


AROUNDTOWN

PROPERTY HOLDINGS PLC

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three month period
ended March 31, 2017

Frankfurt am Main

An aerial photograph of the Frankfurt am Main skyline, featuring several prominent skyscrapers and a dense urban landscape. A large, thick blue diagonal graphic element cuts across the image from the top left towards the bottom right, partially obscuring the buildings. The sky is overcast with light clouds.



Amsterdam

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KEY FINANCIALS

in €'000 unless otherwise indicated	1-3 2017	change	1-3 2016
RENTAL AND OPERATING INCOME	114,159	128%	50,069
ADJUSTED EBITDA ¹⁾	93,187	75%	53,111
FFO I	59,260	82%	32,626
FFO I PER SHARE (IN €)	0.09	80%	0.05
FFO I PER SHARE, AFTER PERPETUAL NOTES ATTRIBUTION (IN €)	0.08	60%	0.05

1) including AT's share in GCP's Adjusted EBITDA

in €'000 unless otherwise indicated	1-3 2017	change	1-3 2016
EBITDA	323,527	13%	285,547
NET PROFIT	246,987	7%	230,114
EPS (BASIC) (IN €)	0.33	22%	0.27
EPS (DILUTED) (IN €)	0.26	24%	0.21

	Mar 2017 pro forma ²⁾	Mar 2017	Dec 2016
TOTAL EQUITY	5,040,546	4,290,797	3,941,080
EQUITY RATIO	51%	46%	49%
LOAN-TO-VALUE	33%	42%	39%

2) including the equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased

NET ASSET VALUE

in €'000 unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNAV
MAR 2017 PRO FORMA ¹⁾	4,955,690	4,557,919	5,133,751	4,400,580
MAR 2017	4,585,050	4,187,279	4,763,111	4,029,940
MAR 2017 PER SHARE (IN €)	5.7	5.2	6.0	5.0
PER SHARE GROWTH	+8%	+6%	+11%	+6%
DEC 2016	4,243,410	3,870,770	4,349,047	3,776,298
DEC 2016 PER SHARE (IN €)	5.3	4.9	5.4	4.7

¹⁾ including the equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased



Munich

THE COMPANY

The Board of Directors of Aroundtown Property Holdings PLC and together with its investees (the “Company” or “AT”), including associates over which the Company has significant influence as defined in IAS 28 and that are not subsidiaries, in particular Grand City Properties S.A. (“GCP”) (the “Group”) hereby submits the interim report as of March 31, 2017. The figures presented are based on the interim consolidated financial statements as of March 31, 2017, unless stated otherwise.

Aroundtown is a specialist real estate company, with a focus on value-add and income generating properties primarily in the German/NL real estate markets. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by AT and in addition Aroundtown holds a substantial interest of currently 36 % in Grand City Properties S.A. (“GCP”), a publicly traded real estate company that focuses on investing in value-add opportunities in the German residential real estate market. Aroundtown’s investment in GCP 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 March 2017, AT’s portfolio includes a commercial portfolio of 3.5 million sqm reflected in €5.8 billion investment property and a residential portfolio held through GCP, which holds 84k units, reflected in €5.0 billion investment property. Operating within 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 benefitting from the internal growth potential.

Berlin



FINANCIAL POSITION HIGHLIGHTS

€ thousands	As of	Mar 2017	Dec 2016
CASH AND LIQUID ASSETS		867,998	835,813
INVESTMENT PROPERTY		5,793,948	5,016,235
TOTAL ASSETS		9,420,018	8,088,952
TOTAL EQUITY		4,290,797	3,941,080
TOTAL EQUITY PRO FORMA ¹⁾		5,040,546	3,941,080
CONVERTIBLE BONDS IN-THE-MONEY ²⁾		387,209	394,048
CONVERTIBLE BONDS OUT-OF-THE-MONEY		285,159	314,638
TOTAL LOANS AND BORROWINGS		1,524,595	1,150,598
STRAIGHT BONDS		2,119,267	1,713,965

1) including the €426 million equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased (totalling €750 million)

2) Series B bonds which were in-the-money on March 31, 2017; as of the day of this report, only €8.1 million notional value remain outstanding



Hamburg



Leipzig

ACHIEVEMENTS

ACHIEVING SUCCESSFUL GROWTH FROM VARIOUS ANGLES



LISTING UPGRADE

ON JUNE 2ND 2017, AROUNDTOWN WAS UPLISTED TO THE PRIME STANDARD OF THE FRANKFURT STOCK EXCHANGE



MIGRATION TO LUXEMBOURG

AROUNDTOWN IS ON TRACK TO MOVE THE COMPANY SEAT TO LUXEMBOURG AND CONTINUE AS A LUXEMBOURG COMPANY



MARKET VISIBILITY

SHARE LIQUIDITY

TRADABILITY

LARGER INVESTOR POOL

POTENTIAL FOR INCLUSION IN MAJOR EUROPEAN INDICES



AROUNDTOWN IS THE LARGEST LISTED GERMAN COMMERCIAL REAL ESTATE COMPANY

MARKET CAP¹

€4.1 bn

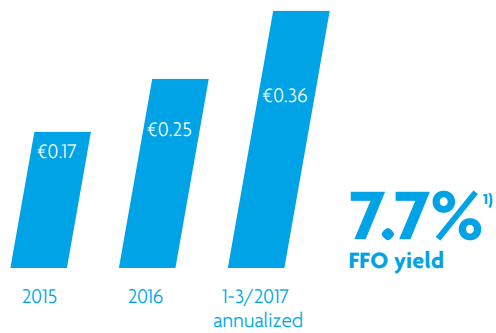
FREE FLOAT²

56%

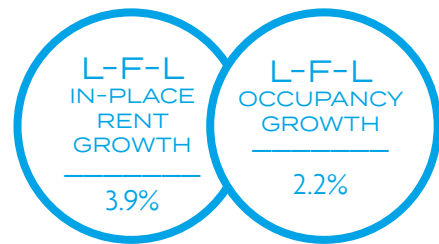
1) BASED ON A SHARE PRICE OF €4.7

2) 57% INCLUDING CONVERSION OF IN-THE-MONEY CONVERTIBLE BONDS

FFO I PER SHARE

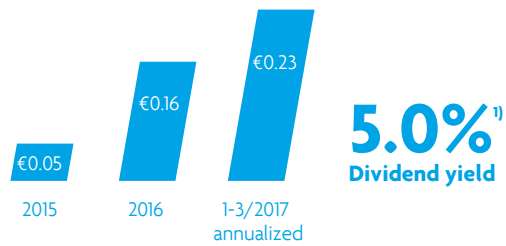


STRONG LIKE-FOR-LIKE GROWTH



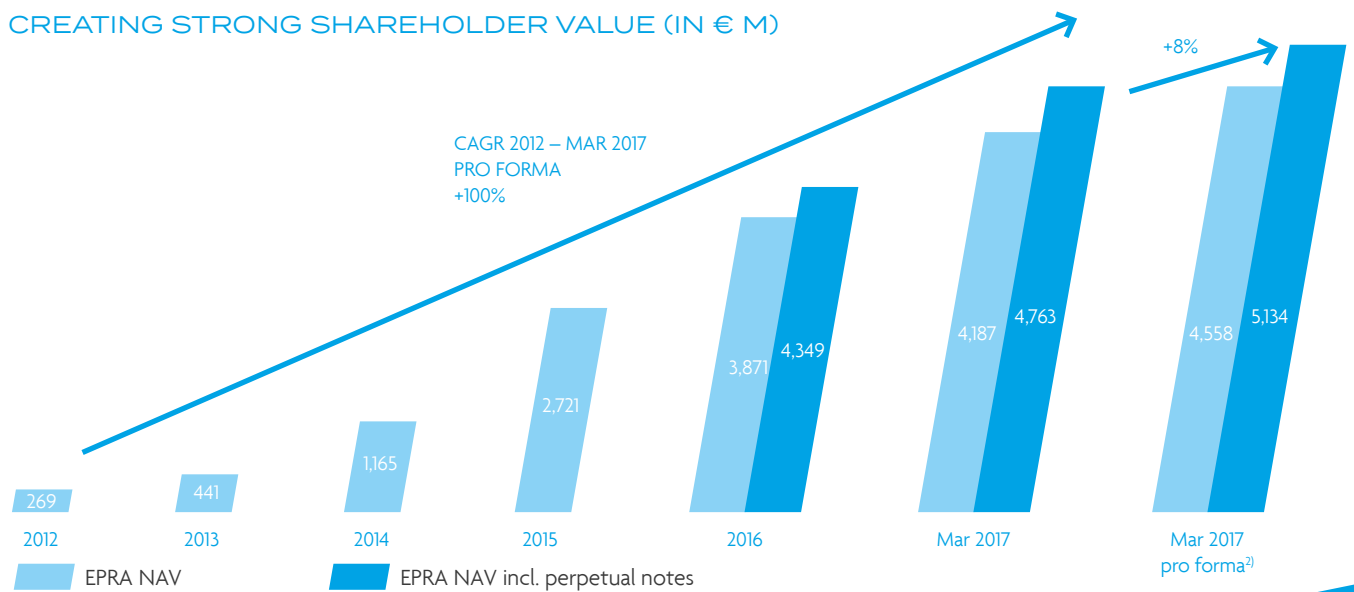
Mar 2017

DIVIDEND PER SHARE



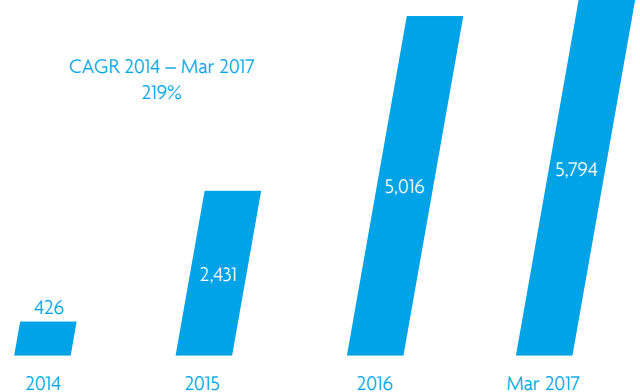
1) based on a share price of €4.7

CREATING STRONG SHAREHOLDER VALUE (IN € M)



2) including the €426m equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased

STRONG PORTFOLIO GROWTH (INVESTMENT PROPERTY IN € M)



ACHIEVEMENTS

SUCCESS FUELED BY DIVERSIFIED CAPITAL SOURCES

LARGEST EUROPEAN REAL ESTATE ISSUER IN 2016

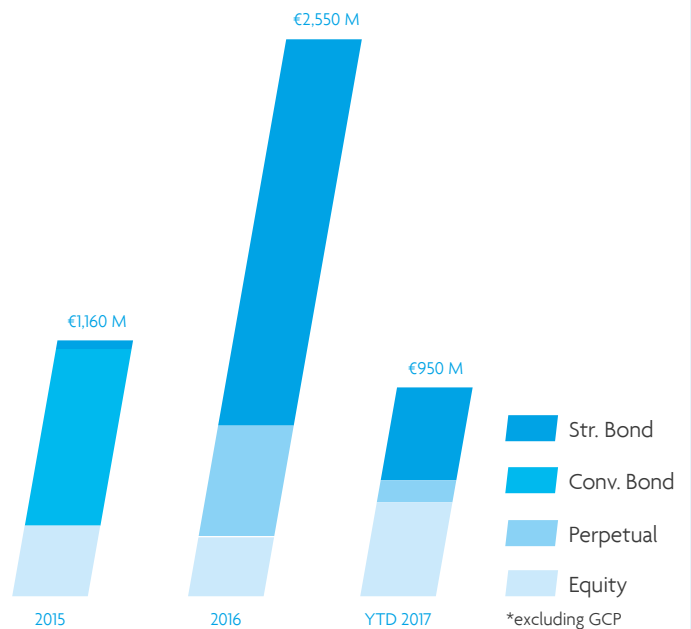
TREND CONTINUES IN 2017: MAINTAINING STRONG MOMENTUM ON CAPITAL MARKETS RAISING €1 BN IN 2017 YTD

- €874 million** issuance of new equity in 2017
 1. €426 million issuance of equity capital in May 2017
 2. Conversion of series B convertible bond, out of €450 million principle value €387million has been converted and €55 million has been repurchased
 3. Tap issuance of €100 million perpetual notes

- Established EMTN programme of **€1.5bn** in March 2017

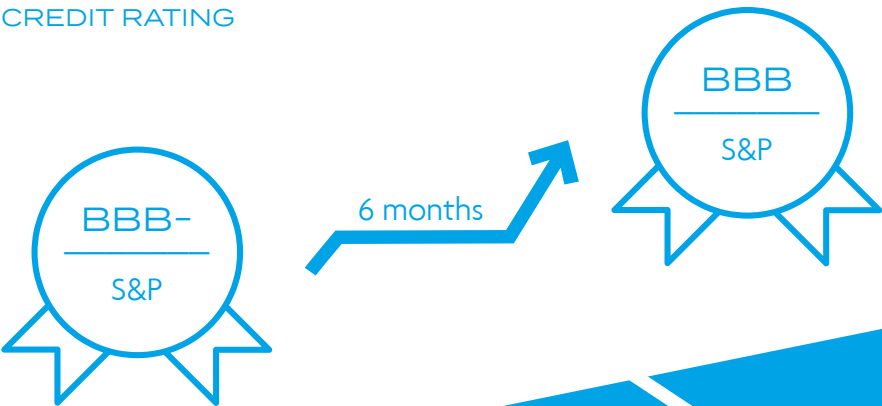
- Access to Asian capital markets – issuance of **USD 450 million** straight bonds with anchor investors

LEADING CAPITAL MARKETS PRESENCE*



FINANCIAL STABILITY

CREDIT RATING



STRONG FINANCIAL RATIOS (Q1 2017)



1) including the €426m equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased



LETTER OF THE MANAGEMENT BOARD

DEAR SHAREHOLDERS,

In presenting to you our financial reports for the first quarter of 2017, we reflect on further continued success on all levels of the Company. Having announced our intention of uplisting the Arountown shares in the beginning of the year, we have acted promptly and diligently to achieve this goal and as of June 2nd, 2017, the Company's shares are uplisted to the Prime Standard of the Frankfurt Stock Exchange. This is a milestone achievement for the Company and represents an important strategic step-up for us following several years of rapid and highly successful growth. Combined with our planned corporate migration to Luxembourg, which was recently approved at the EGM in April and is in the regulatory process, we believe these developments will further boost the liquidity and tradability of our shares, increase visibility and the potential investor pool, and provide opportunities for inclusion in various major European stock indices such as the EPRA indices and the DAX family.

As we continue to utilize our vast deal sourcing network and cherry-pick deals with value-add potential that match our established acquisition criteria, we were able to expand our well-balanced and diversified portfolio to a value of €5.8 billion, representing substantial growth of 16% since the beginning of the year. We continue to source accretive deals and assets with value upside in strong markets throughout Germany and the Netherlands, two of Europe's strongest and most reliable economies, focusing on top tier cities and metropolitan areas with positive economic and demographic developments. Our scalable operational platform and experienced management allow for a well-planned and executed integration of acquired properties into our existing portfolio, while the tireless efforts of our asset management and leasing teams result in ongoing rent and occupancy increases, with like-for-like rent and occupancy increases of 3.9% and 2.2%, respectively, in Q1 2017. Including the profitable share in GCP, our FFO for the first three months of 2017 increased to €59 million, €0.09 on a per share basis. This results in an annualized yield of 7.7% and results in a dividend yield of 5.0% based on the dividend payout policy of 65%.

To finance our significant growth, we continued our strong capital markets momentum from 2016 into the new year. We explored new markets through the issue of U.S. dollar denominated bonds to Asian investors in March, continued with an equity capital raise of €426 million in May, and have converted and purchased over 98% of the Series B convertible bonds into equity. Additionally, we further tapped up our existing straight bonds and perpetual notes issues, while fully repaying the higher-interest Series A straight bonds in May, demonstrating our flexibility in financial markets and ensuring strong liquidity, allowing us to quickly seize on attractive opportunities.

Along our growth path we maintain a conservative financing structure with low leverage, high funding diversity and high coverage ratios, which is also reflected in our financial policy. Our strong financial position and creditworthiness is validated by the great trust investors place in us, and is evidenced by an investment-grade rating of BBB from S&P.

As we are engaged in a resource and capital intensive industry and follow a long-term orientated business model, we have been aware of our responsibility towards the environment, our surroundings and our investors and thus have always focused on cost and environmentally efficient solutions which pay off in the long run. We decided to take this approach a step forward and in order to meet market reporting standards, we are increasing our efforts in ESG (Environmental, Social and Governance) reporting. We are actively engaging external research, rating and certification agencies to explore opportunities and potential for improvements in order to match our ESG efforts to benchmark levels and implement best practice guidelines.

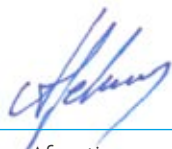
We have once more translated our solid foundations and operational excellence into the creation of further shareholder value in the first quarter of the year, and we look forward to reap the rewards of our efforts with yet another highly successful year in 2017.



Reshef Ish-Gur
Director



Andrew Wallis
Director



Jelena Afxentiou
Director



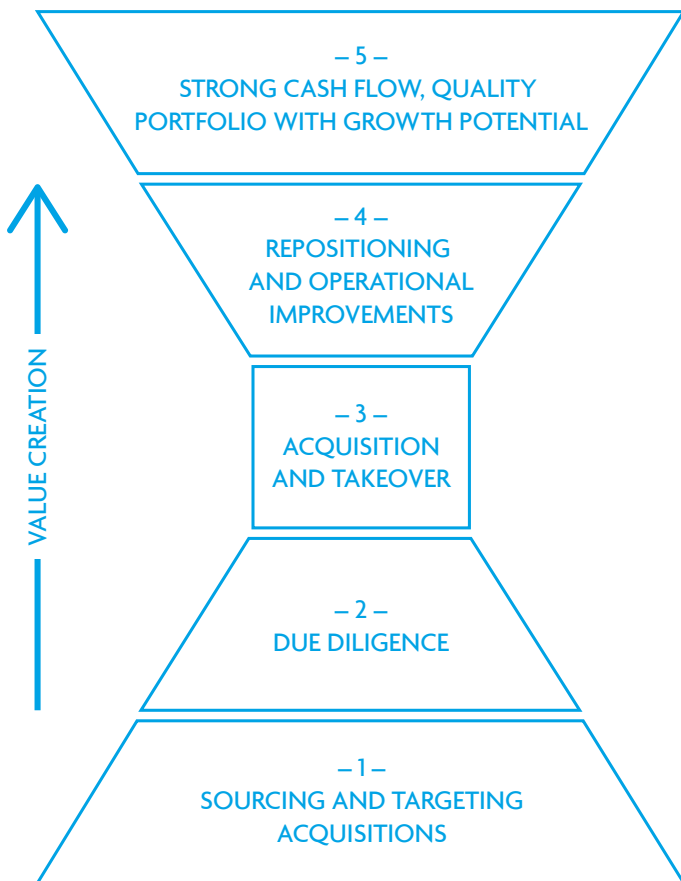
Oschrie Massatschi
Director



de-Maas

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.



–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

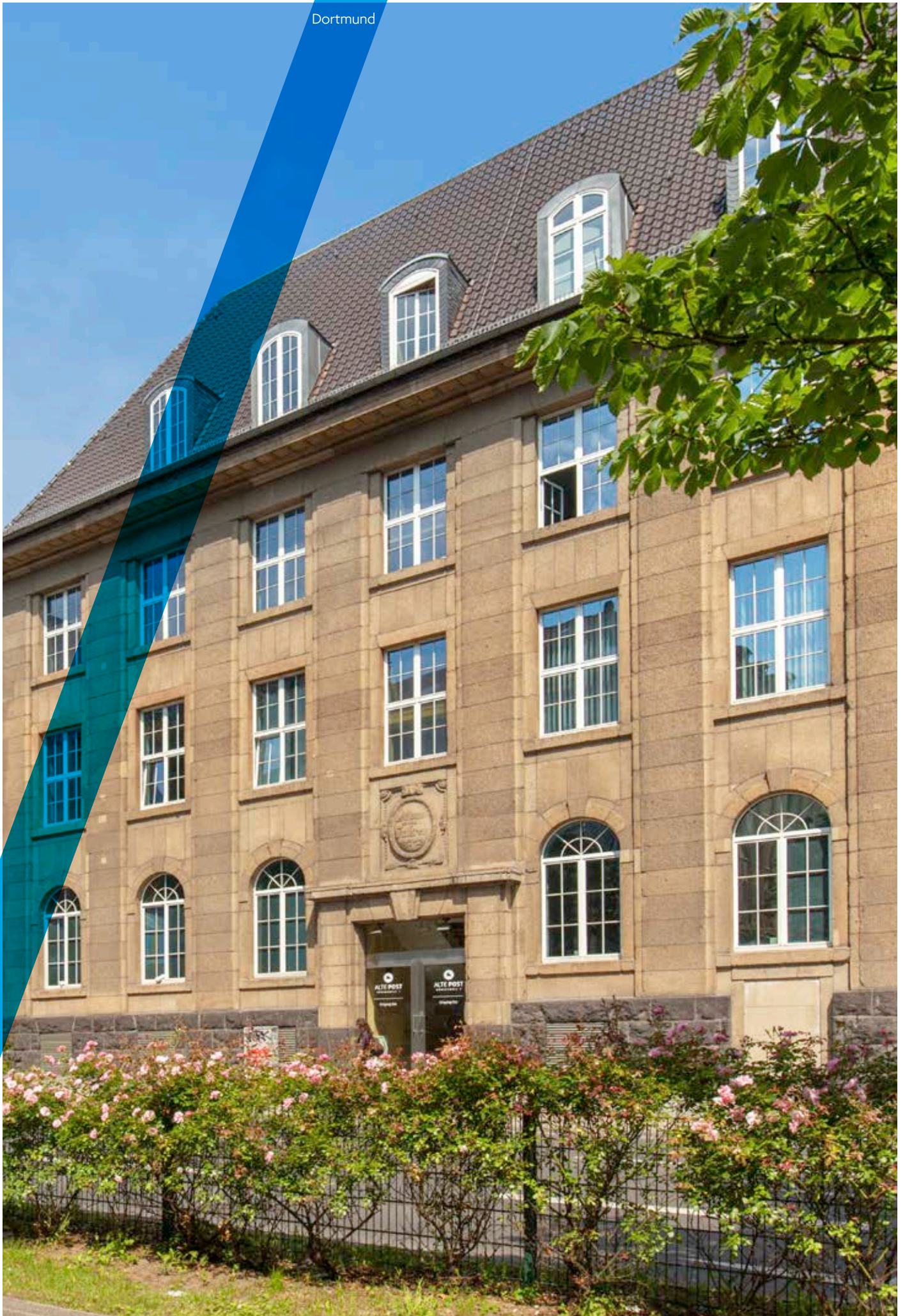
Aroundtown puts great emphasis on establishing strong relationships with its tenants to reduce churn rates, to predict as well as strengthen the tenant structure and thereby positively affect its cash flows in the future. The Company aims to offer high quality services for both potential and existing 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.

Dortmund



KEY STRENGTHS

EXPERIENCED MANAGEMENT

AT's management can draw on a wealth of experience in the real estate market and associated sectors. This enables the Group to continuously innovate, make strategic decisions quickly and accurately, and successfully grow. 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, and on the other hand the internalization of a knowledge and experience pool at a fraction of the cost in relation to its portfolio.

This knowledge is communicated and utilized across the Company and its business units which shapes its processes and operational improvements, such as automated cost saving 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, establishing effective measures, setting rent increase processes, understanding tenant structures and optimizing rental contracts in terms of lease maturity and income security. Cross-sector experience enables the extraction of the full value of the property and operations experience improves the monitoring and reduction of costs.

DEAL SOURCING AND ABILITY TO CREATE ACCRETIVE GROWTH

The Group's acquisition track record over the past 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 into mature assets, generating secure long-term cash flows.

QUALITY LOCATIONS IN TOP TIER CITIES

Aroundtown's assets are located in two of Europe's best performing economies with AAA sovereign ratings 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 the Netherlands' 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.

