AROUNDTOWN SA

International Supplement to the Prospectus dated 17 December 2019

Offering of up to 415,995,652 newly issued bearer shares with nominal value of € 0.01

This is an offering (the "**Offer**") of up to 415,995,652 newly issued shares in bearer form each with a nominal value of € 0.01 (the "**Offer Shares**") by Aroundtown SA, a public limited liability company (*société anonyme*) established under the laws of Luxembourg (the "**Company**" together with its consolidated subsidiaries "**Aroundtown**" and together with its consolidated subsidiaries and its equity accounted investees including Grand City Properties S.A. ("**GCP**"), the "**Group**"). The Offer Shares are being offered in exchange for all outstanding no-par value bearer shares, each with a notional interest of € 1.00, of TLG Immobilien AG ("**TLG**") in an amount equal to 1 share of TLG against 3.6 new shares of the Company. The Offer Shares will have full dividend rights starting from 1 January 2019. In the event that the implementation of the Offer is delayed to a time after the annual general meeting of the Company in 2020, the Offer Shares will have full dividend rights starting from 1 January 2020.

The Offer Shares are being offered solely to the shareholders of TLG ("**TLG Shareholders**") in (i) a public offering in Germany, (ii) pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933 ("**Securities Act**") in the United States of America ("**United States**"), including private placements to qualified institutional buyers ("**QIBs**") as defined in Rule 144A ("**Rule 144A**") under the Securities Act (collectively, "**Exempt U.S. Offers**"), and (iii) private placements to eligible investors outside Germany and the United States in offshore transactions in reliance on Regulation S under the Securities Act. The prospectus dated 17 December 2019 (the "**Prospectus**"), as supplemented by this international supplement (together, the "**International Offering Circular**"), relates to the Exempt U.S. Offers, and to the private placements to eligible investors outside Germany and the United States in reliance on Regulation S under the Securities Act.

The Company has commissioned Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany (the "**Settlement Agent**") with the technical execution of the Offer for the purposes of the settlement of the Offer Capital Increase. The TLG Shareholders who are qualified to accept the Offer may only do so by declaring within the Acceptance Period (as defined in the Prospectus) (i) in writing acceptance of the Offer (the "**Declaration of Acceptance**") to their respective custodian credit institution ("**Custodian Bank**"), and (ii) instruct their Custodian Bank to transfer the TLG Shares held in their custody account for which the Offer shall be accepted (together with TLG Shares tendered into the Offer within the Additional Acceptance Period, the "**Tendered TLG Shares**") into the ISIN DE000A254104 at Clearstream Banking Aktiengesellschaft ("**Clearstream**"). Further information relating to the Acceptance Period and settlement of the Offer are set forth in the Prospectus.

The Company's existing shares are admitted to trading and are traded on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*). For the Offer Shares, an application for admission to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations of the Frankfurt Stock Exchange is expected to be filed on 15 January 2020.

The transfer of the Offer Shares to the respective Custodian Banks is expected to take place without undue delay after the Offer Shares have been admitted to trading. If the acceptance of the Offer results in fractional shares from Offer Shares ("**Fractional Shares**") for TLG Shareholders, such Fractional Shares will be disposed of through a fractional adjustment (*Aktienspitzenverwertung*) and the proceeds will be paid to the relevant TLG Shareholders in cash. The resulting proceeds from these disposals will be credited to the accounts of the respective TLG Shareholders within ten Business Days at the latest after the transfer of the Offer Shares to the Custodian Banks of the former TLG Shareholders has occurred.

Unless the Company is satisfied, in its sole discretion, that Offer Shares may be offered, sold or delivered to a U.S. Shareholder, or to agents, nominees, trustees, custodians or other persons acting for the account or benefit of such U.S. Shareholder, any U.S. Shareholder who validly accepts the Offer will receive, in lieu of the Offer Shares to which it would otherwise be entitled, the net cash proceeds from the sale of such Offer Shares. The Settlement Agent will arrange for the sale of such Offer Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at the prevailing market price and credit the accounts of the respective U.S. Shareholders via their Custodian Banks with the net proceeds resulting from the sale resulting from these sales without undue delay thereafter.

Assuming the publication of the announcement of results and all closing conditions are fulfilled or the Company has validly waived the respective closing condition until one working day (*Werktag*) before the expiration of the Acceptance Period and prior to the default of the respective closing condition, the crediting of the Offer Shares would be carried out by 19 February 2020 at the latest and the crediting of the proceeds from the disposal of the fractional adjustment would be carried out by 4 March 2020 at the latest.

Investing in the Offer Shares involves risks. See "2. Risk Factors" beginning on page 1 of the Prospectus.

The Offer Shares have not been and will not be registered under the Securities Act and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Offer Shares are being offered and sold in the United States to QIBs as defined in Rule 144A and outside the United States in offshore transactions in reliance on Regulation S.

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This International Offering Circular is confidential and is being furnished by the Company in connection with an offering exempt from registration under the Securities Act, solely for the purpose of enabling prospective investors to consider the offering of the Offer Shares. Any reproduction or distribution of this International Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Offer Shares offered hereby is prohibited. Each offeree of the Offer Shares, by accepting delivery of this International Offering Circular, agrees to the foregoing.

THE OFFER SHARES HAVE NOT BEEN RECOMMENDED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER U.S. FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES NEITHER PASSED UPON THE MERITS OF THE OFFERING; NOR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this International Offering Circular and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. Persons into whose possession this International Offering Circular comes are required by the Company to inform themselves about and to observe any such restrictions. For a further description of the offering of Offer Shares outside of Germany and in the United States in reliance on an exemption from the registration requirements of Section 5 of the Securities Act, see "*Notices to TLG Shareholders—Notice to U.S. Shareholders*" and "*Selling Restrictions*." This International Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company does not accept any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

In making an investment decision, investors must rely on their own assessment of the Company and the terms of this Offering, including the merits and risks involved. No person is authorised to give any information or to make any representation not contained in this International Offering Circular or any information or representation not so contained must not be relied upon as having been authorised by the Company or anyone on its behalf and the Company accepts no liability with respect to any such information or representation. The delivery of this International Offering Circular at any time does not imply that there has been no change in the Company's business or affairs since the date hereof or that the information contained in it is correct as at any time subsequent to its date.

Neither the Company nor any of its representatives is making any representation to any offeree or purchaser of the Offer Shares offered hereby regarding the legality of an investment by such offeree or purchaser. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of the subscription and purchase of the Offer Shares.

NOTICES TO TLG SHAREHOLDERS

Notice to U.S. Shareholders

The Offer Shares have not been, and will not be, registered under the Securities Act, or under the securities laws of any state, district or other jurisdiction of the United States of America. The Offer Shares may not be offered, sold or delivered, directly or indirectly, to TLG Shareholders with residence, registered office or normal place of residence in, or otherwise located in, the United States (the "**U.S. Shareholders**"), or to agents, nominees, trustees, custodians or other persons acting for the account or benefit of or otherwise representing U.S. Shareholders, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act (e.g., securities may, in particular, be offered to QIBs, as defined in Rule 144A). Accordingly, unless the Company is satisfied in its sole discretion that the Offer Shares may be offered, sold or delivered to a particular U.S. Shareholder, or for the account or benefit of such U.S. Shareholder, pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, any such U.S. Shareholder who validly accepts this Offer will receive, in lieu of the Offer Shares to which they would otherwise be entitled, the net cash proceeds (corresponding to an amount in Euro) from the sale of such Offer Shares in a vendor placement, as more fully described below.

Against this background, each TLG Shareholder who:

(1) confirms in his/her Declaration of Acceptance that he/she (a) is a U.S. Shareholder or (b) functions as an agent, nominee, trustee, custodian or otherwise acts for the account or benefit of a U.S. Shareholder;

(2) provides in his/her Declaration of Acceptance an address in the United States of America or has such an address;

(3) provides in his/her Declaration of Acceptance the name and address of a person in the United States of America to whom the consideration and/or documents in connection with the Offer should be sent; or

(4) sends his/her Declaration of Acceptance in an envelope stamped in the United States of America or for other reasons evidently from the United States of America,

irrevocably instructs (i) his/her Custodian Bank and authorises it to rebook the Tendered TLG Shares that are held by such shareholder , after the cessation of trading of the Tendered TLG Shares into Tendered TLG Shares of certain U.S. Shareholders with ISIN DE000A254112, it being understood that the Custodian Banks will verify, if at the time of cessation of trading such shareholders still own any of their Tendered TLG Shares or whether there are any additional persons to whom this instruction applies for the first time and (ii) authorises the Company and the Settlement Agent to arrange, via such shareholder's Custodian Bank and any subsequent intermediary Custodian Banks, as the case may be, for the sale of the number of Offer Shares to which such shareholder would otherwise be entitled pursuant to the Offer (based on the number of Tendered TLG Shares of certain U.S. Shareholders rebooked at Clearstream into ISIN DE000A254112) and to remit the corresponding cash proceeds, in Euro, of such sale, net of expenses, to such shareholder's account.

For this purpose, the Company will transfer any Offer Shares to which a U.S. Shareholder would otherwise be entitled to the Settlement Agent's custody account with Clearstream. The Settlement Agent will arrange for the sale of such Offer Shares for the benefit of the respective U.S. Shareholders via the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at the then prevailing market price. This sale will take place without undue delay after the day on which the Offer Shares are credited to the securities custody accounts at Clearstream. The net proceeds resulting from the sale will be credited to the accounts of the respective U.S. Shareholders via their Custodian Banks without undue delay thereafter.

Neither the Company nor the Settlement Agent will have any obligations whatsoever in relation to the price obtained and such sales may be made individually or together with other Offer Shares to which such provisions apply. U.S. Shareholders should be aware that the sale of such Offer Shares has not been underwritten and the net cash proceeds to be received as a result thereof is uncertain. None of the Company or the Settlement Agent or any of their respective directors, affiliates, associates or agents shall have any liability to any U.S. Shareholder to achieve a particular price per Offer Share. The net cash proceeds, in Euro, of such sales will be distributed pro rata to each U.S. Shareholder participating in the vendor placement, or person acting on a non-discretionary basis (as agent, nominee, trustee, custodian or otherwise) for or on behalf of a U.S. Shareholder, entitled thereto.

Each U.S. Shareholder who is not a QIB wishing to participate in the Offer will be required to have signed and delivered an acceptance letter for the vendor placement substantially in the form attached as Annex B to the International Offering Circular (the "**U.S. Non-QIB Letter**").

For the avoidance of doubt, this instruction does not apply to shares being allotted to QIBs pursuant to a private placement exemption or if, in the opinion of the Company, the Offer Shares may otherwise be offered and sold to the relevant TLG Shareholder pursuant to another exemption from the Securities Act's registration requirements.

Each QIB wishing to acquire the Offer Shares in the United States will be required to have signed and delivered an investor letter substantially in the form attached as Annex A to the International Offering Circular (the "**U.S. QIB Letter**").

The receipt of cash under the Offer by a U.S. Holder (as defined in section 23.3 "*Material Tax Considerations – U.S. Federal Income Taxation—Notice to U.S. Investors*" of the Prospectus) will be a taxable transaction for U.S. federal income tax purposes and may be a taxable transaction under applicable U.S. state and local as well as foreign and other tax laws. Each U.S. Holder (as so defined) is urged to consult their independent professional adviser immediately regarding the tax consequences of acceptance of the Offer. For further information, see section 23.3 "*Material Tax Considerations – U.S. Federal Income Taxation—Notice to U.S. Investors*" of the Prospectus.

The Offer is being made with respect to U.S. Shareholders in reliance on exemptions available for cross-border tender offers. These exemptions permit a bidder to satisfy certain United States substantive and procedural Exchange Act rules governing tender offers by complying with home jurisdiction law or practice and exempt the bidder from compliance with certain other such rules of the Exchange Act. As a result, the Offer is principally governed by disclosure requirements and other regulations and procedures of the Federal Republic of Germany, which are different from those of the United States, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments. To the extent that the Offer is subject to U.S. securities laws, such laws only apply with respect to TLG Shareholders in the United States and no other person has any claims under such laws. The financial information included in the Prospectus has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and may therefore not be comparable to financial information of U.S. companies or other companies whose financial information is prepared in accordance with the Generally Accepted Accounting Principles of the United States or with International Financial Reporting Standards as adopted by the International Accounting Standards Board.

To the extent permissible under applicable law or regulation, and in accordance with German market practice, the Company or its brokers may purchase, or conclude agreements to purchase, TLG Shares, directly or indirectly, outside the Offer, before, during or after the expiration of the Acceptance Period (as defined in the Prospectus) or the Additional Acceptance Period (as defined in the Prospectus), respectively. The same applies to other securities which are directly convertible into, exchangeable for, or exercisable for securities in TLG.

These purchases may be completed via the stock exchange at market prices or outside the stock exchange at negotiated conditions. Any information on such purchases will be disclosed as required by law or regulation in Germany or any other relevant jurisdiction. Related information would also be published in form of an unofficial English translation on the internet website of the Company at www.aroundtown.de under *Investor Relations*. To the extent information about such purchases or arrangements to purchase is made public in Germany, such information also will be deemed to be publicly disclosed in the United States.

Notice to Investors in the European Economic Area

This International Offering Circular has been prepared on the basis that offers of Offer Shares in any member state of the European Economic Area (an "**EEA Member State**"), other than Germany, will be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). Accordingly, any person making or intending to make an offer in an EEA Member State of the Offer Shares which are the subject of the placement contemplated in this International Offering Circular, other than Germany, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case in relation to such offer. The Company has not authorized the making of any offer of the Offer Shares in circumstances in which an obligation arises for the publication of a prospectus or a supplement for such offer (other than offers in Germany). The Company has not authorized, nor does it authorize, the making of any offer of Offer Shares through any financial intermediary

Notice to Investors in the United Kingdom

This International Offering Circular is for distribution only to persons who (i) are outside the United Kingdom, or (ii) have professional experience in matters relating to investments, or (iii) are persons falling within Article 49(2)(a) to (d) ("**high net worth companies, unincorporated associations etc.**") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**") or (iv) to whom it may otherwise be lawfully distributed. This International Offering Circular is directed only at relevant persons and must not be acted or relied upon by persons who are not relevant persons. Any investment or investment activity to which this International Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

SELLING RESTRICTIONS

Due to the restrictions described below, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares.

Each QIB wishing to acquire the Offer Shares in the United States will be required to have signed and delivered a U.S. QIB Letter substantially in the form attached to this International Offering Circular as Annex A, containing among other things, representations and undertakings substantially similar to the following, and each purchaser of the Offer Shares within the United States in reliance on Rule 144A will be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser is a QIB and, if it is acquiring the Offer Shares as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB.

(2) The purchaser is aware that the Offer Shares have not been, and will not be, registered under the Securities Act, and are offered in a transaction not involving any public offering within the United States with the meaning of the Securities Act.

(3) The purchaser is acquiring the Offer Shares for its own account or for the account of one or more QIBs as to which it has full investment discretion (and it has full power and authority to make, and does make, the acknowledgments, representations and agreements herein on behalf of each owner of such account), in each case, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution (within the meaning of the United States securities laws) thereof.

(4) The purchaser received and read a copy of the English version of the Offer Document for the voluntary public takeover offer (the "**Offer Document**") and International Offering Circular relating to the Offer and has had access to the financial and other information regarding the Company and the Offer Shares in connection with its investment decision to subscribe for or purchase the Offer Shares. It has made its own assessment concerning the relevant tax, legal and other economic considerations relevant to its investment in the Offer Shares. It has also read and made its own assessment of the historical financial statements of the Company set forth in Section 26 of the Prospectus and the Company's *pro forma* financial statements in Section 13 of the Prospectus. It will base its decision to participate in the Offer solely on the Offer Document and this International Offering Circular, including the information incorporated by reference therein. It acknowledges that none of the Company, any of its affiliates or advisors or any other person acting of its or their behalf has made any representations or warranties, express or implied, to it with respect to the Company, the Offer, the Offer Shares or any other financial or other information concerning the Company, TLG, the Offer, the Offer Shares. It acknowledges and agrees that it will not hold the Company or any of its affiliates or advisors or any person acting on its or their behalf or on behalf of TLG and its affiliates responsible or liable for any misstatements in or omissions from any publicly available information relating to the Company and TLG. It acknowledges that it has not relied on any investigation that any affiliate of the Company or advisor or any person acting on behalf of the Company or any of its affiliates may or may not have conducted. It has relied solely on its own judgment, examination and due diligence of the Company and TLG, and the terms of the transaction, including the merits and risks involved, and not upon any view expressed by or information provided by, or on behalf of, the Company or any of its affiliates or advisor or any person acting on its or their behalf or on behalf of TLG any of its affiliates or advisor or any person acting on its or their behalf. It acknowledges that it has read and agreed to the matters set forth under this paragraph entitled "*Notice to TLG Shareholders—Notice to U.S. Shareholders*" and this paragraph "*Selling Restrictions*." The purchaser has all the information that it believes is necessary or appropriate in connection with its subscription for or purchase of the Offer Shares.

(5) The purchaser is aware that such Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

(6) The purchaser is aware that the Offer Shares may not be deposited, and it hereby agrees that it shall not deposit any Offer Shares, into any unrestricted depositary receipt facility and that the Offer Shares may not settle or trade, and it hereby agrees that it shall not settle or trade such Offer Shares, through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system, unless at the time of deposit, settlement or trading such Securities are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

(7) The purchaser understands and agrees that the Offer Shares may not be reoffered, resold, pledged or otherwise transferred, except: (a) outside the United States in accordance with Rule 903 or Rule 904 of Regulation S; (b) to another QIB in compliance with Rule 144A; or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or any other exemption from the registration requirements of the Securities Act, subject to its delivery to the Company, if requested, of an opinion of counsel (and of such other evidence that the Company may reasonably require) that such transfer or sale is in compliance with the Securities Act, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States. The purchaser will notify any person to whom it subsequently reoffers, resells, pledges or otherwise transfers the Offer Shares of the foregoing restrictions on transfer.

(8) The purchaser understands that the Company does not intend to file a registration statement in respect of the Offer Shares.

(9) The purchaser is an institution and it, and each other QIB, if any, for whose account it is acquiring the Offer Shares, in the normal course of business invest in or purchase securities similar to the Offer Shares and: (a) has such knowledge and experience in financial and business matters including investments in unregistered equity securities of non-U.S. issuers, that it is capable of evaluating the risks of an investment in the Offer Shares; and (b) has the financial stability to bear the economic risk of an investment in the Offer Shares and adequate means for providing for current needs and possible contingencies. It agrees that it will not look to the Company or any of its affiliates or advisors or any other person acting on its or their behalf for all or part of any loss it may suffer.

(10) The purchaser is not acquiring the Offer Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications, published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

(11) The purchaser acknowledges that, to the extent any Offer Shares are delivered in certificated form, the certificate delivered in respect of such Offer Shares will bear a legend substantially to the following effect for so long as the securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (B) TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN AND IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT; OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION

UNDER THE SECURITIES ACT PROVIDED BY RULE 144 OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO DELIVERY TO THE COMPANY, IF REQUESTED, OF AN OPINION OF COUNSEL (AND OF SUCH OTHER EVIDENCE THAT THE COMPANY MAY REASONABLY REQUIRE) THAT SUCH TRANSFER OR SALE IS IN COMPLIANCE WITH THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

(12) The purchaser acknowledges and agrees that the Company shall not have any obligation to recognise or accept for registration any offer, resale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notations on its records or give instructions to any transfer agent of the Securities in order to implement such restrictions.

(13) The purchaser acknowledges that the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing warranties, acknowledgements, representations and agreements. It understands that the Company is relying on this certificate in order to comply with United States and other securities laws. It irrevocably authorises the Company to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth herein.

(14) It understands and acknowledges that no representation has been, or will be, made by the Company as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the Offer Shares.

(15) Neither the Company nor its affiliates, nor advisors, nor any person acting on its or their behalf, has made any representation to it, express or implied, with respect to the Company, the Offering, the Securities or the accuracy, completeness or adequacy of the Offer Document and this International Offering Circular or any other financial or other information concerning the Company, the Offering and the Offer Shares.

(16) The purchaser understands that the Company has not conducted an analysis of the status of TLG under the U.S. Investment Company Act of 1940, as amended, and makes no representation to that effect.

(17) The purchaser understands that the Company has not conducted an analysis of whether or not TLG is currently or has previously ever been characterized as a Passive Foreign Investment Company for U.S. federal income tax purposes (a "**PFIC**"), and it undertakes to consult its own tax advisors regarding the potential application of the PFIC regime to the Offer and any elections that may be available to it.

(18) The purchaser undertakes to promptly notify its Custodian Bank and the Company if, at any time prior to 11:00 am (London time) on the day of the expiry of the Additional Acceptance Period (as defined in the Offering Memorandum) of the Offer any of the foregoing ceases to be true.

(19) The purchaser satisfies any and all standards for investors making an investment in the Offer Shares imposed by the jurisdiction of its residence or otherwise. It hereby represents and warrants that all

necessary actions have been taken to authorise the purchase by us of the Offer Shares and the execution of the U.S. QIB Letter.

In addition, until the end of the 40th calendar day after the commencement of the offering, any offer or sale of Offer Shares within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or another exemption from registration under the Securities Act.

The Company does not accept any legal responsibility for any violation by any person, whether or not a prospective investor in the securities, of any of the foregoing restrictions.

GENERAL INFORMATION

Available Information

At any time when the Company is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, it will furnish, upon request, to any holder or beneficial owner of the shares offered hereby, or any prospective investor designated by any such holder or beneficial owner, information satisfying the requirements of subsection (d)(4)(i) of Rule 144A to permit compliance with Rule 144A in connection with resales of the Offer Shares for so long as any of the shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

Enforceability of Civil Liabilities

The Company is a public limited liability company (*société anonyme*) established under the laws of Luxembourg, having its registered office at 40, Rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg and the majority of its assets are located outside of the United States. In addition, all of the Company's directors and executive officers are non-residents of the United States whose assets are located primarily outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons or to enforce against them or the Company judgments of U.S. courts, whether or not predicated upon the civil liability provisions of the U.S. federal securities laws or other U.S. laws or any state thereof. The United States and Luxembourg do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, may not be enforceable, either in whole or in part, in Luxembourg. To enforce a final judgment for payment of money rendered by a federal or state court in the United States, a Luxembourg court will first have to confirm the recognition of said judgment. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Luxembourg, such party may submit to the Luxembourg court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Company or such persons will be regarded by a Luxembourg court only as evidence of the outcome of the dispute to which such judgment relates, and a Luxembourg court may choose to re-hear the dispute. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Luxembourg.

Forward-Looking Statements

The International Offering Circular contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "would", "estimate", "expect", "intend", "may", "might", "plan", "predict", "project", "will", "aim" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this International Offering Circular containing information on future earning capacity, plans and expectations regarding Aroundtown's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this International Offering Circular are based on current estimates and assumptions that the Company based on its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Aroundtown's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Aroundtown's business is also subject to a number of risks and uncertainties that could cause a forward looking statement, estimate or

prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of the Prospectus: "*1. Summary*", "*2. Risk Factors*" and "*3. General Information*". These sections include more detailed descriptions of factors that might have an impact on Aroundtown's business and the markets in which it operates. In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, the Company assumes no obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

EXCHANGE RATE INFORMATION

The amounts set forth in this International Offering Circular in "**€**", "**EUR**" or "**Euro**" refer to the legal currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended, and all references to "**U.S. dollars**", "**USD**" or "**U.S.$**" are to the lawful currency of the United States. Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of the Company's shares on conversion of dividends, if any, paid in Euro on the shares.

The Company's principal functional currency is the Euro, and it prepares its financial statements in Euro. The table below shows the noon buying rate in New York City for cable transfers in foreign currencies as certified for custom purposes by the Federal Reserve Bank of New York expressed in U.S. dollars per Euro. The averages set forth in the table below have been computed using the noon buying rate on the last business day of each month during the periods indicated.

Year ended 31 December,	Period end	Average	High	Low
2014	1.2101	1.3210	1.3927	1.2101
2015	1.0859	1.1032	1.2015	1.0524
2016	1.0552	1.1029	1.1516	1.0375
2017	1.2022	1.1396	1.2041	1.0416
2018	1.1456	1.1817	1.2488	1.1281
Month		**High**		**Low**
January 2019		1.1524		1.1322
February 2019		1.1474		1.1268
March 2019		1.1376		1.1214
April 2019		1.1304		1.1140
May 2019		1.1246		1.1136
June 2019		1.1393		1.1149
July 2019		1.1307		1.1121
August 2019		1.1236		1.0989
September 2019		1.1074		1.0905
October 2019		1.1155		1.0932
November 2019		1.1169		1.1002
December (through December 13, 2019)		1.1128		1.1019

On 13 December 2019, the Federal Reserve Bank noon buying rate was $1.1128 per €1.00. The above rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this International Offering Circular.

ANNEX A

Form of U.S. QIB Letter

To: Aroundtown S.A.
C/O [Custodian Bank]
[address]
[Facsimile:]
[Phone:]
[attention of:]
[E-mail:]

Ladies and Gentlemen:

This letter is delivered in connection with the proposed offer to the shareholders of TLG IMMOBILIEN AG ("**TLG**") to acquire their shares by way of a voluntary public takeover offer in the form of an exchange offer (the "**Offer**") at the exchange ratio of 3.6 new shares (the "**Securities**") of Aroundtown S.A. (the "**Company**") as consideration in exchange for each 1 tendered share of TLG. Capitalised terms not defined herein have the respective meanings set forth in the English version of the Offer Document for a Voluntary Public Takeover Offer (the "**Offer Document**"). We hereby represent, warrant, undertake, agree and acknowledge, on our own behalf and on behalf of each account for which we are acting, as follows:

(1) we are a "qualified institutional buyer" ("**QIB**") (as defined in Rule 144A ("**Rule 144A**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")) and, if we are acquiring the Securities as a fiduciary or agent for one or more investor accounts, each owner of such account is a QIB;

(2) we are aware that the Securities have not been, and will not be, registered under the Securities Act, and are offered in a transaction not involving any public offering within the United States with the meaning of the Securities Act;

(3) we are acquiring the Securities for our own account or for the account of one or more QIBs as to which we have full investment discretion (and we have full power and authority to make, and do make, the acknowledgments, representations and agreements herein on behalf of each owner of such account), in each case, for investment purposes and not with a view to, or for offer or sale in connection with, any distribution (within the meaning of the United States securities laws) thereof;

(4) we have received and read a copy of the Offer Document and of the English language prospectus dated 17 December 2019 and the international supplement thereto (together, the "**Offering Memorandum**") relating to the Offer and have had access to the financial and other information regarding the Company and the Securities in connection with our investment decision to subscribe for or purchase the Securities. We have made our own assessment concerning the relevant tax, legal and other economic considerations relevant to our investment in the Securities. We have also read and made our own assessment of the historical financial statements of the Company set forth in Section 26 of the Offering Memorandum and the Company's *pro forma* financial statements in Section 13 of the Offering Memorandum. We will base our decision to participate in the Offer solely on the Offer Document and the Offering Memorandum, including the information incorporated by reference therein. We acknowledge that none of the Company, any of its affiliates or advisors or any other person acting of its or their behalf has made any representations or

warranties, express or implied, to it with respect to the Company, the Offer, the Securities or any other financial or other information concerning the Company, TLG, the Offer, the Securities. We acknowledge and agree that we will not hold the Company or any of its affiliates or advisors or any person acting on its or their behalf or on behalf of TLG and its affiliates responsible or liable for any misstatements in or omissions from any publicly available information relating to the Company and TLG. We acknowledge that we have not relied on any investigation that any affiliate of the Company or advisor or any person acting on behalf of the Company or any of its affiliates may or may not have conducted. We have relied solely on our own judgment, examination and due diligence of the Company and TLG, and the terms of the transaction, including the merits and risks involved, and not upon any view expressed by or information provided by, or on behalf of, the Company or any of its affiliates or advisor or any person acting on its or their behalf or on behalf of TLG any of its affiliates or advisor or any person acting on its or their behalf. We acknowledge that we have read and agreed to the matters set forth under the paragraph entitled "*Selling Restrictions*" of the Offering Memorandum. We have all the information that we believe is necessary or appropriate in connection with our subscription for or purchase of the Securities;

(5) we are aware that such Securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(6) we are aware that the Securities may not be deposited, and we hereby agree that we shall not deposit any Securities, into any unrestricted depositary receipt facility and that the Securities may not settle or trade, and we hereby agree that we shall not settle or trade such Securities, through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system, unless at the time of deposit, settlement or trading such Securities are no longer "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act;

(7) we understand and agree that the Securities may not be reoffered, resold, pledged or otherwise transferred, except: (a) outside the United States in accordance with Rule 903 or Rule 904 of Regulation S; (b) to another QIB in compliance with Rule 144A; or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or any other exemption from the registration requirements of the Securities Act, subject to our delivery to the Company, if requested, of an opinion of counsel (and of such other evidence that the Company may reasonably require) that such transfer or sale is in compliance with the Securities Act, in each case, in accordance with any applicable securities laws of any state or other jurisdiction of the United States. We will notify any person to whom we subsequently reoffer, resell, pledge or otherwise transfer the Securities of the foregoing restrictions on transfer;

(8) we understand that the Company does not intend to file a registration statement in respect of the Securities;

(9) we are an institution and we, and each other QIB, if any, for whose account we are acquiring the Securities, in the normal course of business invest in or purchase securities similar to the Securities and: (a) have such knowledge and experience in financial and business matters including investments in unregistered equity securities of non-U.S. issuers, that we are capable of evaluating the risks of an investment in the Securities; and (b) have the financial stability to bear the economic risk of an investment in the Securities and adequate means for providing for current needs and possible contingencies. We agree that we will not look to the Company or any of its affiliates or advisors or any other person acting on its or their behalf for all or part of any loss we may suffer;

(10) we are not acquiring the Securities as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications, published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

(11) we acknowledge that, to the extent any Securities are delivered in certificated form, the certificate delivered in respect of such Securities will bear a legend substantially to the following effect for so long as the securities are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (B) TO A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN AND IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT; OR (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO DELIVERY TO THE COMPANY, IF REQUESTED, OF AN OPINION OF COUNSEL (AND OF SUCH OTHER EVIDENCE THAT THE COMPANY MAY REASONABLY REQUIRE) THAT SUCH TRANSFER OR SALE IS IN COMPLIANCE WITH THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES REPRESENTED HEREBY. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF THESE SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS;

(12) we acknowledge and agree that the Company shall not have any obligation to recognise or accept for registration any offer, resale, pledge or other transfer made other than in compliance with the restrictions on transfer set forth and described herein and that the Company may make notations on its records or give instructions to any transfer agent of the Securities in order to implement such restrictions;

(13) we acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the foregoing warranties, acknowledgements, representations and agreements. We understand that the Company is relying on this certificate in order to comply with United States and other securities laws. We irrevocably authorise the Company to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth herein; and

(14) we understand and acknowledge that no representation has been, or will be, made by the Company as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the Securities;

(15) Neither the Company nor its affiliates, nor advisors, nor any person acting on its or their behalf, has made any representation to it, express or implied, with respect to the Company, the Offering, the Securities or the accuracy, completeness or adequacy of the Offer Document and the Offering Memorandum or any other financial or other information concerning the Company, the Offering and the Securities;

(16) we understand that the Company has not conducted an analysis of the status of TLG under the U.S. Investment Company Act of 1940, as amended, and makes no representation to that effect;

(17) we understand that the Company has not conducted an analysis of whether or not TLG is currently or has previously ever been characterised as a Passive Foreign Investment Company for U.S. federal income tax

purposes (a "**PFIC**"), and we undertake to consult our own tax advisors regarding the potential application of the PFIC regime to the Offer and any elections that may be available to us;

(18) we undertake to promptly notify our Custodian Bank and the Company if, at any time prior to 11:00 am (London time) on the day of the expiry of the Additional Acceptance Period (as defined in the Offering Memorandum) of the Offer any of the foregoing ceases to be true; and

(19) we satisfy any and all standards for investors making an investment in the Securities imposed by the jurisdiction of our residence or otherwise. We hereby represent and warrant that all necessary actions have been taken to authorise the purchase by us of the Securities and the execution of this letter.

This letter, and any non-contractual obligations arising out of or in connection with this letter, shall be governed by and construed in accordance with the laws of Germany. We acknowledge that our representations, warranties, and obligations under this letter shall be owed to, and given for the benefit of, the Company, any of its affiliates and advisors, including any advisors in connection with the transactions contemplated by the Offer Document and the Offering Memorandum and any other person acting on its or their behalf and may be relied upon, and enforced, by any of them.

Signed:

Name:

Title:

(If signing on behalf of another person, indicate the capacity in which signed.)

Name of custodian through which shares are held:

Name of institutional shareholder:

Name of contact person:

Telephone and e-mail address:

Confirmation of Representations: By accepting the e-mail containing the Offer Documents or downloading this Investor Letter, as the case may be, and accessing the Investor Letter, you shall be deemed to have confirmed all of the foregoing representations and warranties and agreed with us that you understand that the Company will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and confirmations, even if a signed copy of this letter is not returned.

ANNEX B

Form of U.S. Non-QIB Letter

To:
Aroundtown SA
c/o [Name of Custodian Bank]
[Address of Custodian Bank]

Voluntary public takeover offer by Aroundtown SA

US ACCEPTANCE LETTER VENDOR PLACEMENT FOR US SHAREHOLDERS WHO ARE NOT QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) Custody Account No. [●]

Ladies and Gentlemen:

I/We confirm that I am/we are (a) U.S. shareholder(s) or (b) function as agent(s), nominee(s), custodian(s) or otherwise act for the account or benefit of a U.S. shareholder, and accept the voluntary public takeover offer (the ***Offer***) presented in the offer document, dated 18 December 2019 (the ***Offer Document***), by Aroundtown SA (the ***Bidder***) to acquire all shares of TLG Immobilien AG (***TLG***) against exchange of one (1) share each of TLG into 3.6 shares of the Bidder (the ***Offer Shares***) whereby fractions which may potentially arise will be compensated in cash, concerning:

□ all shares of TLG (ISIN DE000A12B8Z4) held in my/our custody account or

□ shares of TLG (ISIN DE000A12B8Z4) held in my/our custody account.

I/We hereby instruct you to first retain our tendered shares of TLG in the abovementioned custody account but to immediately re-book such shares into ISIN DE000A254104 at a 1:1 ratio. I/we further (i) irrevocably instruct and authorize you to rebook the tendered shares of TLG held by me/us in the abovementioned custody account after the cessation of trading of tendered shares of TLG into ISIN DE000A254112, whereby you will determine whether, at the time of the cessation of the trading in the interim class of shares, there are still or for the first time shareholdings in TLG in my/our possession and (ii) authorize the Bidder and Deutsche Bank Aktiengesellschaft to arrange, via you and any subsequent intermediary custodian banks, as the case may be, for the sale of the number of Offer Shares to which I/we would otherwise be entitled pursuant to the Offer (based on the number of shares of TLG rebooked into ISIN DE000A254112) and to remit the corresponding cash proceeds, in Euro, of such sale, net of expenses, to my/our custody account.

I/We have taken note of the contents of the Offer Document and hereby give my/our declarations listed under Sections 12.2 to 12.4 of said document and grant the necessary instructions, orders and powers of attorney mentioned therein, specifically with respect to the power of attorney to the Settlement Agent to contribute the TLG shares in kind and to subscribe the Offer Shares in my/our name and for my/our account, *provided, however*, that I/we acknowledge that the Offer Shares to which I/we otherwise would have been entitled pursuant to the Offer (including any fractional share rights) will not be delivered to me/us but sold in a so-called vendor placement as described in more detail in Section 12.4.2 of the Offer Document. I/We understand that if I/we validly accept the Offer, in lieu of receiving Offer Shares, I/we will receive a cash payment in Euro equal to such share in the total sales proceeds in the vendor placement as corresponds to the number of Offer Shares to which I/we would have otherwise been entitled compared to the total number of Offer Shares sold in the vendor placement. I/We are aware that such sale will not be underwritten. It will take place via the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at the then prevailing market price. The Bidder neither gives a guarantee that a specific price will be realized through the sale via the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) nor shall have any liability to achieve a particular price per Offer Share. I/We are aware that the cash for the Offer Shares may be paid out a few days later than the official settlement date of the Offer due to securities-related technical reasons. I/We have read the Offer Document published on 18 December 2019 and the prospectus for the offering of the Offer Shares published on 17 December 2019 ((the ***Prospectus*** and, together with the international supplement thereto, the ***Offering Memorandum***), including the information incorporated by reference therein.). In making my/our decision to participate in the Offer,

I/we have made our own assessment concerning the relevant tax, legal and other economic considerations relevant to my/our participation in the Offer based on my/our own judgment and upon advice of such professional advisors, either employed or independently retained by me/us, as I/we have deemed necessary to consult. We have also read and made our own assessment of the historical financial statements of the Bidder set forth in Section 26 of the Offering Memorandum and the Bidder's pro forma financial statements in Section 13 of the Offering Memorandum. In addition, we are aware that TLG files reports with the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), that its recently filed reports includes its annual reports for 2018 and interim reports for the nine months ended 30 September 2019, each of which contains detailed information about TLG and financial statements, and that such reports can be downloaded in both German and English language versions from either the website of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) or TLG's website at https://www.tlg.de/. I/We acknowledge that neither the Bidder nor any of its affiliates have made any representation, warranty, opinion, projection, financial or other information or analysis with respect to the Bidder or TLG, other than the information contained in the Offer Document and the Offering Memorandum.

I/We understand that the Bidder has not conducted an analysis of whether or not TLG is currently or has previously ever been characterised as a Passive Foreign Investment Company for U.S. federal income tax purposes (a "**PFIC**"), and we undertake to consult our own tax advisors regarding the potential application of the PFIC regime to the Offer and any elections that may be available to us.

I/We satisfy any and all standards for investors participating in the Vendor Placement imposed by the jurisdiction of our residence or otherwise. We hereby represent and warrant that all necessary actions have been taken to authorise the participation in the Vendor Placement and the execution of this letter.

I/We confirm that we are a U.S. Shareholder (as defined in the Offer Document) or that I/we function as an agent, nominee, trustee, custodian or otherwise acts for the account or benefit of a U.S. Shareholder.

I/We understand that the Offer Document and the Prospectus have been prepared in accordance with German format, style and content, which differs from US format, style and content and in accordance with German law, which requirements differ from legal requirements for an offer for securities registered under the U.S. Securities Act of 1933, as amended. I/We understand that the Bidder and the relevant Settlement Agent and others will rely upon the truth and accuracy of the foregoing representations, warranties, agreements and confirmations. I/We agree to notify the relevant Settlement Agent via our Custodian Bank and through any chain of Custodian Banks promptly in writing if any of our representations, warranties or agreements herein ceases to be accurate and complete. I/We irrevocably authorize the Bidder, the relevant Settlement Agent and their respective affiliates to produce this letter to any interested party in any administrative or legal proceeding or official enquiry with respect to the matters set forth therein.

First name, last name: ....
Street Postal code and city: ....
Telephone number: ....
Account number (IBAN): ....
Deposit account number: ....
Bank routing number/bank: ....

Yours truly

Date:
By:
Name of Investor:
Title:

Prospectus

for the public offering

of

up to 415,995,652 newly issued shares in bearer form each with a nominal value of € 0.01 and full dividend rights from 1 January 2019, or, in case the implementation of the Offer is delayed to a point in time after the Company's annual general meeting in the year 2020, from 1 January 2020, ("**Offer Shares**") from a capital increase against contribution in kind to be resolved by a resolution of the board of directors on 17 December 2019, making partial use of the authorised capital of the Company

for the acquisition of all outstanding no-par value shares bearer shares, each with a notional interest of € 1.00 of TLG IMMOBILIEN AG

by exchange of 1 share in TLG IMMOBILIEN AG ("**TLG Shares**")
against 3.6 new shares in Aroundtown SA

as well as

the admission of up to 415,995,652 new shares to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) ("**Admission**")

by

Aroundtown SA

*(a public limited liability company (société anonyme) established under the laws of Luxembourg, having its registered office at 40, Rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) under registration number B217868) ("***Company***")*

International Securities Identification Number (ISIN): LU1673108939
Trading Symbol: AT1

This document constitutes a prospectus for the purposes of the public offering in Germany of up to 415,995,652 Offer Shares offered by Aroundtown SA and the admission to trading of up to 415,995,652 new Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Prospectus**"). This Prospectus has been prepared in the form of a single document within the meaning of Article 6 (3) of Regulation (EU) 2017/1129 in the German language in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**") in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (the **"Delegated Regulation (EU) 2019/980**").

The *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg (the "**CSSF**"), in its capacity as competent authority in the Grand Duchy of Luxembourg under the Prospectus Regulation and the Luxembourg law of 16 July 2019 on prospectuses for securities (the "**Luxembourg Prospectus Law**"), has approved this document as a prospectus. By approving this Prospectus in accordance with Article 20 of the Prospectus Regulation, the CSSF assumes no responsibility and does not give any undertaking with regard to the economic and financial soundness of the transaction or the quality or solvency of the Company in line with the provisions of Article 6 (4) of the Luxembourg Prospectus Law. In accordance with Article 12 of the Prospectus Regulation, this Prospectus is valid for 12 months after its approval. After the Admission for the Offer Shares has been granted, the Prospectus will no longer be supplemented by any supplements required pursuant to Article 23 of the Prospectus Regulation. The obligation to prepare a supplement to the Prospectus pursuant to Article 23 of the Prospectus Regulation does apply in cases of a significant new factor, material mistake or material inaccuracy.

This Prospectus will be published in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu) as well as on the website of the Company (www.aroundtown.de/investor-relations).

This Prospectus has been notified to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungaufsicht* – *"****BaFin****"*) in accordance with Article 25 (1) of the Prospectus Regulation and the European passporting mechanism set out in the Prospectus Regulation.

The date of this Prospectus is 17 December 2019

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1. SUMMARY OF THE PROSPECTUS

1.1. Section A – Introduction, containing warning

Name and international securities identification number (ISIN) of the securities

Up to 415,995,652 bearer shares each with a nominal value of € 0.01 and full dividend entitlements from 1 January 2019, or, in case the implementation of the Offer is delayed to a point in time after the Company's annual general meeting in the year 2020, from 1 January 2020, with ISIN: LU1673108939.

Identity and contact details of the issuer, including its legal entity identifier (LEI)

The issuer is Aroundtown SA (the "**Company**" and together with its consolidated subsidiaries "**Aroundtown**") with its registered seat at 40, Rue du Curé, L-1368 Luxemburg, Grand Duchy of Luxembourg, Tel. +352 288 313 1, Email: info@aroundtown.de, www.aroundtown.de, LEI Code: 529900H4DWG3KWMBMQ39.

Identity and contact details of the competent authority approving the prospectus

Commission de Surveillance du Secteur Financier („**CSSF**"), 283, route d'Arlon, L-1150 Luxembourg, Tel. +352 26 25 1 – 1 (telephone switchboard); Fax: +352 26251-2601, E-Mail: direction@cssf.lu

Date of the approval of the prospectus

17 December 2019

Warnings

This summary should be read as an introduction to this prospectus (the "**Prospectus**"). Any decision to invest in the shares of the Company should be based on consideration of the Prospectus as a whole by the investors. Investors could lose all or part of their invested capital.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.

Civil liability attaches only to the Company who has tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.

1.2. Section B – Key information on the issuer

Who is the issuer of the securities?

The issuer is Aroundtown SA. Aroundtown is its commercial name.

Domicile, legal form, LEI, legislation, country of incorporation

The issuer has its registered seat at 40, Rue du Curé, L-1368 Luxemburg, Grand Duchy of Luxembourg. The issuer is a stock corporation established under Luxembourg law (*société anonyme*). Luxembourg law is applicable to the issuer. Its LEI Code is 529900H4DWG3KWMBMQ39.

Principal activities

Aroundtown is a real estate company, with a focus on income generating quality properties with value-add potential primarily in the German and Dutch real estate markets as well as the United Kingdom. Aroundtown invests in commercial and residential real estate assets which it believes benefit from strong fundamentals and growth prospects.

As of 30 September 2019, Aroundtown's commercial portfolio had an aggregate value of € 17.9 billion (excluding assets held for sale). Aroundtown' commercial portfolio primarily comprises office, hotel, logistics/wholesale and retail properties. In addition, Aroundtown holds an interest of 39% in Grand City Properties S.A. ("**GCP**"), a listed real estate company that focuses on investing in value-add opportunities in the German residential real estate market. As of 30 September 2019, GCP's portfolio had an aggregate value of € 7.6 billion (excluding assets held for sale). GCP' portfolio is not consolidated in the Company's consolidated financial statements, but the Company's interest in GCP is presented as an investment in an equity-accounted investee. As of 30 September 2019, the Company's interest in GCP was recorded at € 1.9 billion in the Company's condensed interim consolidated financial statements.

Operating with a fully integrated real estate value chain, Aroundtown targets cash generating properties with upside potential in terms of rental income and/or occupancy, lease and tenant structure, cost level optimization and consequential value. Through an intensive property operational repositioning, Aroundtown seeks to further improve its portfolio results, create secure and strong cash flow generating characteristics and benefits from the portfolio's internal growth potential. The Company believes that this enables it to create significant value in its portfolio.

In the nine-month period ended 30 September 2019, Aroundtown generated net rental income of € 554.5 million (compared to € 455.8 million in the nine-month period ended 30 September 2018). In the fiscal year ended 31 December 2018, Aroundtown generated net rental income of €633 million. With a weighted average lease term ("**WALT**") of 8.4 years and an EPRA Vacancy Rate of 8.0% (both as of 30 September 2019), the Company believes that its portfolio is well positioned to generate stable cash flows for the foreseeable future.

Major shareholders

As of the date of this Prospectus, the Company's major shareholders are:

Shareholder[(1)]	Shareholdings (in %)
TLG IMMOBILIEN AG.	15.03
Avisco Group PLC[(2)]	11.99
BlackRock, Inc.[(3)]	5.06
Freefloat	67.92
Total	**100**

(1) Shareholding of shareholders of the Company as of the date of this Prospectus, based on voting rights notifications received by the Company in accordance with Luxemburg Transparency Law or other information provided to the Company. Unless otherwise indicated, the percentages given in the table correspond to the number of voting rights last notified to the Company by the respective shareholder.

(2) The ultimate beneficial owner of Avisco Group, which indirectly holds 11.99 % of the Company's shares and voting rights, is Mr Yakir Gabay.

(3) BlackRock Inc. holds the shares in the Company through various subsidiaries.

No shareholder has control over the Company.

Identity of the board of directors and the senior management

Members of the board of directors of the issuer ("**Board of Directors**") are Mr. Frank Roseen, Mr. Oschrie Massatschi, Ms. Jelena Afxentiou, Mr. Markus Leininger, Mr. Markus Kreuter, Mr. Ran Laufer and Ms. Simone Runge-Brandner.

The senior management of the Company comprises of three senior employees (the "**Senior Management**") and its members are Mr. Shmuel Mayo (CEO), Mr. Andrew Wallis (Deputy-CEO) and Mr. Eyal Ben David (CFO).

Identity of the Company's statutory auditor

KPMG Luxembourg, 39 Avenue John F. Kennedy, L-1855 Luxembourg, has been appointed as the Company's auditor for the financial years 2017, 2018 and 2019. KPMG Limited, Certified Accountants and Registered Auditors, Millenium Lion House, P.O. Box 40075, 6300 Larnaca, Cyprus has been appointed as the Company's auditor for the financial year 2016.

What is the key financial information regarding the issuer?

The key financial information included in the tables below is taken from the audited consolidated financial statements of Aroundtown S.A. as of and for the fiscal years ended 31 December 2018, 2017 and 2016 (together, the "**Audited Consolidated Financial Statements**") and the unaudited condensed interim consolidated financial statements of the Company as of and for the nine-month period ended 30 September 2019 (the "**Interim Consolidated Financial Statements Q3/2019**"). The Audited Consolidated Financial Statements and the Interim Consolidated Financial Statements Q3/2019 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**").

