various operational advancement achieved in the existing and newly acquired assets. Investment in equity-accounted investees increased by 30% to €1.18 billion, representing AT's part in GCP's outstanding results in 2015: GCP increased its portfolio by 77% in 2015 and achieved a €394 million profit. AT increased its holding in GCP from 34% to 35% during the fourth quarter of 2015. AT's share in GCP decreased to 32% during January 2016, following the conversion of the remaining convertible bond of GCP.

Current assets, consisting mainly of cash and liquid assets amounted to €433 million as of December 2015, an increase of 143%. AT's acquisitions over the year were accompanied by robust activities in the capital market, issuing equity, debt and convertible bonds, and accessing bank financing. The considerable amount of available funds is intended to materialize the acquisition pipeline and maintain the ability to react swiftly to additional deal opportunities as they present themselves.

TOTAL GROUP ASSETS (INCLUDING GCP'S ASSETS)

	As of December 31,	
	2015	**2014**
	In thousands of euro	
Total Assets	4,440,147	1,721,569
Minus: Investments in equity accounted investees	(1,183,148)	(908,435)
GCP total assets	4,688,903	2,629,058
Total Group assets (assuming GCP consolidation)	**7,945,902**	**3,442,192**

Total Group assets, considering GCP's assets as fully consolidated in AT, amounted to €7.9 billion, a 131% increase from €3.4 billion as of year-end 2014. The comparison serves to demonstrate the Group's growth over the year and the magnitude of its market position achieved following 2015 record performance and scale of acquisition activities. The new purchases are the result of successful sourcing of accretive deals, each one carefully selected to fit the desired portfolio's diversification over geographic locations, asset type and tenant base, and to optimally match the Group's management capabilities allowing for significant value creation to unfold in following periods. Furthermore, the total Group assets reflect the economies of scale of the Group and its ability to grow at a marginal cost.

NOTES ON BUSINESS PERFORMANCE

LIABILITIES

	As of December 31,	
	2015	**2014**
	In thousands of euro	
Total loans and borrowings	645,339	188,209
Straight bonds	187,923	150,522
Convertible bonds	817,721	96,728
Deferred tax liabilities	185,774	46,614
Other long term liabilities and derivative financial instruments	66,026	6,198
Current liabilities*	111,852	11,637
Liabilities	**2,014,635**	**499,908**

* the amount of €129 million is included in the total loans and borrowings

In parallel to significantly increasing its total balance of assets, AT has continued to develop its financing structure supporting the current as well as future growth. The Group has formed a diverse and balanced financing source mix of equity, straight and convertible bonds, supplemented by bank loans. In this manner, the Group intends to make use of its remarkable access to the capital markets, while maintaining its wide equity base to support new growth opportunities going forward. In December 2015 Standard & Poor's Ratings Services (S&P) assigned AT a long-term corporate investment grade credit rating of 'BBB-', recognizing in its consideration the portfolio's good scale and diversity, with no dependency on a single geographic region, no tenant dependency, and long lease structure. In addition, S&P shares in its report AT's management view, in considering the areas of the Group's geographical exposure to have good economic fundamentals, and acknowledges the management track record of acquiring underperforming assets and successfully lifting occupancy, rent levels and WALTs.

The Group accessed the capital markets very successfully during the year 2015, raising €1.2 billion, and further €1.2 billion through GCP, all in various issuance of equity, straight and convertible bonds, and hybrid notes.

In January 2015 AT tapped up around €40 million of its straight bond, Series A, issued at the end of 2014, to an aggregate nominal amount of €200 million. In February 2015, tapped up its convertible bond of the hotel portfolio by €50 million, bringing the total issued amount to €150 million, offset by conversions and as of March 2016 32% have been converted into equity.

AT issued in 2015 two convertible bond series: The first issuance took place on April 2015, pre-IPO, with a principal amount of €450 million and a coupon of 3%. This series is in the money as of the date of this report. The second convertible series was issued in December 2015, following the assignment of the credit rating by S&P. The second convertible has a principle amount of €300 million and a coupon of 1.5% p.a. In 2015, AT also utilized its access to bank financing, increasing its balance of loans and borrowings by €457 million thereby further diversifying its financing structure.

The increase of €139 million in deferred tax liabilities is an outcome of AT's revaluation gains over the year. The Group practices a conservative approach with regard to its capital gains and associated deferred tax liabilities, accounting for a corporate tax of 15.825% for the theoretical future sale of its properties through asset deals.

NET DEBT

	As of December 31,	
	2015	**2014**
	In thousands of euro	
Total debt	1,650,983	435,459
Cash and liquid assets	386,983	175,750
Total net debt	**1,264,000**	**259,709**
Convertible bond*	(536,136)	(96,728)
Total net debt assuming conversion	**727,864**	**162,981**

* Assuming conversion of the convertible bonds which are in the money

AT's balance of cash and liquid assets as of December 2015 amounted to €387 million, resulting in a balance of net debt of €1.26 billion, an increase of €1 billion since year end 2014. As of December 2015, the total net debt amounts to €728 million, excluding the convertible bonds which are in the money.

AT maintains a conservative financing structure, rooted in its prudent investment criteria and ongoing operational achievements supporting the growth. The debt position is reflected in an LTV of 34.5%, or 19.9% assuming conversion, and excellent interest coverage ratio of 5.2, indicating room for further growth as the portfolio develops further and additional opportunities arise.

LOAN-TO-VALUE

	As of December 31,	
	2015	**2014**
	In thousands of euro	
Investment property*	2,482,085	451,486
Investment in equity-accounted investees	1,183,148	908,435
Total Value	**3,665,233**	**1,359,921**
Total Loans and borrowings	645,339	188,209
Straight bonds	187,923	150,522
Convertible bonds	817,721	96,728
Minus:		
Cash and liquid assets	386,983	175,750
Net Debt	**1,264,000**	**259,709**
LTV	**34.5%**	**19.1%**
Net debt without convertible bonds which are in the money	727,864	162,981
LTV assuming conversion	**19.9%**	**12.0%**

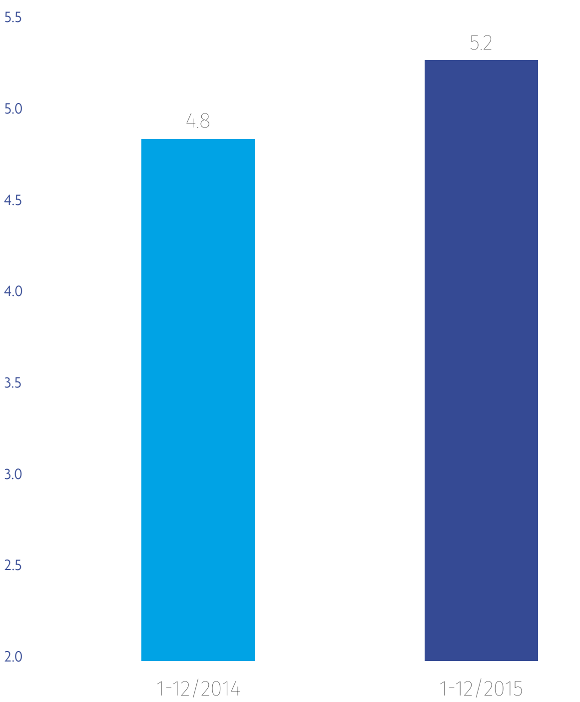
* including advanced payments

Loan-To-Value ("LTV") is calculated by dividing the financial debt, net of cash and liquid assets, by the aggregate sum of investment properties (including advanced payments) and investments in equity accounted investees.

