AROUNDTOWN
PROPERTY HOLDINGS PLC

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2016

Leipzig

Frankfurt am Main

CONTENT

KEY FINANCIALS

in €'000 unless otherwise indicated	1-12 2016	change	1-12 2015
RENTAL AND OPERATING INCOME	**273,699**	119%	125,162
ADJUSTED EBITDA [1]	**268,229**	75%	153,552
FFO I	**165,627**	76%	94,049
FFO I PER SHARE (€)	**0.25**	47%	0.17
DIVIDEND PER SHARE [2] (€)	**0.163**	220%	0.051

1) including AT's share in GCP's Adjusted EBITDA
2) Based on a payout ratio of 65% of FFOI per share. 2016 dividend subject to AGM approval

in €'000 unless otherwise indicated	1-12 2016	change	1-12 2015
EBITDA	**1,109,012**	6%	1,041,372
NET PROFIT	**901,094**	(2%)	920,754
EPS (BASIC) (€)	**1.11**	(12%)	1.26

	Dec 2016 assuming conversion [3]	Dec 2016	Dec 2015
LOAN-TO-VALUE	**34%**	39%	35%
EQUITY RATIO	**54%**	49%	55%

3) assuming conversion of series B bond which is in the money

NET ASSET VALUE

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
DEC 2016	**4,243,410**	**3,870,770**	**4,349,047**	**3,776,298**
DEC 2016 PER SHARE (€)	**5.3**	**4.9**	**5.4**	**4.7**
PER SHARE GROWTH	**+26%**	**+32%**	**+46%**	**+31%**
DEC 2015*	3,040,790	2,720,687	2,720,687	2,662,744
DEC 2015 PER SHARE (€)	4.2	3.7	3.7	3.6

* reclassified

Berlin

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, 2016. The figures presented are based on the consolidated financial statements as of December 31, 2016, unless stated otherwise.

Aroundtown is a specialist real estate investment group with a focus on value-add and income generating properties primarily in the German/NL real estate markets. The Group covers commercial and residential real estate assets which benefit from strong fundamentals and growth prospects. The commercial properties are held directly by AT and the residential investments are carried out through Grand City Properties S.A. ("GCP") which is currently held to 36% by AT and is accounted for as equity accounted investee in AT's financials. The Group's unique business model and experienced management team led the Company to grow continuously for 13 years.

As of February 2017, AT's portfolio includes a commercial portfolio of 3.4 million sqm generating €380 million rental and operating income run rate and a residential portfolio held through GCP, which holds 84k units, generating a €462 million rental and operating income run rate.
Operating with a fully integrated real estate value chain Aroundtown targets cash generating properties with upside potential in terms of rental income and/or occupancy, lease and tenant structure, cost level optimization and consequential value. Through an intensive property operational repositioning, AT further improves the portfolio results, creating secure and strong cash flow generating characteristics and benefits from the internal growth potential.

Amsterdam

FINANCIAL POSITION HIGHLIGHTS

€ thousands As of	Dec 2016	Dec 2015
CASH AND LIQUID ASSETS	**835,813**	386,983
INVESTMENT PROPERTY	**5,016,235**	2,430,595
TOTAL ASSETS	**8,088,952**	4,440,147
TOTAL EQUITY	**3,941,080**	2,425,512
CONVERTIBLE BONDS IN-THE-MONEY	**394,048**	536,136
CONVERTIBLE BONDS OUT-OF-THE-MONEY	**314,638**	281,585
TOTAL LOANS AND BORROWINGS	**1,150,598**	645,339
STRAIGHT BONDS	**1,713,965**	187,923


Berlin

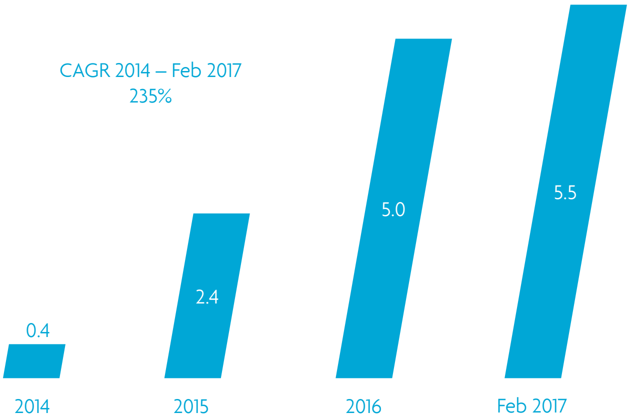
EPRA PERFORMANCE MEASURES

€ thousands	Dec 2016	change	Dec 2015
EPRA EARNINGS	**159,559**	77%	89,897
EPRA EARNINGS PER SHARE (in €)	**0.24**	50%	0.16
EPRA NAV	**3,870,770**	42%	2,720,687
EPRA NAV PER SHARE (in €)	**4.9**	32%	3.7
EPRA NAV INCL PERPETUAL NOTES	**4,349,047**	60%	2,720,687
EPRA NAV INCL PERPETUAL NOTES PER SHARE (in €)	**5.4**	46%	3.7
EPRA NNNAV	**3,776,298**	42%	2,662,744
EPRA NNNAV PER SHARE (in €)	**4.7**	31%	3.6
EPRA NIY	**5.0%**	0.0%	5.0%
EPRA "TOPPED-UP" NIY	**5.1%**	0.1%	5.0%
COMMERCIAL PORTFOLIO EPRA VACANCY	**7.9%**	(4.9%)	12.8%
GROUP EPRA VACANCY	**7.9%**	(4.8%)	12.7%
EPRA COST RATIO (including direct vacancy costs)	**18.8%**	1.6%	17.2%
EPRA COST RATIO (excluding direct vacancy costs)	**16.5%**	1.5%	15.0%

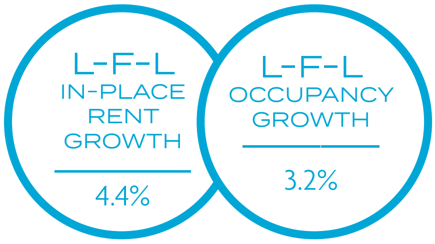
ACHIEVEMENTS

SUCCESSFUL ALONG

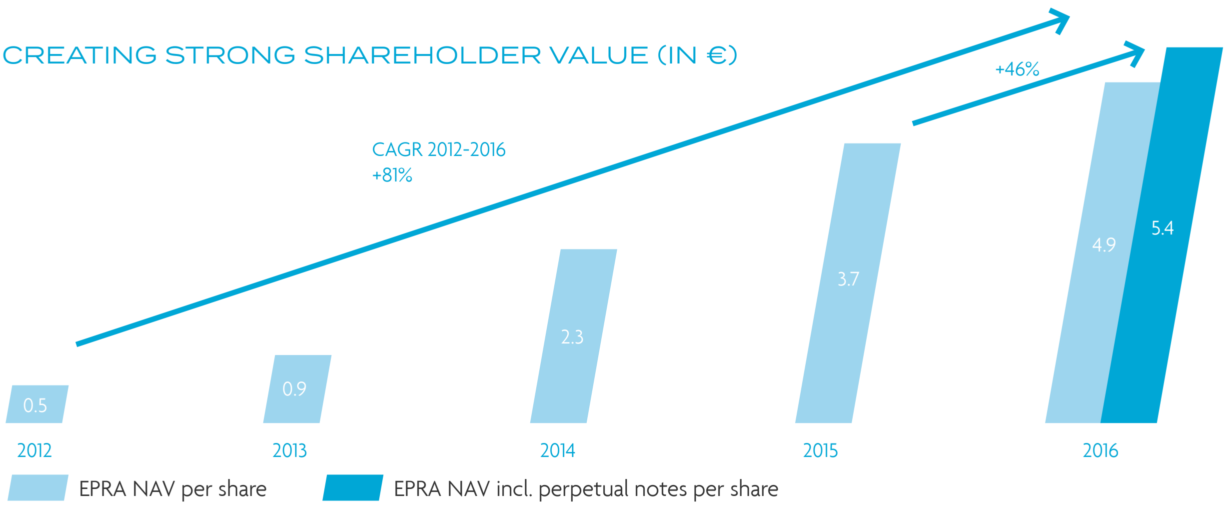
STRONG PORTFOLIO GROWTH
(INVESTMENT PROPERTY IN € BN)



STRONG LIKE-FOR-LIKE GROWTH

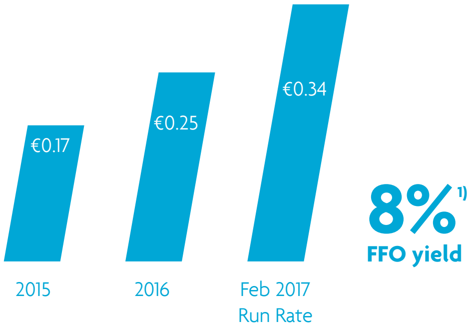


CREATING STRONG SHAREHOLDER VALUE (IN €)



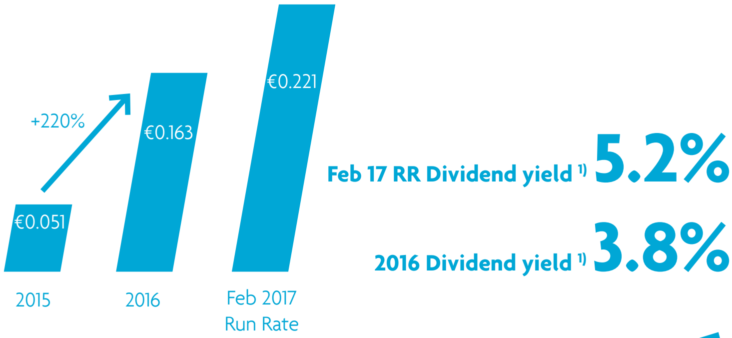
THE GROWTH PATH

FFO I PER SHARE



1) based on €4.25 share price

DIVIDEND PER SHARE



Market cap of €2.9bn making Aroundtown the largest stock listed German commercial real estate company

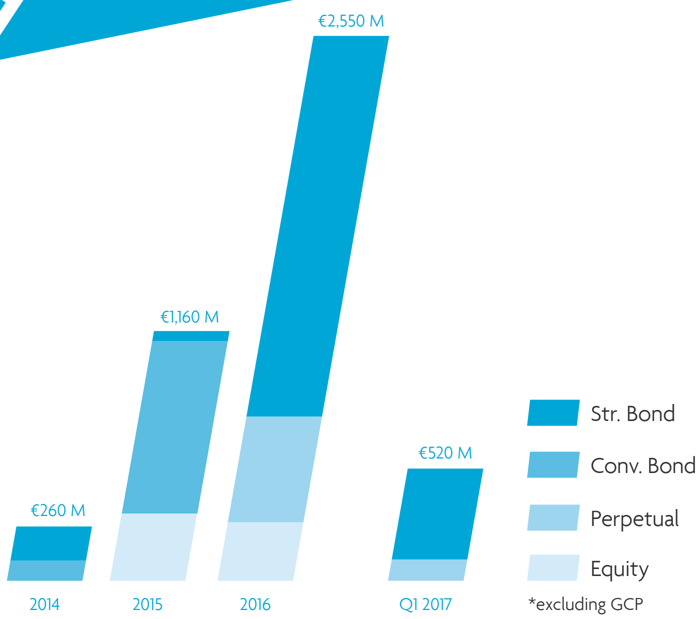
€2.9bn

BUILDING EFFICIENT CAPITAL MARKET STRUCTURES

EXPLORING NEW CAPITAL MARKETS

- First time issuance of perpetual notes in 2016
- Established EMTN programme of €1.5 bn in March 2017
- Access to Asian capital markets issuances of USD 450 million with anchor investors

LARGEST EUROPEAN REAL ESTATE ISSUER IN 2016



ACHIEVEMENTS

Munich

FINANCIAL DISCIPLINE

CREDIT RATING

BBB- S&P → 6 months → BBB S&P

STRONG FINANCIAL RATIOS

LTV	LTV ASSUMING CONVERSION	ICR	DSCR
39%	34%	4.5	3.3

OUTLOOK

UPGRADE THE STOCK LISTING TO AN EU-REGULATED MARKET

MIGRATE THE COMPANY TO LUXEMBOURG AND CONTINUE AS A LUXEMBOURG COMPANY

Hamburg

LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

We hereby present to you the full year financials of 2016 which has been very successful and profitable year for Aroundtown. We are well on track on our growth path with a substantial increase in 2016 to over €5 bn value in commercial investment property. Our growth was supported by our fruitful capital market activities. We accessed the perpetual notes markets, entered the Asian capital markets, established an EMTN program of €1.5 bn, and managed to become the largest European real estate issuer in 2016. These achievements were backed up by our investment grade rating upgrade by S&P to BBB in June 2016, 6 months after receiving our initial BBB- rating. Our strategic goal is to improve our rating in reaching an A- in the long run. Our financial policy reflects this goal by maintaining a conservative capital structure alongside our growth through low leverage and high diversity of financing sources. Also, part of our financial policy is our updated dividend payout ratio of 65% of FFO I per share, up from formerly 30%. Based on this higher ratio we will suggest at the AGM a dividend per share of €16.3 cents which reflects a current yield of almost 4%. The yield increases to over 5% when considering the dividend on our annualized FFO I per share as of February ("run rate") of €34 cents. Together with the EPRA NAV per share growth of 46% in 2016, we are clearly creating strong shareholder returns.

As we focus on acquiring properties with a value-add potential, our portfolio provides us with the opportunity to increase rents, occupancy and WALT's, which subsequently lead to stronger value creation. Due to our portfolio's strong quality locations, as well as our relentless efforts through our operating platform, we have been able to achieve strong like-for-like growth of 4.4% for in-place rents, and 3.2% in occupancy. We focus our investments on the strongest markets in Germany and the Netherlands, which are two of the strongest economies in Europe with AAA ratings. Within these countries, we focus on top tier cities including Germany's capital, Berlin, the the largest European metropolitan North Rhine-Westphalia, the wealthiest cities of Hamburg and Munich, the financial center of Frankfurt, the Netherland's financial center and capital Amsterdam, including also Europe's biggest port of Rotterdam.

Regarding our portfolio, we also started presenting a comprehensive breakdown in both asset types and their locations. We also started with the publication of the FY16 financials a full set of EPRA KPI's. Both, we believe, will provide investors a better understanding of our strong performance and quality portfolio, thus increase confidence in our management.

Further strengthening our investor's confidence is our planned stock listing upgrade to the regulated market and the migration to Luxembourg with continuation as a Luxembourg company. We strongly believe this will not just only increase visibility of our shares, but also increase the tradability as further options will arise to enter various stock indices, especially when reviewing our considerable market cap, which makes us the largest listed German commercial real estate company.

As usual, we will keep everyone updated on our developments through our regular portfolio updates. Additionally, we extend an open invitation to all current and potential investors to visit our headquarters in Berlin, in meeting management, in visiting our service center, and in touring any number of our assets.

Reshef Ish-Gur
Director

Andrew Wallis
Director

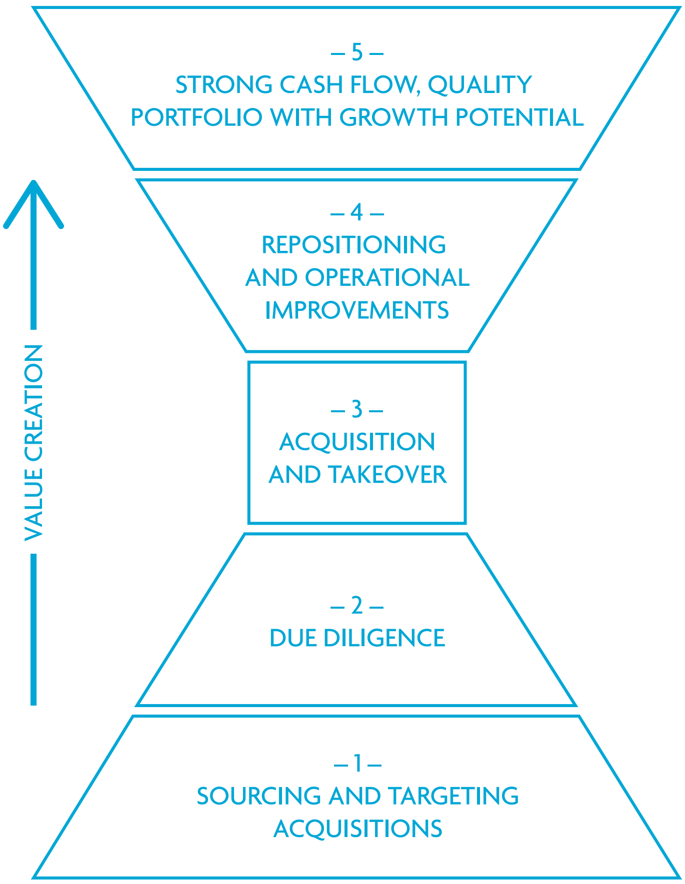
Jelena Afxentiou
Director

Oschrie Massatschi
Director

Leipzig

STRATEGY AND BUSINESS MODEL

AT'S VALUE CREATION STARTS PRIOR TO ACQUISITION



–1– SOURCING AND TARGETING ACQUISITIONS

Aroundtown's property sourcing success stems from its unique network as well as its reputation as a reliable real estate acquisition partner. The Group focuses on value-add properties characterized by below market rent levels, inefficient cost or lease structure and/or vacancy reduction potential. With over 13 years of experience in the real estate markets, the Group benefits from a preferred buyer status across its sourcing network. The Group sources deals from a large and diverse deal sourcing base, such as receivers, banks, loan funds, broker networks, distressed owners, private and institutional investors and court auctions. The Group's primary focus is on major cities and metropolitan areas with positive demographic prospects.

The Group follows acquisition criteria, which ensure that its newly acquired properties fit to AT's business model.

The main criteria include:

— Value add through operational improvements
— Cash flow generating assets
— Vacancy reduction potential
— Rent level per sqm is below market level (under-rented properties)
— Acquisitions in good locations in top tier German/NL cities
— Purchase price below replacement cost and below market values
— Potential to reduce the cost per sqm significantly through operational improvements

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

Munich

–2– DUE DILIGENCE

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

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

–3– ACQUISITION AND TAKEOVER

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

STRATEGY AND BUSINESS MODEL

–4– REPOSITIONING AND OPERATIONAL IMPROVEMENTS

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 repositioning process becomes smoother and faster. The business plan input is integrated into AT's proprietary IT/software platform which enables the management to monitor all operational and financial parameters and fully control the repositioning progress. The success of the repositioning of the properties are the result of the following actions:

OPERATIONAL AND MARKETING INITIATIVES TO IMPROVE PROFITABILITY

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

Rent increase and tenant restructuring, assessed in the due diligence process, are executed according to the property's 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 identified areas for operational improvements, the Group drills down on cost saving opportunities on a per unit basis, making use of modern technologies such as consumption based meters. These efforts combined with cost savings achieved through vacancy reductions and economies of scale enable the Company to benefit from a significant improvement of the cost base and therefore higher profitability.

AT manages its entire real estate value chain across acquisition, letting, upkeep and refurbishment. This integrated approach brings further efficiency benefits 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 is balanced against the lease term, rental income and property acquisition cost and bear quick returns over the investment period.

RELATIONSHIP MANAGEMENT

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

Further, the Group aims to establish personal relationships between its asset and property managers and its tenants, providing them with personal contact points, which allows the Group to react promptly to problems and proactively prolonging existing contracts in order to optimize and secure long-term revenues.

–5– STRONG CASH FLOW, QUALITY PORTFOLIO WITH GROWTH POTENTIAL

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

Rotterdam

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 its 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 operational and value potential from its assets. This includes the ability to execute the business plan successfully, which includes executing vacancy reduction activities rapidly, putting in-place cost effective measures, setting rent increase processes, 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 13 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.

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

QUALITY LOCATIONS IN TOP TIER CITIES

Aroundtown's assets are located in two of Europe's best performing economies and AAA rated, Germany and the Netherlands. Within these countries, the Company focuses on top tier cities including Germany's capital, Berlin, the large metropolitan area of North Rhine-Westphalia, the wealthiest cities Hamburg and Munich, the financial center Frankfurt as well as Netherland's financial center and capital Amsterdam and Europe's biggest port, Rotterdam.

PROPRIETARY IT/SOFTWARE PLATFORM

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

Amsterdam

Dortmund

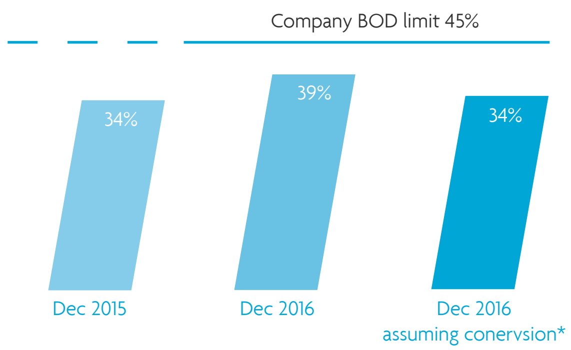
KEY STRENGTHS

CONSERVATIVE FINANCING STRUCTURE

AT's conservative capital structure approach is reflected in an LTV of 39% as of December 31, 2016. LTV assuming conversion of convertible bonds which are in the money is 34%.

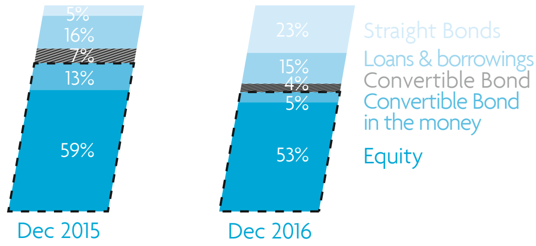
Aroundtown's management views the debt ratios as a key source of competitive advantage and puts policies in place to keep financing costs low and the portion of unencumbered assets high. The low leverage of the Group enables further external growth, while still maintaining a conservative capital structure. This conservative capital structure emerges from AT's diversified financing sources with long maturities.

LOAN-TO-VALUE



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

FINANCING SOURCES MIX



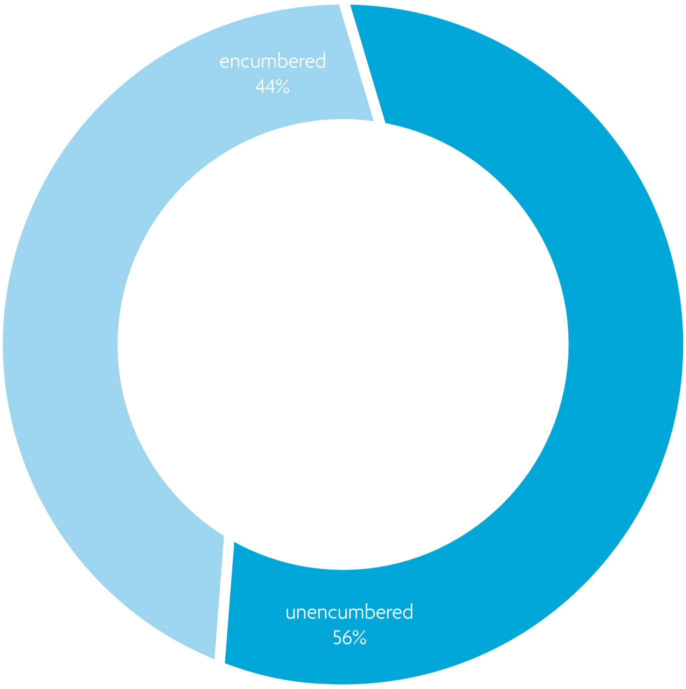
In addition to its conservative capital structure and vast experience in accessing capital markets that enable AT to finance its future growth, the Company maintains a strong liquidity position through a mix of its operational cash generation, cash and liquid assets which as of December 31, 2016 amount to €836 million. The tap issuance of €50 million of the Series F straight bond, as well as the €100 million tap of the perpetual notes, combined with the €1,500 million EMTN programme, under which USD 400 million bond has been issued, provide a strong liquidity basis. Additionally, the high ratio of unencumbered assets of 56% as of December 2016 provides additional financial flexibility.