Consolidated statement of profit and loss

	For the year ended 31 December			For the nine-month period ended 30 September	
	2018	2017	2016	2019	2018
		(audited)		(unaudited)	
			in millions of €		
Revenue	747.1	527.1	273.7	650.7	539.8
Operating profit	2,293.5	1,920.3	1,107.0	1,766.3	1,799.5
Profit for the period	1,827.8	1,539.0	901.1	1,477.2	1,387.9
Basic earnings per share in €	**1.54**	**1.56**	**1.43**	**0.94**	**1.20**

Consolidated balance sheet

	As of 31 December			As of 30 September
	2018	2017	2016	2019
		(audited)		(unaudited)
			in millions of €	
Total assets	19,040.8	13,770.4	8,089.0	24,991.6
Total equity	9,944.3	7,249.9	3,941.1	13,034.1

Consolidated statement of cash flows

	For the year ended 31 December			For the nine-month period ended 30 September	
	2018	2017	2016	2019	2018
		(audited)		(unaudited)	
			in millions of €		
Net cash provided by operating activities	472.8	361.7	178.8	456.1	346.0
Net cash in investing activities	(2,924.3)	(2,753.9)	(1,900.3)	(2,598.7)	(2,943.4)
Net cash provided by financing activities	2,952.9	2,491.9	2,244.0	3,348.1	2,879.2
Net changes in cash and cash equivalents	**501.4**	**99.7**	**522.5**	**1,205.5**	**281.8**

Pro Forma Financial Information

On 19 November 2019, the Company announced its decision to dispose a voluntary public Takeover Offer for all Shares of TLG IMMOBILIEN AG, Berlin, Germany, registered in the Commercial Register of the District Court of Berlin-Charlottenburg under the number HRB 161314 B and with the business address Hausvogteiplatz 12, 10117 Berlin, Germany ("**TLG IMMOBILIEN AG**" or "**Target**", and together with its consolidated subsidiaries "**TLG**") in the form of an exchange offer (the "**Offer**"). In connection with the Offer, the Company has prepared the following pro forma consolidated financial information comprising pro forma consolidated statements of profit and loss for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019, as well as a pro forma consolidated statement of financial position as at 30 September 2019, supplemented by pro forma notes (the "**Pro Forma Consolidated Financial Information**").

The purpose of the Pro Forma Consolidated Financial Information is to present the material effects that an execution of the offer would have had on the aforementioned periods or dates. The Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only. As given its nature, the Pro Forma Consolidated Financial Information merely describes a hypothetical situation and is based on assumptions, it does represent the actual net assets, financial position and results of operations of Aroundtown.

Pro forma consolidated statement of income for the period from 1 January 2018 to 31 December 2018

	Aroundtown	TLG	Total	Pro forma-adjustments	Pro forma consolidated statement of profit or loss
			(in millions of €)		
Revenue	747.1	273.4	1,020.5	—	1,020.5
Operating profit	2,293.5	561.0	2,854.5	(15.0)	2,893.5
Profit for the period	1,827.8	310.9	2,138.7	(9.9)	2,128.8

Pro forma consolidated statement of income for the period from 1 January 2019 to 30 September 2019

	Around-town	TLG	Total	Pro forma-adjustments	Pro forma consolidated statement of profit or loss
			(in millions of €)		
Revenue	650.7	210.2	860.9	—	860.9
Operating profit	1,766.3	566.8	2,333.1	(31.1)	2,302.0
Profit for the period	1,477.2	355.3	1,832.5	(27.3)	1,805.2

Pro Forma consolidated balance sheet as of 30 September 2019

	Around-town	TLG	Total	Pro Forma-adjustments	Pro forma consolidated statement of profit or loss
			(in millions of €)		
Total assets	24,991.6	7,095.8	32,087.4	(1,113.7)	30,973.7
Total equity	13,034.1	3,226.2	16,260.3	(1,234.0)	15,026.3

What are the key risks that are specific to the issuer?

- *Aroundtown's business could be adversely impacted by negative developments in the economy and in the commercial and residential real estate markets, primarily in Germany and the Netherlands.*
- *Aroundtown is exposed to risks relating to the commercial real estate markets for office, logistic/wholesale and retail properties in Germany and in the Netherlands.*
- *An increase in interest rates could have a material adverse effect on the real estate markets in which Aroundtown operates.*
- *The loss of rent, reductions in rent, higher vacancy rates and shorter lease terms may have a negative effect on Aroundtown's business, net assets, cash flows, financial condition, results of operations, net profits and prospects.*
- *Aroundtown is exposed to risks related to capex, maintenance, repositioning, repair and development of properties in Aroundtown's portfolio. The capex, modernisation, repositioning and development of properties, as well as their ongoing maintenance, may take more time, be more expensive or ultimately be less effective than originally anticipated.*
- *Aroundtown has selectively chosen to engage in real estate development. Following the Offer and as a result of a subsequent integration of TLG, such development activities of Aroundtown may be substantially extended. Such developments, which may be long-term in nature, are associated with numerous risks, such as cost overruns, which may result in projects becoming unprofitable, and changes in the economic environment, which may in turn make it difficult to complete projects on time or realise the returns Aroundtown anticipates upon beginning such projects.*
- *Real estate valuation is based on assumptions that may change and are inherently subjective and uncertain. The values recorded in the Company's consolidated financial statements may not reflect the value of Aroundtown's property portfolio or development rights held by Aroundtown.*

- *The breach of covenants contained in the terms and conditions by Aroundtown under its outstanding bonds or promissory notes or a default of other obligations of Aroundtown under its outstanding bonds or promissory notes may result in substantial payment obligations for Aroundtown.*
- *The Company's cash flow requirements and possible future interest payments are dependent on the profitability of Aroundtown or must be met with borrowed funds or by selling property. Aroundtown may also suffer losses from investment in short-term traded securities.*
- *Aroundtown's business is subject to the general legal environment primarily in Germany, the Netherlands and other European countries Aroundtown's portfolio is located in, in particular in the United Kingdom, any of which may change to Aroundtown's detriment.*
- *Aroundtown is subject to the tax environment in Luxembourg, Cyprus, Germany, the Netherlands and the United Kingdom. Aroundtown's tax burden may increase as a consequence of current or future tax assessments, tax audits or court proceedings based on changes in tax laws or changes in the application or interpretation thereof.*
- *TLG is a real estate company that is exposed to a variety of risks that the Company believes are comparable to the risks associated with the business activities of Aroundtown. However, it cannot be ruled out that TLG may be exposed to further, previously unrecognised risks, the realisation of which could also have a material adverse effect on the Combined Group's net assets, financial position and results of operations.*

1.3. Section C – Key information on the securities

What are the main features of the securities?

Type, class and ISIN of the securities

The shares of the Company are ordinary bearer shares with the International Securities Identification Number (ISIN) LU1673108939 and the German Securities Identification Number (WKN) A2DW8Z.

Currency, denomination, par value, the number of securities issued and the term of the securities

The currency of the Company's shares is Euro (EUR). The shares of the Company have a nominal value of € 0.01 each. The shares are ordinary bearer shares.

The Offer Shares are 415,995,652 bearer shares and are vested with full dividend rights from 1 January 2019, or, in case the implementation of the Offer is delayed to a point in time after the Company's annual general meeting in the year 2020, from 1 January 2020.

Rights attached to the securities

Each share of the Company carries one vote at the Company's annual general meeting. There are no different voting rights for major shareholders or restrictions on voting rights. The Offer Shares are vested with full dividend rights from 1 January 2019, or, in case the implementation of the Offer is delayed to a point in time after the Company's annual general meeting in the year 2020, from 1 January 2020.

Relative seniority of the securities in the issuer's capital structure in the event of insolvency

The Offer Shares are not repayable. Payment claims of shareholders out of the respective shareholding rank after all other claims.

Any restriction on the free transferability of the securities

Not applicable. The Company's shares are freely transferable in accordance with the legal requirements for bearer shares. There are no prohibitions or restrictions on disposals with respect to the transferability of the Company's shares.

Dividend policy

On 31 March 2017, the Board of Directors of the Company has resolved on a dividend policy. The payout ratio under the dividend policy is 65% of the Issuer's annual FFO I per share, which shall be distributed as annual dividends to the shareholders. The FFO I is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. The distribution of dividends is subject to a respective resolution of the shareholders' annual general meeting.

Where will the securities be traded?

For the Offer Shares an application for admission to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), where the company's existing shares are already admitted to trading, is expected to be filed on 15 January 2020.

What are the key risks that are specific to the securities?

- *The Company's shareholder structure could change significantly as a result of the Offer; this could lead to adverse changes for the Company or its shareholders if individual shareholders pursue interests that differ from those of the Company or the other shareholders.*
- *The Company's cash flow requirements and possible future interest payments are dependent on the profitability of Aroundtown or must be met with borrowed funds or by selling property. Aroundtown may also suffer losses from investment in short-term traded securities.*
- *Future sales or market expectations of sales of a large number of shares by the Company's largest shareholders or other shareholders could cause the share price to fall.*

1.4. Section D – Key information on the Offer of securities to the public and the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Terms and conditions of the Offer as well as plan for distribution

The Offer relates to the acquisition of all bearer shares of the Target with ISIN DE000A12B8Z4 with a proportionate amount of the Target Company's share capital of €1.00 each, including dividend entitlements as well as all ancillary rights at the time of the settlement of the Offer (the "**TLG Shares**" and their holders "**TLG Shareholders**"). The Company offers 3.6 Offer Shares for each 1 TLG Share, which will be effectively tendered within the scope of the offer. The Offer Shares originate from the capital increase against contributions in kind resolved by the Board of Directors of the Company by resolution of 17 December 2019 in partial utilisation of the authorised capital pursuant to Section 7 of the Articles of Association, supressing the shareholders' preferential statutory subscription rights. The resolution of the Board of Directors of the Company dated 17 December 2019 requires a further resolution of the Board of Directors resolving on the determination of the final increase amount of the share capital and the issue of the exact number of Offer Shares, which is expected to take place on or around 8 February 2020. The Offer is the subject of the Offer Document ("**Offer Document**"), which requires the approval of the BaFin. The Offer Document is expected to be approved on 18 December 2019. The Offer Document will be published on the Company's website at www.aroundtown.de/investor-relations and in any other manner required by law.

The Offer is subject to certain conditions precedent (the "**Closing Conditions**") and will only be executed if these have been fulfilled or effectively waived. If a Closing Conditions has not been fulfilled by the end of the Acceptance Period (as defined below) and the Company has not effectively waived the relevant Closing Condition before such date, the Offer shall lapse. In the event of an amendment to the Offer, TLG Shareholders may withdraw from the contracts concluded by accepting the Offer until the expiration of the Acceptance Period if and to the extent that they have accepted the Offer prior to publication of the amendment to the Offer. An amendment to the Offer shall be deemed to have been made in particular if the Company has waived a Closing Condition.

The period of acceptance of the Offer starts with the publication of the Offer Document on 18 December 2019, and is expected to expire on 21 January 2020 at 24:00 CET. The period of acceptance of the Offer, including any extensions, is referred to as the "**Acceptance Period**".

The final number of Offer Shares issued under the Offer is expected to be announced on or around 12 February 2020 on the Company's website at www.aroundtown.de/investor-relations and in any other manner required by law.

TLG Shareholders who have accepted the Offer prior to the publication of any supplement to this Prospectus are entitled under the Prospectus Regulation to revoke the subscription orders within two working days after publication of the supplement.

Expected timetable of the Offer

The following timetable shows the anticipated schedule for the Offering and the admission to trading of the Offer Shares on Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*):

17 December 2019	Approval of the Prospectus by CSSF and Notification to BaFin Publication of the Prospectus on the website of the Company (www.aroundtown.de/investor-relations)
18 December 2019	Approval of Offer Document by BaFin Publication of the Offer Document on the website of the Company (www.aroundtown.de/investor-relations) and publication of an announcement in the German Federal Gazette (*Bundesanzeiger*) Start of the Acceptance Period
21 January 2020	End of Acceptance (presumably), 24:00 hours (CET)
24 January 2020	Publication of the result of the Offer pursuant to Section 23 par. 1 sentence 1 no. 2 *WpÜG*
25 January 2020	Begin of Additional Acceptance Period (presumably)
7 February 2020	End of Additional Acceptance Period 24:00 hours (CET) (presumably)
12 February 2020	Publication of the result of the Offer pursuant to Section 23 par. 1 sentence 1 no. 3 WpÜG and Article 21 (2) of the Prospectus Regulation on the website of the Company (www.aroundtown.de/investor-relations). Admission to trading of the Offer Shares on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
19 February 2020	Settlement of the Offer and delivery of the Offer Shares Commencement of trading of the Offer Shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

Details of the admission to trading on a regulated market

The application for admission to trading of the Offer Shares on the regulated market of Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to be filed on 15 January 2020. The admission to trading of the Offer Shares is expected to become effective on 19 February 2020 with commencement of trading on Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) expected on the same day.

Amount and percentage of immediate dilution resulting from the Offer

Dilution comprises two distinct aspects: Dilution of the shareholding and value-related dilution. Dilution of the shareholding percentage of shareholders of the Company amounts to 16.26 %. Value-related dilution amounts to € -0.19 per share of the Company.

Estimate of the total expenses of the issue and/or the Offer, including estimated expenses charged to the investor by the issuer or the offeror

The Company estimates its total expenses associated with the Offer and the admission to trading of the Offer Shares to be approximately € 15 million. No expenses will be charged to investors by the Company or the syndicate banks.

Who is the offeror and/or the person asking for admission to trading?

Description of the offeror of the securities and/or the person asking for admission to trading on a regulated market, including its domiciles and legal form, the law under which it operates and its country of incorporation

The Offer Shares will be offered by the Company only. The Company will apply for admission to trading on the regulated market of Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The application for approval will be filed, jointly with the Company, by J.P. Morgan AG, Taunustor 1, 60310 Frankfurt am Main, a credit institution with its registered seat in Germany, which is subject to German law.

Why is this Prospectus being produced?

Brief description of the reasons for the Offer or for the admission to trading on a regulated market

The reasons for the offer are the economic and strategic advantages of a business combination between Aroundtown and TLG (the "**Combined Group**"). These benefits include competitive advantages, particularly in terms of increased market presence and bargaining power, synergy effects and other advantages of the combination that benefit the Combined Group's shareholders. In the opinion of the Company the Combined Company would be one the largest listed commercial real estate companies in Europe in terms of market capitalisation.

Use and estimated net amount of the proceeds

The Company will not receive any proceeds from the Offer, as the Offer Shares will be issued against contribution in kind of the Tendered TLG Shares.

Indication of whether the Offer is subject to an underwriting agreement on a firm commitment basis, stating any portion not covered

The Offer is not subject to an underwriting agreement und thus not subject to any firm underwriting commitment. The Offer Shares will be issued according to the exchange ratio in the amount of Tendered TLG Shares that have been tendered in connection with the Offer.

Indication of the most material conflicts of interests pertaining to the offer or the admission to trading.

The Company and the Target have an interest in the Offer as they believe that the execution of the offer will bring several benefits to both Aroundtown and TLG. In addition, the Company has granted the Target in the in the business combination agreement executed on 18 November 2019 the right, upon reaching certain holding thresholds of more than 50% of the TLG Shares or 66% of the TLG Shares, to exercise nomination rights for the board of directors and the senior management. The main shareholder of the Target Company, Ouram Holdings S.à r.l., has an interest in the Offer as it has undertaken to accept the Offer under certain conditions. The Company's second largest shareholder, Avisco Group, has an interest in the Offer as it has publicly announced its support for the Offer. In addition, certain service providers who advise or assist the Company in the execution of the Offer and the admission of the Offer Shares to trading will receive fees in connection therewith. Other interests or (potential) conflicts of interest which could be material to the Offer do not exist.

2. RISK FACTORS

*An investment in the shares of Aroundtown SA (the "**Company**", together with its consolidated subsidiaries "**Aroundtown**", and together with its consolidated subsidiaries and its equity accounted investees including Grand City Properties S.A. ("**GCP**"), the "**Group**") is subject to risks. In addition to the other information contained in this Prospectus, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus when deciding whether to invest in the Company's shares.*

The risks discussed below may not prove to be exhaustive and are based on certain assumptions made by the Company which later may prove to be incorrect or incomplete. The occurrence of one or more of these risks alone or together with additional risks and uncertainties not currently known to the Company, or which the Company might currently deem immaterial, could adversely affect the business, net assets, cash flows, financial condition, results of operations and prospects of Aroundtown. The risks mentioned herein may materialise individually or cumulatively. The market price of the Company's shares could fall if any of these risks were to materialise, in which case investors could lose all or part of their investment.

2.1 Risks Relating to Aroundtown's Industry and Business

2.1.1 Aroundtown's business could be adversely impacted by negative developments in the economy and in the commercial and residential real estate markets, primarily in Germany and the Netherlands.

Aroundtown is active in the commercial real estate market focusing on offices, hotels, logistics/ wholesale and retail properties. As of 30 September 2019, the aggregate portfolio value of Aroundtown's property portfolio was € 17.9 billion. The Company's commercial properties are located primarily in Germany and in the Netherlands complemented by commercial properties in the United Kingdom and other European cities. In the nine-months-period ended 30 September 2019, Aroundtown derived 68 % of its rental income from Germany, 17 % of its rental income from the Netherlands and 15 % of its rental income from other jurisdictions. Based on aggregate portfolio value as of 30 September 2019, 71 % of Aroundtown's portfolio was located in Germany, 14 % in the Netherlands and 15 % in other jurisdictions. In addition, Aroundtown holds a 39% interest in Grand City Properties S.A. ("**GCP**"), which holds residential real estate properties primarily in densely populated areas across Germany. As of 30 September 2019, the interest in GCP was recorded at a fair value of € 1.9 billion and the interests in other joint ventures were recorded at a fair value of € 530.3 million in the Company's consolidated financial statements. Because of its substantial shareholding in GCP, the performance of Aroundtown is also impacted by the performance of the properties held by GCP.

The success of Aroundtown's business therefore significantly correlates with the development of the commercial real estate market in Germany and the Netherlands, and – through its shareholding in GCP – with the residential real estate market primarily in Germany. Real estate markets generally are susceptible to changes in the overall economy. Consequently, Aroundtown's business is affected by factors affecting the general economic environment, such as interest rates, levels of public debt, gross domestic product ("**GDP**") growth, inflation rates and political and financial market conditions, primarily in Germany and the Netherlands and their various submarkets. These factors play an important role in determining property values, rent levels, re-letting periods, overall demand, vacancy rates and turnover rates in these markets and submarkets. In addition, local and regional variations of these factors may cause their impact to vary significantly across the Company's portfolio. Aroundtown's business is therefore highly dependent on macroeconomic and political developments, including changes in legislation, as well as other general trends affecting Germany and the Netherlands. As export-driven economies, Germany and the Netherlands are particularly affected by the development of the world economy in general and the Eurozone in particular.

While unemployment rates in Germany and the Netherlands have been relatively low in recent years, with 3.3% in Germany and 3.6% in the Netherlands as of December 2018 (Source: Eurostat, CBS), public debt and unemployment levels remain high in many countries in the Eurozone, such as Italy, Ireland, Spain, Greece and Portugal, and future economic growth in the Eurozone is threatened by the fragile state of economic recovery in many Eurozone countries. The European and global economies may be impacted by many factors, *inter alia* the final outcome of Brexit (see: "*2.1.5 The withdrawal of the United Kingdom from the European Union may continue to cause significant political and economic uncertainty in the European Union and in the United Kingdom. A no-deal Brexit might significantly*

exacerbate such political and economic uncertainties."), current geopolitical crises such as in Syria and the Ukraine, the uncertain economic prospects in China and other parts of the world, the results of recent and future elections in a number of Eurozone countries (including in Germany and the Netherlands) and other factors, such as the fluctuation of raw material prices and currency fluctuations. Furthermore, increased trade barriers resulting from the imposition of tariffs could negatively impact the global and regional economies. For example, in June 2018, the U.S. introduced new trade tariffs on certain steel and aluminium products (in addition to imposing punitive tariffs on trade partners such as China, Canada or Mexico). In response, the EU introduced retaliatory tariffs on a list of American signature products. Any further escalation of trade tariffs could lead to a worsening economic environment or outlook. In addition, strengthening populist movements in a number of EU member states create a risk of further destabilisation of the EU and increased economic uncertainty.

Such uncertainty and the resulting market volatility may create contagion risks for economically strong countries such as Germany and the Netherlands and may spread to the German, Dutch or other Eurozone or British financial sectors and commercial and residential real estate markets.

In addition, because the commercial properties of Aroundtown and the residential properties held by GCP are spread across various cities and regions, primarily in Germany and the Netherlands, and to a lesser extent in the United Kingdom and other European countries, Aroundtown's activities are directly and indirectly influenced by economic conditions in these submarkets. In particular, the commercial portfolio is more concentrated in Berlin, the cities of North Rhine-Westphalia ("**NRW**"), Germany's biggest federal state, Frankfurt, Munich and Hamburg in Germany, and Amsterdam and Rotterdam in the Netherlands as well as in the United Kingdom in London. The residential properties held by GCP are located primarily in Germany with a focus on cities in NRW, Berlin, Dresden, Leipzig, Halle, Hamburg, Bremen, Frankfurt, Mainz and Mannheim, as well as Munich, Nuremberg and Fürth, while some properties are also located in London. Thus, the overall performance of Aroundtown depends not only on general economic and demographic developments in Germany and the Netherlands, but also on the particular circumstances in the regions where the properties are located.

Adverse economic developments and other negative trends in the commercial and residential real estate markets in which Aroundtown and GCP operate could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.2 Aroundtown is exposed to risks relating to the commercial real estate markets for office, logistic/wholesale and retail properties in Germany and in the Netherlands.

Demand for commercial real estate is driven by a range of factors such as changes in disposable income or industrial activity, the availability of credit financing, interest rates, taxation policies, economic growth, financial conditions, population growth, unemployment rates, and consumer confidence. A decline in population levels, particularly among younger segments of the working population, or a decline in purchasing power or higher unemployment rates at the national, regional or local level could reduce the demand for office, logistics/wholesale, retail and other commercial properties in the corresponding markets. In addition, demand for different types of commercial real estate is subject to more particular risks, as described below.

Based on aggregate portfolio value as of 30 September 2019, the majority of properties of Aroundtown's commercial portfolio are office properties located in Munich (19 %), Berlin (17 %), Frankfurt am Main (15 %) and NRW (9 %) as well as in Amsterdam (7 %) and Hamburg (3 %), generating 49 % of Aroundtown's Annualised Net Rent as of that date. Mobility growth, increased remote working opportunities, and the emergence of tax-friendly locations where Aroundtown does not have properties could influence the location, number of square metres, and services needed, resulting in an overall change in demand for office properties. In addition, negative demographic trends could lead to a decline in population levels, as has been experienced by certain regions in Germany, in particular in eastern German cities and regions, particularly among younger segments of the active working population. Such declines could reduce demand for commercial real estate, and thereby adversely affect rental income for Aroundtown's properties in those regions. By comparison, Berlin and Frankfurt am Main have benefited from positive demographic developments in recent years, but have traditionally seen comparably high vacancy rates. If vacancy rates were to increase again, this could adversely affect Aroundtown's rental income. In addition, demand for office space is subject to rapid and occasionally unpredictable changes, including as a result of changes to economic conditions, interest rates and business confidence. If Aroundtown misjudges the change in demand, or fails to

respond to changing demand, this may result in a decline in its rental income, increases in its vacancy rate and declines in its financial performance

Based on aggregate portfolio value as of 30 September 2019, 9 % of Aroundtown's property portfolio were logistics and wholesale properties located in NRW (18 %), Frankfurt (15 %), Hamburg (11 %), Munich (10 %) and Berlin (9 %). These contributed 9% to Aroundtown's Annualised Net Rent as of that date. Logistics and wholesale properties are primarily leased to one tenant per property, which implies the risk of loss of rent for the entire property in the event of financial problems of the respective tenant. Logistics properties are subject to a number of specific risks, including potential oversupply of logistics facilities in certain regions where Aroundtown's logistics properties are located. Most of Aroundtown's logistics properties are located in large cities, are leased out to manufacturing companies using the properties for warehousing and are tailored to the specific needs of the tenants. Business decisions by these tenants, for instance to relocate their warehousing to other regions, including to sites outside of big cities in suburban areas, might reduce the demand for logistics properties within large cities, including for those of the Company. Logistics properties are often tailored to the needs of the tenant which may require substantial investments for the Company in the event it had to re-let existing logistic properties to new tenants. The same applies to wholesale properties. In addition, tenants of wholesale properties face ongoing competition through the increase in sales and retail activity over the Internet that is likely to continue and might negatively affect demand for wholesale real estate in large cities in general.

Based on aggregate portfolio value as of 30 September 2019, 5 % of Aroundtown's property portfolio was retail properties located in Berlin (39 %), NRW (17 %), Amsterdam (8 %) as well as Frankfurt/ Mainz (5%), which contributed 7 % to Aroundtown's Annualised Net Rent as of that date. Retail properties are subject to a number of specific risks, including an increase in purchases over the internet and the trend towards smaller, high-quality retailers. The ongoing increase in sales and retail activity over the Internet has and will likely continue to negatively affect demand for retail real estate. Losing key tenants, such as supermarkets, may lead to substantial reductions in Aroundtown's revenue. In addition, the loss of "anchor", or particularly large or important, tenants could adversely affect retail sales of other stores operating in the retail properties because productive anchor tenants play an important part in generating customer traffic and making retail properties desirable locations for retailers generally. Certain department stores and other retailers have experienced, and may continue to experience for the foreseeable future, competition from alternative retail options such as those accessible via the Internet. As pressure on these retailers increases, their ability to maintain their stores, meet their obligations both to Aroundtown and to their external lenders and suppliers, withstand takeover attempts by investors or rivals or avoid bankruptcy and/or liquidation may be impaired and result in closures of their stores. In the Netherlands, for example, the market for retail properties was greatly affected by the global economic crisis of 2008 and 2009, as well as its aftermath, which resulted in several bankruptcies of large Dutch retail chains such as Scheer & Foppen, Dolcis, Scapino and V&D.

In addition, regional economic and political developments, and other trends in these markets, have a significant impact on the demand for Aroundtown's commercial real estate and the rents achievable, as well as on the valuation of its properties. Such local developments may differ considerably from overall developments in Germany and in the Netherlands. For example, eastern Germany's regional centres have lagged behind western Germany's in terms of absolute economic performance and consumer purchasing power in the past. While some cities and regions in eastern Germany have seen decreasing unemployment rates and growing purchasing power in recent years, there is no guarantee that this trend will continue.

Similarly, declines in economic and population growth rates in other areas of Germany or the Netherlands could lead to lower demand for commercial property, and, as a result, may adversely affect Aroundtown's ability to achieve or maintain its desired occupancy rates, rent levels and average lease terms in those areas. Local economic developments, such as employment conditions or significant income or liquidity problems for tenants in these areas, may lead to reduced rental income and increased vacancy or turnover rates. In such circumstances, Aroundtown may not be able to let or re-let properties on attractive terms or at all, or may only be able to do so after making significant additional investments.

Any of these factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.3 Aroundtown is exposed to risks relating to the hotel real estate market, primarily in Germany and the United Kingdom

The market for hotel properties depends on the demand for hotel rooms in those regions where hotels are located. Based on aggregate portfolio value as of 30 September 2019, 33 % of Aroundtown's portfolio was hotel properties. Aroundtown's portfolio comprises more than 150 hotel properties that are located in major cities and diverse regions in Germany, such as Berlin (19 %), NRW (8 %), Munich/ Bad Reichenhall (6 %), Frankfurt (5 %), and Hamburg/Lüneburger Heide (3 %) as well as in the other major European capital cities London (8 %), Paris (4 %), Brussels (2 %), Dublin (2 %) and Rome (1 %) as well as other cities such as Meuse (Netherlands) (6 %) (all percentages relating to aggregate portfolio value as of 30 September 2019). Aroundtown's hotel properties are operated primarily by third party tenants, the majority of which have entered into long-term rent lease agreements with Aroundtown. Aroundtown's ability to attract and retain effective, solvent and reliable tenants to manage its hotel properties depends on the broader development of the hotel market in the areas where its hotel properties are located, which is largely outside of Aroundtown's control. The profitability of hotels generally, and hence the attractiveness of Aroundtown's hotel properties for tenants, may be adversely affected by a number of factors, including, in addition to economic conditions, the availability of and demand for hotel rooms in the regional markets, the desirability of particular locations and changes in travel patterns for commercial or leisure travel, or the impact of war, actual or threatened terrorist activity and heightened travel security measures instituted in response. In addition, increasing competition from online booking platforms, brokering private homes and holiday apartments over the internet, or even recent trends to spend holidays at home may lead to a decline in the demand for hotel rooms.

Profit margins in the hotel industry may also decline, for example, due to increases in the cost for maintenance and renovation that are usually borne by the hotel operators. Also, availability of qualified staff may raise costs, in turn limiting the attractiveness of hotels for tenants. Ongoing maintenance and renovation and consumer demand for new or completely refurbished hotels also limits the profitability of hotel operators. Increased competition may also reduce profitability for Aroundtown's existing hotel tenants by forcing them to reduce prices or by decreasing occupancy rates.

Any of the foregoing developments and factors may create financial difficulties for such tenants and limit their ability to pay their rents or fulfil other obligations under their leases. In addition, the number of potential tenants for hotel properties is limited, and suitable tenants must have sufficient experience with, and capacity for, operating hotels, as well be eligible to obtain the relevant permits in order to operate hotel properties. Competition for such tenants can be intense, particularly when the hotel industry is performing well, which may result in Aroundtown being unable to find suitable tenants to operate its properties.

The occurrence of any of the foregoing may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.4 Aroundtown is exposed to risks relating to the residential real estate market in Germany and the regional submarkets where GCP's properties are located.

Through its 39% interest in GCP, Aroundtown is exposed to risks relating to the residential real estate market, primarily in Germany. GCP focuses on properties in densely populated areas in Germany. As of 30 September 2019, GCP's portfolio comprised 24,344 units situated in NRW, 7,469 units in Berlin, 15,921 units in Dresden, Leipzig and Halle, 3,788 units in Mannheim, Kaiserslautern, Frankfurt and Mainz, 1,471 units in Nuremberg, Fürth and Munich, 4,265 units in Hamburg and Bremen, 1,895 units in London (approximately 2,400 units, including pre-marketed units) and 16,938 units in other densely populated regions in Germany. The market for residential real estate is heavily influenced by demographic and economic developments.

Certain studies have forecasted that demographic change in Germany, resulting in a declining and ageing population, may cause the nationwide demand for accommodation to fall in the long term. In economically weak and rural areas, high population declines have already led to an oversupply of housing, and increasing population declines in these areas is likely to result in decreased demand for residential real estate. Changes in other macroeconomic factors, such as GDP, unemployment rates, purchasing power and social developments such as changes to average household size may also impact the demand for residential real estate. Any of these factors may impact the performance of GCP's residential portfolio. Also legislative changes may have an impact on GCP's performance

(see: "*2.4.2 The draft law to introduce a so-called rent cap (Gesetzesentwurf zur Einführung eines sog. Mietendeckels) in Berlin could, if it were to come into force, have a material adverse effect on the net assets, financial position and results of operations of GCP and thus on the value of Aroundtown's investment in GCP.*").

Negative developments in the residential real estate market in Germany or in the geographic areas of Germany where GCP's properties are located may have an adverse effect on the value of the Company's stake in GCP, which may result in the Company recording a significant loss to reflect the lower fair market value of its investment in GCP. In addition, even positive developments in the overall residential real estate market in Germany may not be reflected in the value of the Company's stake in GCP, since GCP's portfolio may underperform the broader market for any number of reasons including regional variations in market performance.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.5 The withdrawal of the United Kingdom from the European Union may continue to cause significant political and economic uncertainty in the European Union and in the United Kingdom. A no-deal Brexit might significantly exacerbate such political and economic uncertainties.

On 29 March 2017, the United Kingdom informed the European Council pursuant to Article 50 of the Treaty on the EU ("**EU Treaty**") that the United Kingdom intends to withdraw from the EU ("**Brexit**"). On 14 November 2018, the chief negotiators of the European Commission and the United Kingdom agreed to the terms of the "Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the EU and the European Atomic Energy Community" ("**Withdrawal Agreement**"). The Withdrawal Agreement covers a number of aspects of the United Kingdom's withdrawal from the EU, in particular as to civil rights, financial disputes, protocols on Ireland, Gibraltar and Cyprus and a number of other regulations in connection with the withdrawal. The Withdrawal Agreement provides for a transition period until 31 December 2020, during which EU law would in principle continue to apply to the United Kingdom and during which the United Kingdom would remain in the EU Customs Union in principle with access to the European Single Market. On 18 October 2019, the EU and the government of the United Kingdom agreed on an amended withdrawal agreement ("**Amended Withdrawal Agreement**"). The Amended Withdrawal Agreement, in particular, maintains the transition period until 31 December 2020 as stated in the Withdrawal Agreement and contains certain provisions in relation to Northern Ireland. The Amended Withdrawal Agreement is subject to approval by the British Parliament and the EU member states. On 28 October 2019, the EU granted an additional extension until 31 January 2020. Should the British Parliament and the EU approve the Amended Withdrawal Agreement before such date, the United Kingdom would leave the EU on or before 31 January 2020 and the transition period under the Amended Withdrawal Agreement would commence. If the United Kingdom or the EU member states do not approve the Amendment Withdrawal Agreement by 31 January 2020, the United Kingdom would exit the EU without an agreement and without any transition period ("**No-deal Brexit**"), unless, prior to such date, another extension is applied for by the United Kingdom and validly agreed to by the EU or the Article 50 EU Treaty notification is validly revoked by the United Kingdom. Since the political situation surrounding Brexit has been characterised by rapid developments and unexpected change, it is ultimately impossible to predict the timing or eventual results of the Brexit process.

As no member state of the EU has previously chosen to leave the EU, the legal and political process for doing so is untried and uncertain. The final consequences of Brexit are impossible to predict. Among other consequences, departure from the EU might result in the United Kingdom no longer having access to the European Single Market, either immediately in the event of a No-deal Brexit, or following a transition period. Since the United Kingdom is the second largest economy in Europe, the withdrawal from the European Single Market is expected to have significant negative impacts on the economy of the United Kingdom as well as the remaining member states of the EU. The member states of the EU will face greater barriers to trade and commerce with the United Kingdom, which may in turn diminish overall economic activity between the EU and the United Kingdom, resulting in a general economic downturn throughout the United Kingdom, the EU or both. A No-deal Brexit would likely be quite disruptive to trade and commercial relations between the United Kingdom and the EU, and would likely exacerbate the risks of an economic downturn in both the EU and United Kingdom significantly. Brexit may also give rise to or strengthen tensions in other member states regarding their

membership in the EU, potentially resulting in additional referenda or other actions in member states regarding withdrawal from the EU. The withdrawal of other member states from the EU would have unpredictable consequences and may have adverse effects on levels of economic activity in the countries in which the Company operates and, by extension, on the Company's business, cash flow and results of operations.

The uncertain consequences of Brexit have already caused and are likely to cause additional volatility in the financial markets, which would be exacerbated in the event of a No-deal Brexit. Since Aroundtown relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may reduce its ability to refinance its existing and future liabilities or gain access to new financing, in each case on favourable terms or at all. Furthermore, Aroundtown's counterparties, in particular its hedging counterparties, may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

In addition, as of 30 September 2019, approximately 8 % of Aroundtown's hotel portfolio consisted of hotel properties located in London. This percentage may increase in the future, and this portion of the property portfolio may be particularly exposed to the economic and political impact of Brexit. Moreover, Brexit may have a material currency effect, devaluing the GBP, impacting both the Company's portfolio located in the United Kingdom as well as the Company's revenues and liabilities denominated in GBP. As of 30 September 2019, Aroundtown held GBP 900 million of straight bonds that are not subject to currency hedging agreements.

The occurrence of any of these risks may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.6 An increase in interest rates could have a material adverse effect on the real estate markets in which Aroundtown operates.

One of the tools used by governments and central banks to support economic development over the last ten years was a lowering of interest rates. While low interest rates have generally not led to the desired levels of inflation, they have benefitted the Eurozone economies and supported demand for real estate, including commercial and residential real estate, due to the resulting availability of inexpensive financing. The benign interest rate environment has also had a positive impact on real estate valuations, as it tends to result in an increase of the value of future cash flows. Should overall economic growth accelerate, however, the European Central Bank could become more vigilant with regard to inflationary pressures and begin a cycle of monetary tightening, including through progressive increases in base interest rates, particularly if this growth leads to a tightening of the labour market. This could lead to a rise in interest rates in Germany and throughout the Eurozone and could result in increased investor interest in investments with a higher risk profile and a decrease in the attractiveness of real estate investments, resulting in lower demand for real estate and broad declines in real estate valuations, among other effects. An increase in interest rates could adversely impact Aroundtown's business in a number of ways, including:

- The discount rate used to calculate the value of Aroundtown's properties recorded on the Company's balance sheet in accordance with International Accounting Standard ("**IAS**") 40 (such value hereinafter referred to as the "**Fair Value**") tends to increase in an environment of rising interest rates, which in turn could result in Aroundtown's properties having a lower Fair Value. For more information, see: "*2.2 Valuation Risks*".
- Although Aroundtown's current debt structure primarily involves debt at fixed interest rates or, where variable interest rates apply, is predominantly subject to interest rate hedging agreements, a future increase in interest rates may have a negative impact on Aroundtown's ability to refinance existing debt or incur additional debt on favourable terms. In general, rising interest rates (or market expectations regarding future increases in interest rates) would make financing required by Aroundtown for its acquisition, capital expenditure and/or other real estate activities more expensive, which could reduce Aroundtown's profits.
- When negotiating financing agreements or extending such agreements, Aroundtown depends on its ability to agree to terms and conditions that will provide for interest payments that will not impair its profit targets, and for amortisation schedules that do not restrict its ability to pay intended dividends. Further, Aroundtown may be unable to enter into hedging instruments that may become

necessary if variable interest rates are agreed upon or may only be able to do so at significant costs. If the current low-interest rate environment is followed by one in which high rates prevail, Aroundtown's financing costs, including costs for hedging instruments, may increase, which could reduce Aroundtown's profits.

- The willingness of purchasers to acquire real estate in an environment of rising interest rates may be negatively affected, thereby restricting Aroundtown's ability to dispose of its properties on favourable terms when desired. Most purchasers finance their acquisitions with lender provided financing through mortgages and comparable security (in Germany so called land charges). Lack of availability of such financing at attractive rates therefore reduces demand for properties.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flows and results of operations.

2.1.7 The future growth of Aroundtown depends on the availability of real estate properties with value-add potential at reasonable prices, and growing competition and other factors may lead to increased prices and lower availability.

Aroundtown seeks to acquire properties which it believes have value-add potential, and the future growth of Aroundtown depends on the availability of such properties for purchase at attractive prices. Given the current high demand and competition for real estate in Germany, the Netherlands and in other markets targeted by Aroundtown, such properties or portfolios of such properties may be unavailable or available only on unfavourable terms or at unattractive prices. While Aroundtown is focused on acquisitions of commercial properties, in particular offices, hotels, logistics/wholesale and retail properties, many of the commercial properties available on the market may not fit Aroundtown's investment criteria. Similar difficulties are also present in residential real estate markets, including opportunities in the German residential real estate market, which can adversely affect GCP's residential property acquisitions.

In addition, a number of factors beyond Aroundtown's and GCP's control, such as the overall development of real estate markets, construction activity, zoning and planning laws, influence the availability of offices, hotels, logistics/wholesale, retail, and residential properties generally. There is no guarantee that Aroundtown or, in the case of residential properties, GCP, will be able to continue to identify or acquire a sufficient number of suitable properties at reasonable prices that will allow it to successfully implement its business strategy or grow its business effectively.

The supply of real estate properties and portfolios available for sale may also be reduced due to fewer sales by private or public sellers. If for instance state owned entities reduce or cease privatising or selling their real estate holdings, as they have done over the past years, then supply, in particular for residential real estate, could be reduced, which may result in increased competition for acquisitions of suitable properties and may motivate potential sellers to sell properties through an auction process. The use of auction processes for the sale of properties has grown increasingly common in the regions where Aroundtown's and GCP's properties are located and may increase in the future. Any of these factors may result in increased prices for the types of properties which are the strategic focus of Aroundtown and/or of GCP. As a result, it could be more difficult for Aroundtown and/or for GCP to successfully acquire properties, which could limit their ability to grow their businesses effectively.

Aroundtown and GCP are exposed to competition from local and international investors in the markets in which they operate. Aroundtown and GCP compete to acquire attractive properties with other investors, such as international real estate funds, German open-ended and closed-ended funds, publicly listed German real estate companies (such as *Aktiengesellschaft* or *REIT-AG* companies), Dutch real estate companies, pension funds and other European and international companies, any of which may have greater resources, better information or better access to properties or financing than Aroundtown and GCP. Aroundtown and GCP also compete with other property companies, investment funds, institutional investors, building contractors, individual owners and other entities to attract and retain suitable tenants on favourable terms. Competition in the real estate markets Aroundtown and GCP target is generally intense and could further intensify in the future. There is no guarantee that Aroundtown or GCP will be able to successfully compete in any of the regions within their strategic focus or will be able to enter new regions successfully. Changes in law or regulation may also create environments in which Aroundtown and/or GCP can no longer effectively compete.

Any of the foregoing factors may have a material adverse effect on Aroundtown's future business, financial condition, cash flows and results of operation.

2.1.8 Aroundtown may not succeed in improving or adding value to its properties, such as increasing occupancy rates, rent levels and/or average lease terms.

Aroundtown focuses on acquiring properties which it believes have upside potential, primarily through operational improvements such as increased occupancy rates, rent levels and/or duration of lease terms. The success of Aroundtown depends significantly on Aroundtown's ability to improve and add value to the properties that it acquires, primarily by reducing vacancy rates and operating costs while increasing rent levels and average lease terms.

Aroundtown's ability to increase its rental income and average lease terms from new and existing tenancies and to reduce vacancy rates depends on many factors, including, in particular, the demand for its properties, local market rents, the condition and location of its properties, required capital expenditure ("**capex**"), refurbishment and modernisation measures and tenant turnover rates. Even if increased capex, refurbishment or maintenance measures would merit increases in rents as a commercial matter, Aroundtown's ability to increase rents is subject to certain limitations, including competition. Rent levels for properties held by Aroundtown might be subject to contractual restrictions under purchase or financing arrangements in connection with the property, specific terms agreed with tenants under their leases, or conditions imposed as a consequence of having received government funding or public subsidies. In addition, GCP is subject to the strict statutory limits of rent increases for residential real estate in Germany (see ; "*2.4.4 Through its interest in GCP, Aroundtown is exposed to tenant protection laws primarily for residential real estate in Germany. These laws limit among other things the ability of GCP to evict tenants, the levels of rent increases and the ability to pass on modernisation costs. Moreover, further regulatory developments are likely."* and "2.4.2 *The draft law to introduce a so-called rent cap (*Gesetzesentwurf zur Einführung eines sog. Mietendeckels*) in Berlin could, if it were to come into force, have a material adverse effect on the net assets, financial position and results of operations of GCP and thus on the value of Aroundtown's investment in GCP."*).

As a consequence, Aroundtown and GCP might not be able to reduce vacancy rates and increase rental income and average lease terms in a manner or to the extent that Aroundtown expects. Further, it might be required to engage in excessive capex spending, and might experience increasing vacancy rates in their properties. Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.9 The loss of rent, reductions in rent, higher vacancy rates and shorter lease terms may have a negative effect on Aroundtown's business, net assets, cash flows, financial condition, results of operations, net profits and prospects.

The business of Aroundtown and GCP strongly depends on the rental income generated by their properties, which is influenced by the rent levels, vacancy rates and weighted average lease terms ("**WALT**") of such properties. Any decrease in demand for commercial or residential real estate (whether due to general economic, demographic, political or market developments or due to conditions in particular regions or at particular properties) may result in a loss of rent, reductions in rent, higher vacancy rates or shorter lease terms. Changes in any one of these factors could result in a substantial decline in the overall rental income of the Group. If tenants fail to meet their rent payment obligations in whole or in part (e.g., due to a deterioration of their financial situation or a deterioration of their business activity or negative developments in the regions in which they operate or reside), or if large numbers of tenants or certain key tenants terminate their leases, the Group could suffer a substantial decrease in overall rental income. Even if Aroundtown and GCP are able to re-let the affected properties, there is no guarantee that they will be able to do so in a timely fashion or on attractive terms. Furthermore, Aroundtown is required to provide the quality, layout and characteristics of the properties as required by potential tenants, and to maintain the properties in the conditions required by their respective lease agreements, pursuant to the applicable regulatory framework of tenancy law, as well as provisions under certain of its existing financing or loan agreements. If the required refurbishment or maintenance measures are not performed on time, or at all, the rent that Aroundtown is able to charge for the affected properties may be reduced, in some cases substantially.

The occurrence of any these factors may have a material adverse effect on Aroundtown's business, net assets, cash flows, financial condition and results of operations.

2.1.10 The geographic and/or asset type composition of the property portfolio is likely to change in the event of a successful Offer and might change in the future due to further acquisitions or divestures.

The geographic composition of Aroundtown's property portfolio might change in the future. The completion of the Offer may result in a substantial shareholding of the Company in TLG IMMOBILIEN AG ("**Target**", and together with its consolidated subsidiaries "**TLG**") that would allow the Company to consolidate TLG's property portfolio in the Company's consolidated financial statements. Although TLG's property portfolio comprises substantially the same asset classes of properties as Aroundtown's portfolio, the composition and geographical distribution is different.

In addition, Aroundtown follows an opportunistic approach to acquisitions and focuses on real estate property which it believes has upside potential. Consequently, Aroundtown continuously seeks investment opportunities throughout the regions of its strategic focus but also in other markets that it believes might meet its investment criteria. Such acquisition opportunities might arise in the United Kingdom following Brexit. GCP applies a similar strategy. Therefore, the geographical composition of the property portfolio of Aroundtown or GCP may change, either as a result of new acquisitions or as a result of divestitures of properties by Aroundtown or GCP, in particular should Aroundtown or GCP decide to shift their strategic focus to new markets. A change in the geographical composition of the property portfolio may lead to increased concentration in certain geographical areas, or introduce or increase dependencies on regional market conditions in new or different geographical areas. These may have different fundamentals, trends or legal, regulatory and tax regimes than the current regions where the properties are located. A broader geographical distribution may also result in additional costs in connection with the management of the properties and reduce the benefits of economies of scale. A different geographical distribution of the property portfolio may result in reduced availability of market data, which could limit Aroundtown's ability to accurately predict the performance of its investments.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.11 Aroundtown is exposed to concentration risks and negative commercial developments which could affect demand for its properties or have significant impacts on key tenants or properties, any of which could have a material adverse effect on Aroundtown's business.

Aroundtown is exposed to concentration risks due to its focus on certain categories of real estate and its focus on certain geographies. The performance of Aroundtown may be disproportionately impacted by negative market developments occurring in those regions where it holds substantial portions of its property portfolio, such as Berlin, Munich, Frankfurt or NRW. In the event of developments that impact a number of key tenants, Aroundtown may be unable to find suitable replacement tenants or only replacement tenants at unattractive rental levels. Any of these developments may result in increased vacancy rates and decreased rent levels for the properties held by Aroundtown, and have a significant negative effect on Aroundtown.