Leipzig



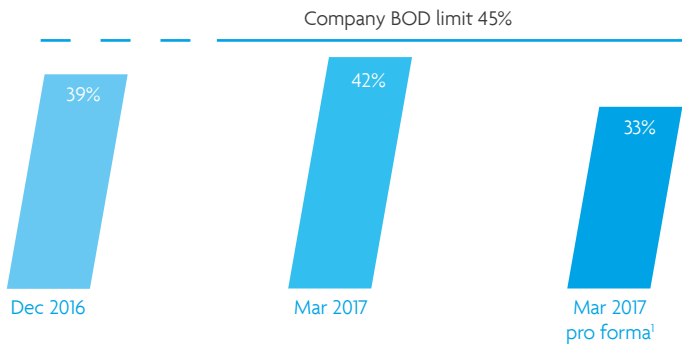
KEY STRENGTHS

CONSERVATIVE FINANCING STRUCTURE

AT's conservative capital structure approach is reflected in an LTV of 42% as of March 31, 2017. Pro forma, including the May 2017 equity increase and Series B convertible bonds converted and bought by the Company up to the date of this report, the LTV is 33%.

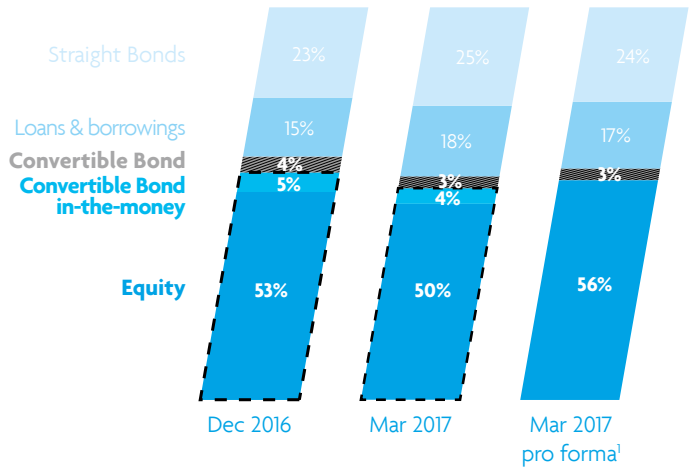
Aroundtown's management views the debt ratios as a key source of competitive advantage and puts policies in place to keep financing costs low and the portion of unencumbered assets high. The low leverage of the Group enables further external growth, while still maintaining a conservative capital structure.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

LOAN-TO-VALUE



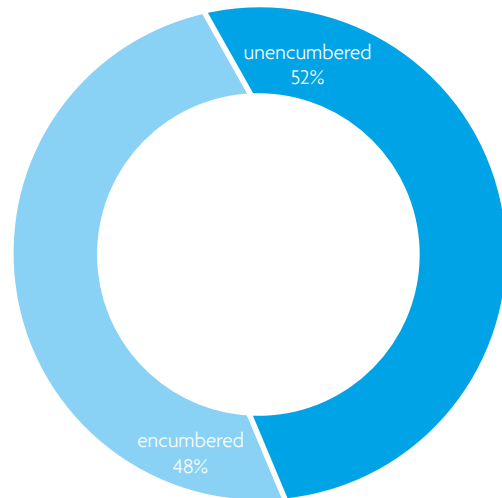
¹) including the €426m equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased

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 operational cash generation and cash and liquid assets which as of March 31, 2017 amounted to €868 million. In May 2017, AT raised an additional €426 million through equity capital issuance. Additionally, the high ratio of unencumbered assets of 52% as of March 2017 provides for additional financial flexibility.

UNENCUMBERED ASSETS AS OF MARCH 2017



Frankfurt am Main

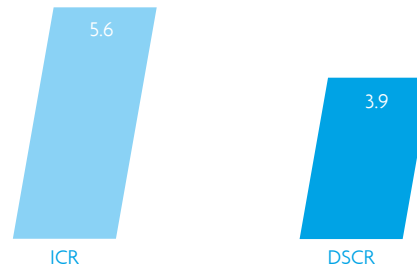


FINANCIAL POLICY

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

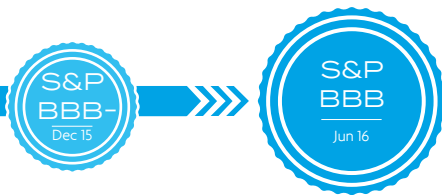
- Strive to achieve A- global rating in the long-term
- LTV limit at 45%
- Debt-to-cap ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long term unsecured bonds & non-recourse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

STRONG COVER RATIOS – Q1 2017



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, six 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 with no dependency on a single asset type or region.



Utrecht



CAPITAL MARKETS

TRADING DATA AND ANALYST COVERAGE

Placement	Frankfurt Stock Exchange Euronext Paris
Market Segment	Frankfurt Prime Standard Paris Alternext
WKN/Symbol	AT1 (Xetra, FSE), ALATP (Euronext Paris)
Initial placement of capital	13.07.2015

AS OF MARCH 2017

Number of shares	678,726,784
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AS OF THE DATE OF THIS REPORT

Number of shares	872,310,238
Total number of shares incl. dilution effect of Series B*	891,088,194
Number of shares on a fully diluted basis	944,920,506
Free Float (as of the date of this report)	56%
Free float including conversion of Series B* in the money	57%
Fully diluted free float	60%
Market Cap	€4.1 bn

* Convertible bond Series B is in-the-money and as of the day of this report only €8.1 million notional value are outstanding

UPLISTING TO THE PRIME STANDARD

Aroundtown's continued success is driven not only by its experienced management and employees, but also its strength and impressive capabilities in capital markets and popularity with investors, both European and foreign.

Having announced the intention to uplist the Company's shares to the regulated market at the end of February 2017, the Company worked diligently to execute this move in a timely manner. On June 2nd, 2017, the Company's shares were uplisted to the Prime Standard of the Frankfurt Stock Exchange. The Company believes that this upgrade will further boost the visibility and tradability of its shares in the European market, and provide for opportunities such as inclusion in major European stock indices, such as the DAX family and several EPRA indices.

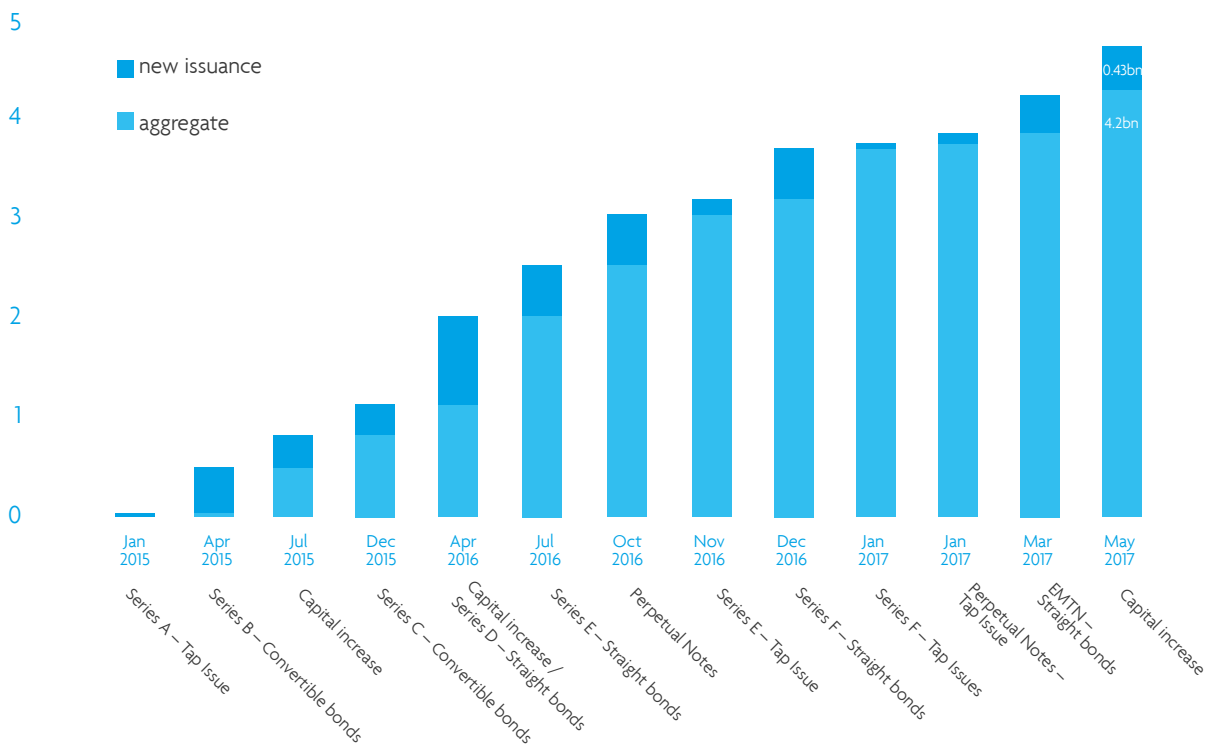
Together with the Company's planned migration of the corporate seat from Cyprus to Luxembourg and continuation as a Luxembourg company, expected to be completed in the coming months, Aroundtown believes that these changes will serve to further increase the Company's transparency, accessibility and the investor base, and support Aroundtown's position as the largest publicly-listed commercial real estate player in Germany.

INVESTOR RELATIONS ACTIVITIES

The Group is proactively approaching a large investor audience in order to present its business strategy, provide insight into its progression and create awareness of its overall activities 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, with reports updated and published regularly.

AROUNDTOWN HAS PROVEN ABILITY TO ACCESS THE CAPITAL MARKETS

FRUITFUL CAPITAL MARKET ACTIVITIES:
AROUNDTOWN RAISED OVER €4.5 BILLION SINCE 2015



CAPITAL MARKETS

EQUITY AND BOND BOOKRUNNERS

J.P.Morgan



Morgan Stanley

Deutsche Bank

SOCIETE GENERALE



Amsterdam

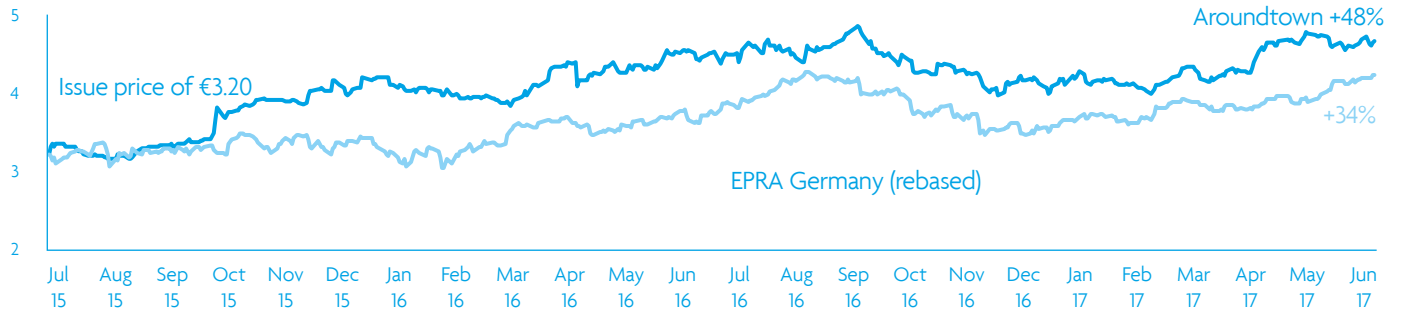
AROWNTOWN'S TRACK RECORD REFLECTS STRONG ACCESS TO CAPITAL MARKETS*



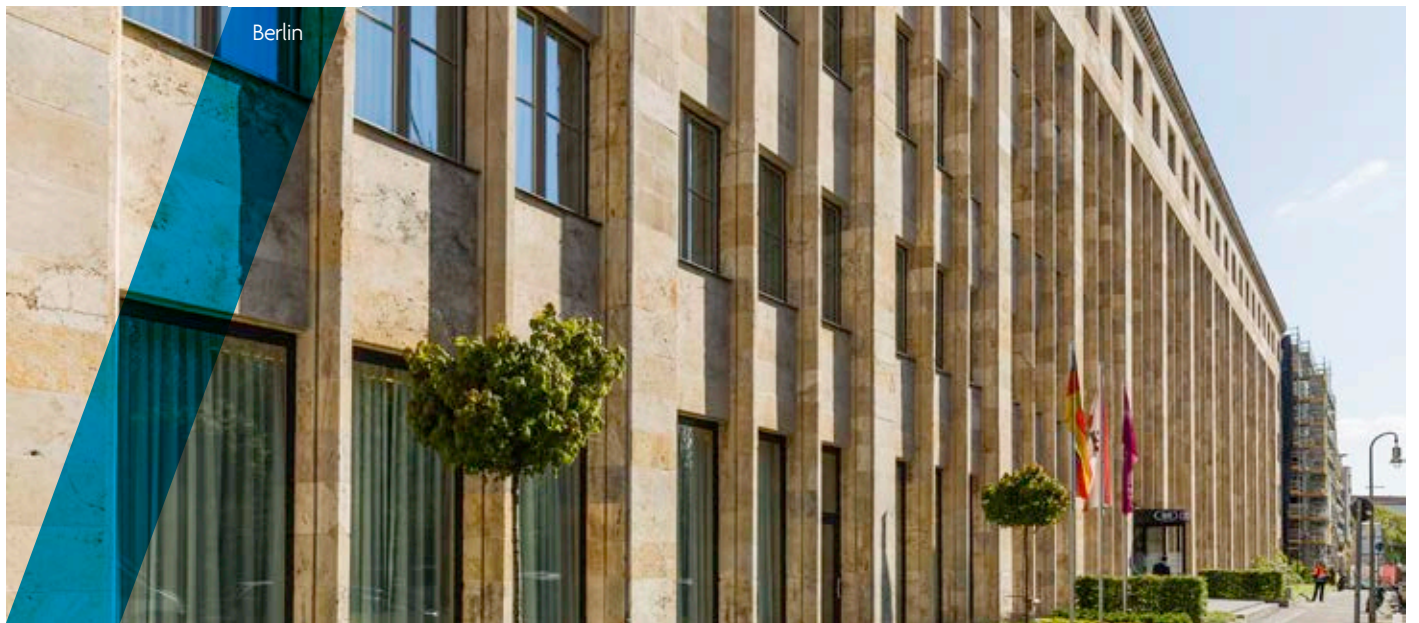
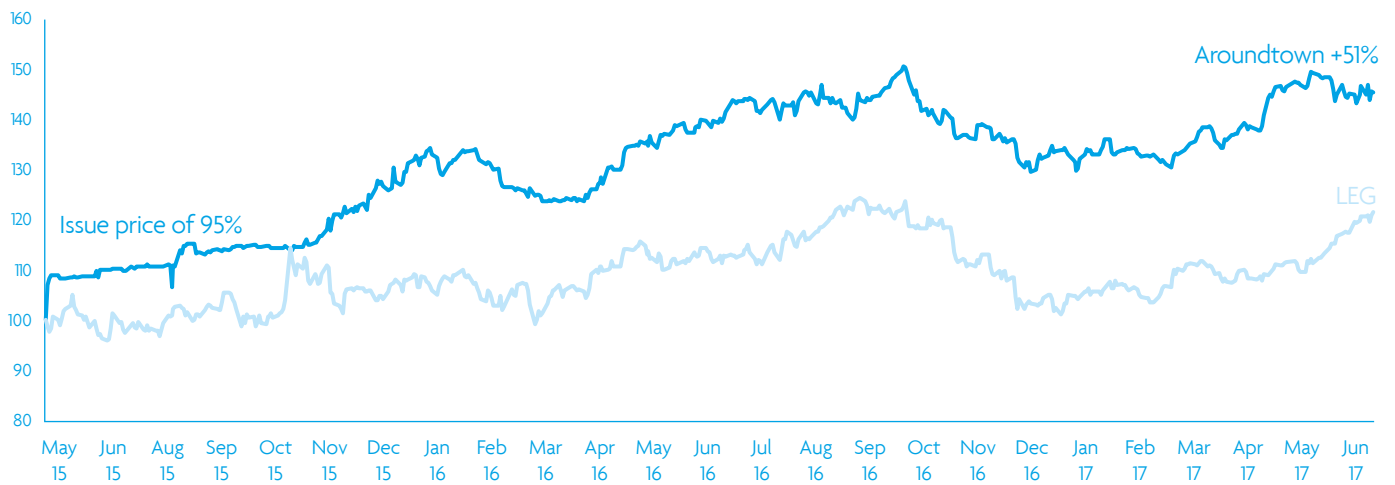
*Arowntown stand alone, excluding GCP issuances

CAPITAL MARKETS

SHARE PRICE PERFORMANCE SINCE INITIAL PLACEMENT OF CAPITAL (13.07.2015)

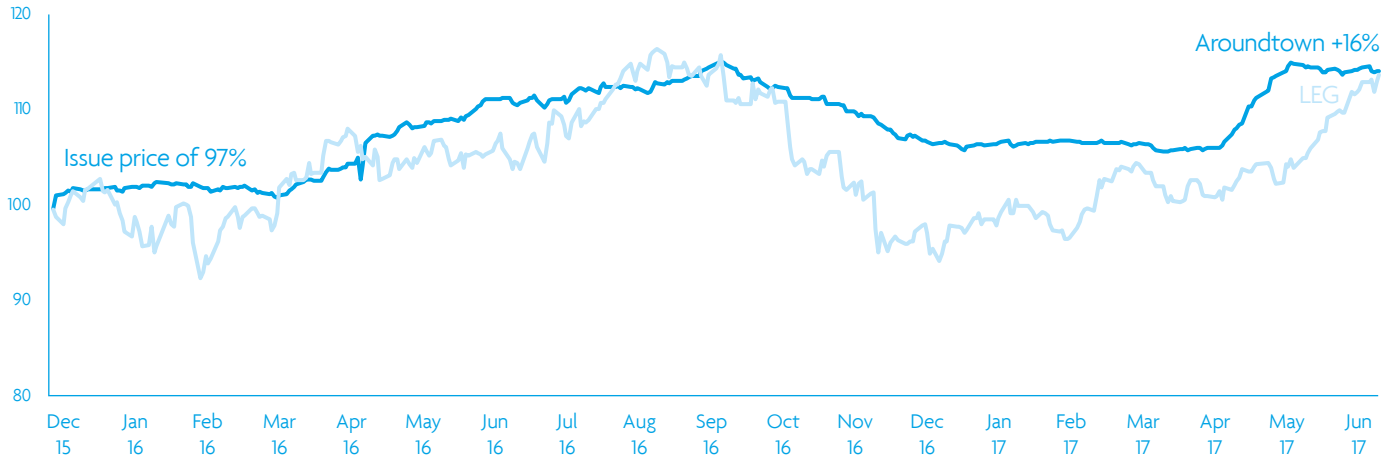


CONVERTIBLE BOND SERIES B PERFORMANCE SINCE PLACEMENT (27.04.2015)

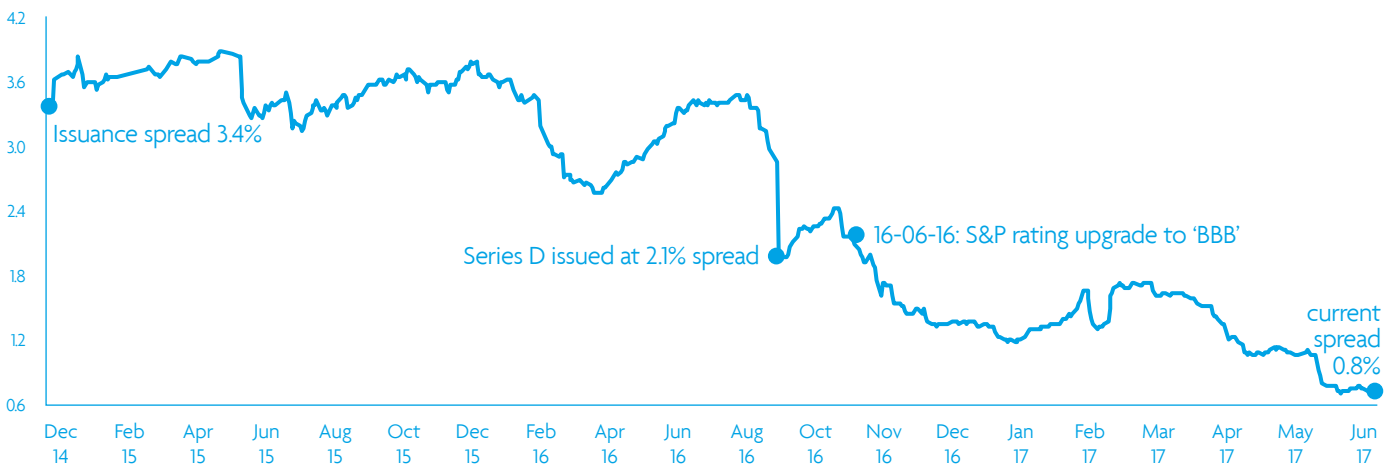


Berlin

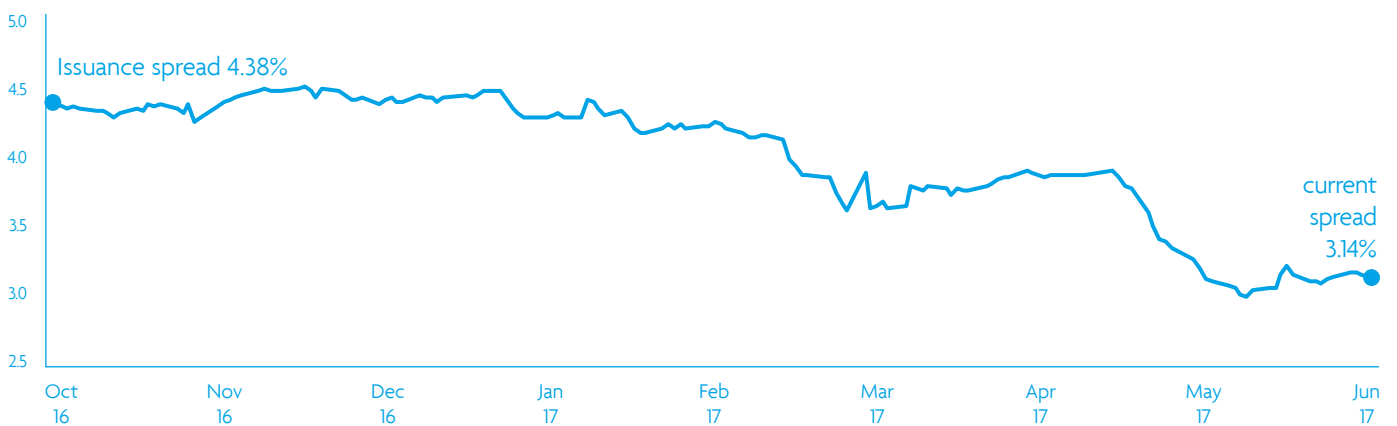
CONVERTIBLE BOND SERIES C PERFORMANCE SINCE PLACEMENT (15.12.2015)