Munich

Hannover

KEY STRENGTHS

UNENCUMBERED ASSETS AS OF DECEMBER 2016



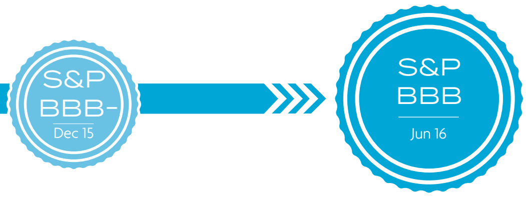
FINANCIAL POLICY

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

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

STRONG COVER RATIOS – 2016

Rheinsberg



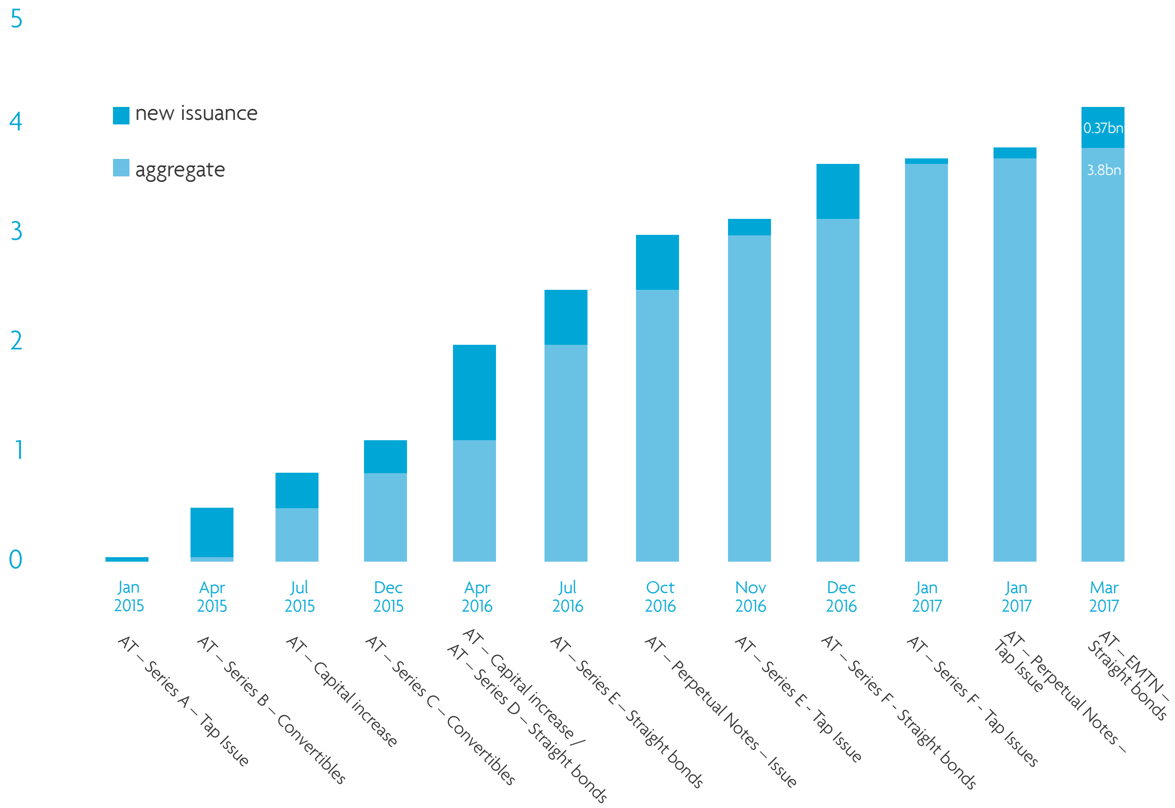
INVESTMENT GRADE CREDIT RATING

In June 2016, AT's credit rating was upgraded to 'BBB' by Standard & Poor's Ratings Services ("S&P"). The rating increase followed the initial credit rating of 'BBB-' received from S&P in December 2015, 6 months earlier. S&P acknowledged AT's increased business stability and larger portfolio with good scale and diversification. Further, S&P acknowledged AT's well balanced portfolio across multiple property asset types and regions in Germany with no dependency on a single region.

KEY STRENGTHS

AROUNDTOWN HAS PROVEN ABILITY TO ACCESS THE CAPITAL MARKETS

FRUITFUL CAPITAL MARKET ACTIVITIES: AROUNDTOWN RAISED OVER €4 BILLION SINCE 2015



EQUITY AND BOND BOOKRUNNERS

J.P.Morgan | UBS | citi | Goldman Sachs
BERENBERG | Morgan Stanley | Deutsche Bank | SOCIETE GENERALE

AROUNDTOWN'S TRACK RECORD REFLECTS STRONG ACCESS TO CAPITAL MARKETS

MAR 2017	Issuance of USD 400 million, 2032 straight bonds, under its EMTN programme to a single Asian investor
MAR 2017	Establishment of €1.5 bn EMTN programme
JAN 2017	Tap issuance of €100 m of perpetual notes, coupon 3.75% p.a., to a total aggregate amount of €600 million
JAN 2017	Tap issuance to a single Asian investor of €50m of Series F, coupon 2.125% p.a., to a total aggregate amount of €550 million
DEC 2016	Issuance 2023 straight bonds of €500m Series F, coupon 2.125% p.a.
NOV 2016	Tap issuance of €150m of Series E, 2024 straight bonds, coupon 1.5% p.a., to a total aggregate amount of €650 million
OCT 2016	Issuance of €500m perpetual notes, coupon 3.75% p.a.
JUL 2016	Issuance of Series E, 2024 straight bonds of € 500m, coupon of 1.5% p.a.
APR 2016	Issuance of Series D, 2022 straight bonds of € 600m, coupon of 1.5% p.a.
APR 2016	Equity capital increase of €267m at €4.1 per share
DEC 2015	Issuance of Series C, 2021 convertible bond of €300m, coupon 1.5% p.a.,current conversion price: €5.69
JUL 2015	First equity capital increase of €320m at €3.2 per share
APR 2015	Issuance of 5 year convertible bond (Series B) of € 450m, coupon 3% p.a., current conversion price: €3.38
JAN 2015	Tap issuance of € 39m of Series A bond to a total aggregate amount of € 200m
DEC 2014	Issuance of series A straight bonds of € 161 million (nominal value) with a coupon of 3% p.a.

*Aroundtown stand alone, excluding GCP issuances

CAPITAL MARKETS

TRADING DATA AND ANALYST COVERAGE

Placement	Frankfurt Stock Exchange and Euronext Paris
WKN/Symbol	AT1 (Xetra, FSE), ALATP (Euronext Paris)
Initial placement of capital	13.07.2015

AS OF DECEMBER 2016

Number of shares	676,268,473
Total number of shares incl. dilution effect of Series B*	798,088,217
Number of shares on a fully diluted basis	850,847,529

Free Float (as of the date of this report)	44%
Free float including conversion of Series B* in the money	53%
Fully diluted free float	55%
Market Cap (as of 31 December 2016)	€2.9 bn

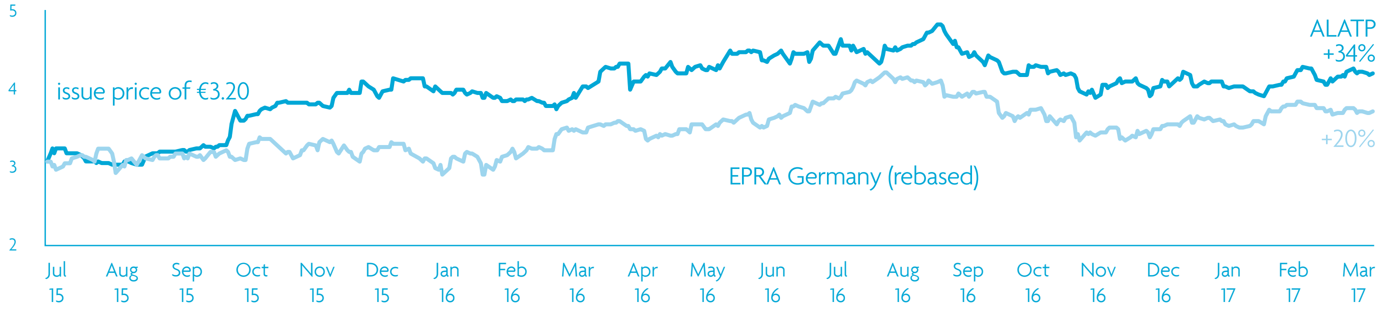
*Convertible bond Series B is in the money

INVESTOR RELATIONS ACTIVITIES

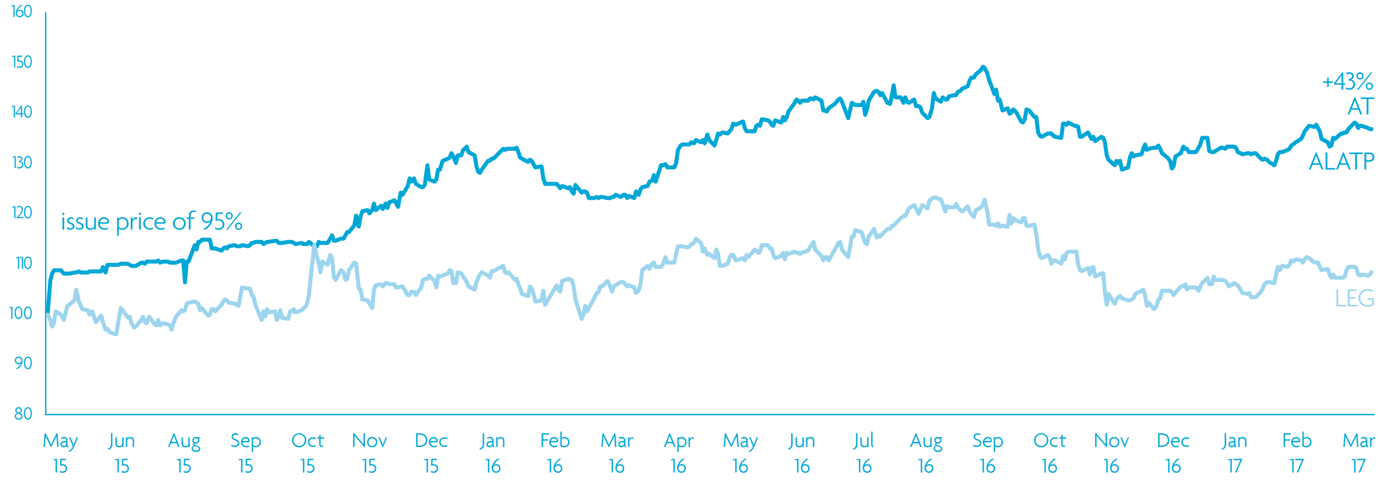
The Group is pro-actively approaching a large investor audience in order to present its business strategy, provide insight into its progression and create awareness of its overall activities in order to enhance its perception in the market. AT participates in a vast amount of various national and international conferences, roadshows and one-on-one presentations in order to present a platform for open dialogue. Explaining 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. 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 ten different research analysts on an ongoing basis, which reports are updated and published regularly.


Berlin

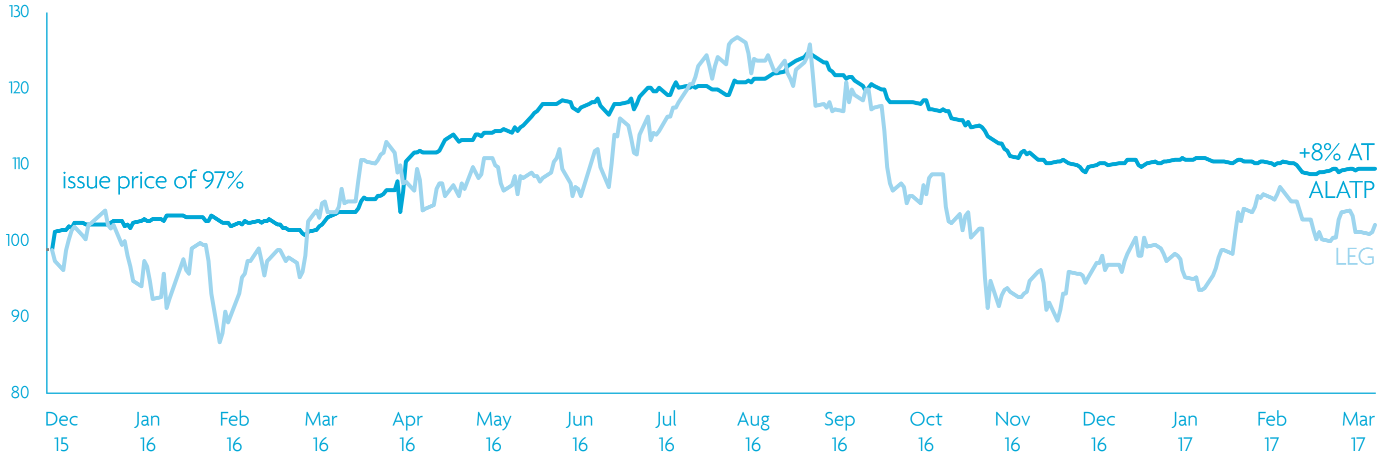
SHARE PRICE PERFORMANCE SINCE INITIAL PLACEMENT OF CAPITAL (13.07.2015)



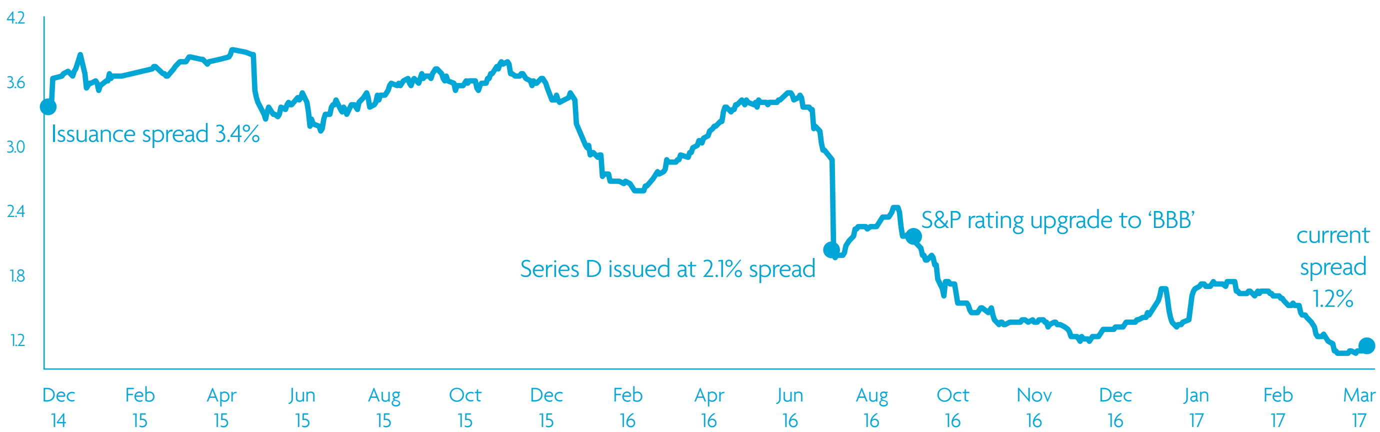
CONVERTIBLE BOND SERIES B PERFORMANCE SINCE PLACEMENT (27.04.2015)



CONVERTIBLE BOND SERIES C PERFORMANCE SINCE PLACEMENT (15.12.2015)



SPREAD OVER MID-€-SWAP FOR STRAIGHT BONDS A AND D, REMAINING 5 YEARS

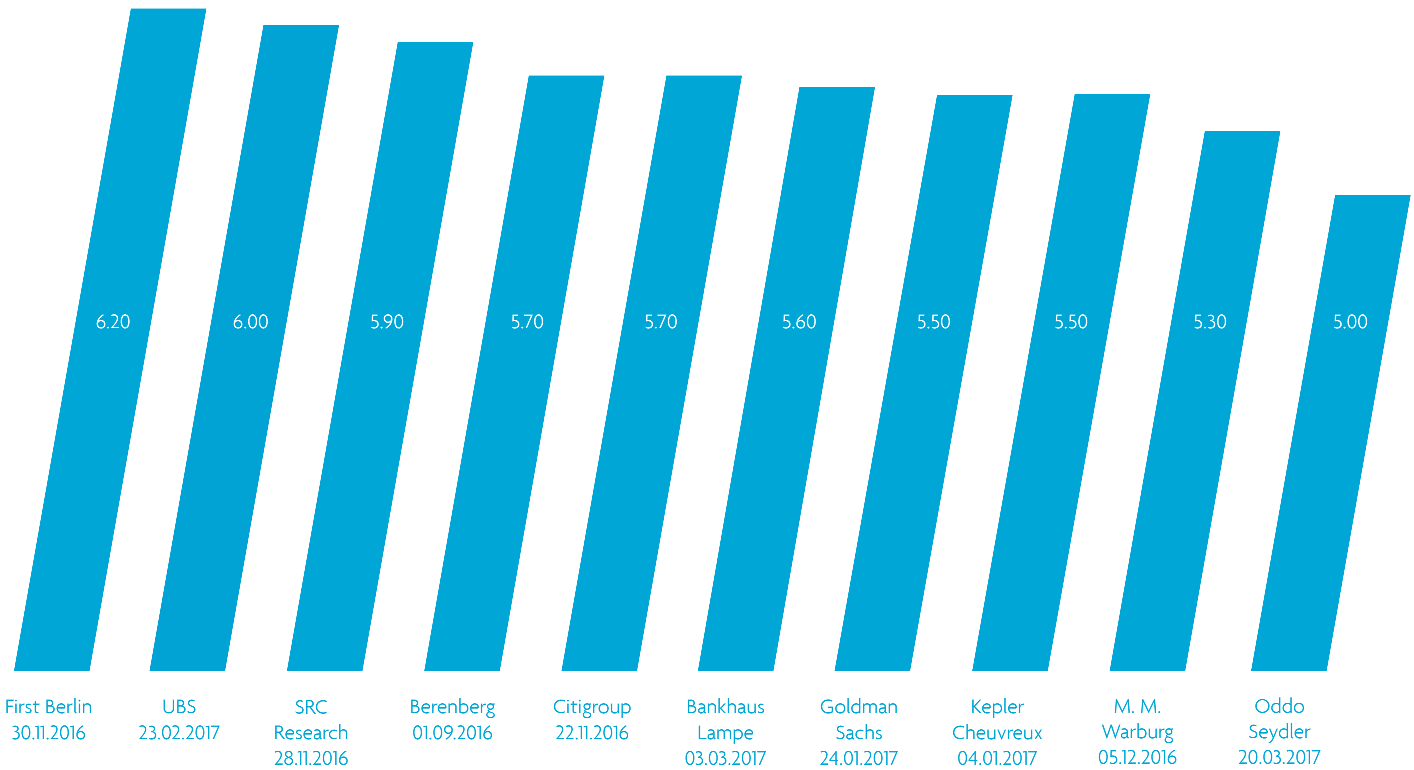


Mainz

CAPITAL MARKETS

SEVERAL EQUITY RESEARCH ANALYSTS FOLLOW THE COMPANY'S GROWTH ON A CONTINUOUS BASIS

ANALYST RESEARCH TARGET PRICE



AROUNDTOWN
PROPERTY HOLDINGS PLC

COMMERCIAL PORTFOLIO

€5.5bn

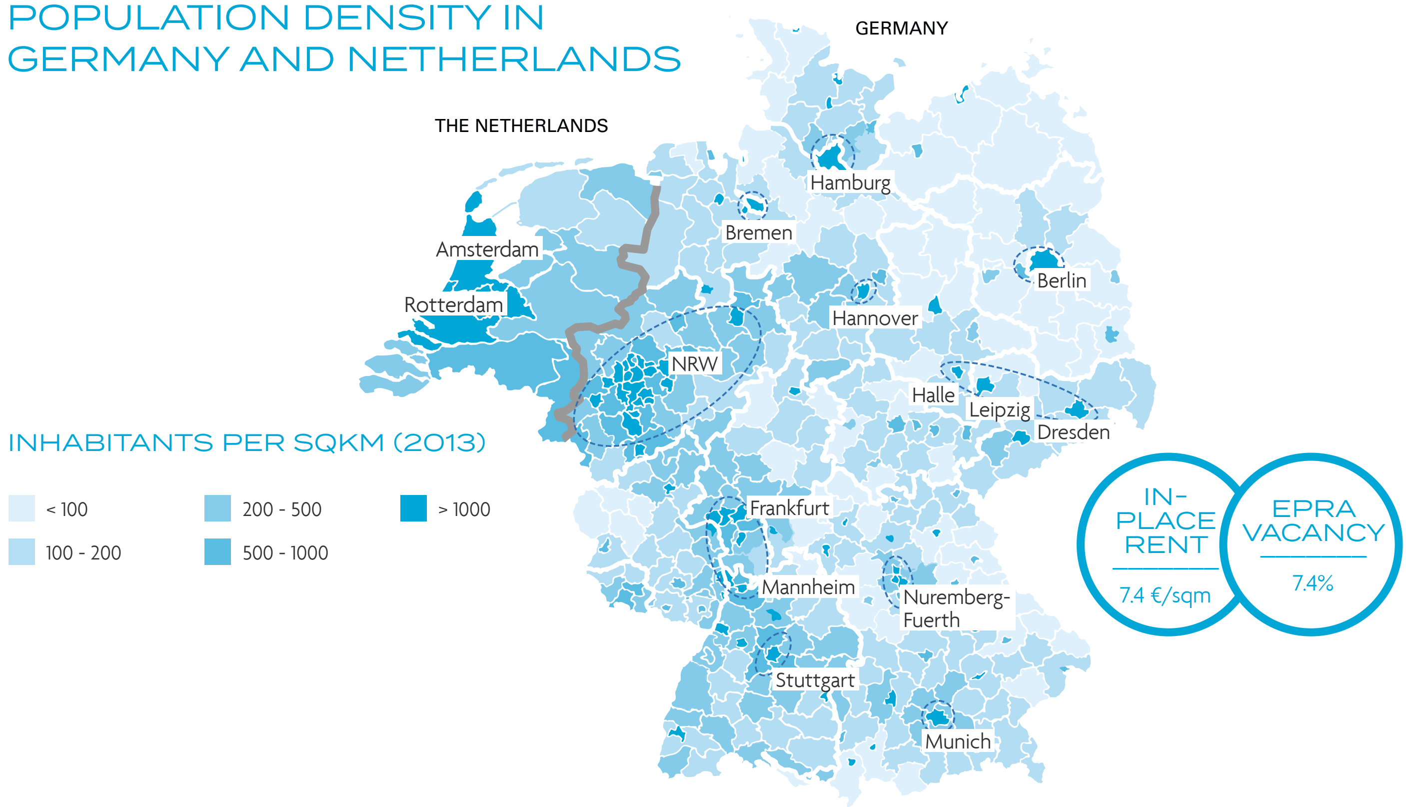
RESIDENTIAL PORTFOLIO

36% IN GCP

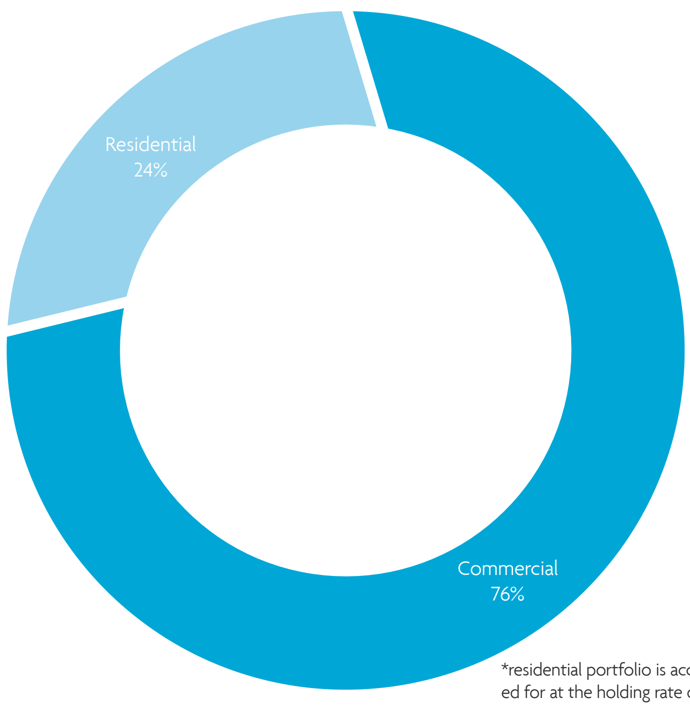
Munich

AROUNDTOWN'S QUALITY PORTFOLIO

POPULATION DENSITY IN GERMANY AND NETHERLANDS

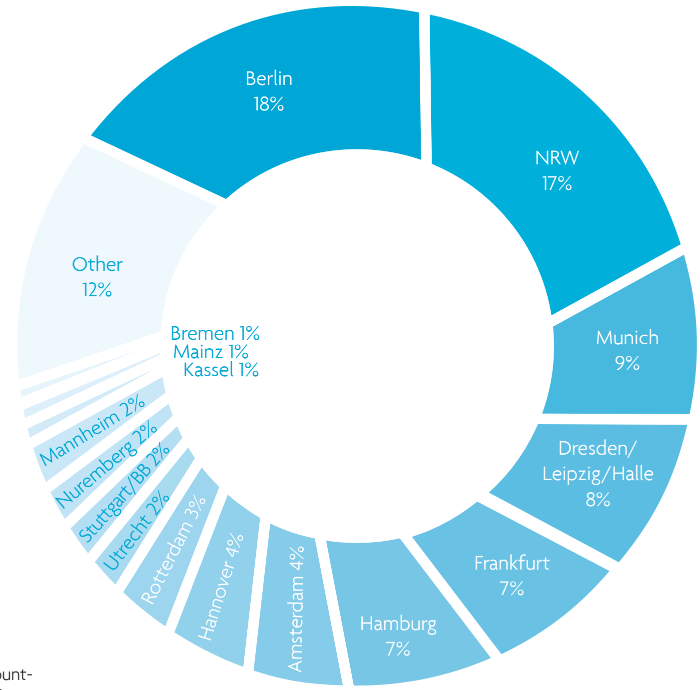


ASSET TYPE BREAKDOWN FEB 17 BY VALUE*



*residential portfolio is accounted for at the holding rate of 36%

GROUP REGIONAL DISTRIBUTION FEB 17 BY VALUE*



COMMERCIAL PORTFOLIO

TOP TIER CITIES

Aroundtown 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 offices, retail, hotel and other properties covering 3.4 million sqm.