In addition, demand for offices, hotels and retail properties is not only affected by the overall development of the commercial real estate market, but also by commercial developments affecting existing and potential tenants for these types of properties. Such developments include an increase in food and other retail purchases over the internet and the trend towards smaller, high-quality retailers, which have adversely affected rental demand for Aroundtown's retail properties; the trend towards working from home offices or from tax friendly headquarters located away from city centres, which has adversely affected rental demand for Aroundtown's office properties and the development of new or increased taxes, such as city tourism and hotel taxes, which have adversely affected tourism and travel, impacting demand for hotel rooms and therefore adversely affecting Aroundtown's hotel properties. There is no guarantee that Aroundtown will be able to successfully predict or adapt to changes that may impact tenant demand for its commercial properties.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.12 Aroundtown may be unable to find or retain suitable tenants on acceptable terms, and existing tenants may be unable to meet their payment obligations.

The letting of properties is one of the most important aspects of Aroundtown's business. Aroundtown's rental income depends on its ability to let its properties at profitable rent levels. Such efforts are influenced by a number of factors, including the remaining term of existing lease agreements, the commercial conditions of current tenants and the attractiveness of properties for new or existing tenants. Aroundtown may be unable to renew expiring lease agreements on acceptable terms or to find suitable tenants willing to enter into new lease agreements. There is also no guarantee that Aroundtown will be able to successfully compete for suitable tenants with other landlords, who may be able to offer more attractive properties, lease terms and/or rent levels. If Aroundtown misjudges the attractiveness or future attractiveness of its properties, it may be difficult to find suitable tenants that are willing to rent its properties at the rent levels or for the time periods anticipated by Aroundtown.

Failure to find and retain suitable tenants may prevent Aroundtown from maintaining its current vacancy rate or renting vacant space, or may force Aroundtown to reduce the rent levels it demands from current and future tenants. In particular, with respect to Aroundtown's hotel properties, the number of potential tenants is limited, and suitable tenants must have sufficient experience with, and capacity for, operating hotels, as well be eligible to obtain the relevant permits in order to operate hotel properties. Aroundtown's ability to find new tenants for its hotel properties depends on many factors, including factors that are beyond its control, such as demand for hotel rooms, profitability margins on hotels and the hotel industry generally, and the level of competition in the hotel sector.

In addition, the financial capacity or creditworthiness of Aroundtown's tenants may deteriorate over time, reducing their ability to make payments under their leases on time or at all. Reductions in tenants' abilities to make payments under their leases may force Aroundtown to reduce rent levels for the relevant properties, resulting in rental income that is significantly lower than originally estimated, while Aroundtown's operating and financing costs might remain largely fixed or even increase. Aroundtown may also be forced to engage in expensive and time-consuming administrative or legal proceedings in order to evict certain defaulting tenants, or as the result of insolvency or other restructuring activities undertaken by its tenants, which may result in modifications to the terms of Aroundtown's leases with or without its consent. Although Aroundtown takes steps to verify the financial capacity of its tenants prior to entering into leases with them, such steps may not always be adequate or may not reveal undisclosed problems with such tenant's financial capacity. In addition, Aroundtown cannot predict the financial stability and commercial viability of its tenants going forward.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial conditions, cash flows and results of operation.

2.1.13 Most of the tenants of Aroundtown's hotel properties are operating the hotels under well-known hotel brands on the basis of franchise agreements they have already entered or will enter into with the respective brand owners. Should tenants be unable to extend or renew their existing franchise agreements with the brand owners when they expire or if tenants violated the terms of the franchise agreements, the Company may face unforeseen expenses and potential losses resulting from a potential re-branding of the respective hotels.

Aroundtown has entered into long-term lease agreements with the tenants of its hotel properties that operate these hotels under well-known brands and trademarks, such as "Hilton", "Marriott" "Wyndham", "IHG", "Accord" and "Radisson", on the basis of franchise agreements entered into with the respective brand owners. The underlying franchise agreements relating to the brands and trademarks provide for certain standards of the respective hotels and other covenants which the respective franchisees must comply with. In the event of a breach of a franchise agreement, that franchise agreement may be terminated and the respective hotel operator being Aroundtown's tenant might lose the right to operate the hotel under the respective brand. Also, the franchise agreements have a specific term. In the event a franchise agreement was terminated or not extended or renewed beyond its current term, the Company may incur unexpected expenses relating to any required re-branding of the respective hotel, including the requirement of capital expenditure or refurbishing expenses. If such termination or non-extension of a franchise term related to several of Aroundtown's hotel properties were to occur in the same timeframe, the Company may be required to make material investments to resolve these issues. The occurrence of any of the aforementioned risks could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.14 Rent indexation clauses in Aroundtown's lease agreements could adversely affect Aroundtown's rental income.

Some of Aroundtown's lease agreements include clauses providing for full or partial indexation of the applicable rent in line with a reference index, such as the German or Dutch consumer price indexes. Rent levels under these leases will fluctuate based on changes in the reference index, and rental income may decrease as a result. If a lease agreement does not contain an indexation or equivalent adjustment clause, or if such clauses are found to be invalid, the applicable rent may remain constant for the term of the lease agreement, while Aroundtown's costs of maintaining the respective property may increase over time due to inflation. This risk is compounded by the fact that many of Aroundtown's lease agreements are long term.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flows, results of operations, net profits or prospects.

2.1.15 Aroundtown is exposed to risks related to capex, maintenance, repositioning, repair and development of properties in Aroundtown's portfolio. The capex, modernisation, repositioning and development of properties, as well as their ongoing maintenance, may take more time, be more expensive or ultimately be less effective than originally anticipated.

Aroundtown is required to maintain, repair and renovate the properties in its portfolio, for a range of reasons, including legal requirements (such as provisions relating to safety features and energy savings), obligations under the relevant lease agreements it enters into with tenants and, in some cases, requirements under financing agreements. Aroundtown must also meet or exceed the quality of similar properties owned by its competitors in the regions where its properties are located, which is necessary to maintain existing tenants and attract new tenants. Typically, the costs associated with such measures are borne by the property owner.

Aroundtown, therefore, routinely performs maintenance and repairs, as well as making capital expenditures, with respect to its properties although such measures are intended to increase value, avoid loss of value and to maintain or increase demand for its properties, the related costs can be substantial. GCP is subject to the same maintenance, repair and renovation requirements, and might even face increased pressure to modernise and refurbish its properties under specific legal requirements, for example, those relating to safety features and energy savings such as equipping residential units with smoke detectors. In addition, certain properties held by Aroundtown or GCP may from time to time require unusually high levels of targeted renovation, modernisation and repositioning. Some of these properties were acquired by Aroundtown or GCP following periods of mismanagement and may not have received adequate investment from previous owners, resulting in significant modernisation, repositioning, capex and fit-out costs, which could well exceed the costs of routine upgrades or general maintenance.

Aroundtown, through lease agreements with tenants, has assumed a number of obligations to invest in the leased properties. As a rule, the lease agreements provide that the tenant may terminate the lease agreement if Aroundtown fails to meet these obligations. In such a case, Aroundtown could suffer significant losses following the loss of rental income.

Although Aroundtown and GCP each takes steps to predict and plan for the various expenses it will incur in connection with its properties, there is no guarantee that Aroundtown and GCP have predicted, or will correctly predict in the future, the amount of time and money that they will ultimately be required to spend on maintenance, repairs, modernisation, repositioning, or capex and development of its properties. The originally budgeted costs may increase substantially as a result of many factors, such as increased costs of materials, increased labour costs, increased energy costs, bad weather conditions, unexpected safety requirements or unforeseen complexities and developments at the building site. Aroundtown and GCP may be unable to undertake necessary work on their properties in a timely fashion or at all for many reasons, including availability of a skilled labour force due to strong demand, bad weather conditions or the failure of contractors or subcontractors to adhere to agreed-upon time schedules or continue as going concerns during the course of necessary work. Contractors or subcontractors may perform work that fails to meet Aroundtown's and GCP's standards, leading to quality problems with the properties, further costs to correct such problems, and reputational damage. If Aroundtown and GCP were to become subject to unexpected costs for capex and modernisation, this could reduce the profitability of Aroundtown and GCP and, in the case of GCP, could have an adverse impact on the value of Aroundtown's shareholding in GCP.

Further, necessary building or other permits may be delayed or denied, or only issued subject to further restrictions or with fewer rights than anticipated by Aroundtown and GCP. In addition, the impact of these factors may be more significant for Aroundtown and GCP, which invest from time to time in properties that may have experienced periods of mismanagement, than for investors in properties that have been better maintained. In the case of acquired property portfolios, Aroundtown and GCP may not be contractually protected against these costs and may not have been able to adequately predict or foresee them prior to the acquisition of the relevant properties.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.16 Aroundtown has selectively chosen to engage in real estate development. Following the Offer and as a result of a subsequent integration of TLG, such development activities of Aroundtown may be substantially extended. Such developments, which may be long-term in nature, are associated with numerous risks, such as cost overruns, which may result in projects becoming unprofitable, and changes in the economic environment, which may in turn make it difficult to complete projects on time or realise the returns Aroundtown anticipates upon beginning such projects.

Aroundtown has engaged and will from time to time engage opportunistically in real estate development projects that primarily relate to the expansion of existing properties or to the conversion of existing properties for a different future usage. As of 30 September 2019, Aroundtown had Land for development and other rights worth € 1.3 billion. Should TLG be integrated into Aroundtown subsequent to the Offer, Aroundtown may extend its development activities based on potential and/or ongoing development opportunities in TLG's portfolio, including projects that the Company considers attractive or provide upside potential. TLG's asset class "investments" as of 30 September 2019 according to information provided in TLG's interim financial statements comprises a property value of € 814 million.

During the initial phases of its development projects, Aroundtown normally carries the costs of the project and begins to receive revenues in the form of rental income or from a sale of the property only at a later point in time. Development projects sometimes face cost overruns and delays in completion, many of which are caused by factors that are not directly within the control of the developer. Unfamiliarity with local regulations, delays in obtaining construction permits or contract and labour disputes with construction contractors or subcontractors and unforeseen site conditions may require additional work and involve construction delays. Failure of property developments to proceed as expected or the cost of unforeseen significant capital improvements could decrease Aroundtown's cash flows. Aroundtown could also underestimate the cost of improvements needed to market the property effectively to potential tenants.

When considering property development opportunities, Aroundtown makes certain estimates as to the economic, market and other conditions, including estimates relating to the value or potential value of a property and the potential return on investment. These estimates may prove to be incorrect, rendering Aroundtown's strategy inappropriate, resulting in negative effects on Aroundtown's business, results of operations, financial conditions and prospects. An increase in development activities may also have a negative impact on Aroundtown's rating (see: "*2.2.3 A decrease in the fair value of GCP may result in a loss for the Company.*").

In addition, if GCP failed in its assessment of development projects and became subject to unexpected costs, this could reduce the profitability of GCP and have an adverse impact on the value of Aroundtown's shareholding in GCP.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.17 Aroundtown may fail in its ability to source or acquire suitable properties.

Aroundtown relies on its sourcing network, including the contacts of its key personnel, to generate property acquisition opportunities. When engaging in disposals, Aroundtown also relies on its sourcing network to source suitable properties in which to reinvest the proceeds from such disposals. There is no guarantee that Aroundtown's sourcing network will provide it with sufficient opportunities in the future or that Aroundtown will be able to maintain its sourcing network in the future. In addition,

Aroundtown's competitors may succeed in gaining access to the same sources of information and/or properties that Aroundtown has relied on in the past, thereby undermining the value of Aroundtown's sourcing network.

Aroundtown acquires properties through transactions in a variety of forms, including without limitation asset-based transactions, share deals and acquisitions of non-performing loans ("**NPL**"). In these transactions, Aroundtown seeks to acquire indebtedness of distressed or insolvent companies holding a property or properties from their original lenders that would allow an enforcement of mortgages or land charges granted in favour of such indebtedness and eventually result in the acquisition of the underlying property. In the case of acquisitions of properties via NPLs, Aroundtown may be unable to gain access to the underlying property in the time period anticipated by Aroundtown, and therefore may fail to gain access to the property at all, or may only do so at a significantly greater cost than anticipated.

Any of the foregoing factors may have a material adverse effect on the future business, net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

2.1.18 Aroundtown may be unable to make acquisitions if it is unable to obtain the necessary funds.

Aroundtown's ability to make future acquisitions may be limited if Aroundtown is unable to obtain the necessary funds through additional debt or equity financing or disposals of properties, in each case on acceptable terms. Further, additional debt incurred in connection with future acquisitions could have a significant negative impact on Aroundtown's financial performance indicators, such as the loan-to-value ratio ("**LTV-ratio**"), and could result in lenders demanding higher interest rates for future financing. Further, financial covenants under existing or future financing agreements, including Outstanding Senior Bonds, might prohibit the incurrence of further financing for acquisitions depending on the financial performance of Aroundtown at the time it intends to make an acquisition. The availability and terms of debt and equity financing available to Aroundtown depend on a number of factors, in particular interest rate levels, Aroundtown's credit rating and the overall state of the financial markets. In particular, rising interest rates or a market downturn could limit Aroundtown's ability to obtain acquisition financing at acceptable terms or any financing at all. If Aroundtown is no longer able to obtain the debt or equity financing it needs to acquire additional property portfolios, or if it is able to do so only on onerous terms, its future growth, business development and competitiveness could be severely constrained.

Similarly, Aroundtown may not always be able to raise funds for acquisitions through the sale of properties which it considers to no longer meet its strategic criteria, or may only be able to do so on unfavourable terms. The disposal of properties on acceptable terms depends on numerous factors, many of which are out of Aroundtown's control (see: "*2.1.21 Aroundtown's investments are predominantly in real estate. Due to the potentially illiquid nature of the real estate market, Aroundtown may not be able to sell any portion of its portfolio or investments in a timely fashion, on favourable terms or at all.").*

Any of the foregoing factors could limit Aroundtown's ability to fund acquisitions and thereby limit its growth, which in turn could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flows, results of operations, net profits and prospects.

2.1.19 Aroundtown may acquire properties with undisclosed or unforeseen legal and other defects which can prove costly to address and can lead to lower rental income or resale problems. Undetected defects may cause substantial liability not covered by insurance in the event of fatal accidents.

Before acquiring a property or portfolio of properties, Aroundtown generally performs a due diligence exercise in order to evaluate the properties and to identify risks connected with the properties. There can be no assurance as to the adequacy or accuracy of information provided during any due diligence exercise or that such information will remain accurate following the conclusion of the due diligence exercise until the acquisition of the relevant properties. In certain situations Aroundtown may enter into transactions after only limited time to conduct due diligence and/or on the basis of limited, missing, inconsistent or incomplete information.

Particularly in the case of properties or property portfolios that were mismanaged by previous owners, have deteriorated or were sold under financial, legal or time pressure, information regarding the

properties may be limited, missing, inconsistent or incomplete. As a result, Aroundtown may overpay for properties with structural or other defects or problems that may be expensive to repair or address.

Aroundtown purchases property through transactions in a variety of forms, such as asset purchases, stock purchases and the purchase of NPLs. These types of transactions may differ in the amount of information that can be provided to Aroundtown and the time that Aroundtown is given to review it. It is possible that Aroundtown may overlook or may not receive information regarding certain risks. These risks, among others, relate to title and security searches, planning permissions and conditions, building permits, revisions to zoning plans, licences, fire and health and safety certificates and the compliance with related regulations as well as restrictions in connection with historic preservation laws, subsidised housing or contractual limitations imposed by the seller of the respective property that may relate to investment obligations, limitations as to rent increases or other provisions for extra-statutory tenant protection. In the case of environmental risks, Aroundtown or the original acquirers, as the case may be, may not have been able to undertake (or obtain results for) inspections and surveys (including labour and time intensive environmental and asbestos investigations and technical surveys) that Aroundtown would otherwise have carried out in the course of comparable acquisitions. In respect of certain properties in Aroundtown's portfolio, only limited investigation or review was undertaken prior to purchase as to the existence of harmful environmental contamination. It is therefore possible that Aroundtown has acquired, and may in the future acquire, properties with severe legal defects or which are not in compliance with applicable legal requirements. In addition, real estate transfer tax ("**RETT**") may inadvertently be, or have been, triggered in the course of such acquisitions of real estate.

Even where Aroundtown is supplied with sufficient information, there is no guarantee that it will be able to correctly evaluate and predict the impact of the risks and information that it receives. It is possible that damage or quality defects could remain entirely undiscovered or misunderstood, or that the scope of such problems may not be fully apparent in the course of Aroundtown's due diligence exercise, and/or that defects may only become apparent at a later time. Undetected defects could include the use of illicit building materials that can cause health hazards for the tenants or cause fatal accidents which are not covered by insurance (see: *"2.1.29 Aroundtown could sustain substantial losses not covered by, or exceeding the coverage limits of, its insurance policies."*). In general, sellers exclude liability for hidden defects in properties which they sell, which would prevent a claim for any loss incurred by Aroundtown in connection with the acquisition of such property. Even if liability for hidden defects has not been fully excluded, it is possible that the representations and warranties made by the seller in the course of the sale of the property fail to cover all risks and potential problems. In addition, warranty claims may be unenforceable due to a seller's insolvency or for other reasons.

Accordingly, in the course of acquiring a property portfolio, specific risks might not be, or might not have been, recognised or correctly evaluated which could lead to additional costs and could have an adverse effect on the proceeds from rental income and sales of the relevant properties. Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.20 There is a risk that Aroundtown may incorrectly appraise the value of acquired properties or property portfolios, real estate companies or non-performing loans before, during and after an acquisition.

Prior to acquisitions of properties, property portfolios, real estate companies or NPLs, Aroundtown carries out an examination and evaluation of the underlying properties to be acquired, which typically includes developing an initial business plan for the properties after taking into account required maintenance, refurbishment, modernisation, repositioning or capex measures.

The assumptions, estimates and judgements made by Aroundtown in connection with these acquisitions may however be mistaken, inaccurate or incorrect, particularly with respect to anticipated rent and vacancy levels, commercial attractiveness, relevant costs and timeframes, and any other liabilities associated with the acquisition. During periods of reduced activity in the real estate markets, or periods of economic, political or market volatility, market prices for properties may be difficult to assess which can lead to the risk that Aroundtown overpays for the properties. In addition, the valuation methods Aroundtown relies on could subsequently be found to have been unsuitable for the acquired properties during the periods in question.

Accordingly, the actual performance of acquired properties may differ substantially from the performance predicted by Aroundtown at the time of acquisition. It may be more difficult than

anticipated to lease or sell such properties, market rents could decline or fail to achieve the levels anticipated by Aroundtown, and capex requirements and/or vacancy rates may exceed Aroundtown's projections or even increase following the acquisition. Incorrect and erroneous valuations in connection with the acquisition of property portfolios and other unforeseeable events could result in Aroundtown being unable to achieve its projected yields, leading to the risk that valuations of the properties at their acquisition or later on have to be adjusted downwards (see: "*2.2.2 Real estate valuation is based on assumptions that may change and are inherently subjective and uncertain. The values recorded in the Company's consolidated financial statements may not reflect the value of Aroundtown's property portfolio or development rights held by Aroundtown.*").

Any of the foregoing factors could result in reduced revenue, profits or cash flow and may negatively affect the value of the property portfolio of Aroundtown as reported in its financial statements and may lead to negative impacts on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.21 Aroundtown's investments are predominantly in real estate. Due to the potentially illiquid nature of the real estate market, Aroundtown may not be able to sell any portion of its portfolio or investments in a timely fashion, on favourable terms or at all.

Aroundtown primarily invests in real estate or in real estate companies. While the general strategy of Aroundtown is to hold properties that it acquires, Aroundtown will from time to time sell properties or portfolios of properties if attractive opportunities or market conditions arise or for strategic reasons. The ability of Aroundtown to sell its properties generally depends on the liquidity of the real estate markets at the time of the potential sale. The demand for real estate assets is influenced by, among other factors, the quality of the property, vacancy rates, the overall economic and market situation at the time of the sale, the level of interest rates and the availability of debt financing to market participants.

As a result, if Aroundtown were required to sell parts of its portfolio, particularly on short notice or under legal, financial or time pressure, there is no guarantee that Aroundtown would be able to do so in a timely fashion or on favourable terms or at all. In the case of a forced sale, if, for example, creditors realise on collateral, there would likely be a significant shortfall between the fair value of the property or property portfolio in question or the shares in the real estate company, as the case may be, and the price achievable upon the sale of such property or property portfolio or shares in such circumstances, and there can be no guarantee that the price obtained by Aroundtown would represent a fair or market value for the property or property portfolio or shares.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.22 Aroundtown may not be able to efficiently and effectively integrate newly acquired properties into its portfolio.

After the acquisition of properties or a property portfolio, the properties must be integrated into Aroundtown's existing management platform. Although Aroundtown has developed an IT-based platform that is intended to efficiently integrate newly acquired properties, the platform may fail to perform as expected. The integration of acquired properties and portfolios may be more difficult or take longer than anticipated and cost savings and synergies may not develop as expected, resulting in higher administrative and management costs than anticipated by Aroundtown.

Also, the integration of IT systems of newly acquired property portfolios or real estate companies into the existing IT platform of Aroundtown or transmission of the respective data into the IT system of Aroundtown could require significant time, effort and related costs. As Aroundtown continues to grow, further acquisitions could cause a significant increase in such costs, or in other costs related to the growth and development of Aroundtown's IT systems.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.23 The Company is not a majority shareholder in GCP, and the other shareholders of GCP may take resolutions or implement measures that are not supported by the Company or that are contrary to Aroundtown's strategy, policies or objectives. GCP's business is subject to a number of risks, and GCP may not manage or develop its business properly.

Although the Company is currently the largest single shareholder of GCP, holding as of the date of this Prospectus a 39% interest in GCP, the Company is not a majority shareholder in GCP. Accordingly, there is no guarantee that the other shareholders of GCP will not take resolutions or implement measures that are not supported by the Company or that are contrary to Aroundtown's strategy, policies or objectives, and which may negatively impact the value of the Company's stake in GCP. In addition, if the Company's shareholding in GCP decreases in the future, for example through conversions of GCP's outstanding convertible bonds or through capital increases, the Company's ability to influence important decisions at GCP might further decline.

GCP is a listed real estate company that focuses on investing primarily in the German residential real estate market. As such, GCP is exposed to a number of risks which are similar to those described in this Prospectus with respect to the Company and Aroundtown, including without limitation demographic, economic, political and market developments in Germany, political and economic uncertainty in the Eurozone and the potential impact of Brexit, uncertainty regarding global economic development, the potential impact of changes in interest rates, the availability of real estate for purchase and the impact of competition on the ability of GCP to pursue its business strategy, the ability of GCP to successfully manage its properties, potential changes in geographic composition and concentration risks in GCP's property portfolio, the ability of GCP to find and retain suitable tenants for its properties, the impact of capex, maintenance, repositioning and repair of its properties, the strength of GCP's sourcing network and its ability to retain senior management and key personnel, the availability of funding and the ability of GCP to access the capital markets on favourable terms or at all, fluctuations in the fair valuations of its properties, integration risks for newly acquired properties, potential environmental, building code or other legal, regulatory, tax or administrative liabilities in connection with its properties or business, interruptions to information technology or other operational systems, insufficient insurance coverage, defective or insufficient risk management systems, loss of reputation in the market place, the impact of financial covenants and other limitations on GCP's business under its existing financing arrangements and debt securities, the impact of ongoing legal disputes or administrative proceedings, and the impact of, and potential changes to, the legal, regulatory, administrative and tax regimes in Germany, Luxembourg and the other areas where GCP operates.

There is no guarantee that GCP will be able to successfully manage these risks or additional risks relevant to its business, or manage or develop its business going forward. Any negative developments with respect to the risks facing GCP or any misjudgement, miscalculation, failure or inability of GCP to react to such developments or to manage or develop its business successfully may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of GCP, and in turn, may have a material adverse effect on the share price of GCP, the value of the Company's stake in GCP and the distribution of dividends by GCP.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.24 The Company is exposed to risks with respect to its investments in Globalworth Real Estate Investments Limited.

As of the date of this Prospectus, the Company holds an interest in the listed company Globalworth Real Estate Investments Limited, Guernsey ("**GWI**"), of approximately 22% of the voting rights of GWI. GWI is a real estate company whose portfolio consists mainly of office properties in Central and Eastern Europe, in particular in Poland and Romania. GWI's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange. As the Company is not a majority shareholder of GWI, it cannot be guaranteed that the remaining shareholders of GWI will not take any decisions or actions that are not supported by the Company or that are contrary to the strategy or objectives of Aroundtown and that may adversely affect the value of the Company's interest in GWI.

Due to the focus on office properties in Central and Eastern Europe, particularly Poland and Romania, GWI is exposed to demographic, legal, economic and political market developments in these countries.

The associated risks include, in particular, economic and political developments in these countries, uncertainty in the Eurozone and related currency fluctuations, as well as the potential effects of changes in interest rates. Other risks include the availability of properties for acquisition, GWI's ability to successfully manage its properties, potential changes in the geographical composition and concentration risks in GWI's property portfolio, GWI's ability to find and retain suitable tenants for its properties, the effects of capex, maintenance, new positioning and repair of its properties, the availability of funds and GWI's ability to access the capital markets on favourable conditions. There are also risks relating to legal, regulatory, tax or administrative obligations in connection with GWI's properties. As GWI generates revenues from its portfolio in currencies other than Euros, there are also risks with regard to possible currency fluctuations.

It cannot be guaranteed that GWI will be able to successfully manage these or other risks relevant to its business. Negative developments with respect to GWI's risks or misjudgements, miscalculations, GWI's failure or inability to respond to such developments or to successfully manage or develop its business could have material adverse effects on GWI's business, financial position, results of operations, cash flows, net income and prospects and, in turn, could have material adverse effects on GWI's share price, the value of the Company's interest in GWI and GWI's potential future dividend distributions.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.25 Minority interests of third parties in subsidiaries of Aroundtown or the interests of partners in joint ventures or co-investments may make it difficult to implement significant structural changes or take other material actions with regard to these entities, in particular where those actions require a qualified majority or the unanimous consent of all shareholders of these entities.

The Company and/or its subsidiaries do not own all shares and/or do not hold all voting rights in certain subsidiaries, joint ventures and co-investments, and are thus exposed to the influence of other shareholders or joint venture partners in the respective entity, including the holdings of minority shareholders. In some cases, significant structural changes or other material decisions with respect to such entities may only be implemented with qualified majority consent and/or the consent of the remaining shareholders or the joint venture partner under the terms of the joint venture or shareholder agreement. Such provisions may limit Aroundtown's flexibility to implement its strategy, policies or objectives with respect to the entity in question or even with respect to Aroundtown itself. This could affect the distribution of dividends from such subsidiary or the sale of shares in such subsidiary or related properties. Furthermore, a joint venture partner or minority shareholder may have economic or business interests or goals that are inconsistent with those of Aroundtown, take actions contrary to Aroundtown's strategy, policies or objectives, experience financial or other difficulties or be unable or unwilling to fulfil their obligations under their co-investment agreements.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.26 The Company is subject to certain obligations and restrictions due to the stock listings of the Company, its subsidiary Primecity Investment plc and GCP, and subsequent to a completion of the Offer in the Target.

Presently, the Company's shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). Consequently, the Company is exposed to the restrictions and obligations arising from the applicable laws and regulations in Germany as well as the requirements of the Frankfurt Stock Exchange. In addition, the shares of Primecity Investment plc ("**PCI**"), a subsidiary of the Company holding certain of Aroundtown's hotel properties, are admitted to trading on the Euronext Growth market segment of the Paris Euronext stock exchange and GCP's shares are listed on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard). These stock listings impose obligations and restrictions on the Company, PCI and GCP under the applicable capital markets provisions, such as the European Market Abuse Regulation, including the prohibition of insider trading and obligations to draw up insider lists and disclose inside

information as well as under the applicable rules of the relevant stock exchange. In addition, the Company, as a result of being a shareholder of PCI and GCP, is subject to applicable capital markets laws and regulations, such as certain notification obligations on shareholding, public takeover regulations and squeeze-out provisions.

Any violation or breach of these laws and regulations could affect the overall reputation of the Company and, depending on the case, expose the Company to administrative or judicial proceedings, which could result in adverse judgements and administrative fines. Furthermore, there is a risk that the obligations and restrictions arising from such laws and regulations may restrict or adversely influence Aroundtown's ability to take material decisions with respect to the Company's interest in GCP and/or PCI and subsequent to a completion of the Offer, in the Target the shares of which are also admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard).

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.27 Aroundtown's business is exposed to risks from possible violations of building code and other such regulations in Germany and the Netherlands as well as in other regions it holds real estate.

Aroundtown's business is exposed to the risk of non-compliance with building codes and other regulations in regards to the construction and maintenance of buildings. Such codes and regulations tend to become stricter over time. As a result, in addition to the risk that properties did not comply with such regulations at the time of acquisition, the building owner's responsibilities could also be further expanded following acquisition with respect to fire, health and safety protection and environmental protection or similar protection purposes, which could require additional refurbishment, maintenance and modernisation measures, as well as similar measures. Furthermore, the projected cost of such measures is based on the assumption that the required permits are issued promptly and consistently with Aroundtown's expectations and schedules. It is possible, however, that the required building permits are not issued promptly or are issued only subject to conditions, which may lead to substantial delays in the completion of such modernisation measures and result in higher than projected costs and lower rental income for the relevant properties.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.28 Aroundtown may incur environmental liabilities, such as from residual pollution including wartime ordinance, soil conditions and contaminants in building materials.

Properties owned or in the process of acquisition by Aroundtown may contain ground contamination, hazardous substances, wartime relics (including potentially unexploded ordnance) and/or other residual pollution and environmental risks. Aroundtown's properties and their fixtures might contain asbestos or other hazardous substances such as polychlorinated biphenyl (**PCB**), dichlorodiphenyltrichloroethane (**DDT**), pentachlorophenol (**PCP**) or lindane above the recommended levels or above the allowable or recommended thresholds, or the buildings could bear other environmental risks.

Aroundtown bears the risk of cost-intensive assessment, remediation or removal of such ground contamination, hazardous substances, wartime relics or other residual pollution. The discovery of any such residual pollution on the sites and/or in the buildings, particularly in connection with the letting or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of letting contracts for cause, for damages and other breach of warranty claims against Aroundtown.

Moreover, environmental laws in Germany, the Netherlands, the United Kingdom and the other regions where Aroundtown's properties are located, such as the German Federal Soil Protection Act (*Bundesbodenschutzgesetz*), typically impose actual and contingent liabilities to undertake remedial action on contaminated sites and in contaminated buildings or to compensate for damages. The liability need not be based on fault, i.e., the competent authority does not have to establish either negligence or intent on the part of the parties held liable. These obligations may relate to sites Aroundtown currently owns, sites it acquires in the future or sites Aroundtown formerly owned because

environmental laws typically impose liability not only on the polluter but also on its legal successor, the owner of the contaminated site and in some cases certain previous owners. The costs of any removal, investigation or remediation of any residual pollution on such sites or in such buildings as well as costs related to legal proceedings, including potential damages, regarding such matters may be substantial, and it may be impossible, for a number of reasons, for Aroundtown to have recourse against a former seller of a contaminated site or building or the party that may otherwise be responsible for the contamination, for example, because the former seller or polluter cannot be identified, no longer exists or has become insolvent. Moreover, even the mere suspicion of the existence of ground contamination, hazardous materials, wartime relics or other residual pollution can negatively affect the value of a property and the ability to let or sell such a property.

Laws and regulations, as may be amended over time, may also impose liability for the release of certain materials into the air or water from a property, including asbestos, and such release could form the basis for liability to third parties for personal injury or other damages. In addition, if Aroundtown's officers or employees infringe or have infringed environmental protection laws, Aroundtown could be exposed to civil or criminal damages. Aroundtown may be required to provide for additional reserves with respect to its potential obligations to remove and dispose of any hazardous and toxic substances.

Any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

2.1.29 Aroundtown could sustain substantial losses not covered by, or exceeding the coverage limits of, its insurance policies.

The properties held by Aroundtown are generally insured against losses due to fire, flooding, earthquakes and other natural hazards, operational interruptions and third-party liability, as well as terrorism to the extent usual for its business. Aroundtown's insurance policies are, however, subject to exclusions and limitations of liability. Aroundtown may, therefore, have limited or no coverage relating to third-party liability, other natural disasters and other environmental risks or war. Aroundtown may also have limited or no coverage relating to inflation, changes in planning laws or regulations, building codes and ordinances, title defects and defective construction. In addition, Aroundtown's insurance providers could become insolvent and thus unable to fulfil their obligations to Aroundtown.

Aroundtown does not maintain separate funds or otherwise set aside reserves to cover losses or third-party claims from uninsured events. Should an uninsured loss or a loss in excess of Aroundtown's insurance limits occur, Aroundtown could lose capital invested in the affected property, as well as anticipated income and capital appreciation from that property. In such circumstances Aroundtown may incur further costs to repair damage caused by uninsured risks. Aroundtown could also remain liable for any debt or other financial obligation related to such property, and may experience material losses in excess of insurance proceeds.

Any of the foregoing factors may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

2.1.30 Aroundtown may face difficulties in replacing key personnel if it loses them.

The success of Aroundtown depends on the performance of its management executives and qualified employees in key positions, particularly employees active in the management of Aroundtown with substantial expertise as to the sourcing of new property portfolios and the value-add and repositioning process for real estate. The loss of one or more members of the board of directors, advisory board, senior management (currently consisting of three senior employees) or other key employees of Aroundtown could impair Aroundtown's ability to manage its operations effectively, in particular if Aroundtown fails to attract new highly qualified management executives or qualified employees in key positions. Aroundtown also faces competition for highly qualified employees from competing real estate and other companies, and may not able to recruit, retain or replace key employees in a timely fashion or at all.

The failure to provide the necessary management resources or to recruit, retain or replace key employees may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.31 Damage or interruptions to Aroundtown's information technology systems could lead to diminished data security and limit Aroundtown's business operations.

Aroundtown's proprietary information technology systems are an important part of Aroundtown's business model. Any interruptions in, failures of or damage to Aroundtown's information technology systems could lead to business process delays or interruptions. Aroundtown's information technology systems may be vulnerable to security breaches and cyber-attacks from unauthorised persons both outside and within Aroundtown. If Aroundtown's information technology systems were to fail and back-ups were not available, Aroundtown would have to recreate existing databases, which would be time-consuming and expensive and could potentially not succeed. Aroundtown may also have to expend additional funds and resources to protect against or to remedy potential or existing security breaches and related consequences. Any malfunction or impairment of Aroundtown's information technology systems could interrupt its operations, including its monitoring, controlling and reporting operations, which may result in increased costs and potentially lost revenue. Aroundtown cannot guarantee that anticipated and/or recognised malfunctions can be avoided or remedied by appropriate preventative, maintenance or security measures in every case. Damage, malfunction or interruptions in Aroundtown's information technology systems may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.1.32 A loss of reputation or harm to the brand name of the Company or insufficient levels of client satisfaction may reduce the demand for Aroundtown's properties, shares or debt and make it more difficult for Aroundtown to raise equity capital or debt on attractive terms.

If Aroundtown is unable to maintain its good reputation, brand names and high levels of client service, client satisfaction and the demand for Aroundtown's services and property may decline. In particular, any damage to the reputation or brand names of the Company may make it more difficult for Aroundtown to rent its properties on favourable terms or at all or to attract or retain tenants. The misuse, misrepresentation or abuse of the Company's reputation or brand names may also occur due to the actions of third parties without the consent or awareness of the Company and may occur even if the alleged events or actions are false, misleading or did not occur.

Any loss of reputation or harm to brand names may restrict Aroundtown's ability to attract or retain clients and business partners, and may limit its ability to source new business opportunities or acquire new property on favourable terms or at all. Moreover, it may make it more difficult or expensive or impossible for Aroundtown to raise equity capital, issue debt or gain access to financing from banks or the capital markets. Any damage to the reputation or brand names of GCP might result in a decline of the share price in GCP, which in turn would adversely affect the Company.

Any of the foregoing factors could result in a material decline in the share price of the Company or the trading prices of its bonds, and may have a material adverse effect Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.2 Valuation Risks

2.2.1 In the event of a downturn or other developments in the real estate markets in Germany, the Netherlands and other European countries Aroundtown's portfolio is located in, in particular in the United Kingdom, or in the interest rate environment, the fair values of the properties in Aroundtown's property portfolio may decline, which may have material adverse effects on the valuation of its property portfolio.

Aroundtown accounts for its investment properties at fair value. The valuation model is predominantly based on the present value of net cash flows to be generated from the property in question, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants, as well as capex and maintenance expenses related to the property. In specific cases the appraisers use special assumptions, assuming facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality, lease duration and terms, and the interest rate environment.

Establishing the valuation parameters involves substantial judgement and such judgements may prove to be inaccurate. In addition, any change to valuation methodology may result in gains or losses in Aroundtown's financial statements, based on the change to each property's valuation compared with prior valuations. There can be no assurance that any particular valuation could be realised in a third-party sale.

When evaluating its properties, Aroundtown engages third party appraisers. The valuations given to properties by third party appraisers and reflected in Aroundtown's financial statements and in this Prospectus may exceed or be below the actual amount of net proceeds which would be realised on the relevant property at the time of any sale, and are subject to fluctuation over time. Such variations may be driven by factors outside the control of Aroundtown and Aroundtown may not be able to realise the full property value reflected in any valuation report.

The fair value determination also reflects not only the circumstances directly connected with the property but also the general conditions of the real estate markets, such as regional market developments and general economic conditions or interest rate levels. Accordingly, there is a risk that in the event of a downturn in the real estate market where the property is located or in the general economic situation, Aroundtown will need to revise downward the value of its portfolio. In addition, rising interest rates generally may have a negative influence on the fair value of property portfolios, and may impact the value of the Aroundtown's portfolio (see: "*2.1.6. An increase in interest rates could have a material adverse effect on the real estate markets in which Aroundtown operates.*").

Any change in fair value must be recognised as a profit or loss under the fair value adjustment. Any significant negative fair value adjustments that Aroundtown is required to make could therefore have significant adverse effects on Aroundtown's financial condition and results of operations, as well as the market price of the Company's shares. Additionally, there would be negative effects on certain performance indicators, particularly with respect to net asset value ("**NAV"**) and LTV- ratio, which may have a negative influence on the credit rating of the Company and may constitute a covenant breach under certain financing agreements or debt securities. Any negative adjustments to the fair value of the properties held by GCP will likely adversely affect the value of the Company's shares in GCP.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.2.2 Real estate valuation is based on assumptions that may change and are inherently subjective and uncertain. The values recorded in the Company's consolidated financial statements may not reflect the value of Aroundtown's property portfolio or development rights held by Aroundtown.

The valuation reports contained in this Prospectus and printed on the pages B-1 ff. have been prepared to determine the fair value of Aroundtown's existing portfolio. The valuation reports are based on standardised valuation approaches and represent the opinion of the respective independent expert who prepared the reports. The valuation reports are based on assumptions which, as is customary with such valuations, have only been verified by random sampling. In valuing a property, an appraiser may consider factors such as real estate tax rates, operating expenses, potential environmental liabilities and the risks associated with certain construction materials, in addition to expected rental income, the property's condition and its historic vacancy level. In addition, property valuations may be based on assumptions or models that may not be correct or may contain mistakes. An adverse change, or a mistake, in one of the assumptions used or factors considered in valuing a property can decrease the assessed value of the property.

Development rights held by Aroundtown are typically valued using a residual value model, based on various factors such as expected rent of the property or sale price of the completed units, operational expenses after completion, construction costs, timing of construction, financing expenses during the development stage and after completion, capitalisation rates and assumptions on utilisation and approval of building rights. Any change in the assumptions used or factors considered in valuing these development rights may lead to a change in the fair value of these development rights, which may result in a write down of the value of such rights for the relevant accounting periods.

Important assumptions used by independent real estate appraisers are based on information prepared by Aroundtown, such as vacancy rates, average rental periods and current rental income. The valuation reports are therefore based in part on so-called special assumptions that have not yet

occurred at the time the property was valued. A change in the factors taken into account and the assumptions used may lead to lower valuation results. If several of the special assumptions assumed by the real estate appraisers later prove to be incorrect because the circumstances underlying the assumption do not occur, this can have a material adverse effect on the fair value of the respective property. In addition, the valuations were carried out by the independent appraisers on different valuation dates. Generally, the further back the valuation date of a valuation report, the greater the risk that the values determined therein may have changed due to a wide variety of factors.

The valuation of the portfolio of Aroundtown may not reflect the actual sale or market prices that Aroundtown could generate on a sale of its property, even where any such sales occur shortly after the relevant valuation date, or the estimated yield and annual rental income of any such property. In particular, during times of reduced real estate transaction levels, market prices for properties may be difficult to assess.

Any re-valuation of the portfolio of Aroundtown could also cause the fair values determined for the respective valuation date to fall short of the book values of the relevant properties, resulting in a fair value loss. Under such circumstances, Aroundtown would be required to immediately write down the value of the relevant properties for the relevant accounting period.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition and results of operations.

2.2.3 A decrease in the fair value of GCP may result in a loss for the Company.

Since the deconsolidation of GCP from the Company's consolidated financial statements at the end of 2014, the Company's interest in GCP is presented as investment in an equity-accounted investee. As part of the deconsolidation, the Company determined the cost value of its investment in GCP based on an external valuation undertaken for that purpose. From 1 January 2015 forward, the Company has recorded its proportional share of GCP's result in the Company's profit and loss statement. The Company is required to assess the fair value of its interest in GCP on an ongoing basis. In the event of a significant or prolonged decline in the fair value of the Company's interest in GCP, the Company would be required to recognise a loss based on the decline, which may be significant and could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3 Financial Risks

2.3.1 Aroundtown may not be able to extend its existing credit arrangements, refinance its debt on substantially similar terms when it matures or obtain acquisition financing on financially attractive terms as and when needed.

Aroundtown may require additional funds to finance or refinance its debt, capital expenditures, future acquisitions and working capital requirements. Aroundtown may likewise need to borrow additional funds or to raise additional equity or debt capital. The extent of Aroundtown's future capital requirements will depend on many factors which may be beyond Aroundtown's control, and its ability to meet its capital requirements will depend on its future operating performance and ability to generate cash flows. Additional sources of financing may include equity, hybrid debt/equity instruments, debt financing or other arrangements. There can be no assurance, however, that Aroundtown will be able to obtain additional financing on acceptable terms when required due to market conditions, interest rate levels, perceptions about its creditworthiness or other factors. In the event of the successful completion of the Offer and the acquisition of control of TLG, the financing and/or refinancing needs of the combined group may increase.

If Aroundtown does not generate sufficient cash flows or if Aroundtown is unable to obtain sufficient funds from future equity or debt financings or at acceptable interest rates, Aroundtown may not be able to pay its debts as they come due or to fund its other liquidity needs.

Aroundtown's acquisition of properties and portfolios is often financed by taking on additional debt or by issuing and offering new shares or equity-linked instruments, or a combination thereof. If Aroundtown is unable to obtain the necessary financing on reasonable terms, it may be unable to make acquisitions, or may only be able to do so to a limited extent. This could adversely affect its future growth, business development and competitiveness. Even if debt financing is available, any additional debt could have a significant negative impact on Aroundtown's key performance indicators

and could result in higher interest expenses or cause Aroundtown to breach certain covenants in agreements governing its indebtedness. Any of the foregoing factors could limit Aroundtown's operating flexibility, and may have a material adverse effect on its business, net assets, cash flows, financial condition, results of operations, net profits and prospects.

2.3.2 A rise in general interest rate levels could increase Aroundtown's financing costs. When it attempts to mitigate interest rate risk or currency exchange rate fluctuations by entering into hedging agreements, Aroundtown also becomes exposed to the risks associated with the valuation of hedge instruments and these hedges' counterparties.

As at 30 September 2019, Aroundtown's total financial debt was € 10.0 billion and Aroundtown's total net financial debt (total financial debt less cash and liquid assets) was € 6.9 billion.

When concluding financing agreements or extending such agreements, Aroundtown depends on its ability to agree on terms for interest payments that will not impair its desired profit and amortisation schedules. In general, rising market interest rates would lead to higher financing costs in the future and so may have a material adverse effect on the business, financial condition and results of operations of Aroundtown. Aroundtown regularly enters into financing agreements with variable interest rates while hedging such variable interest rate with customary market hedging instruments, such as interest rate swaps, caps, forwards or collars. The hedging instruments that Aroundtown uses, however, may not be completely effective, and Aroundtown may be unable to enter into necessary extensions or renegotiations of its financing agreements or hedging instruments at their current interest rate terms, including associated costs, or be unable to do on acceptable terms or at all.

In addition, the hedging agreements Aroundtown enters into may not completely counterbalance a potential change in interest rates, and as a result even with hedging agreements in place, interest rate fluctuations may have a negative impact on Aroundtown's financial performance, which could in turn limit Aroundtown's possibilities of obtaining additional debt or equity financing. In addition, Aroundtown is exposed to the risk that its hedging counterparties will not perform their obligations as established by the hedging agreements into which Aroundtown has entered. Hedging counterparties may default on their obligations towards Aroundtown due to lack of liquidity, operational failure, bankruptcy or other reasons.

In addition, certain of Aroundtown's assets, liabilities, revenues and/or expenses are denominated in currencies other than Euro. Aroundtown reports its financial results in Euros and must therefore translate the valuations of foreign currencies to Euro. To the extent that Aroundtown does not hedge its exposure to foreign currency exchange rate fluctuations, or to the extent that such hedging is insufficient or otherwise ineffective, Aroundtown could be exposed to fluctuations in foreign currency exchange rates which could have a negative impact on Aroundtown's results and/or its financial condition (see: "*2.3.8. Aroundtown is subject to foreign exchange rate fluctuations.*").

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3.3 A downgrade or withdrawal of the Company's current credit rating or of GCP's current credit rating may impact the ability of Aroundtown to obtain financing or issue further debt and may have a negative impact on Aroundtown's debt costs and on the share price of the Company and/or GCP.

As of the date of this Prospectus, the Company is assigned a "BBB+" investment grade rating with stable outlook by Standard & Poor's Global Ratings Europe Ltd. ("**S&P**"). GCP is assigned an investment grade credit rating of "Baa1" with a stable outlook from Moody's Investors Service Ltd. ("**Moody's**") and an investment grade credit rating of "BBB+" with a stable outlook from S&P.

The credit ratings of the Company and/or GCP may be downgraded or withdrawn in the future as a result of factors that are beyond the Company's control, such as a deterioration in the real estate or financial markets, or due to weakened financial performance by the Company, GCP or Aroundtown. Any negative change in the credit rating of the Company or GCP may make future financing and debt issuances by the Company and other members of Aroundtown more difficult and expensive, and may require the Company and other members of Aroundtown to, among other things, pay higher interest rates and/or provide increased collateral or other security if they are able to access additional financing at all. A downgrade or withdrawal of the credit ratings of the Company and/or GCP may also result in a

breach of certain financial covenants in their respective credit lines, financing arrangements and/or debt issuances, and may have a material adverse effect on their respective businesses. A downgrade or withdrawal of the credit ratings of the Company and/or GCP may also result in a significant decline in the share price of the Company and/or GCP, and in the case of a decline of the share price of GCP, may result in a significant loss to the Company due to the decrease in value of its investment in GCP. In the event of a successful Offer, a downgrade or withdrawal of any of TLG's credit or corporate ratings may also result in a significant loss to the Company due to the decrease in value of its investment in TLG.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3.4 The breach of covenants contained in the terms and conditions by Aroundtown under its outstanding bonds or promissory notes or a default of other obligations of Aroundtown under its outstanding bonds or promissory notes may result in substantial payment obligations for Aroundtown.