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



SPREAD OVER MID-€-SWAP FOR 3.75% PERPETUAL NOTES

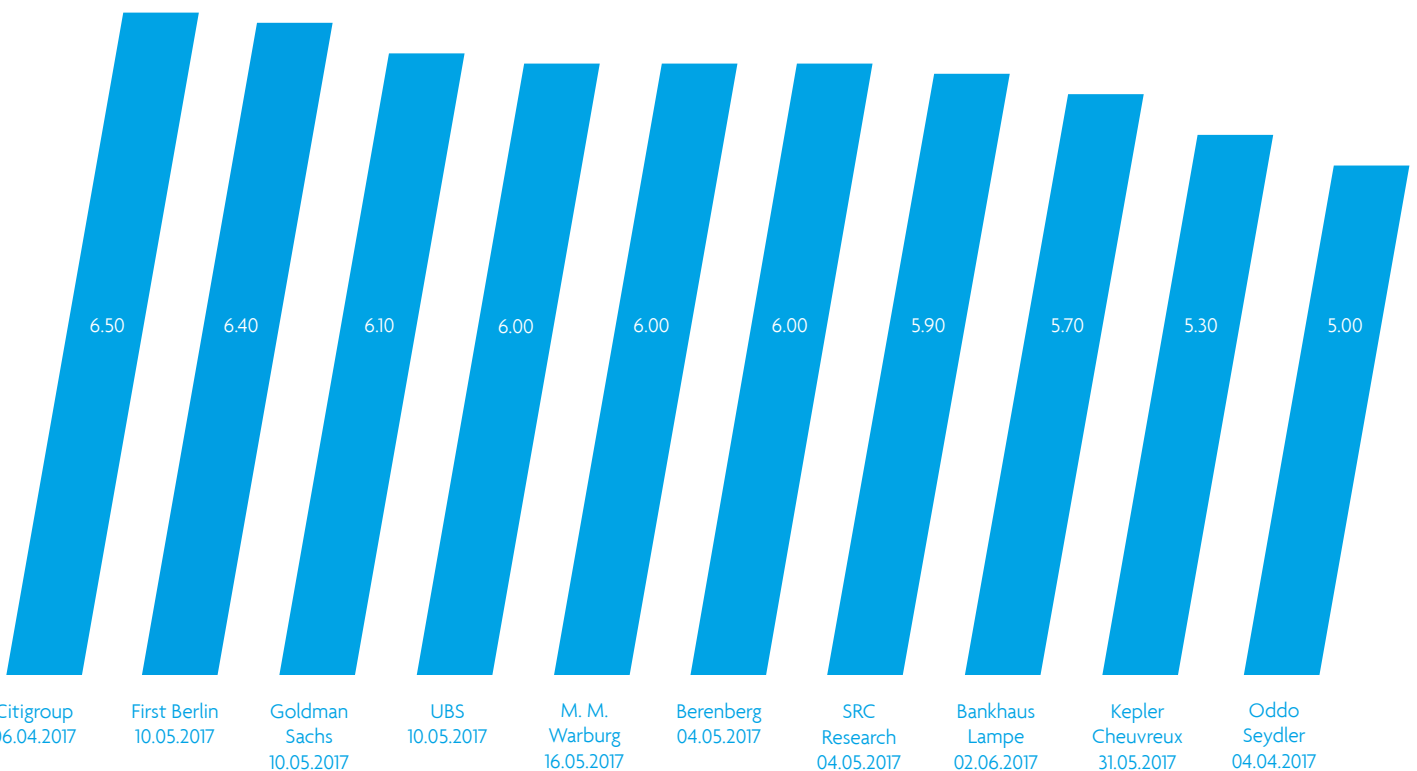


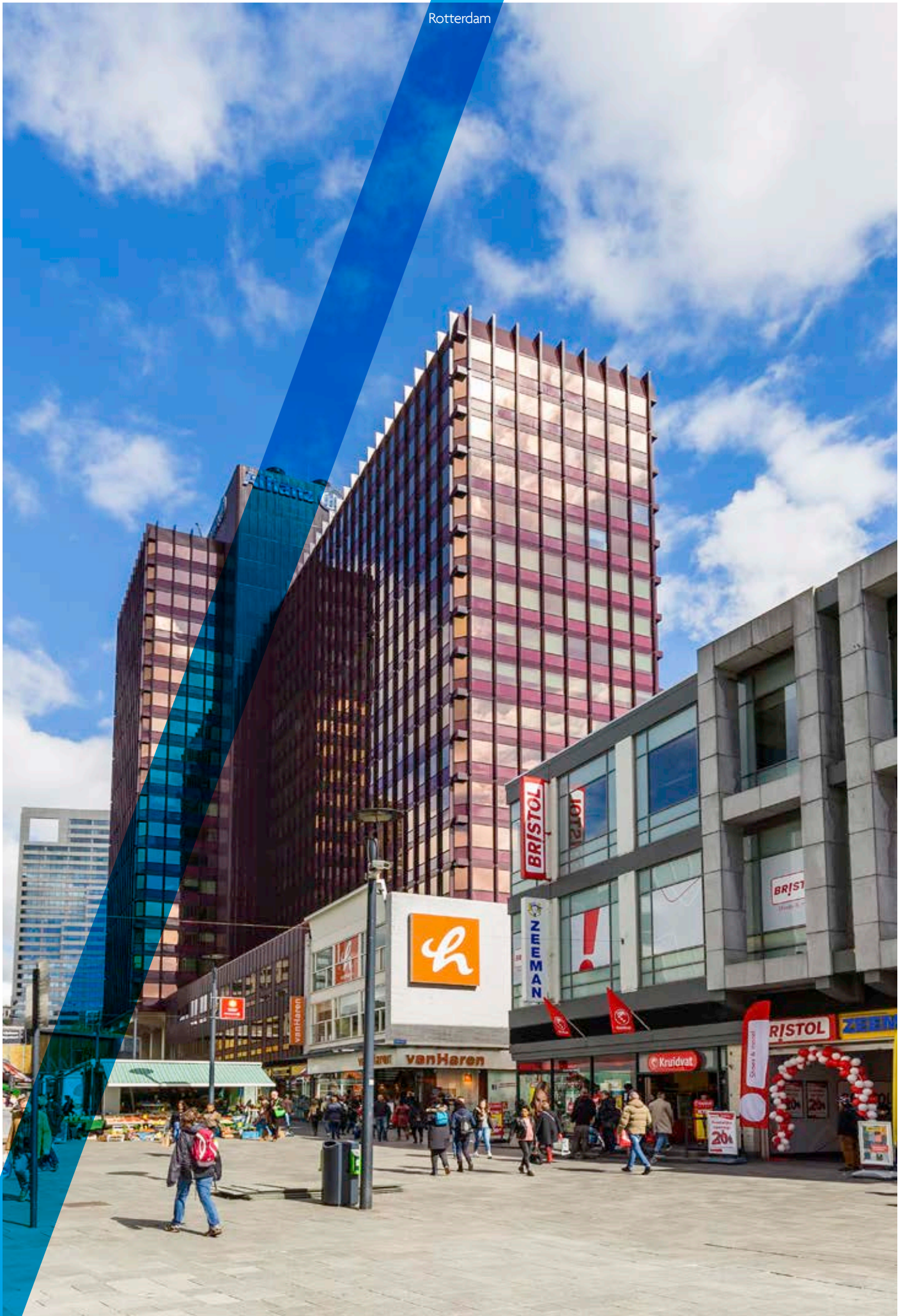
CAPITAL MARKETS

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



ANALYST RESEARCH TARGET PRICE





AROUNDTOWN

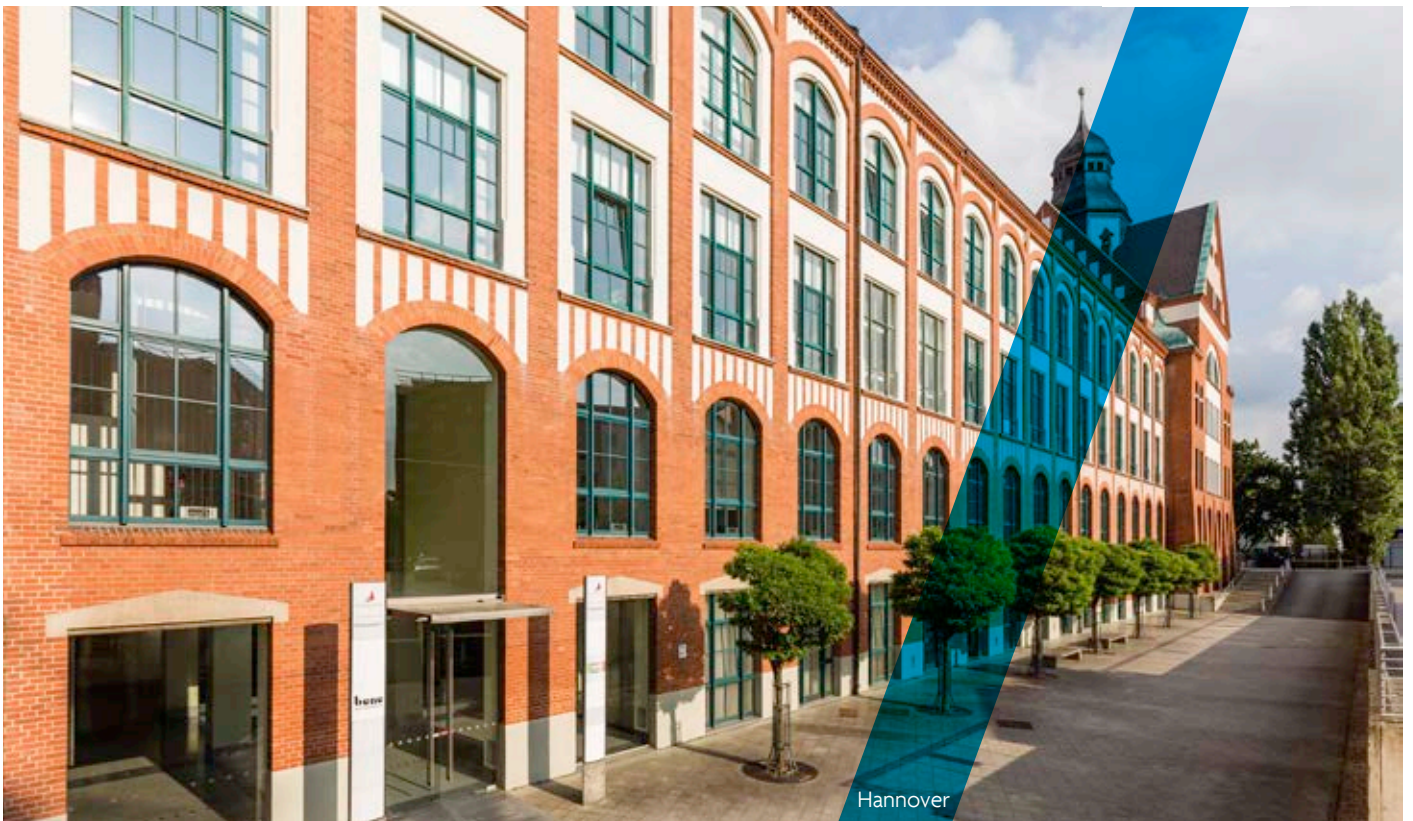
PROPERTY HOLDINGS PLC

COMMERCIAL
PORTFOLIO

€5.8bn

RESIDENTIAL
PORTFOLIO

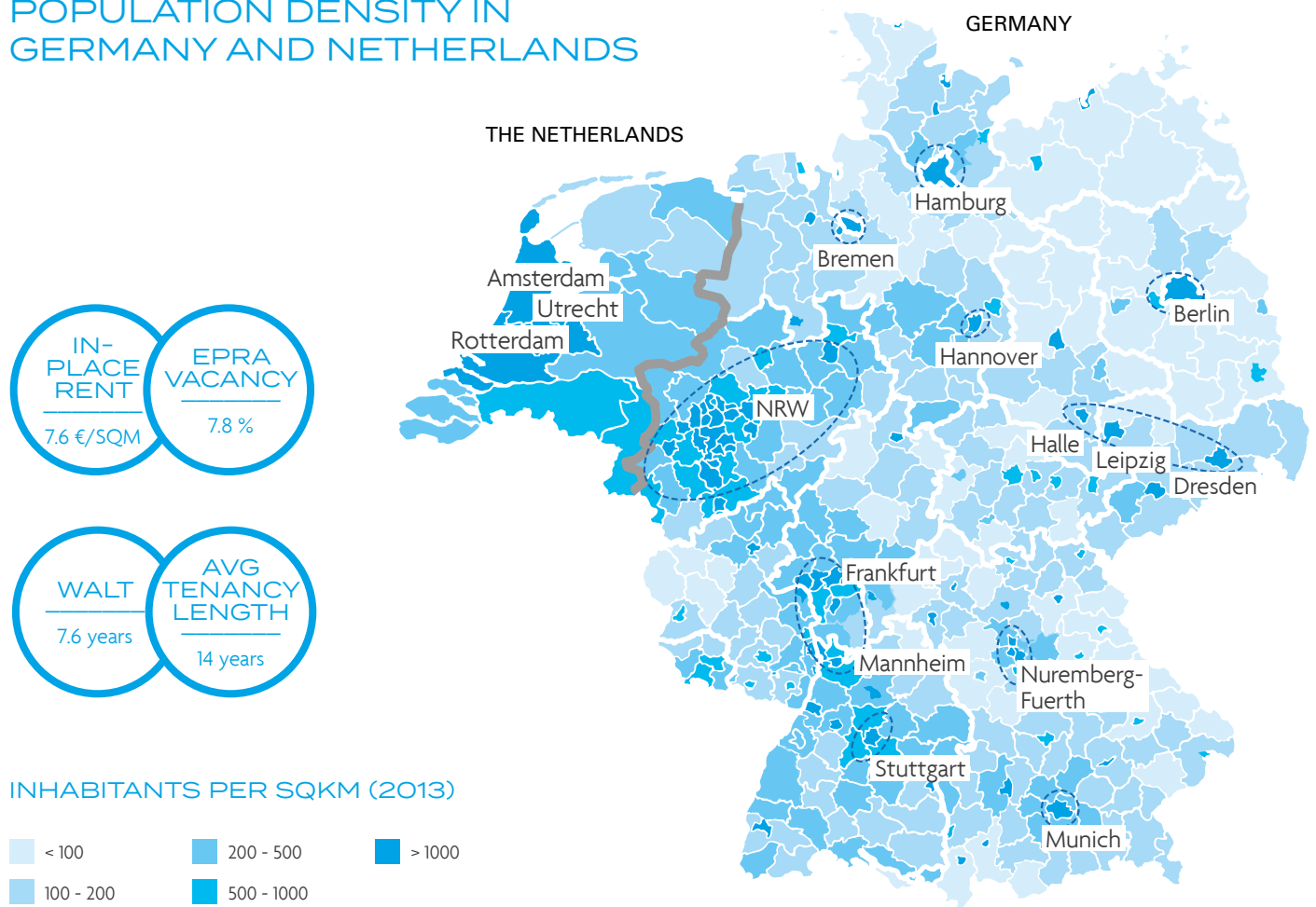
36% IN GCP



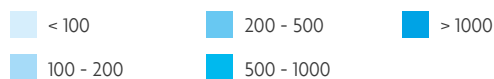
Hannover

AROUNDTOWN'S QUALITY PORTFOLIO

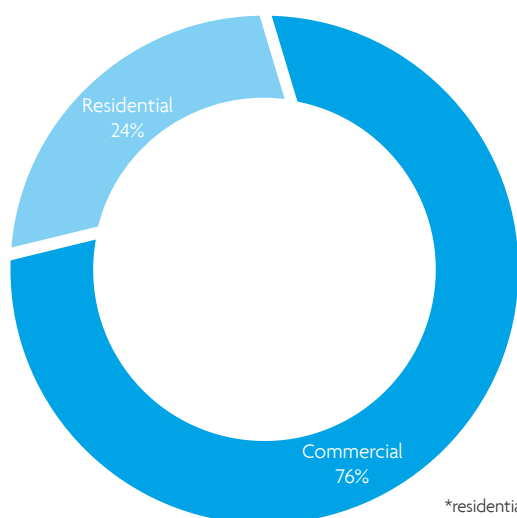
POPULATION DENSITY IN GERMANY AND NETHERLANDS



INHABITANTS PER SQKM (2013)

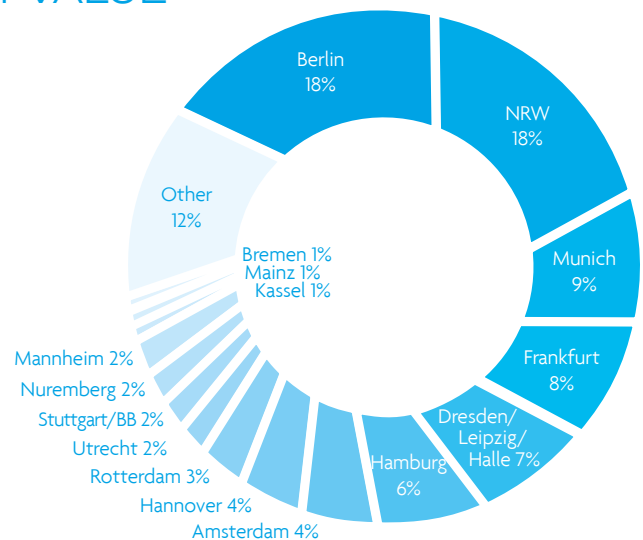


ASSET TYPE BREAKDOWN (MARCH 2017) BY VALUE*



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

GROUP REGIONAL DISTRIBUTION (MARCH 17) BY VALUE*



COMMERCIAL PORTFOLIO – TOP TIER CITIES

Aroundtown owns 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 including office, retail, hotel and other properties covering 3.5 million sqm.

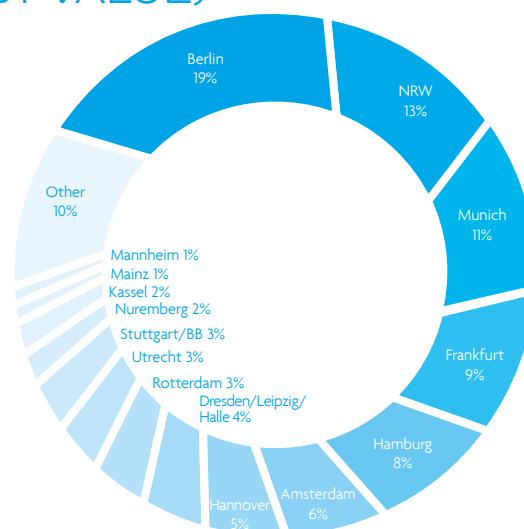
As of March 2017 and, excluding assets held for sale, the Group's commercial portfolio with a value of €5.8 billion operates at an in-place rent of 8.7 €/sqm and an EPRA vacancy of 7.8%. The portfolio embodies strong growth potential through rent and occupancy increases as well as cost efficiency improvements, generating an annualized rental and operating income (Q1 2017 annualized) of €457 million and resulting in an annualized adjusted EBITDA of €287 million and an annualized bottom line FFO (Q1 2017 annualized) of €185 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. A long portfolio WALT of 7.6 years offers long-term cash flow stability and security.

The management believes that its business platform benefits from its skilled personnel, its experience and track record, and reliable practices that enable the Company to perform strongly and to further expand in the commercial property market. The Company also believes that the business environment will provide abundant acquisition opportunities in the attractive markets it targets, to support its external growth strategy in the medium to long term. An active 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 focuses on assets with favourable micro locations.

REGIONAL DISTRIBUTION (BY VALUE)



REGIONAL OVERVIEW

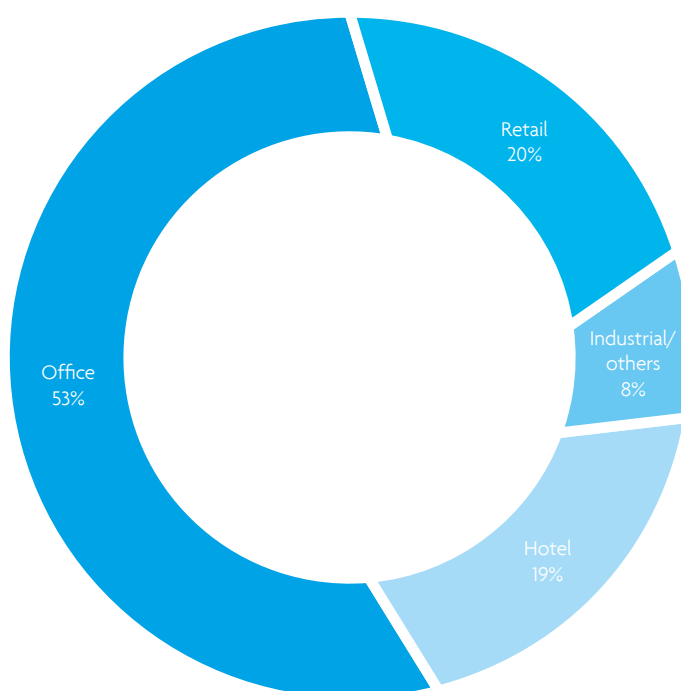
March 2017	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Berlin	1,098	548	7.8%	58	9.4	2,005	5.3%
NRW	757	711	6.8%	55	6.4	1,065	7.3%
Frankfurt	546	225	10.7%	29	11.7	2,432	5.3%
Munich	646	225	10.5%	29	11.0	2,875	4.4%
Hamburg	438	230	6.6%	20	8.0	1,904	4.7%
Amsterdam	329	123	8.9%	21	14.9	2,662	6.3%
Hannover	255	184	6.0%	17	8.1	1,386	6.7%
Dresden/Leipzig/Halle	244	164	9.5%	15	8.1	1,486	6.1%
Rotterdam	190	105	8.4%	16	13.5	1,808	8.5%
Utrecht	177	85	4.6%	13	11.9	2,075	7.2%
Stuttgart/BB	162	97	11.9%	10	9.5	1,666	6.1%
Nuremberg	110	80	5.8%	7	7.4	1,368	6.5%
Other	842	728	6.0%	63	7.4	1,156	7.4%
TOTAL	5,794	3,505	7.8%	353	8.7	1,653	6.1%



ASSET TYPE OVERVIEW

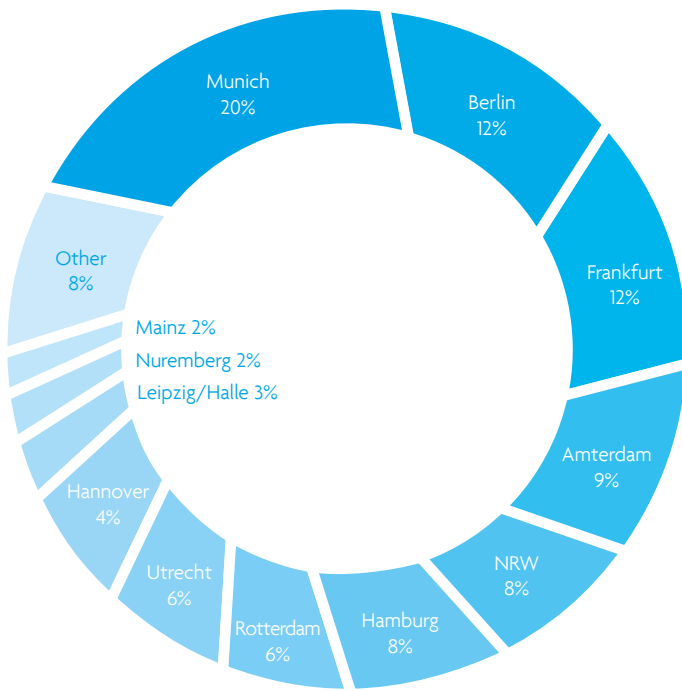
March 2017	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Office	3,102	1,481	10.5%	178	10.7	2,094	5.7%
Retail	1,153	803	7.5%	82	8.7	1,434	7.1%
Hotel	1,096	575	0.0%	68	9.8	1,907	6.2%
Industrial/Others	443	646	8.3%	25	3.3	686	5.7%
TOTAL	5,794	3,505	7.8%	353	8.7	1,653	6.1%

ASSET TYPE (BY VALUE)

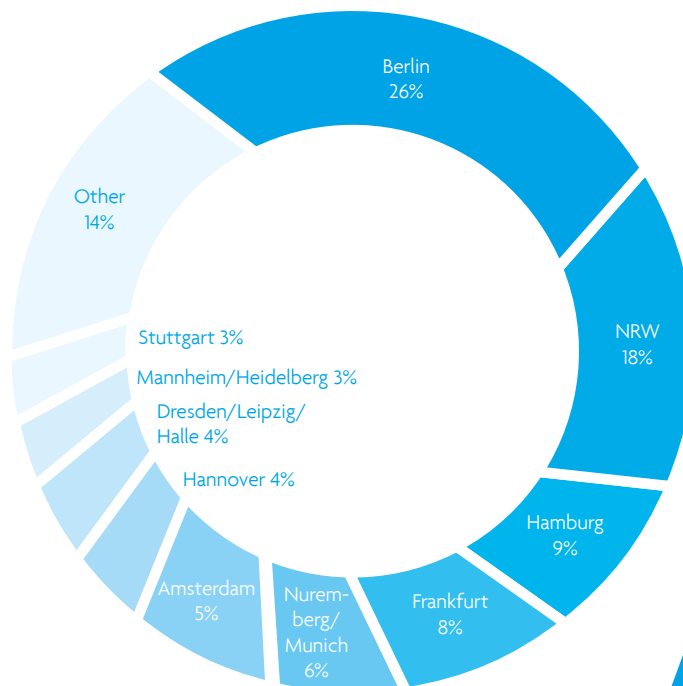


OFFICE AND RETAIL PORTFOLIO

OFFICE - REGIONAL DISTRIBUTION (BY VALUE)



RETAIL - REGIONAL DISTRIBUTION (BY VALUE)