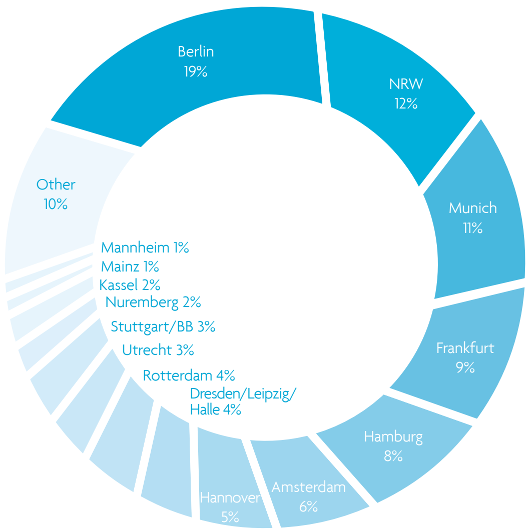
As of February 2017, excluding assets held for sale, the Group's commercial portfolio with a value of €5.5 billion generates a rental and operating income run rate (February 2017 annualized) of €380 million and operates at an in-place rent of 8.6 €/sqm and at an EPRA vacancy of 7.3%. The portfolio exhibits strong growth potentials through rent and occupancy increase as well as cost efficiency improvements resulting in an adjusted EBITDA of €277 million and a bottom line FFO run rate (February 2017 annualized) of €178 million. Furthermore, AT's portfolio is well diversified and has a limited dependency on single tenants with a tenant base of approx. 2,500 tenants spread across a wide range of sustainable market sectors which further reduces cluster risk. WALT is 7.7 years: offers long-term cash flow sensitivity.

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.

PORTFOLIO DISTRIBUTION

Aroundtown's commercial portfolio is located in key locations which benefit from strong demographic and economic fundamentals, such as Berlin, Munich, Hamburg, Frankfurt, NRW, Hannover and Amsterdam. Within these regions Aroundtown focusses on assets with favourable micro locations.

REGIONAL DISTRIBUTION (BY VALUE)



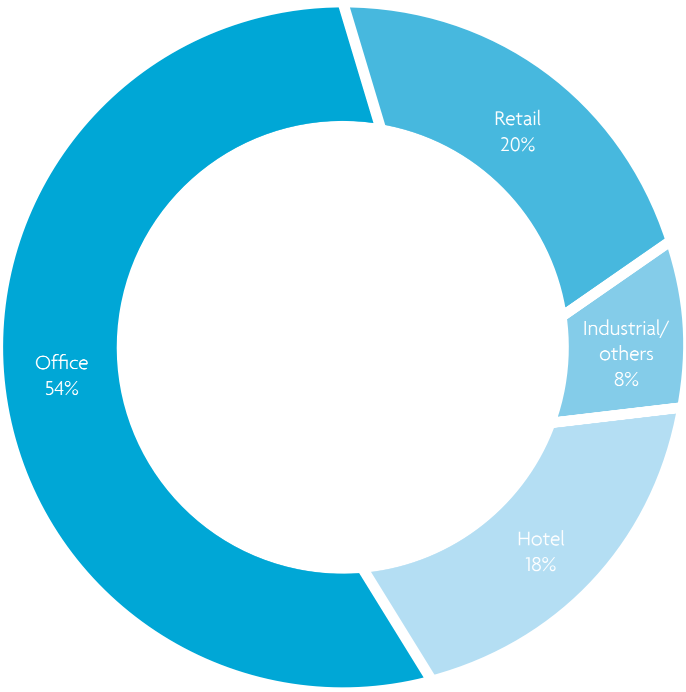
REGIONAL OVERVIEW

February 2017	Investment properties (in €M)	Rentable area (in 000' sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Berlin	1,045	534	7.6%	57	9.4	1,956	5.5%
NRW	657	657	6.3%	47	5.9	1,001	7.1%
Frankfurt	519	230	10.3%	29	11.5	2,259	5.6%
Munich	605	191	9.1%	27	11.8	3,166	4.4%
Hamburg	438	229	2.7%	21	7.9	1,916	4.9%
Amsterdam	319	124	9.8%	20	14.7	2,561	6.4%
Hannover	255	184	5.9%	17	7.9	1,386	6.5%
Dresden/Leipzig/Halle	244	165	9.8%	15	8.1	1,485	6.1%
Rotterdam	185	99	9.6%	15	13.1	1,870	7.9%
Utrecht	177	85	5.0%	13	11.7	2,086	7.3%
Stuttgart/BB	161	97	12.9%	10	9.5	1,659	6.1%
Nuremberg	110	79	2.9%	7	7.5	1,384	6.7%
Other	823	734	5.1%	63	7.4	1,121	7.7%
TOTAL	**5,539**	**3,408**	**7.3%**	**341**	**8.6**	**1,625**	**6.2%**

ASSET TYPE OVERVIEW

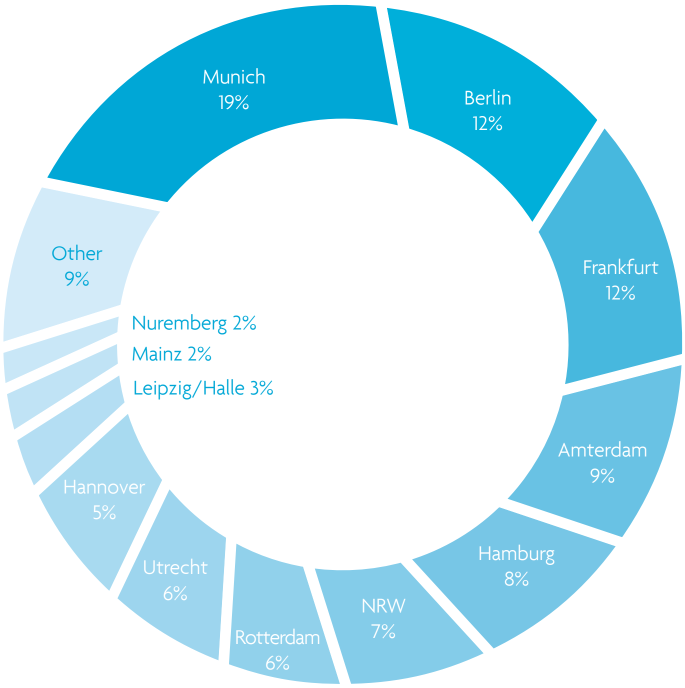
February 2017	Investment properties (in €M)	Rentable area (in 000' sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Office	2,962	1,428	9.9%	173	10.6	2,075	5.8%
Retail	1,122	784	6.5%	78	8.4	1,431	7.0%
Hotel	1,014	542	0.0%	64	9.9	1,873	6.3%
Industrial/others	441	655	8.0%	25	3.2	673	5.7%
TOTAL	**5,539**	**3,408**	**7.3%**	**341**	**8.6**	**1,625**	**6.2%**

ASSET TYPE (BY VALUE)

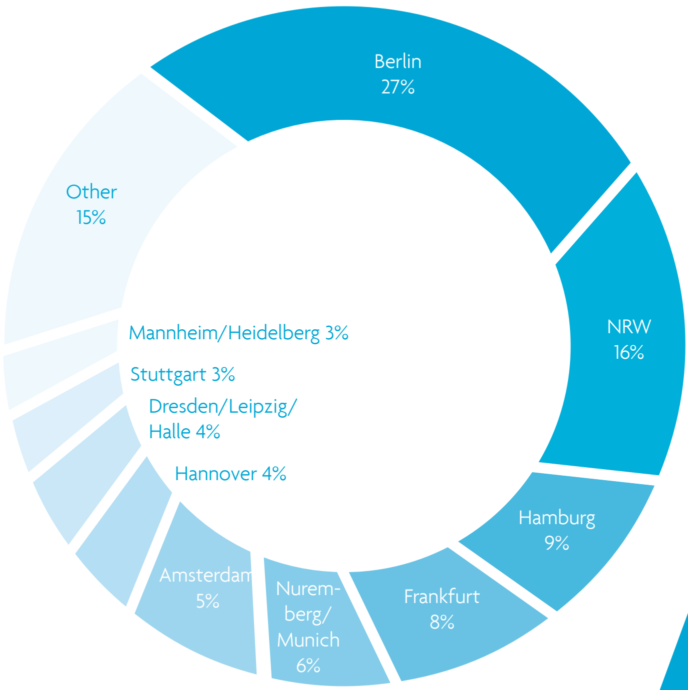


OFFICE AND RETAIL PORTFOLIO

OFFICE REGIONAL DISTRIBUTION (BY VALUE)

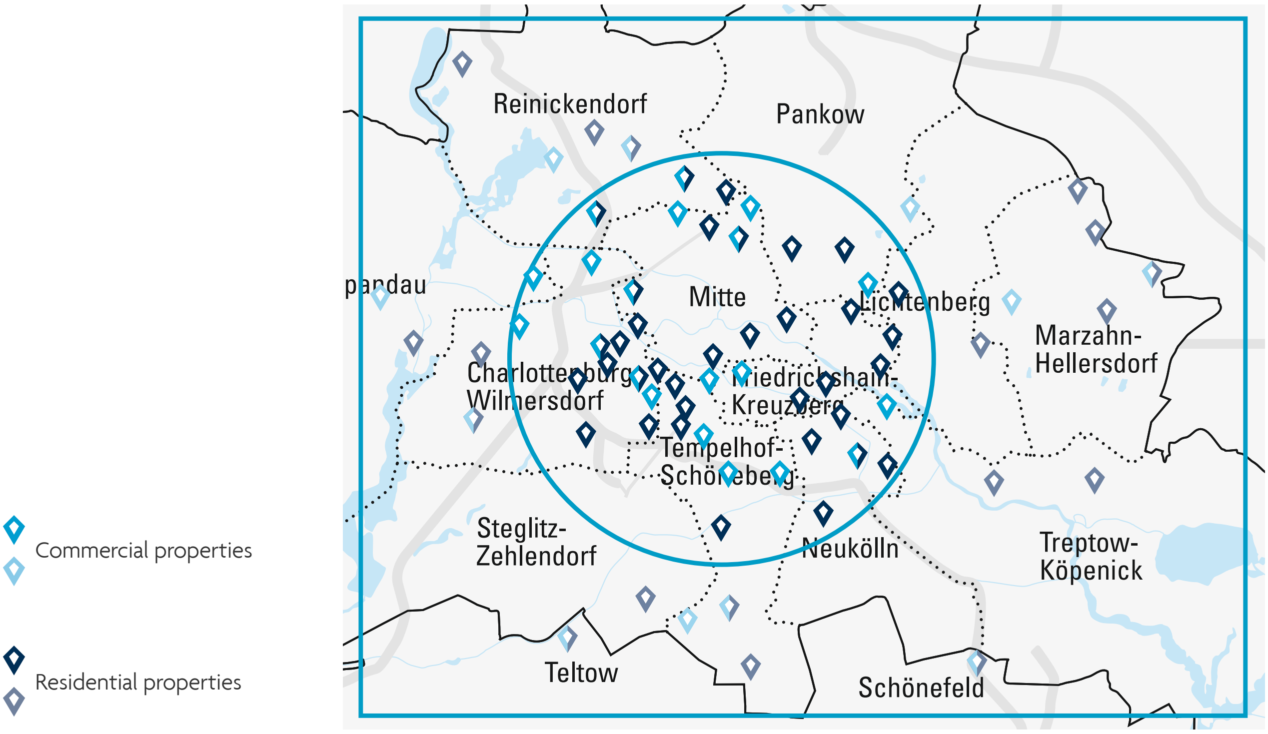


RETAIL REGIONAL DISTRIBUTION (BY VALUE)



QUALITY BERLIN LOCATIONS AS OF FEBRUARY 2017

- **78% in top neighborhoods including the inner city**, strongly benefiting from the unique dynamics and growth of Berlin's most in demand neighborhoods, business areas and tourist centres
- **62% is located within inner-city**
- **16% are well located in strong and growing areas** outside the inner circle, such as West Charlottenburg/Wilmersdorf, Lichtenberg, South Schöneberg, Potsdam, Schönefeld , Steglitz and others
- 22% are well located primarily in Spandau, Reinickendorf, Hellersdorf/Marzahn and Treptow/Köpenick



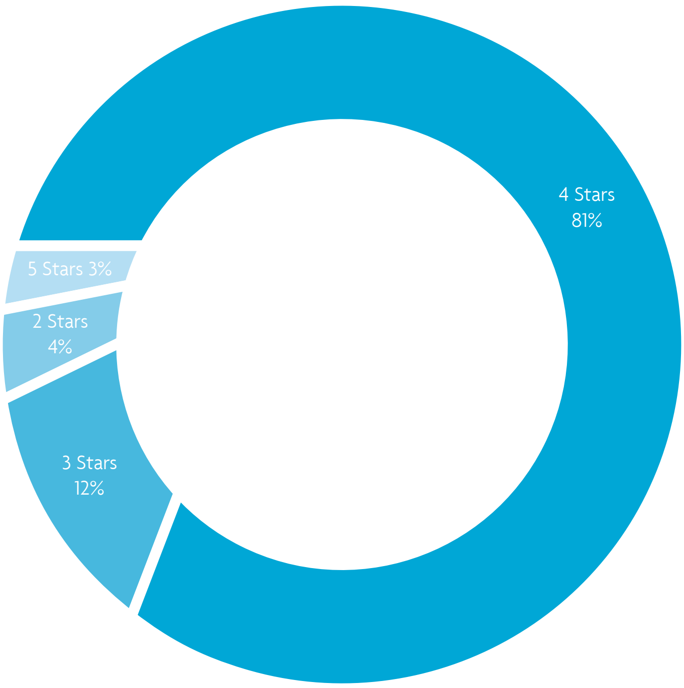
*Map representing approx. 93% of the portfolio and 99% including central Potsdam

HOTEL PORTFOLIO

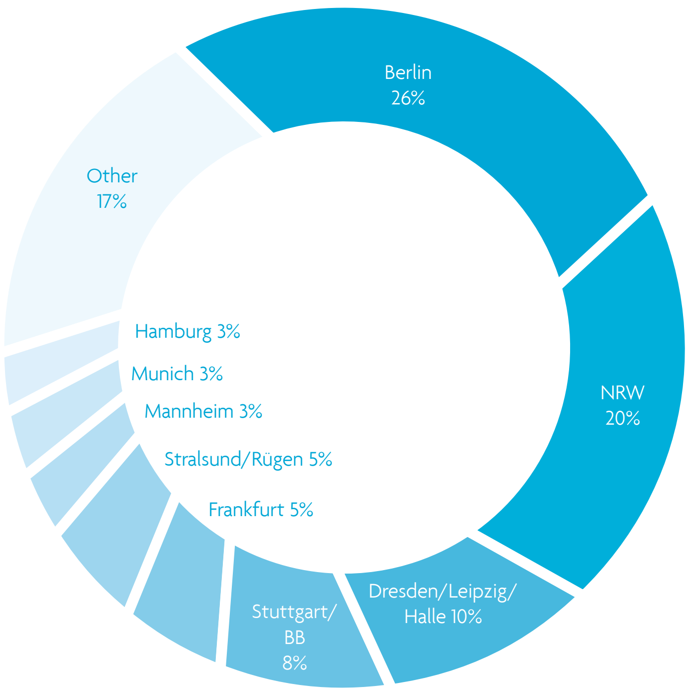
The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. The management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. An integral component of the business plan is a long-term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

The hotel portfolio is well diversified and consists of €1 billion of value and covering over 560k sqm, as of February 2017. The largest share of 81% of the portfolio consists of 4 star hotels, meeting the strong market demand which rises from tourism and business travel. The hotels are branded under a range of globally leading branding partners which offer key advantages such as worldwide reservation systems, global recognition, strong loyalty programs, quality perception and benefits from economies of scale. Furthermore, the hotels have long term fixed leases with third party hotel operators, providing stable cash flows.

HOTEL PORTFOLIO COMPOSITION BY STAR CATEGORY (BY VALUE)



REGIONAL DISTRIBUTION HOTEL (BY VALUE)



THE GROUP 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

Baden-Baden

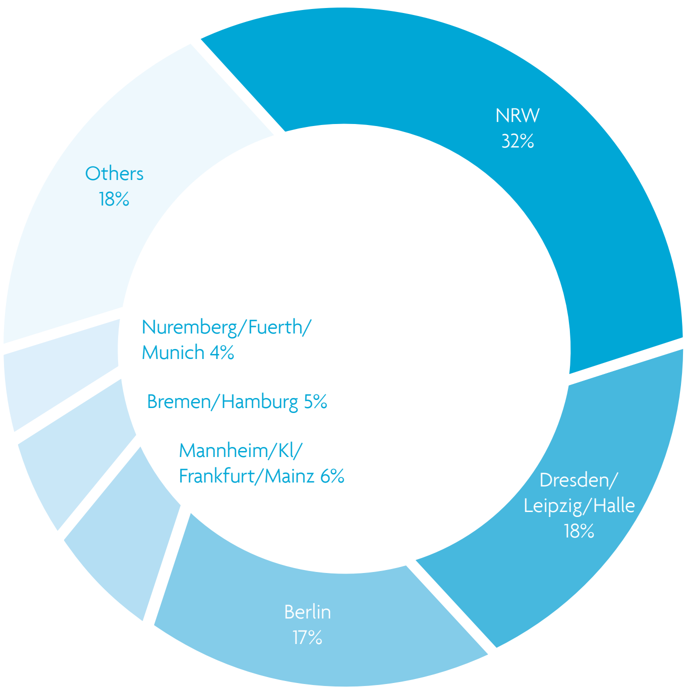
RESIDENTIAL PORTFOLIO (GCP)

The residential portfolio is held through a 36% interest in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas in Germany. AT is the largest shareholder in GCP. The remaining 64% are widely distributed and held mainly by many international leading institutional investors. There is no major single shareholder except for AT. As of February 2017, GCP holds 84k units in its portfolio. Its holdings are spread across densely populated areas, with a focus on North Rhine-Westphalia, Berlin and the metropolitan regions of Dresden, Leipzig and Halle. 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 GCP established an industry leading service level and lasting relationships with its tenants. The following table represents 100% of GCP's portfolio.