Aroundtown has borrowed a significant amount of debt through the issue of bonds. As of 30 September 2019, the total aggregate amount of bonds outstanding was € 8.9 billion (the "**Outstanding Senior Bonds**", Outstanding Senior Bonds in currencies other than Euro converted into Euro as of 30 September 2019). The Outstanding Senior Bonds are unsecured. In addition, Aroundtown has issued unsecured promissory notes (*Schuldscheindarlehen*) ("**Schuldscheindarlehen**") in the amount of € 325 million as of 30 September 2019.

The terms and conditions of the Outstanding Senior Bonds and Promissory Notes contain undertakings in respect of, among other things, the incurrence of further indebtedness, group structuring and the granting of securities. The Outstanding Senior Bonds and Promissory Notes require, in particular, that Aroundtown complies with certain financial covenants, such as a maximum loan-to-value ratio, a minimum debt-service or interest coverage ratio, a minimum ratio of unencumbered properties and other assets or restrictions on the sale of properties. Any breach of such undertakings may trigger an event of default under the corresponding bonds as well as a cross-default under the other Outstanding Senior Bonds and the other financing arrangements of Aroundtown including the Promissory Notes. Failure to make payments of principal or interest as they come due will also result in events of default under the Outstanding Senior Bonds or Promissory Notes.

If the Company is not able to satisfactorily cure or avoid the occurrence of any events of default under its Outstanding Senior Bonds or Promissory Notes, cross default provisions in its financing instruments may result in additional financing instruments become immediately due and repayable in their respective principal amount plus any accrued interest. An inability to satisfy these debts may result in the insolvency of the Company.

Similar risks apply to GCP, which, if they materialise, could indirectly impact the Company and the value of its shares held in GCP. GCP itself has borrowed a significant amount of debt through the issue of bonds. Under its financing arrangements, including issued bonds outstanding in the amount of € 3.1 billion as of 30 September 2019, GCP is subject to similar financial covenants, such as a maximum loan-to-value ratio, a maximum DSCR, a minimum ratio of unencumbered properties and other assets or restrictions on the sale of properties. Any breach of such undertakings may trigger an event of default under GCP's financing arrangements and if GCP were not able to pay or redeem its outstanding financings plus accrued interest in full when required, this could lead to the insolvency of GCP. In such case, the shares of the Company in GCP could lose all of their value.

Any of the foregoing factors might have a material adverse impact on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3.5 A change of control in the Company or certain kinds of mergers may result in a substantial payment obligation for the Company with respect to its Outstanding Senior Bonds and Promissory Notes.

According to the conditions of the Outstanding Senior Bonds and Promissory Notes, the holders of such bonds are entitled to request redemption of their bonds in the event of a Change of Control (as

defined in the relevant terms and conditions) of the Company. A Change of Control is generally deemed to occur if a third party acquires more than 50% of the voting rights in the Company (subject to limited exceptions for existing shareholders) or the right to appoint and/or remove the majority of the members of the Board of Directors. Furthermore, the holders of these bonds are entitled to demand repayment of the bonds in the event of special mergers under Luxembourg law in which the company is dissolved without liquidation and absorbed by another company.

In the event of a Change of Control or an aforementioned merger, the Company may face substantial repayment obligations or event of default under the Outstanding Senior Bonds and Promissory Notes, and there is no guarantee that the Company will have access to sufficient funds or additional financing in order to satisfy such repayment obligations. Such failure would be an event of default under the related debt instruments, which could have a material adverse effect on the business, net assets, cash flows, financial condition and results of operations of the Company, and could result in the insolvency of the Company.

2.3.6 *The Company's cash flow requirements and possible future interest payments are dependent on the profitability of Aroundtown or must be met with borrowed funds or by selling property. Aroundtown may also suffer losses from investment in short-term traded securities.*

The Company is the parent of Aroundtown and conducts its business primarily through other entities of Aroundtown. In order to service the Company's and Aroundtown's debt (principal and interest), Aroundtown needs to continue to achieve positive cash flows from operating activities. Aroundtown generally generates such cash flow from rental and operating income and from proceeds from disposals. If Aroundtown is unable to generate positive cash flows from its operating activities in the future, Aroundtown could be forced to sell properties irrespective of the market situation and possibly on terms unfavourable to Aroundtown or be forced to borrow money on financially unattractive terms (if it is able to do so at all) in order to meet its obligations.

The Company accounts for its interest in GCP as investment in equity-accounted investees. While the value of the Company's interest in GCP may increase based on GCP's financial performance, resulting in additional income being recorded for the Company, the Company will not realise cash from its interest in GCP unless its sells its interest or GCP pays dividends to its shareholders. The values of the shares of GCP are subject to market fluctuations, which the Company cannot control, and its ability to sell the shares of GCP that it holds may be limited. In addition, any sales of shares of GCP by the Company or other members of Aroundtown may have a negative impact on the value of the shares of GCP. Because the Company is not a majority shareholder in GCP, the Company cannot guarantee that dividends will be declared by GCP. Accordingly, there is no guarantee that the growth or performance of GCP will result in additional cash income for the Company. Should a successful Offer not result in a consolidation of TLG into the Company's consolidated financial statements, and should it require an accounting for TLG as an equity-accounted investee instead, a similar risk would apply with respect to the Company's shareholding in the Target.

Aroundtown will from time to time invest in short term-traded securities, primarily to generate returns from excess cash in the current low-interest rate environment. There can be no guarantee that Aroundtown will not suffer losses related to these investments, which may cause its financial results to fluctuate.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3.7 *There are risks of foreclosure if the borrowing group entities of Aroundtown do not fulfil their obligations under loans granted by banks. A breach of covenants or undertakings under loan agreements, such as a change of control within Aroundtown or a material decline in the collateral securing the loan, could result in substantial payment obligations for Aroundtown and could lead to the enforcement of the related collateral including sales at prices substantially below fair value.*

Aroundtown has raised capital in the past through bank loans and will likely continue to do so in the future. The receivables resulting from loans granted by banks for the purpose of acquiring and/or redeveloping properties are usually secured by first-ranking liens on the relevant property in favour of the lending bank. If the relevant entity of Aroundtown does not fulfil its obligations under the loan, for

example, repayment of principal and interest when they become due, or a potential breach of covenants or undertakings is not cured within the cure period, such entity could be forced to sell the respective property under time pressure or on unfavourable conditions, or the lending bank may be entitled to enforce collateral, any of which may lead to a sale of the property at prices substantially below fair value.

In order to increase its financial flexibility, Aroundtown routinely enters into credit facilities of various types. As security for these credit facilities, Aroundtown may pledge the shares of GCP that it holds or controls. These credit facilities may include provisions with respect to mandatory prepayments and/or cancellations in the event of a change of control or in the case of the occurrence of certain events or triggers with respect to the pledged securities, including a decline in share price.

Loan agreements between banks and entities of Aroundtown usually provide for financial covenants or undertakings. If the relevant entity is in breach of such covenants or undertakings, the lender may terminate the affected loan agreements. In addition, certain of Aroundtown's loan agreements require that Aroundtown obtain the lender's approval in connection with any change in tenant or new rental agreement for the relevant properties. While Aroundtown generally maintains good relationships with its lending partners, there is no guarantee that Aroundtown's lenders in such circumstances will grant their approval for tenant changes that Aroundtown would like to make, which may limit Aroundtown's ability to manage certain of its properties.

Most of the loan agreements of entities of Aroundtown with banks contain change of control clauses enabling the respective lender to terminate the loan agreement in case of a change of control without the lender's consent. Under a considerable portion of the loan agreements the respective lender may terminate the loan agreement if (a) the Company is no longer (directly or indirectly) the majority shareholder of the respective borrower or (b) the property management of the respective property is no longer performed by a member of Aroundtown. If a loan agreement is terminated due to the aforementioned reasons, the outstanding amounts (principal and interest) under the affected loan agreements are immediately due and payable.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3.8 Aroundtown is subject to foreign exchange rate fluctuations.

Besides its properties in Germany, the Netherlands and a limited number of properties in other continental European cities, Aroundtown also owns properties in the United Kingdom and therefore, is exposed to currency exchange rate fluctuations. 9% of its revenue for the nine months ended 30 September 2019 was generated in GBP. Aroundtown's accounting currency for its consolidated statements is Euro, while some of its subsidiaries in the United Kingdom draw up their financial statements in GBP. The exchange rates between GBP and the Euro may fluctuate significantly. The results of operations and financial position of Aroundtown's UK subsidiaries and affiliates are reported in GBP and are then translated into Euros at the applicable exchange rates for inclusion in Aroundtown's consolidated financial statements, which are stated in Euro. A decline in the GBP relative to the Euro would have an adverse effect on the Euro value of such properties, as reflected in Aroundtown's financial statements. Any decrease in fair value of its properties held in the United Kingdom might be exacerbated through exchange rate fluctuations. Aroundtown seeks to reduce exchange rate fluctuations between the Euro and GBP by matching commitments, cash flows and debt in the same currency.

As of 30 September 2019, Aroundtown had GBP liabilities in the amount of GBP 916.4 million which was not subject to hedging agreements.

In addition, Aroundtown has issued Outstanding Senior Bonds in currencies other than Euro, namely in USD, CHF, AUD, CAD, HKD, JPY, NOK and GBP where Aroundtown has entered into hedging agreements to mitigate currency risks from these foreign currencies exposures. Aroundtown is exposed to the risk that its hedging counterparties will not perform their obligations under these hedging agreements. Hedging counterparties may default on their obligations vis-à-vis Aroundtown due to a lack of liquidity, operational failure, bankruptcy or other reasons.

However, Aroundtown may not be able to hedge its currency risks completely through the aforementioned measures or at acceptable cost which could materially adversely affect Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.3.9 Aroundtown has grown rapidly since 2012, and there is no guarantee that Aroundtown will be able to manage future growth successfully. The Company's historical earnings and other historical financial results are not necessarily predictive of future earnings or other financial results of the Company or Aroundtown.

The financial information of the Company included in this Prospectus relate to the past performance of the Company. Aroundtown has grown rapidly since 2012, and the future development of Aroundtown could deviate significantly from past results due to a large number of internal and external factors. There is no guarantee that Aroundtown has the capacity to adequately manage and handle its future growth. Aroundtown's risk management, IT, property management and other operational systems may be unable to handle growth of Aroundtown, and Aroundtown may be unable to acquire the employees, operating capacity and other resources that it needs to handle its growth in the future.

In addition, because of the rapid growth, the historical earnings, historical dividends and other historical financial data of the Company are not necessarily predictive of future earnings or other financial results for the Company. The information presented in this Prospectus often involves forward-looking statements based on estimates and assumptions of the Company. There can be no assurance that these estimates and assumptions will be accurate, reasonable or correct in every market condition, and the Company may fail to accurately predict future developments.

2.3.10 The assumptions made in preparing the profit forecast and business outlook included in this Prospectus may prove incomplete or inaccurate

The profit forecast and business outlook included in this Prospectus reflect numerous assumptions made by the Company's management. These assumptions relate to commercial expectations and other external factors, including political, legal, fiscal, market and economic conditions and applicable legislation, regulations or rules, all of which are difficult to predict and are beyond the Company's control.

Accordingly, the assumptions made in preparing the profit forecast and business outlook could prove incomplete or inaccurate and there may be differences between the Company's actual and projected results, which could be material and could in the future impact the price of the Offer Shares. The inclusion of the profit forecast and outlook in this Prospectus should not be regarded as an indication that the Company considers such financial targets to be achievable or any outlook to be reliable predictions of future events. Accordingly, investors should not place undue reliance on any of the profit forecast or outlook information included in this Prospectus.

2.4 Legal and Regulatory Risks

2.4.1 Aroundtown's business is subject to the general legal environment primarily in Germany, the Netherlands and other European countries Aroundtown's portfolio is located in, in particular in the United Kingdom, any of which may change to Aroundtown's detriment.

Aroundtown's business is subject to the general legal framework applicable to real estate primarily in Germany, the Netherlands and other European countries Aroundtown's portfolio is located in, in particular in the United Kingdom. This framework includes a variety of laws and regulations, including civil, corporate, tax, planning, zoning, environmental, health and safety and other laws, regulations and/or requirements, as well as specific laws in the regions where Aroundtown's and GCP's properties are located, such as German and Dutch tenancy law, and special provisions under other laws, including construction laws, historic preservation laws, social legislation, real estate taxation and other public laws. Aroundtown may be required to pay penalties and/or lose required permits or licenses for non-compliance with any such laws, regulations and/or other requirements of local, regional and national authorities to which it is subject, as well as the authorities of the European Union. Any changes to German, Dutch, British, European or other laws applicable to Aroundtown's and/or GCP's properties, including changes with retrospective effect, or changes in the interpretation or application of existing laws may have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

In addition, the Company is incorporated in Luxembourg and conducts its business through companies that are located in a number of jurisdictions, including Cyprus, Germany, the United Kingdom, Luxembourg and the Netherlands. Certain members of Aroundtown may be formed, incorporated or

registered in jurisdictions where Aroundtown does not, or does not yet, hold property. Any change in the legal, tax or regulatory environments in any of these jurisdictions, including changes with retrospective effect, or changes in the interpretation or application of existing laws could have a material adverse effect on the net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

Although Aroundtown takes steps to keep itself informed of potential changes to the legal, tax and regulatory environments in which it operates and where its members are formed, incorporated or registered, there is no guarantee that Aroundtown will become aware of such changes in a timely fashion. Any such changes or any misjudgement, miscalculation, failure or inability of Aroundtown to react to such changes may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.2 The draft law to introduce a so-called rent cap (Gesetzesentwurf zur Einführung eines sog. Mietendeckels) in Berlin could, if it were to come into force, have a material adverse effect on the net assets, financial position and results of operations of GCP and thus on the value of Aroundtown's investment in GCP.

On 22 October 2019, the Berlin Senate (*Berliner Senat*) passed a draft of a state law introducing a rent cap applicable to the entire city of Berlin. It is expected that the law will be passed in February 2020, or earlier if necessary, after it has been submitted to the Berlin Senate and passed, and will then come into force immediately. According to the current Senate draft, the rent cap is to be designed as follows: The rent cap is valid throughout Berlin and covers all residential leases. The only exceptions are new buildings (provided they are ready for occupancy from 1 January 2014), publicly subsidised housing and residential homes or apartments of publicly recognised welfare organisations. The rent cap consists of two central instruments: a rent freeze and the introduction of rent ceilings. Once the law comes into force, all rents in existing contracts will be frozen at the level of 18 June 2019 (or the last preceding rental level). The rent freeze also covers index and graduated rents as well as rent increases to the local comparative rent. Furthermore, the draft law contains an upper rent limit. The upper rent limit is an absolute upper limit and reference point for rent reductions. Upper limits of between € 3.92 and € 9.80 per square metre apply, which are based on the rent index values of 2013 (adjusted to real wage development). The upper rent limit applicable in individual cases depends on the construction age class and equipment, but not on the location of the apartment. If the upper rent limit is exceeded by more than 20%, the rent is considered excessive (also referred to as "usurious rent" (*Wuchermiete*)). In such cases, tenants may then apply to the Senate Administration for a rent reduction to a rent in the amount of 120% of the upper rent limit (so-called capping) within a period of nine months after the law has come into force. The Berlin Senate assumes that at least approximately 150,000 tenants will be entitled to submit a corresponding application. Landlords would be obliged to provide tenants with unsolicited information on the rent valid for the respective apartment as of 18 June 2019 before concluding a new lease agreement and to provide tenants with information on the criteria relevant for calculating the upper rent limit. This obligation to provide information would also apply to current tenancies during the first two months after the law comes into force. Fines are set to apply in the event of violations. Sanctions include the demand for rents in excess of the permissible rent levels as well as the violation of obligations to inform and cooperate. The fine can amount to up to €500,000 in individual cases.

Should the law on the Berlin rent cap enter into force unchanged or only in an insignificantly weakened form, this would have considerable negative effects on GCP's net assets, financial position and results of operations. With a portfolio of approximately 24% in Berlin as of 30 September 2019, measured by portfolio value of GCP's residential portfolio, GCP's ability to increase rents within the current legal framework for this part of its residential portfolio would thus be considerably restricted in the future. This could have a significant impact on GCP's future profits should it not be possible to make corresponding cost savings. In addition, it cannot be ruled out that other federal states than Berlin will adopt the same or similar regulations, which would further impair GCP's earnings prospects if a substantial number of GCP's properties were also located in these federal states. A deterioration in GCP's profits may have a negative impact on the value of its residential real estate, and thus a negative impact on GCP's financial position and in the event that fair value adjustments are required on its profits. A deterioration in GCP's net assets, financial position and results of operations would probably have a negative impact on the value of the Company's investment in GCP, which in turn could have a material adverse effect on Aroundtown's net assets, financial position and results of operations.

2.4.3 Aroundtown is subject to recent efforts in Germany, in particular in Berlin, to expropriate private owners of residential real estate units, such as GCP, which could adversely affect the value of the shares in GCP held by the Company.

Currently, various tenant initiatives in Berlin are trying to enforce a referendum in Berlin ultimately aimed at legislation to expropriate certain residential real estate units owned by large real estate companies that own more than a certain quantity of residential real estate units in Berlin. The compensation that according to such tenant initiatives owners subject to the expropriation should receive shall be set far below market value. GCP would fall within the scope of the intended referendum. While a referendum requires an affirmative vote of one quarter of Berlin's residents entitled to vote, such referendum has no binding effect and would in addition require Berlin's parliament to implement respective legislation, which, if enacted, would probably be challenged in extensive and lengthy court proceedings. Currently, the Company does not consider any legislation to implement an expropriation likely. However, given the potential legislation's application to Berlin, GCP with approximately 24% of its portfolio located in Berlin and a corresponding value of approximately € 1.6 billion as of 30 September 2019, would be materially adversely affected by such potential legislation. Any compensation below market value would materially increase GCP's leverage position and expropriations generally would jeopardise the continuation of GCP's business model relating to the Berlin residential market. This would likely have a material negative impact of the value of Aroundtown's shares in GCP and thus could negatively impact Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.4 Through its interest in GCP, Aroundtown is exposed to tenant protection laws primarily for residential real estate in Germany. These laws limit among other things the ability of GCP to evict tenants, the levels of rent increases and the ability to pass on modernisation costs. Moreover, further regulatory developments are likely.

Aroundtown is subject to tenant protection laws primarily in Germany through its interest in GCP, that primarily holds residential real estate. In Germany, the landlord-tenant relationship is subject to a significant level of statutory regulation which generally provides far-reaching economic and social protections for tenants under residential leases. These laws may limit, in some cases substantially, GCP's ability to engage in certain actions with respect to its properties, including without limitation with respect to the eviction of tenants, levels of rent increases and the ability to pass on modernisation costs. These laws may change in the future, and any such changes may in turn adversely affect the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

As a rule, the rent for residential units cannot be increased by more than 20% in three years. When residential units are modernised, the landlord may also increase the annual rent by 11 % of the respective costs incurred in the modernisation of the residential unit if such modernisation measures have been announced to the tenant before the end of the year 2018, subject to statutory and contractual requirements. In addition, as from 1 January 2019 regulations were further toughened regarding the limit to any newly agreed rent, stipulating inter alia, that a landlord shall only be entitled to allocate costs of modernisation measures to tenants of residential units by way of an increase of the annual rent in the amount of 8% of the cost accrued and only to a maximum of €3.00 per sqm over a period of 6 years. Following the announcement of rent increase, the tenants may have a special termination right. According to German law, GCP may only increase the rent within the limit set by the relevant rent index (*Mietspiegel*) determining the typical locally prevailing comparative rent. Further statutory limitation on the rent for new lease agreements applies to any newly agreed rent at a maximum of 10% above the relevant locally prevailing comparative rent level, unless the rent level agreed with the previous tenant was higher. According to the new regulation, landlords are also obliged to provide a tenant with unsolicited information about the previously agreed rent prior to entering into a lease agreement if the rent is to be more than 10% of the local comparative rent level and to provide reasons for such rent. In the event of a breach of the limit to any newly agreed rent, the tenant may reclaim the excess rent retroactively.

In addition, residential real estate in Germany continues to be a highly sensitive political topic and further regulatory developments in this area are likely, in particular with respect to restrictions to increase the rent and pass modernisation costs. For example, the German federal government has presented on 18 September 2019 a draft bill for the extention of the review period for the determination of the locally prevailing comparative rents from four to six years which could result in additional

restrictions on rent increases of residential real estate. It is also under current consideration to introduce legislation that would prohibit landlords in the future from passing their tax burden under German property tax to their tenants. On 10 September 2019, the State of Berlin passed a draft bill in the Federal Council (*Bundesrat*).

On 18 October 2019, the German Parliament (*Bundestag*) also passed a reform of the property tax, which was approved by the Federal Council (*Bundesrat*) on 8 November 2019. The land tax will thus be calculated according to a new system from 2025 onwards. The new model stipulates that the value of the land and the average rent play a decisive role in the calculation of property tax. However, the federal states can also introduce different calculation methods. Bavaria, for example, wants to base its calculation solely on the area of a property. The concrete effects of the property tax reform are not yet foreseeable, but they can lead to a higher tax burden in individual cases.

Any of the foregoing factors may have a material adverse effect on the values of the shares in GCP and thus could negatively impact Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.5 Aroundtown's tenants in Germany could attempt to prematurely terminate their lease agreements based upon strict formal requirements under German law for long-term leases which could lead to a reduction or loss of rental income. In the Netherlands, Aroundtown's flexibility with respect to lease terms for certain commercial properties is limited.

Certain of the commercial real estate properties in Aroundtown's portfolio are subject to long-term lease agreements. Pursuant to German law, long-term lease agreements with a fixed term or a waiver of termination of at least one year can be terminated prior to their contractually agreed expiration date if certain formal requirements are not complied with. These include the requirement that there is a document that contains all the material terms of the lease agreement, including all attachments and amendments, and is signed by both parties. Although the details of the applicable formal requirements are assessed differently by various German courts, most courts and legal commentators agree that such requirements are, in principle, to be interpreted strictly. Certain of the lease agreements in relation to the properties may not satisfy these requirements. Consequently, some of Aroundtown's tenants might attempt to invoke alleged noncompliance with these formal requirements (or other requirements to be met by a landlord) in order to procure an early termination of their lease or force a favourable renegotiation of the terms of their lease, to the detriment of Aroundtown.

Furthermore, laws in some jurisdictions may grant some tenants a periodic right to terminate a lease before it expires, which may affect among other things occupancy rates and rent levels in the portfolio of Aroundtown.

In the Netherlands, the lease of retail and hotel property is subject to certain mandatory laws regarding tenant protection. As a rule, the lease of retail property requires an initial lease period of at least 5 years, with an automatic extension up to ten years in total. There are only limited possibilities for the landlord to terminate the lease after the first five years. Retail leases for a period of two years or shorter are excluded from this rule. The applicability of this legal regime limits the ability of Aroundtown to terminate leases and it adversely affects Aroundtown's flexibility to terminate, extend or amend retail lease agreements.

Premature loss of tenants and the ensuing loss of rental income, disputes with tenants, a failure to renew lease agreements, at all or at favourable conditions, and uncertainties regarding the validity of long-term lease agreements have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.6 The growth of Aroundtown's portfolio may be limited by German, Dutch, British and other laws, including laws with respect to environmental modernisation, restrictions on modernisation alternatives and other regulations. Moreover, further regulatory developments are likely.

Any change to German, Dutch or British laws, including the laws of the European Union, may have an impact on Aroundtown's portfolio, and its future growth, including rent levels, vacancy rates and WALTs, may limited by such changes. These laws and any changes to them may have a material adverse effect on the business, net assets, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

Based on environmental EU Directives that have been implemented in the laws of Germany, the Netherlands and certain other regions where Aroundtown's and GCP's properties are located, the landlord or the seller of a property will be required to present an energy certificate *(Energieausweis* in German and *Energielabel* in Dutch) before concluding a new lease or sale and purchase agreement, respectively. Where a property is offered (for sale or lease) via commercial media, the energy performance rating of such property is also to be indicated in accordance with the available energy certificate. Penalties may apply when such energy certificate cannot be presented. New legislation is being prepared in the Netherlands that will impose rules for owners of commercial real estate to have an energy certificate C (*Energielabel C*) or better as of 1 January 2023. Additional measures may be required and consequently costs incurred to improve the energy efficiency of commercial properties before 1 January 2023.

Also, owners of properties with a centralised water facility are required to take measures to prevent the legionella bacteria, for instance by periodical testing. Further, owners of properties are required to separate drinking water from fire-fighting water by establishing and maintaining separate lines for these systems. In addition, owners are required to equip residential units in new and existing buildings with smoke detectors. Such obligation exists in all German federal states including Berlin, where the requirement for existing buildings will commence on 1 January 2020, but except for Saxony, which has not enacted similar regulations for existing buildings.

In Germany, other heightened environmental laws may cause additional costs for Aroundtown. Under the German Ordinance on Energy Saving (*Energieeinsparverordnung*), which was revised with effect from 1 May 2014, the landlord is responsible for making investments in renovation work for the purpose of reducing the energy consumption (including through heat insulation). In certain circumstances, thermal renovation of the building in question will be necessary. For example, landlords are required to renovate the roofs of their let properties so as to meet minimum heat insulation standards.

In the case of listed historical buildings or monuments in Germany, the Netherlands or the UK, laws or regulations regarding the protection of historical buildings may entail increased expenditures on maintenance and modernisation procedures or may restrict the ability of the landlord or owner to carry out certain modernisation, improvement or maintenance measures. Such laws or regulations may have a negative impact on Aroundtown's ability to sell or let such properties or to use them as security for financing purposes.

Any of these factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.7 Aroundtown is exposed to the risks of ground leases or leasehold agreements primarily in Germany and the Netherlands and other European countries Aroundtown's portfolio is located in, in particular in the United Kingdom.

Certain of Aroundtown's properties in Germany and the Netherlands are located on lots that are subject to ground leases. In the United Kingdom, as well, some of the properties are held as leaseholds on the basis of long-term usage rights. In general, financing and sales in connection with properties located on ground leases are more difficult due to the restrictions typically found in ground leases, and the conditions of the ground lease agreements, such as their terms and payment obligations, are key parameters that impact the value of these properties. The ground lease agreements may contain provisions leading to the exceptional result of the loss of the ground leased property if Aroundtown is in material breach of the ground lease agreement. Furthermore, Aroundtown may face changes in the terms and conditions of the ground lease agreement, for example with respect to payment obligations to the owner of the land. Unfavourable changes to the ground lease agreements or relevant regulations may limit Aroundtown's ability to sell or refinance a property, which is subject to a ground lease, and may thereby decrease its value, or require Aroundtown to write down the asset value as recorded on Aroundtown's consolidated balance sheet. Similar risks exist with regard to land held as leasehold.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.8 Aroundtown's use of standardised documents, clauses and agreements could lead to additional legal risks.

Aroundtown maintains legal relationships with a large number of persons, primarily tenants and also employees of Aroundtown. In this context, Aroundtown frequently uses standardised documents, clauses and agreements. If such documents, clauses or agreements are found to be invalid, in whole or in part, statutory provisions or judicial interpretations which are unfavourable to Aroundtown may be substituted for such documents, clauses or agreements, which may in turn affect a large number of the documents, clauses and agreements used by Aroundtown. It is impossible to fully protect Aroundtown against risks from the use of such standardised documents, clauses and agreements due to the frequent changes to the legal frameworks, particularly court decisions relating to general terms and conditions of business, whereas courts tend to adopt rather tenant-friendly decisions.

In Germany, for example, the German Federal Court of Justice (*Bundesgerichtshof*) has ruled that certain standard clauses in letting contracts are invalid if they oblige the parties (including potential future parties) to re-establish the written form of a lease agreement (*Schriftformheilung*) or if they obligate the tenant to carry out cosmetic repairs (*Schönheitsreparaturen*) within a fixed schedule or to fully renovate the apartment at the end of the letting term (*Endrenovierung*) or if they provide for compensation regarding ratios (*Quotenabgeltung*). The invalidity of such clauses results in the landlord being responsible for the repair and maintenance and being required to bear all related costs. If the tenant carries out such repair and maintenance works without actually being obliged to do so, the landlord might be required to compensate the tenant for the corresponding costs. Even in the case of agreements prepared on the basis of legal advice, it is impossible for Aroundtown to fully avoid problems of this nature, because changes could occur in the legal framework, particularly as a result of case law, making it impossible for Aroundtown to avoid ensuing legal disadvantages. Although these rulings were originally applied only to residential real estate, additional court rulings have extended them to commercial real estate.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.9 The risk management and compliance systems of Aroundtown may prove to be partially or completely insufficient or fail, and unknown, unrecognised, underestimated or unexpected risks may materialise, any of which could lead to government investigations and significant reputation, financial or other consequences. Aroundtown may fail to adequately account for potential liabilities or risk exposures.

Aroundtown has put in place risk management and compliance systems that it believes are suitable to its business, and Aroundtown continues to develop and update its risk management and compliance systems in order to monitor market risk, liquidity and financial risk, operational risk, organisational risk and the risk of reputational damage. There is no guarantee, however, that Aroundtown's risk management or compliance systems are in fact sufficient to manage the risks faced by Aroundtown. Aroundtown may be faced with risks that were previously unknown, unrecognised, underestimated or unconsidered, and its risk management or compliance systems may function incorrectly or fail. Inappropriate risk management or compliance measures may cause irregularities leading to, among other things, cash losses or delays in completion of development projects, or to official investigations or third-party claims against Aroundtown, which in turn could have significant financial, reputational and other consequences.

Aroundtown books provisions for potential liabilities such as tax liabilities, litigation exposure and bad debt. These provisions are based on management's assumptions, estimates and judgements, and there is no guarantee that the provisions taken by Aroundtown will adequately account for Aroundtown's actual liabilities. Failure to take adequate provisions against potential liabilities could have significant financial consequences for the Company or Aroundtown.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.10 Aroundtown could incur liability in connection with properties, interests in companies or other assets that it sells.

When Aroundtown sells properties or interests in companies that hold real estate or other assets, it is typically required to make representations, warranties, covenants and negative declarations of

knowledge to purchasers with respect to certain characteristics of such properties, interests or assets. The resulting obligations of Aroundtown may continue to exist for a number of years after Aroundtown sells such properties, interests or assets. Among other things, Aroundtown could be subject to claims for damages from purchasers who assert that the representations or warranties that Aroundtown made to them were untrue, or that Aroundtown failed to meet its obligations under the relevant sale agreement. Aroundtown could become involved in lengthy and expensive legal disputes with purchasers and could be required to make significant payments for restitution, damages or to settle disputes. Legal or settlement costs, including the costs of defending lawsuits, whether justified or not, as well as potential damages associated with liability for properties, interests in companies or other assets that Aroundtown has sold may have an adverse effect on the cash flows, financial condition and results of operations of Aroundtown.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.11 Entities of Aroundtown may be subject to litigation, administrative proceedings and similar claims.

Entities of Aroundtown have been and will likely continue to be subject to various administrative and legal proceedings in the ordinary course of business. Such proceedings often relate to matters such as outstanding rent payments and the termination of lease agreements, but may also from time to time involve larger scale litigation or disputes. These proceedings, even for routine matters, can be lengthy and expensive and involve substantial resources at Aroundtown. In addition, larger or unexpected proceedings may distract or delay management from implementing Aroundtown's business strategy.

Aroundtown may also be subject to litigation in connection with agreements entered into by the Company or entities of Aroundtown relating to the purchase and/or sale of property, interests in companies or other assets, or other activities of Aroundtown. It is impossible for Aroundtown to predict if and when significant litigation or administrative or legal proceedings may occur.

Any of the foregoing factors may have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.12 Aroundtown is exposed to risks from possible violation of data protection regulations.

On 25 May 2018, the General Data Protection Regulation ("**GDPR**") came into force in all European member states imposing substantial changes to the regulatory landscape of data privacy. The aim of the GDPR is to protect all EU citizens from privacy and data breaches. The GDPR applies to all businesses processing personal data of data subjects residing in the European Union, regardless of the businesses' location. While Aroundtown primarily deals with data referring to other businesses (i.e. its commercial tenants), in particular GCP with more than 80,000 tenants in its residential units has a high volume of processing of private data. Aroundtown and to the Company's knowledge, in particular GCP, have put in place substantial organisational procedures as part of their compliance systems to address the newly introduced privacy and data protection matters under the GDPR when processing data. However, GDPR regulation is complex and the amount of data processed by Aroundtown and GCP is substantial. There is no guarantee that Aroundtown's or GCP's compliance systems are in fact sufficient to manage the risks associated with the GDPR. Should Aroundtown or GCP be in breach of material provisions of the GDPR, substantial fines of up to 4% of annual global turnover or €20 Million (whichever is greater) may be imposed. In addition to monetary damages Aroundtown or GCP may incur, breaches of the GDPR could also trigger significant reputational damage that in turn could result in a lack of trust by existing or future tenants adversely impacting future rental income.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.4.13 Aroundtown could be exposed to restitution claims in Germany.

According to the German Act on Unsettled Property Issues (*Gesetz zur Regelung offener Vermögensfragen*), persons who were expropriated of property within the former German Democratic Republic (**GDR**) can claim restitution or compensation under certain conditions, in particular if the property was seized without compensation or less compensation than citizens of the GDR were entitled to. The German Act on Unsettled Property Issues is also applicable to persons who lost

property due to racist, political, religious or ideological reasons between 1933 and 1945. Although the notification deadline under the German Act of Unsettled Property Issues, subject to certain exemptions, expired at the end of 1992, the aforementioned restitution and compensation claims cannot be entirely excluded. If any such claims were asserted in respect of any properties owned by Aroundtown, Aroundtown would be severely limited in its ability to manage such properties and may even be forced to transfer such properties to successful claimants for only limited compensation. Any such limitations or compulsory transfers of properties could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flow and results of operations.

2.5 Tax Risks

2.5.1 Aroundtown is subject to the tax environment in Luxembourg, Cyprus, Germany, the Netherlands and the United Kingdom. Aroundtown's tax burden may increase as a consequence of current or future tax assessments, tax audits or court proceedings based on changes in tax laws or changes in the application or interpretation thereof.

Aroundtown is subject to the tax environment in Luxembourg, Cyprus, Germany, the Netherlands, the United Kingdom and other jurisdictions. Aroundtown's tax burden primarily depends on various aspects of tax laws, as well as their application and interpretation. Amendments to tax laws may have a retroactive effect, and the application or interpretation of tax laws by tax authorities or courts may change. Furthermore, court decisions are occasionally limited to their specific facts by tax authorities. Any of these developments may increase or alter Aroundtown's tax burden.

A number of factors may also impact Aroundtown's tax situation. Aroundtown is required to file tax declarations in Luxembourg, Cyprus, Germany, the Netherlands, the United Kingdom and in other jurisdictions where it may hold properties, from time to time, and any tax assessments that deviate from Aroundtown's tax declarations may increase or alter Aroundtown's tax obligations. The individual entities of Aroundtown are regularly subject to tax audits by the competent tax authorities which may result in increases in Aroundtown's tax obligations or penalties and fines. Aroundtown may also be subject to administrative or judicial proceedings with respect to its tax declarations, and may incur substantial time and effort in addressing and resolving tax issues.

In addition, changes in tax legislation, administrative practise or case law, which are possible at any time and may occur on short notice, could have adverse tax consequences for Aroundtown. The applicable tax rates, for example with respect to property tax, property transfer tax or capital gains tax, may also change rapidly and with short notice. Changes in RETT may also negatively affect the value of Aroundtown's portfolio. Additionally, changes could be made to the ability to depreciate owned real estate. Additionally, divergent statutory interpretations by the tax authorities or the courts are possible. Any changes to applicable tax regimes in the other portfolio regions may have a material adverse effect on the business, cash flows, financial condition, results of operations, net profits and prospects of Aroundtown.

2.5.2 The structure of Aroundtown is mainly influenced by the general tax environment in Luxembourg, Germany, the Netherlands, Cyprus and the United Kingdom, and changes in the tax environment in these countries may increase the tax burden of Aroundtown.

In addition to the Company, which is established in Luxembourg, Aroundtown consists of more than 500 companies. These companies have registered offices primarily in Germany, Cyprus, the Netherlands and Luxembourg. The companies in Aroundtown are subject to the tax laws of their jurisdictions of registration and the jurisdictions where they conduct business. Most of Aroundtown's German property companies are held through Cypriot subsidiaries which themselves are held by one of the Company's subsidiaries or investees.

Thus, the structure of Aroundtown provides for various tax aspects, including cross-border taxation issues governed by directives of the European Union and/or double-tax treaties between Cyprus, Germany, the Netherlands and Luxembourg. It cannot be excluded that tax authorities in Cyprus, Germany, the Netherlands, or Luxembourg may not share the view of the tax assessment of Aroundtown which could lead to additional tax burdens for Aroundtown in any of these countries. Also, the tax laws in any of these jurisdictions or double-tax treaties between these countries might change in the future, even with retroactive effect, which could cause additional tax burdens for Aroundtown.

For Dutch corporate income tax purposes, real estate may be depreciated only for as long as the tax book value does not fall below the 'threshold value'. This threshold value of properties that are held as

portfolio investment equals the value provided in the Law on Valuation of Real Estate (*Wet Waardering Onroerende Zaken* or "**WOZ**"), known as the WOZ value. Although the WOZ value is meant to approximate the fair market value of the real estate property, in practise there may be a significant difference between the WOZ value and the actual fair market value. The WOZ value is determined annually by the municipality where the property is situated. If the threshold value increases, tax depreciation that had been previously claimed, is not recaptured.

Upon the disposal of real estate and under strict conditions, a company may apply for a reinvestment reserve provided that the taxpayer has a clear intention of replacing the disposed business assets with business assets that perform a similar function within the enterprise. Under the reinvestment reserve provisions, the tax book profit arising from the disposal of real estate may technically be carried forward and offset against the acquisition cost of a reinvestment asset. The reinvestment reserve only applies for qualifying business assets used in an enterprise (i.e., no shares, portfolio assets or inventory).

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flows, results of operations, net profits, reputation and prospects.

2.5.3 Aroundtown is exposed to real estate transfer taxes (RETT) and value added taxes (VAT).

Increases in the applicable RETT rates for the properties in Aroundtown's portfolio could negatively impact the portfolio by, among other things, reducing the value of and the proceeds from a sale of the affected properties or by reducing purchase demand for the affected properties or by reducing the valuation of the affected properties in the portfolio.

Aroundtown currently holds real estate in Germany and shares in companies which own real estate in Germany. In Germany, the transfer of real estate or of a 95% or greater interest in a company that owns real estate triggers a potential liability for RETT. It cannot be excluded that RETT will be triggered upon completion of the Offer (see: "*2.6.12 RETT may be triggered in connection with the Completion.*").

Because of the complexity of the RETT laws in Germany, Aroundtown may from time to time seek to acquire properties with less than a 95% stake in the ownership company. This may result in an increased complexity of the transaction and stronger minority rights of the associate parties. As a consequence, transaction costs and future administrative expenses for the newly acquired property would generally rise too. Recently proposed changes to German RETT laws aim to tighten the statutory RETT framework with regard to share deals. Accordingly, share deals that do not trigger any RETT may no longer be possible in the future or such acquisitions might be more difficult. In broad terms these proposals are to (i) extend the stricter partnership RETT rules to incorporated companies; (ii) reduce the economic ownership threshold upon which RETT is triggered from 95% of the shares or interest in a property company, as it is currently, to 90%; and (iii) extend the 5 year cooling period to 10 years. As a result, RETT will be payable unless the seller retains over 10% of the shares or interest in a property company for at least 10 years. While the draft bill originally stipulated that the respective legislative changes shall come into force in January 2020, it has recently been announced by the political parties currently forming the German government that the intended changes to RETT will not come into force as of 1 January 2020 as originally planned. Instead, it is now expected that a revised draft bill will be introduced to the German parliament in the first six months of 2020. It is currently unclear if and to which extent such changes will enter into force with retroactive effect.

In relation to acquisition of existing real estate located in the Netherlands, RETT will typically apply. The RETT rate is 2% for residential real estate and 6% for non-residential real estate and is levied over the value of the acquired property or the acquisition price, if higher. Residential real estate is real estate that at the time of its transfer is intended for occupation by private individuals. The definition of residential real estate has been and is the subject of extensive debate and litigation. Where taxpayers have claimed the 2% rate, the tax authorities may increase to 6% plus interest and possibly penalties if the property cannot, or not wholly, be classified as residential. The Dutch government announced its plan to increase the RETT rate for non-residential real estate to 7% in the year 2021.

Dutch RETT may also be due in case of the acquisition of shares in a company of which the majority of assets consist of real estate. This is the case if all of the following requirements are met at the time of the acquisition or at any time in the preceding 12 months:

- the stock is acquired in a Dutch legal entity with its equity divided into shares, or an entity incorporated under the laws of another state that has the same characteristics of such a Dutch legal entity;
- the stock is acquired in a legal entity of which, at the time of the acquisition or at any time in the preceding year, the assets consist or consisted of 50% or more of real estate, and at least 30% of all assets consist of real estate in the Netherlands;
- the activities pertaining to the real estate consist, at the time of the acquisition or at any time in the preceding year, of 70% or more of the acquisition, disposal or exploitation of that real estate; and
- the acquirer directly or indirectly, together with certain related entities or individuals (as defined by applicable law), acquires an interest of at least one-third in the entity's capital, including any interest the buyer may already directly or indirectly hold.

The Dutch RETT and Value Added Tax ("**VAT**") treatment of ground leases (*erfpacht*) follow specific regulations to calculate the tax base and to determine whether the establishment or acquisition of the ground lease qualifies as a supply of services or goods for VAT purposes and Aroundtown may miscalculate any Dutch RETT or VAT.

Any of the foregoing factors could have a material adverse effect on Aroundtown's business, net assets, financial condition, cash flows, results of operations, net profits, reputation and prospects.

2.6 Risks related to the Offer

2.6.1 The Offer does not provide for a minimum acceptance threshold as a condition for the completion of the Offer. The Company would therefore be forced to implement the Offer also in case of a low acceptance rate and could therefore possibly not achieve the economic objectives pursued by the Offer for the time being. This could have a material adverse effect on Aroundtown's net assets, financial position and results of operations.

On 19 November 2019, the Company announced its decision to make a voluntary public takeover offer for all TLG Shares in the form of an exchange offer (the "Offer"). On 17 December 2019, the Board of Directors resolved to increase the Company's share capital against contributions in kind from € 12,235,742.61 by up to € 4,159,956.52 to up to € 16,395,699.13 by issuing up to 415,995,652 no par-value bearer shares of the Company, thereby utilising part of the Company's authorised capital, in order to create the Offer Shares, subject to a second resolution of the Board of Directors specifying the exact number of Offer Shares, as consideration to be transferred to TLG Shareholders, who tender their shares into the Offer.

The Offer does not provide for a minimum acceptance threshold for the completion of the Offer. Irrevocable undertakings of TLG Shareholders to accept the Offer, subject to further conditions, and to submit TLG Shares for exchange exist only in the amount of approximately 28% of the voting rights in the Target (based on the notification of the Company on its total voting rights dated 3 December 2019). The Company therefore cannot guarantee that the Offer will result in a holding of more than 50% of the voting rights in the Target. Nonetheless, the Company would be forced to implement the Offer even if this threshold were not reached. However, the acquisition of more than 50% of the outstanding TLG Shares is necessary to achieve the objectives of fully consolidating TLG in the Company's consolidated financial statements and controlling the Target. In addition, certain provisions of the business combination agreement between the Company and the Target dated 18 November 2019 ("**Business Combination Agreement**"), in particular regarding future corporate governance, are only applicable if the Company succeeds in reaching more than 50% of the outstanding TLG Shares. Should the Company fail to reach such shareholding, the economic objectives pursued with the Offer could therefore possibly not be achieved for the time being and, in particular, expected synergies could fail to materialise.

If full consolidation of TLG in the financial statements after consummation of the Offer is not possible, the Company would have to include its shareholding in TLG in its financial statements as an equity accounted investee and would not be able to benefit from the advantages of consolidation. In this case, the Company would not be a majority shareholder in the Target. Accordingly, it cannot be excluded

that the other TLG Shareholders will take resolutions or implement measures that are not supported by the Company or that are contrary to Aroundtown's strategy, policies or objectives. Therefore, the lack of control can particularly delay or prevent planned integration measures.

Each of these factors could have a material adverse effect on Aroundtown's financial condition, results of operations or cash flows.

2.6.2 The Integration of TLG into Aroundtown may not be successful or may not proceed as planned or may involve higher or unexpected costs and the Company may be required to effect the completion despite a material adverse change.

Following a successful completion and subject to reaching certain threshold in the shareholding subsequent to the Offer, TLG would have to be integrated into Aroundtown (the "**Integration**") to form a combined group (the "**Combined Group**"). The Integration is expected to take several years and to require considerable management attention, personnel utilisation and financial resources. For a successful Integration, it is particularly important to integrate the existing personnel, corporate cultures, IT systems and group structures for the Combined Group, as well as to implement common processes for the Combined Group. The Integration will be time-consuming and expensive, and it may disrupt the businesses of Aroundtown and/or TLG. Aroundtown and TLG may encounter numerous difficulties in the course of the Integration, including:

- managing a larger Combined Group, including a larger portfolio;
- integrating and unifying the offerings and services available to tenants and coordinating operations;
- coordinating corporate and administrative infrastructures and harmonising insurance coverage for the Combined Group;
- unanticipated issues in coordinating accounting, information technology, communications, administration and other systems;
- difficulties addressing possible differences in corporate cultures and management philosophies;
- creating uniform standards, controls, procedures and policies for the Combined Group;
- litigation relating to the Integration, including shareholder litigation;
- diversion of management's attention from other operations;
- maintaining existing agreements and relationships with tenants, providers and financing banks and avoiding delays in entering into new agreements with prospective tenants, providers and financing banks; and
- identifying and eliminating redundant and underperforming functions and assets.

If the Combined Group is unable to pursue the Integration in an efficient and effective manner due to the difficulties listed above or otherwise, the anticipated benefits and cost savings of the Integration may not be fully realised, or at all, or it may take longer to realise them, which could adversely affect the Combined Group.

In addition, the Integration may result in additional or unforeseen expenses, and the anticipated benefits of the Integration may not be fully realised, or at all. Actual growth and cost savings, if achieved, may be lower than what the Company currently expects and may take longer to achieve than currently anticipated. If the Company is unable to adequately address integration challenges, the Combined Group may be unable to pursue the Integration or to realise the anticipated benefits of the Integration.

Furthermore, while the Offer will not be completed if any Closing Condition fails or is not fulfilled in time, and such Closing Condition has not previously been waived by the Company, not every adverse change that could have a material adverse effect on Aroundtown or TLG would lead to a failure of the Offer. If the Company is required to effect the completion despite a material adverse change, this could adversely impact the market price for the Company's shares.

The materialisation of any of these risks could have material adverse effects on the Combined Group's business, net assets, financial condition, results of operations or cash flows.

2.6.3 The expected synergies in connection with the Integration may not be fully realised, or at all, and the actual synergies may be offset by higher than anticipated costs.

The Company expects that the Integration will result in various synergies and economies of scale. In particular, it expects that such effects will result from the further development of shared services, in housing of services currently provided by external service providers, a combined management organisation, combined back office functions, optimised local management and a focus on achieving overhead synergies for the Combined Group. In addition, financial synergies are expected in the refinancing of existing financial indebtness and in the development of properties. However, it cannot be excluded that the expected synergies and economies of scale will not be fully realised, or at all. In addition, the costs required to achieve these synergies may be higher than anticipated. TLG's portfolio could develop differently than the Company currently expects.

Furthermore, goodwill may be recognised in connection with the acquisition of TLG. Any goodwill actually accounted for by the Company depends on a variety of factors, such as the acceptance rate for the Offer, the actual value of TLG's net assets and the Company's share price at completion . Any potential goodwill is subject to regular impairment tests and may, if synergies turn out to be lower than expected, result in significant impairments that would have to be recognised as impairment expenses in the consolidated financial statements of the Company.