As of December 31, 2015 AT's LTV is 34.5% reflecting a comparatively low leverage level in face of the Company's growth over the year and is the result of the conservative financial policy favouring modest financial position and solid coverage ratios.

LTV assuming conversion is 19.9%, indicating a path of widening equity base in the future.

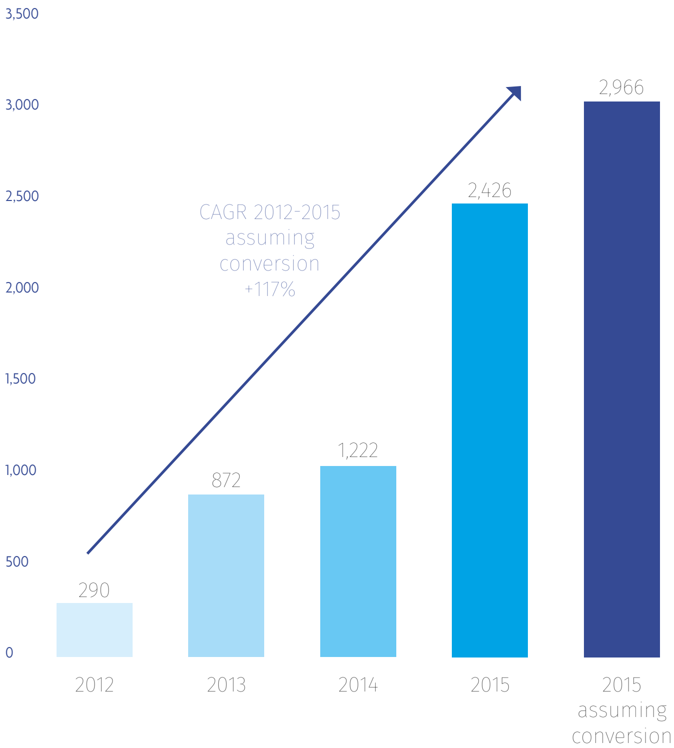
INTEREST COVERAGE RATIO



Interest coverage ratio increased from 4.8 in 2014 to 5.2 in 2015, a result of the low leverage and interest, and the growing adjusted EBITDA. AT strategically operates a healthy and conservative financial structure, focussing on driving the profitability and quality of the portfolio and closely adhering to its investment criteria, in selecting new assets.

NOTES ON BUSINESS PERFORMANCE

TOTAL EQUITY (IN € MILLIONS)



EPRA NAV

	As of December 31,	
	2015	**2014**
	In thousands of euro	
Total Equity	2,425,512	1,221,661
Fair Value measurements of derivative financial instruments	3,590	4,995
Deferred tax liabilities	185,774	46,614
Convertible bond Series B *	427,988	-
EPRA NAV	**3,042,864**	**1,273,270**

* The convertible bonds Series B are in the money and include accrued interest

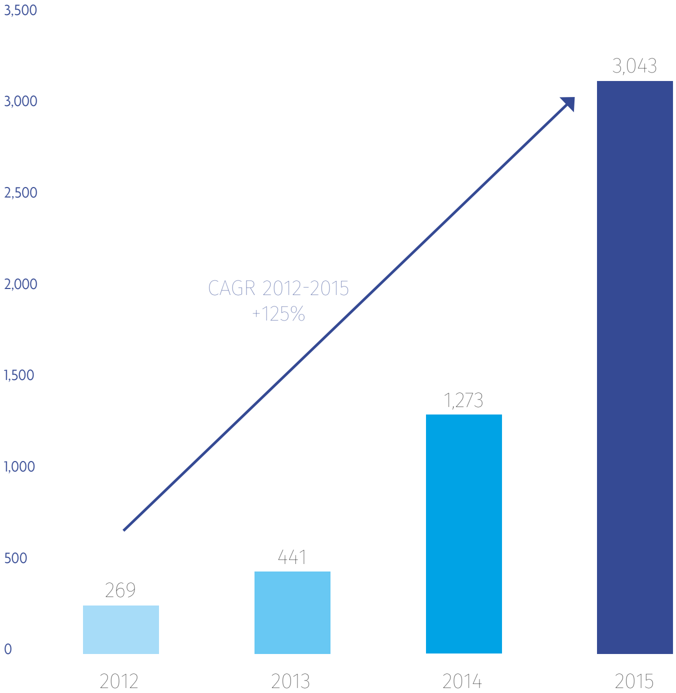
EPRA NAV increased in 2015 by 139% to over €3 billion. The increase is mainly related to higher total equity by over €1.2 billion which is a combined effect of high profits, an equity increase of €320 million in July 2015 and the inclusion of Series B convertible bonds.

The increase in deferred tax liabilities is the result of the captured revaluation gain, following the Company's value creation ability.

	Total equity*	Total equity assuming conversion**	EPRA NAV	Total number of basic shares	Total number of shares including dilution effect of conv. bond Series B
Dec 2015	**2,425,512**	**2,965,942**	**3,042,864**	**600,141,641**	**730,829,241**

* includes non-controlling interest of €320 million
** includes convertible bond Series B at the amount of €428 million which are in the money

EPRA NAV (IN € MILLIONS)



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, 2016

Jelena Afxentiou
Director

Reshef Ish-Gur
Director

Elena Koushos
Director

INDEPENDENT AUDITORS’ REPORT

TO THE MEMBERS OF AROUNDTOWN PROPERTY HOLDINGS PLC

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Aroundtown Property Holdings PLC ("the Company") and its subsidiaries (together with the Company, "the Group") on pages 48 to 86 which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

BOARD OF DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, 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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on page 1 is consistent with the consolidated financial statements.