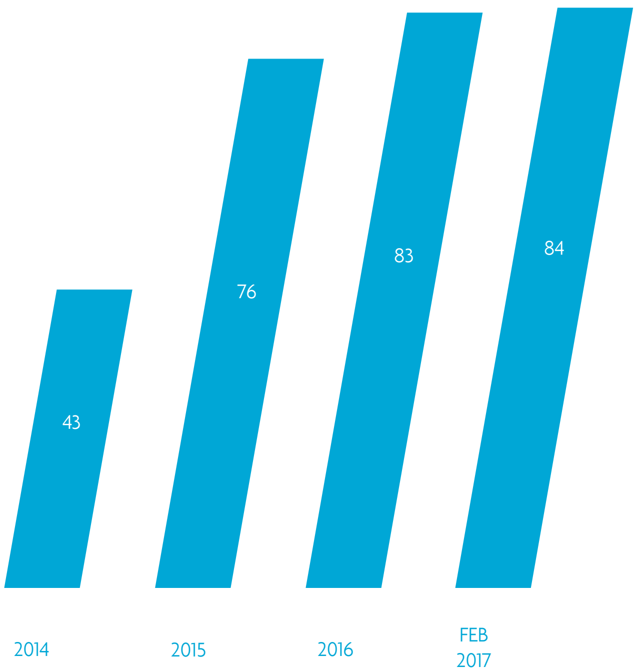
REGIONAL OVERVIEW

February 2017	Investment properties (in €M)	Rentable area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,587	1,861	8.4%	108	5.1	28,029	853	6.8%
Berlin	823	470	5.9%	37	6.8	6,270	1,752	4.6%
Dresden/Leipzig/Halle	887	1,129	8.9%	60	4.9	19,872	786	6.8%
Mannheim/KL/ Frankfurt/Mainz	282	243	3.5%	17	5.9	3,981	1,163	6.1%
Nuremberg/Fuerth/Munich	173	102	3.9%	9	7.6	1,471	1,697	5.4%
Bremen/Hamburg	236	264	7.3%	16	5.6	3,844	897	6.9%
Others	921	1,230	8.4%	69	5.3	20,635	748	7.5%
TOTAL	**4,910**	**5,298**	**7.8%**	**317**	**5.4**	**84,102**	**927**	**6.5%**

REGIONAL DISTRIBUTION (BY VALUE)



PORTFOLIO DEVELOPMENT IN UNITS ('000)

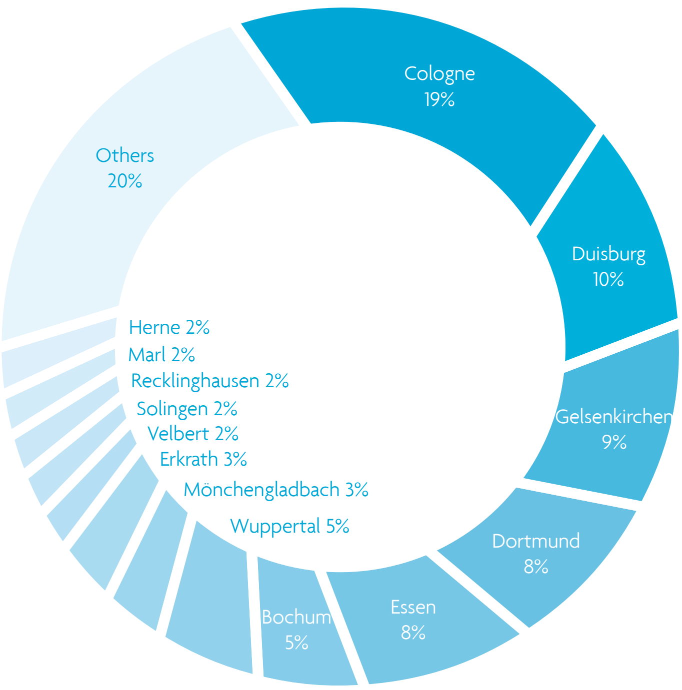


QUALITY BERLIN LOCATIONS

- **63%** of the Berlin portfolio is located in **top tier neighborhoods**
- **50%** are located **in the inner city**
- **13%** are located **in strong and growing areas** outside the inner circle, such as West Charlottenburg/Wilmersdorf, Lichtenberg, South Schöneberg, Schönefeld, Steglitz and others.
- remaining 37% is well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf

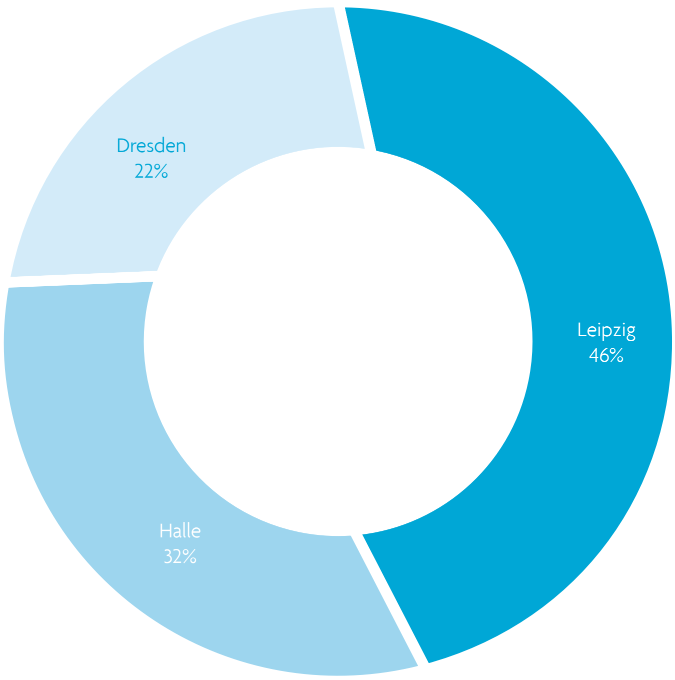
LARGEST EUROPEAN METROPOLITAN AREA WELL DISTRIBUTED WITHIN NORTH RHINE-WESTPHALIA (BY VALUE)

The NRW portfolio distribution is focused on cities with strong fundamentals within the region. 19% of the portfolio is located in Cologne, the largest city in NRW, 10% in Duisburg, 9% in Gelsenkirchen, 8% in Dortmund and 8% in Essen.



QUALITY EAST PORTFOLIO (BY VALUE)

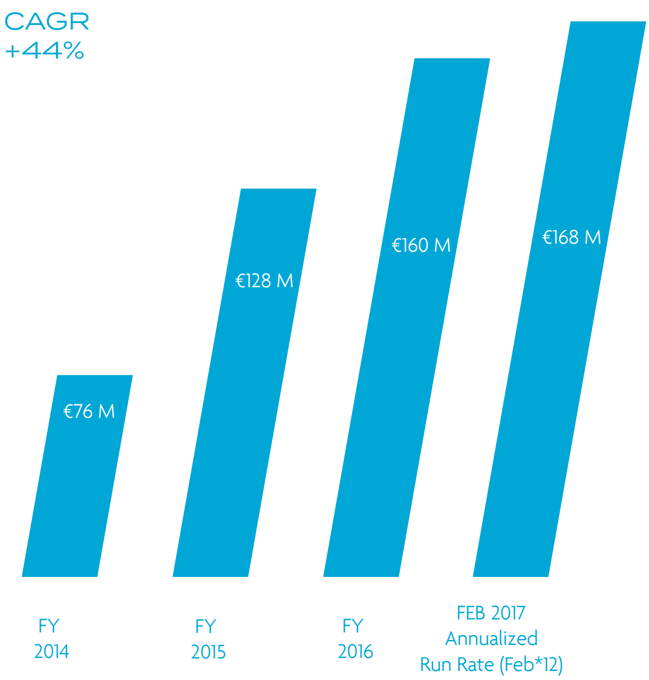
The eastern residential portfolio is well distributed in growing and dynamic cities



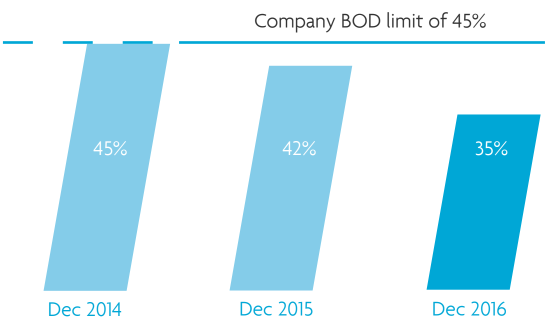
RESIDENTIAL PORTFOLIO (GCP)

As of February 2017, Grand City Properties' portfolio generates an FFO I run rate (February 2017 annualized) of €168 million and rental income run rate (February 2017 annualized) of €462 million. The current portfolio has an in-place rent of 5.4 €/sqm at an EPRA vacancy rate of 7.8%.
GCP's success is mirrored in the strong performance in the debt and capital markets. GCP's average cost of debt is 1.6%.
GCP holds investment grade credit ratings from Standard & Poor's Rating Services at BBB+ and from Moody's Investors Service at Baa2 with a positive outlook, 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 December 2016 has a market cap of €2.7 billion. GCP outperformed the market continuously since its IPO, in share, convertible bond, straight bond and perpetual 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 65% of FFO I per share.

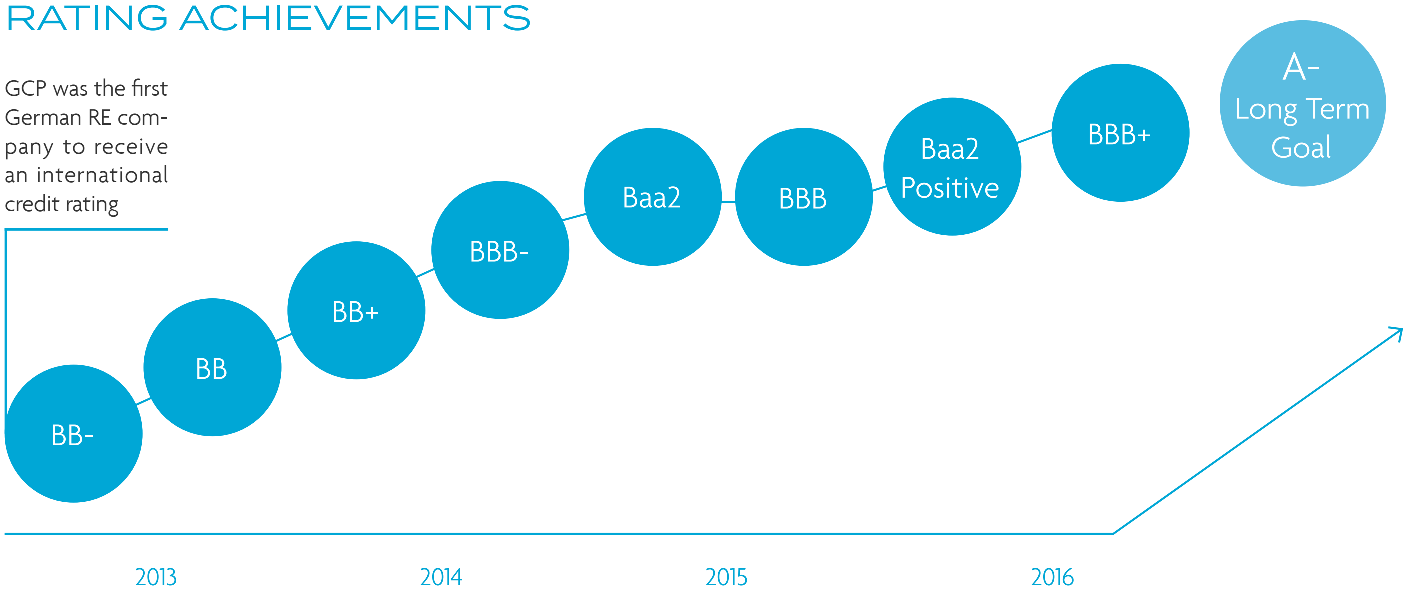
GCP - INCREASING FUNDS FROM OPERATIONS



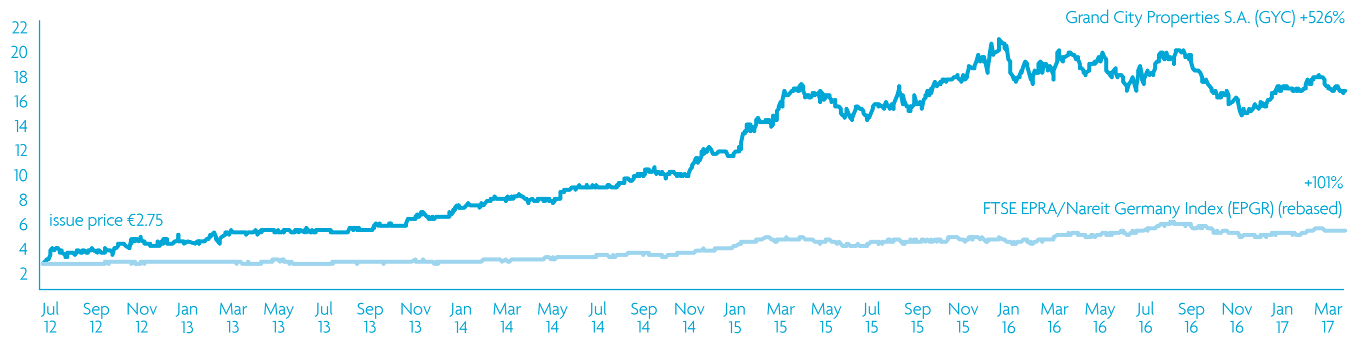
GCP - CONSERVATIVE LOAN-TO-VALUE



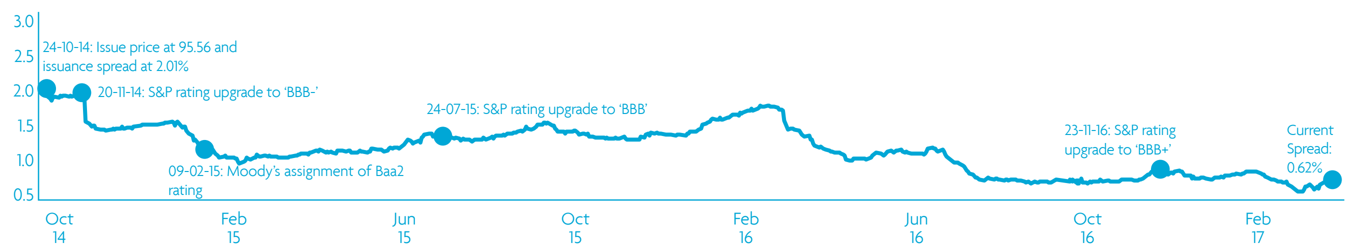
RATING ACHIEVEMENTS



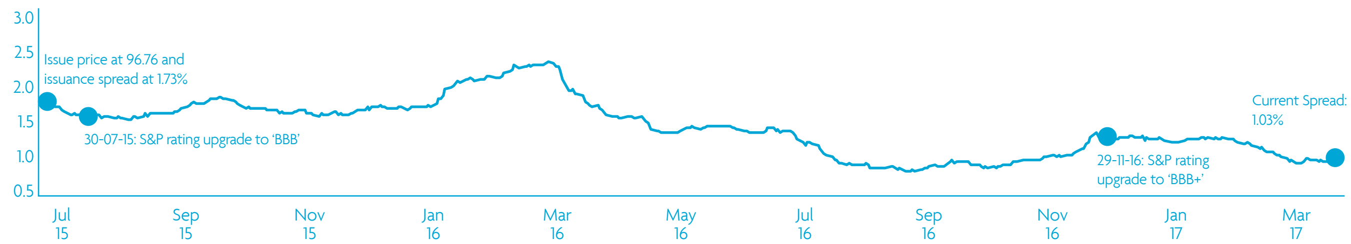
SHARE PRICE PERFORMANCE COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 4.5 YEARS



STRAIGHT BOND SERIES E – SPREAD OVER MID-€-SWAP, REMAINING 8 YEARS



CORPORATE GOVERNANCE

ANNUAL GENERAL MEETING

On 18th of November 2016 the Annual General Meeting referring to 2015 convened, in which all of the items on the agenda were carried by a great majority. The main items included appointing 2 new board members, Mr. Andrew Wallis and Mr. Oschrie Massatschi and approved the distribution of a dividend in the amount of €0.051 per share for the holders record on November 23, 2016.
On the 7th of April 2017, Aroundtown will convene an Extraordinary General Meeting to decide on the proposed transfer of the Company's seat, as proposed by the Board of Directors, to the Grand Duchy of Luxembourg, and to continue as Luxembourg corporation. The Board of Directors believes that the move to Luxembourg will be in the best interest of the Company and the shareholders as it is believed that the transfer will enhance the visibility and tradability of the Company's shares.

CORPORATE GOVERNANCE

The Group puts a strong emphasis on corporate governance, executed responsibly by the Board of Directors and the management teams. The Group directs its efforts in maintaining the high trust it received from its shareholders to balance interests. 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.
As the Company is planning to migrate its seat to Luxembourg and additionally applies for inclusion of its shares to an EU-regulated market within the course of 2017 the 10 principles of Corporate Governance of Luxembourg will apply.

SHARE INCENTIVE PLAN

The remuneration of the Board of Directors and the senior management is complemented through an incentive plan with a 4 years vesting period with specific milestones to enhance management long term commitment to AT's strategic targets. Main strategic targets are long term improvements in operational and financial targets such as rent and occupancy increase, operational efficiency, increase in adjusted EBIDTA, FFO per share, EPS and NAV per share. Management is incentivized for keeping conservative financial ratios with the strategic target to further improve the Group's credit rating to A-.

BOARD OF DIRECTORS

The Board of Directors 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 evaluate the effective fulfilment of their remit and compliance with corporate governance procedures implemented by the Group. This evaluation is also performed by the Audit and Risk Committees. The Board of Directors currently consists of a total of six members, of which two are independent, 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
Mr. Andrew Wallis	Director
Mr. Oschrie Massatschi	Director
Ms. Jelena Afxentiou	Director
Ms. Elena Koushos	Independent Director
Mr. Markus Leininger	Independent Director*

* member from 2017

REMUNERATION OF THE BOARD OF DIRECTORS

in €	Andrew Wallis* (Director)	Oschrie Massatschi* (Director)	Reshef Ish-Gur (Director)	Jelena Afxentiou (Director)	Elena Koushos (Independent Director)	2016
Salary, Director fee and supplementary payments **)	252,045	151,132	105,142	82,905	60,000	**651,224**
Fixed and variable long term share incentive	-	-	112,500	112,500	-	**225,000**
TOTAL REMUNERATION	**252,045**	**151,132**	**217,642**	**195,405**	**60,000**	**876,224**

*) Mr. Wallis and Mr. Massatschi joined the Board at the end of December 2016. They recently entered into a share incentive plan.
**) based on employer's costs

SENIOR AND KEY MANAGEMENT

Name	Position
Mr. Shmuel Mayo	CEO
Mr. Eyal Ben David	CFO
Mr. Markus Neurauter	Head of Commercial Operations
Mr. Philipp Von Bodman	Head of Hotel Operations

SENIOR MANAGEMENT FEE

As of 2017, Mr Mayo is entitled to a total fixed remuneration of €500k per year
As of 2017, Mr Ben David is entitled to a total remuneration of €400k per year of which €250k is a long term share incentive


Rotterdam

CORPORATE GOVERNANCE

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 the two independent directors Elena Koushos and Markus Leininger.**

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. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions.

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, Mr. Markus Leininger, Ms. Elena Koushos 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.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY

As a property manager, an employer and a corporation Aroundtown feels responsible towards its stakeholders, in particular its tenants, employees and its micro locations. In order to maintain and improve the business, working and environmental conditions the Company is implementing and further enhancing several measures directed towards reaching high levels of customer satisfaction, friendly work environment with the opportunity for career development and security, and leaving a low carbon footprint. Aroundtown has thus directed its property management towards around the clock availability as a short reaction time can be crucial for our tenants' uninterrupted operations furthermore, the personal contact increases trust and builds strong relationships.

As property management is a people's business, the Company strives for high employee motivation through involvement in the decision making processes, on- and off-the-job training, career development programs, and high security paired with a strong diversity in gender, race and social backgrounds.
Aroundtown set itself the goal to consistently decrease its carbon footprint through the increasing usage of renewable or climate-neutral resources in its corporate and operational offices as well in its properties' common areas.

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.

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.

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.

NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
Rental and operating income	273,699	125,162
Capital gains, revaluations and other income	719,517	814,511
Share in profit from investment in equity-accounted investees	197,064	134,138
Property operating expenses	(75,353)	(28,529)
Administrative and other expenses	(7,921)	(4,287)
Operating profit	1,107,006	1,040,995
EBITDA	1,109,012	1,041,372
ADJUSTED EBITDA [1)]	**268,229**	**153,552**
Finance expenses	(47,408)	(20,466)
Other financial results	(35,883)	7,869
Current tax expenses	(19,910)	(9,264)
Deferred tax expenses	(102,711)	(98,380)
PROFIT FOR THE PERIOD	**901,094**	**920,754**
FFO I [2)]	**165,627**	**94,049**

1) including AT's share in GCP's adjusted EBITDA
2) including AT's share in GCP's FFO I; FFO I is net of consolidated minorities


Rotterdam

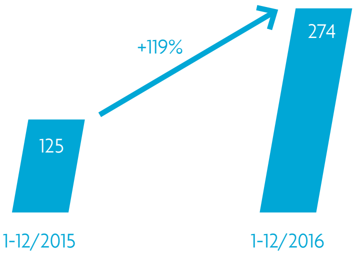
REVENUE

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
Rental and operating income	273,699	125,162
REVENUE	**273,699**	**125,162**

AT generated in 2016 higher rental and operating income at the amount of €274 million compared to €125 million in 2015, an increase of 119%. The respective rental income excluding ancillary income resulted in 2016 in €233 million. Various factors influenced the strong increase such as the additional rent from new acquisitions during the year of €92 million, operational improvements of the existing portfolio with 4.4% in-place rent like-for-like performance and 3.2% occupancy like-for-like performance, as well as the full year impact of the assets taken over during 2015 and thus only impacted 2015 partially.

Berlin

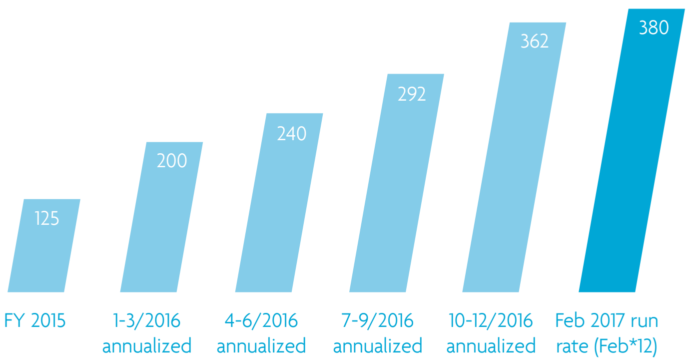
RENTAL AND OPERATING INCOME PERIODIC DEVELOPMENT (IN € MILLIONS)



AT's track record of strong rental income generation is reflected in the quarterly development of which the external growth through acquisitions had the biggest impact, validating the Company's deal sourcing and deal execution capabilities. The quarterly annualized fourth quarter rental income resulted in €362 million, 81% higher than the annualized first quarter of €200 million.

As newly acquired assets do not impact the rental income generation of the entire year, AT additionally presents the run rate figure of the rental and operating income which reflects the current portfolio's rental income generation on an annualized basis not considering any further acquisitions. The run rate figures do not include rental income from assets held for sale as the company cannot commit when it will manage to sell them. The February 2017 rental income run rate is €380 million, 5% higher than the annualized fourth quarter.

RENTAL AND OPERATING INCOME ANNUALIZED DEVELOPMENT (IN € MILLIONS)



SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	For the 12 months ended December 31,	
	2016	**2015**
	In thousands of euro	
REVENUE	**197,064**	**134,138**

Share in profit from investment in equity accounted investees reflects AT's profits from subsidiaries of which it does not have control. This amount mainly refers to the Group's share in GCP's profits, reflecting profits from the residential activities. The share in profit from investment in equity-accounted investees increased in 2016 to €197 million, reflecting an increase of 47% compared to 2015. The main impact for this increase results from the higher profit generation of GCP in 2016 compared to 2015. AT announced in the end of October 2016 its intention to increase its position in GCP to strengthen its strategic position up to 40% subject to market conditions. Additionally, AT invested in several companies without control and thus further increased the balance of investment in equity-accounted investees which impacted the share in profits from investment in equity-accounted investees positively.

NOTES ON BUSINESS PERFORMANCE

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	For the 12 months ended December 31,	
	2016	2015
	In thousands of euro	
Change in fair value in investment property	654,794	605,421
Capital Gains, other income and profit arising from business combinations	64,723	209,090
CAPITAL GAINS, REVALUATIONS AND OTHER INCOME	**719,517**	**814,511**

Generating capital gains, property revaluations and other income result from AT's value creation and favourable deal sourcing abilities. As the Group is specialized on acquiring properties with a value-add potential, AT is consistently year-over-year generating income from value uplifts and thus extending its track record of raising its portfolio's potential. All of AT's market values are externally assessed by independent and professionally qualified valuators. The Group's properties are appraised by independent and external valuators, mainly Jones Lang LaSalle (JLL) and additionally by Knight Frank and Cushman and Wakefield (CW).

In 2016 AT recorded capital gains, property revaluations and other income at the amount of €720 million. Although lower by €95 million than in 2015 the main significant item, the revaluation gains, increased by €49 million compared to 2015 to €655 million.