The materialisation of any of these risks could have material adverse effects on the Combined Group's business, net assets, financial condition, results of operations or cash flows.

2.6.4 Bonds issued, and loan and other financing agreements entered into, by TLG contain change-of-control clauses that inter alia provide for termination rights or an interest step-up that may be triggered by the completion , and Aroundtown may be unable to refinance TLG's financial indebtedness when such financial indebtedness becomes due and payable prior to its specified maturity.

As of 30 September 2019, TLG's current and non-current financial liabilities amounted to € 2.7 billion (as measured in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**")). The bonds issued, loan and other financing agreements entered into, by TLG contain change of control clauses that provide for early redemption rights, creditor termination rights or an automatic interest step-up that may be triggered directly or indirectly by the completion. Overall, TLG has a refinancing risk of around € 1.46 billion due to the outstanding financial liabilities with termination rights in the event of a change of control. Other termination rights in the bond conditions or loan and other financing agreements could be triggered indirectly in connection with the completion (e.g., cross-default provisions which allow a creditor to accelerate TLG's bonds or loans if other financial indebtedness of TLG becomes due and payable before its scheduled maturity or a creditor accelerates, or is entitled to accelerate its claims in case TLG is then unable to fulfil the resulting repayment obligations when due). The hybrid bond issued by TLG in 2019 provides for a significant interest step-up upon occurrence of a change of control event if a specified rating downgrade occurs within a certain period thereafter.

Furthermore, the hybrid bond issued by TLG in September 2019 with a volume of € 600 million provides for a significant interest rate step-up in the event of a change of control if a certain downgrade of TLG's rating occurs within a period of 120 days after a change of control.

If early redemption rights under bonds are exercised or loan or other financing agreements of TLG are accelerated or terminated, Aroundtown may have to obtain, in the interest of the Combined Group, new financings. However, there is no guarantee that Aroundtown will be able to procure such refinancing at all or at favourable conditions. Aroundtown may in this case be unable to refinance its own indebtedness or finance its operations or the refinancing of TLG's financial indebtedness may adversely affect the conditions for such (re)financings. In addition, the termination of any agreements of TLG may require TLG to pay prepayment penalties or damages. Furthermore, TLG may also lose the benefits of any agreements that are terminated as a consequence of the Completion, and it may be forced to renegotiate such agreements on less favourable terms.

The materialisation of any of these risks could have material adverse effects on the Combined Group's business, net assets, financial condition, results of operations or cash flows.

2.6.5 The Company could be obliged to increase the value of the original consideration as a result of parallel or subsequent acquisitions of shares in the Target. Payment obligations of such increase could have a material adverse effect on the net assets, financial position and results of operations of Aroundtown.

Should the Company, a person acting in concert with the Company or its subsidiaries acquire further TLG Shares outside of the Offer following publication of the Offer Document and prior to publication of the results of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 *WpÜG* and for this purpose grant or agree a consideration higher in value than the consideration set forth in the Offer ("**Offer Consideration**"), the Offer Consideration to be paid to all TLG Shareholders who have accepted the Offer will increase by the amount of the difference between the value of the Offer Consideration and the highest consideration paid for the TLG Shares acquired outside of the Offer, cf. Section 31 para. 4 *WpÜG*.

Should the Company, a person acting in concert with the Company or its subsidiaries acquire further TLG Shares outside a stock exchange within one year after the publication of the final results of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 *WpÜG* and for this purpose grant or agree a consideration higher in value than the Offer Consideration, the Company will be obliged to make a cash payment in the amount of the difference between the value of the Offer Consideration and the highest consideration paid for the TLG Shares acquired outside a stock exchange to all TLG Shareholders having accepted the Offer, cf. Section 31 para. 5 *WpÜG*. Furthermore, the assertion of this claim for subsequent improvement by the TLG Shareholders cannot be contractually excluded.

Payments of subsequent improvements could have a material adverse effect on the net assets, financial position and results of operations of Aroundtown.

2.6.6 TLG Shareholders that do not accept the Offer may delay or prevent future measures enacted for the benefit of the Integration.

Under German law, remaining minority shareholders of the Target have certain rights which may result in delays or disruptions of planned measures under corporate law with respect to the Target (e.g., a change of the legal form, a squeeze-out, the conclusion of a domination and profit and loss transfer agreement or a merger). Minority shareholders may delay or even prevent such measures. Such delays or a failure to implement important measures as well as any legal disputes associated therewith may limit Aroundtown's control over the Target, limit the Company's access to TLG's cash flows and delay or even prevent corporate measures enacted for the benefit of the Integration.

2.6.7 The fixed exchange ratio in the number of Offer Shares offered for every share of the Target does not reflect market changes.

TLG Shareholders will receive 3.6 Offer Shares as offer consideration for every 1 TLG Shares validly tendered into the Offer (or 0.278 TLG Shares for every Offer Share) (the "**Tendered TLG Shares**"). The market values of the Offer Shares and/or the TLG Shares may fluctuate, and may vary significantly from their respective value at the date of publication of this Prospectus.

2.6.8 If the Offer lapses, the value of any of the Tendered TLG Shares may fluctuate before such shares are retransferred to the relevant TLG Shareholder and the Company will not compensate the TLG Shareholders in connection with such fluctuations.

If any Closing Condition has not been fulfilled in time, and such Closing Condition has not validly been waived by the Company at least one day prior to the expiry of the Acceptance Period and prior to the non-fulfilment of the relevant Closing Condition, the Offer itself would fail. In this event, any agreements concluded through the acceptance of the Offer will be void and will not be completed. The Tendered TLG Shares will be rebooked into the ISIN DE000A12B8Z4 by the respective custodian bank of the relevant TLG Shareholder. The custodian banks of the relevant TLG Shareholders will ensure that such retransfer is effected without undue delay and no later than five business days after the announcement of the failure of the Offer.

However, the value of the TLG Shares may fluctuate between the tendering of such shares into the Offer and the retransfer in case of a lapse of the Offer. The Company will not compensate the TLG Shareholders for any such fluctuations, neither with respect to a decrease in the value of the TLG Shares, nor in the case where such shareholders are unable to realise any stock price gains prior to the retransfer of their shares.

2.6.9 The Company could not conduct a full due diligence investigation of TLG prior to launching the Offer and therefore may have been unable to correctly identify and assess all risks associated with the Offer or the Completion.

Due to timing constraints and given that the Target is a publicly listed company, the Company could not conduct a full due diligence investigation of TLG prior to launching the Offer. Therefore, important circumstances material for the evaluation of TLG might not have been sufficiently taken into account in the Company's evaluation of TLG and the determination of the Offer Consideration and the attractiveness of the Integration. In particular, the Company might have been unable to correctly identify and assess all risks associated with the Offer or the Completion. Also, TLG's portfolio may develop differently than originally anticipated by the Company.

A failure to correctly identify and assess all risks associated with the Offer or the Completion could have material adverse effects on the Combined Group's business, net assets, financial condition, results of operations or cash flows.

2.6.10 TLG is a real estate company that is exposed to a variety of risks that the Company believes are comparable to the risks associated with the business activities of Aroundtown. However, it cannot be ruled out that TLG may be exposed to further, previously unrecognised risks, the realisation of which could also have a material adverse effect on the Combined Group's net assets, financial position and results of operations.

The business models of the Company and the Target are comparable in many aspects and areas. Therefore, the Company has reason to believe that TLG is subject to very similar risks with regard to its business activities and the industry as Aroundtown itself. There is, however, a risk that after the successful completion of the Offer, the corresponding risks could increase and negative consequences could have a greater impact on Aroundtown than Aroundtown currently expects.

In addition, risks that materialise at TLG will also have an indirect negative impact on Aroundtown following the successful completion of the Offer. Furthermore, it cannot be ruled out that TLG may be exposed to further, previously unrecognised risks, the realisation of which could also have material adverse effects on the net assets, financial position and results of operations of Aroundtown and the Combined Group.

2.6.11 Following an integration of TLG, the economic development of Aroundtown would also depend on the economic development, in particular on the value of TLG's property portfolio and the positive continuation of the development projects. Any adverse development or any decline in the fair value of TLG's property portfolio could therefore have a material adverse effect on Aroundtown's business activities and its net assets, financial position and results of operations.

As a result of the subsequent integration of TLG into Aroundtown, Aroundtown will also be dependent on the further development and intrinsic value of TLG's property portfolio. The Company cannot rule out that TLG's property portfolio will not develop negatively, particularly with regard to its development and fair value. Such a negative development of TLG's real estate portfolio and a decline in the fair value could therefore have a material adverse effect on Aroundtown's business activities and its net assets, financial position and results of operations.

2.6.12 RETT may be triggered in connection with the Completion.

Any transaction providing for the direct or indirect, legal or beneficial, transfer of at least 95% of the shares in a company with real estate in Germany, or where such transfer is agreed upon, is generally subject to RETT. In addition, where a partnership holds real estate located in Germany, RETT is also triggered if at least 95% of the interests in the partnership are directly or indirectly, legally or beneficially, transferred to new partners within a period of five years. The intended amendment to the Land Acquisition Tax Act (Grunderwerbsteuergesetz) initially provided for a lowering of the relevant participation threshold from 95% to 90% and an extension of the aforementioned 5-year period to 10 years. Recently, however, the political parties currently forming the German Federal Government announced that the planned changes to the Land Acquisition Tax Act would not take effect from 1 January 2020, as originally planned. Instead, it is now expected that a revised draft law will be presented to the Bundestag in the first half of 2020. Whether and to what extent these possible

legislative changes will have a retroactive effect is currently open. As the Target owns the majority of its properties located in Germany directly the Completion could generally trigger substantial RETT, depending on the final draft bill.

The Company has agreed with the largest shareholder of the Company Ouram Holding S.à r.l., which holds approximately 28% of the voting rights in the Target (based on the publication of the total number of voting rights of the Target pursuant to section 41 WpHG dated 3 December 2019), within the scope of the irrevocable obligation to tender the TLG Shares held by the principal shareholder in connection with the Offer, that this principal shareholder will continue to hold at least 5.1% and up to 10.1% of all TLG Shares beyond the completion of the Offer (the "**Holding Obligation**"). While the Company currently assumes that the Holding Obligation will be implemented in respect of 5.1% of the TLG Shares outstanding at that time, it is also possible to implement the Holding Obligation in respect of 10.1% of the TLG Shares outstanding at that time depending on the status of the intended changes to the Land Acquisition Tax Act. In addition, in the Business Combination Agreement, the Target has undertaken to carry out certain restructuring measures of two of its subsidiaries.

If RETT is triggered, the respective liability is generally calculated on the basis of the value of the consideration for the relevant transaction, multiplied by the applicable tax rate. Such RETT rates range from 3.5% to 6.5%, depending on the Federal State where the relevant property is located. If there is no consideration, and in case of transformations, contributions and other acquisitions on the basis of corporate law and in the case of a transfer of at least 95% of the shares in a partnership or corporation, a so-called substitute assessment basis (*Ersatzbemessungsgrundlage*) is used for the calculation of the RETT liability. The substitute assessment basis (*Ersatzbemessungsgrundlage*) generally corresponds to the fair value (*Verkehrswert*) of the relevant property. The fair value (*Verkehrswert*) of rented properties is calculated by taking into account the contractually agreed rent for a period of twelve months. According to the Target's annual report as of and for the fiscal year ended 31 December 2018, the annual rental income for the Target's total portfolio amounted to € 227.2 million during the fiscal year ended 31 December 2018.

The Company expects that RETT in amount of less than € 1 million will be triggered by the Completion of the Offer under the currently applicable legal provisions. However, if the contractual arrangements regarding the Holding Obligation the Company has put in place prior fail or TLG does not carry out the promised restructuring of two subsidiaries before the Completion of the Offer, the actual RETT triggered by the Completion may be substantially higher. Furthermore, the contractually agreed rent of TLG as shown in the Target's audited consolidated financial statements as of and for the fiscal year ended 31 December 2018 may deviate from the calculation of contractually agreed rent in accordance with Section 186 of the German Valuation Act (*Bewertungsgesetz*), which may further increase any RETT triggered by the Completion.

Any RETT triggered in connection with the completion of the Offer could have material adverse effects on the Combined Group's business, net assets, financial condition, results of operations or cash flows.

2.6.13 The Pro Forma Consolidated Financial Information of the Company is presented for illustrative purposes only and is not an indication of the Combined Group's future business, net assets, financial condition or results of operations. It is to be assumed that they will differ materially from the Pro Forma Consolidated Financial-Information.

The unaudited pro forma consolidated financial information of the Company included in this Prospectus (the "**Pro Forma Consolidated Financial Information**") is presented for illustrative purposes only. The Pro Forma Consolidated Financial Information should not be considered as an indication of the Combined Group's future business, net assets, financial condition or results of operations following the Completion and the Integration.

The Pro Forma Consolidated Financial Information is based on the historical consolidated financial statements of the Company and the Target, subject to certain adjustments, assumptions and estimates. These adjustments, assumptions and estimates are preliminary and based on information available at the time of the preparation of the Pro Forma Consolidated Financial Information. For example, the estimated purchase price reflected in the Pro Forma Consolidated Financial Information assumes that all outstanding shares of the Target are validly tendered into the Offer in exchange for the Offer Consideration. Moreover, the Pro Forma Consolidated Financial Information may not reflect all costs that Aroundtown will incur in connection with the Completion and the Integration. As a result, it is to be assumed that the actual Combined Group's future business, net assets, financial condition or

results of operations will differ materially from the Pro Forma Consolidated Financial Information. In addition, the assumptions used in the preparation of the Pro Forma Consolidated Financial Information may prove to be inaccurate, and other factors may materially affect the Combined Group's future business, net assets, financial condition or results of operations following the Completion.

2.6.14 The completion of the Offer could lead to a loss of tax loss carryforwards of TLG.

As of 31 December 2018, TLG reported corporate and trade tax loss carryforwards and interest carryforwards of approximately € 89.4 million. The tax loss carryforwards included in the aforementioned amount may not be available at Completion and/or may be forfeited due to the Completion.

The Completion of the Offer could lead to a full or partial forfeiture of the tax loss carryforwards. According to German tax laws, such tax loss carryforwards are completely forfeited if more than 50% of the shares in an entity are transferred to a new acquirer. One exception to this general rule refers to domestic taxable hidden reserves. To the extent such taxable hidden reserves are allocable to TLG for tax purposes, no forfeiture of tax loss carryforwards should occur, if the difference between the tax equity of TLG at Completion compared to the share purchase price includes sufficient hidden reserves. However, only some of the existing tax loss carryforwards may survive the Completion.

Furthermore, the German tax law applicable to tax loss carryforwards and their forfeiture is controversial, and at least for the years from 2008 up to and including 2015 and for transfers of up to 50% of the shares of an entity, the German Constitutional Court (*Bundesverfassungsgericht*) has ruled that the applicable laws violate the German constitution and shall be amended with retroactive effect. Accordingly, the legislature has limited the application of section 8c par. 1 KStG with retroactive effect to cases where more than 50 % of the shares are transferred to a new acquirer. In addition, there are pending fiscal court cases regarding the loss forfeiture rules applicable in case of a transfer of more than 50% of the shares in an entity. These court proceedings may have an impact on the envisaged Completion of the Offer and the amount of tax loss carryforwards forfeited.

Any forfeiture of TLG's tax loss carryforwards triggered in connection with the Completion of the Offer could have material adverse effects on the Combined Group's business, net assets, financial condition, results of operations or cash flows.

2.6.15 The Company could be obliged to submit a mandatory takeover offer to the outside shareholders of WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft ("WCM AG") if TLG becomes a subsidiary of the Company following the completion of the offer and the Company is not exempted from the obligation to make a mandatory takeover offer.

As of the date of this Prospectus, TLG holds 91% of the share capital of WCM AG, which is also listed on the regulated market. Should the Company acquire an interest of more than 50% of the share capital of TLG following the completion of the offer, TLG will become a subsidiary of the Company. As a result, the Company would also indirectly acquire control of WCM AG. This would in principle trigger the obligation to submit a takeover offer to the outside shareholders of WCM AG to acquire their shares in accordance with Section 35 (2) WpÜG. On the basis of Section 9 sentence 2 no. 3 of the WpÜG Offer Ordinance (*WpÜG-Angebotsverordnung*), in the event of indirect acquisition of control, BaFin may grant an exemption if the book value of the participation of WCM AG amounts to less than 20% of the book value of TLG's assets on the basis of its relevant individual financial statements in accordance with the German commercial Code (*Handelsgesetzbuch*, *HGB*). As of 31 December 2018, the book value of TLG's interest in WCM AG accounted for approximately 14% of TLG's book value of assets and as of 30 September 2019 accounted for approximately 8%.

The Company therefore intends to submit a corresponding application for exemption. Normally, the BaFin will grant the exemption if the above-mentioned requirements of § 9 sentence 2 no. 3 of the WpÜG Offer Ordinance are met. However, the decision of BaFin is a discretionary decision and an application for exemption can only be filed after obtaining indirect control over WCM AG, i.e. only after the completion of the Offer. Should BaFin reject this application for exemption, the Company would therefore have to submit a takeover offer to the shareholders of WCM AG to acquire their shares in WCM AG. The minimum consideration must correspond to the weighted average share price of the WCM AG share during the last three months prior to the publication of obtaining control. Finally, the Company cannot exclude the possibility that, in addition to payment of the consideration and the transaction costs associated with the mandatory offer, RETT would be payable on the real estate assets of WCM AG as a result of the possible mandatory offer if relevant thresholds were exceeded.

The obligation to make a takeover bid to the shareholders of WCM AG could therefore have a material adverse effect on the net assets, financial position and results of operations of Aroundtown.

2.6.16 The Offer may be delayed or may fail, in which case Aroundtown would have to bear the costs of preparing and implementing the Offer and could suffer reputational damage.

A TLG shareholder holding a total of approximately 28% of the TLG Shares has undertaken to accept the offer under certain conditions in respect of the TLG Shares it holds. Should this shareholder fail to meet his obligations, the success of the offer is at risk. Completion of the Offer is subject to certain conditions ("**Closing Conditions**"), including, amongst others, that no material deterioration of the assets and earnings situation of the Target Company occurs, that no material capital measures are carried out at the Target Company, or that a competing offer is submitted by a third party.

If a Closing Condition fails or is not fulfilled in a timely manner and the Company has not waived the fulfilment of such Closing Condition no later than one day prior to the expiration of the Acceptance Period and prior to the non-occurrence of the respective Closing Condition, the Offer shall expire. In the event of such termination, the Company would have to bear certain costs associated with the preparation and execution of the Offer, which could have an adverse effect on Aroundtown's business, results of operations, financial position and cash flows.

2.7 Risks Relating to the Shareholder Structure and the Shares

2.7.1 The Company's shareholder structure could change significantly as a result of the Offer; this could lead to adverse changes for the Company or its shareholders if individual shareholders pursue interests that differ from those of the Company or the other shareholders.

The Company's share capital at the time of this Prospectus amounts to € 12,235,742.61 and is divided into 1,223,574,261 no-par value bearer shares. The current largest shareholders of the Company are TLG with approx. 15.03% of the share capital and Avisco Group with approx. 11.99 % of the share capital. Depending on their attendance at the Company's general meetings, these shareholders could exercise significant influence in the Company's general meeting including to prevent resolutions from being passed by the Company's general meeting on the basis of their voting rights. Up to 415,995,652 new shares of the Company will be offered as consideration for the TLG Shares offered as part of the Offer. Ouram Holding S.à r.l., the largest shareholder in TLG, has contractually committed towards the Company to participate in the Offer and exchange its shares in TLG into new shares in the Company, resulting in an estimated shareholding of up to 7.0% in the Company (on the basis of the current share capital of the Company and on the assumption that the share capital of the Target will not increase prior to the completion of the Offer and that TLG Shareholders, including Ouram Holding S.à r.l., will accept the Offer in the amount of 94.9% of the so calculated TLG Shares). Depending on the level of acceptance in the Offer, the Company's shareholder structure may further change considerably upon completion of the Offer. As a direct consequence of the completion of the Offer, the Company's shareholder base would broaden and the voting rights of the existing shareholders of the Company would be diluted. Should TLG become a subsidiary of the Company following the completion of the Offer or at a later stage, the shares in the Company currently held by the Target will be subject to the restrictions for treasury shares held by the Company with the result that the Target will not be able to exercise any voting rights from these shares. This would increase the proportionate amount of the voting rights of all other shareholders from the shares in the Company held by them.

Each shareholder or group of shareholders who controls more than 50 % of the voting rights represented at a general meeting is in a position to exert a significant influence on the resolutions of the general meeting. The articles of association of the Company provide for a simple majority, i.e. more votes in favour than against, and the requirement of a two-thirds majority of for certain other resolutions, in particular for amendments to the articles of association. With a corresponding majority of the voting rights, such shareholders could also actively prevent certain resolutions of the general meeting which require a simple majority of the voting rights of the shareholders by voting against them. Depending on the attendance at the general meeting, these shareholders may also represent a majority of more than two thirds of the share capital. In this case, such shareholders could also initiate structural change measures. Such conduct could lead to resolutions at the Company's general meeting which are not in line with the interests of the Company or the interests of the other shareholders of the Company.

2.7.2 Future sales or market expectations of sales of a large number of shares by the Company's largest shareholders or other shareholders could cause the share price to decline.

The Target and Avisco have agreed to a lock-up of shares representing each 9.99% in the Company (based on the Company's current share capital) until the earlier of 31 August 2020 or the conclusion of a potential merger between the Company and the Target, which is subject to the Offer. Consequently, after the successful implementation of the Offer, there will be no lock-up agreements with respect to the shares in the Company with existing or future shareholders. Thus, all shareholders are free to sell their shares in the Company at any time. The Company's share price could fall substantially if one or more of the major shareholders of the Company sell some or all of their shares or if such sales are anticipated by investors.

In addition, the sale or market expectation of a sale of a large number of shares by significant shareholders could make it difficult for the Company to issue new shares in the future on favourable terms. In addition, this may have a material adverse effect on the market price of the shares of the Company.

2.7.3 The cash flow of Aroundtown and the ability of the Company to pay dividends depend on the profitability of its subsidiaries and investees and future dividend payments depend on Aroundtown's future distributable profit.

The Company's ability to pay future dividends is dependent on whether the Company has sufficient distributable profit. As the Company conducts its operating business through its subsidiaries the amount of distributable profits depends among other things on distributions that it receives from its subsidiaries and other investment interests, and as the case may be, repayment of loans that it has granted to the subsidiaries. Current and future financing agreements entered into by the Company's subsidiaries or changes in tax laws under applicable jurisdictions and other applicable legislation may effectively limit the amount of cash available to the Company's subsidiaries to pay to the Company or may otherwise restrict the Company's subsidiaries' ability to make cash contributions. In addition, some financing arrangements contain restriction on the disposal of certain assets and covenants relating to leverage ratios. Any of these factors could restrict the Company's ability to pay dividends.

It cannot be guaranteed that future profits will be sufficient to make dividend payments. In the event the Company is not able to generate sufficient distributable profits, this would negatively impact the amount of, and could impact whether the Company will be in a position to pay, future dividends.

2.7.4 Future offerings of debt or equity securities by the Company in particular the issue of shares potentially required to meet the conversion rights resulting from outstanding or convertible bonds to be issued in the future may materially adversely affect the market price of the shares, and future capitalisation measures could lead to substantial dilution, i.e. a reduction in the value of the shares and the control rights of existing shareholders' interests in the Company.

The Company may in the future require additional capital to finance its business and growth. In the future, the Company may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities or through other measures. Any issuance of additional equity securities or debt securities with rights to convert into equity, such as convertible bonds and warrants, in the future could potentially reduce the market value of the shares and would dilute the economic and voting rights of existing shareholders if subscription rights were not granted to existing shareholders or, if granted, were not exercised by the existing shareholders. The issuance of additional shares or similar capital-raising measures and the timing and nature of any future offering would depend on market conditions of such an offering, the Company cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in other companies in exchange for newly shares of the Company, or a share issue in relation to possible future employee participation programmes could lead to a dilution of the economic shareholding and voting rights of existing shareholders. Future offerings may adversely affect the trading price of the shares and/or dilute current shareholders.

2.7.5 *Investors with a reference currency other than the Euro may be subject to foreign exchange risks when investing in the Shares.*

The Company's equity capital is denominated in Euro, and the vast majority of the Company's revenues and expenses have been and will continue to be incurred in Euro. Furthermore, all returns will be distributed in Euro. If investors' reference currency is a currency other than the Euro, investors may be adversely affected by any reduction in the value of the Euro relative to their reference currency. Investors may also incur further transaction costs by converting Euro into another currency. As a result, prospective investors are strongly urged to consult their financial advisers with a view to determining whether they should enter into hedging transactions to offset these currency risks.

2.7.6 *Fluctuation of market interest rates may have an adverse effect on the value of the Shares.*

One of the factors that investors may consider in deciding whether to buy or sell the Shares is the expected dividend yield, or the expected dividend payment per Share as a percentage of the Share price. If market interest rates increase, prospective investors may desire a higher rate of return on the Shares and therefore may seek securities paying higher dividends or interest or offering a higher rate of return than that of the Shares in the Company. As a result, market interest rate fluctuations and other capital market conditions can affect the demand for and market value of the Shares. For instance, if interest rates rise, the market price of the Shares may decrease, because current stockholders and potential investors will likely require a higher dividend yield and rate of return on the Shares, as interest-bearing securities, such as bonds, offer more attractive returns.

2.7.7 *The Company might be classified by U.S. tax authorities as a passive foreign investment company for U.S. federal income tax purposes.*

Generally, if for any taxable year 75% or more of the Company's gross income is passive income, or at least 50% of the average quarterly value of the Company's assets (which may be determined in part by the market value of the Company's ordinary shares, which is subject to change) are held for the production of or produce passive income, the Company would be characterised as a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes. If the Company is characterised as a PFIC, U.S. Holders (as defined below) may suffer adverse tax consequences, including having gains realised on the sale of the Offer Shares treated as ordinary income rather than capital gain, the loss of the preferential rate applicable to dividends received on Offer Shares by individuals who are U.S. Holders (as defined below), and having interest charges apply to distributions by the Company and the proceeds of share sales.

Certain elections exist that may alleviate some of the adverse consequences of PFIC status and would result in an alternative treatment (such as mark-to-market treatment) of the Offer Shares; however, the Company does not intend to provide the information necessary for a U.S. Holder (as defined below) to make an election to treat the Company as a "qualified electing fund" with respect to the Offer Shares if the Company is classified as a PFIC.

For the purposes of this Prospectus section "*2.7.7 The Company might be classified by U.S. tax authorities as a passive foreign investment company for U.S. federal income tax purposes*", a "**U.S. Holder**" is, after the Completion of the Offer, a beneficial owner of Offer Shares that is for U.S. federal income tax purposes (i) a citizen or an individual resident of the United States, (ii) a corporation (or other business entity treated as a corporation) that is created or organised in or under the laws of the United States of America, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation without regard to its source or (iv) a trust (i) if a court within the United States of America is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

3. GENERAL INFORMATION

3.1 Responsibility for the Content of the Prospectus

Aroundtown SA, with its registered office at 40, Rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under registration number B217868 ("the "**Company**", together with its consolidated subsidiaries "**Aroundtown**" and together with its consolidated subsidiaries and its equity accounted investees including Grand City Properties S.A. ("**GCP**") the "**Group**") assumes responsibility for the content of this prospectus (the "**Prospectus**") pursuant to Article 5 (1) of the Luxembourg Prospectus Law and declares that, having taken all reasonable care to ensure that such is the case, to the best of its knowledge as at the date of this Prospectus, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import as at the date of this prospectus.

If any claims shall be asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area.

The information provided in this Prospectus will not be updated subsequent to the date hereof except for any significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus which may affect the assessment of the securities and which arises or is noted between the time when the Prospectus is approved and the closing of the offer period or the time when trading on a regulated market begins, whichever occurs later. These updates must be disclosed in a prospectus supplement in accordance with Article 23 (1) sentence 1 of the Prospectus Regulation.

3.2 Subject Matter of this Prospectus

On 19 November 2019, the Company announced its decision to make a voluntary public takeover offer for all shares of TLG IMMOBILIEN AG, with its registered office in Berlin, Germany, and registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg, under the docket number HRB 161314 B and with the domestic business address Hausvogteiplatz 12, 10117 Berlin, Germany ("**TLG IMMOBILIEN AG**" or the "**Target**", and together with its consolidated subsidiaries, "**TLG**") in the form of an exchange offer (the "**Offer**").

The subject matter of this Prospectus is the offer of up to 415,995,652 new bearer shares of the Company with a nominal value of € 0.01 each with ISIN LU1673108939 (the "**Offer Shares**"), which shall be granted to the owners of the shares of TLG IMMOBILIEN AG ("**TLG Shares**") as a consideration in the context of the Offer. The Offer Shares grant full dividend rights as of the fiscal year 2019. Should the settlement of the Offer be delayed to such an extent that an issue of the Offer Shares prior to the General Meeting of the Company which resolves on the distribution of dividends of the Company for the fiscal year ending 31 December 2019 can no longer take place, the Company will no longer be in a position to issue Offer Shares with a dividend entitlement for the fiscal year 2019. In this case, the Offer Shares would be issued with a dividend entitlement from 1 January 2020.

The issuance of the Offer Shares originates from the increase of the Company's share capital against contributions in kind under suppression of the shareholder's preferential statutory subscription rights was resolved by the resolution of the Board of Directors dated 17 December 2019 in partial utilisation of the Authorised Capital pursuant to Art. 7 of the Articles of Association through the issue of up to 415,995,652 new bearer shares with a nominal amount of € 0.01 per share. In order to determine the final amount of the increase of the share capital and to issue the exact number of Offer Shares the resolution of the Board of Directors dated 17 December 2019 requires a further resolution of the Board of Directors, such resolution expected to be adopted on or around five days after the end of the Additional Acceptance Period (as defined below), presumably on 12 February 2020. The Offer Shares will carry dividend rights as from the beginning of the financial year 2019, or in case of a delay of the completion of the Offer to a date after the date of the Company's annual general meeting in 2020, as from the beginning of the financial year 2020.

The volume of the Company's authorised capital is sufficient to carry out the Offer to its full extent.

The subject matter of this Prospectus is also the admission of 415,995,652 Offer Shares to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

3.3 No Consent for Use of the Prospectus

A consent to the use of the Prospectus with respect to a subsequent resale or a final placement of the Company's shares by any third party has not been granted.

3.4 Forward-Looking Statements

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "*anticipate*", "*believe*", "*could*", "*would*", "*estimate*", "*expect*", "*intend*", "*may*", "*might*", "*plan*", "*predict*", "*project*", "*will*", "*aim*" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding Aroundtown's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Forward-looking statements in this Prospectus are based on current estimates and assumptions that the Company based on its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including Aroundtown's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. Aroundtown's business is also subject to a number of risks and uncertainties that could cause a forward looking statement, estimate or prediction in this Prospectus to become inaccurate. Accordingly, investors are strongly advised to read the following sections of this Prospectus: "*1. SUMMARY OF THE PROSPECTUS*", "*2. RISK FACTORS*" and "*18. GENERAL INFORMATION ON THE COMPANY AND AROUNDTOWN*". These sections include more detailed descriptions of factors that might have an impact on Aroundtown's business and the markets in which it operates. In light of these risks, uncertainties and assumptions, future events described in this Prospectus may not occur. In addition, the Company assumes no obligation, except as required by law, to update any forward-looking statement or to conform these forward-looking statements to actual events or developments.

3.5 Appraiser

The pages B-1 f. of this Prospectus include expert reports assessing the fair value (market value) of the real estate portfolio held by Aroundtown as of 30 September 2019. The fair value reports were prepared by the following real estate appraisers:

- Jones Lang LaSalle SE, Rahel-Hirsch-Straße 10, 10557 Berlin, Germany ("**Jones Lang La-Salle**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**JLL Property Appraisal Report**");
- apollo valuation & research GmbH, Große Eschenheimer Str. 13, 60313 Frankfurt am Main, Germany and R&B Real Estate B.V., Concertgebouwplein 15, 1071 LL Amsterdam, Netherlands (together "**NAI**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**NAI Property Appraisal Report**");
- GeraldEve Ltd, 72 Welbeck Street, London W1G 0AY, United Kingdom ("**GeraldEve**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**GeraldEve Property Appraisal Report**");
- Avison Young, 65 Gresham Street London EC2V 7NQ, United Kingdom ("**Avison Young**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**Avison Young Property Appraisal Report**");
- WH Winters & Hirsch Real Estate Advisory GmbH & Co. KG, Bleibtreustr. 22/23, 10707 Berlin, Germany ("**Winters & Hirsch**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**W&H Property Appraisal Report**");
- Cushman & Wakefield LLP, Rathenauplatz 1, 60313 Frankfurt am Main, Germany("**Cushman & Wakefield**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**Cushman & Wakefield Property Appraisal Report**");
- Savills Advisory Services Germany GmbH & Co. KG, Taunusanlage 18, 60325 Frankfurt am Main, Germany ("**Savills**"), preparing a report on the fair value of certain properties held by Aroundtown pursuant to IAS 40 ("**Savills Property Appraisal Report**")

The JLL Property Appraisal Report, the NAI Property Appraisal Report, the GeraldEve Property Appraisal Report, the Avison Young Property Appraisal Report, the W&H Property Appraisal Report, the Cushman & Wakefield Property Appraisal Report and the Savills Property Appraisal Report are collectively referred to in this Prospectus as the "**Property Appraisal Reports**".

Jones Lang LaSalle, NAI, GeraldEve, Avison Young, Winters & Hirsch, Cushman & Wakefield and Savills (together, the "**Appraisers**") employ publicly appointed and sworn experts and members of the Royal Institution of Chartered Surveyors (RICS). The Property Appraisal Reports comply with the standards set out in the respective Property Appraisal Report as well as the standards contained within the TEGoVA European Valuation Standards, and in accordance with IVSC International Valuation Standard 1 (IVS 1), the International Accounting Standards (IAS), International Financing Reporting Standards (IFRS) as well as the current guidelines of the European Securities and Market Authority (ESMA) on the basis of Market Value the "**Property Appraisal Report**"). The Appraisers are independent in their activities and declared, with the preparation of the Property Appraisal Report that they have neither a material interest in the Company nor are in a relationship of interest or dependence with the contracting entity or other third parties which could influence their careful, duly and unbiased assessment. The Appraisers have consented to the inclusion of their respective Property Appraisal Report in this Prospectus in the unmodified form authorised by them and have approved the context in which it is presented. The Company represents that, as at the date of this Prospectus, it is not aware of any material change in the value of the properties appraised in the Property Appraisal Report since the respective appraisal dates of the Property Appraisal Report.

The market value of the portfolio reflects the total amount of the individual properties, broken down into real estate properties and real estate held on the basis of long-standing rights (e.g. *Erbbau- oder Erbpachtrecht* or Leasehold). The determined amount of the market value does not refer to real estate properties, which are held for sale.

The following spreadsheet shows the market values determined by the Apraisers and the relevant valuation key dates in each case:

Appraiser	Market value (in € million)	Valuation day
JLL Property Appraisal Report	5,668	31 December 2018; 31 March 2019, 30 June 2019, 30 September 2019
NAI Property Appraisal Report	735	31 December 2018; 31 March 2019, 30 June 2019, 30 September 2019
GeraldEve Property Appraisal Report	2,103	31 December 2018; 31 March 2019, 30 June 2019, 30 September 2019
Avison Young Property Appraisal Report	1,219	30 September 2019
Winters & Hirsch Property Appraisal Report	2,239	31 December 2018; 31 March 2019, 30 June 2019, 30 September 2019
Cushman & Wakefield Property Appraisal Report	3,199	31 December 2018; 31 March 2019, 30 June 2019, 30 September 2019
Savills Property Appraisal Report	2,347	31 December 2018; 31 March 2019, 30 June 2019, 30 September 2019
Total	**17,510**	

The market value is defined in the Property Appraisal Reports as follows: The estimated amount at which an asset or a liability should be exchanged between a willing buyer and an acquirer on the valuation date under standard market conditions and after proper marketing and for which the parties have acted competently, prudently and without coercion in each case.

Since the introduction of IFRS 16 as of 1 January 2019, Aroundtown has classified and measured the assets held on the basis of long-term usage rights as investments properties. This amount is not included in the market value according to the Property Appraisal Report and is mentioned separately in the respective Property Appraisal Report. The following table shows the comparison between the investment properties (including the effect of IFRS 16) as reported in the 2019 Q3 Interim Financial Statements and the figures included in the Property Appraisal Report.

	as of 30 September 2019 (in € million)
	(unaudited)
Amount of assets held as investment properties according to consolidated interim financial statements Q3/2019 (including long-term rights of use as defined in IFRS 16)	17,938
Total market value according to Property Appraisal Reports[1]	17,510
Total value of long-term rights of use according to Property Appraisal Reports[1] [2]	196
Subtotal	17,706
Difference between the total amount of assets held as investment properties in accordance with the consolidated interim financial statements Q3/2019 and the market value in accordance with the Property Appraisal Reports including long-term rights of use	232

(1) Valued at different times within the last twelve months.

(2) Some valuation reports use the term “proportion of long-term use of owned property” to indicate the value of such property as if it was owned.

The Property Appraisal Reports presented in this Prospectus cover approximately 99% of the portfolio value held by Aroundtown as at 30 September 2019. The remaining properties are covered by other appraisers, which leads to immaterial differences between the Property Appraisal Reports and the information presented by the Company in its 2019 Q3 Interim Financial Statements.

The Company acquired further properties after 30 September 2019 that are not included in the Property Appraisal Reports. Further details on investments made after 30 September 2019 are presented in the section “*11. MANAGEMENT’S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS”*.

In addition, due to timing differences between the valuation dates in the valuation reports, the operating key figures of the properties, i.e. rent and vacancy, do not necessarily reflect the situation as of 30 September 2019, whereas the Company calculates these operating key figures as of 30 September 2019.

3.6 Information derived from Third Parties; Sources

In this Prospectus, Aroundtown relies on and refers to information regarding its business and the markets in which it operates and competes. Certain economic and industry data, market data and market forecasts set forth in this Prospectus were extracted from market research, governmental and other publicly available information and independent industry publications. These external sources include:

- BNP Paribas Real Estate, “At a Glance, Footfall Report Berlin, Q2 2018”, 10 August 2018 (“**BNP, Footfall**”);
- BNP Paribas Real Estate, “Logistic Market Germany – At a Glance Q2 2019”, 2019 (“**BNP, Logistics Market Germany**”);
- Cushman & Wakefield LLP, “Office Market Snapshot”, ”Second Quarter 2019 – The Netherlands”, 2019 (“**C&W, Netherlands**”);
- Cushman & Wakefield LLP, “Office Market Snapshot”, ”First Quarter 2017” to “Fourth Quarter 2017“, ”First Quarter 2018” to “Fourth Quarter 2018“,”First Quarter 2019” to “Second Quarter 2019“ ,for each of Bulgaria, Czechia, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, United Kingdom, 2017, 2018, 2019 (“**C&W, Office Markets**”);
- Cushman & Wakefield LLP, “Retail Market Snapshot – Third Quarter 2019 – Germany”, 2019 (“**C&W, Retail Market**”);

- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Kernprognose 2018-2060: immigratie blijft hoog", December, 2018 ("**CBS, 12/18a**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Voor derde jaar op rij 100 duizend inwoners erbij", 2 January 2019 ("**CBS, 01/19a**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Bbp groeit met 0,5 procent in vierde kwartaal 2018", 15 February 2019 ("**CBS, 02/19a**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "General government surplus 1.8% of GDP in mid-2019", September, 2019 ("**CBS, 9/19a**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Economisch beeld fractie minder gunstig",14 October 2019 ("**CBS, 10/19a**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Bevolkingsgroei in 2018 vooral in de Randstad", 2 January 2019 ("**CBS, 01/19b**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Bevolkingsgroei al op zelfde niveau als totaal 2018", 30 October 2019 ("**CBS, 10/19b**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Consumentenprijzen in september 2,6 procent hoger", 8 October 2019 ("**CBS, 10/19c**");
- Dutch National Statistics Office (*Centraal Bureau voor de Statistiek, CBS*), "Dashboard arbeidsmarkt", www.cbs.nl/nl-nl/visualisaties/dashboard-arbeidsmarkt, last updated 21 October 2019 ("**CBS, Labour Market**");
- Colliers International, „EMEA Capital Markets, Yields H1 2019", 2019 ("**Colliers, EMEA Office**");
- Colliers International, "UK Hotels market index 2018", 2018 ("**Colliers UK Hotels market index 2018**");
- Colliers International, "UK Hotels market index 2019", 2019 ("**Colliers UK Hotels market index 2019**");
- German Federal Statistical Office (*Statistisches Bundesamt*), "Index of real earnings up 1.3% in 2018", 22 March 2019 ("**Destatis, Earnings**");
- German Federal Statistical Office (*Statistisches Bundesamt*), database "Projected households: Germany, years, household size", extracted on 1 November 2019 ("**Destatis, Households**");
- German Federal Statistical Office (*Statistisches Bundesamt*), "Accommodation in internal tourism in the first half of 2019: 3.8% more overnight stays", 8 August 2019 ("**Destatis, Internal Tourism**");
- German Federal Statistical Office (*Statistisches Bundesamt*), database "Migration between Germany and foreign countries: Germany, years, continents", extracted on 1 November 2019 ("**Destatis, Migration Statistics**");
- German Federal Statistical Office (*Statistisches Bundesamt*), "Working-age population expected to decrease by 4 to 6 million by 2035", 27 June 2019 ("**Destatis, No. 242**");
- German Federal Statistical Office (*Statistisches Bundesamt*), "Population in Germany: 83.0 million at the end of 2018", 27 June 2019 ("**Destatis, No. 244**");
- German Federal Statistical Office (*Statistisches Bundesamt*), "Estimate for 2018: population increased to 83.0 million",25 January 2019 ("**Destatis, Population Estimate**");
- German Federal Statistical Office (*Statistisches Bundesamt*), database "Projected households: Germany, years, household size", extracted on 1 November 2019 ("**Destatis, Population Projections**");
- German Federal Statistical Office (*Statistisches Bundesamt*), database "Residential buildings, dwellings, living floor space: Germany, reference date, number of dwellings", extracted on 1 November 2019 ("**Destatis, Stock of Residential Buildings and Dwellings**");
- Cushman & Wakefield (previously DTZ Zadelhof), Research department, "Nederland Compleet", issues from January 2015 to August 2018, 2015, 2016, 2017, 2018 ("**DTZ Zadelhof/C&W**");
- Dynamis, „Sprekende Cijfers, Office Markets", 2019 ("**Dynamis**");

- Euromonitor International, “Top 100 City Destinations 2018”, 2018 (“**Euromonitor**”);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Gross domestic product at market prices, Current prices, million euro”, last updated 1 November 2019 (“**Eurostat, GDP**“);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Gross domestic product at market prices, Current prices, euro per capita”, last updated 1 November 2019 (“**Eurostat, GDP per capita**“);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Gross domestic product per capita in PPS”, last updated 1 August 2019 (“**Eurostat, GDP per capita in PPS**“);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Goods and services, imports and exports”, last updated 1 November 2019 (“**Eurostat, Goods and services**”);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Government finance statistics”, last updated 21 October 2019 (“**Eurostat, Government finance statistics**”);
- Eurostat, database, http://ec.europa.eu/eurostat/, “HICP – inflation rate”, last updated 16 October 2019 (“**Eurostat, HICP – inflation rate**“);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Population density, persons per km square”, last updated 22 October 2019 (“**Eurostat, Population density**”);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Population on 1 January, persons”, last updated 28 October 2019 (“**Eurostat, Population on 1 January**”);
- Eurostat, database, http://ec.europa.eu/eurostat/, “Unemployment rate – annual data”, last updated 30 September 2019 (“**Eurostat, Unemployment statistics**”);
- Ernst & Young, “Start-up-Barometer Europa”, October 2018 (“**EY**”);
- Visit England/Visit Scotland/Visit Wales, Great Britain Tourism Survey (GBTS), “The GB Tourist – 2018 Annual Report”, August 2019 (“**GBTS**”);
- Greater London Authority (GLA), “Housing in London 2019”, September 2019 (“**GLA, Housing**”);
- Greater London Authority (GLA), “London at night: An evidence base for a 24-hour city”, November 2018 (“**GLA, London**”);
- Germany Trade & Invest (GTAI), “Economic Overview Germany – Market, Productivity, Innovation”, Issue 2018 (“**GTAI**”);
- The International Monetary Fund (“**IMF**”), database, http://imf.org/external/datamapper/, “Gross domestic product, Current prices, billion U.S. dollars”, last updated 1 November 2019 (“**IMF, GDP**“);
- IMF, IMF datamapper, “World Economic Outlook”, GDP per capita, current prices, in U.S. dollars, October 2019 (“**IMF, GDP per capita**”);
- University of Cambridge Judge Business School, “2018 Global Fintech Hub Report”, 14 November 2018 (“**JBS**”);
- Jones Lang LaSalle IP, Inc./JLL Global Research, “Global Market Perspective August 2019”, August 2019 (“**JLL, Global Market Perspective, August 2019**”);
- Jones Lang LaSalle IP, Inc./JLL Global Research, “Global Market Perspective November 2018”, November 2018 (“**JLL, Global Market Perspective, November 2018**”);
- Jones Lang LaSalle SE, “Housing Market Overview Germany, Big 8, H1 2019”, August 2019 (“**JLL, Housing Market**”);
- Jones Lang LaSalle SE, „Logistic and Industrial Market Overview – Germany – 2nd quarter 2019“, August 2019 (“**JLL, Logistic and Industrial Market**”);
- Jones Lang LaSalle SE, „Office Market Overview Big 7 – 3rd quarter 2019“, October 2019 (“**JLL, Office Market**”);
- Jones Lang LaSalle SE, „Retail Market Overview – Germany – 3rd quarter 2019“, October 2019 (“**JLL, Retail Market**”);
- Knight Frank LLP, “Dutch Office Market Report“, “2015” to “2018”, (“**Knight Frank, Netherlands**”);

- Logistics Initiative Hamburg (*Logistik-Initiative Hamburg*), "Der LogistikReport – Jahresbericht der Logistik-Initiative Hamburg, 2013/2014", 2013/2014 ("**LIH**");
- UK Office for National Statistics, "Employee earnings in the UK: 2019", www.ons.gov.uk, last updated 29 October 2019 ("**ONS, Employee earnings**");
- UK Office for National Statistics, "Gross Domestic Product: Quarter on Quarter growth: CVM SA %", www.ons.gov.uk, last updated 11 November 2019 ("**ONS, GDP**");
- UK Office for National Statistics, "Unemployment rate (aged 16 and over, seasonally adjusted)", www.ons.gov.uk, last updated 19 March 2019 ("**ONS, Unemployment rate**");
- PropertyEU, "Super Connected Global Region", 30 September, 2015 ("**PropertyEU**");
- Standard & Poor's Financial Services LLC, website of the company at https://www.standardandpoors.com ("**S&P Website**");
- Savills Research, "Q4 2018 London Residential Market Overview", January 2019 ("**Savills**");
- Smith Travel Research, "STR Global Germany Hotel Review August 2019", September 2019 ("**STR, Germany**");
- Smith Travel Research, "STR Global UK Hotel Review August 2019", 16 September 2019 ("**STR, UK**");
- World Tourism Organisation (UNWTO),"UNWTO Tourism Highlights – 2019 Edition", 2019 ("**UNWTO**");
- Z/Yen Group and the China Development Institute, "The Global Financial Centres Index 24", September 2018 ("**Z/Yen**").