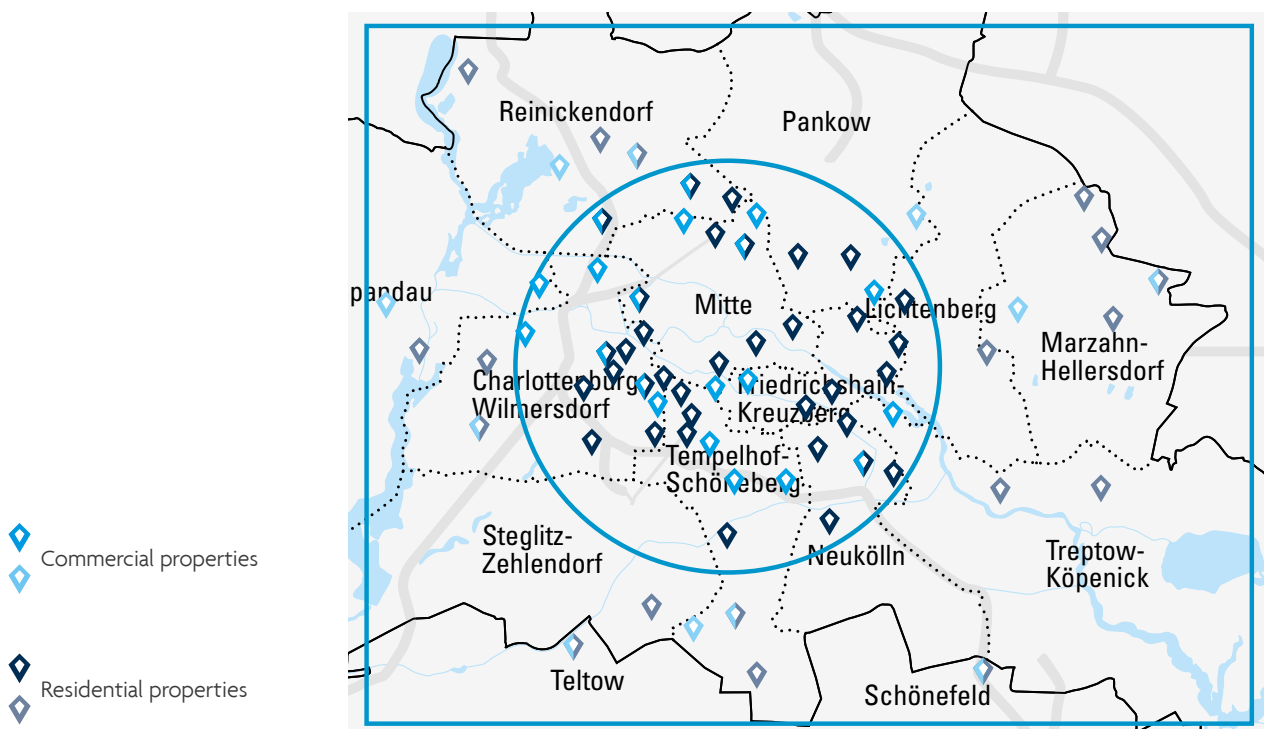




Hamburg

QUALITY BERLIN LOCATIONS AS OF MARCH 2017

- **79% 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
- **63% are 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
- 21% are well located primarily in Spandau, Reinickendorf, Hellersdorf/Marzahn and Treptow/Köpenick



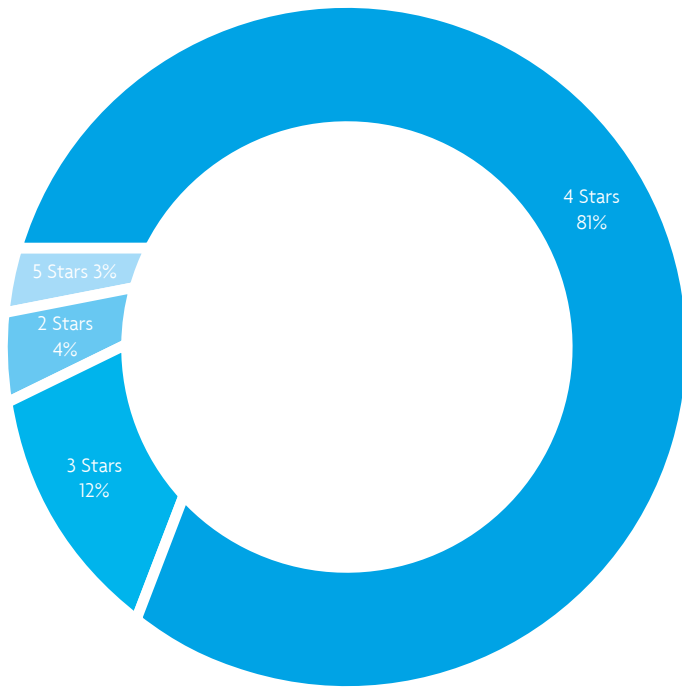
*Map representing approx. 93% of the portfolio and 99% including central Potsdam

HOTEL PORTFOLIO

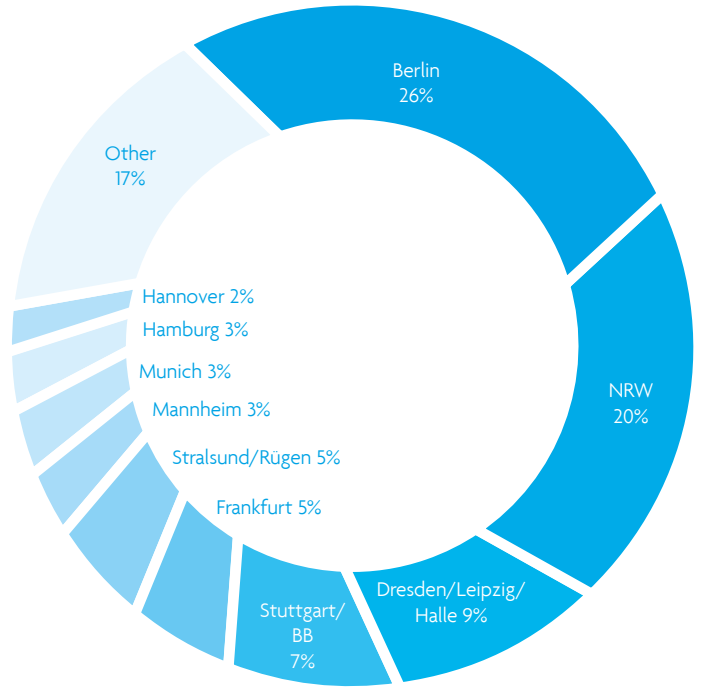
The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. The management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. An integral component of the business plan is a long-term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

The hotel portfolio, valued at €1.1 billion as of March 2017, is well diversified and covers a total of 575,000 sqm. 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)



HOTEL - REGIONAL DISTRIBUTION (BY VALUE)



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



Berlin

RESIDENTIAL PORTFOLIO (GCP)

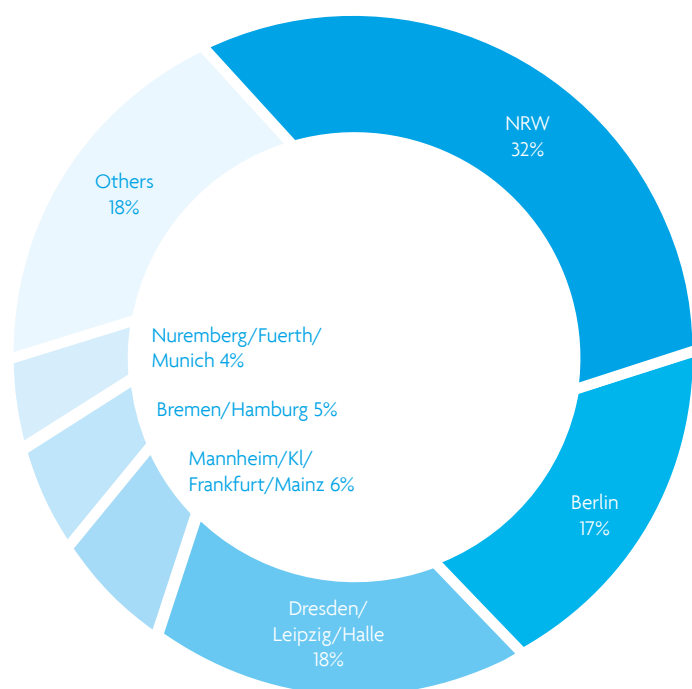
The residential portfolio is held through a 36% interest in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas in Germany. AT is the largest shareholder in GCP. The remaining 64% are widely distributed and held mainly by many international leading institutional investors. There is no major single shareholder except for AT. As of March 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.

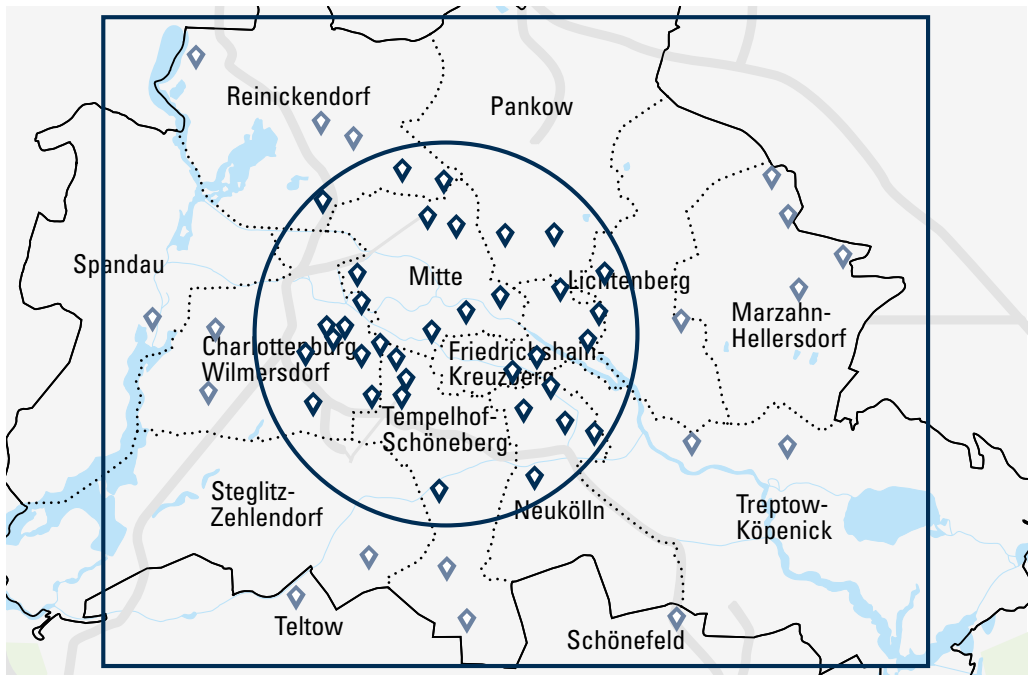
REGIONAL OVERVIEW

March 2017	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,613	1,861	8.3%	108	5.1	28,029	866	6.7%
Berlin	834	470	5.3%	38	6.9	6,270	1,769	4.5%
Dresden/Leipzig/Halle	894	1,129	9.1%	60	4.9	19,872	792	6.7%
Mannheim/KL/ Frankfurt/Mainz	282	243	3.8%	17	5.9	3,981	1,161	6.1%
Nuremberg/Fuerth/Munich	181	102	4.8%	9	7.6	1,471	1,774	5.1%
Bremen/Hamburg	245	264	6.0%	17	5.6	3,844	929	6.7%
Others	929	1,230	8.4%	69	5.3	20,635	757	7.5%
TOTAL	4,978	5,298	7.7%	318	5.4	84,102	939	6.4%

REGIONAL DISTRIBUTION (BY VALUE)



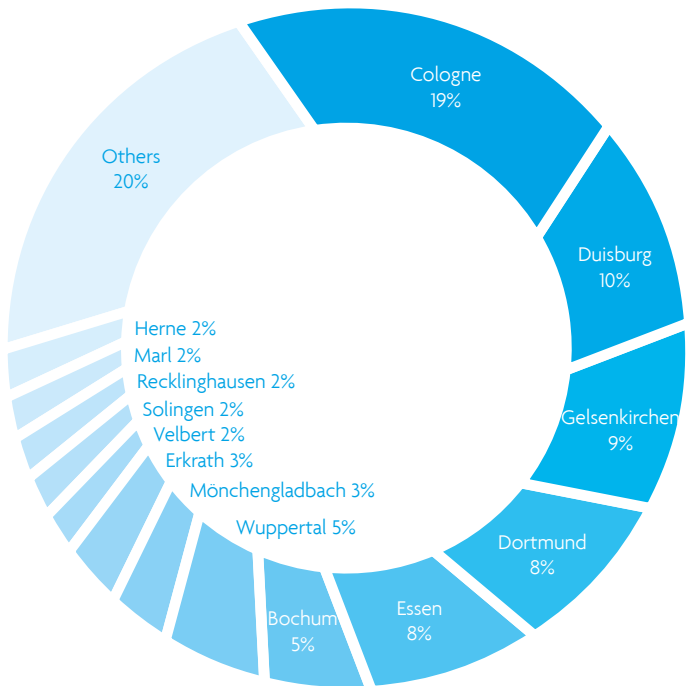
QUALITY BERLIN LOCATIONS



- 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.
- The remaining 37% are well located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf

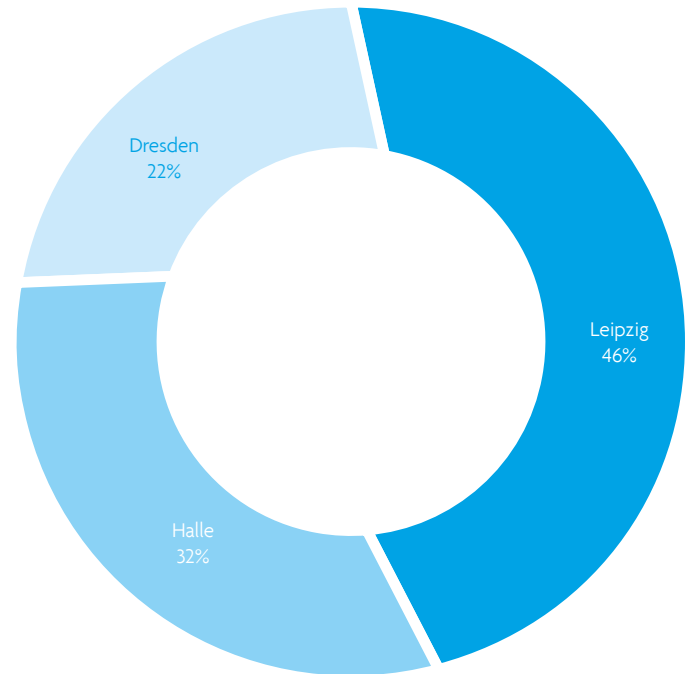
LARGEST EUROPEAN METROPOLITAN AREA – WELL DISTRIBUTED WITHIN NORTH RHINE-WESTPHALIA (BY VALUE)

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)

Grand City Properties' portfolio generates an FFO I (Q1 2017 annualized) of €168 million and rental and operating income (Q1 2017 annualized) of €472 million. The current portfolio has an in-place rent of 5.4 €/sqm at an EPRA vacancy rate of 7.7%.

In May 2017, GCP's shares were uplisted to the Prime Standard of the Frankfurt Stock Exchange, a milestone achievement that is reflective of continued success through experienced and efficient management, and opens the doors to potential inclusion in major European stock indices, such as the DAX family.

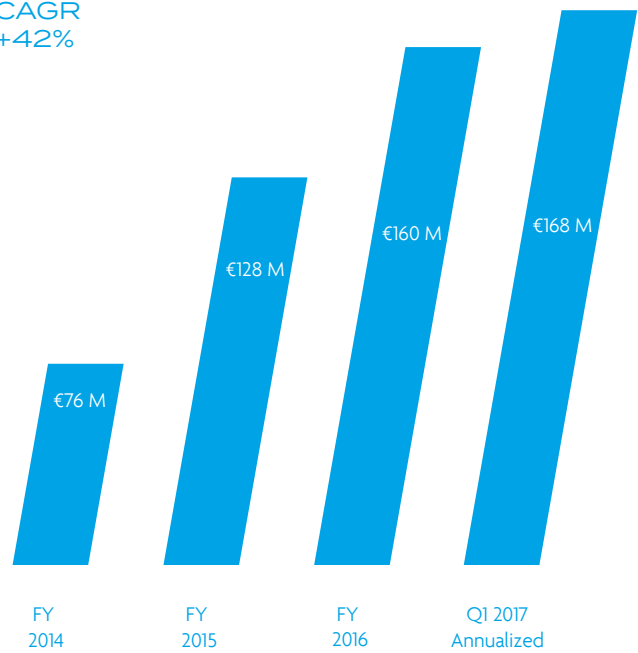
GCP's success is mirrored in the strong performance in the debt and capital markets. GCP's average cost of debt is 1.6%.

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 as part of its strategy aims to achieve a rating of A- in the long-term. GCP is listed on the Prime Standard of the Frankfurt Stock Exchange and has a market cap of €2.9 billion. GCP outperformed the market continuously since its IPO in 2012, in share, convertible bond, straight bond and perpetual notes performances.

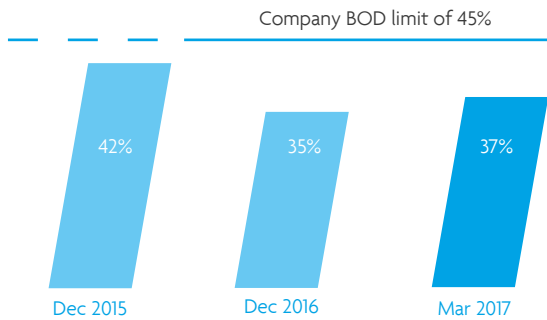
GCP is included in major FTSE EPRA/NAREIT indices, including FTSE EPRA/NAREIT Global, Developed and Developed Europe and in the GPR 250 index. GCP has a dividend policy to distribute 65% of its FFO I per share.

GCP - INCREASING FUNDS FROM OPERATIONS

CAGR +42%

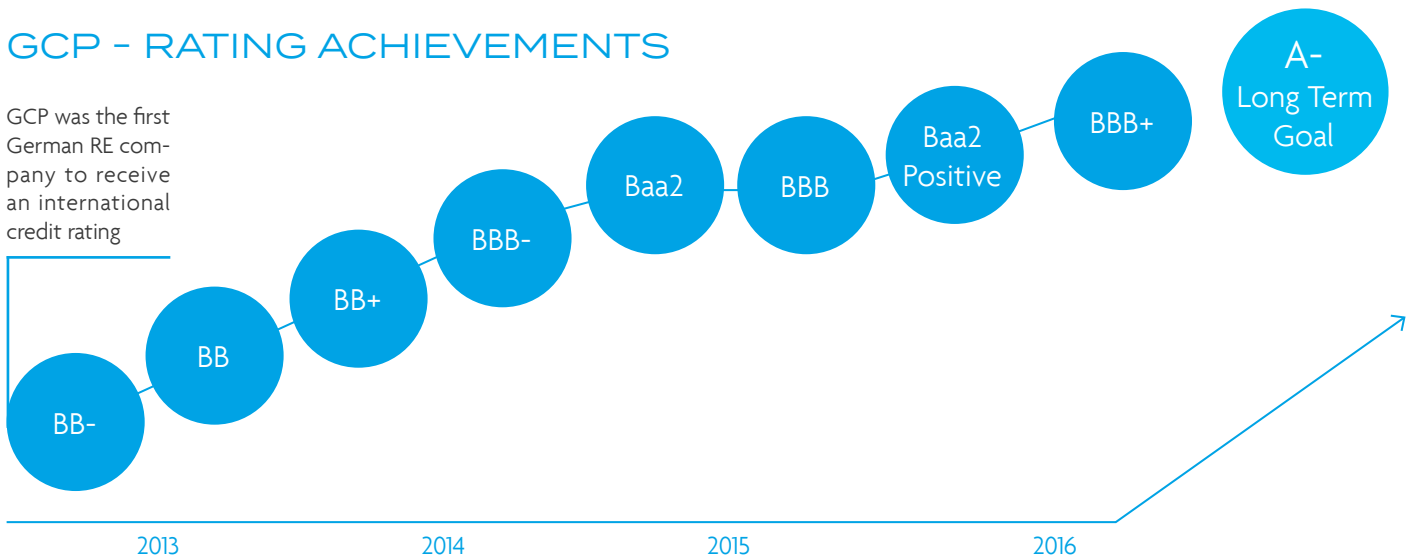


GCP - CONSERVATIVE LOAN-TO-VALUE

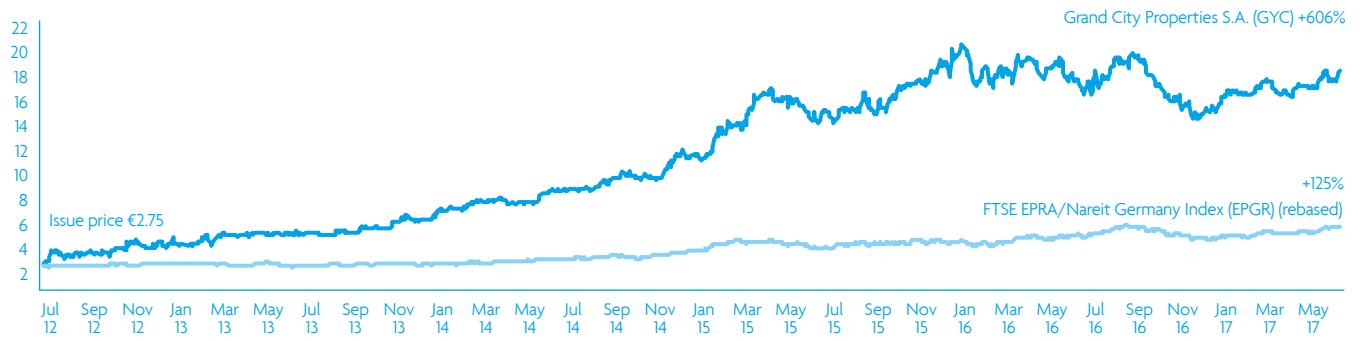


GCP - RATING ACHIEVEMENTS

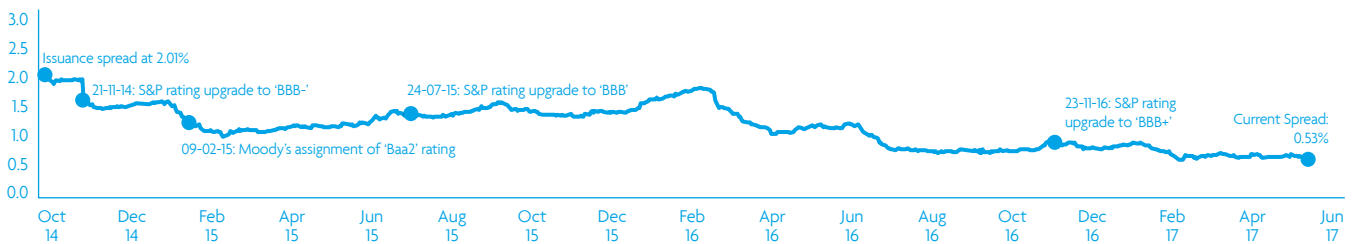
GCP was the first German RE company to receive an international credit rating



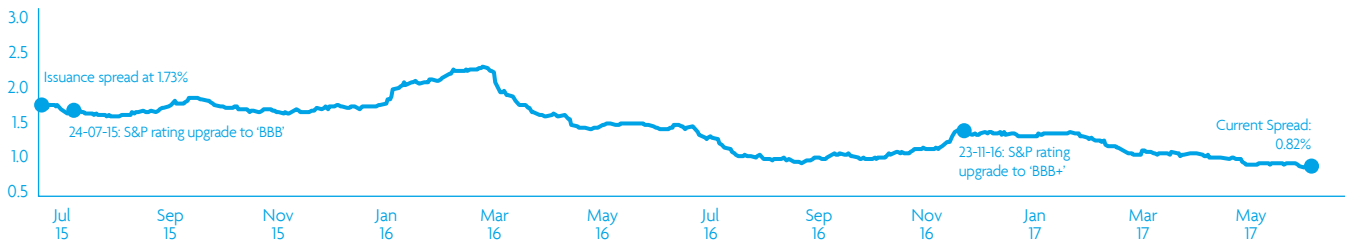
SHARE PRICE PERFORMANCE COMPARISON SINCE FIRST EQUITY PLACEMENT (19.07.2012)



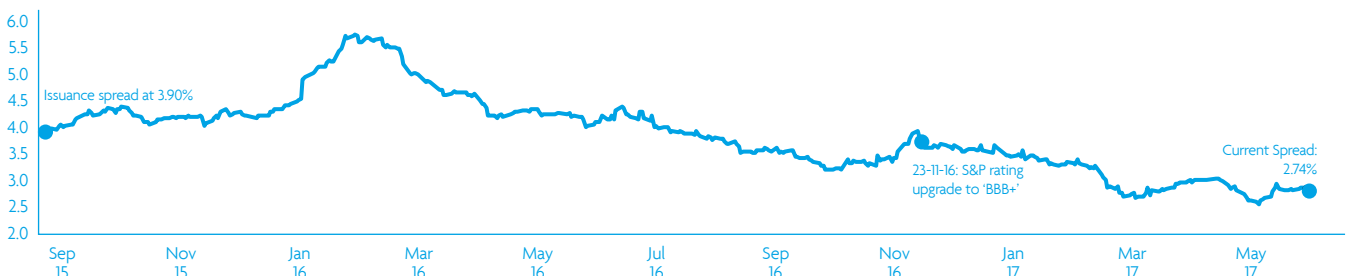
STRAIGHT BOND SERIES D – SPREAD OVER MID-€-SWAP, REMAINING 4.5 YEARS



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



3.75% PERPETUAL NOTES – SPREAD OVER MID-€-SWAP



ESG - ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Doing the right thing, positively influencing the environment and going the extra mile beyond legal obligations – this is how the Group sees its sustainable responsibility. Over the last year The Group has adopted its sustainable development principles and is continuously improving its performance.