Capital Gains, other income and profit arising from business combinations in 2016 resulted in €65 million compared to €209 million in 2015. Profits arising from business combination arise when the fair value of the net identifiable assets of the acquired company exceed the purchase price. For more information, see also note 4.

Berlin

PROPERTY OPERATING EXPENSES

	For the 12 months ended December 31,	
	2016	2015
	In thousands of euro	
Purchased services	(51,486)	(20,173)
Maintenance and refurbishment	(11,675)	(3,667)
Depreciation and amortisation	(2,006)	(377)
Personnel expenses	(3,735)	(1,207)
Other operating costs	(6,451)	(3,105)
PROPERTY OPERATING EXPENSES	**(75,353)**	**(28,529)**

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

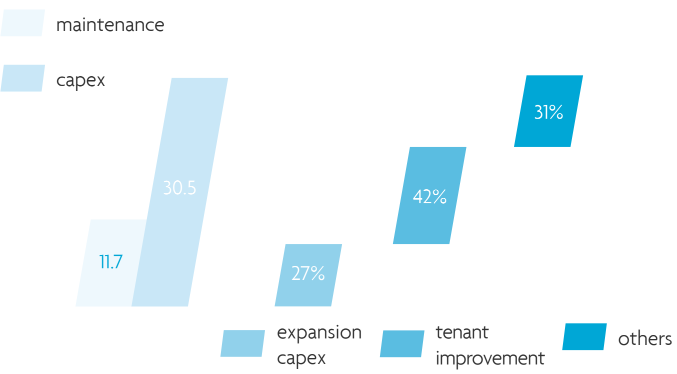
In 2016 AT recorded property operating expenses at the amount of €75 million, up from €29 million in 2015. The increase is in line with the growth of the Group, the high level of tenant services provided, and from the changed asset type composition of the portfolio. Generally, commercial assets differ in the lease structure as tenants either arrange the operating expenses themselves, in some cases only partially and in other cases not at all. All ancillary costs paid by the Company are recovered by the tenants through the operating income (except of vacant space). The lease structure differs not just only from tenant type but also from the asset type. Assets with a single tenant structure usually found in hotels and offices arrange their operating expenses mostly themselves. For other asset types, especially multi-tenant asset types such as shopping centers and multi-tenant offices, the landlord generally arranges most of the operating expenses and recovers these expenses from the tenants. As AT's asset type composition changed in 2016 with a higher proportion of assets with tenants whose expenses are arrange by the Group, the operating expenses increased in the course of the year. Maintenance and refurbishments expenses also dependent on the lease contract with the tenant and on the asset type which amounted to €11.7 million in 2016, up from €3.7 million in 2015. Personnel expenses and other operating income increased to €10 million in 2016 from €4 million in 2015. The increase in mainly the result of the successful operational repositioning efforts made by AT in 2016, which resulted in higher occupancy and rent levels. As of February 2017, AT has over 150 employees.

Rotterdam

CAPEX AND MAINTENANCE

In 2016, AT spent €11.7 million on maintenance of its properties, up from €3.7 million in 2015. In line with the operating expenses, maintenance expenses are dependent on the lease contract with the tenant as well as on the asset type. And similar applies to Capex measures as tenant's in some cases prefer to cover these expenses. For its hotel assets, AT is responsible only for the external maintenance of the building ("roof and façade") and from 2015 to 2016 the proportion of hotel assets to the overall portfolio decreased. Capex includes investments aimed to provide additional income drivers ("expansion capex") or targeted at supporting tenants and lettings ("tenant improvement"). In 2016, the Company spent €30.5 million on capex of which 27% was spent on expansion capex and 42% on tenant improvement.

CAPEX AND MAINTENANCE (IN € MILLIONS)



Dusseldorf

ADMINISTRATIVE AND OTHER EXPENSES

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
Personnel expenses	(3,424)	(2,712)
Legal and professional fees	(1,810)	(616)
Year-end closing, accounting and audit expenses	(1,765)	(800)
Sales, marketing and administrative expenses	(922)	(159)
ADMINISTRATIVE AND OTHER EXPENSES	**(7,921)**	**(4,287)**

Administrative and other expenses refer mainly to expenses on the overhead level such as expenses for headquarter personnel and directors, audit and accounting, legal and others. These expenses increased in 2016 by 85% to €7.9 million, lower than the 119% increase in rental and operating income, due to the Group's scalable structures of benefiting from economies of scale and supporting cost efficiency. Further, in 2016 the administration expenses consisted of less than 3% of the revenue, reiterating the scalability of the Group.

FINANCE EXPENSES

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
FINANCE EXPENSES	**(47,408)**	**(20,466)**

In 2016 the finance expenses increased to €47million from €20 million to the prior year. The increase is the result of significant increase of total debt between the periods, fuelling the rapid growth of the Group. Moreover, a substantial amount of AT's debt balance in the end of 2015 was issued during 2015, therefore did not have an annual impact in the year, but only in 2016. As AT is accessing the capital and mortgage bank loan markets to support its growth, an integral part of the Company's strategy is to maintain a conservative capital structure. This approach is reflected in AT's investment grade credit rating from S&P of BBB. As the rating was increased from the initial rating of BBB- within 2016 and due to its extended track record in the capital markets the Company was able to reduce the its cost of debt substantially to currently 2%. AT's low financing expenses in relation to the strong operations is reflected in the high interest cover ratio of 4.5.

NOTES ON BUSINESS PERFORMANCE

OTHER FINANCIAL RESULTS

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
OTHER FINANCIAL RESULTS	**(35,883)**	**7,869**

Other financial results mainly relate to one-time and/or non-cash expenses or income such as from changes in fair value of financial assets derived from the value changes of financial derivatives and traded securities and further includes bank fees, early redemption fees and issuance costs. In 2016 the other financial results amounted to €36 million, up from an income of €7.9 million in 2015. A significant impact for the increase in 2016 results from purchasing back over €160 million principle value of its straight bond Series A in an amount higher than the book value following the considerable reduction in the bond's yield since its issuance. Additionally, the high activity in the debt market resulting in issuance of €1.7 billion resulted in issuance costs which are partially included in this item.

TAXATION

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
Corporation tax	(11,149)	(5,693)
Property tax	(8,761)	(3,571)
Deferred tax expenses	(102,711)	(98,380)
TAX AND DEFERRED TAX EXPENSES	**(122,621)**	**(107,644)**

Tax and deferred tax expenses includes current tax, which are expenses attributable to the Group's operations, and deferred tax expenses which result from recognized revaluation gains. AT follows a conservative approach in the calculation of the deferred tax expenses by applying the statutory real estate tax rate for the theoretical future disposals through asset deals.

Tax and deferred expenses increased in 2016 by 14% to €123 million from €107 million in 2015, whereas the biggest impact results from the deferred tax expenses of €103 million, in line with the strong revaluation gains in that period. Corporation tax expenses increased to €11 million from €6 million in 2015.

PROFIT FOR THE PERIOD

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
PROFIT FOR THE PERIOD	**901,094**	**920,754**

Through it's ability for strong value creation and materializing operational improvements, AT was able to repeat its exceptionally strong profit generation from 2015 by again exceeding €900 million in 2016.

EARNINGS PER SHARE

	For the 12 months ended December 31, 2016	2015
	In euro per share	
Basic earnings per share	1.11	1.26
Diluted earnings per share	0.87	1.01
Weighted average basic shares in thousands	653,155	547,049
Weighted average diluted shares in thousands	829,458	632,880

The earnings per share in 2016 amounted to €1.11. The strong profit generation in 2016 was offset by a higher amount of shares created from the capital increase in April 2016 as well as from conversions of some of the outstanding convertible bonds. The diluted earnings per share amounted in 2016 to €0.87.

ADJUSTED EBITDA

	For the 12 months ended December 31,	
	2016	2015
	In thousands of euro	
Operating profit	1,107,006	1,040,995
Total depreciation and amortization	2,006	377
EBITDA	**1,109,012**	**1,041,372**
Capital gains, revaluations and other income	(719,517)	(814,511)
Share in profit from investment in equity-accounted investees	(197,064)	(134,138)
Management long term share incentive plan	2,110	-
ADJUSTED EBITDA COMMERCIAL PORTFOLIO	**194,541**	**92,723**
Adjustment for GCP operational contribution*	73,688	60,829
ADJUSTED EBITDA	**268,229**	**153,552**

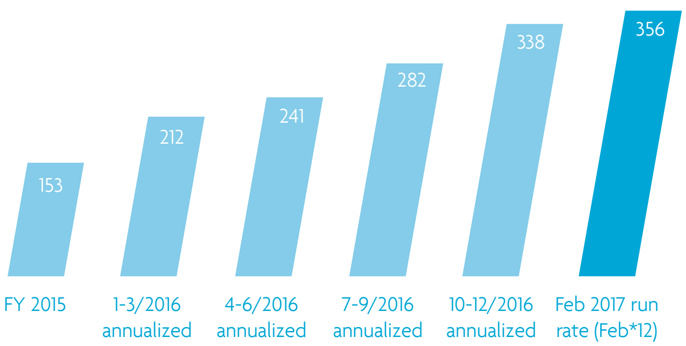
* The adjustment is to reflect AT's share in GCP's adjusted EBITDA. GCP generated in 2016 an adjusted EBITDA of €225 million in 2016 and €177 million in 2015.

To demonstrate the operational performance of a real estate company, the EBITDA is adjusted by deducting non-operational and non-recurring items, such as capitals gains, revaluations and profit from disposals and adding back the non-cash effect of the management's share incentive plan. In order to mirror the recurring operational results, the share of profit from investment in equity-accounted investees is subtracted as these profits include AT's share also in non-operational profits generated by the equity-accounted investees and not only their operational results.
Due to the nature of the strategic investment, AT includes in its adjusted EBITDA according to its holding rate over the period the operational performance generated by GCP. AT's holding rate in GCP increased during the year to 35% from 32% in the beginning of 2016 and the weighted holding rate was 33%.

The increase of AT's adjusted EBITDA of 75% from €154 million in 2015 to €268 million in 2016 reflects the Group's operational achievements from increasing its portfolio, extracting part of the operational potential of its properties as well as its investment in GCP's strong operational profits.

Due to AT's strong growth mainly from acquisitions and operational improvements within the year, the presented adjusted EBITDA does not reflect the full year impact of AT which is evident in the quarterly annualized development. The current portfolio's performance is reflected in the monthly annualized run rate of Feb 2017 of €356 million.

ADJUSTED EBITDA ANNUALIZED DEVELOPMENT (IN € MILLIONS)



NOTES ON BUSINESS PERFORMANCE

FUNDS FROM OPERATIONS I (FFO I)

	For the 12 months ended December 31,	
	2016	2015
	In thousands of euro	
ADJUSTED EBITDA COMMERCIAL PORTFOLIO	**194,541**	**92,723**
Finance expenses	(47,408)	(20,466)
Current tax	(19,910)	(9,264)
Contribution to minorities	(7,458)	(7,900)
FFO I COMMERCIAL PORTFOLIO	**119,765**	**55,093**
Adjustment for GCP FFO I contribution*	45,862	38,956
FFO I	**165,627**	**94,049**
Weighted average basic shares in thousands	653,155	547,049
FFO I PER SHARE (IN €)	**0.25**	**0.17**

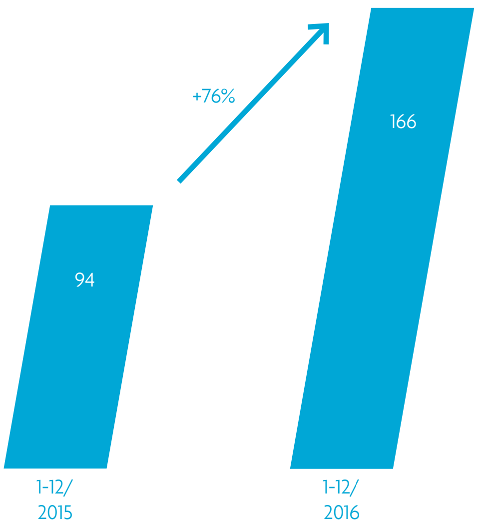
*The adjustment is to reflect AT's share in FFO I of GCP. GCP generated in 2016 an FFO I after perpetual notes attribution of €140 million in 2016 and €114 million in 2015.

Funds from Operation I (FFO I) is a measure of the materialized bottom line operational profits, calculated by deducting current tax and finance expenses from the adjusted EBITDA. The calculation includes further adjustments to consider minorities and the relative part of AT in GCP's FFO I which are not consolidated in AT's accounts.

FFO I increased in 2016 by 76% to €166 million from €94 million in 2015, slightly higher increase than the adjusted EBITDA, reflecting the low cost of debt of AT and its ability to translate top line figures to strong bottom line results. The adjustment for minorities decreased in 2016 due to AT's increased holding rate in PCI to 98%.

We reconcile the calculation of the Group's FFO I to reflect the actual holding rates of AT in GCP and adjusts FFO minorities, providing a better indication for the operational profit attributed to the owners of the Company.

FFO I PERIODIC DEVELOPMENT
(IN € MILLIONS)

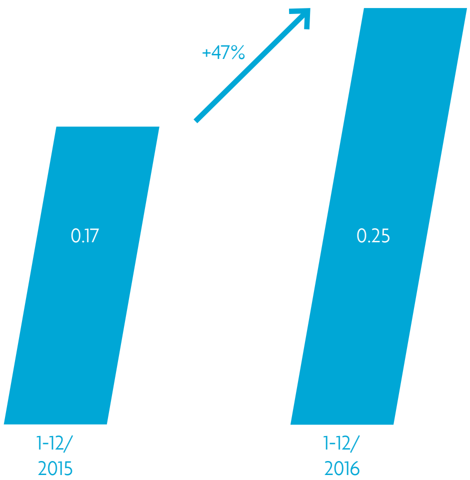


In parallel to the rental and operating income and the adjusted EBITDA, the generated FFO I in 2016 does not reflect the portfolio's full year impact due to acquisitions and operational improvements during the year. This effect is evident from the quarterly annualized development as well as the FFO I run rate as of February 2017, illustrating AT's monthly annualized FFO generation as of February 2017 which amounts to €230 million.

Hamburg

Berlin

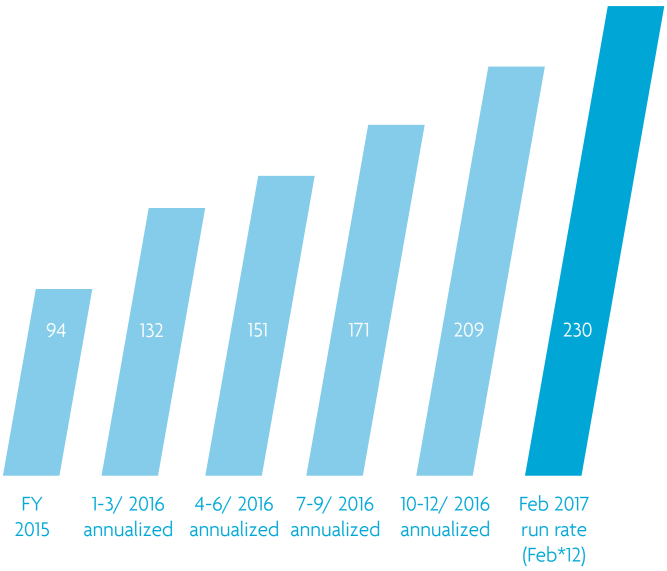
FFO I PER SHARE PERIODIC DEVELOPMENT (IN €)



According to IFRS treatment contributions to perpetual notes are accounted for as dividends. In order to enhance transparency AT presents an adjusted FFO I per share considering these contributions. In 2016 the FFO I per share after perpetual notes attribution resulted in €0.25, at no material change in comparison to the FFO I per share.

	For the 12 months ended December 31,	
	2016	2015
	In thousands of euro	
FFO I	**165,627**	**94,049**
Adjustment for accrued perpetual notes attribution	(3,699)	-
FFO I AFTER PERPETUAL NOTES ATTRIBUTION	**161,928**	**94,049**
Weighted average basic shares in thousands	653,155	547,049
FFO I PER SHARE IN €, AFTER PERPETUAL NOTES ATTRIBUTION	**0.25**	**0.17**

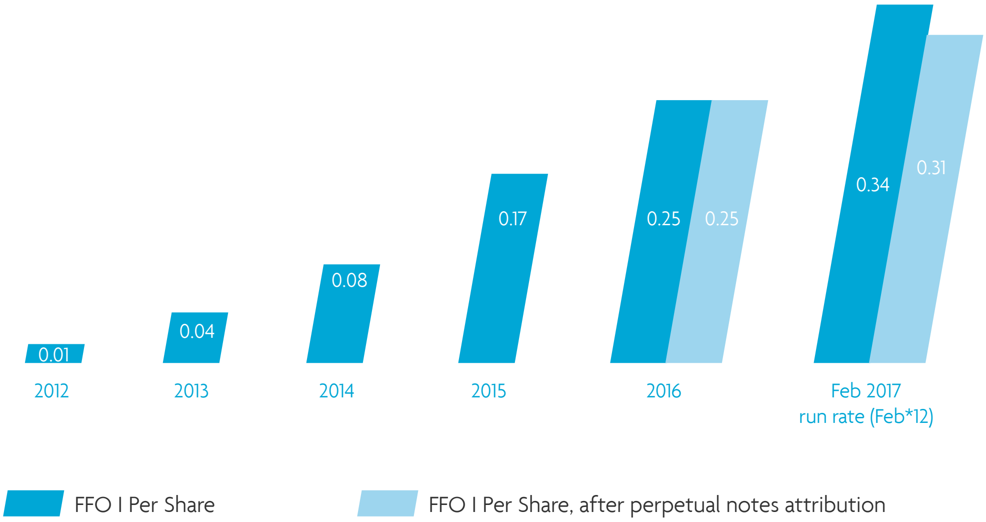
FFO I ANNUALIZED DEVELOPMENT (IN € MILLIONS)



The FFO I on a per share basis increased in 2016 to €0.25, an increase of 47% from the 2015 level of €0.17. The high increase of 47%, despite significant dilution effects between 2015 and 2016, is evident for AT's ability to create accretive value on a per share basis.

NOTES ON BUSINESS PERFORMANCE

FFO I PER SHARE ANNUAL DEVELOPMENT
(IN €)



Munich

CASH FLOW

	For the 12 months ended December 31, 2016	2015
	In thousands of euro	
Net cash provided by operating activities	178,804	94,305
Net cash used in investing activities	(1,900,279)	(1,418,725)
Net cash provided by financing activities	2,244,010	1,417,669
NET INCREASE IN CASH AND CASH EQUIVALENTS	**522,535**	**93,249**

Net cash and cash equivalents increase in 2016 by €523 million, as a result of a very fruitful year in the capital and debt market, high amount of cash flow generated by the operating activities, offset by net cash used in investing activities.

The net cash provided by operating activities increased to €179 million, up 90% in comparison to 2015, and reflecting both the operational achievements in 2016 and the external portfolio growth. In 2016 AT has invested €1.9 billion cash in investing activities, which resulted in the significant portfolio growth. AT has continued the growth momentum and increase the cash used in investing activities by 34% in comparison to 2015. AT focuses on acquiring assets that best fit its acquisition criteria, being located in strong financial and demographic locations, and having various drivers of profitability for the Company to engage going forward. This largely translates to carefully selecting small to medium size acquisition targets, that add to the total quality of the portfolio by complementing the existing strong points and increasing diversification.
The investment amount is therefore evidence of the high quality deal sourcing network the Group has developed for over 13 years. Net cash provided by financing activities amounted to €2.2 billion in 2016, fuelling the net cash used in investing activities and providing additional firepower to pursue additional acquisitions. AT financed its acquisitions through the proceeds from various issuances of equity and debt: equity issuance of €266.5 million in April 2016, straight bonds €600 million Series D in April 2016, €650 million Series E in July and November 2016 and €500 million Series F issued in December 2016. Additionally, AT issued in October 2016 €500 million perpetual notes, which were additionally tapped by €100 million in January 2017. Offsetting part of this amount are funds directed by AT to purchase back during the period €160 million principle value of its 3% Series A bond. Another amount of €301 million has been raised through bank loans from several financial institutions, net from loans repaid and amortization of loans.

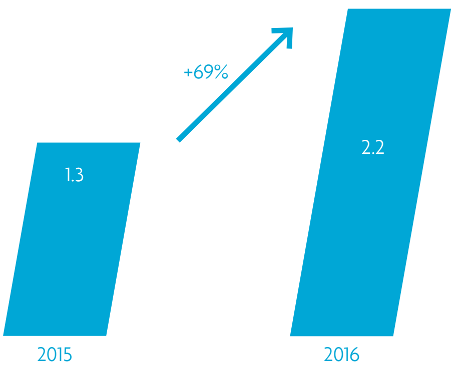
ASSETS

	Dec 2016	Dec 2015
	In thousands of euro	
NON-CURRENT ASSETS	**6,988,905**	**4,007,602**
Investment property	5,016,235	2,430,595
Equity accounted investee, holding in GCP SA	1,316,724	1,059,909
Equity accounted investee, other	240,319	123,239
CURRENT ASSETS	**1,100,047**	**432,545**
Assets held as held for sale*	152,940	-
Cash and liquid assets	835,813	386,983
TOTAL ASSETS	**8,088,952**	**4,440,147**

* not including cash held for sale

AT continued in 2016 its trajectory to materialize its growth potential. Total assets grew by 82% in 2016 to €8.1 billion from €4.4 billion in 2015 and strengthened its position as the largest stock listed German commercial real estate company.
The increase is largely from the 106% increase in investment property, which is a result from the combined effect of revaluation gains at the amount €720 million and from acquisitions at the amount of €2.2 billion. The high amount of acquisitions is the result of AT's extensive deal sourcing network, cherry picking attractive deals in top tier cities in Germany and the Netherlands which fit the value-add business model of the Group. The average multiple of the acquisitions in 2016 was 14x. Acquisitions took place across all of the Group's strategic locations, enabling AT to benefit from economies of scale, both on a local and national level. The acquisitions were carried out through numerous deals and transactions with a focus on creating additional value from accretive assets, improving the portfolio quality and profitability.

ANNUAL INVESTMENT IN PROPERTIES (IN € BILLION)



NOTES ON BUSINESS PERFORMANCE

ASSETS (CONTINUED)

The increased balance of advanced payments for investment property at the end of 2016 to €244 million, up from €51 million in the end of 2015, reflects the large pipeline of the Group. As of February 2017, the investment property further increased to €5.5 billion, supporting the Company's strength and quality more.
The valuations are performed at least once a year and are done primarily using the Discounted Cash Flow (DCF) method, for a period of at least 10 years, implying the valuators assumptions and the cash flow forecast. In 2016, the applied average discount rate was 6.4% and the applied average cap rate was 6.1%.

DECEMBER 2016	Investment properties (in €M)	Rentable area (in 000' sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Office	2,866	1,383	10.4%	164	10.4	2,073	5.7%
Retail	695	425	9.1%	51	10.4	1,636	7.3%
Hotel	1,014	542	0.0%	64	9.9	1,873	6.3%
Industrial/others	441	655	8.0%	25	3.2	673	5.7%
TOTAL	**5,016**	**3,004**	**7.9%**	**304**	**8.7**	**1,670**	**6.1%**

not including assets held for sale

The balance of asset held for sale amounted in December 2016 to €155 million, compared to €0 in 2015. The management assessed these assets as non-core and resolved to dispose them. The assets classified as held for sale are located across the portfolio and contribute €9 million net rent on an annualized basis.