OTHER MATTER

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Panicos Antoniades, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Accountants and Registered Auditors

March 29, 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended December 31,	
		2015	**2014**
	Note	In thousands of euro	
Revenue	5	**125,162**	**257,171**
Capital gains, property revaluations and other income	6	814,511	(*) 877,618
Share in profit from investment in equity-accounted investees	14	134,138	(*) 936
Property operating expenses	7	(28,152)	(102,031)
Cost of buildings sold	5a	-	(14,425)
Administrative & other expenses	8	(4,664)	(7,797)
Operating profit		**1,040,995**	**1,011,472**
Finance expenses	9a	(20,466)	(26,930)
Other financial results	9b	7,869	(32,877)
Net finance expenses		(12,597)	(59,807)
Profit before tax		**1,028,398**	**951,665**
Current tax expenses	10b	(9,264)	(16,760)
Deferred tax expenses	10c	(98,380)	(36,451)
Tax and deferred tax expenses		(107,644)	(53,211)
Profit for the year		**920,754**	**898,454**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**920,754**	**898,454**

(*) Reclassified

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

	Note	2015	2014
		For the year ended December 31,	
		In thousands of euro	
Profit attributable to:			
Owners of the Company		686,892	714,893
Non-controlling interests		233,862	183,561
Profit for the year		**920,754**	**898,454**
Net earnings per share attributable to the owners of the Company (in euro)			
Basic earnings per share	11	1.26	1.43
Diluted earnings per share	11	1.01	1.41

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2015	2014
Assets	Note	In thousands of euro	
Equipment and intangible assets	12	5,123	4,543
Investment property	13	2,430,595	426,303
Advanced payments for investment property		51,490	25,183
Equity-accounted investees	14	1,183,148	908,435
Other long term investments	15	335,741	178,499
Deferred tax assets	10c	1,505	902
Non-current assets		**4,007,602**	**1,543,865**
Cash and cash equivalents		121,243	27,994
Short term deposits		4,213	1,718
Traded securities at fair value through profit and loss		261,527	146,038
Trade and other receivables	16	45,562	1,954
Current assets		**432,545**	**177,704**
Total assets		**4,440,147**	**1,721,569**

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

Equity	Note	As at December 31, 2015	2014
		In thousands of euro	
Share capital	17	6,001	38
Retained earnings and capital reserves		2,099,408	1,113,531
Equity attributable to the owners of the Company		**2,105,409**	**1,113,569**
Non-controlling interests		320,103	108,092
Total equity		**2,425,512**	**1,221,661**
Liabilities			
Loans and borrowings	18A	515,913	138,964
Straight bonds	18E	187,923	150,522
Convertible bonds	18B, C, D	817,721	96,728
Derivative financial instruments	19	3,590	4,995
Deferred tax liabilities	10c	185,774	46,614
Other long term liabilities	20	62,436	1,203
Non-current liabilities		**1,773,357**	**439,026**
Credit from financial institutions		36,134	42,390
Loans and borrowings	18A	93,292	6,855
Trade and other payables	22	95,971	8,725
Tax payable		2,674	1,756
Provisions for other liabilities and charges		13,207	1,156
Current liabilities		**241,278**	**60,882**
Total liabilities		**2,014,635**	**499,908**
Total equity and liabilities		**4,440,147**	**1,721,569**

On March 29, 2016 the Board of Directors of Aroundtown Property Holdings PLC authorised these consolidated financial statements for issuance.

Jelena Afxentiou
Director

Reshef Ish-Gur
Director

Elena Koushos
Director

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

	Attributable to the owners of the Company					
	Share capital	Capital reserves	Retained earnings	Total	Non-controlling interests	Total equity
	In thousands of euro					
Balance as at December 31, 2014	**38**	**7,416**	**1,106,115**	**1,113,569**	**108,092**	**1,221,661**
Profit for the year	-	-	686,892	686,892	233,862	920,754
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	686,892	686,892	233,862	920,754
Issuance of ordinary shares	4,962	-	-	4,962	-	4,962
Issuance of ordinary shares related to capital increase	1,000	313,768	-	314,768	-	314,768
Equity component related to convertible bonds issued by the Group	-	11,105	-	11,105	489	11,594
Conversions of convertible bonds to ordinary shares	1	461	-	462	-	462
Non-controlling interests arising from initially consolidate companies	-	-	-	-	25,292	25,292
Transactions with non-controlling interests	-	-	(26,349)	(26,349)	(47,632)	(73,981)
Balance as at December 31, 2015	**6,001**	**332,750**	**1,766,658**	**2,105,409**	**320,103**	**2,425,512**
Balance as at December 31, 2013	**10**	**7,416**	**382,334**	**389,760**	**481,904**	**871,664**
Profit for the year	-	-	714,893	714,893	183,561	898,454
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	714,893	714,893	183,561	898,454
Issuance of ordinary shares	28	-	-	28	-	28
Share based payment in a subsidiary	-	-	-	-	171	171
Equity portion of convertible bond in subsidiaries	-	-	-	-	8,901	8,901
Transaction with non-controlling interests	-	-	8,888	8,888	74,035	82,923
Change in non-controlling interests due to acquisitions and disposals of subsidiaries	-	-	-	-	(640,480)	(640,480)
Balance as at December 31, 2014	**38**	**7,416**	**1,106,115**	**1,113,569**	**108,092**	**1,221,661**

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

		For the year ended December 31,	
		2015	**2014**
	Note	In thousands of euro	
Cash flows from operating activities			
Profit for the year		**920,754**	**898,454**
Adjustments for the profit:			
Depreciation and amortization	12	377	923
Capital gains, property revaluations and other income	6	(814,511)	(*) (877,618)
Share in profit from investment in equity-accounted investees		(134,138)	(*) (936)
Share-based payment in a subsidiary		-	171
Finance expenses, net	9	12,597	59,807
Tax and deferred tax expenses	10	107,644	53,211
		92,723	134,012
Change in:			
Inventories – trading property		-	14,134
Trade and other receivables		(27,359)	(45,495)
Trade and other payables		23,517	37,293
Provisions for other liabilities and charges		6,355	7,276
		95,236	147,220
Dividend received		7,445	-
Tax paid, net		(8,376)	(12,648)
Net cash provided by operating activities		**94,305**	**134,572**
Cash flows from investing activities			
Acquisitions and disposals of equipment and intangible assets, net		(957)	(1,781)
Capex, investments and acquisition of investment property and advances paid, net		(776,436)	(322,303)
Acquisition and disposals of subsidiaries and associate, net of cash acquired or disposed		(386,297)	(82,815)
Investment in trade securities and other financial assets, net		(255,035)	(222,267)
Net cash used in investing activities		**(1,418,725)**	**(629,166)**

(*) Reclassified.

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Cash flows from financing activities		
Proceed from issuance of shares	319,731	-
Amortization of loans from financial institutions	(9,812)	(15,306)
Proceeds (Repayments) of loans from financial Institutions and others, net	383,898	(151,400)
Proceeds from issuance of straight and convertible bonds, net	856,190	787,250
Transactions with non-controlling interests	(112,578)	74,035
Finance expenses paid, net	(19,760)	(36,303)
Net cash provided by financing activities	**1,417,669**	**658,276**
Cash in subsidiaries on which the company lost its control	-	(270,131)
Net increase (decrease) in cash and cash equivalents	**93,249**	**(106,449)**
Cash and cash equivalents at January 1	27,994	134,443
Cash and cash equivalents at December 31	**121,243**	**27,994**

The accompanying notes on pages 56 to 86 form an integral part of these consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

1. GENERAL

(A) INCORPORATION AND PRINCIPAL ACTIVITIES

Aroundtown Property Holdings PLC ("the Company") was incorporated on May 7, 2004 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its Registered Office is at Artemidos & Nikou Dimitriou, 54 B, 6027, Larnaca, Cyprus.