Environmental, Social and Governance (ESG) criteria are at the heart of the Company, as those relate to all activities affecting internal and external stakeholders. The Group recognizes that ESG measures have a long-term effect and are required to address the sustainability challenges the Company and society faces. ESG criteria exist as an additional guidance for corporates, resulting in a clear set of tools to secure and maintain high standard of business conduct and balance stakeholder interests. Management and the board are driving the continuous improvement of already high standards on ESG matters and have initiated the process of implementing further external certification and participation in industry initiatives.

With its fully integrated value chain the Group is able to design, implement, monitor and control ESG activities throughout various processes and provide clear interfaces to third parties. Suppliers and contract partners are obliged and encouraged to meet highest ESG standards and adopt any ongoing changes as part of our continuous improvement (CI) programs.

SOCIAL RESPONSIBILITY

The Group strongly believes that investing responsibly is a mark of quality and puts emphasis on good employment conditions, qualifications and professional development as well as reduction of negative environmental impacts.

RESPONSIBLE EMPLOYER

A main part of the Group's success lies in its ability to attract, develop and retain qualified and motivated employees. To this extent the Group aims to fulfill employees, have great leaders at all levels, and encourage the individual pursuit of work/life balance. The Company believes that a diverse workforce brings value to the team and therefore constantly invests in developing and growing the value of its human capital by providing people with the means for success and keeping a focus on internal promotion.

The Group has put policies, operating guidelines and monitoring systems in place to support its responsible approach and ensure that its employees act upon its responsible approach statement.

HUMAN CAPITAL DEVELOPMENT

The Group is running high profile programs with regards to Human Capital Development which are outlined in its Commitment to Human Capital Development. In order to ensure the permanent provision of opportunities to improve the teams' skills the Company introduced its own Training & Development department in 2014.

DIVERSITY PROGRAMS

The Group actively promotes diversity within its workforce and believes that its cultural diversity is one of the pillars to its success. With its multi-national activities and operational headquarters in Berlin there is already a strong natural diversity.

The Group is working with its own HR management software program in which the Company gathers and analyzes relevant data in order to proactively foster diversity.

HEALTH AND SAFETY MANAGEMENT SYSTEM

Following the EU regulatory requirement, the Company currently has a safety officer and defined processes on how work accidents need to be reported.

RESPONSIBLE PRODUCTS AND SERVICE

The Group prioritizes investments which improve the safety and well-being of its tenants as part of the asset repositioning strategy. These actions are regularly monitored and audited with focus on both beneficial and cost-effective outcome. For the Company's residential tenants there is a 24/7 service center is available for requests in various languages. Furthermore, the services provided are certified by the TÜV.

CONTRACTOR SAFETY PROGRAM

Contractors operate in a tightly knit legal framework of health and safety standards. As part of the contracts with suppliers there needs to be a formal commitment and, where there are significant risks identified, e.g. handling of hazardous material, the submission of current certifications and statutory permissions.

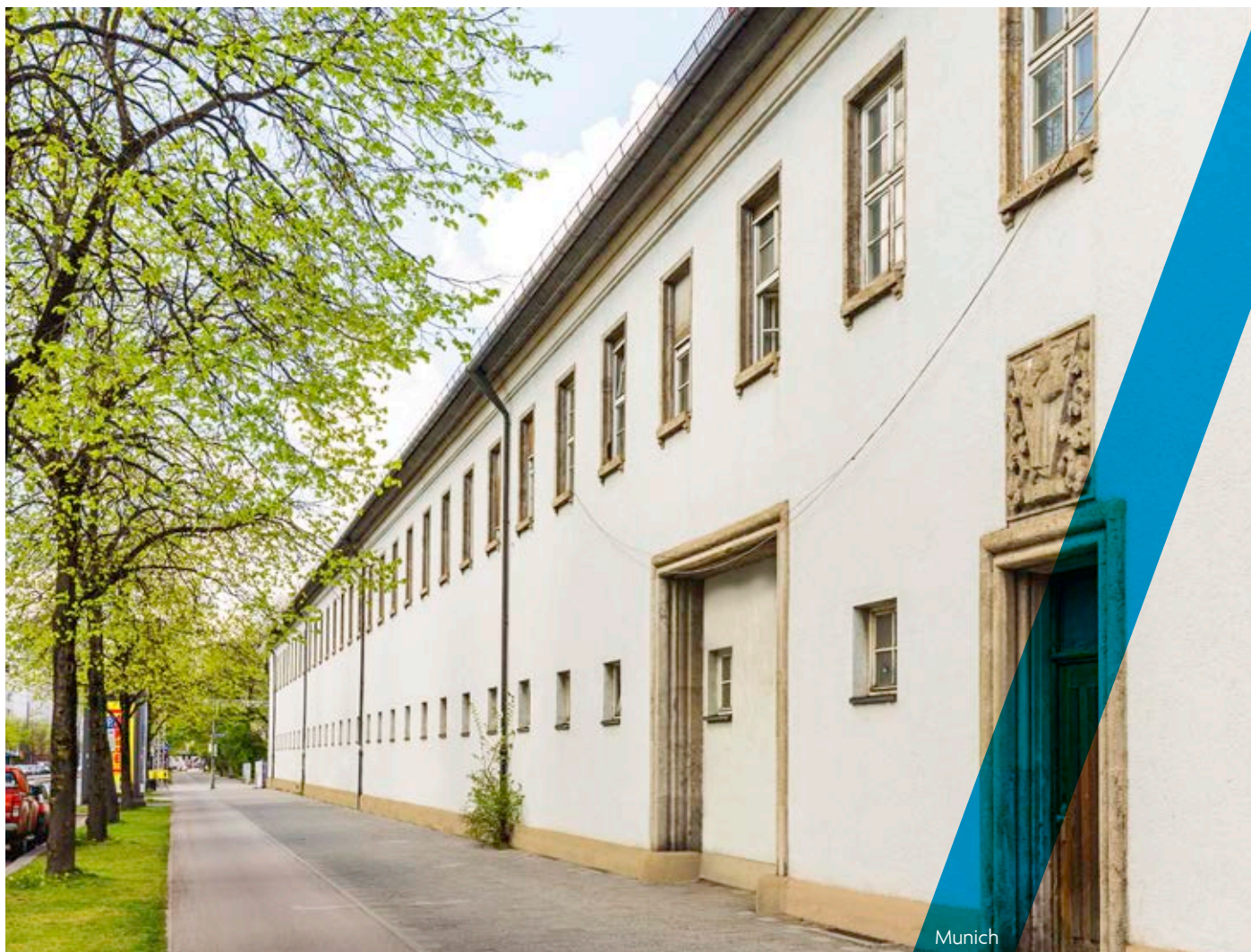
The Group is using internal and external consultants regularly checking the health and safety standards as well as the application of said standards on site.

SCOPE OF SOCIAL SUPPLIER STANDARDS

The Group has implemented a Supplier Code of Conduct which needs to be signed by each supplier/ contractor/ business partner since 2015.

COMMUNITY INVOLVEMENT AND DEVELOPMENT

The Group actively develops relationships with its local stakeholders, tenants and communities. As part of the investment strategy the Company assesses the impact of the investment on the community in its due diligence process. The Company believes that good relationships and support of local communities results in long-term success in reducing vacancy rates and support for local redevelopments. Aroundtown is in constant communication to develop pro-active relationships.



Munich

ENVIRONMENTAL RESPONSIBILITY

The Group sees environmental responsibility as an important component of its business strategy. The implementation of environmentally friendly measures is both an important environmental issue as well as an integral part of optimizing the cost structure. As such, the Group has a defined strategy which constitutes a catalogue of various measures and initiatives. The main goals are to reduce environmental pollution by improving or installing sustainable energy systems, switching to renewable energy sources, and reducing our carbon footprint.

IN-HOUSE ENVIRONMENTAL POLICY AND GROUP ENERGY AUDIT

The Group established comprehensive environmental policy that reflects all aspects of energy management and environmental responsibility. The company is working with providers who monitor energy consumption and environmental performance, and who fully offset CO₂ emissions through the use of emission-offsetting certificates, resulting in a total energy balance that is carbon-neutral.

ENVIRONMENTAL MANAGEMENT SYSTEM

The property portfolio is regularly monitored and examined for environmental compliance with standards and regulations, the potential for improvement on the consumption of energy and water, as well as reduction of the level of carbon emissions. Employees dealing with the properties are trained to assess and document environmental performance in their respective area of responsibility. The Company operates technical departments that overview the environmental impact of its operations, and review possibilities to implement new technologies that are both compliant with the applicable regulations and improve the environmental footprint.

GHG RISK MANAGEMENT (GREENHOUSE GASES)

According to our Environmental Policy, the emission of GHG is to be strictly monitored and reviewed. The objective of the Group is to reduce energy consumption, especially of fossil fuels, by increasing the use of renewable energy, and to that end the Group sets periodic emission reduction targets. The Group has strategically decided on switching from non-efficient fossil and oil-operated heating plants to higher efficiency systems. A substantial share of the fossil and oil-operated heating plants have already been switched, and further units are being switched on an ongoing basis.

SUPPLIER ENVIRONMENTAL PROGRAMS

The Group runs a series of environmental programs as a part of the Company's Green Procurement Policy. Contracts with suppliers incorporate the compliance with environmental regulations and adherence to legal standards. In key areas, suppliers must prove external certifications that help assess the environmental impact of their activities and end products. The Group participates in industry initiatives in order to improve on services delivered and the environmental impact on the stakeholders involved.

We also actively encourage suppliers to innovate and present better systems, technologies and methods in order to improve the overall environmental performance of the supply chain.

SUPPLIER ENVIRONMENTAL CERTIFICATIONS

As part of our supplier management review, we pay attention to the environmental responsibility of our suppliers. 93% of the suppliers contracted in the first quarter of 2017 are environmentally certified as per ISO 14001.

ESG - ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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. The Group is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. AT's shares and bonds were issued to many international leading institutional investors and major global investment and sovereign funds.

The Group follows a very strict code of conduct which applies to all its employees and main suppliers, such as Anti-Bribery Policy, Anti-Corruption Policy, Conflict of Interest and others

EXTRAORDINARY GENERAL MEETING

The Group held an Extraordinary General Meeting on April 7th 2017 to approve the migration of the Company's seat from Cyprus to Luxembourg. The Shareholders have accepted all the points of the meeting. The change to Luxembourg, in conjunction with the step up to the Prime Standard on the Frankfurt stock exchange, will increase the visibility of Group and its shares.

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.

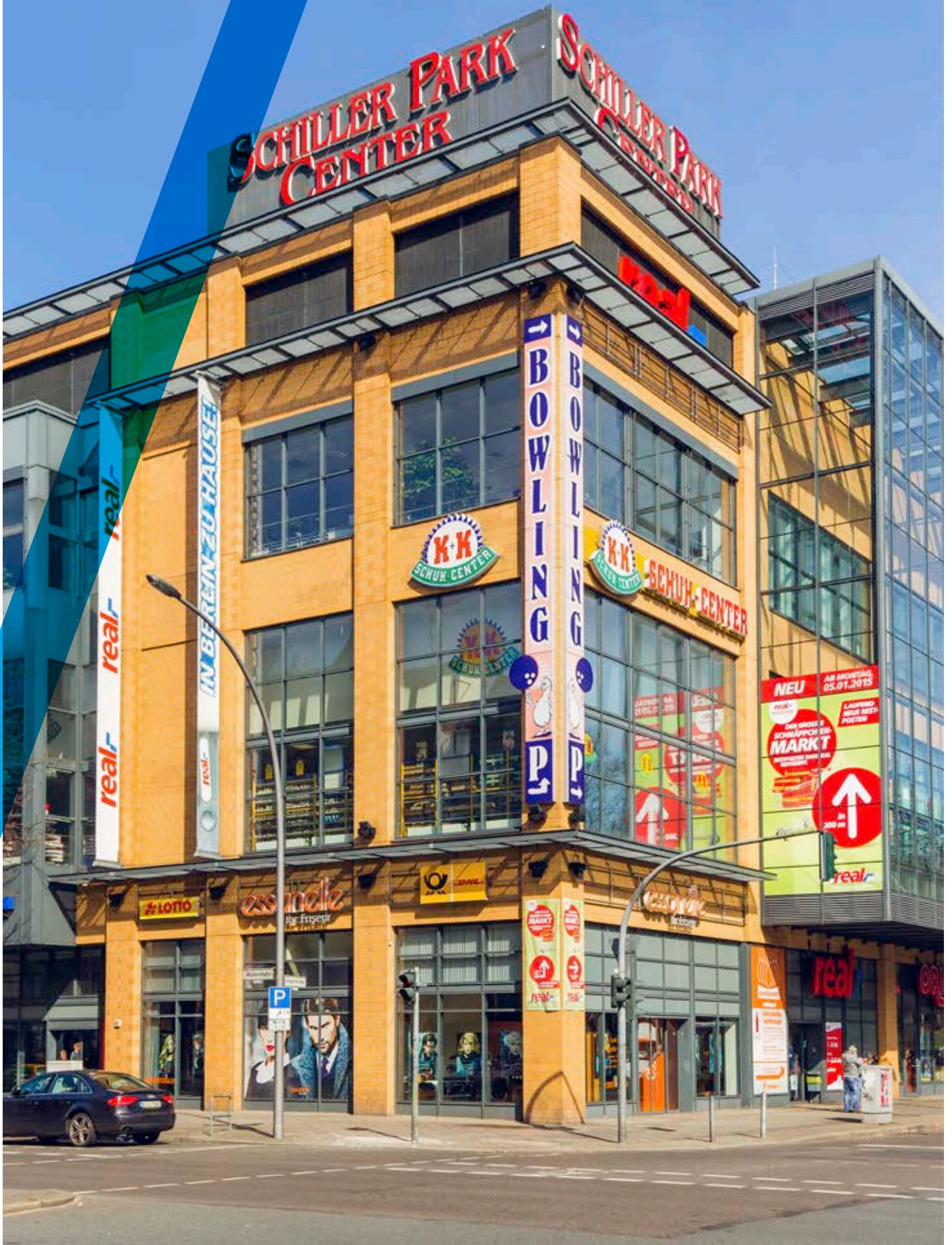
Regularly, the Board of Directors evaluate the effective fulfilment of their remit and compliance with corporate governance procedures implemented by the Group. This evaluation is also performed by the Audit and Risk Committees. The Board of Directors currently consists of a total of six members, of 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

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



ESG - ENVIRONMENTAL, SOCIAL AND GOVERNANCE

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.

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 Board of Directors decides on the composition, tasks and term of the Risk Committee and the appointment and dismissal of its members.

INTERNAL CONTROLS AND RISK MANAGEMENT SYSTEMS

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

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

INTERNAL RISK MITIGATION

Internal controls are constructed from four main elements:

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



EXTERNAL RISK MITIGATION

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

SHAREHOLDERS' RIGHTS

The Group respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels as well as on a specific section on its website. The shareholders of Aaroundtown 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 Aaroundtown Property Holdings PLC, the appointment of the auditor of the Company and the discharge to and appointment or re-election of the members of the Board of Directors.

NOTES ON BUSINESS PERFORMANCE





NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
Rental and operating income	114,159	50,069
Capital gains, revaluations and other income	212,289	223,692
Share in profit from investment in equity-accounted investees	31,105	25,846
Property operating expenses	(30,981)	(13,327)
Administrative and other expenses	(3,542)	(1,249)
Operating profit	323,030	285,031
EBITDA	323,527	285,547
ADJUSTED EBITDA¹⁾	93,187	53,111
Finance expenses	(14,831)	(8,593)
Other financial results	1,414	(4,150)
Current tax	(10,209)	(3,740)
Deferred tax expenses	(52,417)	(38,434)
PROFIT FOR THE PERIOD	246,987	230,114
FFO I²⁾	59,260	32,626

¹⁾ including AT's share in GCP's adjusted EBITDA, net of contribution of assets held for sale. See page 55.

²⁾ including AT's share in GCP's FFO I. FFO I is net of consolidated minorities and of contribution of assets held for sale. See page 56.

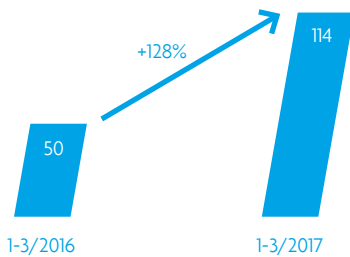
REVENUE

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
Net rental income	96,999	41,280
Operating and other income	17,160	8,789
RENTAL AND OPERATING INCOME	114,159	50,069
REVENUE	114,159	50,069

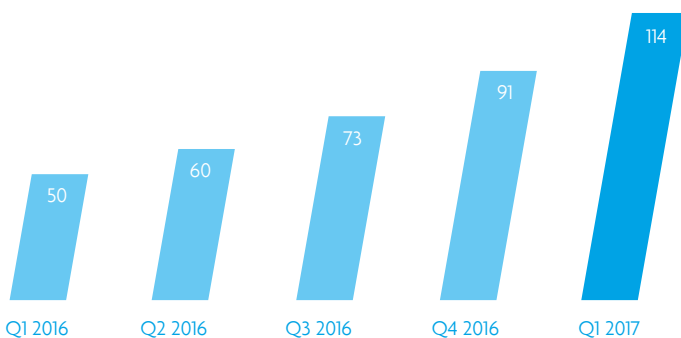
AT recorded in first quarter 2017 total rental and operating income of €114 million, representing an increase of 128% over the first quarter of 2016. Of that amount, €97 million is attributed to net rent, which increased by 135% from €41 million in the respective period in 2016. These strong increases were driven by both external growth through acquisitions, as the investment property grew by over 100% between the end of the two periods, as well as internal growth. The like-for-like occupancy and in-place rent increased 2.2% and 3.9% respectively, amounting to a total rental income like-for-like improvement of 6.2%.



RENTAL AND OPERATING INCOME QUARTERLY DEVELOPMENT YOY (IN € MILLIONS)



RENTAL AND OPERATING INCOME QUARTERLY DEVELOPMENT 2016-Q1 2017 (IN € MILLIONS)



SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES

	2017	2016
For the 3 months ended March 31,		
SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES	31,105	25,846

In thousands of euro

Share in profit from investment in equity-accounted investees presents AT's share of profits from non-controlled investments, and mainly reflects the bottom line of its residential portfolio via its holding in GCP, as well as non-controlling positions in several other companies. In the first three months of 2017 the share in profit from investment in equity-accounted investees increased to €31 million, compared to €26 million in the comparable period in 2016, representing a growth of 20%. This improvement is the result of the increased profitability of GCP SA over the past year, driven by an increased portfolio through acquisitions and organic growth through operational achievements and like-for-like improvements. Additionally, AT's share in GCP SA has increased to 36% in the first quarter of 2017, up from 32% in the first quarter of 2016.

NOTES ON BUSINESS PERFORMANCE

CAPITAL GAINS, PROPERTY REVALUATIONS AND OTHER INCOME

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
CAPITAL GAINS, REVALUATIONS AND OTHER INCOME	212,289	223,692

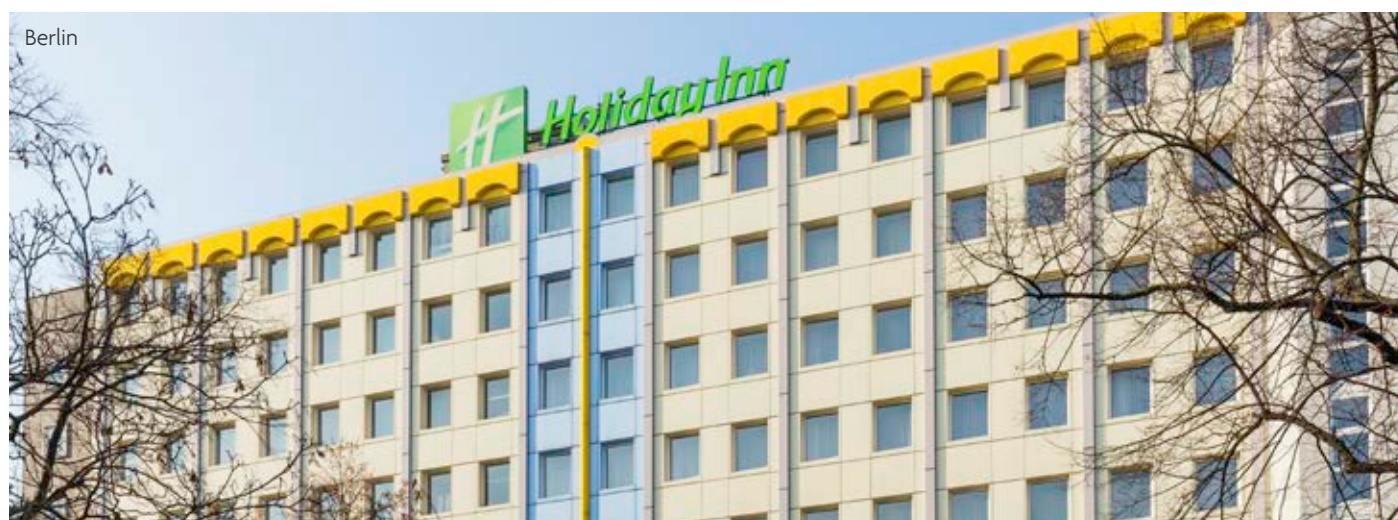
Capital gains, property revaluations and other income resulted in the first three months of 2017 to €212 million, compared to €224 million in the first three months of 2016, which are attributable to revaluation gains. This profit development is reflective of AT's sustainable value creation abilities within its portfolio owing to management expertise and local market knowledge, such as occupancy and rental rate increases, securing creditworthy tenants on longer leases and reducing operating costs. Further, AT is able to acquire properties with strong fundamentals and high value-add potential and has proven its ability to materialize the captured value. The Group's portfolio is appraised by qualified and independent external valuers, mainly Jones Lang LaSalle (JLL) as well as Knight Frank, Cushman & Wakefield (CW) and NAI Apollo.

PROPERTY OPERATING EXPENSES

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
PROPERTY OPERATING EXPENSES	(30,981)	(13,327)*

*reclassified by Euro 0.4 million due to depreciation

Property operating expenses are mostly composed of ancillary costs recoverable from tenants (such as heating, water and energy costs), as well as maintenance and personnel expenses related to property operations and other non-recoverable costs. In the first quarter of 2017 property operating expenses totalled €31 million, compared to €13 million in first quarter 2016. This increase is consistent with the respective growth in the portfolio size. In the context of commercial properties, it's important to note that operating expenses generally fluctuate with the composition of the portfolio, as different asset type and the associated differing lease structures (for example, single tenant vs. multi-tenant, full pass-through of expenses or partial pass-through) can result in variances in the operating expense ratio during periods that witness changes in the asset type and lease structure composition of the portfolio. Likewise, maintenance and refurbishment expenses are also linked to the asset type and lease structures.





ADMINISTRATIVE AND OTHER EXPENSES

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
ADMINISTRATIVE AND OTHER EXPENSES	(3,542)	(1,249)*

*reclassified by Euro 0.4 million due to depreciation

Administrative and other expenses relate to overhead operating expenses and consists mostly of expenses for management and administrative personnel, accounting, audit, legal, marketing and others. In the first three months of 2017, these expenses amounted to €3.6 million compared to €1.2 million in the first three months of 2016. This increase results from the growth of the Company and the implementation of a supporting platform catered for further growth. Additionally impacting these expenses have been the preparations for the up-listing process to the Prime Standard of the Frankfurt Stock Exchange and the migration of the Company's seat to Luxembourg.