The balance of investment in equity-accounted investees amounted in year-end 2016 to €1.6 billion compared to €1.2 billion in 2015, reflecting an increase of 32%. Investment in equity accounted investees refer to companies which AT does not consolidate. The majority of this balance results from AT's strategic position in Grand City Properties S.A., which amounted to €1.3 billion in the end of 2016. After AT announced in the end of October 2016 its intention to increase its stake in GCP up to 40% subject to market conditions, AT increased the holding rate to 35% in the end of 2016 and to further 36% in the first quarter of 2017. The strategic investment and the decision to increase its stake reflect AT's strong belief in GCP's performance. AT's share in GCP's market cap at end of the year 2016 was €940 million.

Current assets increased €1.1 billion in 2016 from €433 million in 2015. Cash and liquid assets, the main item in the current assets, increased to €836 million in 2016, up 116% from €387 million in 2015. The Company holds a high liquidity level from the strong capital market activities in the end of 2016 in order to finance the acquisitions finalized in early 2017 and to continue to pursue attractive acquisition opportunities in the rest of the year.


Berlin

Salzburg / Bad Reichenhall

LIABILITIES

	Dec 2016	Dec 2015
	In thousands of euro	
Total loans and borrowings*	1,150,598	645,339
Straight bonds	1,713,965	187,923
Convertible bonds	708,686	817,721
Deferred tax liabilities **	379,485	185,774
Other long term liabilities and derivative financial instruments	48,443	66,026
Current liabilities***	146,687	111,852
TOTAL LIABILITIES	**4,147,872**	**2,014,635**

* includes short term loans and borrowings, credit lines, loan redemption and financial debt of assets held for sale
** including held for sale
*** excludes short term loans and borrowings, credit lines, loan redemption and liabilities of assets held for sale

The significant growth of the Group was supported by AT's superior access to capital, which accordingly increased the total liabilities. Total liabilities amounted in 2016 to €4.1 billion, compared to €2 billion in 2015. The largest impact is from the increase in straight bonds which increased from €188 million in 2015 to €1.7 billion in 2016, reflecting an increase of over €1.5 billion. The increase in straight bonds was due to the issuance of 3 bonds series, Series D, E, and F with a maturity between 6 to 8 years and a fixed coupon rate of 1.5% and 2.125%. The increase in straight bonds was offset by AT's buyback of the Series A bonds, bearing a coupon of 3%. Total loans and borrowings, including loan redemption and credit lines, amounted in the end of 2016 to €1.15 billion, up from €645 million in 2015. The convertible bond balance decreased from €818 million in 2015 to €709 million in 2016, reflecting a decrease of 13%. The decrease is the result of conversions of in-the-money convertible bonds. The balance includes €30 million convertible bond of PCI, which was fully redeemed in March 2017.

The Group strives to form a highly diverse and well balanced financing structure, accessing bank loans alongside the issuance of straight and convertible bonds as well as equity. AT's conservative financing structure combined with its strong business profile supported the credit rating increase from S&P to BBB in June 2016 from the initial rating of BBB- given in the end of 2015.

AT practices a conservative approach with regard to its deferred tax liabilities, accounting for the full real estate tax on hypothetical future disposals of its assets. Deferred tax liabilities increased from €186 million to €379 million, which is a result of the strong valuations gains and profits from business combination achieved during 2016.

Berlin

NET DEBT

	Dec 2016	Dec 2015
	In thousands of euro	
Total debt	3,573,249	1,650,983
Cash and liquid assets	835,813	386,983
TOTAL NET DEBT	**2,737,437**	**1,264,000**
Convertible bond*	(394,048)	(536,136)
TOTAL NET DEBT ASSUMING CONVERSION	**2,343,388**	**727,864**

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

The Group strategically maintains an ample balance of cash and liquid assets, allowing it to swiftly realize further growth opportunities and place itself in a favorable negotiating position due to secured financing of the acquisition opportunity. The Company's net debt as of year-end 2016 amounted to €2.7 billion. Including conversion of the Series B bonds which are deep in the money, the net debt amounted to €2.3 billion.

NOTES ON BUSINESS PERFORMANCE

LOAN-TO-VALUE

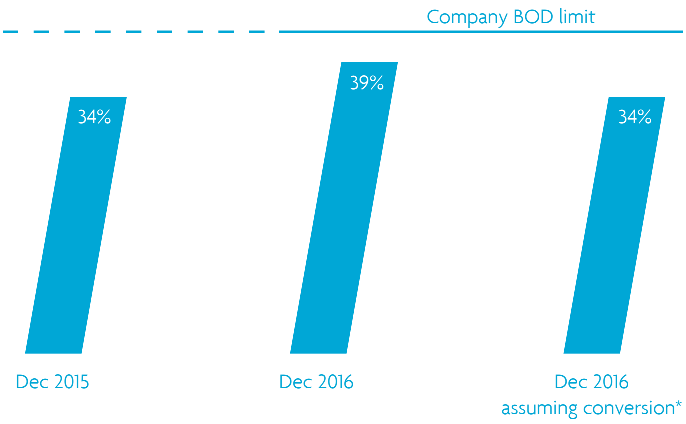
	Dec 2016	Dec 2015
	In thousands of euro	
Investment property*	5,259,750	2,482,085
Investment properties of assets held for sale	148,596	-
Investment in equity-accounted investees	1,557,044	1,183,148
TOTAL VALUE	**6,965,390**	**3,665,233**
NET DEBT	**2,737,437**	**1,264,000**
LTV	**39.3%**	**34.6%**
Net debt without convertible bond	2,343,388	727,864
LTV ASSUMING CONVERSION **	**33.6%**	**19.9%**

* including advanced payments for investment properties
** Assuming conversion of Series B convertible bond which is in the money

Loan-To-Value ("LTV") is the ratio of the financial debt, net of cash and liquid assets, to the value of investment property, including advanced payments, and investments in equity accounted investees.

As part of its financial policy, AT maintains a conservative limit of its LTV not to exceed 45%, set by the Board of Directors. The Group is maintaining low leverage, which is supported by the value creation from the repositioning of the portfolio. AT's LTV is at 39.3% as of year-end 2016. Including conversion of in-the-money Series B bonds, the LTV is down to 33.6% as of year-end 2016. The low leverage position provides substantial headroom for financial comfort and the basis for further growth.

LOAN-TO-VALUE



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

Berlin

EQUITY

	Dec 2016	Dec 2015
	In thousands of euro	
TOTAL EQUITY	**3,941,080**	**2,425,512**
Of which equity attributable to perpetual notes investors	478,277	-
Of which non-controlling interest	372,640	320,103

Total equity increased from €3.9 billion in 2016 , up 62% from €2.4 billion in 2015. The increase over €1.5 billion results largerly from the realized net profit in 2016 of over €900 million. The equity additionally increased due to the €267 million capital increase in April 2016, further €478 million from the issuance of perpetual notes in October 2016 and from conversions of convertible bonds at the amount of €40 million. The increase in equity was offset by the dividend distribution of €34 million in December 2016. As a result, AT was able to build a robust equity base while maintaining low leverage and thus is well prepared to cater furture growth.

Munich

EPRA PERFORMANCE MEASURES

Below, AT implements the EPRA (European Public Real Estate Association) Best Practice Recommendations (BPR) for financial performance measures. EPRA performance measures are customized for the European real estate sector and are aimed to bridge accounting presentation of IFRS reporting to the specific elements of the real estate sector. AT sees this additional disclosure as supplementary information that shall enable readers to compare the Group to other market players and provide an additional layer of clarity on the financial results. Several comparable performance measures for previous periods were reclassified in order to provide detailed calculations according to the most recent recommendation by EPRA. This section presents the EPRA performance measures according to the EPRA Best Practice Recommendations and is based on the materiality and importance of information.


Berlin

EPRA PERFORMANCE MEASURES – SUMMARY

	2016	Change	2015
		In thousands of euro	
EPRA Earnings	159,559	77%	89,897
EPRA Earnings per share (in €)	0.24	50%	0.16
EPRA NAV	3,870,770	42%	2,720,687
EPRA NAV per share (in €)	4.9	32%	3.7
EPRA NAV incl perpetual notes	4,349,047	60%	2,720,687
EPRA NAV incl perpetual notes per share (in €)	5.4	46%	3.7
EPRA NNNAV	3,776,298	42%	2,662,744
EPRA NNNAV per share (in €)	4.7	31%	3.6
EPRA NIY	5.0%	0.0%	5.0%
EPRA "topped-up" NIY	5.1%	0.1%	5.0%
Commercial portfolio EPRA Vacancy	7.9%	(4.9%)	12.8%
Group EPRA Vacancy	7.9%	(4.8%)	12.7%
EPRA Cost Ratio (including direct vacancy costs)	18.8%	1.6%	17.2%
EPRA Cost Ratio (excluding direct vacancy costs)	16.5%	1.5%	15.0%

Bremen

EPRA EARNINGS

EPRA sees the EPRA Earnings performance measure as a key measure of a company's underlying operating results. AT's main focus is on the FFO I as the main indicator to present the operational bottom line profit, as is also market practice. For comparability presented below is the bridge between the EPRA earnings and FFO I.

The EPRA Earnings amounted in 2016 to €160 million, up from €90 million in 2015, resulting in an increase of 77%. On a per share basis the EPRA Earnings increased to €0.24, up 50% in comparison to 2015. The increase between the two periods is the result of to the increased operational profits which also applies to the FFO I.

FOR THE 12 MONTHS ENDED DECEMBER 31,	2016	2015
	In thousands of euro	
EARNINGS PER IFRS INCOME STATEMENT	**901,094**	**920,754**
Change in fair value in investment property	(719,517)	(814,511)
Changes in fair value of financial assets and liabilities, net	29,951	(14,829)
Deferred tax expenses	102,711	98,380
Adjustments for investment in equity-accounted investees	(147,222)	(92,043)
Contribution to minorities	(7,458)	(7,900)
EPRA EARNINGS	**159,559**	**89,851**
Weighted average basic shares in thousands	653,155	547,049
EPRA EARNINGS PER SHARE (IN €)	**0.24**	**0.16**
Bridge to FFO I		
Add back: Deprecation	2,006	377
Add back: Finance relating costs	5,932	6,960
Add back: Management long term share incentive plan	2,110	-
FFO items related to investment in equity accounted investees	(3,980)	(3,139)
FFO I	**165,627**	**94,049**
FFO I PER SHARE IN €	**0.25**	**0.17**

EPRA PERFORMANCE MEASURES

EPRA NAV

EPRA NAV is defined by EPRA as the net asset value adjusted by including properties and other investment interests at fair value and to exclude certain items not expected to crystallize in a long-term investment property business model. The purpose of the EPRA NAV performance measure is to adjust the IFRS NAV in order to provide stakeholders with the most relevant information on the fair value of the Group's assets and liabilities within a true real estate investment company with a long-term investment strategy.

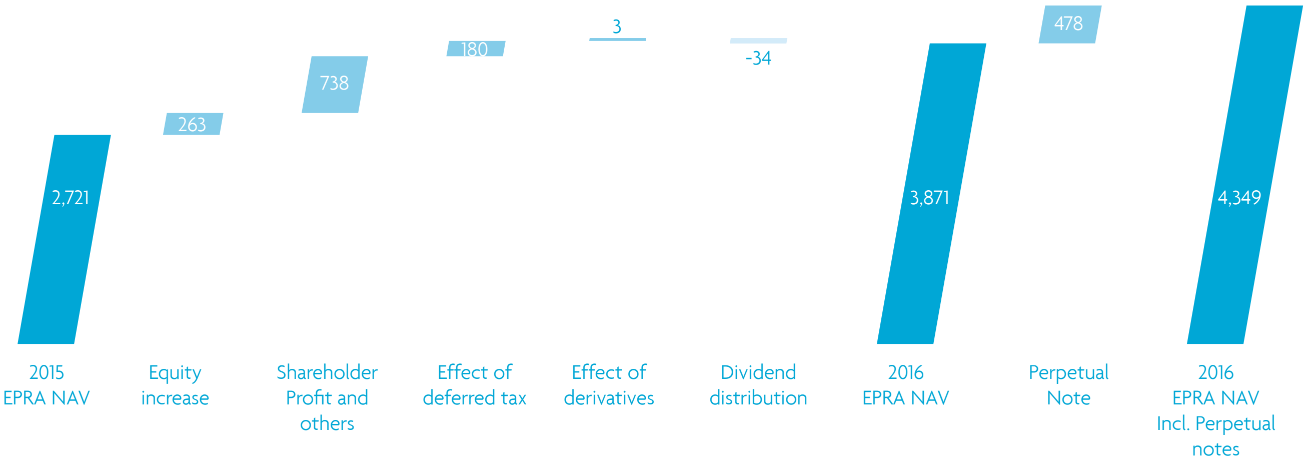
	Dec 2016		Dec 2015	
	In thousands of euro	Per share	In thousands of euro	Per share
NAV PER THE FINANCIAL STATEMENTS	**3,941,080**		**2,425,512**	
Equity attributable to perpetual notes investors	(478,277)		-	
NAV EXCLUDING PERPETUAL NOTES	**3,462,803**		**2,425,512**	
Effect of conversion of in-the-money convertible bond	394,048		425,914	
Fair value measurements of derivative financial instruments*	7,074		3,590	
Deferred tax liabilities*	379,485		185,774	
NAV	**4,243,410**	**€ 5.3**	**3,040,790**	**€ 4.2**
Non-controlling interests	(372,640)		(320,103)	
EPRA NAV	**3,870,770**	**€ 4.9**	**2,720,687**	**€ 3.7**
Equity attributable to perpetual notes investors	478,277		-	
EPRA NAV INCLUDING PERPETUAL NOTES	**4,349,047**	**€ 5.4**	**2,720,687**	**€ 3.7**
Basic amount of shares, including in-the-money dilution effects	798,089		730,829	

* Includes balances in assets held for sale

EPRA NAV amounted as of the end of 2016 to €3.9 billion, up from €2.7 billion in the end of 2015 and reflecting an increase of 42%. The increase is primarily due to the increase in the shareholder's equity, which increased mainly due to the shareholder profit of 2016 and the equity increase from April 2016, and is further supported by the increase in the deferred taxes and financial derivative balances. On a per share basis, the EPRA NAV increased from €3.7 per share in 2015 to €4.9 per share in 2016, reflecting an increases of 32% and mirroring AT's ability to create significant value on a per share basis.

Including the perpetual notes, the EPRA NAV increased in 2016 to €4.35 billion, up from €2.7 billion in 2015, translating to €5.4 per share and €3.7 per share respectively. The EPRA NAV including perpetual notes increased additionally by the perpetual notes issued in October 2016 and excludes additional €100 million nominal amount of perpetual issued in January 2017. The perpetual notes are part of the Company's equity according to IFRS accounting treatment.

EPRA NAV BRIDGE (IN € THOUSANDS)




Berlin


Frankfurt am Main

EPRA NNNAV

EPRA NNNAV is defined as EPRA NAV adjusted to include the spot values of the financial instruments, debt and deferred taxes. The purpose of the EPRA NNNAV is to make adjustments to EPRA NAV and provide stakeholders with the most relevant information on the spot value of the Company's assets and liabilities of a real estate company. The EPRA NNNAV in 2016 amounted to €3.8 billion, up from €2.7 billion in 2015, reflecting an increase of 42%. The EPRA NNNAV per share amounted to €4.7 compared to €3.6 in 2015.

	Dec 2016	Dec 2015
	In thousands of euro	
EPRA NAV	**3,870,770**	**2,720,687**
Fair Value measurements of derivative financial instruments	(7,074)	(3,590)
Net Fair Value of debt	(69,166)	(44,022)
Deferred tax liabilities*	(18,232)	(10,331)
EPRA NNNAV	**3,776,298**	**2,662,744**
Basic amount of shares, including in-the-money dilution effects	798,089	730,829
EPRA NNNAV PER SHARE (IN €)	**€ 4.7**	**€ 3.6**

* Under the assumption of disposal through share deals

EPRA PERFORMANCE MEASURES

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

EPRA defines the Net Initial Yield (NIY) as the annualized rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the portfolio, increased with (estimated) purchasers' costs. According to EPRA, this measurement complements a real estate company's measure for portfolio valuations. EPRA 'Topped-up' NIY is a measure incorporating an adjustment to the EPRA NIY in respect to the expiration of rent-free periods.
The EPRA NIY remained stable between 2015 and 2016 at 5.0%. The EPRA "Topped-up" NIY" increased in 2016 to 5.1% due to €7 million expiration of rent free periods.

	Dec 2016	Dec 2015
	In thousands of euro	
Investment property	5,016,235	2,430,595
Investment properties of assets held for sale	148,596	-
Share of GCP investment property	1,729,642	1,350,250
Completed property portfolio	6,894,473	3,780,845
Allowance for estimated purchasers' costs	508,590	278,905
GROSS UP COMPLETED PROPERTY PORTFOLIO VALUATION	**7,403,064**	**4,059,750**
End of period annualized net rental income	422,550	233,050
Operating costs	(54,315)	(30,166)
ANNUALIZED NET RENT AFTER NON-RECOVERABLE	**368,235**	**202,884**
Notional rent expiration of rent free periods or other lease incentives	6,905	-
Topped-up net annualised rent	375,140	202,884
EPRA NIY	**5.0%**	**5.0%**
EPRA "TOPPED-UP" NIY	**5.1%**	**5.0%**

EPRA VACANCY

According to EPRA, a real estate company's vacancy is calculated based on the rental value of the vacant space divided by the rental value of the entire portfolio. Below the EPRA vacancy for the investment property of the Commercial Portfolio is presented on a stand-alone basis as well as the EPRA vacancy including the relative portion in GCP. GCP is accounted for at the holding rate as of the end of each year.

	Dec 2016	Dec 2015
	In thousands of euro	
COMMERCIAL PORTFOLIO EPRA VACANCY	7.9%	12.8%
GROUP EPRA VACANCY	7.9%	12.7%

EPRA COST RATIOS

The EPRA Cost Ratio is defined by EPRA as administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income and is a key measure to enable meaningful measurement of the changes in a Company's operating costs.

	For the 12 months ended December 31,	
	2016	2015
	In thousands of euro	
Operational expenses	23,406	8,590
Maintenance and refurbishment	11,675	3,667
Administrative expenses	7,921	4,287
Share of equity accounted investees	20,985	15,745
Exclude		
Depreciation	(2,006)	(377)
Ground rents	(660)	(187)
EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)	**61,321**	**31,725**
Direct vacancy costs	(7,636)	(4,050)
EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)	**53,685**	**27,675**
Rental and operating income	273,699	125,162
Less ground rent	(660)	(187)
Less: operating income	(40,272)	(16,272)
Add: share of equity accounted investees in rental income, net	92,603	75,215
RENTAL INCOME, NET	**325,370**	**183,918**
EPRA COST RATIO (INCLUDING DIRECT VACANCY COSTS)	**18.8%**	**17.2%**
EPRA COST RATIO (EXCLUDING DIRECT VACANCY COSTS)	**16.5%**	**15.0%**

The EPRA Cost Ratio, including direct vacancy costs, was 18.8% in 2016 and 17.2% in 2015. Excluding the direct vacancy costs, the ratio resulted at 16.5% and 15.0% for 2016 and 2015 respectively. The increase in the ratios between 2015 and 2016 are mainly due to the significant growth of the Group in 2016 and also due to a proportional decrease in the asset lease structure types which cover operating expenses themselves. For more details on the operating and administrative expenses, please see the description in the section above.

Dresden

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 30, 2017

Reshef Ish-Gur
Director

Andrew Wallis
Director

Jelena Afxentiou
Director

Oschrie Massatschi
Director

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AROUNDTOWN PROPERTY HOLDINGS PLC

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of Aroundtown Property Holdings Plc ("the Company"), and its subsidiaries ("the Group"), which are presented on pages 72 to 114 and comprise the consolidated statement of financial position as at December 31 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Company as at December 31 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants (IESBA Code), and the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

INVESTMENT PROPERTIES

(2016: €5,016,235 thousand, 2015: €2,430,595 thousand)

See Note 12 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has significant holding of investment properties as they represented 62% of total assets. We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the financial statements as a whole, and the significant element of judgment and estimation associated with determining the fair value. As disclosed in notes 3(L) and 12 to the financial statements, the fair value is based on the valuation performed by an independent qualified external valuer (the "Valuer"), engaged by the Group, using discounted cash flow valuation model which considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free period and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. This involves the making of certain assumptions and the use of estimates.	Our audit procedures in this area included, among others: – Assessing the competence, capabilities, qualifications and objectivity of the external independent valuers employed by the Group. – Assessing the property valuations, prepared by independent valuers appointed by the Group, utilizing within this process our real estate specialists to challenge the appropriateness of the assumptions, the valuation methods and model used. During this process we compared the assumptions to external data and industry norms as well as our own assessment in relation to yield rates on a geographical basis as well as on a property type basis. – Testing the integrity, accuracy and completeness of inputs used by appraiser (e.g. net rent and sqm). – Considering the adequacy of the disclosures in the financial statements in relation to investment properties. – Performing a sensitivity analysis on the significant assumptions to evaluate the extent of impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities.

BUSINESS COMBINATIONS

(Total identifiable Assets acquired, 2016: €1,009,925 thousand, 2015: €525,330 thousand)

See Note 4 to the financial statements.

The key audit matter

During the year the Group announced several acquisitions of businesses. The final purchase consideration was €902 million. Such transactions can be complex and judgment is involved in determining whether each transaction is a business combination or an acquisition of asset. The Group assessed that the acquisitions qualify as business combinations by applying the definition in IFRS 3.

The Group determined that the fair value of the net identifiable assets acquired was €1,010 million.

Accounting for the acquisition requires the Group to determine the preliminary fair value consideration transferred and the net assets acquired as part of the acquisition. This requires the Group to make a number of judgments which focus on, but not limited to the fair value of investment properties.

We focused on the investment properties acquired in the context of the business combination due to the inherent uncertainty in estimating their fair value.
The goodwill and negative goodwill arising from the several acquisitions was highly dependent on the fair value of the identifiable assets acquired and the liabilities acquired at the acquisition date.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Assessing the Group's position that the acquisitions should be accounted for as a business combination and determined that it was appropriately accounted for in accordance with the definition set out in IFRS 3.
- Assessing the appropriateness of the identifiable assets acquired and the liabilities acquired at the acquisition date against market benchmark by inspecting the clauses laid out in the share purchase agreements.
- Reviewing and evaluating the Group's procedure for determining the fair value of the net identifiable assets acquired and liabilities assumed and challenging the Group's assessment of their fair values by reference to evidence provided by third parties (such as property valuers). Within this process property valuations prepared by the independent valuers, engaged by the Group, were obtained and evaluated by the audit team.
- Re-performing the calculation of the goodwill and negative goodwill arising from the acquisitions being the difference between the total purchase consideration and the fair value of the net identifiable assets was in line.
- Assessing whether the disclosures in the consolidated financial statements in respect of the acquisitions and related judgments, are consistent with IFRS requirements.

CONVERTIBLE BONDS

(2016: €708,686 thousand, 2015: €817,721 thousand)

See Note 19 to the financial statements.

The key audit matter

The Group has significant amount of outstanding convertible bonds. We have identified the valuation of and the accounting treatment for convertible bonds as key audit matters because both are complex areas. The separation of the debt element from the equity element of a convertible bond can involve a significant degree of judgment and is subject to an inherent risk of error.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Inspecting Board minutes and other appropriate documentation of authorization to assess whether the transactions were appropriately authorized.
- Verifying amounts, interest rate and maturity date to the supporting documentation, debt agreement, prospectuses or to third party statements and examined terms and conditions of the bonds.
- Testing the calculations carried out to split the convertible bonds into equity and debt element. We examined the valuation report from external experts engaged by the Group to identify the value of equity used which was assessed by KPMG internal specialists.
- Assessing the accuracy of historical financial information, examined the mathematical accuracy of calculations, evaluated the valuation technique applied and approach used and evaluated the assumptions used to calculate discount rate.