The Company, together with its investees (hereinafter: "the Group"), is a specialist real estate investment group, focusing in the German real estate markets. The Group covers the main real estate segments which benefit from strong fundamentals and growth prospects: residential (through its holding in Grand City Properties S.A.), commercial and hotel properties.

The Group's vision is buying, redeveloping, turning around and optimizing real estate properties in Germany.

On December 2, 2014, the company's name was changed from "Aroundtown Property Holdings Limited" to "Aroundtown Property Holdings PLC".

These consolidated financial statements for the year ended December 31, 2015 consist of the financial statements of the Group.

(B) DEFINITIONS

Throughout these notes to the consolidated financial statements:

The Company	Aroundtown Property Holdings PLC
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 at equity
Investees	Subsidiaries, jointly controlled entities and associates
GCP S.A.	Grand City Properties S.A. (an associate of the Company)
PCI; Camelbay	Primecity Investment PLC, Camelbay Limited (subsidiaries of the Company)
Related parties	As defined in IAS 24
The period	Period which starts at January 1, 2015 and ends on December 31, 2015.

2. BASIS OF PREPARATION

A. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).
Certain balance sheet items related to the year ended December 31, 2014 have been reclassified to enhance comparability with 2015 figures and to present better the Company`s results, and are marked as "reclassified".
These consolidated financial statements were authorized for issuance by the Company's Board of Directors on March 29, 2016.

B. BASIS OF MEASUREMENT

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

- Traded securities at fair value through profit or loss;
- Investment properties are measured at fair value;
- Investments in equity accounted investees;
- Derivative financial instruments;
- Deferred tax assets and liabilities.

C. USE OF ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in accordance with IFRS 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 deviate from such estimates.

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

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

- **Fair value of investment property**
  The Group uses external valuation reports issued by independent professionally qualified valuers to determine the fair value of its investment properties. Changes in their fair value are recognized in consolidated statement of comprehensive income.
  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.

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

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

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

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

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

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

- **Fair value hierarchy**
  Please see note 13(b) and 23(iv).

D. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in euro which is also the functional currency of the Group, and rounded to the nearest million, except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF CONSOLIDATION

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

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

The Group has considered the impact of the amendment to IFRS 10 – Investment Entities, and has determined that it does not meet the definition of an "Investment entity".

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.

CHANGES IN THE GROUP'S OWNERSHIP INTERESTS IN EXISTING SUBSIDIARIES

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement.
Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. Those transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisitions.

(B) BUSINESS COMBINATIONS

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

(D) REVENUE RECOGNITION

Revenue is recognized in the consolidated statement of comprehensive income when it can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

- Rental and operating income
  Rental operating income from investment properties are recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental operating income, over the term of the lease.
  Operating income also includes service charges to third parties and payments for utilities if the costs and the amount of the income can be reliably determined. The revenue is recognized once the service is provided.

- Sale of buildings
  Revenue from the sale of buildings in the course of ordinary activities is measured as the fair value of the consideration received or receivable. Revenue is recognized when significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the buildings can be reliably estimated.

- Other
  Other income is used to represent income resulting in the release of provisions, tax repayments, cancellation of debts and others.

(E) NET FINANCE EXPENSES

- Finance income and expenses
- Finance income comprises interest income on funds invested.
- Finance expenses comprise interest expense on loans and borrowings, bonds and loans from third parties.
- Other financial results

Other financial results represent changes in the time value of provisions, changes in the fair value of traded securities, profit or losses on derivative financial instruments, borrowing and redemption costs, loan arrangement fees and other one-time payments.
Net finance expenses are recognized as they accrue in the statement of comprehensive income, using the effective interest method.

(F) DEFERRED TAX, INCOME TAX AND PROPERTY TAXES

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

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

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

(G) CURRENT TAX

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

(H) DEFERRED TAX

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) EQUIPMENT AND INTANGIBLE ASSETS

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

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

	%
Furniture, fixtures and office equipment	10-50

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

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

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 consolidated income statement.

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.

(J) DEFERRED INCOME

Deferred income represents income which relates to future periods.

I. PREPAYMENTS

Payments received in advance on development contracts for which no revenue has been recognized yet, are recorded as prepayments for clients as at the reporting date and carried under liabilities.

II. TENANCY DEPOSITS

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

(K) INVESTMENT PROPERTY

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

Investment property is measured initially at cost, including costs directly attributable to the acquisition. After initial recognition, investment property is measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are included in profit or loss when they arise.

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

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

(L) FINANCIAL INSTRUMENTS

1. NON-DERIVATIVE FINANCIAL ASSETS:

The Group initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables.

a) Traded securities at fair value through profit or loss

Traded securities are classified as at fair value through profit or loss if it is classified as held-for trading or is designated as such on initial recognition. Traded securities are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Traded securities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Traded securities designated as at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

2. NON-DERIVATIVE FINANCIAL LIABILITIES

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3. 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.

4. COMPOUND FINANCIAL INSTRUMENTS

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

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

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

5. DERIVATIVE FINANCIAL INSTRUMENTS

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

6. BORROWINGS

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

7. TRADE PAYABLES

Trade payables are initially measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(I) FINANCIAL ASSETS

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

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

(II) FINANCIAL LIABILITIES

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated income statement.

(N) IMPAIRMENT OF ASSETS

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

(O) OFFSETTING FINANCIAL INSTRUMENTS

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

(P) 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 income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

(Q) OPERATING SEGMENTS

The Group meets the definition of operating in one operating segment. An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which separate financial information is available.

(R) COMPARATIVES

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

(S) EARNINGS PER SHARE

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

(T) 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.

(U) LEASED ASSETS

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

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

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

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

(V) TRADING PROPERTY (INVENTORIES)

Inventories are trading properties acquired with the clear intention that they are to be sold in the ordinary course of business. Trading properties considered as inventories are shown at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Trading properties are purchased and sold on a portfolio basis. Each separately identifiable portfolio of trading properties is held by a Group subsidiary entity established and/or acquired for the purpose of holding the respective trading property portfolio. Trading properties are recognized in the balance sheet only when full control is obtained. Trading properties are de-recognized in the consolidated financial statements only when full control is transferred outside of the Group. Cost of trading properties is determined on the basis of specific identification of the individual costs of the trading property including acquisition costs such as transfer taxes, legal and due diligence fees.