Where information contained in this Prospectus relates specifically to GCP, this information has been taken from or derived from GCP's consolidated financial statements for the period ended 31 December 2018 or the interim condensed consolidated financial statements for the period ended 30 September 2019 of GCP, in each case as published on GCP's website at www.grandcityproperties.com.

Prior to the decision to make the Offer, the Company performed a due diligence review with respect to the Target. Due to the fact that the Company and the Target are both listed on the stock exchange, the assessment was conducted to a limited extent and for a limited period only. In the course of this due diligence review, limited information on the operating, financial and tax situation of the Target was provided to the Company prior to the publication of this Prospectus. However, the Company cannot guarantee that the information in question is accurate at the time of publication of this Prospectus. Where information contained in this Prospectus relates specifically to TLG IMMOBILIEN AG or TLG, this information has been taken from or derived from TLG IMMOBILIEN AG's website at www.tlg.de (such as published annual reports, annual financial statements, securities prospectuses, press releases and analyst events of the Target). Such information includes:

- the consolidated financial statements for the period ended 31 December 2018 of TLG IMMOBILIEN AG;
- the interim condensed consolidated financial statements for the period ended 30 September 2019 of TLG IMMOBILIEN AG;
- securities prospectus of the Target on the issue of bonds dated 20 September 2019.

All information has not been separately verified by the Company.

Where information in this Prospectus has been specifically identified as having been extracted from third party documents, the Company confirms that this information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Company has no reason to believe that any of this information is inaccurate in any material respect, the Company has not independently verified the competitive position, market share, market size, market growth or other data provided by third parties or by industry or other publications. The Company does not make any representation as to the accuracy of such information.

This Prospectus also contains estimates of market data and information derived from these estimates that would not be available from publications issued by market research firms or from any other

independent sources. This information is based on internal estimates of the Company and, as such, may differ from the estimates made by competitors of Aroundtown or from data collected in the future by market research firms or other independent sources. In addition, the Company assumes no obligation, except as required by law, to give updates of these figures.

3.7 Documents on display

For the duration of the validity of this Prospectus, copies of the following documents referred to in this Prospectus, including the Prospectus, will be available free of charge for inspection during regular business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company at 40, Rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg:

(i) the most recent version of the articles of association (the "**Articles of Association**") of the Company;

(ii) the audited consolidated financial statements prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union ("**IFRS**") of the Company for the fiscal year ended 31 December 2016 (the "**2016 Consolidated Financial Statements**");

(iii) the audited consolidated financial statements prepared in accordance with IFRS of the Company for the fiscal year ended 31 December 2017 (the "**2017 Consolidated Financial Statements**");

(iv) the audited consolidated financial statements prepared in accordance with IFRS of the Company for the fiscal year ended 31 December 2018 (the "**2018 Consolidated Financial Statements**");

(v) the unaudited consolidated condensed interim financial statements prepared in accordance with IFRS of the Company for the nine month period ended 30 September 2019 (the "**2019 Q3 Interim Financial Statements**");

(vi) the Pro Forma Consolidated Financial Information

(vii) this Prospectus;

(viii) the Property Appraisal Reports.

This Prospectus including Property Appraisal Reports will be published on the website of the Company under www.aroundtown.de/investor-relations and can be accessed there for the duration of its validity. In addition, this Prospectus will be available free of charge from Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, Germany (inquiries by fax to +49 69 910 38794 or by e-mail to dct.tender-offers@db.com).

The articles of association are available on the Company's website at www.aroundtown.de/investor-relations.

This Prospectus contains certain references to websites. The information on these websites does not form part of the prospectus and has not been scrutinised or approved by the CSSF in its capacity as competent authority.

3.8 Currency and Financial Data

In this Prospectus all references to "**€**", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended, all references to "**U.S. dollars**", "**USD**" or "**U.S.$**" are to the lawful currency of the United States of America, all references to "**AUD**" are to the Australian dollar, the currency of the Commonwealth of Australia, all references to "**CAD**" are to the Canadian dollar, the currency of Canada, all references to "**CHF**" are to the Swiss Franc, the currency of Switzerland and Liechtenstein, all references to "**GBP**" or "**£**" or "**British Pound**" are to the pound sterling, the currency of the United Kingdom, all references to "**HKD**" are to the Hong Kong dollar, the official currency of the Hong Kong Special Administrative Region, all references to "**JPY**" are to the Japanese Yen, the official currency of Japan and all references to "**NOK**" are to the Norwegian Krone, the currency of Norway.

The financial data contained in this Prospectus relating to the Company is – except as stated otherwise – derived from the 2016 Consolidated Financial Statements, the 2017 Consolidated Financial

Statements and 2018 Consolidated Financial Statements and the 2019 Q3 Interim Financial Statements. The 2016 Consolidated Financial Statements, the 2017 Consolidated Financial Statements and 2018 Consolidated Financial Statements and the 2019 Q3 Interim Financial Statements as well as the Pro Forma Consolidated Financial Information were prepared by the Company in the English language and translated into the German language for the purpose of preparing the prospectus. The auditor's opinions on the 2016 Consolidated Financial Statements, the 2017 Consolidated Financial Statements the 2018 consolidated financial statements and the Pro Forma Consolidated Financial Information were issued in English as well and translated into German. For more detailed information about financial information, see: "*10 SELECTED CONSOLIDATED FINANCIAL INFORMATION*" and "*26. FINANCIAL INFORMATION*".

Where financial data in this Prospectus is labelled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the Prospectus to indicate financial data that has not been taken from the audited financial statements mentioned above or is based on calculations of these figures. All of the financial data presented in the Prospectus are shown in thousands of Euro (in € thousands or "€ thousand"), except as otherwise stated.

3.9 Figures

In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in the main body of the Prospectus, both a dash ("-") or zero ("0") are used to signify both unavailable figures and figures which are either exactly zero or have been rounded to zero.

3.10 Statutory Auditors

The operations of the Company are supervised by one or several statutory auditors.

The statutory auditors are appointed by the general meeting of the Company's shareholders which determines their number, remuneration and term of office not exceeding six years.

At the date of this Prospectus, KPMG Luxembourg, a cooperative company (*société coopérative*) incorporated under the laws of Luxembourg and having its registered office at 39, Avenue John F. Kennedy, L-1855 Luxembourg, registered with the RCSL under number B 149133 ("**KPMG Luxembourg**") is appointed as the approved independent statutory auditor (*réviseur d'entreprises agréé*) of the Company. Its mandate expires at the annual general meeting of the shareholders of the Company to be held in 2020. KPMG Luxembourg is registered as a corporate body with the official table of company auditors drawn up by the Luxembourg Ministry of Justice and is a member of the Institute of Auditors (*l'Institut des Réviseurs d'Enterprises*) and is approved by the CSSF in the context of the law of 18 December 2009 relating to the audit profession, as amended.

The Company was originally organised as a public limited liability company (plc) under the laws of Cyprus. On 13 September 2017, the Company completed the transfer of its registered office and principal place of business from Cyprus to Luxembourg, without dissolution and with full corporate and legal continuance as a public limited liability company (*société anonyme*) under the name Aroundtown SA. As a result, the 2017 Audited Consolidated Financial Statements as well as the 2018 Audited Consolidated Financial Statements reflect the Company's Luxembourg legal form and have been audited by KPMG Luxembourg. The 2016 Audited Consolidated Financial Statements reflect the Company's Cypriot legal form and have been audited by KPMG Limited, Certified Accountants and Registered Auditors, Millenium Lion House, P.O. Box 40075, 6300 Larnaca, Cyprus ("**KPMG Cyprus**"). KPMG Cyprus is registered as a corporation under membership number E194 in the official Auditor's Table. The table is maintained by the Institute of Certified Public Accountants of Cyprus. Both KPMG Cyprus and KPMG Luxembourg provided unqualified auditor's reports for the financial statements they audited.

3.11 Rating

The Company is assigned a "BBB+" rating with a stable outlook by Standard & Poor's Global Ratings Europe Ltd. ("**S&P**"). S&P has a registered office in the European Union and has been validly

registered by ESMA pursuant to Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) 513/2011.

GCP is assigned a "BBB+" rating with a stable outlook by S&P and a "Baa1" rating with a stable outlook by Moody's Investors Service Ltd. ("**Moody's**"). Moody's has a registered office in the European Union and has been validly registered by ESMA pursuant to Regulation (EC) 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EC) 513/2011.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation (see: "*2.3.3. A downgrade or withdrawal of the Company's current credit rating or of GCP's current credit rating may impact the ability of Aroundtown to obtain financing or issue further debt and may have a negative impact on Aroundtown's debt costs and on the share price of the Company and/or GCP."*).

The following information is taken from the websites of S&P and Moody's as of the date of this Prospectus and is provided solely for informational purposes.

"The credit rating opinions awarded by S&P range from the highest rating "AAA", which is defined as "extremely strong capacity to meet financial commitments" to the lowest rating "D", which is defined as "Payment default on financial commitments". S&P define a "BBB" rating for a long-term issuer as follows: "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories." S&P define a "BBB" rating for a long-term issue obligation as follows: "An obligation rated "BBB" exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories." S&P define a "BB" rating for a long-term issue obligation as follows: "An obligation rated "BB" is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation. The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories."

"The global long-term rating scales awarded by Moody's range from the highest rating "Aaa", which is defined as "Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk." to the lowest rating "C", which is defined as "Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest." (Source: website Moody's). Moody's defines a "Baa" rating as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics." Moody's defines a "Ba" rating as follows: "Obligations rated Ba are judged to be speculative and are subject to substantial credit risk." Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms."

4. THE OFFER

4.1 Subject Matter of the Offer

The Offer relates to the acquisition of all shares of the Target with ISIN DE000A12B8Z4, each representing a notional value of € 1.00 of the Target's share capital, including any dividend rights and ancillary rights at the time of the settlement of the Offer

The Company is offering to exchange 3.6 bearer shares of the Company with a nominal value of € 0.01 and full dividend rights from 1 January 2019, or, in case the implementation of the Offer is delayed to a point in time after the Company's annual general meeting in the year 2020, from 1 January 2020 per TLG Share validly tendered in the course of the Offer.

The Offer Shares will be created by the following resolutions of the board of directors of the Company by making partial use of the authorised capital pursuant to section 7 of the articles of association of the Company and with suppression of the shareholders preferential statutory subscription right. Pursuant to section 7 of the articles of association of the Company, the Company has an authorised capital (which includes the subscribed share capital of € 12,235,742.61) of € 30,000,000 (the "**Authorised Capital**"). During a period of five years from the 16 December 2019 the board of directors is authorised to increase the subscribed capital within the limits of the authorised capital as a whole at once, by successive portions or by continuous issues of new shares, to be paid up in cash or by contribution in kind. Furthermore the board of directors is authorised to suppress or limit any and all preferential statutory subscription rights of the shareholders.

The Offer Shares will be created by making partial use of the Authorised Capital as follows:

- by the resolution of the board of directors of the Company dated 17 December 2019 to increase the Company's share capital by an amount of up to € 4,159,956.52 so as to raise it from its current amount of € 12,235,742.61 to an amount of up to € 16,395,699.13 through the issuance of up to 415,995,652 new bearer shares with a nominal value of € 0.01 each with full dividend rights for the financial year 2019 having started on 1 January 2019, or, if the completion of the Offer is delayed until after the date of the Company's annual general meeting in 2020, with full dividend rights for the financial year 2020 starting on 1 January 2020, against contribution of the Tendered TLG Shares as contribution in kind. The preferential statutory subscription rights of the existing shareholders of the Company will be suppressed. Solely the TLG Shareholders who tender their TLG Shares in the course of the Offer shall be entitled to subscribe for the new shares against contribution in kind at the ratio of 1 TLG Share for 3.6 Offer Shares (the "**Basic Resolution**"); and
- by the further resolution of the board of directors of the Company, specifying the Basic Resolution, to determine the final amount of the increase of the share capital against contribution in kind and the exact number of new shares to be issued as consideration for the Tendered TLG Shares and to issue such number of Offer Shares required as consideration for the Tendered TLG Shares, such resolution expected to be adopted on or around five days after the end of the Additional Acceptance Period (the "**Definitive Resolution**", and together with the Basic Resolution, the **"Offer Capital Increase"**). Should the amount of the share capital has been increased since the adoption of the Basic Resolution, the Definitive Resolution will increase the share capital from the amount of the share capital then existing.

The Offer Shares as specified by the Definitive Resolution will be created upon the adoption of the Definitive Resolution by the board of directors of the Company. The Offer Capital Increase does not require the consent of the general shareholder's meeting of the Company and no limit exists (under the Articles of Association or under Luxembourg Law) as to the number of new shares in the Company for which preferential statutory subscription rights may be supressed. Under Luxembourg law the registration of the Offer Capital Increase with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) or other similar body is not a pre-condition for the valid creation of new shares of the Company. However, in accordance with the statutory provisions of Art. 420-23 of the Luxembourg Law on Commercial Companies of 10 August 1915 as amended (the "**Luxembourg Company Law**"), the Offer Capital Increase under the Authorised Capital shall be recorded in a notarial instrument in Luxembourg at the request of the board of directors, at the latest within one month from the Offer Capital Increase.

The maximum number of Offer Shares available under the Offer Capital Increase is 415,995,652.

As of the date of the publication of this Prospectus, the Target has issued 112,070,518 TLG Shares. Such number of TLG Shares is based on the announcement of the Target dated 3 December 2019 on

its total number of voting rights as of that date. Under the German takeover law, although the Company has arrangements in place under the Irrevocable Undertaking to not acquire more than 94.9 % or 89.9% of the TLG Shares outstanding at the completion of the Offer, the Company is obliged to direct the Offer to 100% of the then outstanding TLG shares. For the purposes of calculating the maximum supply obligation with Offer Shares under the Offer, the Company has also taken into consideration possible issuances of TLG Shares that have not yet occurred. In this regard, the Company has taken into account up to 1,780,359 TLG Shares that the Target may issue in connection with the WCM Domination Agreement and further up to 1,703,471 TLG Shares that the Target may by issue under its authorised capital without triggering a default of a Closing Condition. Consequently, a maximum of up to 115,554,348 TLG Shares may be outstanding when the Offer is completed. Should the Offer be accepted for such 115,554,348 TLG Shares that may be outstanding at the completion of the Offer, the Company would have to deliver 415,995,652 Offer Shares in total (based on an exchange ratio of 3.6 Offer Shares for every 1 TLG Shares).

The final number of Offer Shares issued in connection with the Offer is expected to be announced on or around 12 February 2020 on the company's website at www.aroundtown.de/investor-relations and in any other manner required by law.

Important Notice

The Offer is subject to certain conditions, which are described in more detail in section "4.2 – *Closing Conditions*" below. If these conditions are not met and the Company does not effectively waive any, several or, as far as legally permissable, all of these conditions, the Offer will not be settled. In this case, all Tendered TLG Shares will be rebooked by the custodian bank of the respective TLG Shareholder into ISIN DE000A12B8Z4.

Each TLG Shareholder who:

- **confirms in his/her acceptance letter that he/she (a) is a TLG Shareholder with residence, registered office or normal place of residence in, or otherwise located in, the United States of America (a "U.S. Shareholder"), or (b) functions as an agent, nominee, trustee, custodian or otherwise acts for the account or benefit of such a U.S. Shareholder in the United States of America;**
- **provides an address in the United States of America in his/her acceptance letter or has such an address;**
- **provides the name and address of a person in the United States of America in his/her acceptance letter to whom the consideration and/or documents in connection with the Offer should be sent; or**
- **sends their acceptance letter in an envelope stamped in the United States of America or sends it for other reasons evidently from the United States of America,**

(i) irrevocably instructs and authorises his/her Custodian Bank to rebook the Tendered TLG Shares, that are held by such shareholder, after the cessation of trading of the Tendered TLG Shares into Tendered TLG Shares of certain U.S. Shareholders with ISIN DE000A254112, it being understood that the Custodian Banks will verify, if at the time of cessation of trading such shareholders still own any of their Tendered TLG Shares or whether there are any additional persons to whom this instruction applies for the first time, and (ii) authorises the Company and the Settlement Agent to arrange, via such shareholder's Custodian Bank and any subsequent intermediary Custodian Banks, as the case may be, for the sale of the number of Offer Shares to which such shareholder would otherwise be entitled pursuant to the Offer (based on the number of Tendered TLG Shares of certain U.S. Shareholders rebooked at Clearstream into ISIN DE000A254112) and to remit the corresponding cash proceeds, in Euro, of such sale, net of expenses, to such shareholder's account, unless the Company, at its sole discretion, is satisfied that the Offer Shares can be offered, sold or delivered to that U.S. Shareholder, or for its account or benefit, pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended (the "Securities Act").

The Settlement Agent will sell these Offer Shares for the benefit of the relevant U.S. Shareholders via the Frankfurt Stock Exchange at the then prevailing market price and without

undue delay after the day on which the Offer Shares are credited to the Settlement Agent's custody account with Clearstream. Neither the Company nor the Settlement Agent are subject to any obligations as to the price obtained, and any such sale can be effected on an individual basis or together with other Offer Shares to which these conditions apply. U.S. Shareholders should be aware that the sale of such Offer Shares has not been underwritten and the net cash proceeds to be received as a result thereof is uncertain. None of the Company or the Settlement Agent or any of their respective directors, affiliates, associates or agents shall have any liability to any U.S. Shareholder to achieve a particular price per Offer Share. The net cash proceeds, in Euro, of such sales will be distributed pro rata to each U.S. Shareholder participating in the vendor placement, or person acting on a non-discretionary basis (as agent, nominee, trustee, custodian or otherwise) for or on behalf of a U.S. Shareholder, entitled thereto.

For the avoidance of doubt, this instruction does not apply to shares being allotted to Qualified Institutional Buyers, as defined in Rule 144A of the Securities Act ("QIBs"), pursuant to a private placement exemption or if, in the opinion of the Company, the Offer Shares may otherwise be offered and sold to the relevant U.S. Shareholder pursuant to another exemption from the Securities Act's registration requirements.

If Fractional Shares are created due to the exchange ratio of the Offer Consideration, no shareholder rights can be exercised based on those, requiring a consolidation to full legal rights (so-called fractional adjustment) (*Aktienspitzenverwertung*). Fractional Shares will only be paid for in cash. In this regard the respective Custodian Banks and the Settlement Agent will sell the Fractional Shares allocated to the Offer Shares, by combining them to whole Offer Shares. The proceeds will then be paid to the respective TLG Shareholders, which tendered the respective TLG Shares, according to the share fractions apportionable to them. Because market prices of Offer Shares may fluctuate, cash proceeds received by TLG Shareholders having tendered their TLG Shares for any such fractional adjustment might be different than the amount calculated based on the market price of an Offer Share at the time of the settlement of the Offer. The Company, the Settlement Agent and the Custidian Bank do not guarantee that a fractional adjustment will result in a cartain price.

4.2 Closing Conditions

The Offer and the agreements entered into with TLG Shareholders as a result of accepting the Offer will only be consummated if the following conditions (the "**Closing Conditions**") have been fulfilled or have been validly waived by the Company before the default of the respective Closing Condition (each a condition subsequent, *auflösende Bedingung*) (if any of the following subsections contains more than one condition, each of the conditions shall be a separate Closing Condition).

4.2.1 No decrease or increase of the share capital of the Target, no issuance of conversion rights

Between the publication of the Offer Document and the expiration of the Acceptance Period:

(i) no capital increase from the Target's own funds (retained earnings) has been effected,

(ii) no decrease or increase of the share capital of the Target has been resolved by the shareholders' meeting of the Target,

(iii) no increase of the share capital of the Target based on its current authorised capital has been effected, with the exception of such a capital increase against consideration in cash that would, in the aggregate with any capital measures set forth under number (iv) below, not reach or exceed 1.52 % of the Target's share capital as of 3 December 2019 (calculated on the basis of the announcement published on 3 December 2019 regarding the Target's total number of voting rights as of that date), and

(iv) the Target has not notified the Company that new conversion, option or other rights to new TLG Shares have been newly issued, with the exception of such capital measure against consideration in cash that would, in the aggregate with capital increases set forth under number (iv) above, not reach or exceed 1.52 % of the Target's share capital as of 3 December 2019 (calculated on the basis of the announcement published on 3 December 2019 regarding the Target's total number of voting rights as of that date) (for clarification: the issuance of shares from the contingent capital 2017/III does not trigger a default of this condition).

4.2.2 No sale of treasury shares, no amendments of the articles of association, no liquidation, no transformation of the Target and no shareholders' meeting upon shareholder's request

Between the publication of the Offer Document and the expiration of the Acceptance Period, none of the following events shall have occurred:

(i) the Target has notified the Company that the Target has sold any treasury shares;

(ii) the shareholders' meeting of the Target having made an amendment to the articles of association of the Target or resolved upon the liquidation of the Target or a measure under the German Transformation Act (*Umwandlungsgesetz*); nor

(iii) has the Target published in the German Federal Gazette the invitation of a shareholders' meeting of the Target upon a minority request pursuant to Section 122 para. 2 *AktG*.

4.2.3 No dividend resolution of the Target

Between the publication of the Offer Document and the expiration of the Acceptance Period the shareholders' meeting of the Target has not adopted a resolution on the distribution of a cash dividend or dividend in kind for the financial year 2019 of the Target.

4.2.4 No material adverse change (MAC) as to the Target

Between the publication of the Offer Document and the expiration of the Acceptance Period:

(i) the Target has neither published inside information pursuant to Article 17 para. 1 MAR; nor

(ii) have circumstances occurred that would have had to be published by the Target pursuant to Art. 17 para. 1 MAR or where the Target decided to delay the publication pursuant to Article 17 para. 4 MAR;

when considered individually or in aggregate,

(iii) have caused a decrease of the (expected) funds from operations (FFO) of the Target (as defined in the combined management report for the Target's annual and consolidated financial statements as of and for the fiscal year ended 31 December 2018) to an amount of less than €133 million p.a. in the financial year 2019 or 2020, or

(iv) have caused a decrease of the EPRA NAV of the Target (as defined in the combined management report for the Target's annual and consolidated financial statements as of and for the fiscal year ended 31 December 2018) to an amount of less than €3,167 million, or

(v) are reasonably to be expected to cause such decrease as set forth under either (iii) or (iv),

(each such event set out in (iii) through (v) a "**MAC**").

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart (the "**Independent Expert**"), in its function as independent expert for the determination of whether certain Closing Conditions have been satisfied, will exclusively determine whether a MAC has arisen pursuant to the terms and conditions as set forth in greater detail in "*4.2.9 Independent Expert*".

A MAC will only be deemed to have arisen if (i) the Expert Report confirms the occurrence of a MAC, (ii) the Company has received the Expert Report until the expiration of the Acceptance Period, and (iii) the Company publishes the receipt and result of the Expert Report no later than on the day of the required date of publication of the result of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 *WpÜG*. In this case, the Closing Condition set out in this sub-section will not have been fulfilled. Otherwise, the Closing Condition laid down in this sub-section will, however, be deemed to have been fulfilled.

4.2.5 No negative tax event

Between the publication of the Offer Document and the expiration of the Acceptance Period (i) no draft bill with respect to the German real estate transfer tax code (*Grunderwerbsteuergesetz*; "***GrEStG***"), or (ii) no amendments (including amendment proposals or intended amendments) to the existing draft bill with respect to GrEStG, as published by the German Government (*Bundesregierung*) on 31 July 2019 including the amendment proposals of the Federal Council (*Bundesrat*) of 20 September 2019, have

been publicly announced by the German Government, any German Federal Ministry (*Bundesministerium*), the Federal Council, any committee of the German Parliament (*Bundestagsausschuss*), or the government coalition (*Regierungskoalition*), which – in reasonable expectation – could result, if finally enacted, in real estate transfer tax payment obligations by the Company or one of its Affiliates ("Affiliate" shall mean any affiliated enterprise (*verbundenes Unternehmen*) within the meaning of Section 15 et seq. *AktG*) and/or the Target or one of its Affiliates in connection with the consummation of the transaction set forth in the Offer Document, which exceed an amount in the aggregate of € 50 million (each of the events in (i) and (ii) above a "**Negative Tax Event**")).

The Independent Expert, in its function as independent expert for the determination of whether certain Closing Conditions have been satisfied, will exclusively determine whether a Negative Tax Event has arisen pursuant to the terms and conditions as set forth in greater detail in Section *"4.2.9 Independent Expert".*

A Negative Tax Event will only be deemed to have arisen if (i) the Expert Report confirms the occurrence of a Negative Tax Event, (ii) the Company has received the Expert Report) until the expiration of the Acceptance Period, and (iii) the Company publishes the receipt and result of the Expert Report no later than on the day of the required date of publication of the result of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 WpÜG. In this case, the Closing Condition set out in this sub-section will not have been fulfilled. Otherwise, the Closing Condition laid down in this sub-section will, however, be deemed to have been fulfilled.

4.2.6 No insolvency event

Between the publication of the Offer Document and the expiration of the Acceptance Period the Target has not published inside information pursuant to Article 17 para. 1 MAR, stating that:

(i) (a) insolvency proceedings under German law or similar proceedings under foreign law have been opened in respect of the assets of the Target, WCM Beteiligungs- und Grundbesitz Aktiengesellschaft or TLG Finance S.à r.l. (the "**Material Target Group Entities**") or have been applied for by the management board of the Target or the management of another Material Target Group Entity or (b) that the management board of the Target is aware of any such application from a third party relating to any Material Target Group Entity; or

(ii) either the Target or a Material Target Group Entity is (a) insolvent, (b) at risk of insolvency or (c) over-indebted (Section 17 to 19 of the German Insolvency Code (*Insolvenzordnung*) or corresponding provisions of foreign law) or (d) that, under the insolvency laws applicable for the Material Target Group Entity, there is any reason that would justify or require an application for the opening of insolvency or similar proceedings; or

(iii) any execution (Arrest) has been levied on parts of the assets of any Material Tar-get Group Entity.

4.2.7 No material compliance event

Between the publication of the Offer Document and the expiration of the Acceptance Period,

(i) the Target has neither published inside information pursuant to Article 17 para. 1 MAR; nor

(ii) have circumstances occurred that would have had to be published by the Target pursuant to Art. 17 para. 1 MAR, or where the Target decided to delay the publication pursuant to Article 17 para. 4 MAR;

which considered individually or in aggregate,

constitute a criminal or administrative offence (*Ordnungswidrigkeit*) or a suspicion of a criminal or administrative offence by a member of a governing body, officer or senior employee of the Target or any other material Affiliate of the Target, when acting in his/her official capacity for the Target or any other material Affiliate of the Target (each a "**Material Compliance Event**").

The Independent Expert, in its function as independent expert for the determination of whether certain Closing Conditions have been satisfied, will exclusively determine whether a Material Compliance Event has arisen pursuant to the terms and conditions as set forth in greater detail in Section *"4.2.9 Independent Expert".*

A Material Compliance Event will only be deemed to have arisen if (i) the Expert Report confirms the occurrence of Material Compliance Event, (ii) the Company has received the Expert Report until the

expiration of the Acceptance Period, and (iii) the Company publishes the receipt and result of the Expert Report no later than on the day of the required date of publication of the result of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 WpÜG. In this case, the Closing Condition set out in this sub-section will not have been fulfilled. Otherwise, the Closing Condition laid down in this section, however, be deemed to have been fulfilled.

4.2.8 No competing offer

Between the publication of the Offer Document and the expiration of the Acceptance Period, no offer document for a competing public offer by a third party in relation to TLG Shares within the meaning of Section 22 *WpÜG*, whether for a consideration consisting in cash or shares or a combination thereof, has been published, provided however that such publication is permissible pursuant to section 14 para 2 sentence 1 *WpÜG*.

4.2.9 Independent Expert

The occurrence of a MAC, a Negative Tax Event and/or a Material Compliance Event will be exclusively determined by the Independent Expert, which will deliver, after careful consideration pursuant to the standards of a diligent professional in the area of financial valuation an opinion in which the Independent Expert determines whether a MAC, a Negative Tax Event and/or a Material Compliance Event has occurred. The Independent Expert shall act only upon request of the Company. The Company shall publish without undue delay and with reference to the Offer the commencement of the procedure to determine whether a MAC, a Negative Tax Event and/or a Material Compliance Event have occurred during the Acceptance Period in the German Federal Gazette (*Bundesanzeiger*) and on the internet under www.aroundtown.de under Investor Relations. The Independent Expert will submit a report if, in its opinion, a MAC, a Negative Tax Event and/or a Material Compliance Event has arisen (the "Expert Report") and, in this case, must indicate in the Expert Report that its assessment has shown that this is the case. In the event the Independent Expert issues an Expert Report, the Company is required to publish the fact that it has received such Expert Report and the result of this Expert Report without undue delay in the German Federal Gazette (*Bundesanzeiger*) and on the internet under www.aroundtown.de under Investor Relations, but in any case no later than on the day of the required date of publication of the result of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 WpÜG. The Company and the Target have undertaken in the BCA to fully cooperate in faithful manner in order to allow the ascertainment of the fulfilment or non-fulfilment of the Closing Conditions.

The decision of the Independent Expert will be binding for and cannot be contested by the Company or the TLG Shareholders. The costs, fees and expenses of the Independent Expert will be borne by the Company.

4.3 Waiver of Closing Conditions

The Company reserves the right, up and until one working day (*Werktag*) prior to the expiration of the Acceptance Period, to waive one, several or all of the Closing Conditions, whereas such waiver is only possible prior to the default of the respective condition precedent. Closing Conditions validly waived by the Company in advance will be presumed to have been fulfilled for the purposes of the Offer. For purposes of observation of the time limit set forth in Section 21 para. 1 WpÜG, the publication of the amendment of the Offer pursuant to Section 21 para. 2 WpÜG in conjunction with Section 14 para. 3 WpÜG shall be authoritative. In the event of a valid waiver of one, several or all Closing Conditions within the last two weeks prior to expiration of the Acceptance Period, this Acceptance Period shall be extended by two weeks (Section 21 para. 5 WpÜG), i.e. probably until 4 February 2020, 24:00 hours CET.

4.4 Non-Fulfilment of Closing Conditions

If one of the Closing Conditions set out in Section "*4.2. Closing Conditions*" has not been fulfilled by the end of the Acceptance Period and the Company has not previously effectively waived the relevant Closing Conditions by the end of one working day (*Werktag*) before the expiration of the Acceptance Period and before the default of the respective Closing Condition pursuant to Section 21 para. 1 sentence 1 no. 4 WpÜG, the Offer will lapse. In this case, the agreements entered into upon acceptance of the Offer will not be executed and will lapse; Tendered TLG Shares will be rebooked into ISIN DE000A12B8Z4 by the Custodian Banks (as defined under section "*4.6.2 Acceptance and*

Settlement") without undue delay, at the latest within five banking days after the announcement of the expiration of the Offer. The rebooking shall be free of costs and expenses of the Custodian Banks in accordance with and subject to the restrictions set forth in Section "*4.10. Reversal in the event of final failure of Closing Conditions*".

4.5 Publications relating to Closing Conditions

The Company will immediately announce on the Internet at www.aroundtown.de under the heading "*Investor Relations – Takeover Offer*" and in the German Federal Gazette (*Bundesanzeiger*) if (i) the Company has validly waived a Closing Condition in advance, or (ii) all Closing Conditions that have not been validly waived by the Company in advance have been fulfilled, or (iii) the Offer will not be completed.

4.6 Exchange Offer Period

4.6.1 Acceptance Period

The period for the acceptance of the Offer starts with the publication of the Offer Document on 18 December 2019. It expires on

21 January 2020, 24:00 hours (CET)

The period for acceptance of the Offer, including all extensions of this period (CET) resulting from provisions of the *WpÜG* (but excluding the Additional Acceptance Period described below), is hereinafter uniformly referred to as the "**Acceptance Period**").

The Company may amend the Offer in accordance with Section 21 para. 1 *WpÜG* until one working day (*Werktag*) prior to the expiration of the Acceptance Period at 24:00 hours (CET), until 20 January 2020, at 24:00 hours (CET). If an amendment to the Offer is published within the last two weeks prior to the expiration of the Acceptance Period, the Acceptance Period will be extended by two weeks according to Section 21 para. 5 *WpÜG* and will end 4 February 2020, at 24:00 hours (midnight) (CET), even if the amended Offer violates any applicable laws.

If during the Acceptance Period a competing offer within the meaning of Section 22 para. 1 *WpÜG* is launched by a third party (the "**Competing Offer**"), and the Company has not previously effectively waived the respective Closing Condition the expiration of the Acceptance Period for this Offer will correspond to the date on which the acceptance period of the Competing Offer expires (Section 22 para. 2 *WpÜG*), even if such Competing Offer is amended, prohibited or violates any applicable laws.

If a shareholders' meeting of the Target is called in connection with the Offer after the Offer Document has been published, the Acceptance Period be the ten-week period beginning with the publication of the offer document (Section 16 para. 3 sentence 1 *WpÜG*). The Acceptance Period would end in this case on 26 February 2020.

With regard to the right of withdrawal in the event of an amendment to the Offer or in the event of the submission of a Competing Offer, reference is made to the comments under "*4.11.1 Withdrawal rights pursuant to the WpÜG*". The Company will publish any extension of the Acceptance Period as set out in the Offer Document. Material changes to the Offer also lead to an obligation of the Company to publish a supplement to this Prospectus. In this case, TLG Shareholders who have already accepted the Offer may withdraw their acceptance (see: "*4.11.3 Withdrawal rights pursuant to the Prospectus Regulation*").

Pursuant to Section 16 para. 2 sentence 1 *WpÜG*, TLG Shareholders who have not accepted the Offer during the Acceptance Period may still accept the Offer within two weeks after the Company has published the results of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 *WpÜG* (the "**Additional Acceptance Period**") if all of the Closing Conditions of the Offer have been satisfied or effectively waived by the Company before their default until one working day (*Werktag*) before the expiration of the Acceptance Period.

Subject to an extension of the Acceptance Period and assuming publication of the results of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 *WpÜG* on 24 January 2020, the Additional Acceptance Period will commence on 25 January 2020 and end on 7 February 2020, at 24:00 hours (CET). Subject to the tender right pursuant to Section 39c *WpÜG*, the Offer may no longer be accepted after the expiration of this Additional Acceptance Period.

4.6.2 Settlement of the Offer

The Company has commissioned Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main (the "**Settlement Agent"**) with the technical execution of the Offer as well as the reception and transfer of the Offer Shares.

TLG Shareholders may only accept the Offer by declaring within the Acceptance Period (i) the acceptance of the Offer to their respective custodian credit institution (the "**Custodian Bank**") in the form provided for instructions to this Custodian Bank (the "**Declaration of Acceptance**"), and (ii) instruct their Custodian Bank to transfer the TLG Shares held in their custody account for which the Offer shall be accepted into the ISIN DE000A254104 at Clearstream.

The receipt of the Declaration of Acceptance by the respective Custodian Bank is decisive for compliance with the Acceptance Period. Declarations of Acceptance which are not received by the respective Custodian Bank within the Acceptance Period or which are incorrectly or incompletely completed shall not be deemed to be acceptance of the Offer and shall not entitle the relevant TLG Shareholder to receive the Offer Consideration. Neither the Company nor persons acting in concert with the Company pursuant to Section 2 para. 5 WpÜG or its subsidiaries or the Settlement Agent are obliged to notify the TLG Shareholder concerned of any defects or errors in the declaration of acceptance and shall not be liable in the event of failure to do so.

By accepting the Offer:

- the respective TLG Shareholders accept the Offer, for all TLG Shares held in their custody account at the respective Custodian Bank at the time of the Declaration of Acceptance, unless a different number is explicitly stated in the Declaration of Acceptance;
- the respective TLG Shareholders instruct and authorise their respective Custodian Bank to rebook the TLG Shares specified in the Declaration of Acceptance into ISIN DE000A254104 at Clearstream, but to initially leave such TLG Shares in their own custody account;
- the respective TLG Shareholders instruct and authorise their respective Custodian Banks to instruct and authorise Clearstream to transfer the Tendered TLG Shares left in the account of the respective Custodian Bank after the expiration of the Additional Acceptance Period and before the adoption of the Definitive Resolution of the Offer Capital Increase to the account of the Settlement Agent at Clearstream;
- the respective TLG Shareholders, subject to the condition precedent of the fulfilment of the Closing Conditions and the expiration of the Additional Acceptance Period, to the extent the Company has not validly waived one or more of the Closing Conditions, transfer the ownership of the Tendered TLG Shares, including all rights (in particular dividend rights) attached to the Tendered TLG Shares at the time of the transfer to the Company with effect on the date of the Definitive Resolution of the Offer Capital Increase, providing that these Tendered TLG Shares are to be held by the Settlement Agent only and to be transferred against provision of the Offer Consideration per Tendered TLG Share;
- the respective TLG Shareholders agree that from the time the Tendered TLG Shares are transferred to the Settlement Agent at Clearstream, a disposal of the Tendered TLG Shares will no longer be possible and a disposal of the Offer Shares they are entitled to as Offer Consideration will not yet be possible; during this time, there is only a claim for delivery of a number of Offer Shares corresponding to the Offer Consideration per Tendered TLG Share;
- the respective TLG Shareholders irrevocably instruct and authorise the Settlement Agent to subscribe for 3.6 Offer Shares against contribution in kind of one (1) Tendered TLG Share, in the name, on behalf and for the account (*im Namen und für Rechnung*) of and acting as a proxy (*als Stellvertreter*) for the respective TLG Shareholders, it being understood that the Settlement Agent will act in the name and on behalf of all shareholders that are shown (on an aggregate basis only) in the Clearstream system as having tendered their TLG Shares (without having access to and without disclosing the identities of the respective individual TLG Shareholders);
- TLG Shareholders irrevocably instruct and authorise the Settlement Agent to contribute the Tendered TLG Shares as a contribution in kind against 3.6 Offer Shares per 1 Tendered TLG Shares in the name, on behalf and for the account of and acting as a proxy for the respective TLG Shareholders and to accept the Offer Consideration; the Settlement Agent will transfer the Offer

Consideration through Clearstream to the Custodian Banks and the respective Custodian Bank will credit the Offer Shares, which (subject to the terms and conditions regarding Fractional Shares correspond to the respective Tendered TLG Shares to the account of the respective former TLG Shareholder at the respective Custodian Bank;

- the respective TLG Shareholders irrevocably instruct and authorize the Settlement Agent to execute in the name, on behalf and for the account of and acting as a proxy for the respective TLG Shareholders a contribution and subscription form with the Company;
- the respective TLG Shareholders instruct and authorise their respective Custodian Banks to pool and sell their Fractional Shares (together with other Fractional Shares in the form of whole Offer Shares), and/or, as the case may be, to transfer remaining Fractional Shares (if any) at the Custodian Banks to the account of the Settlement Agent at Clearstream in order to bundle them with Fractional Shares (if any) from other Custodian Banks and dispose of these share fractions or to instruct and to authorise Clearstream accordingly;
- the respective TLG Shareholders instruct and authorise the Settlement Agent to sell the remaining Fractional Shares of the Custodian Bank (together with other Fractional Shares in the form of whole Offer Shares), which were transferred by their respective Custodian Bank and/or Clearstream o the account of the Settlement Agent at Clearstream;
- the respective TLG Shareholders agree and accept that the proceeds credited for any of their Fractional Shares will be determined based on the average proceeds per Offer Share, which the respective Custodian Bank and/or Settlement Agent realised by monetizing whole Offer Shares representing such Fractional Shares on behalf of the respective TLG Shareholders and that such average proceeds may vary between Custodian Banks;
- the respective TLG Shareholders instruct and authorise their respective Custodian Bank to credit the proceeds from a sale of such Fractional Shares to the account they have set forth in the Declaration of Acceptance;
- the respective TLG Shareholders instruct and authorise their respective Custodian Bank and the Settlement Agent under exemption from the prohibition against self-dealing according to Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*), to take all expedient or necessary actions for settling this Offer and to issue and receive declarations, particularly to effect the transfer of ownership of the Tendered TLG Shares to the Company. In particular, the respective TLG Shareholder instructs and authorises the Settlement Agent under exemption from the prohibition against self-dealing according to Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*), to make all declarations required in connection with the authorisations given under numbers (1) to (11) above, in the name, on behalf and for the account of and acting as a proxy for the respective TLG Shareholders;
- the respective TLG Shareholders instruct and authorise their respective Custodian Banks to instruct and authorise Clearstream, to provide, directly or through the respective Custodian Bank and the Settlement Agent, on each Business Day, with all necessary information for announcements regarding the acquisition of Tendered TLG Shares, particularly the number of Tendered TLG Shares in the account of the respective Custodian Bank in ISIN DE000A254104 transferred at Clearstream;
- the respective TLG Shareholders declare that the Tendered TLG Shares are in their sole ownership, are not subject to any restrictions on disposal and are free from rights and claims of third parties at the time of the transfer of the ownership; and
- the respective TLG Shareholders instruct and authorise their respective Custodian Banks to transfer the Declaration of Acceptance and, in the event of a withdrawal (see: "*4.11 Withdrawal rights of TLG shareholders who accept the Offer*"), the declaration of withdrawal to the Settlement Agent.

The declarations, instructions, orders and authorisations listed in the paragraph above are granted irrevocably in the interest of a smooth and quick settlement of this Offer. They will expire only in the event of an effective withdrawal from the agreements entered into by the acceptance of this Offer or in case of a default of a Closing Condition.

For particularities relating to US Shareholders or agents, representatives, trustees, custodians or otherwise acting for or in favour of such TLG Shareholders in the United States of America or in other cases relating to the United States of America, see: "*4.1. Subject Matter of the Offer – Important Notice*".

The Tendered TLG Shares that will be transferred to the Company will initially remain in the custody accounts of the respective TLG Shareholders and will be transferred into ISIN DE000A254104 at Clearstream for the purpose of the processing of the Offer. Ownership of the Tendered TLG Shares will be transferred to the Company on the date of the Definitive Resolution of the Offer Capital Increase.

The Settlement Agent will arrange for all Offer Shares created through the Offer Capital Increase to be transferred to the custody accounts of the TLG Shareholders accepting the Offer (or, in the event of a sale of the Tendered TLG Shares, to the respective purchaser of the Tendered TLG Shares). For 1 TLG Share a total of 3.6 Offer Shares will be granted as Offer Consideration to the former TLG Shareholders who have accepted this Offer.

As is the case for the existing shares of the Company, the new Offer Shares are expected to be admitted to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Offer Shares will only be transferred to the custody accounts held by the Custodian Banks at Clearstream following this admission.

The Offer Shares will be transferred to the custody accounts held by the Custodian Banks at Clearstream following expiration of the Additional Acceptance Period, but no earlier than after the adoption of the Definitive Resolution as part of the Offer Capital Increase and the admission of the Offer Shares to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). This constitutes an offer by the Company to transfer the ownership of the Offer Shares in a way that does not require receipt of the declaration of acceptance of the former TLG Shareholders who have tendered the respective Tendered TLG Shares, by the Settlement Agent.

If Fractional Shares are created due to the exchange ratio of the Offer Consideration, no shareholder rights can be exercised based on those, requiring a consolidation to full legal rights (so-called fractional adjustment) (*Aktienspitzenverwertung*). Fractional Shares will only be paid for in cash. In this regard first the respective Custodian Banks and only thereafter (in case of Fractional Shares remaining) the Settlement Agent will sell the Fractional Shares allocated to the Offer Shares, by combining them to whole Offer Shares. The proceeds will then be paid to the respective TLG Shareholders, which tendered the respective Tendered TLG Shares, in accordance with the relevant Fractional Shares. Because market prices of Offer Shares may fluctuate, cash proceeds received by TLG Shareholders having tendered their TLG Shares for any such fractional adjustment might be different than the amount calculated based on the market price of an Offer Share at the time of the settlement of the Offer. The Company, the Settlement Agent and the Custodian Banks do not guarantee that a fractional adjustment will result in a certain price.

The Company has fulfilled its obligation regarding the delivery of the Offer Consideration, if the Definitive Resolution as part of the Offer Capital Increase has been adopted by the board of directors of the Company, the Offer Shares were admitted to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Offer Shares were transferred to the accounts at Clearstream held by the Custodian Banks and possible payments regarding fractional adjustments were made. It is the obligation of the Custodian Banks to credit the Offer Consideration per Tendered TLG Share as well as possible proceeds from fractional adjustments to the former TLG Shareholders.

The Custodian Banks will transfer all of the Fractional Shares (remaining after the pooling into whole Offer Shares and selling these Offer Shares at the level of the Custodian Bank) to the account of the Settlement Agent at Clearstream. The Settlement Agent will subsequently to the sale of whole Offer Shares by the respective Custodian Banks, sell those Fractional Shares for the benefit of the respective TLG Shareholders. The proceeds resulting from such sales are to be credited to the

accounts of the respective TLG Shareholders the latest within ten Business Days after the Offer Shares have been credited in the accounts of the former TLG Shareholders and may vary between the Custodian Banks.

Assuming the Announcement of Results occurs on 12 February 2020 and all Closing Conditions are fulfilled at that time or validly waived by the Company prior to the default of the respective Closing Condition by the end of one working day (*Werktag*) prior to the expiration of the Acceptance Period, then the crediting of the Offer Shares will be carried out by 19 February 2020 at the latest, and a crediting of the proceeds from the fractional adjustment will be carried out by 4 March 2020 at the latest at the respective Custodian Banks.

With the acceptance of the Offer, a binding agreement regarding the contribution of the Tendered TLG Shares to the Company on the date of the Offer Capital Increase in accordance with, and subject to, the provisions of this Offer Document will be entered into between each of the accepting TLG Shareholders and the Company. These agreements and their interpretation are solely subject to German law. The Offer Consideration for every 1 (one) Tendered TLG Share consists of 3.6 Offer Shares.

The *in rem* completion of the Offer will only take place following the expiration of the Additional Acceptance Period and the fulfilment of the Closing Conditions, by providing the Offer Consideration for all of the Tendered TLG Shares against transfer of all Tendered TLG Shares. With the transfer of ownership of the Tendered TLG Shares to the Company, all claims and other rights associated with the Tendered TLG Shares will be transferred to the Company.

The statements set out above shall apply mutatis mutandis to the acceptance during the Additional Acceptance Period. Accordingly, TLG Shareholders who have not accepted the Offer for some or all of their TLG Shares during the Acceptance Period can accept the Offer for such TLG Shares during the Additional Acceptance Period by filing a Declaration of Acceptance as set forth above. Such Declaration of Acceptance likewise only becomes effective by transfer of the TLG Shares, for which the acceptance was declared, into ISIN DE000A254104 at Clearstream on time. The transfer will be arranged by the respective Custodian Bank immediately upon receipt of the Declaration of Acceptance.

The transfer of TLG Shares at Clearstream shall be deemed effected on time if the transfer is effected prior to 18:00 hours (CET) on the second Business Day following the expiration of the Additional Acceptance Period. The TLG Shares tendered into the Offer for exchange during the Additional Acceptance Period which were transferred into ISIN DE000A254104 on time are likewise designated as Tendered TLG Shares.

4.7 Trading of Tendered TLG Shares on a stock exchange

The Tendered TLG Shares will be admitted to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) under ISIN DE000A254104, presumably on the third Business Day after commencement of the Acceptance Period. Trading of the Tendered TLG Shares on the regulated market of the Frankfurt Stock Exchange is expected to end after regular trading hours on the day before the adoption of Definitive Resolution as part of the Offer Capital Increase.

The Company will immediately publish the day on which trading for Tendered TLG Shares on the regulated market of the Frankfurt Stock Exchange is discontinued via an electronic information dissemination system within the meaning of Section 10 para. 3 sentence 1 no. 2 WpÜG, or in the German Federal Gazette (*Bundesanzeiger*).

Acquirers of Tendered TLG Shares assume all rights and obligations that result from the acceptance of the Offer, including the irrevocable declarations, instructions, orders and authorisations described above.

TLG Shares not tendered for exchange will continue to be traded under ISIN DE000A12B8Z4.