Hannover


Rotterdam

PERPETUAL NOTES

(2016: €478,277 thousand, 2015: NIL)

See Note 17 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has issued significant amount of perpetual notes. The classification of these perpetual notes requires significant judgment as to whether these should be treated as debt, equity or as a hybrid financial instrument. The notes have no maturity date; they carry a Call option for redemption exercisable at the Issuer's discretion, an optional Interest Deferral, which the Issuer has the ability to defer at any time.	Our audit procedures in this area included, among others: – Preparing an IFRS analysis regarding the accounting treatment of the Undated Subordinated Notes, classifying the perpetual notes as equity and involving KPMG Specialist in assessing the facts and determining correctness of the applied accounting treatment. – Assessing adequacy of disclosures in the Group financial statements.

OTHER INFORMATION

The Board of Directors is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap. 113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the "Report on other legal requirements" section.

Responsibilities of the Board of Directors 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 IFRS-EU and the requirements of the 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.

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts of Law 2009, L42(I)/2009, as amended from time to time ("Law 42(I)/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, so far as it appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the Board of Directors' Report on pages 2 to 65, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the Management Report.

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 Law 42(I)/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.

The engagement partner on the audit resulting in this independent auditors' report is Panicos Antoniades.

Panicos Antoniades, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of
KPMG Limited
Certified Accountants and Registered Auditors

Larnaca
March 31, 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended December 31,	
		2016	2015
	Note	In thousands of euro	
REVENUE		**273,699**	**125,162**
Capital gains, property revaluations and other income	5	719,517	814,511
Share in profit from investment in equity-accounted investees	13	197,064	134,138
Property operating expenses	6	(75,353)	(*) (28,529)
Administrative and other expenses	7	(7,921)	(*) (4,287)
OPERATING PROFIT		**1,107,006**	**1,040,995**
Finance expenses	8a	(47,408)	(20,466)
Other financial results	8b	(35,883)	7,869
PROFIT BEFORE TAX		**1,023,715**	**1,028,398**
Current tax expenses	9b	(19,910)	(9,264)
Deferred tax expenses	9c	(102,711)	(98,380)
Tax and deferred tax expenses		(122,621)	(107,644)
PROFIT FOR THE YEAR		**901,094**	**920,754**
Other comprehensive income for the year, net of tax		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**901,094**	**920,754**

(*) Reclassified.

 The accompanying notes on pages 80 to 114 form an integral part of these consolidated financial statements

		For the year ended December 31,	
		2016	2015
	Note	In thousands of euro	
PROFIT ATTRIBUTABLE TO:			
Owners of the Company		728,209	686,892
Perpetual notes investors		3,699	-
Non-controlling interests		169,186	233,862
PROFIT FOR THE YEAR		**901,094**	**920,754**

NET EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (IN EURO)

Basic earnings per share	10	1.11	1.26
Diluted earnings per share	10	0.87	1.01

The accompanying notes on pages 80 to 114 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2016	2015
	Note	In thousands of euro	
ASSETS			
Equipment and intangible assets	11	22,799	5,123
Investment property	12	5,016,235	2,430,595
Advanced payments for investment property		243,515	51,490
Investment in equity-accounted investees	13	1,557,044	1,183,148
Other non-current assets	14	133,809	335,741
Deferred tax assets	9c	15,503	1,505
NON-CURRENT ASSETS		**6,988,905**	**4,007,602**
Cash and cash equivalents		641,400	121,243
Short term deposits		11,225	4,213
Traded securities at fair value through profit or loss	24	180,810	261,527
Trade and other receivables	15	111,293	45,562
Assets held for sale	16	155,319	-
CURRENT ASSETS		**1,100,047**	**432,545**
TOTAL ASSETS		**8,088,952**	**4,440,147**

The accompanying notes on pages 80 to 114 form an integral part of these consolidated financial statements

		As at December 31,	
		2016	2015
	Note	In thousands of euro	
EQUITY			
Share capital	17	6,763	6,001
Retained earnings and capital reserves		3,083,400	2,099,408
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY		**3,090,163**	**2,105,409**
Equity attributable to Perpetual notes investors	17	478,277	-
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY AND PERPETUAL NOTES INVESTORS		**3,568,440**	**2,105,409**
Non-controlling interests		372,640	320,103
TOTAL EQUITY		**3,941,080**	**2,425,512**
LIABILITIES			
Loans and borrowings	19	962,007	515,913
Convertible bonds	19	708,686	817,721
Straight Bonds	19	1,713,965	187,923
Derivative financial instruments	20	6,896	3,590
Other non-current liabilities	21	41,547	62,436
Deferred tax liabilities	9c	365,932	185,774
NON-CURRENT LIABILITIES		**3,799,033**	**1,773,357**
Credit from financial institutions		130,466	36,134
Loans and borrowings	19	29,499	(*) 15,142
Loan redemption and notes		-	(*) 78,150
Trade and other payables	23	107,721	95,971
Tax payable		6,741	2,674
Provisions for other liabilities and charges		27,875	13,207
Liabilities held for sale	16	46,537	-
CURRENT LIABILITIES		**348,839**	**241,278**
TOTAL LIABILITIES		**4,147,872**	**2,014,635**
TOTAL EQUITY AND LIABILITIES		**8,088,952**	**4,440,147**

(*) Reclassified

On March 30, 2017 the Board of Directors of Aroundtown Property Holdings PLC authorised these consolidated financial statements for issuance.

Reshef Ish-Gur
Director

Andrew Wallis
Director

Jelena Afxentiou
Director

Oschrie Massatschi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

 The accompanying notes on pages 80 to 114 form an integral part of these consolidated financial statements

	Share capital	Share Premium and other capital reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
	Attributable to the owners of the Company							
	In thousands of euro							
BALANCE AS AT DECEMBER 31, 2015	**6,001**	**332,750**	**1,766,658**	**2,105,409**	**-**	**2,105,409**	**320,103**	**2,425,512**
Profit for the year	-	-	728,209	728,209	3,699	731,908	169,186	901,094
Other comprehensive income for the year	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	728,209	728,209	3,699	731,908	169,186	901,094
Issuance of ordinary shares related to capital increase	650	262,015	-	262,665	-	262,665	-	262,665
Issuance of shares related to conversion of convertible bonds	112	36,339	-	36,451	-	36,451	-	36,451
Issuance of Perpetual notes	-	-	-	-	478,277	478,277	-	478,277
Amount attributed to Perpetual notes investors	-	-	-	-	(3,699)	(3,699)	-	(3,699)
Equity settled share based payment	-	2,110	-	2,110	-	2,110	-	2,110
Dividend distribution	-	-	(34,490)	(34,490)	-	(34,490)	-	(34,490)
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	(10,191)	(10,191)	-	(10,191)	(116,649)	(126,840)
BALANCE AS AT DECEMBER 31, 2016	**6,763**	**633,214**	**2,450,186**	**3,090,163**	**478,277**	**3,568,440**	**372,640**	**3,941,080**

	Share capital	Share Premium and other capital reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to owners of the Company and Perpetual notes investors	Non-controlling interests	Total equity
BALANCE AS AT DECEMBER 31, 2014	**38**	**7,416**	**1,106,115**	**1,113,569**	**-**	**1,113,569**	**108,092**	**1,221,661**
Profit for the year	-	-	686,892	686,892	-	686,892	233,862	920,754
Other comprehensive income for the year	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	686,892	686,892	-	686,892	233,862	920,754
Issuance of ordinary shares	4,962	-	-	4,962	-	4,962	-	4,962
Issuance of ordinary shares related to capital increase	1,000	313,768	-	314,768	-	314,768	-	314,768
Issuance of shares related to conversion of convertible bonds	1	461	-	462	-	462	-	462
Equity component of convertible bonds issued	-	11,105	-	11,105	-	11,105	489	11,594
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	(26,349)	(26,349)	-	(26,349)	(*) (22,340)	(*) (48,689)
BALANCE AS AT DECEMBER 31, 2015	**6,001**	**332,750**	**1,766,658**	**2,105,409**	**-**	**2,105,409**	**320,103**	**2,425,512**

(*) Reclassified

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended December 31, 2016	2015
		In thousands of euro	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**901,094**	**920,754**
Adjustments for the profit:			
Depreciation and amortization	11	2,006	377
Capital gains, property revaluations and other income	5	(719,517)	(814,511)
Share in profit from investment in equity-accounted investees	13	(197,064)	(134,138)
Finance expenses, net	8	83,291	12,597
Tax and deferred tax expenses	9	122,621	107,644
Equity settled share-based payment	18	2,110	-
		194,541	92,723
Change in:			
Trade and other receivables		(19,093)	(27,359)
Trade and other payables		1,816	23,517
Provisions for other liabilities and charges		(871)	6,355
		176,393	95,236
Dividend received		17,948	7,445
Tax paid, net		(15,537)	(8,376)
NET CASH PROVIDED BY OPERATING ACTIVITIES		**178,804**	**94,305**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of equipment and intangible assets, net		(6,653)	(957)
Investments and acquisitions of investment property, capex and advances paid, net		(1,050,803)	(776,436)
Acquisition/disposals of investees, net of cash acquired/disposed		(994,129)	(386,297)
Proceeds (investment) from (in) traded securities and other financial assets, net		151,306	(255,035)
NET CASH USED IN INVESTING ACTIVITIES		**(1,900,279)**	**(1,418,725)**

The accompanying notes on pages 80 to 114 form an integral part of these consolidated financial statements

Offenbach (Frankfurt am Main)

	Note	For the year ended December 31, 2016	2015
		In thousands of euro	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		262,665	319,731
Proceeds from issuance of straight and convertible bonds, net	19	1,669,995	856,190
Proceeds from Perpetual notes investors, net		478,277	-
Proceeds from loans from financial institutions and others, net		301,086	383,898
Amortizations of loans from financial institutions		(18,503)	(9,812)
Acquisition of straight bond series A	19	(166,478)	-
Transactions with non-controlling interests		(203,936)	(112,578)
Dividend distributed to the shareholders		(34,490)	-
Interest and other financial expenses, net		(44,606)	(19,760)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**2,244,010**	**1,417,669**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**522,535**	**93,249**
Assets held for sale – cash	16	(2,378)	-
Cash and cash equivalents as at January 1		121,243	27,994
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31		**641,400**	**121,243**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

These consolidated financial statements for the year ended December 31, 2016 consist of the financial statements of the Company and its subsidiaries ("the Group" or "Aroundtown").

The Group is a specialist real estate investment group, focusing primarily in the German and Netherlands real estate markets. The Group covers commercial and residential real estate assets which benefit from strong fundamentals and growth prospects. The commercial properties are held directly by the Company and its subsidiaries and the residential investments are carried out through its holdings in Grand City Properties S.A. The Group's vision is to create significant value by buying, repositioning and optimizing real estate properties.

(B) LISTING ON THE STOCK EXCHANGE

On July 13, 2015, the Company was initially listed on the Euronext Paris Stock Exchange (symbol: ALATP). During 2015 it was listed on the Frankfurt Stock Exchange (symbol: AT1). For further information please see note 27.

(C) CAPITAL AND BONDS INCREASES

Since December 2014 the Company made several capital market transactions which include issuance of straight bonds, convertible bonds, perpetual notes and equity. For further information please see notes 17 and 19.

(D) GROUP RATING

On June 16 2016, S&P revised its credit rating of the company to 'BBB' with stable outlook from its initial rating of 'BBB-' given in December 2015. The rating increase also applies to the company's straight and convertible bonds. The perpetual notes have rating of BB+.

(E) DEFINITIONS

Throughout these notes to the interim 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 using equity method of accounting
INVESTEES	Subsidiaries, jointly controlled entities and associates
GCP S.A.	Grand City Properties S.A. (an associate of the Company)
PCI, CAMELBAY, ATF	Primecity Investment PLC, Camelbay Limited and ATF Netherlands BV (subsidiaries of the Company)
RELATED PARTIES	As defined in IAS 24
THE REPORTING PERIOD	The year ended on December 31, 2016


Rotterdam

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 consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2015 have been reclassified to enhance comparability with 2016 figures and are marked as "reclassified".
These consolidated financial statements were authorized for issuance by the Company's Board of Directors on March 30, 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;
- Assets and liabilities classified as held for sale;
- 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 12(b) and 24(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 thousand (euro '000), 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.

(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.

OTHER

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

(E) 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.

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

(G) 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.

(H) 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.

(I) 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.

(J) 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.

(K) 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.

Amsterdam

(L) 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.

(M) ASSETS HELD FOR SALE

Non-current assets or disposal groups, comprising assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

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

(N) 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.

8. PERPETUAL NOTES

Perpetual notes are presented as equity attributable to its holders, which is part of the total equity of the Group. The coupon is deferrable based on the Company's discretion until payment resolution of a dividend to the shareholders, and shall be recognized directly in the equity attributable to the Perpetual notes holders. The deferred amounts shall not bear interest.

(O) 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.

(P) 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).

(Q) 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.

(R) 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.

(S) 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.

(T) COMPARATIVES

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

(U) 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.

(V) 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.

(W) 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.

(X) 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, 2017, 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 following new and revised standards and interpretations are in issue but have not yet been endorsed by the EU and are hence not yet effective for these financial statements.

(III) IAS 7 – DISCLOSURE INITIATIVE – AMENDMENTS TO IAS 7

The amendment to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(IV) IFRS 16 – LEASES

IFRS 16 introduces a single, on balance sheet approach to lease accounting for lessees with optional exemptions for short-term leases and leases of low value items.

(V) IFRS 2 – CLASSIFICATIONS AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTIONS

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.

The Group has considered the above new 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.

Berlin


PARK
CENTER
real
fitness
AKTION
Jetzt starten und 2016 zahlen!
Neukölln
SATURN
McDonald's
real

Berlin

4. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

A. ACQUISITIONS

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:

	H1 2016	H2 2016	Total
	In thousands of euro		
Investment property	830,039	622,557	1,452,596
Cash and Cash equivalents	5,527	1,537	7,064
Total identifiable assets	835,566	624,094	1,459,660
Working capital, net	(3,716)	6,519	2,803
Loans from banks	(124,549)	(120,000)	(244,549)
Other liabilities, net	(114,073)	(93,916)	(207,989)
Total identifiable liabilities	(242,338)	(207,397)	(449,735)
TOTAL IDENTIFIABLE NET ASSETS	**593,228**	**416,697**	**1,009,925**
Non-controlling interests arising from ini-tial consolidation	(51,034)	(1,752)	(52,786)
Consideration paid regarding acquisition of subsidiaries	(488,319)	(413,693)	(902,012)
PROFIT ARISING FROM BUSINESS COMBINATIONS	**(53,875)**	**(10,848)**	**(64,723)**
GOODWILL RECOGNIZED	**-**	**9,596**	**9,596**

B. DISPOSALS

During the year, the Group has sold few non-core properties (through share deals) for a total consideration of euro 18.5 million which reflected the book value of the properties.

5. CAPITAL GAINS, PROPERTY REVALUATION AND OTHER INCOME

	For the year ended December 31,	
	2016	2015
	In thousands of euro	
Change in fair value in investment property	654,794	605,421
Profit arising from business combinations (Bargain Purchase), capital gains and other income	64,723	209,090
	719,517	**814,511**

6. PROPERTY OPERATING EXPENSES

	For the year ended December 31,	
	2016	2015
	In thousands of euro	
Purchased services	(51,486)	(20,173)
Maintenance and refurbishment	(11,675)	(3,667)
Operational personnel expenses	(3,735)	(1,207)
Depreciation and amortization	(2,006)	(*) (377)
Other operating costs	(6,451)	(3,105)
	(75,353)	**(*) (28,529)**

(*) Reclassified.

Dresden

7. ADMINISTRATIVE AND OTHER EXPENSES

	For the year ended December 31, 2016	2015
	In thousands of euro	
Personnel expenses	(3,424)	(2,712)
Legal and professional fees	(1,810)	(616)
Year-end closing, accounting and audit expenses	(1,765)	(800)
Sales, marketing and administrative expenses	(922)	(159)
	(7,921)	**(*) (4,287)**

(*) Reclassified.

8. NET FINANCE EXPENSES

	For the year ended December 31, 2016	2015
	In thousands of euro	
A. FINANCE EXPENSES		
Finance expenses from credit institutions and third parties, net	(12,562)	(1,168)
Finance expenses from straight and convertible bonds, net	(34,846)	(19,272)
Other finance expenses	-	(26)
	(47,408)	**(20,466)**
B. OTHER FINANCIAL RESULTS		
Changes in fair value of financial assets and liabilities, net	(29,951)	14,829
Finance-related costs	(5,932)	(6,960)
	(35,883)	**7,869**

9. 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 2016 is 12.5% (2015: 12.5%).

Under certain conditions interest income of the Cyprus companies may be subject to defense contribution at the rate of 30% (2015: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17% for 2014 and thereafter.

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, 2016, 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.

The Luxembourg investees are subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 29.22% (2015: 29.22%).

The Dutch subsidiaries are subject to taxation under the laws of the Netherlands. The corporation tax rate for Netherlands companies is 25% and 20% for profit before tax above euro 200 thousands and below euro 200 thousands, respectively (2015: the same).

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 25%.

B. CURRENT TAXES INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Corporation tax	(11,149)	(5,693)
Property tax	(8,761)	(3,571)
CHARGE FOR THE YEAR	**(19,910)**	**(9,264)**

Leipzig

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

DEFERRED TAX LIABILITIES	Other deferred tax liability	Fair value gains on investment property	Total
	In thousands of euro		
BALANCE AS AT DECEMBER 31, 2014	**3,328**	**43,286**	**46,614**
Charged to:			
Consolidated statement of comprehensive income	73	98,772	98,845
Deferred tax arising from 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**
Charged to:			
Consolidated statement of comprehensive income	26	112,641	112,667
Deferred tax arising from initial consolidation	-	101,536	101,536
Deferred tax disposed from deconsolidation	-	(20,492)	(20,492)
Transfer to Liabilities held for sale	(242)	(13,311)	(13,553)
BALANCE AS AT DECEMBER 31, 2016	**1,106**	**364,826**	**365,932**

DEFERRED TAX ASSETS	Derivative financial instruments	Deferred taxes – loss carried forward, net	Total
	In thousands of euro		
BALANCE AS AT DECEMBER 31, 2014	**902**	**-**	**902**
Charged to:			
Consolidated statement of comprehensive income	-	465	465
Deferred tax arising from initial consolidation	-	138	138
BALANCE AS AT DECEMBER 31, 2015	**902**	**603**	**1,505**
Charged to:			
Consolidated statement of comprehensive income	1,300	8,656	9,956
Deferred tax arising from initial consolidation	-	4,354	4,354
Transfer to Assets held for sale	(312)	-	(312)
BALANCE AS AT DECEMBER 31, 2016	**1,890**	**13,613**	**15,503**

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

A. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share as of December 31, 2016 is based on the profit attributable to ordinary shareholders of euro 728,209 thousand (2015: euro 686,892 thousand), and a weighted average number of ordinary shares outstanding of 653,155 thousand (2015: 547,049 thousand), calculated as follows:

1. PROFIT ATTRIBUTED TO ORDINARY SHAREHOLDERS (BASIC)

	Year ended December 31, 2016	2015
	In thousands of euro	
Profit for the year, attributable to the owners of the Company	728,209	686,892

2. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (BASIC)

	Year ended December 31, 2016	2015
	In thousands of euro	
Issued ordinary shares on January 1	600,141	500,000
Capital increase	46,835	46,978
Effect of exercise of convertible bond	6,179	71
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AS AT DECEMBER 31,	**653,155**	**547,049**
BASIC EARNINGS PER SHARE (IN EURO)	**1.11**	**1.26**

B. DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at December 31, 2016 is based on profit attributable to ordinary shareholders of euro 717,931 thousand (2015: euro 640,071 thousand), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 829,458 thousand (2015: 632,880 thousand), calculated as follows:

1. PROFIT ATTRIBUTED TO ORDINARY SHAREHOLDERS (DILUTED)

	Year ended December 31, 2016	2015
	In thousands of euro	
Profit for the year, attributable to the owners of the Company (basic)	728,209	686,892
Interest expense on convertible bonds, net of tax	22,531	10,746
Effect of traded investees	(32,809)	(57,567)
PROFIT FOR THE YEAR, ATTRIBUTABLE TO THE OWNERS OF THE COMPANY (DILUTED)	**717,931**	**640,071**

2. WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES (DILUTED)

	Year ended December 31, 2016	2015
	In thousands of euro	
As at the beginning of the year	600,141	500,000
Capital increase	46,836	46,978
Effect of exercise of convertible bond	182,481	85,902
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES AS AT DECEMBER 31,	**829,458**	**632,880**
DILUTED EARNINGS PER SHARE (IN EURO)	**0.87**	**1.01**

11. EQUIPMENT AND INTANGIBLE ASSETS

	Furniture, fixtures and office equipment	Goodwill	Computer software	Total
	In thousands of euro			
COST				
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
Additions	6,353	-	300	6,653
Equipment and intangible assets arising from initial consolidation, net	3,433	9,596	-	13,029
Balance as at December 31, 2016	11,529	14,120	831	26,480
DEPRECIATION/AMORTIZATION				
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
Depreciation/Amortization for the year	1,980	-	26	2,006
Balance as at December 31, 2016	3,106	64	511	3,681
CARRYING AMOUNTS				
Balance as at December 31, 2015	617	4,460	46	5,123
Balance as at December 31, 2016	8,423	14,056	320	22,799

12. INVESTMENT PROPERTY

A. COMPOSITION

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at January 1	2,430,595	426,303
Acquisitions of investment property	822,096	(*) 751,286
Investment property arising from initial consolidation	1,452,596	647,585
Deconsolidations of investment property	(195,250)	-
Fair value adjustments	654,794	(*) 605,421
Transfer to Assets held for sale	(148,596)	-
BALANCE AS AT DECEMBER 31	**5,016,235**	**2,430,595**

(*) Reclassified.

Dortmund

B. MEASUREMENT OF FAIR VALUE

(I) FAIR VALUE HIERARCHY

The fair value of the properties of the Group is determined at least once a year by external, independent and certified valuators, mainly Jones Lang LaSalle GmbH (JLL) and additionally by Knight Frank and Cushman and Wakefield (CW), who are considered as leading appraisers in the European real estate market. The fair value of the properties was prepared in accordance with the RICS Valuation- Professional Standards (current edition) published by the Royal Institution of Chartered Surveyors (RICS) as well as the standards contained within the TEGoVA European Valuations Standards, and in accordance with IVSC International Valuation Standard (IVS), the International Accounting Standard (IAS), International Financial Reporting Standards (IFRS) as well as the current guidelines of the European Securities and Market Authority (ESMA) based on the Market Value. This is included in the General Principles and is adopted in the preparation of the valuations reports of the appraisers.

The Company and the valuators confirm that there is no actual or potential conflict of interest that may have influenced the valuators status as external and independent valuator. The valuation fee is determined on the scope of complexity of the valuation report.

The main range of the discount rates applied to the net annual rentals to determine the fair value of property is between 5.00%-8.90%.

All the investment property in the group in total fair value amount of euro 5,016 million (2015: euro 2,431 million) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(II) LEVEL 3 FAIR VALUE

The table in part A above shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

VALUATION TECHNIQUE AND SIGNIFICANT UNOBSERVABLE INPUTS

VALUATION TECHNIQUE

Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free period and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.