(W) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(I) IFRS 9 - FINANCIAL INSTRUMENTS (2009, 2010)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and to add new requirements to address the impairment of financial assets and hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

(II) IFRS 15 - REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customers Loyalty Programs. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The Group has considered the above new standards, interpretations and amendments to published standards and will continue to evaluate the impact on the Group's consolidated financial statements. At this time, the impact of the above publications is not expected to be material to the Group's consolidated financial statements.

4. ACQUISITION, DISPOSAL AND DECONSOLIDATE OF SUBSIDIARIES

During the year the Group obtained control on several companies through business combinations. The significant net impacts on the consolidated statement of comprehensive income and consolidated statements of financial position of the group are as follows:

	In thousands of euro
Investment property	647,585
Cash and Cash equivalents	8,337
	655,922
Working capital, net	(8,770)
Loans from banks	(46,869)
Other liabilities, net	(74,953)
	(130,592)
Total identifiable net assets	525,330
Non-controlling interests arising from initial consolidation	(25,292)
Consideration paid regarding acquisition of subsidiaries	(394,634)
Profit arising from business combination	**105,404**

5. REVENUE

	For the year ended December 31,,	
	2015	**2014**
	In thousands of euro	
Rental and operating income	125,162	242,496
Revenue from sales of buildings (a)	-	14,675
	125,162	**257,171**

(a) In 2014, euro 14.4 million refers to cost of buildings sold.

6. CAPITAL GAINS, PROPERTY REVALUATION AND OTHER INCOME

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Change in fair value in investment property	605,421	225,724
Capital gains and profit arising from business combinations (Bargain Purchase)	209,090	(*) 651,894
	814,511	**877,618**

(*) Reclassified.

7. PROPERTY OPERATING EXPENSES

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Purchased services	(20,173)	(74,174)
Maintenance and refurbishment	(3,667)	(15,508)
Personnel expenses	(1,207)	(7,535)
Other operating costs	(3,105)	(4,814)
	(28,152)	**(102,031)**

8. ADMINISTRATIVE & OTHER EXPENSES

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Personnel expenses	(2,712)	(2,009)
Legal and professional fees	(616)	(1,285)
Year-end closing, accounting and audit expenses	(800)	(1,464)
Sales, marketing and administrative expenses	(159)	(*) (2,116)
Depreciation and amortization	(377)	(*) (923)
	(4,664)	**(7,797)**

(*) Reclassified.

9. NET FINANCE EXPENSES

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
a. Finance expenses		
Finance expenses from credit institutions and third parties, net	(1,168)	(11,476)
Finance expenses from straight and convertible bonds, net	(19,272)	(14,998)
Other finance expenses (income)	(26)	(456)
	(20,466)	**(26,930)**
b. Other financial results		
Changes in fair value of financial assets and liabilities, net	14,829	(24,883)
Finance related costs	(6,960)	(7,994)
	7,869	**(32,877)**

10. TAXATION

A. TAX RATE APPLICABLE TO THE GROUP

The Company and some of its subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cyprus companies in 2015 is 12.5% (2014: 12.5%).

Under certain conditions interest income of the Cyprus companies may be subject to defence contribution at the rate of 30% (2014: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for 2014 and thereafter.

The Luxembourg investees are subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 29.22% (2014: 29.22%).

The German subsidiaries are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2015, plus an annual solidarity surcharge of 5.5 % on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%).

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

B. CURRENT TAXES INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Corporation tax	(5,693)	(8,292)
Property tax	(3,571)	(8,468)
	(9,264)	**(16,760)**

10. TAXATION (CONTINUED)

C. MOVEMENT ON THE DEFERRED TAXATION ACCOUNT IS AS FOLLOWS:

DEFERRED TAX LIABILITY	Other deferred tax	Fair value gains on investment property	Total
		In thousands of euro	
Balance as at December 31, 2013	-	97,803	97,803
Charged to:			
Deferred tax expense	4,598	36,959	41,557
Initial consolidation	-	59,129	59,129
Deconsolidation	(3,681)	(148,194)	(151,875)
Transfer to other deferred tax	2,411	(2,411)	-
Balance as at December 31, 2014	**3,328**	**43,286**	**46,614**
Charged to:			
Deferred tax expense	73	98,772	98,845
Initial consolidation	-	40,315	40,315
Transfer to other deferred tax	(2,079)	2,079	-
Balance as at December 31, 2015	**1,322**	**184,452**	**185,774**

DEFERRED TAX ASSETS	Derivative financial instruments	Deferred taxes – loss carried forward, net	Total
		In thousands of euro	
Balance as at December 31, 2013	2,278	1,481	3,759
Charged to:			
Deferred tax (expense) income	(884)	5,990	5,106
Initial consolidation	291	3,530	3,821
Deconsolidation	(783)	(11,001)	(11,784)
Balance as at December 31, 2014	**902**	**-**	**902**
Charged to:			
Deferred tax (expense) income	-	465	465
Initial consolidation	-	138	138
Balance as at December 31, 2015	**902**	**603**	**1,505**

11. EARNINGS PER SHARE

A. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as of December 31, 2015 is based on the profit attributable to ordinary shareholders of euro 686,892 thousand (2014: euro 714,893 thousand), and a weighted average number of ordinary shares outstanding of 547,049 thousand (2014: 500,000 thousand), calculated as follows:

1. PROFIT ATTRIBUTED TO ORDINARY SHAREHOLDERS (BASIC)

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Profit for the year, attributable to the owners of the Company	**686,892**	**714,893**

2. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)

	For the year ended December 31,	
	2015	**2014**
	In thousands	
As at the beginning of the year	500,000	(*) 500,000
Capital increase	46,978	-
Effect of exercise of convertible bond	71	-
Weighted average number of ordinary shares as at December 31,	**547,049**	**500,000**
Basic earnings per share (euro)	1.26	1.43

B. DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2015 is based on profit attributable to ordinary shareholders of euro 640,071 thousand (2014: euro 703,630 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 632,880 thousand (2014: 500,000 thousand), calculated as follows:

1. PROFIT ATTRIBUTED TO ORDINARY SHAREHOLDERS (DILUTED)

	For the year ended December 31,	
	2015	**2014**
	In thousands of euro	
Profit for the year, attributable to the owners of the Company (basic)	686,892	714,893
Interest expense on convertible bonds, net of tax	10,746	-
Effect of traded investees	(57,567)	(11,263)
Profit for the year, attributable to the owners of the Company (diluted)	640,071	703,630

2. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)

	For the year ended December 31,	
	2015	**2014**
	In thousands	
As at the beginning of the year	500,000	(*) 500,000
Capital increase	46,978	-
Effect of exercise of convertible bond	85,902	-
Weighted average number of ordinary shares as at December 31,	**632,880**	**500,000**
Diluted earnings per share (euro)	1.01	1.41

(*) The number of shares as of December 31, 2014 was 22,200. In February 2015 the number of shares increased to 500,000,000 without correspondence change in recourses, thus in order to keep a high level of comparability, the original amount of shares related to these periods was amended accordingly.