FINANCE EXPENSES

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
FINANCE EXPENSES	(14,831)	(8,593)

Finance expenses increased in the first three months of 2017 to €15 million from €9 million in the comparable period in 2016. The increase of in finance expenses is attributable to the significant amount of debt and borrowings amassed between the two periods as a result of AT's rapid expansion and asset acquisitions. AT benefits from a favourable borrowing environment with a current average cost of debt of 1.8%, which is the result of maintaining a conservative financing structure and the prudent financial policy set out by management, with a pro forma LTV of 33% including conversion and bonds bought by the Company as of the day of this report and the recent equity increase in May 2017. The low increase in finance expenses of 73% in comparison to the increase in debt by 142% between the periods is mainly the result of debt refinancing under more favourable conditions, conversions of the convertible bonds with relatively high coupons, and AT's ability to raise debt at cheaper costs due to its increased investment-grade rating to BBB from S&P in June 2016 and the established reputation on the capital markets. An additional reason for the low increase in finance expenses in comparison to the debt balance between the two periods is the Series H straight bonds, issued at the end of the first quarter of 2017 and did not have a material effect of the finance expenses item. The strong interest coverage ratio of 5.6x for the first three months of 2017 highlights the low level of financing costs in relation to the Company's strong recurring operational results.

NOTES ON BUSINESS PERFORMANCE

OTHER FINANCIAL RESULTS

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
OTHER FINANCIAL RESULTS	1,414	(4,150)

Other financial results relate mostly to non-recurring and/or non-cash expenses or income such as changes in the fair value of financial derivatives and traded securities, as well as other costs including capital issuance costs, bank fees, and prepayment fees. Other financial results amounted in the first three months of 2017 to an income of €1.4 million, compared to an expense of €4.2 million in the first three months of 2016, as a result of positive changes in the fair value of financial derivatives and traded securities outweighing the fees for this period.

TAXATION

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
Corporation tax	(6,445)	(2,077)
Property tax	(3,764)	(1,663)
Deferred tax expenses	(52,417)	(38,434)
TAX AND DEFERRED TAX EXPENSES	(62,626)	(42,174)

Total tax expenses amounted in the first three months of 2017 to €63 million in comparison to the €42 million recorded in the first three months of 2016. Current tax expenses, which consist of property and corporate taxes and relate to the normal course of business of the Company, amounted to €10.2 million in the current period and are reflective of the accompanying increase in AT's operational results.

The majority of the tax expenses recorded in the first quarter of 2017 are attributable to deferred tax expenses and follow the recorded revaluation gain in the period. Deferred taxes are a non-cash item and while these expenses will likely not materialize as AT's business model is aligned towards a long-term property holding approach the Company follows the conservative accounting procedures for the theoretical future property disposal through asset deals structures at the full real estate tax rate. As AT's assets are mainly held in separate SPV's, sales can be structured as share deals which thus reduces the effective capital gain tax significantly.

PROFIT FOR THE PERIOD

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
PROFIT FOR THE PERIOD	246,987	230,114
Owners of the company	226,395	159,878
Perpetual notes investors	5,301	-
Non-controlling interests	15,291	70,236

AT recorded a profit of €247 million in the first quarter of 2017, compared to €230 million in the first quarter of 2016. Due to increasing operational profits and continuing to successfully extract value from its portfolio, AT is able to consistently generate at a high profitability. The profit attributable to the shareholders of the Company amounted to €226 million in the first quarter of 2017, up from €160 million in the first quarter of 2016. The profit attributable to perpetual notes investors amounted to €5.3 million and are the result of the €500 million perpetual notes issued in October 2016 and the €100 million tap carried out in January 2017. The comprehensive income for the first three months of 2017 was €238 million, €8.6 million below the profit for the period and is the result of cash flow hedging for the period used for of the hedging of Series H bonds issued in March 2017.

EARNINGS PER SHARE

	For the 3 months ended March 31,	
	2017	2016
Basic earnings per share (in €)	0.33	0.27
Diluted earnings per share (in €)	0.26	0.21
Weighted average basic shares in thousands	676,710	600,142
Weighted average diluted shares in thousands	850,848	782,619

In the first three months of 2017, AT realized an EPS (basic) of €0.33, up 22% from €0.27 in the respective period in 2016. The profit attributable to the owners of the company has grown impressively despite being offset by an increased amount of shares compared to the first three months of 2016. The higher share count is the result of the equity capital increase in April 2016 and conversions of in-the-money convertible bonds. On a diluted basis, the EPS amounted in the first three months of 2017 to €0.26, from €0.21 in the respective period in 2016, representing growth of 24%.



ADJUSTED EBITDA

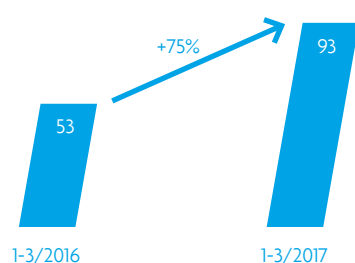
	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
Operating profit	323,030	285,031
Total depreciation and amortization	497	516
EBITDA	323,527	285,547
Capital gains, revaluations and other income	(212,289)	(223,692)
Share in profit from investment in equity-accounted investees	(31,105)	(25,846)
Management share incentive plan	349	-
ADJUSTED EBITDA COMMERCIAL PORTFOLIO	80,482	36,009
Adjusted EBITDA relating to properties marked for disposal	(8,726)	-
ADJUSTED EBITDA COMMERCIAL PORTFOLIO, RECURRING LONG TERM	71,756	36,009
Adjustment for GCP operational contribution*	21,431	17,102
ADJUSTED EBITDA	93,187	53,111

* The adjustment is to reflect AT's share in GCP's adjusted EBITDA. GCP generated an adjusted EBITDA of €60 million in Q1 2017 and €53 million in Q1 2016.

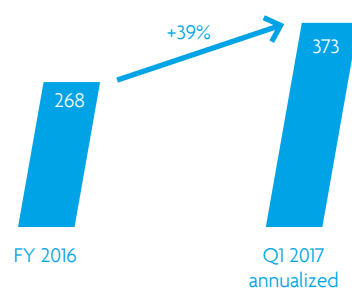
The adjusted EBITDA is a performance measure used to evaluate the operational result of the Company, derived by deducting from the EBITDA non-operational items such as capital gains, revaluations, result from disposal of properties, and provisions for the management long term share incentive plan. Additionally, in order to mirror the recurring operational results of the Group, the share in profit from investment in equity-accounted investees is subtracted, as it also include AT's share in non-operational profits generated by the equity-accounted investees. Due to the nature of the strategic investment in GCP, AT includes in its adjusted EBITDA calculation the adjusted EBITDA generated by GCP in the relevant period according to its holding rate over the period. AT's holding rate in GCP increased in Q1 2017 to 36% from 32% in Q1 2016.

Aroundtown's adjusted EBITDA for the first quarter of 2017 grew to €93 million from €53 million in the first quarter of 2016, an increase of 75%. This demonstrated increase in recurring operational profits is the result of the portfolio growth, continued operational improvements and successful value enhancement, enabled by the Company's strong and scalable management platform. The Group's adjusted EBITDA is excluding an additional €9 million contributed from properties marked for disposal, which AT does not consider recurring long-term as they are designated for sale. The adjusted EBITDA commercial portfolio, including the contribution from the properties marked for disposal, amounted to €80 million in Q1 2017.

ADJUSTED EBITDA QUARTERLY DEVELOPMENT (IN € MILLIONS)



ADJUSTED EBITDA ANNUALIZED DEVELOPMENT (IN € MILLIONS)



NOTES ON BUSINESS PERFORMANCE

FUNDS FROM OPERATIONS I (FFO I)

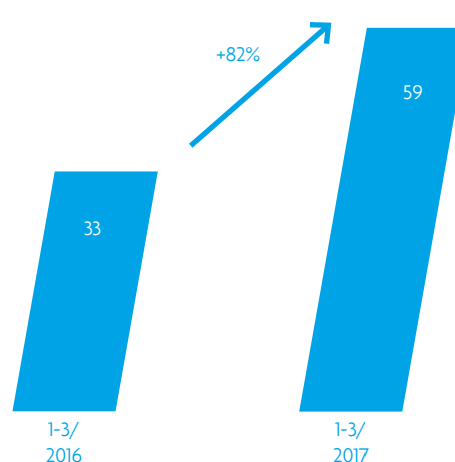
	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
ADJUSTED EBITDA COMMERCIAL PORTFOLIO	80,482	36,009
Finance expenses	(14,831)	(8,593)
Current tax expenses	(10,209)	(3,740)
Contribution to minorities	(2,097)	(1,480)
FFO I COMMERCIAL PORTFOLIO	53,345	22,196
FFO I relating to properties marked for disposal	(7,071)	-
FFO I COMMERCIAL PORTFOLIO, RECURRING LONG TERM	46,274	22,196
Adjustment for GCP FFO I contribution*	12,986	10,430
FFO I	59,260	32,626
Weighted average basic shares in thousands	676,710	600,142
FFO I PER SHARE (IN €)	0.09	0.05

* The adjustment is to reflect AT's share in the tax and finance expenses of GCP. GCP generated an FFO I after perpetual notes attribution of €36 million in Q1 2017 and €33 million in Q1 2016.

Funds from Operations I (FFO I) is an industry standard performance indicator, reflective of the Company's recurring operational profits after deductions of finance expenses and current tax expenses from the adjusted EBITDA. The calculation further includes adjustments to consider minorities and the relative share of AT in GCP's reported FFO I (after perpetual notes attribution), which are not consolidated in AT's accounts. In this way, we reconcile the calculation of the Group's FFO I to reflect the actual holding rate of AT in GCP and adjusting for minorities in FFO, providing a better indication for the operational profit attributed to the owners of the Company.

In the first quarter of 2017 AT recorded an increased FFO I of €59 million, reflecting growth of 82% compared to €33 million in the first quarter of 2016 as a result of the continued strong profitability of the Group through scalable growth and operational efficiencies. The Group's FFO is excluding an additional €7 million FFO contributed from properties marked for disposal, which AT does not consider recurring long-term operational profits as they are designated for disposal. The driving factor behind the periodical FFO I growth is the considerable portfolio growth since Q1 2016, particularly within the commercial portfolio, as well as lower finance expenses due to a marginal decrease in AT's cost of debt.

FFO I QUARTERLY DEVELOPMENT (IN € MILLIONS)

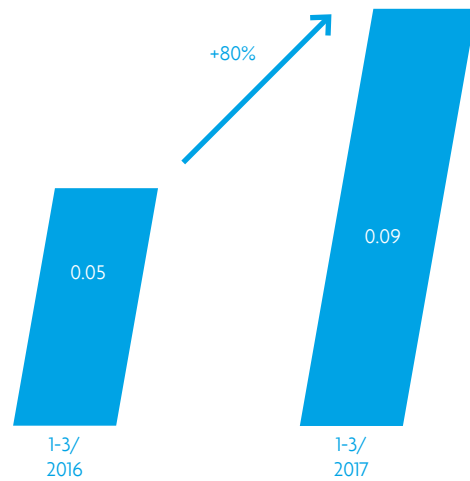


Hamburg

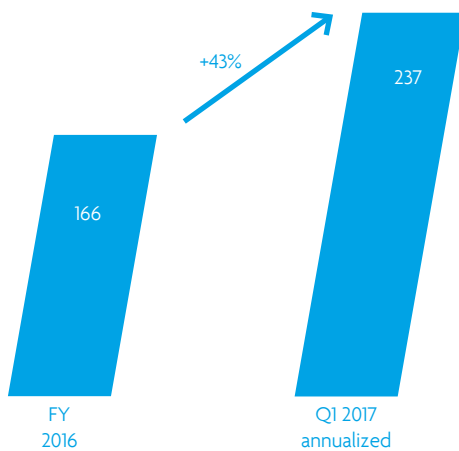
Duisburg



FFO I PER SHARE PERIODIC DEVELOPMENT (IN €)



FFO I ANNUALIZED DEVELOPMENT (IN € MILLIONS)



In the first three months of 2017 the FFO I per share increased to €0.09, up 80% from €0.05 cents per share in the first three months of 2016. The increase, in spite of the larger amount of shares between the two periods as a result of the capital increase from April 2016 and convertible bond conversions, highlights AT's ability to consistently generate accretive shareholder value.

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. The FFO I per share after perpetual notes attribution for the first quarter of 2017 amounted to €0.08.

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
FFO I	59,260	32,626
Adjustment for accrued perpetual notes attribution	(5,301)	-
FFO I AFTER PERPETUAL NOTES ATTRIBUTION	53,959	32,626
Weighted average basic shares in thousands	676,710	600,142
FFO I PER SHARE (IN €), AFTER PERPETUAL NOTES ATTRIBUTION	0.08	0.05

NOTES ON BUSINESS PERFORMANCE



CASH FLOW

	For the 3 months ended March 31,	
	2017	2016
	In thousands of euro	
Net cash provided by operating activities	64,003	32,321
Net cash used in investing activities	(279,632)	(205,059)
Net cash provided by financing activities	313,872	108,271
NET INCREASE IN CASH AND CASH EQUIVALENTS	98,243	(64,467)

AT generated in the first three months of 2017 operational cash flows in the amount of €64 million, an increase of 98% compared to the first three months of 2016, resulting from the significant portfolio growth since then as well as operational achievements such as the increases in the average in-place rental rates and occupancy. The portfolio continues to benefit from expert property and asset management with the aim of maximizing the cash flow potential of the assets by realizing economies of scale, energy and cost efficiencies, and proactive tenant leasing management.

Net cash used in investing activities amounted to €280 million in the first three months of 2017, and reflects mainly the amounts spent on acquisitions. This represents a significant increase of 36% over the comparable period in 2016 and highlights the Company's strong growth path and the ability to consistently source attractive deals, which align with its acquisition criteria and provide for upside potential, through its established deal network developed over the past 13 years. As presented in Note 4 to the financials, out of the €280 million total investments, €174m refers to a transaction of which the Company purchased 94.9% in a retail property portfolio located in Germany with investment property value of €789 million.

In the first three months of 2017, net cash provided by financing activities increased nearly threefold compared to the first three months of 2016 to €314 million, as AT engaged in new capital markets and employed various financing sources in order to fund its acquisitions during the period. This included \$400 million in straight bonds placed under the recently-established €1.5bn EMTN programme in March 2017, tap issues of the Company's Series F straight bonds and Perpetual notes in the amounts of €50 million and €100 million in January 2017, respectively, as well as loans from financial institutions. These cash inflows were offset by €140 million which were used to repay loans and for the redemption of the outstanding PCI convertible bonds. In total this resulted in the first three months of 2017 to a net increase in cash and cash equivalents of €98 million, compared to a decrease of €64 million in the comparable period last year, further strengthening AT's balance sheet and ensuring high liquidity.

Rheinsberg

ASSETS

	Mar 2017	Dec 2016
	In thousands of euro	
NON-CURRENT ASSETS	7,813,066	6,988,905
Investment property	5,793,948	5,016,235
Equity accounted investee, holding in GCP SA	1,361,045	1,316,724
Equity accounted investee, other	236,428	240,320
CURRENT ASSETS	1,606,952	1,100,047
Assets held as held for sale*	627,835	152,941
Cash and liquid assets**	867,998	835,813
TOTAL ASSETS	9,420,018	8,088,952

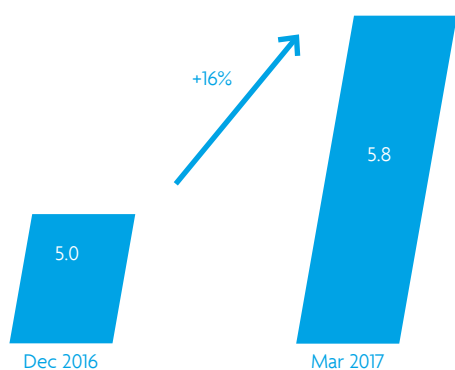
*not including cash and liquid assets under held for sale

** including cash and liquid assets under assets held for sale

Aroundtown's strong growth continued into 2017 as the Company continues to enlarge its portfolio. Total assets grew in the first quarter of 2017 to €9.4 billion, up 16% from €8.1 billion at year-end 2016.

The main driver of the increase in assets over the quarter was acquisitions and revaluation gains, resulting in an increase in investment property by 16% to €5.8 billion from €5.0 billion at year-end 2016. AT continued in the first quarter of 2017 to acquire accretive assets of strong quality which meet the acquisition criteria established by management, and embody value-add prospects that can be capitalized on through the Company's strong operational platform and expertise. The average multiple of the acquisitions in the first three months of 2017 was 12x and were focused across AT's strategic locations such as Berlin, NRW, Munich, Hamburg, Frankfurt and Nuremberg.

INVESTMENT PROPERTIES DEVELOPMENT (IN € BILLIONS)



Nuremberg

Investment in equity-accounted investees amounted in March 2017 to €1.6 billion, up by €40 million from year-end 2016, and refers to AT's positions in companies which are not consolidated. The majority of this balance represents AT's strategic position in Grand City Properties S.A., which amounted to €1.36 billion as of March 2017. AT increased the holding rate from 35% in the end of 2016 and to 36% during the current reporting period. As of May 9, 2017, GCP shares were up-listed to and began trading in the Prime Standard segment of the Frankfurt Stock Exchange, improving the liquidity and tradability of the shares, and enabling the possibilities for inclusion in additional major stock indices. AT's share in GCP's market cap as of March 2017 was over €950 million.

Current assets totalled €1.6 billion at the end of the first quarter of 2017 and increased from €1.1 billion at year-end of 2016 mainly as a result of the increase in assets held for sale. Assets held for sale, not including cash and liquid assets held for sale, amounted as of March 2017 to €628 million compared to €153 million at year-end 2016, and relate to properties that have been assessed by management as non-core with the intention of disposing of them over time. The increase in the current period is mainly the result of the planned sales of various assets that were purchased as part of a larger commercial portfolio.

AT maintains a high level of liquidity as it uses available funds to close signed acquisitions and pursue further attractive opportunities as they arise. As of end of March 2017, cash and liquid assets amounted €868 million. AT's high cash balances, along with the €426 million equity raised in May 2017, consist of significant firepower for the Group to pursue attractive accretive properties and continue the successful growth.

NOTES ON BUSINESS PERFORMANCE

LIABILITIES

	Mar 2017	Dec 2016
	In thousands of euro	
Total loans and borrowings ¹⁾	1,524,595	1,150,598
Straight bonds	2,119,267	1,713,965
Convertible bonds in-the-money ²⁾	387,209	394,048
Convertible bonds out-of-the-money	285,159	314,638
Deferred tax liabilities ³⁾	468,300	379,485
Other long term liabilities and derivative financial instruments	55,907	48,443
Current liabilities ⁴⁾	288,784	146,695
TOTAL LIABILITIES	5,129,221	4,147,872

1) includes short term loans and borrowings, credit lines, loan redemption and financial debt of assets held for sale

2) as of the writing of this report, only €8.1 m notional value of the convertible bonds is outstanding

3) including deferred tax under held for sale

4) excludes short term loans and borrowings, credit lines, loan redemption and liabilities of assets held for sale

In line with the growth of the portfolio, total liabilities increased as of the end of March 2017 to €5.1 billion. The largest impact of the increase results from increase in financial debt which was used to finance the growth of the portfolio. In the first three months of 2017 total loans and borrowings increased by €374 million to €1.5 billion. As AT follows a conservative financing structure, the Company does not solely rely on a single source of financing. Thus, AT strengthened its established presence on the capital markets with further straight bond issuances. After establishing the EMTN programme in March 2017, Aroundtown entered the Asian capital markets and issued \$400 million (or €372 million) of straight bonds Series H to an anchor investor, thus diversifying its access to capital markets by broadening its investor base and currency access. The Series H bonds are fully currency hedged as well as the annual coupon swapped into 1.365%, subject to adjustments in CPI, with the maturity of 15 years enabling long-term planning security.

During the first quarter of 2017 the convertible bond balance has decreased due to continuous conversions as the first convertible bond issued, Series B, is deep in-the-money. After the balance sheet date further conversions have been executed, reducing the balance significantly, with over 98% of the nominal amount having been converted/purchased by the date of this report. As the Series B convertibles have been issued before the Company went public and received an investment grade rating of BBB from S&P the coupon is relatively high at 3%. The conversions are thus reducing the cost of debt significantly.

The increase in the deferred tax liabilities is the result of the revaluation gains recorded during the period. AT follows the conservative accounting procedures for the theoretical future property disposal through asset deals structures at the full real estate tax rate. As AT's assets are mainly held in separate SPV's, sales can be structured as share deals which thus reduces the effective capital gain tax to less than 1%.



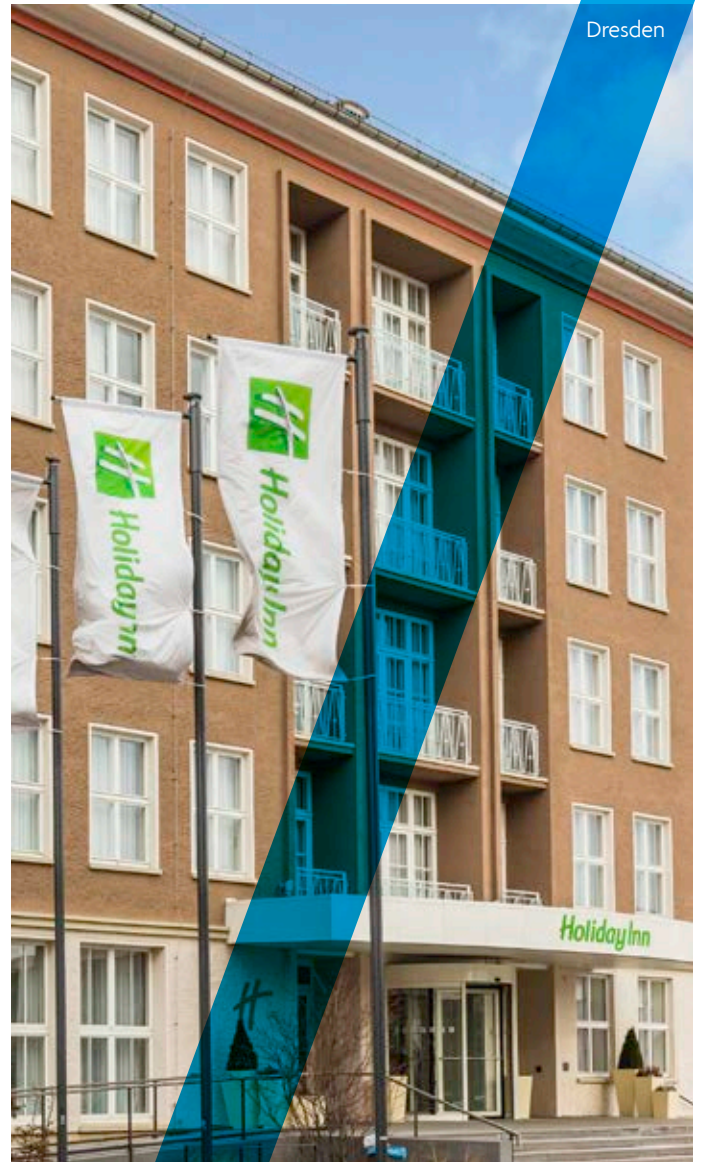
Potsdam

NET FINANCIAL DEBT

	Mar 2017	Dec 2016
	In thousands of euro	
Total financial debt	4,316,230	3,573,249
Cash and liquid assets	867,998	835,813
TOTAL NET FINANCIAL DEBT	3,448,232	2,737,436
Effect of Equity capital raised May 2017 and Series B conversions*	(725,576)	-
TOTAL NET FINANCIAL DEBT PRO FORMA	2,722,656	2,737,436

* including the equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of cash of convertible bonds purchased

Net financial debt increased in the first quarter of 2017 in line with the increase in financial liabilities to €3.4 billion. After the balance sheet date, the Company's Series B convertible bonds have been further converted and as of the date of this report only €8.1 million of the bonds are outstanding. In May 2017, Aroundtown successfully executed an equity capital increase at the amount of €426 million, the proceeds of which were also used to purchase back €55.3 million nominal amount of Series B convertible bonds. Including the effects of the bond conversions as of the day of this report and the recent equity increase, the net financial debt amounts to €2.7 billion on a pro forma basis.



LOAN-TO-VALUE

	Mar 2017	Dec 2016
	In thousands of euro	
Investment property*	6,045,065	5,259,750
Investment properties of assets held for sale	618,396	148,596
Investment in equity-accounted investees	1,597,473	1,557,044
TOTAL VALUE	8,260,934	6,965,390
NET FINANCIAL DEBT	3,448,232	2,737,436
LTV	41.7%	39.3%
Net financial debt pro forma**	2,722,656	2,737,436
LTV PRO FORMA	33.0%	39.3%

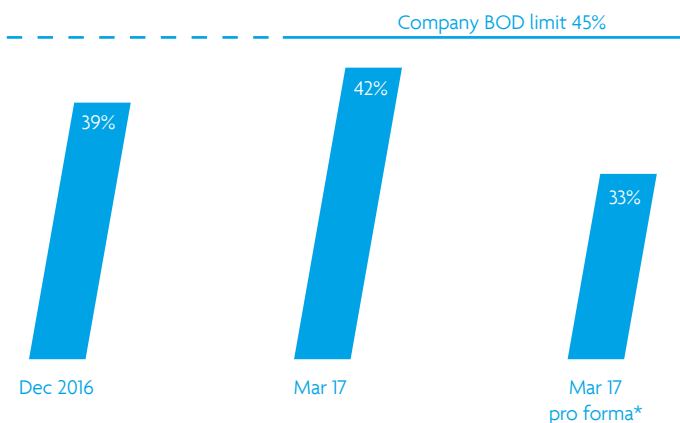
* includes advanced payments for investment properties

** including the equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of cash of convertible bonds purchased

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.