4.8 Admission to the Frankfurt Stock Exchange and Commencement of Trading

As is the case for the existing shares of the Company, the new Offer Shares are expected to be admitted to trading on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The application for admission to trading

will be filed presumably on 15 January 2020 by the Company and J.P. Morgan AG, Taunustor 1, 60310 Frankfurt am Main, a credit institute with its seat in Germany and which is subject to German law. The Offer Shares will only be transferred at Clearstream to the custody accounts held by the Custodian Banks following this admission.

4.9 Expected Timetable

Subject to an extension of the Offer Period, the Offer is subject to the following expected timetable.

17 December 2019	Approval of Prospectus by CSSF and Notification to BaFin Publication of the Prospectus on the website of the Company (www.aroundtown.de/investor-relations)
18 December 2019	Approval of the Offer Document by BaFin Publication of the Offer Document on the website of the Company (www.aroundtown.de/investor-relations) and publication of an announcement in the German Federal Gazette (*Bundesanzeiger*) Start of the Acceptance Period
Between 27 December 2019 and 21 January 2020	Announcement of the shareholdings of the Company and the voting rights in the Target attributable to it pursuant to Section 30 *WpÜG* as well as the shareholdings of the Company in the Target pursuant to Section 23 para. 1 sentence 1 no. 1 *WpÜG* resulting from received declarations of acceptance
15 January 2020	Application for admission trading of the Offer Shares on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
21 January 2020	End of Acceptance Period (presumably), 24 hours (CET)
24 January 2020	Publication of results of the Offer pursuant to Section 23 para. 1 sentence 1 no. 2 *WpÜG*
25 January 2020	Begin of Additional Acceptance Period (presumably)
7 February 2020	End of Additional Acceptance Period (presumably), 24 hours (CET)
12 February 2020	Publication of results of the Offer pursuant to Section 23 par. 1 sentence 1 no. 3 *WpÜG* and pursuant to Article 21 par. 2 of the Prospectus Regulation on the website of the Company (www.aroundtown.de/investor-relations) Admission trading of the Offer Shares on the regulated market (*Regulierter Markt*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).
19 February 2020	Settlement of the Offer and delivery of the Offer Shares Begin of trading of the Offer Shares on the regulated market (*Regulierter Markt*) (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

4.10 Reversal in the event of final failure of Closing Conditions

The Offer will only be implemented and the Company will only be required to acquire the Tendered TLG Shares and to provide the Offer Consideration for those shares if all Closing Conditions have been fulfilled or validly waived. The Offer expires if one or several Closing Conditions lapse and the Company has not validly waived in advance the satisfaction of the respective Closing Condition within the time period set forth in "*4.3 Waiver of Closing Conditions*". The agreements entered into by

accepting the Offer will not be executed and will become void if the Offer expires (each a condition subsequent (auflösende Bedingung)). Transfer of ownership of the Tendered TLG Shares to the Company will not occur and the Tendered TLG Shares will be rebooked into ISIN DE000A12B8Z4.

Arrangements will be made to ensure that the rebooking takes place without undue delay, but in any event no later than within five (5) Business Days after it has been announced in accordance with "*4.5 Publications relating to Closing Conditions*" that the Offer will not be completed. Following the rebooking, the Tendered TLG Shares may again be traded under their original ISIN DE000A12B8Z4. The rebooking is free of charge for TLG Shareholders. However, any foreign taxes and/or fees and expenses charged by foreign Custodian Banks that do not have a mutual custody account at Clearstream must be borne by the respective TLG Shareholder.

4.11 Withdrawal rights of TLG shareholders who accept the Offer

4.11.1 Withdrawal rights pursuant to the WpÜG

TLG Shareholders who accepted the Offer are entitled to the following statutory withdrawal rights:

(1) In the event of an amendment to the Offer pursuant to Section 21 para. 1 sentence 1 *WpÜG*, each TLG Shareholder may withdraw from his/her acceptance of the Offer until the expiration of the Acceptance Period pursuant to Section 21 para. 1 *WpÜG* if and to the extent that they have accepted the Offer prior to publication of the amendment of the Offer. An amendment of the Offer shall be deemed to have occurred in particular if the Company has waived a Closing Condition.

(2) In the event of a Competing Offer pursuant to Section 22 para. 1 *WpÜG,* TLG Shareholders may withdraw from the contracts concluded by the acceptance of the Offer until expiration of the Acceptance Period pursuant to Section 22 para. 3 *WpÜG* if and to the extent that they have accepted the Offer prior to publication of the offer document of the Competing Offer.

4.11.2 Exercise of withdrawal rights if the offer has been amended or if a Competing Offer has been published

TLG Shareholders may only exercise their withdrawal rights before the expiration of the Acceptance Period by

(1) declaring the withdrawal for a specified number of TLG Shares submitted for exchange in writing to their Custodian Bank (the "**Declaration of Withdrawal**"), and

(2) instructing their Custodian Bank to reverse the transfer of a number of TLG Shares held in their custodian account and tendered for exchange corresponding to the number of TLG Shares tendered for exchange for which withdrawal has been declared to ISIN DE000A12B8Z4 at Clearstream.

A Declaration of Withdrawal shall only become effective if the Tendered TLG Shares, for which the withdrawal was declared, have been re-booked into ISIN DE000A12B8Z4 at the latest by 18:00 (CET) on the second bank working day after the expiration of the Acceptance Period. This rebooking is to be effected by the Custodian Bank immediately after receipt of the Declaration of Withdrawal. After the rebooking TLG Shareholders may again directly dispose of the TLG Shares concerned and the TLG Shares will again be traded under the ISIN DE000A12B8Z4.

Withdrawal from acceptance of the Offer is not revocable. Tendered TLG Shares, for which the right of withdrawal has been exercised shall not be deemed to have been tendered in the course of the Offer after withdrawal. In such a case, the TLG Shareholders can again accept the Offer prior to the expiration of the relevant Acceptance Period in the above described manner.

4.11.3 Withdrawal rights pursuant to the Prospectus Regulation

Pursuant to Article 23 of the Prospectus Regulation, any material new fact, material misstatement or material inaccuracy concerning the information contained in a prospectus which may affect the valuation of the securities and which arises or is ascertained between the approval of the prospectus and the end of the offer period or, if later, the opening of trading on a regulated market, must be mentioned promptly in a supplement to the prospectus. An amendment to the conditions of the Offer may also trigger the obligation of the Company to publish a supplement to this Prospectus.

Amendments to the conditions of the Offer have no effect on the effectiveness of declarations of acceptance already submitted. TLG Shareholders who have submitted their Declaration of Acceptance prior to the publication of any supplement to this Prospectus are entitled to revoke their declarations of acceptance within two working days of the publication of the supplement pursuant to the Prospectus Regulation. Instead of withdrawing their Declaration of Acceptance, these TLG Shareholders may also amend their Declaration of Acceptance or issue a new Declaration of Acceptance within two working days of the publication of such an supplement.

4.12 Costs of the Offering

The Company expects that the total costs incurred by the Company in connection with the Offer (legal, banking and other professional fees and costs) will be in the range of € 15 million.

Acceptance of the Offer is free of fees and expenses for shareholders of the Target who hold their shares at a domestic custodian bank (except for costs for transmitting the declaration of acceptance to the respective custodian bank). To this end, the Company will pay the custodian banks a market standard commission, of which the custodian banks will be informed separately. Any additional costs and expenses imposed by custodian banks or foreign securities service companies, as well as any expenses incurred outside Germany, will, however, have to be borne by the respective shareholders of the Target.

4.13 Information on the Offer Shares

4.13.1 Voting Rights

Each of the Company's shares, including the Offer Shares, carries on vote at the general meeting of the Company's shareholders. There are no restrictions on voting rights.

4.13.2 Class of Shares, Currency and Governing Legislation

The Company's Articles of Association provide for one class of shares. The Company's shares are issued under Luxembourg law and are subject to the provisions of the Company's Articles of Association the Luxembourg law of 10 August 1915 on commercial companies, as amended and all other applicable laws. The Company's shares are issued in Euro currency.

4.13.3 Form and Representation of Shares

In compliance with the Company's Articles of Association, all of the Company's existing shares are in bearer form having a nominal value of € 0.01 each. The present share capital in the amount of € 12,235,742.61 is represented by several global share certificates without dividend coupons which is on deposit with Clearstream Banking AG, Eschborn.

4.13.4 ISIN / Trading Symbol

International Securities Identification Number (ISIN)	LU1673108939
German Securities Code (WKN)	A2DW8Z
Trading Symbol	AT1

4.13.5 Existing Quotation

As of the date of this Prospectus, all of the Company's 1,223,574,261 outstanding shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

4.13.6 Disposal and Transferability of the Shares

All of the Company's shares are freely transferable. There are no prohibitions on disposal or restrictions with respect to the transferability of the Company's shares.

4.14 Material Interests of Persons regarding the Offering, including Conflict of Interests

The Company and the Target have an interest in the Offer, because they believe that the completion of the Offer will provide multiple benefits to both Aroundtown and TLG. In addition, in the business

combination agreement (“**BCA**”), the Company has granted the Target the right to exercise appointment rights for the Board of Directors and the Senior Management upon reaching certain holding thresholds of more than 50% of the TLG Shares or 66% of the TLG Shares (see: “*6.1.1 Board of Directors and Management of the Company*”). In this respect, the Target has a possible interest in the successful execution of the Offer.

The main shareholder of the Target, Ouram Holdings S.à r.l., has an interest in the Offer as it has undertaken to accept the Offer under certain conditions. The Company’s second largest shareholder, Avisco Group has an interest in the offer as it has publicly announced its support for the Offer.

The Company has mandated Deutsche Bank Aktiengesellschaft, Taunusanlage 12, 60325 Frankfurt am Main, as Settlement Agent and Exchange Trustee for the technical settlement of the Offer, and will pay a fixed remuneration for services rendered in its capacity as Settlement Agent and Exchange Trustee. In addition, the Company has mandated J.P. Morgan AG as the bank accompanying the approval, receiving a fixed remuneration. In addition, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc, Deutsche Bank Aktiengesellschaft, Kempen BV and Victoria Partners GmbH are acting as financial advisors to the Company in connection with the Offer and providing investment banking and related services in this context. They will receive a success fee for these services, which is why they have an interest in the Offer.

There are no other interests or (potential) conflicts of interest that could be material to the Offer.

4.15 Approval of this Prospectus

This Prospectus constitutes a prospectus in the form of a single document within the meaning of article 6 (3) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”) and has been prepared in accordance with the Prospectus Regulation. The CSSF, in its capacity as competent authority in the Grand Duchy of Luxembourg under the Prospectus Regulation and the Luxembourg law of 16 July 2019 on prospectuses for securities (the “**Luxembourg Prospectus Law**”), has approved this document as a prospectus. By approving this prospectus in accordance with article 20 of the Prospectus Regulation, the CSSF assumes no responsibility and does not give any undertaking with regard to the economic and financial soundness of the transaction or the quality or solvency of the Company in line with the provisions of Article 6 (4) of the Luxembourg Prospectus Law. The CSSF approves this Prospectus only as regards the standards of completeness, comprehensibility and coherence set out in Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the Company or as a confirmation of the quality of the securities which are subject of this Prospectus.

5. REASONS FOR THE OFFER

5.1 Reasons for the Offer

The Offer aims, as a first step, at the Company assuming control of the Target, so that the Target becomes a subsidiary of the Company and will be consolidated in the consolidated financial statements of the Company to form a combined group (the "**Combined Group**"). In a second step, the Company intends to influence the composition of the Target's supervisory board through its majority in the shareholders' meeting of the Target. Ultimately, it is the objective of the Company and the Target to realize synergies resulting from the business combination.

The focus of the Combined Group would lie particularly on attractive and central locations across top tier European cities, primarily in Germany and the Netherlands but also in the United Kingdom and other European cities. The Company pursues the strategy of investing in commercial and residential real estate assets which it believes benefit from strong fundamentals and growth prospects. A successful completion of the Offer that would allow a consolidation of the Target in the consolidated financial statements of the Company. The Company and the Target would consolidate over € 25 billion in combined assets and rank among the three largest listed European real estate companies, with a focus on offices and hotels predominantly in Germany and the Netherlands, and, through the strategic holding of the Company in GCP, in residential properties in Germany.

The Company's acquisition strategy is focused of assets and portfolios that offer additional growth opportunities from stabilising the operating performance of such assets (value add properties). TLG's current portfolio meets this requirement and is in line with the Company's focus on office properties and hotel properties and the Company's geographic focus. In Germany, the Company has been largely focused on the areas of Berlin, metropolitan areas in NRW, Munich, Frankfurt am Main, Hamburg and in the cities of Dresden, Leipzig and Halle. TLG's portfolio is located primarily in Berlin, Dresden, Leipzig, Rostock and Frankfurt am Main. Thus, there would be significant overlap in cities such as Berlin, Frankfurt am Main, Dresden, Leipzig and Hamburg, which would position the Combined Group as a leading landlord in these local submarkets.

It is expected that the Combined Group's strategy builds on existing and similar value-adding business models. Aroundtown's active asset management approach and its experience in managing large-volume value-added potential is complemented by TLG's stable asset base, which includes the development of certain properties in preferred locations. The high number of common locations and asset classes, the joint expertise of the management in accelerating rental income growth (on a like-for-like basis) and an increase in negotiating power with tenants and market participants form the basis for the operational strategy of the Combined Group.

The economic and strategic background of the business combination between the Company and the Target is to achieve the competitive advantages, synergies and other business combination advantages (*Verbundvorteile*) described hereinafter, from which the shareholders of the Combined Group should be able to benefit.

Based on publicly available information and on the basis of their limited reciprocal due diligence, the Company and the Target have identified operational, financing and development synergy potential with a positive expected effect on combined funds from operations (FFO). The FFO profile (without disposals) is expected to improve significantly due to the expected realisation of the synergies and accelerations of financial savings as well as other business combination advantages (*Verbundvorteile*) which would, according to the Company's expectations on the basis of publicly available information on the Target, result in an estimated increase in FFO of the Combined Group in the range of € 110 million to € 139 million per annum before applicable taxes, within five years after the completion of the Offer and subject to a successful completion of the Offer and reaching an upgrade in the current rating for the Company. The expected increase in FFO before applicable taxes would be realised through operational synergies and financial synergies as described in more detail below. In addition, there is synergy potential in development projects.

5.1.1 Operational Synergies

The Company expects operational synergies with an impact to improve the FFO in an amount of € 24 million to € 34 million per annum before applicable taxes. These operational synergies would mainly arise from efficiency gains through joint operations and headquarters, a strong portfolio overlap, an expected cost optimisation in terms of corporate overhead, ancillary cost reduction, benefits from

economies of scale and IT systems. In particular, cost savings are expected to arise from the consolidation of overlapping functions, in particular due to the strong and largely comparable geographical focus of the German portfolios of Aroundtown and TLG. Operational improvements on the property level of the Combined Group's portfolio through strong overlap of locations of the properties in the same cities and similar asset types are expected to result in less competition for potential tenants, a reduction of related marketing costs, joint operational local offices for regional property management and the pooling of networks of both companies and the envisaged centralised lettings activities. The operational headquarters for the German property functions will be centralised in Berlin. Due to the larger size of the combined portfolio further economies of scale are expected to result in higher operating margins, based on procurement savings, maintenance and other effects of the economies of scale. In this respect, the Company has taken into account estimated one-time expenses in the range of € 15 million to € 20 million in total over two years to capture the operational synergy potential.

5.1.2 Synergies and Acceleration of Financial Savings from Improved Financing Structure and Improved Rating

In addition, the Company believes that the business combination is credit rating enhancing, which is expected to be a substantial factor in accelerating refinancing benefits for the Combined Group's existing debt and perpetual notes. The Company expects that the combined business profile will through its exposure to a larger and more diversified property portfolio accelerate the Company's objective of reaching a rating within the category of "A-" as awarded by Standard & Poor's Rating Services ("**Rating Upgrade")** It should be acknowledged that any Rating Upgrade and the timing of such, depends also on factors which are not in the control of the Company and any such Rating Upgrade is within the sole decision and discretion of the rating agencies.

A Rating Upgrade for the Combined Group would result in improved financing terms and stronger access to longer debt maturities and is expected to open new capital markets opportunities and a larger international institutional investor base and significantly higher demand coupled with less supply. The Company expects significant long-term refinancing synergies across the combined debt balance of both companies as follows:

The Company expects significant long-term refinancing synergies in the form of accelerated refinancing benefits for its existing debt and perpetual notes, resulting in an acceleration related financial savings in the amount of € 64 million to € 80 million per annum before applicable taxes. The Company, based on its operational and financial position, has set the "A" rating as a long-term strategic goal. The Company believes that the combined business' strength would support the ability to reach a rating in the "A" category faster, which, in case practically received, would enable the Company to accelerate the financial savings from a Rating Upgrade and benefit from the current historically attractive financing environment sooner than on a stand-alone basis. To assess these financial synergies the Company has assumed that following reaching the aim of assuming control over the Target, the Company will receive a Rating Upgrade to "A-". Current bonds of real estate companies rated at "A-" by Standard & Poor's Rating Services are yielding below 0.5%, and thus well below the Company's current average cost of debt of 1.7%. The Company's debt balance as of 30 September 2019 amounts to € 10.0 billion. 75% of the Company's debt balance will mature by 2028. For the purpose of estimation of potential future financial synergies, the Company has applied its current strategy to proactively manage maturities which would result in a repayment of such debt within five years after the completion of the Offer. In this respect, the Company has taken into account estimated one-time prepayments fees in the range of € 75 million to € 140 million. For refinancing of financial debt after the completion of the Offer, the Company estimates an interest margin reduction on its existing debt in the range of 0.6% to 0.7%, as a result of a Rating Upgrade. A Rating Upgrade is expected to accelerate financing improvements of € 47 million to € 58 million within five years after the completion of the Offer. Additionally, the Company expects cost savings from decreasing coupon payments following an expected refinancing of its existing perpetual notes. As of 30 September 2019 the Company has issued € 2.5 billion in perpetual notes at an average coupon rate of 2.9%. The Company expects potential coupon savings following the refinancing of its existing perpetual notes to be in the range of 0.7% to 0.9%, reducing the average coupon to 2.0% to 2.2%. The Company estimates that such saving would be captured in full within five years after the completion of the Offer, which will be after the first call date of each perpetual note. The total financial savings by reduced interest coupons for re-financed perpetual notes would be € 17 million per annum at an applied average coupon of 2.2% (0.7% coupon cost savings compared to current coupon) and € 22 million per

annum at an applied average coupon of 2.0% (0.9% coupon cost savings compared to current coupon).

The Company further expects synergies from financial savings from refinancing of the Target's currently existing debt and perpetual notes in the amount of € 22 million to € 25 million per annum before applicable taxes, as it expects that the Target will benefit from the potential Rating Upgrade of the Company through the refinancing of existing debt or in new financing. The Company has assumed that the Target's current debt balance, which amounts to € 2.7 billion as of 30 September 2019, will benefit from interest cost savings in the range of 0.6% to 0.7% as a result of a Rating Upgrade. To calculate expected synergies, the Company has assumed that by 2028, 90% of the Target's debt will be proactively prepaid. The Company has taken into account estimated one-time prepayments fees in the range of € 10 to € 15 million. The effect of a Rating Upgrade of refinancing the Target's existing debt by the Company is expected to generate synergies of € 15 to € 17 million within five years after the completion of the Offer. The Company also expects decreasing coupon payments following the refinancing of the Target's existing perpetual notes. The Target's € 600 million perpetual notes issued in September 2019 bear a coupon of 3.4%, well above levels of real estate companies that have an "A-" rating, so the Company expects potential spread savings following the refinancing of such perpetual notes of 1.2% to 1.4%. The total savings by reducing interest coupons would be € 7 million when applying an average coupon of 2.2% coupon per annum (1.2% coupon cost savings) and € 8 million by applying an average coupon of 2.0% (1.4% coupon cost savings).

The Company further expects that a Rating Upgrade would decrease the financing cost for future growth of the Combined Group's portfolio. Since 2016, the Company and the Target in aggregate have issued on average € 4.4 billion per annum of debt and equity. An assumed future annual issue of debt or perpetual notes on the capital markets of € 1.5 billion would result in an aggregate of € 7.5 billion of new debt over the next five years. In line with the estimated impact of a Rating Upgrade for the Combined Group, significant synergies from interest cost savings are expected. The Company estimates total financing savings on new debt and perpetual notes issuances would have an impact of € 23 to € 45 million in the future FFO before applicable taxes. These financial synergies are not included in the total FFO synergies and accelerations as expected by the Company of € 110 million to € 139 million per annum before applicable taxes within five years after completion of the Offer.

5.1.3 Synergies from improved development of properties

The Company assumes further value-add potential within the Combined Group's portfolio. The Company expects that its management's know-how and track record in redevelopment of value-add properties would contribute to the acceleration of the extraction of the potential in the Combined Group's redevelopment portfolio's potential and bring forward cash flows from such development projects. The large yielding asset base of the Combined Group would enable an expansion of the organic develop-to-core prime assets while still keeping development activities of the Combined Group below 15% of the total consolidated balance sheet. Stronger pre-letting capabilities of the Combined Group are expected to enable accelerated development without the risk of a speculative construction. Acceleration of pipeline and enhancement of future potential are expected to provide FFO and NAV growth.

Both companies' strong development pipelines are focused on top tier cities with significant embedded value of building rights and rent increase potential. The strong overlap supports planning, negotiation and execution processes and the enlarged combined development team with the substantial scale of the Combined Group's balance sheet will enable an expedited execution and completion of the development portfolio and thus result in earlier cash flow generation. While currently TLG' current development ratio is half of its assets, weighing on the risk perception and rating, the merger would enable the Combined Group to accelerate the organic develop-to-core prime assets while still keeping the development below 15% of the combined balance sheet. The Company expects, that additional liquidity and better access to financing will accelerate the current development schedule.

According to publicly available information, the Target currently estimates a potential of € 750 million of additional value creation in its current portfolio from development activities. The Company expects that this value can be extracted in the Combined Group through stronger negotiation power of the Combined Group with third parties, the Company's experience in obtaining building rights and plans, an expected reduction of construction cost estimates through economies of scale and an established large construction team. As the Company has not had access to all underlying information, the estimated amount of synergies in this respect cannot be stated for an expected time frame. According

to information publicly available information released by the Target, the total value of the development properties after completion of the respective development would amount to € 3,330 million. On the basis of an expected average rent of € 27 per square meters, additional annual rent from these development properties would amount to € 107 million, resulting in a net rental income of € 94 million. By deducting expected financing costs of € 12 million per annum (on assumed € 1,770 million total investment costs at 0.7% interest per annum), the annual contribution to the FFO before applicable taxes would be € 82 million. The Company believes that based on the stronger operational and development platform, it will be able to accelerate and maximise the development of these assets and benefit earlier from the FFO from these assets. These development synergies are not included in the total FFO synergies and accelerations, as expected by the Company, of € 110 million to € 139 million per annum before applicable taxes.

5.1.4 Consolidation and further options after completion of the offer

If the Company holds at least 50% of the then outstanding TLG Shares following a successful completion of the Offer, the Company could consolidate TLG in its financial statements under IFRS. If the Company holds at least 75% of the then outstanding TLG Shares following a successful completion of the Offer, the Company could conclude a domination and/or profit transfer agreement with the Target pursuant to Sections 291 et seq. of the German Stock Corporation Act (*Aktiengesetz*, "***AktG***").

The Company, under certain circumstances, might even achieve the necessary majority of the Target's shareholders' meeting indicated above, if it holds less than 75 % of the then outstanding TLG Shares following a successful completion of the Offer. Also, a consolidation of TLG in the Company's financial statements could be possible if the Company holds less than 50% of the then outstanding shares in the Target, if the actual number of voting rights held provide a stable majority in the Target's general shareholders' meeting. Such majority depends on the shareholders' presence at the Target's general shareholders' meetings.

5.2 Use of Proceeds of the Offer

The Company will not receive any cash proceeds from the Offer. The Company receives 1 TLG Share for 3.6 Offer Shares.

6. DESCRIPTION OF THE INTENDED TAKEOVER OF TLG IMMOBILIEN AG

On 19 November 2019, the Company published its decision to make an offer for all shares of TLG IMMOBILIEN AG as part of a voluntary public takeover bid by way of an exchange offer for shares of the Company ("**Offer**"). The information on TLG IMMOBILIEN AG and/or TLG contained in this section comes exclusively from the publicly accessible sources, as the Company had only limited access to non-public information on TLG (see: "*3.6. Information Derived from Third Parties; Sources*").

6.1 The Business Combination Agreement

On 18 November 2019, the board of directors of the Company and the management board of the Target concluded an agreement on the merger of the two companies (Business Combination Agreement) ("**BCA**"). The BCA comprises agreements on the future structure, employees and management structure of the Company, in each case to the extent that certain thresholds of the Company in the Target are reached as a result of the completion of the Offer or later. The BCA has a duration of 24 months. The Company may, *inter alia*, terminate the BCA if a Competing Offer is published, which does not induce the Company to increase the Offer Consideration, if the Target ceases its support of the Offer, although it would be contractually obliged to do so, or if the Offer has not been completed by November 2020 at the latest. The Target may, *inter alia*, terminate the BCA if the Company does not complete the Offer in accordance with the terms set forth in the BCA or if Competing Offer is submitted to the terms of which the Company does not adapt its Offer. In addition, either party may terminate the BCA, if the other party breaches any material obligation under the BCA or circumstances arise which are likely to violate any of the conditions of the Offer and the Company does not waive the relevant condition of the Offer.

The Company and the Target have also specified their intentions with regard to the offer in concrete and binding terms in the BCA. The relevant intentions and obligations under the BCA are summarised below:

6.1.1 Board of Directors and Management of the Company

The Company and the Target have agreed in the BCA on a participation in the Company's corporate bodies. The BCA provides in the event that the Company holds a 50% interest plus one share or more of all TLG Shares following the completion of the Offer ("**Holding Threshold**"), that, the Company shall within twelve weeks upon reaching the Holding Threshold introduce a governance structure consisting of the board of directors and a separate management body (*comité de direction*, *Geschäftsführungskomitee,* (the "**Management Committee**")). To the extent legally permissible, the board of directors of the Company will, with the objective of establishing an improved long-term governance structure, delegate powers to manage to the Comité de Direction. Such delegation of powers will, in particular, comprise the authority to (i) lead and comprehensively manage the portfolio and business of the Company and its Affiliates (in the ordinary course and otherwise), (ii) (re-) finance the Company and any of its Affiliates, (iii) represent the Company *vis-à-vis* third parties in all matters, (iv) oversee and direct all aspects of the internal organisation of the Company and (v) decide on any other matters necessary or helpful for the Company's and its Affiliates' conduct of business.

The Company Management Body shall initially consist of five members who shall act as Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Investment Officer (CIO), Chief Operating Officer (COO) and Chief Development Officer (CDO). The initial CEO will be nominated by the board of directors of the Company and the initial CFO will be nominated by the Target. Subject to the Company reaching, at the end of the Acceptance Period or at a later point, 66 % or more of all outstanding TLG Shares, one of the remaining three members of Company's Management Body shall be nominated by the Target, in its sole discretion. One of the members nominated by the Target will carry the title Co-CEO.

Subject to reaching the Holding Threshold and the approval of the general meeting of the Company, the board of directors of the Company shall be composed as follows: The board of directors shall consist of up to eight (8) members. In the event of a tie, its chairman shall have a casting vote. The current three executive directors of the Company shall continue to serve on the Company's board of directors.

Subject to the Company reaching, at the end of the Acceptance Period or at a later point, 40% or more of all outstanding TLG Shares, the initial chairman shall be nominated by the Target. Three members (or, in the case of an eight member board of directors, four members) shall be independent within the

meaning of the Luxembourg Stock Exchange's Ten Principles of Corporate Governance. The current independent members of the board of directors of the Company shall continue to serve on the Company's board of directors. At least one member shall be female. On 16 December 2019, Mr. Laufer who is a member of the Target's supervisory board, was appointed as a member of the board of directors by the general meeting of the shareholders of the Company.

Subject to the due performance of their duties, any and all members of the Company's Management Body or the Company's board of directors nominated by the Target pursuant to the foregoing principles shall retain their positions for an initial term of no fewer than two years.

6.1.2 Further Provisions in relation to the Combined Group

Subject to the fulfilment of certain support measures as described in the following Section *"6.1.3 Support of the Offer by TLG"* it was agreed in the Business Combination Agreement that the Combined Group shall carry a new name to be defined mutually by the parties and that the German operational headquarters of the Combined Group shall continue to be located in Berlin, Germany. The central place of administration, registered corporate seat and the board of directors of the Company shall remain in Luxembourg.

The Company and the Target further agreed in the Business Combination Agreement that the Company establishes and convenes a joint integration committee in order to discuss the necessary steps to integrate both businesses. The integration committee shall initially consist of four members, two from the side of the Company and two from the side of the Target. Following completion of the Offer and to the extent legally permissible, the Company and the Target will initiate an integration project with the objective to combine both businesses and to realise the expected synergy and efficiency potential. With regard to material business processes, individual projects will be defined each of which is to be led by a representative of the Company and the Target respectively.

The Company and the Target have reached an agreement in the Business Combination Agreement in relation to certain financing agreements of the Target with banks and in relation to outstanding senior notes that include so-called "change-of-control" provisions and thereby stipulate special re-payment obligations on the part of the Target or termination rights for the Target's creditors, as well as certain other termination rights, which could be triggered in case of a successful completion of, or in connection with, the Offer.

According to the Business Combination Agreement the parties will discuss the Target's (re-)financing strategy in good faith and in a cooperative way. Following the settlement of the Offer and to the extent necessary and, if so requested by the Target within three months upon completion of the Offer, and in each case on market terms, the Company undertakes to grant shareholder loans to the Target, or, at the discretion of the Company, pursue other financing measures, in each case, to provide bridge financing for the re-financing needs of the Target deriving from the re-payment obligations or termination rights as described above up to an amount of € 1,460 million and during such period as is required to maintain the existing credit rating of the Target and in no event for a period of fewer than six months or exceeding twelve months.

The Company and the Target agreed in the Business Combination Agreement that the advisory board of the Company will stay in place. The advisory board of the Company is not a statutory body under Luxembourg law and has no corporate authority. Its current members shall continue to serve unless otherwise resolved by the board of directors of the Company. The Target, subject to Holding Threshold, may nominate one (1) additional member to the advisory board.

It is the common understanding of the Company and the Target that their joint employees form the basis for the current as well as the future success of the Combined Group. The Company and the Target intend to retain their respective employees with leadership potential within the Combined Group and to select the Company's and the Combined Group's management team and employees based on the best-in-class principles.

The Company confirmed in the Business Combination Agreement that it will respect all labour-related provisions in Germany, including under existing employment agreements, existing shop agreements (*Betriebsvereinbarungen*) and collective bargaining agreements (*Tarifverträge*), in each case as applicable.

6.1.3 Support of the Offer by TLG

The Target will support the Offer of the Company, if certain conditions for such support are met. Within the scope of this this support, the management board and the supervisory board of the Target will confirm within the scope of the legally required statement pursuant to Section 27 para. 1 WpÜG, subject to new findings and the review of the Offer Document, that in their opinion the nature and amount of the consideration offered by the Company is fair and reasonable for the Target's Shareholders. The management board and supervisory board of the Target will support the Offer subject to their statutory obligations and recommend that TLG Shareholders accept the Offer. The obligation of the Target to support the Offer made by the Company shall not apply if, in the opinion of the management board and/or the supervisory board, a Competing Offer for all TLG Shares is in the interest of the Target and the Company does not adapt its Offer at least to the possibly better terms of such Competing Offer. In addition, the obligation to support the Offer shall not apply in the event that certain obligations entered into by the Company in the BCA are not fulfilled, e.g. if the Company does not conduct its business in the ordinary course of business, a material adverse event occurs which, in the opinion of an independent expert, may have a negative effect on the expected FFO or EPRA NAV of the Company, a material breach of compliance rules or a disadvantageous tax event occurs.

In the BCA, the Target has undertaken to carry out restructuring measures with regard to two of its subsidiaries in such a way that they are converted into the legal form of a GmbH in the period up to the completion of the Offer. Finally, the Target has undertaken to manage TLG's business until the completion of the Offer in a manner that corresponds with the usual course of business to date.

All obligations of the Target and the Company under the BCA are subject to the applicable obligations and responsibilities under German and Luxembourg law, in particular applicable duties of care, loyalty and fiduciary duty under company law of board members and the requirements of the WpÜG.

6.1.4 Irrevocable assurances of acceptance of the offer

On 18 November 2019, the Company entered into an agreement with Ouram Holding S.à r.l. ("**Ouram**") relating to an irrevocable undertaking for the acceptance of the Offer for 31,267,622 TLG Shares in total (the "**Irrevocable Shares**") (*i.e.* approximately 27.90% of the outstanding TLG Shares as per the Target's last notification as of 3 December 2019 regarding its total number of voting rights (Section 41 WpHG) preceding the publication of this Offer Document) as amended by a certain amendment agreement dated 20 November 2019 (the "**Irrevocable Undertaking**"):

Under the Irrevocable Undertaking, Ouram has irrevocably undertaken to accept the Offer for the Irrevocable Shares, neither challenge nor withdraw the acceptance of the Offer, neither jeopardise nor frustrate the Offer or otherwise interfere with the successful implementation of the Offer.

The Company intends to initially acquire no more than 89.9 % or 94.9 %, as the case may be, of the TLG Shares issued at the time of completion of the Offer. Pursuant to Section 1 para. 3 and para. 3a GrEStG, the acquisition of at least 95% of the shares in a company results in a real estate transfer tax obligation with respect to the properties that form part of the Company's assets and that are located in Germany. The real estate transfer tax obligation would arise if the acceptance rate of the Offer were to be so high that the Settlement Agent would have to contribute TLG Shares as contribution in kind to the Company with the effect that the Company would hold at least 95% of the share capital in the Target (so-called consolidation of shares, *Anteilsvereinigung*).

Therefore, as part and in furtherance of the Irrevocable Undertaking Ouram has agreed to refrain from tendering a number of up to 11,670,823 of the Irrevocable Shares (the "**Holding Shares**") (corresponds to approximately 10.41% of the TLG Shares currently issued according to the Target's last notification as of 3 December 2019) into the Offer, or otherwise dispose of, and instead to continue to hold, including upon written request of the Company or the Target, these Holding Shares for a maximum of five years in consideration for an annual interest payment.

As part of the Irrevocable Undertaking, the Company further was granted a call option for up to the number of Holding Shares (the "**Call Option**"). The Call Option can only be exercised if the underlying Holding Shares have not been tendered into the Offer. The consideration under the Call Option shall be the lower of (i) 3.6 shares in the Company per one TLG Share, or (ii) such number of shares in the Company (when valued at the higher of (a) the first quoted price (*Eröffnungskurs*) on 18 November 2019 and (b) the first quoted price (*Eröffnungskurs*) on the date of the delivery of the shares in the Company upon exercise of the Call Option) per TLG Share that corresponds to the value of the Offer Consideration.

While under currently applicable law the relevant threshold that would entail a real estate transfer tax liability is 95%, upcoming legislation could lower the relevant threshold to 90%. The Company shall present to Ouram a tax opinion by reputable German tax counsel confirming the number of Irrevocable Shares that the Company cannot acquire in light of the restrictions under the GrEStG. In case the aforementioned tax opinion confirms that 5.1% of the TLG Shares would be sufficient to be withheld by Ouram, the number of Holding Shares will be reduced accordingly and Ouram will be entitled to tender an accordingly increased number of shares into the Offer.

The Company and Ouram have agreed further that Ouram shall generally continue to hold the Holding Shares for a period of five years after the completion of the Offer. Ouram may, however, subject to certain conditions, sell or otherwise dispose of the Holding Shares no sooner than three years after the completion of the Offer.

6.2 Description of TLG

TLG IMMOBILIEN AG is a stock corporation (*Aktiengesellschaft*) under German law with registered office at Hausvogteiplatz 12, 10117 Berlin, Germany, registered in the commercial register of the local court (*Amtsgericht*) of Charlottenburg under the docket number HRB 161314 B. The TLG Shares are admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

TLG IMMOBILIEN AG is the parent company of TLG. The consolidated financial statements of TLG include all material subsidiaries whose financial and business policies can be controlled directly or indirectly by the Target, as well as the investments of TLG whose financial and business policies can be significantly influenced by TLG. At the time of this Prospectus, the scope of consolidation comprised 45 direct and indirect subsidiaries of the Target. According to TLG, the main subsidiaries are Triangel Frankfurt Immobilien GmbH & Co KG, Germany, in which TLG IMMOBILIEN AG holds 94.9% of the share capital, and WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft, Germany (“**WCM**”), in which TLG IMMOBILIEN AG holds 92.5% of the share capital.

6.2.1 Business activity

TLG sees itself as a leading German commercial real estate company and active portfolio manager, holding and managing office and retail properties as well as seven hotels. In addition, TLG is active in project development and new development on its own properties. TLG is headquartered in Berlin and has five additional offices in Dresden, Erfurt, Frankfurt am Main, Leipzig and Rostock. TLG’s business activities include portfolio management, asset and property management, acquisition and sale as well as selective project development: TLG covers all essential elements of the property-related value chain itself. The individual offices are responsible for the decentralised technical and commercial management of the properties, including relations with tenants and development activities within TLG. As of 31 December 2018, TLG had a total of 132 employees.

6.2.2 Portfolio

As of 30 September 2019, TLG’s portfolio comprised a total of 389 properties with a total portfolio/real estate value (i.e. the sum of the carrying amounts of properties held as fixed assets, owner-occupied properties, non-current assets/assets held for sale and inventories) of € 4,580.1 million. TLG’s portfolio is focused on the office, hotel, retail and investment asset classes.

TLG classifies its properties as either “strategic” or “non-strategic” mainly based on the location of the respective property, but with deviating prioritisations between different asset classes. All assets assigned to the office, hotel, retail and invest asset classes form part of TLG’s strategic portfolio. While properties in the strategic portfolio deliver sustainable income and have the potential to generate additional income and value through active asset management or investments in the portfolio, properties in the non-strategic portfolio are to be disposed of over time. As of 30 September 2019, TLG has classified 103 of its properties with an aggregate property value of € 369.5 million (i.e. 8.1% of the total portfolio value) as non-strategic and therefore assigned these properties to the “Non-Strategic” asset class. 86.9% of the non-strategic assets are retail assets, 4.4% office assets and 8.7% other assets (based on portfolio value as of 30 September 2019).

TLG’s overall portfolio provides for a weighted average lease term (i.e. the remaining average contractual lease term for unexpired leases with a contractually fixed maturity, taking into account

special termination rights, WALT) of 5.8 years and an EPRA vacancy rate of 3.1% (both as of 30 September 2019). In relation to the total strategic portfolio value as of 30 September 2019, 46% of the TLG portfolio was located in Berlin, 20% in Dresden, Leipzig, Rostock and 15% in the Rhine-Main region, particularly in Frankfurt am Main.

As of 30 September 2019, TLG's office real estate asset class comprised a total of 55 properties. With a total portfolio value of € 1,941.5 million at that time, the office property class represented the largest part of TLG's real estate portfolio (46.1% of TLG's total strategic portfolio). Of this total, properties worth € 720.0 million were located in Berlin, properties worth € 634.9 million were located in the Rhine-Main region, properties worth € 356.4 million were located in Dresden, Leipzig, Rostock and properties worth € 229.9 million were located in other regions.

As of 30 September 2019, the retail asset class of TLG comprised 211 properties with a total portfolio value of € 1,116.1 million, making it the second largest part of TLG's total portfolio (26.5% of TLG's total portfolio).

TLG's retail properties are located in micro-locations that are particularly attractive to food retailers and other vendors of essential consumer goods, as the tenant is an important and in some cases the only retailer of the relevant consumer goods in the relevant catchment area. TLG considers 60% of its retail properties key commercial hubs with 38% in Berlin and the surrounding area and 22% in Dresden, Leipzig and Rostock.

As of 30 September 2019, the hotel asset class comprised a total of seven properties with a total portfolio value of € 338.9 million, which makes up the smallest portion of TLG's real estate holdings (8.0% of TLG's total strategic portfolio).

As of 30 September 2019, the investment asset class comprised a total of 13 properties with a total portfolio value of € 814.1 million, which makes up the third largest portion of TLG's real estate holdings (19.3% of TLG's total strategic portfolio). TLG considers these properties to have development potential that may also change their utilisation concept. With regard to their current utilisation type, seven of these properties are predominantly retail assets, three office assets and three are currently unused or land plots only. 95% of the total portfolio value of the asset class investment is located in Berlin (10 properties) and 5% in Dresden/Leipzig/Rostock (3 properties).

In the first nine months of the year 2019 (to 30 September 2019), TLG generated rental income of € 172.9 million and a net operating income from rental activities of € 156.1 million. In the 2018 financial year, TLG generated rental income of € 223.9 million and EBITDA of € 173 million.

6.2.3 Share capital of TLG IMMOBILIEN AG

The share capital (*Grundkapital*) of the Target registered in the commercial register as of 30 September 2019 amounts to € 111,884,729.00 and is divided into 111,884,729 no par-value bearer shares (*Stückaktien*), each such share with a notional value of € 1.00 of the Target's share capital. The Target currently does not hold any treasury shares.

Pursuant to Section 7 para. 1 no. 1 of the articles of association of the Target, the share capital of the Target is conditionally increased by up to € 20,405,764.00 through the issuance of up to 20,405,764 new no par-value bearer shares (*Stückaktien*) ("**Conditional Capital 2017/II**"). The Conditional Capital 2017/II is only to be implemented insofar as the holders of conversion or option rights arising from or in connection with bonds, profit participation rights and participating bonds or creditors of bonds with conversion obligations (or a combination of these instruments) issued by the Target or a company controlled or majority-owned by the Target on the basis of the authorisation resolution of the annual general meeting held on 22 November 2017, exercise their conversion rights or options or fulfil their conversion obligations, or to the extent the Target exercises an election right to deliver, in whole or in part, shares in lieu of payment of due amounts. The new shares issued under the Conditional Capital 2017/II will participate in dividends from the fiscal year of their issuance. Notwithstanding this, the management board of the Target, with the supervisory board's consent, may, as far as legally permissible, resolve for bonds which have been issued or guaranteed on the basis of the authorisation by the shareholders' meeting held on 22 November 2017, that the new shares participate in the dividend from the beginning of the fiscal year for which no shareholders' meeting resolution regarding the use of the net profit was made at the time the conversion or option rights were exercised or the conversion obligations were fulfilled or the election rights were exercised by the Target.

The share capital of the Target is further conditionally increased by up to € 5,000,000.00 through the issuance of up to 5,000,000 new no par-value bearer shares (*Stückaktien*) ("**Conditional Capital 2017/III**"). The Conditional Capital 2017/III serves to grant a settlement in TLG Shares to the external shareholders of WCM pursuant to the provisions of the Domination Agreement between the Target and WCM dated 6 October 2017 ("**WCM Domination Agreement**") to the exchange ratio stipulated in Section 5 para. 5 sentence 2. 5 to the exchange ratio determined in Section 5 para. 1 of the Domination Agreement or adjusted in accordance with Section 5 para. 5 of the Domination Agreement. To the extent required by the provisions of the WCM Domination Agreement, the Target will settle share fractions in cash. In the event that external shareholders of WCM convert their shares for TLG Shares prior to receiving a dividend and/or payment on the basis of the guaranteed dividend on their shares for the fiscal year 2017 or for subsequent fiscal years, they will – to the extent legally and actually possible – be granted TLG Shares which participate in the profits of the Target from the beginning of the last past fiscal year prior to their accrual. In the event that external shareholders of WCM exchange their shares after receiving a dividend and/or payment on the basis of the guaranteed dividend for their shares for the 2017 fiscal year or for subsequent financial years, or if it is legally or actually impossible to grant shares with dividend entitlement in accordance with the preceding sentence, they will receive TLG Shares that participate in the profits from the beginning of the fiscal year in which they arise. New shares from Conditional Capital 2017/III will be issued as part of the conditional Offer Capital Increase against contribution in kind against transfer of WCM shares by its external shareholders who have exercised their right to compensation in accordance with the provisions of the WCM Domination Agreement. The issue price of the new shares is € 1.00 per share. The difference between the issue price of the new shares and the contribution value of the WCM shares to be contributed is treated as a voluntary additional payment on the basis of a contractual agreement. The conditional Offer Capital Increase will only be carried out to the extent that the outside shareholders of WCM AG exercise their right to compensation. The management board ("**Management Board**") of the Target is authorised, with the consent of the Supervisory Board of the Target, to determine the further details of the Offer Capital Increase and its implementation.

In addition, the articles of association of the Target provide for two authorised capitals (*Genehmigte Kapitalia*). The management board of the Target, with the consent of the Target's supervisory board, is authorised to increase the Target's share capital until 21 November 2022 by up to € 11,905,764.00, once or in several instances, by issuing up to 11,905,764 new no par-value bearer shares (*Stückaktien*) against contributions in cash ("**Authorised Capital 2017/II**"). The management board of the Target is, however, authorised, with the consent of the Target's supervisory board, to exclude the subscription rights of its shareholders for one or more capital increases from the Authorised Capital 2017/II in certain scenarios. In particular, the statutory subscription rights of the shareholders may be excluded in the event of an issuance of shares against cash contributions, if the issuing price of the new shares is not significantly below the market price of the shares already listed on a stock exchange (within the meaning of Section 203 para. 1 sentence 1 and Section 186 para. 3 sentence 4 *AktG*) and the portion of the share capital attributable to the new shares issued under exclusion of subscription rights does not exceed a total of 10% of the Target's share capital.

Further, the management board of the Target, with the consent of the Target's supervisory board, is authorised to increase the Target's share capital until 20 May 2024 by up to € 10,000,000.00, once or in several instances, by issuing up to 10,000,000 new no par-value bearer shares (*Stückaktien*) against contributions in kind in order to implement share dividends in which shares of the company are issued (also in part and/or optionally) against contribution of shareholders' dividend claims from the authorised capital. ("**Authorised Capital 2019**").

By way of the resolution of the general meeting of 22 November 2017, the management board, with the consent of the supervisory board, is authorised to issue, on one or several occasions in the period until 21 November 2022, convertible bearer or registered bonds, bonds with warrants, participation rights and/or participating bonds (or combinations of these instruments) (hereinafter referred to collectively as "**TLG Bonds**") in a nominal amount of up to € 750,000,000.00 with or without a limitation on maturities and to grant the creditors or holders of the TLG Bonds conversion or option rights to TLG Shares with a pro rata amount of up to € 20,405,764.00 of the share capital of the Target (the terms and conditions of such TLG Bonds with warrants, convertible bonds and participation rights hereinafter referred to as the "**TLG Terms and Conditions**"). The respective TLG Terms and Conditions may also stipulate mandatory conversions at maturity or at other times, including the obligation to exercise the conversion or option right. The TLG Bonds may also be issued by dependent companies or enterprises

in which the Target has a direct or indirect majority stake; in this case, the management board shall be authorised to guarantee the TLG Bonds on behalf of the dependent or majority-owned company and to grant the creditors of such TLG Bonds conversion or option rights to the Target's shares. Issued TLG Bonds may be divided into multiple partial bonds with equal rights. Shareholders shall be granted a subscription right to the TLG Bonds in principle. The TLG Bonds may also be underwritten by one or more credit institutions, subject to the provision that the credit institutions offer these indirectly to the shareholders for subscription pursuant to Section 186 para. 5 *AktG*. The management board shall, however, be authorised, with the consent of the supervisory board, to exclude the shareholders' subscription rights, in certain scenarios specified further in the authorisation dated 22 November 2017. The authorisation for excluding subscription rights is limited to an amount that may not, in sum, exceed 10% of the share capital, at the date of effectiveness or at the date of exercise of such authorisation.