12. EQUIPMENT AND INTANGIBLE ASSETS

	Furniture, fixtures and office equipment	Goodwill	Computer software	Total
	In thousands of euro			
Cost				
Balance as at December 31, 2013	1,323	2,776	808	4,907
Additions	1,179	-	611	1,790
Equipment and intangible assets arising from initial consolidation, net	353	6,364	-	6,717
Deconsolidation	(2,028)	(4,616)	(929)	(7,573)
Balance as at December 31, 2014	827	4,524	490	5,841
Additions	916	-	41	957
Balance as at December 31, 2015	1,743	4,524	531	6,798
Depreciation/Amortization				
Balance as at December 31, 2013	308	64	3	375
Depreciation/Amortization for the year	450	-	473	923
Balance as at December 31, 2014	758	64	476	1,298
Depreciation/Amortization for the year	368	-	9	377
Balance as at December 31, 2015	1,126	64	485	1,675
Carrying amounts				
Balance as at December 31, 2014	69	4,460	14	4,543
Balance as at December 31, 2015	617	4,460	46	5,123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13. INVESTMENT PROPERTY

A. COMPOSITION

	As at December 31,	
	2015	**2014**
	In thousands of euro	
Balance at January 1	426,303	1,545,051
Capex, additions (disposals) and adjustments during the year	1,356,707	(1,852,774)
Investment property arising from initial consolidation	647,585	734,026
Balance as at December 31	**2,430,595**	**426,303**

B. MEASUREMENT OF FAIR VALUE

The fair value of investment property was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every six months.
The range of the discount rates applied to the net annual rentals to determine the fair value of property is between 5.75%-8%.

All the investment property in the group in total fair value amount of euro 2,431 million (2014: euro 426 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

14. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

COMPOSITION

	As at December 31,	
	2015	**2014**
	In thousands of euro	
Balance as at January 1	908,435	32,736
Additions and changes in equity accounted investees	274,713	875,037
Loans granted to equity accounted investees	-	662
Balance as at December 31	**1,183,148**	**908,435**

15. OTHER LONG TERM INVESTMENTS

	As at December 31,	
	2015	**2014**
	In thousands of euro	
Tenancy deposit	2,593	-
Finance lease asset	1,381	-
Long term financial investments	331,767	178,499
	335,741	**178,499**

16. TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2015	**2014**
	In thousands of euro	
Operating costs receivables	37,539	-
Rent and other receivables	-	635
Prepaid expenses	1,529	325
Current tax assets	3,470	410
Other short term financial assets	3,024	584
	45,562	**1,954**

(a) The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

17. EQUITY
A. SHARE CAPITAL

	2015		2014	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
Authorized				
Ordinary shares of EUR 0.01 each (EUR 1.71 each in 2014)	1,500,000,000	15,000	50,000	85.5
Issued and fully paid				
Balance as of January 1	22,200	38	5,550	9.5
Conversion of shares to nominal value of euro 0.01 per share	3,774,000	-	-	-
Issuance and payment on authorized shares	496,203,800	4,962	16,650	28.5
Capital increase in July 2015	100,000,000	1,000	-	-
Exercise of Convertible bond into shares during the year	141,641	1	-	-
Balance on December 31	600,141,641	6,001	22,200	38

B. AUTHORIZED CAPITAL

Under its Memorandum of association the Shareholders set the authorized share capital at 50,000 ordinary shares of nominal value of euro 1.71 each.

In February 2015, as a part of capital restructuring process, the Company increased its authorized ordinary shares to 1,500,000,000, out of which the issued and fully paid was increased to 500,000,000, with an adjusted par value of euro 0.01 for each share.

C. ISSUED CAPITAL

Upon incorporation on May 7, 2004 the Company issued 5,550 ordinary shares of euro 1.71 each, at par value, to the subscribers.

On November 28, 2014, the Company issued 16,650 ordinary shares of euro 1.71 each.

On July 13, 2015, the Company successfully issued additional 100,000,000 ordinary shares (of euro 0.01 nominal value each) for euro 3.2 each, by way of private placement to institutional investors ("New Shares"). The gross proceeds from the issuance of the New Shares were euro 320 million.

During the reporting period, a total amount of euro 0.5 million nominal values of the convertible bonds were converted into shares. According to the convertible bonds terms, 141,641 shares were issued.

D. CAPITAL RESERVES

The Capital reserves include share premium derives directly from the capital increases which were affected since the date of incorporation and exercise conversions of bonds into shares, which can be distributed at any time, and equity components of convertible bonds which temporally cannot be distributed.

18. LOANS AND BORROWINGS

A. COMPOSITION

	Weighted average interest rate	Maturity date	As at December 31, 2015	2014
			In thousands of euro	
Long term				
Bank loans	2.5%	2017-2028	515,913	138,964
Total long term			**515,913**	**138,964**
Straight bond	3%	2021	187,923	150,522
Convertible bonds	1.5%-4%	2019-2021	817,721	96,728
Total bonds			**1,005,644**	**247,250**
Short term				
Amortization of bank loans		2016	15,142	6,855
Loan and notes redemption		2016	78,150	-
Total Short term			**93,292**	**6,855**

B. CONVERTIBLE BOND SERIES A IN PCI

On November 13, 2014, PCI successfully completed with the placement of euro 100 million convertible bond maturing in 2019, convertible into ordinary shares of PCI. The convertible bond bears a coupon of 4% p.a., payable semi-annually in arrears. The initial conversion price was fixed at euro 3.00. The bond was issued at 100% of their principle amount and will be redeemed at maturity at 110% of their principle amount.

On February 13, 2015, PCI successfully tapped up its convertible bond series with an additional principal amount of euro 50 million. The further convertible bond series was issued at 105% of their principal amount and has the same characteristics of the previous tranche issued in November 2014 and described above.

As of December 31, 2015 26.5% of the convertible bond was converted to equity.

	2015	2014
	In thousands of euro	
Balance at the beginning of the year	97,254	-
Proceeds from issuance of PCI convertible bond (1,000 notes at euro 100,000 par value each)	-	100,000
Proceeds from issuance of PCI convertible bond (500 notes at euro 100,000 par value each) (a)	52,500	-
Transaction costs	(835)	(1,782)
Net proceeds during the year	51,665	98,218
Amount classified as non-controlling interests (a)	(489)	(1,067)
Expenses for the year	7,145	803
Expenses paid	(4,534)	-
Conversion to ordinary shares of PCI	(38,599)	(700)
Carrying amount of liability at the end of the year	112,442	97,254
Non-current portion of Convertible bond A in PCI	110,222	96,728
Accrued interest	581	526
Total Convertible bond A in PCI	110,803	97,254
Deferred income (a)	1,639	-

(a) This amount includes additional euro 2.5 million that were received as part of the bond placement (reflects 5% of the par value), out of which euro 0.5 million were allocated as non-controlling interests according to external economic valuer. The residual amount of euro 2 million was allocated as a deferred income and presented in other long term liabilities account balance.