Aroundtown has set a conservative financial policy which is reflected, among others, in maintaining the LTV level below 45%. As of end of March 2017, the LTV was at 42%. Including the Series B convertible bonds converted as of the day of this report and the recent equity increase in May 2017, the LTV decreases on a pro forma basis to 33%.

LOAN-TO-VALUE



* including the €426m equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased

EQUITY

	Mar 17 pro forma*	Mar 2017	Dec 2016
	In thousands of euro		
TOTAL EQUITY	5,040,546	4,290,797	3,941,080
Of which equity attributable to the owners of the Company	4,066,943	3,317,194	3,090,163
Of which equity attributable to perpetual notes investors	575,832	575,832	478,277
Of which non-controlling interests	397,771	397,771	372,640
EQUITY RATIO	51%	46%	49%

* including the equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased

Total equity increased in the first three months of 2017 by €350 million to €4.3 billion. The increase is the result of the profit generated in the period and the tap issuance of the perpetual notes in January 2017. Following IFRS accounting treatment perpetual notes are classified as equity as these notes do not have a repayment date, coupon payments are deferral on the Company's discretion, are subordinated to debt and do not have any default rights, nor covenants. Including the equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased, total equity increased on a pro forma basis to €5.0 billion and the equity ratio to 51%.

NOTES ON BUSINESS PERFORMANCE

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.

	Mar 2017		Dec 2015	
	In thousands of euro	Per share	In thousands of euro	Per share
NAV per the financial statements	4,290,797		3,941,080	
Equity attributable to perpetual notes investors	(575,832)		(478,277)	
NAV excluding perpetual notes	3,714,965		3,462,803	
Effect of conversion of in-the-money convertible bond	387,209		394,048	
Fair value measurements of derivative financial instruments*	14,576		7,074	
Deferred tax liabilities*	468,300		379,485	
NAV	4,585,050	€ 5.7	4,243,410	€ 5.3
Non-controlling interests	(397,771)		(372,640)	
EPRA NAV	4,187,279	€ 5.2	3,870,770	€ 4.9
Equity attributable to perpetual notes investors	575,832		478,277	
EPRA NAV INCLUDING PERPETUAL NOTES	4,763,111	€ 6.0	4,349,047	€ 5.4
Basic amount of shares, including in-the-money dilution effects	798,089		798,089	
EPRA NAV	4,187,279		3,870,770	
May 2017 Pro forma effect**	370,640		-	
EPRA NAV PRO FORMA	4,557,919	€ 5.2	3,870,770	€ 4.9
Pro forma basic amount of shares	874,710		798,089	

* includes balances in assets held for sale

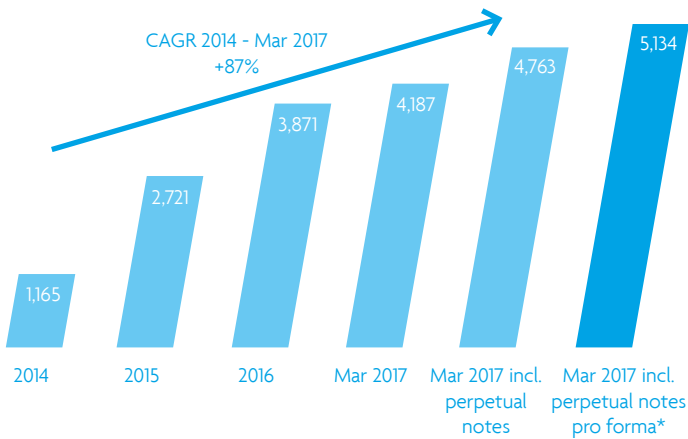
** including the effect of the May 2017 equity increase, net of €55.3 million convertible bonds purchased

EPRA NAV increased along the increase of the total equity in the first three months of 2017 to €4.2 billion and thus increased by 8% over year-end 2016. On a per share basis the EPRA NAV amounts to €5.2, up from €4.9 from December 2016. As perpetual notes are, according to IFRS accounting, classified as equity AT presents additionally the EPRA NAV including perpetual notes which amounted at the end of March 2017 to €4.8 billion and €6.0 on a per share basis. The increase follows the increase in the total equity but is additionally fuelled by the tap issuance of the perpetual notes of nominal €100 million in January 2017.



Offenbach
(Frankfurt
am Main)

EPRA NAV DEVELOPMENT 2014 - MARCH 2017 (IN € MILLIONS)



*including the €426m equity capital raise in May 2017 and conversion of the Series B bonds as of the day of this report, net of convertible bonds purchased



Stuttgart

RESPONSIBILITY STATEMENT

To the best of our knowledge, the condensed financial statements of Aroundtown Property Holdings plc, prepared in accordance with the applicable reporting principles for financials statements, The Consolidated financial statements gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the management report of the Group includes a fair review of the development of the business, and describes the main opportunities, risks, and uncertainties associates with the Group.

DISCLAIMER

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

By order of the Board of Directors,
June 6, 2017



Reshef Ish-Gur
Director



Andrew Wallis
Director



Jelena Afxentiou
Director



Oschrie Massatschi
Director

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended March 31,	
	2017	2016
	In thousands of euro	
REVENUE	114,159	50,069
Capital gains, property revaluations and other income	212,289	223,692
Share in profit from investment in equity-accounted investees	31,105	25,846
Property operating expenses	(30,981)	(*) (13,327)
Administrative and other expenses	(3,542)	(*) (1,249)
OPERATING PROFIT	323,030	285,031
Finance expenses	(14,831)	(8,593)
Other financial results	1,414	(4,150)
PROFIT BEFORE TAX	309,613	272,288
Current tax expenses	(10,209)	(3,740)
Deferred tax expenses	(52,417)	(38,434)
Tax and deferred tax expenses	(62,626)	(42,174)
PROFIT FOR THE PERIOD	246,987	230,114
PROFIT ATTRIBUTABLE TO:		
Shareholders of the Company	226,395	159,878
Perpetual notes investors	5,301	-
Non-controlling interests	15,291	70,236
PROFIT FOR THE PERIOD	246,987	230,114
NET EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY (IN EURO)		
Basic earnings per share	0.33	0.27
Diluted earnings per share	0.26	0.21

(*) Reclassified.



	Three months ended March 31,	
	2017	2016
	In thousands of euro	
PROFIT FOR THE PERIOD	246,987	230,114
OTHER COMPREHENSIVE INCOME (LOSS):		
Results of cash flow hedges	(10,789)	-
Tax related to the other comprehensive income component	2,228	-
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(8,561)	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Shareholders of the Company	217,834	159,878
Perpetual notes investors	5,301	-
Non-controlling interests	15,291	70,236
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	238,426	230,114

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		March 31, 2017	December 31, 2016
		Unaudited	Audited
	Note	In thousands of euro	
ASSETS			
Equipment and intangible assets		24,270	22,799
Investment property	5	5,793,948	5,016,235
Advance payments for real estate transactions		251,117	243,515
Investment in equity-accounted investees		1,597,473	1,557,044
Other non-current assets		130,038	133,809
Deferred tax assets		16,220	15,503
NON-CURRENT ASSETS		7,813,066	6,988,905
Cash and cash equivalents		738,194	641,400
Short term deposits		10,930	11,225
Traded securities at fair value through profit or loss		115,047	180,810
Trade and other receivables		111,119	111,293
Assets held for sale	10	631,662	155,319
CURRENT ASSETS		1,606,952	1,100,047
TOTAL ASSETS		9,420,018	8,088,952

	Note	March 31, 2017	December 31, 2016
		Unaudited	Audited
In thousands of euro			
EQUITY			
Share capital	7	6,787	6,763
Retained earnings and capital reserves	7	3,310,407	3,083,400
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		3,317,194	3,090,163
Equity attributable to Perpetual notes investors	7	575,832	478,277
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY AND PERPETUAL NOTES INVESTORS		3,893,026	3,568,440
Non-controlling interests		397,771	372,640
TOTAL EQUITY		4,290,797	3,941,080
LIABILITIES			
Loans and borrowings	6	1,166,818	962,007
Convertible bonds	6.2, 6.4-6.5	672,368	708,686
Straight bonds	6.3, 6.6-6.10	2,119,267	1,713,965
Derivative financial instruments		14,437	6,896
Other non-current liabilities		41,470	41,547
Deferred tax liabilities		442,320	365,932
NON-CURRENT LIABILITIES		4,456,680	3,799,033
Bond and financial credit	6	29,996	130,466
Loans and borrowings	6	36,924	29,499
Loan redemption	6	13,320	-
Trade and other payables		241,972	107,721
Tax payable		8,856	6,741
Provisions and current liabilities		30,528	27,875
Liabilities held for sale	10	310,945	46,537
CURRENT LIABILITIES		672,541	348,839
TOTAL LIABILITIES		5,129,221	4,147,872
TOTAL EQUITY AND LIABILITIES		9,420,018	8,088,952

The Board of Directors of Aroundtown Property Holdings PLC authorized these condensed interim consolidated financial statements for issuance on June 6, 2017.



Reshef Ish-Gur
Director



Andrew Wallis
Director



Jelena Afxentiou
Director



Oschrie Massatschi
Director

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



Berlin

	Attributable to the shareholders of the Company							Total equity
	Share capital	Share Premium and other capital reserves	Retained earnings	Total	Equity attributable to Perpetual notes investors	Equity attributable to shareholders of the Company and Perpetual notes investors	Non-controlling interests	
	In thousands of euro							
BALANCE AS AT DECEMBER 31, 2016 (AUDITED)	6,763	633,214	2,450,186	3,090,163	478,277	3,568,440	372,640	3,941,080
Profit for the period	-	-	226,395	226,395	5,301	231,696	15,291	246,987
Other comprehensive income (loss) for the period, net of tax	-	(8,561)	-	(8,561)	-	(8,561)	-	(8,561)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	(8,561)	226,395	217,834	5,301	223,135	15,291	238,426
Issuance of shares related to conversion of convertible bonds	24	7,946	-	7,970	-	7,970	-	7,970
Issuance of Perpetual notes	-	-	-	-	93,268	93,268	-	93,268
Amount attributed to Perpetual notes investors	-	-	-	-	(1,014)	(1,014)	-	(1,014)
Equity settled share-based payment	-	349	-	349	-	349	-	349
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	878	878	-	878	9,840	10,718
BALANCE AS AT MARCH 31, 2017 (UNAUDITED)	6,787	632,948	2,677,459	3,317,194	575,832	3,893,026	397,771	4,290,797
BALANCE AS AT DECEMBER 31, 2015 (AUDITED)	6,001	332,750	1,766,658	2,105,409	-	2,105,409	320,103	2,425,512
Profit for the period	-	-	159,878	159,878	-	159,878	70,236	230,114
Other comprehensive income for the period	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	159,878	159,878	-	159,878	70,236	230,114
Transaction with non-controlling interests	-	-	(5,541)	(5,541)	-	(5,541)	(15,901)	(21,442)
BALANCE AS AT MARCH 31, 2016 (UNAUDITED)	6,001	332,750	1,920,995	2,259,746	-	2,259,746	374,438	2,634,184

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended March 31,	
	2017	2016
	In thousands of euro	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	246,987	230,114
<i>Adjustments for the profit:</i>		
Depreciation and amortization	497	516
Capital gains, property revaluations and other income	(212,289)	(223,692)
Share in profit from investment in equity-accounted investees	(31,105)	(25,846)
Finance expenses, net	13,417	12,743
Tax and deferred tax expenses	62,626	42,174
Equity settled share-based payment	349	-
	<u>80,482</u>	<u>36,009</u>
<i>Changes in:</i>		
Trade and other receivables	(6,745)	973
Trade and other payables	2,909	2,963
Provisions for other liabilities and charges	(806)	(4,462)
	<u>75,840</u>	<u>35,483</u>
Tax paid	(11,837)	(3,162)
NET CASH PROVIDED BY OPERATING ACTIVITIES	64,003	32,321
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of equipment and intangible assets, net	(1,962)	(1,802)
Investments and acquisitions of investment property, capex and advances paid, net	(138,276)	(247,523)
Acquisition/disposals of investees, net of cash acquired/disposed	(210,216)	-
Proceeds from traded securities and other financial assets, net	70,822	44,266
NET CASH USED IN INVESTING ACTIVITIES	(279,632)	(205,059)



	Note	Three months ended March 31,	
		2017	2016
		In thousands of euro	
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of straight bonds, net	6	400,488	(805)
Proceeds from Perpetual notes investors, net		88,555	-
Redemption of the outstanding convertible bonds in PCI		(22,498)	-
Proceeds (repayments) from/(of) loans from financial institutions and others, net		(118,310)	138,663
Amortizations of loans from financial institutions		(6,951)	(3,109)
Transactions with non-controlling interests		(11,595)	(21,540)
Interest and other financial expenses, net		(15,817)	(4,938)
NET CASH PROVIDED BY FINANCING ACTIVITIES		313,872	108,271
NET CHANGES IN CASH AND CASH EQUIVALENTS		98,243	(64,467)
Assets held for sale – cash		(1,449)	-
Cash and cash equivalents as at January 1		641,400	121,243
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		738,194	56,776

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2017

1. GENERAL

(A) INCORPORATION AND PRINCIPAL ACTIVITIES

Aroundtown Property Holdings PLC (“Aroundtown” or “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.

Aroundtown is a specialist real estate company, with a focus on value-add and income generating properties primarily in the German and Dutch real estate markets. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and in addition Aroundtown holds a substantial interest of currently 36% in Grand City Properties S.A., a publicly traded real estate company that focuses on investing in value-add opportunities in the German residential real estate market. Aroundtown's investment in Grand City Properties S.A. is accounted for as equity accounted investee in AT's financials.

These condensed interim consolidated financial statements (“interim financial statements”) for the three month period ended March 31, 2017 consist of the financial statements of the Group.

(B) LISTING ON STOCK EXCHANGE

On June 2, 2017, the Company's shares were up listed to the Prime Standard of the Frankfurt Stock Exchange with the trading symbol ATI from its initial listing in 2015. Additionally, the Company's shares are listed on the Euronext Paris Stock Exchange (symbol: ALATP) since 2015.

(C) CAPITAL AND BONDS INCREASES

Since December 2014, the Company undertook several capital market transactions which include the issuance of straight bonds, convertible bonds, perpetual notes and equity. In addition, the Company established an EMTN program of €1.5 billion in March 2017. For further information please see notes 6 and 7.

(C) GROUP RATING

On June 16 2016, S&P upgraded its credit rating of the company to ‘BBB’ with a stable outlook from its initial rating of ‘BBB-’ assigned in December 2015. The rating upgrade also applies to the Company's straight and convertible bonds. The perpetual notes were assigned a rating of BB+.

(D) 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 three months ended on March 31, 2017



Rotterdam



2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 interim financial reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2016. These condensed interim consolidated financial statements have not been reviewed by an auditor.

For further information on the accounting and measurement policies used, please refer to the consolidated financial statements as at December 31, 2016, which are the basis for these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements were authorized for issuance by the Company's Board of Directors on June 6, 2017.

(B) JUDGMENTS AND ESTIMATES

In preparing these condensed interim consolidated financial statements, management applies judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are consistent with those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

(C) 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.

(D) SEASONALITY OF OPERATIONS

Rental income, other revenues and costs are received and incurred smoothly over the accounting period. Therefore no additional disclosures are made in the condensed interim consolidated financial statements.

(E) GOING CONCERN

These condensed interim consolidated financial statements are prepared on a going concern basis.



Amsterdam

(F) 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.

Exchange rates known are as follows:

	Exchange rates of USD/EUR
As of March 31, 2017	1.074
As of March 31, 2016	1.131
As of December 31, 2016	1.054

INCREASE (DECREASE) DURING THE YEAR/PERIOD

Three months ended March 31, 2017	1.90%
Three months ended March 31, 2016	3.48%
Year ended December 31, 2016	(3.57%)



Brussels

3. SIGNIFICANT ACCOUNTING POLICIES

The following standard has been adopted by the Company during the reporting period and affected these consolidated financial statements:

IAS 39 - FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING - CASH FLOW HEDGES

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss or the hedged item affects profit or loss.

If the forecast transaction is no longer expected to occur, the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

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:

(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.

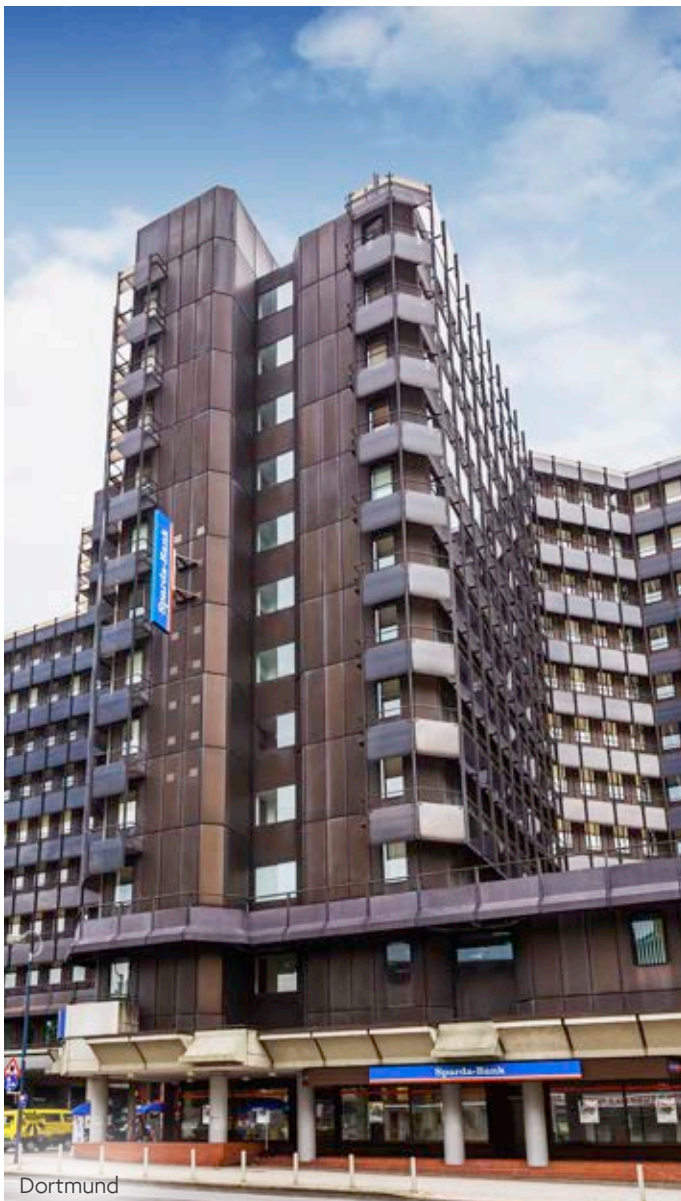
The following new and revised standards and interpretations are in issue but have not yet been endorsed by the EU and are hence not yet effective for these financial statements:

(III) IFRS 16 - LEASES

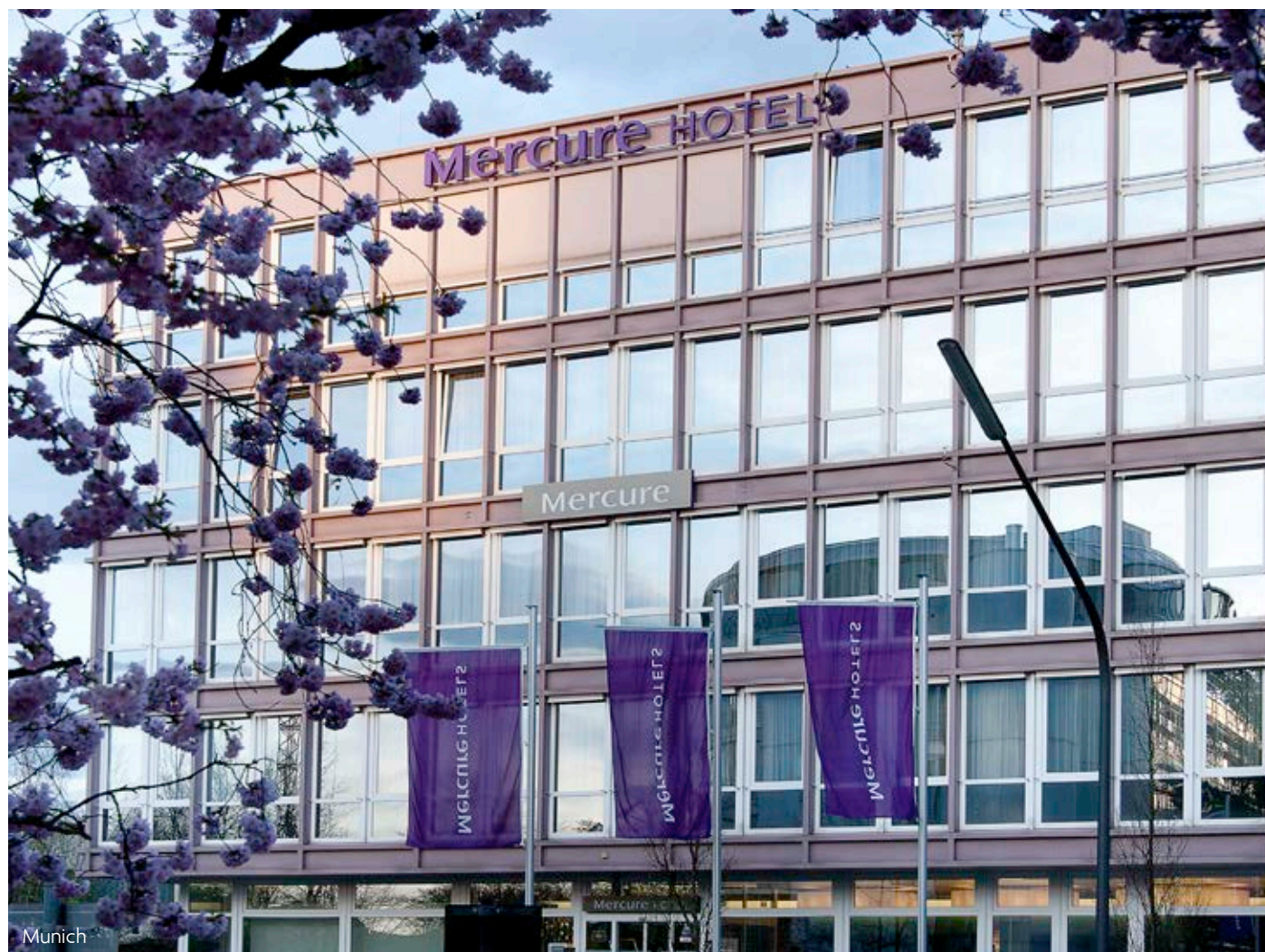
IFRS 16 introduces a single, on balance sheet approach to lease accounting for lessees with optional exemptions for short-term leases and leases of low value items.

(IV) IFRS 2 - CLASSIFICATIONS AND MEASUREMENT OF SHARE-BASED PAYMENT TRANSACTION

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.



Dortmund



Munich

4. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

a. In January 2017, the Group obtained control of 94.9% of the issued share capital of a retail property portfolio located in Germany for a purchase price of approximately €174 million (the Portfolio). 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 in annual net rent.

The purchase of the entities was treated as a purchase of a group of assets and liabilities. Therefore the total purchase costs were allocated to the assets and liabilities based on their relative fair value at the purchase date without the recognition of goodwill and deferred taxes.

The aggregated identifiable assets and liabilities acquired as at the date of each transaction were as follows:

	In thousands of euro
Investment property	789,393
Working capital, net	7,813
Cash and Cash equivalents	9,117
	<u>806,323</u>
Bank loans	(599,533)
Other liabilities, net	(23,339)
	<u>(622,872)</u>
TOTAL IDENTIFIABLE NET ASSETS	<u>183,451</u>
Non-controlling interests arising from initial consolidation	(9,178)
Consideration paid	<u>(174,273)</u>

Since the date whereby the Group obtained control over the above entities and until the end of the reporting period, the Group recorded aggregated revenues and results from operation in the amount of euro 15,371 thousand and euro 8,051 thousand, respectively.