SIGNIFICANT UNOBSERVABLE INPUTS

- Assumed market rental growth weighted average 1.96%;
- Void periods – mainly 4-15 months after the end of each lease;
- Risk adjusted discount rates in the range of 5.00%-8.90%. Weighted average 6.4%.

INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT

The estimated fair value would increase (decrease) if:

- Expected market rental growth is higher (lower);
- Void periods were shorter (longer);
- The occupancy rates were higher (lower);
- The risk-adjusted discount rate is lower (higher).

13. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

COMPOSITION

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance as at January 1	1,183,148	908,435
Additions, net	176,832	(*) 140,575
Share of profit from associates	197,064	(*) 134,138
BALANCE AS AT DECEMBER 31	**1,557,044**	**1,183,148**

(*) Reclassified.

14. OTHER NON-CURRENT ASSETS

	As at December 31,	
	2016	2015
	In thousands of euro	
Tenancy deposit	3,737	2,593
Finance lease asset	1,140	1,381
Long term financial investments	128,932	331,767
	133,809	**335,741**

15. TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2016	2015
	In thousands of euro	
Rent and other receivables	13,688	(*) 7,514
Operating costs receivables	69,544	(*) 30,025
Prepaid expenses	9,482	1,529
Current tax assets	4,306	3,470
Other short term financial assets	14,273	3,024
	111,293	**45,562**

(*) Reclassified.

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

16. DISPOSAL GROUP HELD FOR SALE

In fourth quarter 2016, the Group management committed to a plan to sell few properties, some of them through sale of subsidiaries. Accordingly, assets and liabilities which are included in the disposal group are presented as a disposal group held for sale.

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

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

	As at December 31,	
	2016	2015
	In thousands of euro	
ASSETS CLASSIFIED AS HELD FOR SALE		
Investment property	148,596	-
Cash and cash equivalents	2,378	-
Other assets	4,345	-
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	**155,319**	**-**
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Loans and borrowings	28,626	-
Deferred tax liabilities	13,553	-
Other liabilities	4,358	-
TOTAL LIABILITIES CLASSIFIED AS HELD FOR SALE	**46,537**	**-**

17. EQUITY

A. SHARE CAPITAL

	2016		2015	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
AUTHORIZED				
Ordinary shares of EUR 0.01 each	1,500,000,000	15,000	1,500,000,000	15,000
ISSUED AND FULLY PAID				
Balance as of January 1	600,141,641	6,001	22,200	38
Subdivision 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
Capital increase in July 2015	-	-	100,000,000	1,000
Capital increase in April 2016	65,000,000	650	-	-
Exercise of Convertible bond series B into ordinary shares	11,126,832	112	141,641	1
BALANCE ON DECEMBER 31	**676,268,473**	**6,763**	**600,141,641**	**6,001**

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. The gross proceeds from the issuance of these shares were euro 320 million.

On April 14, 2016, the Company successfully issued additional 65,000,000 ordinary shares (of euro 0.01 nominal value each) for euro 4.1 each, by way of private placement to institutional investors. The gross proceeds from the issuance of these shares were euro 266.5 million.

During the reporting period, a total amount of euro 38.2 million nominal values of the Convertible bond series B were converted into shares. According to the convertible bonds terms, 11.1 million shares were issued.

D. ISSUANCE OF PERPETUAL NOTES

(1) On October 17, 2016, the ATF successfully placed euro 500 million in aggregate principal amounts of Perpetual notes. These notes were issued at a price of 96.392% of the principal amount. These Perpetual notes are of unlimited duration and can only be called back by the Company only on certain contractually fixed dates or occasions. Up until the first call date in January 2023, the Perpetual notes shall bear a coupon rate of 3.75% p.a. In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (January 2028) shall correspond to the five-year swap rate plus a margin of 437.5 basis points p.a. The mark-up will increase by 25 basis points (to 462.5 basis points p.a.) as of January 2029 and by another 75 basis points (to 537.5 basis points p.a.) commencing on January 2044.

(2) On January 17, 2017, ATF successfully placed a tap issue of additional euro 100 million in aggregate principal amounts of the Perpetual notes for an issuance price of 94.891% of the principal amount. See also note 27.

E. SHARE PREMIUM AND OTHER CAPITAL RESERVES

The capital reserves include share premium derives directly from the capital increases occurred since the date of incorporation and from conversions of convertible bonds into ordinary shares, that can be distributed at any time. The account also consist the equity components of convertible bonds, and share-based payments reserves which temporarily cannot be distributed.

F. RESOLUTION OF DIVIDEND DISTRIBUTION

On November 18, 2016, the shareholders' Annual General Meeting resolved upon the distribution of cash dividend in the amount of euro 0.051 per share (total gross amount of euro 34.5 million) in accordance with the proposal of the board of directors. Ex-date and payment date were set to be on November 22, 2016 and December 23, 2016, respectively.


Munich

18. SHARE BASED PAYMENT AGREEMENTS

A. DESCRIPTION OF SHARE-BASED PAYMENT ARRANGEMENTS

On December 31, 2016 and 2015, the Group had the following share-based payment arrangements:

(I) INCENTIVE SHARE PLAN

The annual general meeting has approved to authorize the board of Directors to issue up to five million shares for an incentive plan for the board of directors, key management and senior employee's. The incentive plan has up to 4 years vesting period with specific milestones to enhance management long term commitment to Aroundtown strategic targets. Main strategic targets are long term improvement in operational and financial targets such as Like for Like vacancy reduction and like-for-like rent increase, operational efficiency, increase in adjusted EBIDTA per share, FFO per share and EPS. Management will be incentivized for keeping conservative financial ratios, with the strategic target to further improve the Group's rating.

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

Incentive granted to Board of Directors, key management and senior employees	Number of instruments (in thousands)
during 2016	1,073

During the reporting period, the total amount recognized as share-based payment was euro 2,110 thousand. It was presented as administrative and other expenses in the consolidated statement of comprehensive income and as share-based payment reserve in the consolidated statement of changes in equity.


Rügen

19. LOANS, BORROWINGS AND BONDS

A. COMPOSITION

	Weighted average interest rate	Maturity date	As at December 31, 2016	2015
			In thousands of euro	
NON-CURRENT				
Bank loans	2.3%	2017-2031	962,007	515,913
TOTAL NON-CURRENT BANK LOANS			**962,007**	**515,913**
Convertible bond series A in PCI	4%	2019	30,359	110,222
Straight bond series A	3%	2021	37,449	187,923
Convertible bond series B	3%	2020	394,048	425,914
Convertible bond series C	1.5%	2021	284,279	281,585
Straight bond series D	1.5%	2022	571,349	-
Straight bond series E	1.5%	2024	616,136	-
Straight bond series F	2.125%	2023	489,031	-
TOTAL NON-CURRENT PORTION OF STRAIGHT AND CONVERTIBLE BONDS			**2,422,651**	**1,005,644**
CURRENT				
Bank loans	2.3%	2017	29,499	15,142
Loan redemption and notes			-	78,150
TOTAL CURRENT LOANS			**29,499**	**93,292**

B.

1. CONVERTIBLE BOND SERIES A OF PCI

On November 13, 2014, PCI successfully completed the placement of a 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 its principle amount and will be redeemed at maturity at 110% of its principle amount. On February 13, 2015, PCI has successfully tapped up its convertible bond series with an additional principal amount of euro 50 million, resulting in a total principal amount of euro 150 million. The tap of the convertible bond series was issued at 105% of its principal amount and has the same characteristics of the previous tranche issued in November 2014 and described above.

Since the issuance of the convertible bond and until December 31, 2016, a total amount of euro 120.5 million nominal value of the convertible bond was converted into shares of PCI (out of which euro 80.7 million in the reporting period).

On March 13, 2017, PCI redeemed the outstanding convertible bond series A – see note 27 for further info.

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	112,442	97,254
Proceeds from tap issuance of PCI convertible bond (500 notes at euro 100,000 par value each) (a)	-	52,500
Transaction costs	-	(835)
Net proceeds during the year	-	51,665
Amount classified as non-controlling interests (a)	-	(489)
Expenses for the year	989	7,145
Expenses paid	(2,408)	(4,534)
Conversion to ordinary shares of PCI	(79,791)	(38,599)
Carrying amount of liability at the end of the year	31,232	112,442
Non-current portion of Convertible bond of PCI	30,359	110,222
Accrued interest	156	581
Total Convertible bond of PCI	30,515	110,803
Deferred income (a)	717	1,639

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

2. STRAIGHT BOND SERIES A

On December 9, 2014, the Company successfully completed with placement of a euro 161 million (nominal value) unsubordinated, senior secured straight bond maturing in December 2021 with a coupon of 3% p.a., payable semi-annually in arrears, for a consideration that reflects 94% of its principal amount. In January 2015, the Company completed a tap up of the series A bonds in an additional principal amount of euro 39 million for a price of 94% of the principal amount, resulting in a total nominal amount of euro 200 million.

During the reporting period, the Group paid euro 166.5 million to acquire euro 160.4 million nominal value of straight bond series A, which were cancelled from trading thereafter. As a consequence, the Group recognized a loss of euro 12.3 million in its financial expenses.

On March 29, 2017, the Company announced the redemption of the outstanding straight bond series A – see note 27 for further info.

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	188,284	150,813
Proceeds from issuance of straight bond series A (390 notes at euro 100,000 par value)	-	36,660
Transaction costs	(302)	(868)
Net proceeds during the year	(302)	35,792
Expenses for the year	7,257	7,679
Expenses paid	(3,594)	(6,000)
Cancelation of nominal amounts	(154,124)	-
Carrying amount of liability at the end of the year	37,521	188,284
Non-current portion of straight bond series A	37,449	187,923
Accrued interest	72	361
Total straight bond series A	37,521	188,284

3. CONVERTIBLE BOND SERIES B

On May 5, 2015, the Company successfully completed with placement of a euro 450 million senior, unsecured convertible bond convertible into new ordinary shares of the Company and maturing in May 2020. The bond was placed by the Company to institutional investors, with a coupon of 3% p.a., payable semi-annually in arrears, at an issue price of 95.68% of its principal amount, and will be redeemed in maturity at par value. The initial conversion price was set at euro 3.53 per share. Due to capital increase in July 2015 as well as dividend distribution in December 2016, the conversion price has been adjusted to 3.4395 and then to 3.3763, respectively.

Since the issuance of the convertible bond and until December 31, 2016, a total amount of euro 38.7 million nominal value of the convertible bond was converted into ordinary shares of the Company (out of which euro 38.2 million in the reporting period).

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	427,988	-
Proceeds from issuance of convertible bond series B (4,500 notes at euro 100,000 par value each)	-	430,560
Transaction costs	(287)	(3,330)
Net proceeds during the year	(287)	427,230
Amount classified as equity	-	(4,029)
Expenses for the year	17,642	11,999
Expenses paid	(13,026)	(6,750)
Conversion to ordinary shares	(36,360)	(462)
Carrying amount of liability at the end of the year	395,957	427,988
Non-current portion of convertible bond series B	394,048	425,914
Accrued interest	1,909	2,074
Total convertible bond series B	395,957	427,988

4. CONVERTIBLE BOND SERIES C

On December 15, 2015, the Company successfully completed with placement of a euro 300 million senior, unsecured convertible bond convertible into new ordinary shares of the Company and maturing in January 2021. The bond was placed by the Company to institutional investors, with a coupon of 1.5% p.a., payable semi-annually in arrear, at an issue price of 97.05% of its principal amount, and will be redeemed in maturity at par value. The initial conversion price was set at euro 5.79 per share. Due to the dividend distribution occurred in December 2016, the conversion price was adjusted to euro 5.6862 per share.

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	281,745	-
Proceeds from issuance of convertible bond series C (3,000 notes at euro 100,000 par value each)	-	291,150
Transaction costs	(902)	(2,609)
Net proceeds during the year	(902)	288,541
Amount classified as equity	-	(7,076)
Expenses for the year	8,106	280
Expenses paid	(2,626)	-
Carrying amount of liability at the end of the year	286,323	281,745
Non-current portion of convertible bond series C	284,279	281,585
Accrued interest	2,044	160
Total convertible bond series C	286,323	281,745

5. STRAIGHT BOND SERIES D

On April 26, 2016, the Company successfully completed the placement of a euro 600 million (nominal value) senior, unsecured straight bond maturing in May 2022, which bears a coupon of 1.5% p.a., payable annually in arrears, for a consideration that reflects 95.542% of its principal amount.

On November 1, 2016, the Company's fully owned subsidiary ATF Netherlands BV was substituted for the Company as the primary obligor under the bond, and the Company granted an unconditional and irrevocable guarantee of all payments under the bond.

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	-	-
Proceeds from issuance of straight bond series D (6,000 notes at euro 100,000 par value)	573,252	-
Transaction costs	(5,177)	-
Net proceeds during the year	568,075	-
Expenses for the year	9,241	-
Expenses paid	-	-
Carrying amount of liability at the end of the year	577,316	-
Non-current portion of straight bond series D	571,349	-
Accrued interest	5,967	-
Total straight bond series D	577,316	-

6. STRAIGHT BOND SERIES E

On July 11, 2016, the Company successfully completed the placement of a euro 500 million (nominal value) senior, unsecured straight bond maturing in July 2024, which bears a coupon of 1.5% p.a., payable annually in arrears, for a consideration that reflects 95.312% of its principal amount.

On November 1, 2016, the Company's wholly owned subsidiary ATF Netherlands BV was substituted for the Company as the primary obligor under the bond, and the Company granted an unconditional and irrevocable guarantee of all payments under the bond.

On November 2, 2016, ATF successfully completed the tap up placement of additional euro 150 million (nominal value) of straight bond series E, for a consideration that reflected 96.297% of its principal amount. As a result, the total aggregated principal amount of the straight bond series E increased to euro 650 million (nominal value).

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	-	-
Proceeds from issuance of straight bond series E (5,000 notes at euro 100,000 par value)	476,560	-
Proceeds from issuance of straight bond series E (1,500 notes at euro 100,000 par value)	144,446	-
Transaction costs	(6,552)	-
Net proceeds during the year	614,454	-
Expenses for the year	5,475	-
Expenses paid	-	-
Carrying amount of liability at the end of the year	619,929	-
Non-current portion of straight bond series E	616,136	-
Accrued interest	3,793	-
Total straight bond series E	619,929	-

7. STRAIGHT BOND SERIES F

On December 6, 2016, ATF successfully completed the placement of a euro 500 million (nominal value) senior, unsecured straight bond maturing in March 2023, which bears a coupon of 2.125% p.a., payable annually in arrears, for a consideration that reflects 99.003% of its principal amount. The bond was issued by ATF and is unconditionally and irrevocably guaranteed by the Company.

For further information regarding an additional tap issue of the bond that occurred after the reporting period, please see note 27.

	Year ended December 31,	
	2016	2015
	In thousands of euro	
Balance at the beginning of the year	-	-
Proceeds from issuance of straight bond series F (5,000 notes at euro 100,000 par value)	495,015	-
Transaction costs	(6,058)	-
Net proceeds during the year	488,957	-
Expenses for the year	598	
Expenses paid	-	-
Carrying amount of liability at the end of the year	489,555	-
Non-current portion of straight bond series F	489,031	-
Accrued interest	524	-
Total straight bond series F	489,555	-

8. STRAIGHT BOND SERIES G

During December 2016, ATF successfully completed the placement of a euro 30 million (nominal value) senior, unsecured coupon-free short term note maturing in December 2017, for a consideration that reflects 99.98% of its principal amount. The bond was issued by ATF and is unconditionally and irrevocably guaranteed by the Company. The bond is presented under the Credit from financial institutions account in the consolidated statement of financial position.


Berlin

C.

This note provides an overview of certain of the covenants applicable to the Company under its outstanding series of bonds. The complete terms and conditions of each series of bonds are set forth in the relevant bond documentation. Capitalized terms used in this note have the meanings set forth in the terms and conditions of the relevant series of bond.
Under the terms of its outstanding series of bonds, the Company has undertaken that it will not, and will procure that none of its Restricted Subsidiaries will, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence: the sum of:
(i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 50 per cent or 60 per cent. (depending on the relevant series of bonds) of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and
(i) the Consolidated Secured Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness).

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

The Company has also undertaken that on each Reporting Date, the Interest Coverage Ratio will be at least 1.5, 1.8, 1.86 or 2.0 (depending on the relevant series of bond).

In addition, under the Series A Bonds, the Company has undertaken that it 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's outstanding series of bonds also generally prohibit the Company from issuing additional bonds with the benefit of security interests unless the same security is granted to the Company's outstanding unsecured bonds equally and rateably.

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

(3) OTHER PLEDGE

In addition to the pledge above, as of December 31, 2016, out of the Company's total holding in GCP S.A. 19.5 million of GCP S.A.'s shares are pledged due to a facility agreement.

Utrecht

20. DERIVATIVE FINANCIAL INSTRUMENTS

	As at December 31, 2016	2015
	In thousands of euro	
LIABILITIES		
Non-current portion	**6,896**	**3,590**

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.

21. OTHER NON-CURRENT LIABILITIES

	As at December 31, 2016	2015
	In thousands of euro	
Tenancy deposits	4,156	741
Finance lease liability	1,139	1,381
Long term payables	35,535	58,675
Deferred income	717	1,639
	41,547	**62,436**

22. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

	As at December 31, 2016	2015
	In thousands of euro	
Interest expenses on loans from shareholders and related parties	-	(26)

	As at December 31, 2016	2015
	In thousands of euro	
Rental and operating expenses to related party during the year	**(179)**	**-**

There were no transactions between the group and its key management during the year (except as described in note 18).

23. TRADE AND OTHER PAYABLES

	As at December 31, 2016	2015
	In thousands of euro	
Trade and other payables	39,554	43,528
Prepayments received on operating costs	57,000	18,978
Deferred income	6,258	657
Other short term liabilities	4,909	32,808
	107,721	**95,971**

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

Duisburg

24. 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 641 million as at December 31, 2016 (December 31, 2015: euro 121 million), which represents its maximum credit exposure on these assets.

Dresden

(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 2015 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

AS AT DECEMBER 31, 2016	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	991,506	1,113,120	2,629	52,036	155,610	73,339	829,506
Straight bonds	1,724,321	1,993,910	-	22,558	30,563	30,563	1,910,226
Convertible bonds	713,512	810,727	2,250	15,769	18,019	50,469	724,220
Trade payables	39,554	39,554	6,592	32,962	-	-	-
TOTAL	**3,468,893**	**3,957,311**	**11,471**	**123,325**	**204,192**	**154,371**	**3,463,952**

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	**1,661,553**	**2,065,359**	**72,288**	**111,544**	**161,278**	**138,217**	**1,582,032**

(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.

Frankfurt am Main

(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 assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets 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, 2016				
Traded securities at fair value through profit or loss	180,810	-	-	180,810
TOTAL ASSETS	**180,810**	**-**	**-**	**180,810**
Derivative financial instruments	-	6,896	-	6,896
TOTAL LIABILITIES	**-**	**6,896**	**-**	**6,896**
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**

(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.

(V) 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, 2016 and 2015 the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

25. COMMITMENTS

The Group had no significant commitments as at December 31, 2016.

26. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2016.

27. EVENTS AFTER THE REPORTING PERIOD

a) In January 2017, the Group completed the acquisition of a retail property portfolio located in Germany for a purchase price of approximately €780 million (the Portfolio). In parallel, the Group has received bids from third parties to acquire more than half of the properties belonging to the Portfolio (which properties are currently considered as assets held for sale). The effect of the acquisition after the potential on-sales to third parties would be a net acquisition amount of approximately €350 million (the Net Portfolio). The Net Portfolio is comprised of 20 properties across Germany mostly overlapping with the Group's strategic locations. As of the date of the acquisition, the Portfolio was fully let to an investment grade tenant (rated "BBB-" by S&P) with a WALT of approximately 10 years and generated approximately €59.5 million of annual net rent. As of the date of acquisition, the Net Portfolio generated €28 million of annual net rent. The potential on-sales to third parties are planned during the calendar year 2017.

b) On January 13, 2017, the Company through ATF successfully tapped its 2.125% coupon straight bond series F due 2023 by additional euro 50 million at a subscription price of 99.458% of its principal amount. The new tranche was placed as a private placement with a single investor who had not previously participated in ATF credit. Following settlement, the aggregate nominal amount of the straight bond series F was increased to euro 550 million.

c) On January 17, 2017, the Company through ATF successfully tapped its Perpetual notes by additional euro 100 million at a subscription price of 96.297% of its principal amount. Following settlement, the aggregate nominal amount of the Perpetual notes was increased to euro 600 million.

d) On February 9, 2017, PCI announced its resolution to exercise its rights to redeem the outstanding convertible bond. The outstanding Series A Bonds were redeemed at their accreted principal amount (as defined in the bond's Terms and Conditions) on March 13, 2017, together with accrued but unpaid interest to that date.

e) On February 28, 2017, the Company announced its decision to apply for an admission of the Company's shares for trading on an EU-regulated market within the course of 2017. The Company believes the upgrade will enhance the visibility and tradability of its shares and will enable the Company's shares to be included in various stock indices.

f) In March 2017, the Company announced that it intended to upgrade the listing of its shares to an EU regulated market and that the board of directors of the Company had decided to recommend to the shareholders of the Company that the Company migrate from Cyprus to Luxembourg and continue as a Luxembourg company.

g) On March 10, 2017, the Company together with ATF announced the establishment of a euro 1.5 billion Euro Medium Term Notes Programme ("the EMTN Programme"). The EMTN Programme will facilitate the issuance by ATF of senior notes over time in various currencies and maturities as a continuing element of Aroundtown's financing strategy. Notes issued under the EMTN Programme will be guaranteed by the Company and will rank pari passu with ATF's outstanding senior notes. The base prospectus for the EMTN Programme is dated March 10, 2017, and has been approved by the Central Bank of Ireland for admission to the regulated market of the Irish Stock Exchange.

h) On March 20, 2017, the Company through ATF successfully placed USD 400 million fixed rate notes due 2032. These notes are the first placement under the EMTN programme described above, and were issued as a private placement with a single investor in Asia who had not previously invested in the Company. The currency risk inherent in the notes has been hedged by swap resulting in an effective coupon of euro 2% until 2022.

i) On March 29, 2017, the Company announced on its resolution to exercise its right to fully redeem the outstanding straight bond series A in accordance with the bond's Terms and Conditions. The redemption shall take place on May 4, 2017, at the principal with accrued but unpaid interest.

28. GROUP SIGNIFICANT HOLDINGS

The details of the significant Group are as follows:

			As at December 31,	
NAME	PLACE OF INCORPORATION	PRINCIPAL ACTIVITIES	**2016** Holding %	**2015** Holding %
SUBSIDIARIES HELD DIRECTLY BY THE COMPANY				
Edolaxia Limited	Cyprus	Holdings	100%	100%
ATF Netherlands BV	Netherlands	Financing	100%	-
SUBSIDIARIES HELD INDIRECTLY BY THE COMPANY				
Camelbay Real Estate Limited	Cyprus	Holdings	100%	100%
Primecity Investment PLC	Cyprus	Holdings	95%	78%
ASSOCIATES HELD INDIRECTLY BY THE COMPANY				
Grand City Properties S.A.	Luxemburg	Holdings	35%	35%

Rotterdam


Stuttgart


Frankfurt am Main

AROUNDTOWN
PROPERTY HOLDINGS PLC

Artemidos & Nikou Dimitriou, 54 B
6027, Larnaca,
Cyprus