C. CONVERTIBLE BOND SERIES B

On May 5, 2015, the Company has successfully completed with the placement of euro 450 million senior, unsecured convertible bond convertible into new ordinary shares having a par value of euro 0.01 per share. The bonds were placed by the Company to institutional investor only, with a coupon of 3% p.a., maturity of five years, at an issue price of 95.68% of their principal amount, and will be redeemed at maturity at par. The initial conversion price was set at euro 3.53 per share.

On July 13, 2015, as a result of the additional 100,000,000 ordinary shares issuance (see note 8B(4)) and in accordance with the terms and conditions of the bond, the Company adjusted the conversion price for the convertible bonds to be euro 3.4395 per share.

During the reporting period, a total amount of euro 0.5 million of Convertible bond were converted to shares. According to the convertible bond's terms, a total of 141,641 shares were issued.

	2015	2014
	In thousands of euro	
Balance at the beginning of the year	-	-
Proceeds from issuance of convertible bond B (4,500 notes at euro 100,000 par value each)	430,560	-
Transaction costs	(3,330)	-
Net proceeds during the year	427,230	-
Amount classified as non-controlling interests (a)	(4,029)	-
Expenses for the year	11,999	-
Expenses paid	(6,750)	-
Conversion to ordinary shares	(462)	-
Carrying amount of liability at the end of the year	427,988	-
Non-current portion of Convertible bond B	425,914	-
Accrued interest	2,074	-
Total Convertible bond B	427,988	-

18. LOANS AND BORROWINGS (CONTINUED)

D. CONVERTIBLE BOND SERIES C

On December 15, 2015, the Company has successfully completed with the placement of euro 300 million senior, unsecured convertible bond convertible into new ordinary shares having a par value of euro 0.01 per share. The bond was placed by the Company to institutional investors, with a coupon of 1.5% p.a. payable semi-annually in arrear, a maturity of approximately five years, at an issue price of 97.05% of their principal amount, and will be redeemed at maturity at par value. The initial conversion price was set at euro 5.79 per share.

	2015	2014
	In thousands of euro	
Balance at the beginning of the year	-	-
Proceeds from issuance of convertible bond C (3,000 notes at euro 100,000 par value each)	291,150	-
Transaction costs	(2,609)	-
Net proceeds during the year	288,541	-
Amount classified as non-controlling interests (a)	(7,076)	-
Expenses for the year	280	-
Carrying amount of liability at the end of the year	281,745	-
Non-current portion of Convertible bond C	281,585	-
Accrued interest	160	-
Total Convertible bond C	281,745	-

E. STRAIGHT BOND SERIES A

On December 9, 2014, the Company has successfully completed with the placement of euro 161 million (nominal value) of unsubordinated, senior secured straight bond maturing in December 2021 and bears a coupon of 3% p.a., payable semi-annually in arrears, for a consideration that reflects 94% of their principal amount.

During the reporting period, the Company increased its series A bond in an additional principal amount of euro 39 million for a price of 94% of the nominal value. Therefore the aggregated amount was euro 200 million principal amount.

	2015	2014
	In thousands of euro	
Balance at the beginning of the year	150,813	-
Proceeds from issuance of Bond A (1,610 notes at euro 100,000 par value)	-	151,340
Proceeds from issuance of Bond A (390 notes at euro 100,000 par value)	36,660	-
Transaction costs	(868)	(894)
Net proceeds during the year	35,792	150,446
Expenses for the year	7,679	367
Expenses paid	(6,000)	-
Carrying amount of liability at the end of the year	188,284	150,813
Non-current portion of Straight bond A	187,923	150,522
Accrued interest	361	291
Total Straight bond A	188,284	150,813

F. (1) MAIN SECURITY, PLEDGE AND NEGATIVE PLEDGE AS DEFINED IN THE BONDS' TERMS AND CONDITIONS

The obligations of the Company and PCI under the Bonds and any Further Secured Bonds are secured in favor of the Trustee for the benefit of the Trustee, the Bondholders and the holders of any Further Secured Bonds by:

(a) a first-ranking charge, governed by the laws of Cyprus, over all ordinary shares held by PCI in its subsidiary, Zaplino Limited ("Zaplino");

(b) a first-ranking account pledge, governed by Luxembourg law, over the bank account held by PCI with Bank Hapoalim (Switzerland) Limited, Luxembourg branch, (the "Lux PrimeCity Account");

(c) a first-ranking account pledge, governed by the laws of Cyprus, over the bank account held by PCI with Bank of Cyprus Public Co Ltd. (the "Cyprus PrimeCity Account");

(d) first-ranking account pledges, governed by Luxembourg law, over each bank account held by Zaplino with Bank Hapoalim (Switzerland) Limited, Luxembourg branch, (the "Zaplino Luxembourg Accounts");

(e) an assignment by way of security, governed by the laws of Cyprus, of PCI's receivables and rights under, and claims against Zaplino for payment of principal and interest under, the loan agreements between PCI and Zaplino in an aggregate principal amount equal to the net issuance proceeds of the Bonds ("PrimeCity Loans") and all other loan agreements (of whatever nature and for whatever purpose howsoever described) relating to any loan by PCI to Zaplino of the net issuance proceeds in respect of any Further Secured Bonds;

(f) a first-ranking charge, governed by the laws of Cyprus, over all ordinary shares held by the Company in its subsidiary, Camelbay;

(g) an assignment by way of security, governed by the laws of Cyprus, of the Company's receivables and rights under, and claims against Camelbay for payment of principal and interest under, the loan agreements between the Company and Camelbay in an aggregate principal amount equal to the net issuance proceeds of the Bonds; and

(h) a first-ranking account pledge governed by Luxembourg law, over the Interest Reserve Account.

(2) MAIN COVENANTS AS DEFINED IN THE BONDS' TERMS AND CONDITIONS

The Company

- The Company will, up to and including the Final Discharge Date, procure that Net Debt shall not exceed: (a) at any time, 55% of the Portfolio Value; and (b) 50% of the Portfolio Value for a period of more than six (6) months.
- The Company will: (a) up to and including the Final Security Discharge Date, not pay any dividend unless the Net Assets of the Company are higher than euro 400,000,000 and provided that any such dividend shall be payable only out of available profits on the basis of audited consolidated financial statements of the Company prepared in accordance with IFRS; (b) up to and including the Final Discharge Date, not, and will not permit any Subsidiary (excluding any listed Entity) (the "Restricted Subsidiaries") to, directly or indirectly, create or permit to exist or become effective any consensual and encumbrance or restriction on the ability of any of the Restricted Subsidiaries to (a) make or pay dividends or any other distributions on its share capital to the Company or any of the Company's other Restricted Subsidiaries or grant to the Company or any of the Company's Restricted Subsidiaries any other interest or participation in itself; or (b) pay any indebtness owed to the Company or any of the Company's other Restricted Subsidiaries; or (c) make loans or advances to the Company or any of the Company's other Restricted Subsidiaries; or (d) transfer any of its properties or assets to the Company or any of the Company's other Restricted Subsidiaries.
- up to and including the Final Discharge Date, the Company undertakes that, on each Reporting Date, the Interest Coverage Ratio will be at least 1.86.