4. ACQUISITION OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONTINUED)

b. During the reporting period, the Group obtained control over several German companies. The purchase of these entities was treated as a purchase of a group of assets and liabilities. Therefore the total purchase costs were allocated to the assets and liabilities based on their relative fair value at the purchase date without the recognition of goodwill and deferred taxes.

The aggregated identifiable assets and liabilities acquired as at the date of each transaction were as follows:

	In thousands of euro
Investment property	105,949
Working capital, net	(55)
Cash and Cash equivalents	2,348
	<u>108,242</u>
Bank loans	(32,130)
Other liabilities, net	(31,956)
	<u>(64,086)</u>
TOTAL IDENTIFIABLE NET ASSETS	<u>44,156</u>
Non-controlling interests arising from initial consolidation	(13,971)
Consideration paid	(30,185)

Since the date whereby the Group obtained control over the above entities and until the end of the reporting period, the Group recorded aggregated revenues and results from operation in the amount of euro 1,279 thousand and euro 649 thousand, respectively.

Had all the above acquisitions been carried out at the beginning of the reporting period, the Group's revenues would have been increased by euro 441 thousand, and the Group's results from operation would have been increased by euro 351 thousand.

5. INVESTMENT PROPERTY

	Three months ended March 31, 2017	Year ended December 31, 2016
	In thousands of euro	
Balance as at January 1	5,016,235	2,430,595
Acquisitions of investment property	139,882	822,096
Investment property arising from initial consolidations	895,342	1,452,596
Disposal of investment property due to loss of control	-	(195,250)
Transfer to Assets held for sale	(469,800)	(148,596)
Fair value adjustment	212,289	654,794
Balance as at March 31 / December 31	<u>5,793,948</u>	<u>5,016,235</u>

6. LOANS, BORROWINGS AND BONDS

6.1 COMPOSITION

	March 31	December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
NON-CURRENT		
Bank loans (a)	1,166,818	962,007
TOTAL NON-CURRENT BANK LOANS	1,166,818	962,007
Convertible bond series A in PCI	-	30,359
Straight bond series A	37,539	37,449
Convertible bond series B	387,209	394,048
Convertible bond series C	285,159	284,279
Straight bond series D	572,605	571,349
Straight bond series E	617,336	616,136
Straight bond series F	539,036	489,031
Straight bond series H	352,751	-
TOTAL NON-CURRENT PORTION OF STRAIGHT AND CONVERTIBLE BONDS	2,791,635	2,422,651
CURRENT		
Bond and financial credit	29,996	130,466
Bank loans	36,924	29,499
Loan redemption	13,320	-
TOTAL CURRENT LOANS	80,240	159,965

(a) All bank loans are non-recourse loans from banks with the related assets serving as their only security. As at March 31, 2017 under the existing loan agreements, the Group is fully compliant with its obligations (including loan covenants) to the financing banks. For the security condition over the Bonds please see note 6 (II).

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

6.2 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 at an issue price of 100% of its principle amount. On February 13, 2015, the bond series was tapped in additional euro 50 million nominal value at an issue price of 105% of its principal amount. The convertible bond bore a coupon of 4% p.a., payable semi-annually in arrears, and was redeemable at maturity at 110% of its principle amount. The initial conversion price was fixed at euro 3.00.

On March 13, 2017, PCI fully redeemed the outstanding amount of its convertible bond series A at its accreted principal amount (as defined in the bond's Terms and Conditions) together with the accrued but unpaid interest for total consideration of euro 22.5 million.

Since the issuance of the convertible bond and until its full redemption, a total amount of euro 128.7 million nominal value of the convertible bond was converted into PCI shares (out of which euro 8.2 million during the reporting period).

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	31,232	112,442
Expenses for the period / year	(995)	989
Expenses paid	-	(2,408)
Conversion to ordinary shares of PCI	(8,331)	(79,791)
Redemption of outstanding amount	(21,906)	-
Carrying amount of liability at the end of the period / year	-	31,232
Non-current portion of Convertible bond of PCI	-	30,359
Accrued interest	-	156
Total Convertible bond of PCI	-	30,515
Deferred income	-	717

6.3 STRAIGHT BOND SERIES A

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

During 2016, the Group repurchased euro 160.4 million nominal value of the straight bond series A for total consideration of euro 166.5 million, with trading cancelled thereafter.

On March 29, 2017, the Company announced 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 took place in May 2017, at the principal amount plus accrued but unpaid interest (see also note 13).

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	37,521	188,284
Transaction costs	-	(302)
Net proceeds during the period / year	-	(302)
Expenses for the period / year	382	7,257
Expenses paid	-	(3,594)
Cancellation of nominal amounts	-	(154,124)
Carrying amount of liability at the end of the period / year	37,903	37,521
Non-current portion of straight bond series A	37,539	37,449
Accrued interest	364	72
Total straight bond series A	37,903	37,521

6.4 CONVERTIBLE BOND SERIES B

On May 5, 2015, the Company successfully completed the placement of a euro 450 million (nominal value) senior, unsecured convertible bond convertible into ordinary shares of the Company and maturing in May 2020. The bond was placed by the Company with institutional investors, bearing 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 at 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 was adjusted to euro 3.4395 and then to euro 3.3763, respectively.

Since the issuance of the convertible bond and until March 31, 2017, a total amount of euro 47 million nominal value of the convertible bond was converted into ordinary shares of the Company (thereof euro 8.3 million during the reporting period).

For additional conversions that took place after the reporting period – please see note 13.

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	395,957	427,988
Transaction costs	-	(287)
Net proceeds during the period / year	-	(287)
Expenses for the period / year	4,188	17,642
Expenses paid	(89)	(13,026)
Conversion to ordinary shares	(7,971)	(36,360)
Carrying amount of liability at the end of the period / year	392,085	395,957
Non-current portion of Convertible bond series B	387,209	394,048
Accrued interest	4,876	1,909
Total Convertible bond series B	392,085	395,957

At the issuance date of the convertible bond, a total amount of euro 4 million was accounted as equity and presented in the other reserves, and euro 3.5 million constituted as issuance expenses. The amount recognized as equity is classified to the premium on shares, following conversions of the convertible bond into ordinary shares of the Company.

6. LOANS, BORROWINGS AND BONDS (CONTINUED)

Frankfurt
am Main

6.5 CONVERTIBLE BOND SERIES C

On December 15, 2015, the Company successfully completed the placement of a euro 300 million (nominal value) senior, unsecured convertible bond convertible into ordinary shares of the Company and maturing in January 2021. The bond was placed by the Company to institutional investors, bearing 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 at maturity at par value. The initial conversion price was set at euro 5.79 per share. Due to the dividend distribution in December 2016, the conversion price was adjusted to euro 5.6862 per share.

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	286,323	281,745
Transaction costs	-	(902)
Net proceeds during the period / year	-	(902)
Expenses for the period / year	1,973	8,106
Expenses paid	(2,250)	(2,626)
Carrying amount of liability at the end of the period / year	286,046	286,323
Non-current portion of Convertible bond series C	285,159	284,279
Accrued interest	887	2,044
Total Convertible bond series C	286,046	286,323

At the issuance date of the convertible bond, a total amount of a euro 7.1 million was accounted as equity and presented in the other reserves, and euro 3.4 million constituted as issuance expenses. The amount recognized as equity is classified to the premium on shares, following conversions of the convertible bond into ordinary shares of the Company.

6.6 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, bearing a coupon of 1.5% p.a., payable annually in arrears, for a consideration that reflected 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.

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	577,316	-
Proceeds from issuance of Bond series D (6,000 notes at euro 100,000 par value)	-	573,252
Transaction costs	-	(5,177)
Net proceeds during the period / year	-	568,075
Expenses for the period / year	3,475	9,241
Carrying amount of liability at the end of the period / year	580,791	577,316
Non-current portion of straight bond series D	572,605	571,349
Accrued interest	8,186	5,967
Total straight bond series D	580,791	577,316

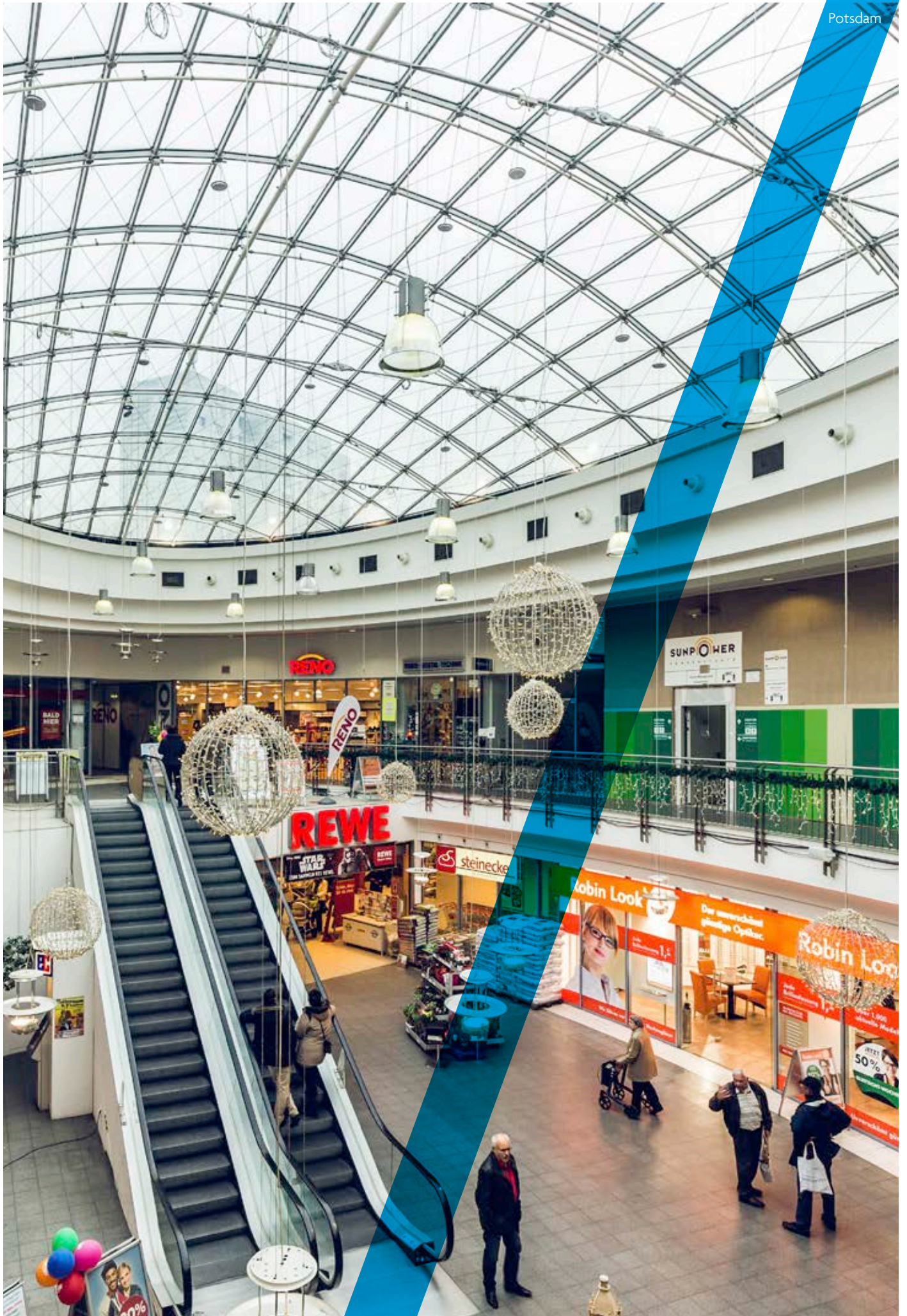
6.7 STRAIGHT BOND SERIES E

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, bearing a coupon of 1.5% p.a., payable annually in arrears, for a consideration that reflected 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 a tap up placement of an 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 aggregated principal amount of the straight bond series E increased to euro 650 million (nominal value).

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	619,929	-
Proceeds from issuance of Bond series E (6,500 notes at euro 100,000 par value)	-	621,006
Transaction costs	-	(6,552)
Net proceeds during the period / year	-	614,454
Expenses for the period / year	3,604	5,475
Carrying amount of liability at the end of the period / year	623,533	619,929
Non-current portion of straight bond series E	617,336	616,136
Accrued interest	6,197	3,793
Total straight bond series E	623,533	619,929



6. LOANS, BORROWINGS AND BONDS (CONTINUED)

6.8 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, bearing a coupon of 2.125% p.a., payable annually in arrears, for a consideration that reflected 99.003% of its principal amount. The bond was issued by ATF and is unconditionally and irrevocably guaranteed by the Company.

On January 13, 2017, ATF successfully completed a tap placement of its straight bond series F by an additional euro 50 million (nominal value) for a consideration that reflected 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 aggregated principal amount of the straight bond series F was increased to euro 550 million.

	Three months ended March 31	Year ended December 31
	2017	2016
	Unaudited	Audited
	In thousands of euro	
Balance at the beginning of the period / year	489,555	-
Proceeds from issuance of straight bond series F (5,000 notes at euro 100,000 par value)	-	495,015
Proceeds from issuance of straight bond series F (500 notes at euro 100,000 par value)	49,729	-
Transaction costs	(114)	(6,058)
Net proceeds during the period / year	49,615	488,957
Expenses for the period / year	3,213	598
Expenses paid	(2,771)	-
Carrying amount of liability at the end of the period / year	539,612	489,555
Non-current portion of straight bond series F	539,036	489,031
Accrued interest	576	524
Total straight bond series F	539,612	489,555

6.9 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 reflected 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.

6.10 EMTN PROGRAMME

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 was 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.

The EMTN notes will be admitted to trading on the regulated market of the Irish Stock Exchange.

6.10.1 STRAIGHT BOND SERIES H

On March 20, 2017, ATF successfully completed the placement of a USD 400 million (euro 372 million) (nominal value) maturing in 2032 for a consideration that reflected 94.651% of its principal amount, and implemented full currency-hedge to the euro until maturity. This note forms the first placement under the EMTN Programme, and was issued in a private placement with a single investor in Asia who had not previously invested in the Company. The annual coupon is payable in arrears and has been swapped into 1.365%, subject to adjustments in CPI.

As a result of the cash flow a hedge, loss of euro 8.6 million net of tax was recognized in other comprehensive income.

	Three months ended March 31	Year ended December 31
	2017	2016
	In thousands of euro	
Proceeds from issuance of EMTN Bond (1,600 notes at USD 250,000 par value)	352,518	-
Transaction costs	(1,645)	-
Net proceeds during the period	350,873	-
Expenses for the period	80	-
Results of foreign exchange (through OCI)	1,992	-
Carrying amount of liability at the end of the period	352,945	-
Non-current portion of straight bond series H	352,751	-
Accrued interest	194	-
Total straight bond series H	352,945	-



6. LOANS, BORROWINGS AND BONDS (CONTINUED)

6.11 MAIN SECURITY, PLEDGE AND NEGATIVE PLEDGE AS DEFINED IN THE BONDS' TERMS AND CONDITIONS

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 ratably.

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.

7. EQUITY

A. SHARE CAPITAL

	March 31, 2017		December 31, 2016	
	Unaudited		Audited	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
AUTHORIZED				
Ordinary shares of euro 0.01 each	1,500,000,000	15,000	1,500,000,000	15,000
ISSUED AND FULLY PAID				
Balance as at January 1	676,268,473	6,763	600,141,641	6,001
Capital increase in April 2016	-	-	65,000,000	650
Exercise of Convertible bond series B into shares during the period / year	2,458,311	24	11,126,832	112
BALANCE AT THE END OF THE PERIOD / YEAR	678,726,784	6,787	676,268,473	6,763

B. ISSUED CAPITAL

- Upon incorporation on May 7, 2004, the total authorized, issued and fully paid ordinary share capital amounted to 5,550 units with a par value of euro 1.71 each.
- On November 28, 2014, the Company issued 16,650 ordinary shares of euro 1.71 each.
- In February 2015, as part of a capital restructuring process, the Company increased its authorized ordinary shares to 1,500,000,000, 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.
- On July 13, 2015, the Company successfully issued an additional 100,000,000 ordinary shares (of euro 0.01 nominal value each) for euro 3.2 each, by way of a private placement with institutional investors. The gross proceeds from the issuance of the shares amounted to euro 320 million.
- On April 12, 2016 the Company issued an additional 65,000,000 ordinary shares (of euro 0.01 nominal value each) for euro 4.1 each, by way of a private placement to institutional investors. The gross proceeds from the issuance of the shares amounted to euro 266.5 million.
- Since the issuance of Convertible bond series B and until March 31, 2017, a total amount of euro 47 million nominal value of the Convertible bond series B was converted into shares (thereof 8.3 million during the reporting period). According to the convertible bond's terms, 13.7 million shares were issued (thereof 2.5 million during the reporting period). For additional conversions that took place after the reporting period, please see note 13.
- On May 5, 2017, the Company successfully placed an additional 93,000,000 ordinary shares (of euro 0.01 nominal value each) for a total consideration of euro 426 million – please see note 13 for additional information.

C. ISSUANCE OF PERPETUAL NOTES

- On October 17, 2016, ATF successfully placed euro 500 million (nominal value) of Perpetual notes. These notes were issued at a price of 96.392% of the principal amount, are of unlimited duration and can only be called back by the Company on certain contractually fixed dates or occasions. Up until the first call date in January 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.
- On January 17, 2017, ATF successfully tapped its Perpetual notes by additional euro 100 million (nominal value) at a price of 96.297% of its principal amount.

D. SHARE PREMIUM AND OTHER CAPITAL RESERVES

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

E. RESOLUTION OF DIVIDEND DISTRIBUTION

On November 18, 2016, the shareholders' Annual General Meeting resolved upon the distribution of a 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. The ex-date and payment date were set on November 22, 2016 and December 23, 2016, respectively.

Stuttgart

8. RELATED PARTY TRANSACTIONS

The transactions with related parties are as follows:

	Three months ended March 31,	
	2017	2016
	In thousands of euro	
Rental and operating expenses to related party during the period	(105)	-

During the reporting period, the lease expenses between the Group and its related entities amounted to euro 105 thousands. As of March 31, 2017, all payments related to the lease agreements have been carried out. Except for the above mentioned transaction and the management share incentive plan there are no further transactions with related parties.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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			
MARCH 31, 2017 (UNAUDITED)				
Traded securities at fair value through profit or loss	115,047	-	-	115,047
TOTAL ASSETS	115,047	-	-	115,047
Derivative financial instruments	-	14,437	-	14,437
TOTAL LIABILITIES	-	14,437	-	14,437
DECEMBER 31, 2016 (AUDITED)				
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



10. DISPOSAL GROUP HELD FOR SALE

The Group resolved an intention to sell several properties, some of them through the sale of subsidiaries. Accordingly, assets and liabilities relating to this 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 the 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:

	March 31, 2017	December 31, 2016
	Unaudited	Audited
	In thousands of euro	
ASSETS CLASSIFIED AS HELD FOR SALE		
Investment property	618,396	148,596
Cash and cash equivalents	3,827	2,378
Other assets	9,439	4,345
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	631,662	155,319
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Loans and borrowings	277,537	28,626
Deferred tax liabilities	25,980	13,553
Other liabilities	7,428	4,358
TOTAL LIABILITIES CLASSIFIED AS HELD FOR SALE	310,945	46,537

11. COMMITMENTS

During and after the reporting period, the Group signed several real estate transactions which as at March 31, 2017 were not yet completed and are subject to standard condition precedents.

12. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at March 31, 2017.

13. EVENTS AFTER THE REPORTING PERIOD

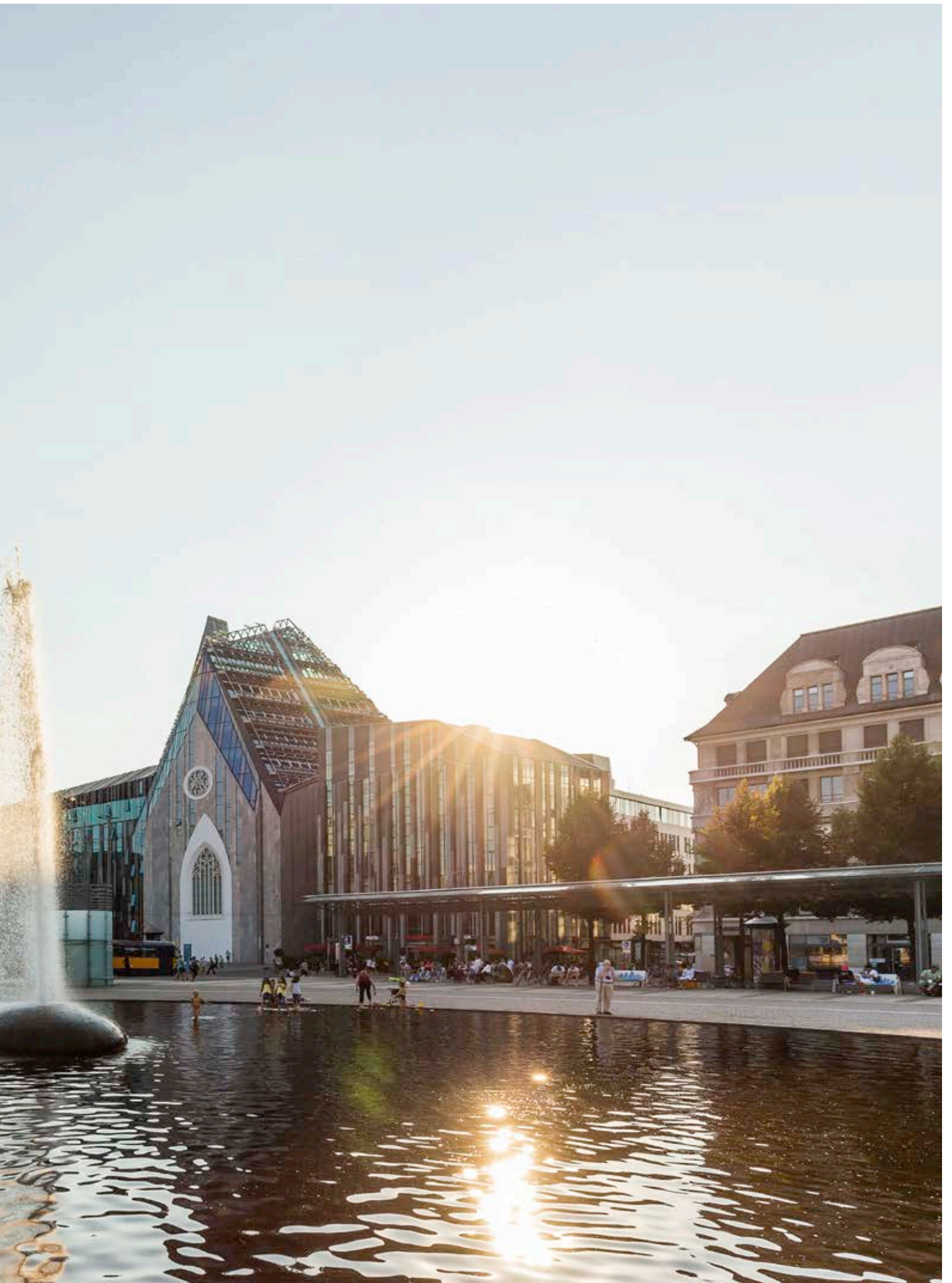
- a) On April 4, 2017, the Extraordinary General Meeting announced on its decision to migrate the Company to Luxembourg. This step, in conjunction with uplisting to the Prime Standard, will increase the visibility and tradability of the Company's shares and will provide opportunities for inclusion in major European stock indices.
- b) On May 4, 2017, the Company redeemed its outstanding Straight bond series A at its accreted principal amount (as defined in the bond's Terms and Conditions), together with accrued but unpaid interest to that date.
- c) On May 9, 2017, Grand City Properties' shares were uplisted to the Prime Standard of the Frankfurt Stock Exchange.
- d) On May 9, 2017, the Company successfully placed 93 million new shares through a capital increase at a placement price of euro 4.58 per share resulting in an issue volume of approximately euro 426 million. The shares will carry full dividend rights and will be fully paid up.

The Company used part of the proceeds to reduce an outstanding nominal amount of its convertible bond series B by euro 55.3 million through a buy-back from the bondholders for exchange into shares for a total amount of euro 80 million.

As of the date of this report, only euro 8.1 nominal value of the Company's convertible bond series B remains outstanding (excluding the euro 55.3 million nominal amount which is held by the Company).
- e) On June 2, 2017, the Company's shares were uplisted to the Prime Standard of the Frankfurt Stock Exchange.

Leipzig





Amsterdam

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