PCI

- procure that Net Debt shall not exceed (i) at any time, 65% of the Portfolio Value and (ii) 60% of the Portfolio Value for a period of more than six (6) months;
- not pay a dividend as long as the Net Debt of the Group exceeds 50% of the Portfolio value;
- not open, maintain or hold any interest in, and will procure that Zaplino will not open, maintain or hold any interest, in each case directly or indirectly, in any account whatsoever with any bank or financial institution except for the Charged Accounts, unless the Issuer or Zaplino, respectively, grant a first-ranking security interest, satisfactory to the Trustee, over the respective account in favor of the Trustee, for the benefit of the Trustee and the Bondholders; and
- not, and will not permit any of its Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Company to (i) make or pay dividends or any other distributions on its share capital to the Company or any of the Company's other Subsidiaries or grant to the Company or any of the Company's other Subsidiaries any other interest or participation in itself or (ii) (a) pay any indebtedness owed to the Company or any of the Company's other Subsidiaries (b) make loans or advances to the Company or any of the Company's other Subsidiaries or (c) transfer any of its properties or assets to the Company or any of the Company's other Subsidiaries.

(3) OTHER PLEDGE

In addition to the pledge above, as of December 31, 2015, out of the Company's total holding in GCP S.A. 13 million of GCP S.A.'s shares are pledged due to a facility agreement.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31,	
	2015	**2014**
	In thousands of euro	
Liabilities		
Non current portion	3,590	4,995

The Group uses interest rate swaps, collars, caps and floors ("hedging instruments") to manage its exposure to interest rate movements on its bank borrowings.

All of the Group's derivatives financial instruments are linked to the bank loans maturity.

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

20. OTHER LONG TERM LIABILITIES

	As at December 31	
	2015	**2014**
	In thousands of euro	
Tenancy deposits	741	-
Finance lease liability	1,381	
Long term payables	58,675	753
Deferred Income	1,639	-
Loans from shareholders and related parties	-	450
	62,436	**1,203**

21. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

	As at December 31	
	2015	**2014**
	In thousands of euro	
Loans from shareholders and related parties	**-**	**451**

	As at December 31	
	2015	**2014**
	In thousands of euro	
Interest expenses on loans from shareholders and related parties	**(26)**	**(456)**

22. TRADE AND OTHER PAYABLES

	As at December 31	
	2015	**2014**
	In thousands of euro	
Trade and other payables	43,528	4,045
Prepayments received on operating costs	18,978	280
Deferred income	657	9
Other short term liabilities	32,808	4,391
	95,971	**8,725**

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL RISK FACTORS

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

- Credit risk
- Liquidity risk
- Operating risk
- Market risk

The Group is not exposed to currency risk as all its investments and financing arrangements are in euro.

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

The Group's risk management policies are established to identify and 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.

(I) CREDIT RISK

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

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

Cash and cash equivalents

The Group held cash and cash equivalents of euro 121 million as at December 31, 2015 (December 31, 2014: euro 28 million), which represents its maximum credit exposure on these assets.

(II) LIQUIDITY RISK

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

The following are the remaining contractual maturities at the end of the reporting period and at the end of 2014 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

As at December 31, 2015	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 thousands of euro						
Non-derivative financial liabilities							
Loans and Notes	609,205	778,205	65,034	47,144	131,278	108,217	426,532
Straight bonds	188,284	236,000	-	6,000	6,000	6,000	218,000
Convertible bonds	820,536	1,007,626	-	22,126	24,000	24,000	937,500
Trade payables	43,528	43,528	7,254	36,274	-	-	-
Total	**1,661,554**	**2,065,359**	**72,288**	**111,544**	**161,278**	**138,217**	**1,582,032**

As at December 31, 2014	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 thousands of euro						
Non-derivative financial liabilities							
Loans	145,819	162,964	931	9,661	49,400	5,078	97,894
Straight bonds	150,522	129,090	-	3,972	3,972	3,972	117,174
Convertible bond	96,728	194,810	-	4,830	4,830	4,830	180,320
Trade payables	4,045	4,045	674	3,371	-	-	-
Total	**397,114**	**490,909**	**1,605**	**21,834**	**58,202**	**13,880**	**395,388**

23. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

(III) 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.

(IV) ACCOUNTING CLASSIFICATIONS AND FAIR VALUES

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	In thousands of euro			
December 31, 2015				
Traded securities at fair value through profit or loss	261,527	-	-	261,527
Total assets	**261,527**	**-**	**-**	**261,527**
Derivative financial instruments	-	3,590	-	3,590
Total liabilities	**-**	**3,590**	**-**	**3,590**
December 31, 2014				
Traded securities at fair value through profit or loss	146,038	-	-	146,038
Total assets	**146,038**	**-**	**-**	**146,038**
Derivative financial instruments	-	4,995	-	4,995
Total liabilities	**-**	**4,995**	**-**	**4,995**

(a) The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

(b) All of the Group's derivative financial instruments are linked to the bank loan maturities. The calculation of the fair value of hedging instruments is based on discounted cash flows of future anticipated interest payments in place compared with the discounted cash flows of anticipated interest payments at market interest rates based on the hedging instrument agreement at the reporting date.

(I) OTHER RISKS

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

CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the striving to keep a low debt to equity ratio. The management closely monitors and keeps low the Loan to Value ratio (LTV) and self-preserve conservative financial profile in order to ensure that it remains within its quantitative covenants and to reach long term strong credit rating for the Company. As at December 31, 2015 and 2014 the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

24. COMMITMENTS

The Group had no significant commitments as at December 31, 2015.

25. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2015.

26. EVENTS AFTER THE REPORTING PERIOD

There were no material events occurred after the reporting period.

27. GROUP SIGNIFICANT HOLDINGS

The details of the significant Group are as follows:

			As at December 31,	
NAME	PLACE OF INCORPORATION	PRINCIPAL ACTIVITIES	**2015** Holding %	**2014** Holding %
Subsidiaries held directly by the Company				
Elolaxia Limited	Cyprus	Holding company	100%	100%
Investees held indirectly by the Company				
Camelbay Limited	Cyprus	Holding company	100%	100%
Primecity Investment PLC	Cyprus	Holding company	78%	58%
Subsidiaries held indirectly by the Company				
Grand City Properties S.A	Luxemburg	Holding company	35%	34%


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