By way of the resolution of the general meeting of 21 May 2019, the management board is authorised, with the consent of the supervisory board and in compliance with the principle of equal treatment (Section 53a *AktG*), to acquire shares of the Target in an aggregate amount of up to 10% of the share capital of the Target at the time of the resolution or – if lower – at the time of the exercise of the authorisation. At no point in time must the shares acquired on the basis of this authorisation, together with other treasury shares of the Target previously acquired by the Target and still held by it or shares attributable to it pursuant to Sections 71 et seq. *AktG*, exceed 10% of the respective share capital of the Target. The authorisations may be exercised once or several times, in full or for partial amounts in pursuit of one or several objectives by the Target, but also by entities of the group controlled by the Target or by third parties for the account of the Target or of the entities of the group controlled by the Target. The authorisation must not be exercised for the purpose of trading in treasury shares. Following the election of the management board, the acquisition of treasury shares may take place (i) through the stock exchange, (ii) by a public purchase offer addressed to all shareholders of the Target or by a public invitation to the shareholders to submit sales offers, or (iii) through a public offer or a public invitation to submit an offer to exchange liquid shares admitted to trading on an organised market within the meaning of the German Securities Acquisition and Takeover Act against shares of the Target. The management board has not yet made use of this authorisation.

6.2.4 History of TLG

The history of TLG goes back to two former subsidiaries of the Treuhandanstalt ("**THA**"), a public authority for the administration of companies of the former German Democratic Republic ("**GDR**"), the DUHO Verwaltungs-Gesellschaft mbH ("**DUHO**") and the Liegenschaftsdienst für die Treuhandanstalt GmbH.

By merger agreement dated 14 August 1996, TLG Treuhand Liegenschaftsgesellschaft mbH was merged into DUHO and DUHO was renamed TLG Treuhand Liegenschaftsgesellschaft mbH. The actual legal predecessor of the Target is thus DUHO. Between 1995 and 2000, TLG Treuhand Liegenschaftsgesellschaft mbH, DUHO and the Target sold, restituted or municipalised more than 75,000 properties. In 2000, the Target began to pursue a new strategy of active portfolio management. In 2002, the shareholders' meeting resolved to rename the Target TLG IMMOBILIEN GmbH. In 2011, the Federal Republic of Germany initiated a privatisation process. In preparation and with effect from 1 January 2012, the majority of the Target's residential properties were transferred to TLG WOHNEN GmbH, an independent state entity whose sole shareholder was the Federal Republic of Germany, which was subsequently privatised. The Target was then sold from Germany to private investors in 2012.

Following its privatisation in 2012, TLG further streamlined its portfolio and concentrated on commercial real estate in Berlin and the growth regions in eastern Germany. As a consequence, the Target was able to successfully complete its initial public offering in October 2014.

On 6 October 2017, the Target successfully completed a voluntary public offer for all shares of WCM in the form of an exchange offer (the "**WCM Offer**") with an acceptance for a total of 117,505,327 shares of WCM G, corresponding to approximately 85.89% of the share capital and voting rights of WCM. In the course of completing the WCM Offer, all 117,505,327 shares of WCM for which the WCM Offer was accepted were transferred to the Target and 20,435,708 new TLG Shares were issued to former shareholders of WCM. With the completion of the WCM Offer, WCM became part of TLG. As of 30 September 2019, the Target held 91.90% of the share capital and voting rights of WCM. On 6 October 2017, the Target as parent company and WCM as controlled company concluded the WCM

Domination Agreement, which became effective upon entry in the commercial register of WCM on 9 February 2018.

6.3 Offer in the form of an Exchange Offer, exchange ratio

The Company offers the TLG Shareholders for exchange for each 1 TLG Share held by them 3.6 Offer Shares respectively.

The determination of the exchange ratio is based on a valuation of the Target by the Company. Both parties operate in the same sectors of commercial real estate with the same core locations such as Germany and use similar methods to evaluate the fair value of their respective assets. The exchange ratio was calculated on the basis of the Company's knowledge as of 18 November 2019, in particular on the basis of the results of the interim reports of the Company and the Target as of 30 June 2019.

The Company and Target determined the exchange ratio underlying the Offer Consideration on the basis of the ratio of both the Company's and the Target's Net Asset Value per share as calculated according to the recommendations of the European Public Real Estate Association (EPRA NAV), in each case as of 30 June 2019. The EPRA NAV is in the opinion of the Company the most customary and most widely recognised valuation model used by European real estate companies for the market value of the net asset value of a real estate company, which holds its real estate on a long-term basis for letting and management.

The EPRA NAV of the Company as of 30 June 2019 was €9,408.2 million translating into €8.30 per share in the Company on the basis of 1,129.6 million shares (number of then outstanding and in-the-money dilution effects). As per the financial reporting for the sixth months ended 30 June 2019, the Target's EPRA NAV amounted to €3,333.1 million, translating into €29.77 per TLG Share on the basis of 112.0 million TLG Shares then outstanding.

On the basis of the EPRA NAV of both companies as of 30 June 2019, the exchange ratio does not include a premium. The plausibility check of the exchange ratio was based on the ratio of the volume-weighted average prices ("**VWAP**") of the shares of both companies. Based on the three-month VWAPs as of 30 June 2019, the offer of 3.6 shares in the Company for one (1) TLG Share is slightly above (by approximately 0.6%) the offered exchange ratio. An exchange ratio based on the three-month VWAPs as of 31 August 2019 would result in exchanging 3.6 shares of the Company for one (1) TLG Share, which would equal the offered exchange ratio. On the basis of the minimum price calculation in accordance with the three-month average exchange rates as notified by BaFin for 18 November 2019, i.e. the day prior to the publication of the decision pursuant to Section 10 WpÜG, the offered exchange ratio is approximately 5.5% higher than the VWAP of the TLG Shares notified for 18 November 2019.

6.4 Offer Capital Increase against contribution in kind for the purpose of completing the Offer

The Offer Shares required for the completion of the Offer are to be created by way of a capital increase against contribution in kind in the amount of up to € 4,159,956.52 with suppression of the statutory preferential subscription rights of the existing shareholders of the Company through the Offer Capital Increase through the Offer Capital Increase (see: "*4.1. Subject Matter of the Offer*"). The Offer Shares from the Offer Capital Increase will be issued with dividend entitlement for the 2019 financial year. Should the settlement of the Offer be delayed to such an extent that the Offer Shares cannot be created prior to the Company´s annual general meeting which resolves on the appropriation of the Company's net retained profits for the fiscal year ending 31 December 2019, the Company would no longer be in a position to issue Offer Shares with dividend entitlement for the fiscal year 2019. In this case, the Offer Shares would be issued with a dividend entitlement from 1 January 2020.

Solely the TLG Shareholders who have accepted the Offer shall be entitled to subscribe for the new shares in the course of the Offer Capital Increase and on whose behalf and in their name the Settlement Agent will subscribe the Offer Shares. The preferential subscription rights of the existing shareholders of the Company shall be supressed.

TLG Shareholders who have accepted the Offer transfer their shares by way of contribution in kind in the course of the Offer Capital Increase and subscribe for the new Offer Shares issued in the course of the offer Capital Increase. The Settlement Agent will act in the name, on behalf and for the account of and acting as a proxy for the respective TLG Shareholders who accepted the Offer to transfer by way

of contribution in kind the Tendered TLG Shares and to subscribe for the new Offer Shares. The Settlement Agent will transfer the Offer Consideration pursuant to the exchange ratio to the Custodian Banks of the TLG Shareholders who have accepted the Offer.

Fractional amounts, i.e. TLG Shares, for which the TLG Shareholder is not entitled to purchase a full Offer Share on the basis of the exchange ratio, are valued by the Settlement Agent. The proceeds from the realisation of the partial share right amounts are credited to the TLG shareholder concerned on a pro rata basis in cash.

The Offer shares shall be issued on 12 February 2020 (for more information see: "*4. THE OFFER*").

6.5 Effects on the Company in the Event of a Closing of the Offer

The effects on the company in the event of a closing of the takeover bid depend on the extent to which the Offer is accepted by TLG Shareholders.

If the completion of the Offer results in the Company holding shares of the Target only to an extent that does not allow the Company to consolidate TLG in its consolidated financial statements, but instead to account for the interest in TLG as an equity accounted investee, this would strengthen the position of the Company on the German commercial real estate market, but a direct integration and lift of identified synergies would not be able to take place in full effect as originally planned. Furthermore, there would be no obligation to implement the measures agreed in the BCA with regard to the governance of the Company.

In the event that the Target becomes a subsidiary of the Company upon completion of the Offer or at a later point in time, the voting rights of the shares of the Company currently held by the Target in the amount of approximately 15.03 % of the share capital of the Company will be suspended. As a result, the Target cannot exercise any voting rights from these shares. The Company assumes that the other rights arising from these shares (e.g. dividend rights) will be retained.

In the event of the takeover bid being completed, which would result in the Company holding more than 50% of the TLG Shares, the market position of the Company would be further expanded in the form of the Combined Group. In Europe, the Combined Group would probably be the second largest listed commercial real estate company in terms of the value of the property portfolio held by it.

Provided that 94.9 % of the TLG Shares (based on the last notification of the Target regarding its total number of voting rights published on 3 December 2019 pursuant to section 41 WpHG) are exchanged via the Offer, the existing shareholders of the Company will hold a share of 77 % and the former TLG shareholders a share of 23 % of the increased share capital of the Company after completion of the Offer.

7. DIVIDEND POLICY, DIVIDEND DISTRIBUTIONS

7.1 General Provisions Relating to Profit Allocation and Dividend Payments

All of the Company's shares carry equal dividend rights.

The net profit of the Company is represented by the credit balance on the profit and loss account, after the deduction of the general expenses, social charges, write-offs and provisions for past and future contingencies, as determined by the Board of Directors. Every year, five per cent of the net profit of the Company according to its individual financial statements will set aside in order to build up the legal reserve. This deduction will cease to be compulsory when the statutory reserve reaches one tenth of the issued share capital. Distribution from this reserve is restricted. The remaining balance of the net profit is at the disposal of the general meeting of the Company's shareholders. Dividends, when payable, are distributed at the time and place fixed by the Board of Directors within the limits of the decision of the general meeting of the Company's shareholders. Interim dividends may be distributed by the Board of Directors subject to the conditions provided for in Article 461-3 of the Luxembourg Company Law and the Company's Articles of Association. The general meeting of shareholders of the Company may decide to assign profits and distributable reserves to the reimbursement of the capital without reducing the corporate capital.

For details on the taxation of dividends paid by the Company to its shareholders, if any, see: "*23.1.3 Taxation of Investors*" and "*23.2.2.1 Taxation of Dividends*".

7.2 History of Dividend Policy and Earnings Per Share

The Company is a holding company. The business of Aroundtown is primarily conducted through direct and indirect subsidiaries of the Company. The ability of the Company to distribute dividends to its shareholders depends on distributions by the Company's subsidiaries.

On 31 March 2017, the Board of Directors of the Company has resolved on a dividend policy. Accordingly, the payout ratio is 65% of the Issuer's annual FFO I per share. In accordance with the dividend policy, this amount per share shall be distributed as annual dividends to the shareholders. FFO I is a measure of Aroundtown's materialised bottom line operational profit (for a definition and reconciliation of the aforementioned terms see: "*10.4 Selected Other Consolidated Key Financial Information*").

The distribution of dividends is subject to a respective resolution of the shareholders' annual general meeting (see: "*7.1 General Provisions Relating to Profit Allocation and Dividend Payments*"

The table below contains an overview over the earnings per share, the amount of shares and the distributions for the period indicated.

History of Earnings Per Share	For the year ended 31 December		
	2018	2017	2016
	(audited, unless otherwise indicated)		
Total profit attributable to the owners of the Company (in millions of €)	1,620.4	1,282.6	728.2
Weighted average basic shares (in millions)	1,052.6	821.5	653.2
Basic earnings per share (in €)	1.54	1.56	1.11
Dividend per share (in €, unaudited)	0.25	0.23	0.16
Total dividend distribution (in millions of €, unaudited)	286.1[(1)]	246.4[(2)]	154.5
Adjusted dividend per share (in €, unaudited, rounded)[(3)]	0.23	0.20	0.13

(1) The actual cash payment of dividends made by the Company for the year ended 31 December 2018 amounted to € 209.3 million, the remainder of dividends was paid out in form of new shares (Scrip Dividend).

(2) The actual cash payment of dividends made by the Company or the year ended 31 December 2017 amounted to € 224.8 million, the remainder of dividends was paid out in form of new shares (Scrip Dividend).

(3) Amount shows theoretical calculation of dividend per share on the basis of the total number of 1,223,574,261 outstanding shares of the Company as of the date of this Prospectus. The actual paid out dividends per share are in the line item "Dividend per share (in €, unaudited)".

For the current fiscal year 2019, no distributions of profits or reserves were declared or made to shareholders as of the date of this Prospectus.

8. DILUTION

Dilution comprises two distinct aspects: Dilution of the shareholding and value-related dilution.

The dilution of the shareholding refers to the effect of the issuance of new shares on the individual percentage of shareholding of the existing shareholders as they cannot subscribe to the newly issued shares in this transaction in a proportion corresponding to their currently held stake.

The value-related dilution refers to the effect of the issuance of new shares at a certain issue price on the equity of the shareholders of the Company per share.

The following calculation of dilution is based on the following assumptions:

- As of 30 September 2019 the Target had 111,958,812 shares outstanding.
- The Target will not issue further TLG Shares from its Contingent Capital 2017/III which persists in order to secure compensation claims of minority shareholders of WCM pursuant to the WCM Domination Agreement and the Target will therefore not increase its share capital in this regard.
- The Target has not issued any stock options to its management board or any other employee which entitle their holders to receive new TLG Shares prior to the completion of the Offer.
- The Target will not issue any additional shares prior to the completion of the Offer and the number of TLG Shares outstanding remains unchanged during the term of the Offer
- The Offer will be accepted by 100% of the TLG Shareholders.
- The Company's acquisition costs for 100% of the TLG Shares would be equal to the three-month volume weighted average price prior to 19 November 2019 in the amount of € 7.35 per share of the Company.
- The Transaction and issuance costs amount to €15 million.

In addition, it should be noted that the calculation of dilution resulting from the presentation below does not take into account the following aspects:

- On the EPRA NAV per share basis the value-related dilution effect is approximately zero. The value-related dilution impact on the shareholder equity per share level is the result of the relation of the EPRA NAV per share to the shareholder equity per share of TLG compared to Aroundtown. TLG's EPRA NAV has larger adjustment effects from its shareholder equity to its EPRA NAV mainly due to the deferred taxes.
- The calculation as presented does not take into account any long-term equity value enhancement from identified synergies.

Calculation of dilution

As of 30 September 2019	Aroundtown SA	TLG IMMOBILIEN AG
	(unaudited)	
Prior to the Offer		
Book value of equity attributed to the owners of the Company (net book value) in accordance with IFRS as of 30 September 2019 (in € millions)	9,341(1)	2,614(2)
Number of outstanding shares issued as of 30 September 2019	1,223,574,261	111,958,812
Proportionate book value of equity (net book value) per outstanding Share IFRS as of 30 September 2019 (in €)	7.63	23.35
After completion of the Offer		
Increase in book value of equity attributed to the owners of the Company (net book value) following the Ordinary Capital Increase against contribution in Kind (in € millions)	2,947(3)	
Book value of equity attributed to the owners of the Company (net book value) (in € millions)	12,288	
Calculation of number of Offer Shares to be issued and the book value of equity of the shareholders		
Number of Offer Shares per 1 share of the Target	3.6	
Total number of Offer Shares offered to TLG Shareholders	403,051,723	
Total number of shares in the Company issued after completion of the Offer	1,626,625,984	
Number of shares in the Company held by the Target	183,936,137	
Value of shares in the Company held by the Target (in € millions)	1,546(2)	
Total number of shares in the Company issued after completion of the Offer excluding shares held in treasury by the Target	1,442,689,847(4)	
Book value of equity attributed to the owners of the Company (net book value) (in € millions) after exclusion of shares held in treasury	10,742(4)	
Proportionate book value of the Company's equity per share in the Company after completion of the Offer		
Proportionate book value of equity (net book value) per Company's share of the Combined Group (in accordance with the exchange ratio) (in €)	7.45	
Increase (decrease) in proportionate book value of equity (net book value) per Company's share (in €)	(0.19)	
Increase (decrease) in proportionate book value of equity (net book value) per Company's share (in %)	(2.47%)	
Dilution of the shareholding percentage of shareholders of the Company in %	15.19%	
Proportionate book value of the participation held by TLG Shareholders accepting the Offer (net book value) per share after completion of the Offer		
Proportionate book value (net book value) of the Target per Offer Share, prior to completion of the Offer (in €)		6.49
Increase in the proportionate book value (net book value) of TLG Shareholders accepting the Offer per Company's share (in €)		0.96
Increase in the proportionate book value (net book value) of TLG Shareholders accepting the Offer per Company's share (in %)		14.80%

(1) Based on the unaudited condensed interim consolidated financial statements of the Company as of 30 September 2019.

(2) Based on the unaudited condensed interim consolidated financial statements of the Target as of 30 September 2019.

(3) Based on the aggregate value of the newly issued Offer Shares in an amount of approx. € 2,962 million (corresponding to the issuance of 403,051,723 shares times the 3-month volume weighted average price of €7.35) minus the total costs incurred by Aroundtown in connection with the Offer in an amount of €15.0 million.

(4) By completion of the Offer, assuming that 100% of the TLG Shares are tendered into the Offer, the Target would become a subsidiary of the Company and thus, the Company's shares held by the Target, representing approximately 15.03% of the share capital of the Company, would be classified as held in treasury and thus are excluded for this calculation in the amount of their value as recorded in the balance sheet of the Target.

9. CAPITALISATION AND INDEBTEDNESS, STATEMENT ON WORKING CAPITAL

The following tables set forth Aroundtown's consolidated actual capitalisation and indebtedness as of 30 September 2019, taken or derived from the Company's unaudited condensed interim consolidated financial statements as of and for the nine months ended 30 September 2019 and the Company's internal reporting system. Investors should read these tables in conjunction with *"10. SELECTED CONSOLIDATED FINANCIAL INFORMATION*", *"11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS*", the Audited Consolidated Financial Statements and the related notes, which are included in this Prospectus, beginning on page F-1, and the financial information contained elsewhere in this Prospectus. Regarding the effects of the completion of the Offer on the consolidated balance sheet of the Company as of 30 September 2019 (pro forma consolidated balance sheet), see: *"13. PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF AROUNDTOWN AS OF AND FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018 AND AS OF AND FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019*".

9.1 Capitalisation

		As of 30 September 2019
		In millions of € (unaudited)
D	**Total Current debt (A)+(B)+(C)**	**802.8**
A	Thereof guaranteed	—
B	Thereof secured(1)	265.2
C	Thereof unguaranteed/unsecured	537.6
H	**Total Non-Current debt (E)+(F)+(G) (excluding current portion of long-term debt)**	**11,154.7**
E	Thereof guaranteed	—
F	Thereof secured(1)	674.8
G	Thereof unguaranteed/unsecured	10,479.9
I	**Shareholder's Equity (J)+(K)+(L)+(M)(2)**	**13,034.1**
J	Issued share capital(3)	12.2
K	Legal and other reserves(3)(4)	9,328.8
L	Equity Attributed to perpetual notes(3)	2,466.2
M	Non-controlling Interest(3)	1,226.9
N	**Total Capitalisation (I)+(H)+(D)**	**24,991.6**

(1) Secured by mortgages and therefore also via rent assignment and assignment of insurance claims.

(2) Refers to total equity in the 2019 Q3 Interim Financial Statements.

(3) Refers to the amount which the Company presented in the unaudited interim consolidated statement of financial position as of 30 September 2019.

(4) Legal and other reserves refers to the line item "Retained earnings and other reserves" in the 2019 Q3 Interim Financial Statements.

9.2 Indebtedness

		As of 30 September 2019
		In millions of € (unaudited)
A	Cash[1]	2,449.0
B	Cash equivalents[2]	4.8
C	Trading Securities[3]	687.9
D	**Liquidity (A)+(B)+(C)**	**3,141.7**
E	**Current financial Receivables[4]**	364.5
F	Derivative financial instruments assets[5]	19.2
G	Current bank debt[6]	265.2
H	Current portion of non-current debt[7]	91.9
I .	Other current financial debt[8]	387.9
J	Derivative financial debt liabilities[9]	45.4
K	**Current financial debt (G)+(H)+(I)+(J)**	**790.4**
L	**Net current Financial Indebtedness (K)-(F)-(E)-(D)**	**(2,735.0)**
M	Non-current bank loans[10]	674.8
N	Bonds Issued[11]	9,107.7
O	Other non-current financial loans[12]	176.1
P	Derivative financial instruments liabilities[13]	62.0
Q	**Non-current Financial Indebtedness (M)+(N)+(O)+(P)**	**10,020.6**
R	**Net-Financial Indebtedness (L)+(Q)**	**7,285.6**

(1) Contains bank balance and cash (including cash in held for sale).

(2) Contains cash in deposit.

(3) Contains traded shares and bonds.

(4) Contains trade and other receivable, rent receivables, prepaid expenses, current tax assets, dividend receivables and short term financial assets.

(5) Contains short term derivative financial instruments assets.

(6) Contains loans and borrowings due for payment within one year.

(7) Contains accrued interest for bondholders that become due for payment within one year.

(8) Contains trade and other liabilities, tax liabilities and other short-term liabilities that become due for payment within one year.

(9) Contains short term derivative financial instruments liabilities.

(10) Contains liabilities to banks that become due for payment after one year.

(11) Refers to non-current straight bonds in the Group.

(12) Contains liability tenancy deposits, finance lease and other long-term liabilities that become due for payment after one year.

(13) Contains long-term derivative financial instruments liabilities.

Since 30 September 2019, Aroundtown has incurred into no additional material financial debt.

As of 30 September 2019 Aroundtown had indirect liabilities and contingent liabilities in the amount of approximately € 0.5 billion that were paid after 30 September 2019. As of the date of the Prospectus there are no material indirect liabilities and contingent liabilities becoming due within one year.

9.3 Statement on Working Capital

The Company is of the opinion that Aroundtown is in a position to meet the payment obligations that become due within at least the next 12 months from the date of this Prospectus.

10. SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected historical financial information for Aroundtown is taken or derived from the audited consolidated financial statements of Aroundtown SA for the fiscal years ended 31 December 2016, 2017 and 2018 (together the "**Audited Consolidated Financial Statements**"), all of which are reproduced elsewhere in this Prospectus, and should be read together with them. The Audited Consolidated Financial Statements comprise:

- the audited consolidated financial statements of Aroundtown SA as of and for the fiscal year ended 31 December 2018, including the notes thereto (the "**2018 Audited Consolidated Financial Statements**") which have been audited by KPMG Luxembourg, société cooperative, 39, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg ("**KPMG Luxembourg**");
- the audited consolidated financial statements of Aroundtown SA as of and for the fiscal year ended 31 December 2017, including the notes thereto (the "**2017 Audited Consolidated Financial Statements**") which have been audited by KPMG Luxembourg; and
- the audited consolidated financial statements of Aroundtown Property Holdings plc as of and for the fiscal year ended 31 December 2016, including the notes thereto (the "**2016 Audited Consolidated Financial Statements**") which have been audited by KPMG Limited, Certified Accountants and Registered Auditors, having its address at Millenium Lion House, P.O. Box 40075, 6300 Larnaca, Cyprus ("**KPMG Cyprus**").

The following selected historical financial information for Aroundtown is further taken or derived from the unaudited consolidated condensed interim financial statements prepared in accordance with IFRS of the Company for the nine month period ended 30 September 2019 (the "**2019 Q3 Interim Financial Statements**").

The Audited Consolidated Financial Statements and the 2019 Q3 Interim Financial Statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted in the European Union.

The 2018 Audited Consolidated Financial Statements include a "consolidated statement of profit or loss" supplemented by a "consolidated statement of income". The 2017 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements only include a "consolidated statement of income", which reflect, to the extent applicable, the line items in the "consolidated statement of profit or loss" and "consolidated statement of income" of the 2018 Audited Consolidated Financial Statements.

The Company holds a 39 % equity interest in Grand City Properties SA ("**GCP**"), a publicly listed company which owns a portfolio of residential real estate properties located primarily in Germany. GCP and its portfolio are not consolidated in the Company's consolidated financial statements. Instead, the Company's equity interest in GCP is presented as an investment in an equity-accounted investee.

The Company was originally organised as a public limited liability company (plc) under the laws of the Republic of Cyprus. On 13 September 2017, the Company completed the transfer of its registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, without dissolution and with full corporate and legal continuance as a public limited liability company (*société anonyme*) under the name Aroundtown SA. As a result, the 2017 Audited Consolidated Financial Statements as well as the 2018 Audited Consolidated Financial Statements reflect the Company's Luxembourg legal form and have been audited by KPMG Luxembourg. The 2016 Audited Consolidated Financial Statements reflect the Company's Cypriot legal form and have been audited by KPMG Cyprus. Both KPMG Cyprus and KPMG Luxembourg provided unqualified auditor's reports for the financial statements which they audited.

Where financial data below is labelled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the below tables to indicate financial data that has not been taken from the audited financial statements mentioned above but was taken either from the 2019 Q3 Interim Financial Statements or Aroundtown's accounting or controlling records, or is based on calculations of these figures or derived from audited financial information. Also, some of the financial and performance indicators including non-IFRS measures reproduced below were taken from Aroundtown's accounting records and are unaudited.

In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that

facilitates the summing up. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in the main body of the Prospectus, both a dash ("-") or a zero ("0") are used to signify either unavailable figures or figures which are either exactly zero or have been rounded to zero.

The following summary of financial information should be read together with the section "*11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS*", the consolidated financial statements and the related notes contained in the section "*26. FINANCIAL INFORMATION*" and the additional financial information contained elsewhere in this Prospectus.

10.1 Selected Consolidated Statement of Profit or Loss

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Revenue	650.7	539.8	747.1	527.1	273.7
Property revaluations, capital gains and other income[1]	1,066.0	1,244.6	1,536.4	1,326.6	719.5
Share in profit from investment in equity-accounted investees	241.6	191.5	251.6	228.4	197.1
Property operating expenses	(172.7)	(161.4)	(219.1)	(147.1)	(75.4)
Administrative and other expenses	(19.3)	(15.0)	(22.5)	(14.7)	(7.9)
Operating profit	**1,766.3**	**1,799.5**	**2,293.5**	**1,920.3**	**1,107.0**
Finance expenses	(106.2)	(81.8)	(114.6)	(69.7)	(47.4)
Other financial results	92.4	(81.4)	(93.8)	(15.0)	(35.9)
Current tax expenses	(41.9)	(32.9)	(44.4)	(33.5)	(19.9)
Deferred tax expenses	(233.4)	(215.5)	(212.9)	(263.1)	(102.7)
Profit for the period[2]	**1,477.2**	**1,387.9**	**1,827.8**	**1,539.0**	**901.1**

(1) Recorded under "Property revaluations and capital gains", in the 2018 Audited Consolidated Financial Statements, "Fair value adjustments, capital gains and other income" in the 2017 Audited Consolidated Financial Statements and "Capital gains, property revaluations and other income" in the 2016 Audited Consolidated Financial Statements.

(2) Recorded under "Profit for the year" in the 2018 Audited Consolidated Financial Statements, 2017 Audited Consolidated Financial Statements and 2016 Audited Consolidated Financial Statements.

10.2 Selected Data from the Consolidated Balance Sheet

	as of 30 September	as of 31 December		
	2019	2018	2017	2016
	(unaudited)	(audited)		
	in millions of €			
Non-current assets	**21,287.3**	**16,938.9**	**12,247.3**	**6,988.9**
Investment property	17,938.1	14,174.0	9,804.1	5,016.2
Investment in equity-accounted investees	2,412.1	2,214.8	1,905.6	1,557.0
Current assets	**3,704.3**	**2,101.9**	**1,523.1**	**1,100.1**
Total Assets	**24,991.6**	**19,040.8**	**13,770.4**	**8,089.0**
Non-current liabilities	**11,154.7**	**8,490.9**	**5,954.9**	**3,799.0**
Straight bonds	9,107.7	6,351.6	3,827.0	1,714.0
Convertible bonds	—	—	293.8	708.7
Current liabilities	**802.8**	**605.6**	**565.6**	**348.9**
Total Liabilities	**11,957.5**	**9,096.5**	**6,520.5**	**4,147.9**
Total Equity	**13,034.1**	**9,944.3**	**7,249.9**	**3,941.1**

10.3 Selected Data from the Consolidated Cash Flow Statement

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Net cash provided by operating activities	456.1	346.0	472.8	361.7	178.8
Net cash used in investing activities	(2,598.7)	(2,943.4)	(2,924.3)	(2,753.9)	(1,900.2)
Net cash provided by financing activities	3,348.1	2,879.2	2,952.9	2,491.9	2,244.0
Net changes in cash and cash equivalents	**1,205.5**	**281.8**	**501.4**	**99.7**	**522.6**

10.4 Selected Other Consolidated Key Financial Information

The Company presents certain non-IFRS financial information in this Prospectus which are important for determining the Company's operating and financial results. The Company uses this financial information because it believes that it is of use to its investors. According to the ESMA guidelines on Alternative Performance Measures, the Company considers the following information presented in this Prospectus as Alternative Performance Measures: Adjusted EBITDA, Adjusted EBITDA, commercial portfolio recurring long-term, FFO I, FFO I per share, FFO I commercial portfolio, recurring long-term, FFO I after perpetual notes attribution, FFO I per share after perpetual notes attribution, FFO II, NAV excluding perpetual notes, NAV, NAV per share, EPRA NAV, EPRA NAV per share, EPRA NAV including perpetual notes, EPRA NAV including perpetual notes per share, LTV, Unencumbered Assets Ratio and Interest Cover Ratio. All alternative performance measures used by the Company relate to its or Aroundtown's past performance. The Company believes that these measures are useful in evaluating Aroundtown's operating performance, the net value of Aroundtown's portfolio, and the level of indebtedness and of cash profits from the operations by Aroundtown's business, because a number of companies, in particular in the real estate sector, also publish these figures. However, none of the aforementioned performance measures are acknowledged under IFRS and none of these performance measures are suitable to replace financial information such as total assets, total equity, total liabilities, rental and operating income, operating profit, profit for the year, net cash provided by operating activities or net cash used in finance activities or other line items of Aroundtown's consolidated balance sheet, cashflows resulting of financing activities, the consolidated comprehensive statement of consolidated income or the consolidated cash flow statement which have been prepared in accordance with IFRS. The alternative performance measures used by Aroundtown do not necessarily state if Aroundtown has sufficient cash flow or liquidity and might not be suitable as performance indicators for the past operative result of Aroundtown. The alternative performance measures are not suitable to predict a future performance. Because not all companies in the real estate sector use the same performance indicators and also might calculate them differently, the display of the alternative performance measures by Aroundtown is not necessarily comparable with similar performance indicators of other companies.

The below table contains a summary of alternative performance measures with respect to the fiscal years ended 31 December 2016, 2017 and 2018 as well as of or for the nine month period ended on 30 September 2018 and 30 September 2019. All numbers in the table below except percentages are presented in Euro millions.

	as of and for the nine month period ended 30 September		as of and for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(unaudited unless otherwise indicated)		
	in millions of €				
Adjusted EBITDA[(1)]	556.8	440.3	606.0	429.3	268.2
FFO I[(2)]	371.1	297.4	405.7	293.0	165.6
FFO I after perpetual notes attribution[(2)]	331.4	263.2	359.6	264.2	161.9
FFO II[(2)]	421.1	464.8	574.6	339.2	165.6
LTV ratio[(4)]	34%	—	35%	36%	39%
NAV	11,587.6	—	9,309.5	7,157.3	4,243.4
EPRA NAV[(3)]	10,360.7	—	8,742.4	6,483.0	3,870.8
EPRA NAV incl. perpetual notes[(3)]	12,826.9	—	10,290.1	7,656.3	4,349.1
Unencumbered Assets Ratio[(5)]	80%	—	72%	71%	56%
Interest Cover Ratio[(6)]	4.6x	4.7x	4.7x	5.4x	4.5x

(1) "**Adjusted EBITDA**" is a performance measure used to evaluate the operational results of the Company by adding back to the profit the tax expenses, net finance expenses, total depreciation and amortisation and deducting non-operational items such as property revaluations and capital gains, and other adjustments. Other adjustments is calculated by (1) deducting adjusted EBITDA related to assets held for sale, a non-recurring item and (2) adding back employee share based payments, a non-cash item. In order to reflect only the recurring operational results, the Company deducts the share in profit from investment in equity-accounted investees as this item also includes non-operational profits generated by the Company's equity-accounted investees. Due to the nature of its strategic investment in GCP and in other investments, the Company includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by those investments for the period in accordance with its holding rate over the period, labelled as the "adjustment for GCP's and other investments' adjusted EBITDA contribution". The following table shows the calculation of Adjusted EBITDA and Adjusted EBITDA, commercial portfolio recurring long-term for the given periods:

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(unaudited unless otherwise indicated)		
	in millions of €				
Operating profit	1,766.3	1,799.5	2,293.5[(i)]	1,920.3[(i)]	1,107.0[(i)]
Total depreciation and amortisation	1.3	5.9	1.6[(i)]	2.0[(i)]	2.0[(i)]
EBITDA	**1,767.6**	**1,805.4**	**2,295.1**	**1,922.3**	**1,109.0**
Property revaluations, capital gains and other income[(iv)]	(1,066.0)	(1,244.6)	(1,536.4)[(i)]	(1,326.6)[(i)]	(719.5)[(i)]
Share in profit from investment in equity-accounted investees	(241.6)	(191.5)	(251.6)[(i)]	(228.4)[(i)]	(197.1)[(i)]
Other adjustments[(ii)]	(0.6)	(9.5)	(10.4)	(28.3)	2.1
Adjusted EBITDA commercial portfolio, recurring long-term[(ii) (v)]	**459.4**	**359.8**	**496.7**	**339.0**	**194.5**
Adjustment for GCP's and other investments' adjusted EBITDA contribution[(iii)]	97.4	80.5	109.3	90.3	73.7
Adjusted EBITDA	**556.8**	**440.3**	**606.0**	**429.3**	**268.2**

(i) Audited.

(ii) Reclassified in 2018 to combine the line items "Other adjustments" and "Adjusted EBITDA relating to properties marked for disposal" in the 2017 Audited Consolidated Financial Statements.

(iii) This adjustment is to reflect Aroundtown's share in GCP's and other investments' adjusted EBITDA. GCP generated an Adjusted EBITDA of €276 million in 2018, €248 million in 2017 and €225 million in 2016. For the 9 month period ended 30 September 2019 the Adjusted EBITDA was € 220 million, for the 9 month period ended 30 September 2018 the Adjusted EBITDA was € 204 million.

(iv) Recorded under "Property revaluations and capital gains", in the 2018 Audited Consolidated Financial Statements, "Fair value adjustments, capital gains and other income" in the 2017 Audited Consolidated Financial Statements and "Capital gains, property revaluations and other income" in the 2016 Audited Consolidated Financial Statements.

(v) "Adjusted EBITDA, commercial portfolio recurring long-term" is the adjusted EBITDA of Aroundtown excluding the impact of properties market for disposal and of adjustments for GCP's and other investments' adjusted EBITDA contribution. The Company believes that Adjusted EBITDA, commercial portfolio recurring long-term is useful for investors primarily to evaluate the operational results of Aroundtown before impacts of contributions to the Adjusted EBITDA by GCP and other joint venture positions.

(2) "**FFO I**" is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. The Company calculates FFO I by deducting from the position Adjusted EBITDA commercial portfolio, recurring long-term the finance expenses, current tax expenses and contribution to minorities and adds back other adjustments. Other adjustments refers to finance expenses and current tax expenses related to assets held for sale. Due to the deduction of the share in profit from investment in equity-accounted investees in the adjusted EBITDA calculation which includes the operational profits from those investments, the Company adds back its relative share in GCP's reported FFO I after perpetual notes attribution and the FFO I of other investments' positions, reflecting the recurring operational profit generated by those investments for the period in accordance with the holding rate over the period.

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

"**FFO II**" is an additional measurement used in the real estate industry to evaluate operational recurring profits including the impact from disposal activities. To derive the FFO II, the results from disposal of properties are added to the FFO I. These results from disposals reflect the profit driven from the excess amount of the sale price to cost price plus capex of the disposed properties. The following table shows the calculation of FFO I commercial portfolio, recurring long-term, FFO I per share, FFO I after perpetual notes attribution, FFO I per share after perpetual notes attribution and FFO II for the given periods:

	for the nine month period ended 30 September		**for the year ended 31 December**		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited unless otherwise indicated) in millions of €				
Adjusted EBITDA commercial portfolio, recurring long-term	**459.4**	**359.8**	**496.7**	**339.0**	**194.5**
Finance expenses(i)	(106.2)	(81.8)	(114.6)(vii)	(69.7)(vii)	(47.4)(vii)
Current tax expenses	(41.9)	(32.9)	(44.4)(vii)	(33.5)(vii)	(19.9)(vii)
Contribution to minorities	(13.6)	(4.6)	(6.7)	(8.9)	(7.5)
Other adjustments(iii)	2.4	6.2	7.9	10.1	0
FFO I commercial portfolio, recurring long-term(v)	**300.1**	**246.7**	**338.9**	**237.0**	**119.7**
Adjustment for GCP's and other investments' FFO I contribution(ii)	71.0	50.7	66.8	56.0	45.9
FFO I	**371.1**	**297.4**	**405.7**	**293.0**	**165.6**
Weighted average basic shares (in millions)	1,155.9	1,031.4	1,052.6(vii)	821.5(vii)	653.1(vii)
FFO I per share (in €)(vi)	**0.32**	**0.29**	**0.39**	**0.36**	**0.25**
FFO I	**371.1**	**297.4**	**405.7**	**293.0**	**165.6**
Adjustment for accrued perpetual notes attribution	(39.7)	(34.2)	(46.1)(vii)	(28.8)(vii)	(3.7)(vii)
FFO I after perpetual notes attribution	**331.4**	**263.2**	**359.6**	**264.2**	**161.9**
Weighted average basic shares (in millions)	1,155.9	1,031.4	1,052.6(vii)	821.5(vii)	653.1(vii)
FFO I per share after perpetual notes attribution (in €)(vi)	**0.29**	**0.26**	**0.34**	**0.32**	**0.25**
FFO I	**371.1**	**297.4**	**405.7**	**293.0**	**165.6**
Result from disposal of properties(iv)	50.0	167.4	168.9	46.2	—
FFO II	**421.1**	**464.8**	**574.6**	**339.2**	**165.6**

(i) Including the effects of IFRS 16.

(ii) The adjustment is to reflect the Company's share in GCP's and other investments' FFO I. GCP generated an FFO I after perpetual notes attribution of €135 million, €128 million, €168 million, €154 million and €140 million during the nine months period ended 30 September 2019, the nine months period ended 30 September 2018, in the financial year 2018, in the financial year 2017 and in the financial year 2016, respectively.

(iii) Reclassified in 2018.

(iv) The excess amount of the sale price to cost price plus capex of the disposed properties.

(v) "**FFO I commercial portfolio recurring long-term**" is the FFO I of Aroundtown's portfolio excluding the impact from assets held for sale. The Company believes that FFO I commercial portfolio, recurring long-term is useful for investors

primarily to evaluate the operational recurring profit before impacts of contributions to the FFO I by GCP's and other investments' positions.

(vi) "**FFO I per share**" is FFO I divided by the total weighted average number of shares in the period. The Company believes that FFO I per share is useful for investors primarily to assess the amount of the operational recurring profit per share.

(vii) Audited.

(3) "**EPRA NAV**" is defined by the European Public Real Estate Association ("**EPRA**") as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialise in a long-term real estate business model. The purpose of EPRA NAV is to adjust the net asset value as calculated under IFRS in the form of total assets in order to provide investors with the most relevant information on the Company's consolidated balance sheet items in the context of a true real estate investment company with a long-term oriented investment strategy. As perpetual notes are classified as equity in accordance with IFRS accounting treatment, the Company additionally reports EPRA NAV including the perpetual notes. The Company's EPRA NAV calculation begins with deducting equity attributable to perpetual notes investors from the total assets per the financial statements to arrive at NAV excluding perpetual notes. In compliance with EPRA's guideline to present NAV on a fully diluted basis, the Company adds the effect of conversion of in-the-money convertible bonds. After adding the fair value measurement of derivative financial instruments and deferred tax liabilities which both include balances in assets held for sale, this results in NAV. These items are added back in line with EPRA's standards as they are not expected to materialise on an ongoing and long-term basis. Equity attributable to the non-controlling interests is deducted from NAV to arrive at EPRA NAV. EPRA NAV including the perpetual notes is calculated by adding back equity attributable to perpetual notes investors on top of EPRA NAV. The following table shows the calculation of EPRA NAV as of the given dates:

	as of 30 September	as of 31 December		
	2019	2018	2017	2016
	(unaudited, unless indicated otherwise) in millions of € unless otherwise stated			
Total equity	13,034.1	9,944.3[(i)]	7,249.9[(i)]	3,941.1[(i)]
Equity attributable to perpetual notes investors	(2,466.2)	(1,547.7)[(i)]	(1,173.3)[(i)]	(478.3)[(i)]
NAV excluding perpetual notes[(iii)]	**10,567.9**	**8,396.6**	**6,076.6**	3,462.8
Effect of conversion of in-the-money convertible bonds	—	—	293.8[(i)]	394.0[(i)]
Fair value measurements of derivative financial instruments[(ii)]	(120.5)	25.1	10.4	7.1
Deferred tax liabilities[(ii)]	1,140.2	887.8	776.5	379.5
NAV[(iv)]	**11,587.6**	**9,309.5**	**7,157.3**	**4,243.4**
NAV per share in €[(v)]	**9.5**	**8.2**	**7.1**	**5.3**
Non-controlling interests	(1,226.9)	(567.1)[(i)]	(674.3)[(i)]	(372.6)[(i)]
EPRA NAV	**10,360.7**	**8,742.4**	**6,483.0**	**3,870.8**
EPRA NAV per share in €[(vi)]	**8.5**	**7.7**	**6.5**	**4.9**
Equity attributable to perpetual notes investors	2,466.2	1,547.7[(i)]	1,173.3[(i)]	478.3[(i)]
EPRA NAV including perpetual notes[(vii)]	**12,826.9**	**10,290.1**	**7,656.3**	**4,349.1**
EPRA NAV including perpetual notes per share in €[(viii)]	**10.5**	**9.1**	**7.6**	**5.4**

(i) Audited.

(ii) Includes balances in assets held for sale.

(iii) "**NAV excluding perpetual notes**" is total equity excluding equity attributable to perpetual notes investors. The Company believes that NAV excluding perpetual notes is useful to investors primarily to assess the impact of the perpetual notes on the total equity as stated in the Audited Consolidated Financial Statements.

(iv) "**NAV**" is total equity excluding equity attributable to perpetual notes investors and including the fair value measurements of derivate financial instruments and deferred tax liabilities. The Company believes that NAV is useful to investors primarily to assess the equity of the Company without the impacts of equity attributable to perpetual notes investors, the fair value measurements of derivate financial instruments and deferred tax liabilities. Further, the Company believes NAV is useful to investors primarily to help understand the derivation of the EPRA NAV.

(v) "**NAV per share**" is NAV divided by the total number of shares including in-the-money dilution effects. The Company believes that NAV per share is useful to investors primarily to show the amount of the adjusted equity per share providing investors with an additional indication on the value of the shares in the Company.

(vi) "**EPRA NAV per share**" is EPRA NAV divided by the total number of shares including in-the-money dilution effects. The Company believes that EPRA NAV per share is useful to investors primarily to provide an additional indication on the value of the shares in the Company.

(vii) "**EPRA NAV including perpetual notes**" is EPRA NAV plus equity attributable to perpetual notes investors, as perpetual notes are classified as equity in accordance with IFRS accounting treatment. The Company believes that EPRA NAV including perpetual notes is useful to investors primarily to determine the extent to which the perpetual notes, which are accounted for as equity under IFRS, would impact the EPRA NAV.

(viii) "**EPRA NAV including perpetual notes per share**" is EPRA NAV including perpetual notes divided by the total number of shares including in-the-money dilution effects. The Company believes that EPRA NAV including perpetual notes per share is useful to investors primarily to understand the impact of the perpetual notes per share.

(4) The loan-to-value ratio ("**LTV**") is calculated by dividing the net financial debt by the total value. Total value is calculated by adding together the Investment property which includes advance payments for real estate transactions, assets held for sale (which is held for sale investment property) and investment in equity-accounted investees. "**Net financial debt**" is calculated by deducting cash and liquid assets from total financial debt which is a sum of straight bonds, convertible bonds and loans and borrowings. Loans and borrowings includes short-term loans and borrowings and financial debt held for sale. Cash and liquid assets is the sum of cash and cash equivalents, short-term deposits and traded securities at fair value through profit or loss, as well as cash balances of assets held for sale. The purpose of LTV is to assess the degree to which the total value of the real estate properties are able to cover financial debt and the headroom against a potential market downturn. With regard to the Company's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which the Company can raise further debt to finance additional growth. The following table shows the calculation of the LTV as of the given dates:

	as of 30 September	as of 31 December		
	2019	2018	2017	2016
	(unaudited) in millions of €			
Investment property[(i)]	17,910.4	14,222.6	9,874.2	5,259.8
Assets held for sale[(ii)]	173.8	203.7	493.1	148.6
Investment in equity-accounted investees	2,412.1	2,214.8	1,905.6	1,557.0
Total value	**20,496.3**	**16,641.1**	**12,272.9**	**6,965.4**
Net financial debt[(iii)]	**6,906.0**	**5,870.9**	**4,399.9**	**2,737.5**
LTV	**34%**	**35%**	**36%**	**39%**

(i) Including advance payments for investment properties and excluding the effects of IFRS 16.

(ii) Including properties held for sale net of cash.

(iii) The following table shows the calculation of the net financial debt as of the given dates:

	as of 30 September	as of 31 December		
	2019	2018	2017	2016
	(unaudited) in millions of €			
Total financial debt*	10,047.7	7,471.5	5,248.6	3,573.3
Cash and liquid assets*	3,141.7	1,600.6	848.7	835.8
Net financial debt	**6,906.0**	**5,870.9**	**4,399.9**	**2,737.5**

* including balances held for sale.

(5) "**Unencumbered Assets Ratio**" is derived from the division of rent generated by unencumbered assets by rent generated by the total Group. Rent generated by unencumbered assets is the net rent on an Annualised basis generated by assets which are unencumbered, including the contribution of GCP and other investments but excluding the net rent from assets held for sale. In parallel, rent generated by the Group is the net rent on Annualised basis generated by the Group including GCP's and other investments' contribution but excluding the net rent from assets held for sale. Unencumbered Assets Ratio is an additional indicator to assess the Company's financial flexibility. As the Company is able to raise secured debt over the unencumbered asset, a high ratio of unencumbered assets provides the Company with additional potential liquidity. Additionally, unencumbered assets provide debt holders of unsecured debt with headroom. The following table shows the calculation of the Unencumbered Assets Ratio as of the given dates:

	as of 30 September	as of 31 December		
	2019	2018	2017	2016
	(unaudited) in millions of €			
Rent generated by unencumbered assets[(i)]	764.0	600.4	460.3	230.0
Rent generated by the total Group[(i)]	953.2	830.0	647.1	408.8
Unencumbered Assets Ratio	**80%**	**72%**	**71%**	**56%**

(i) Annualised net rent including contribution from GCP and other investments and excluding the net rent from assets held for sale.

(6) "**Interest Cover Ratio**" or "**ICR**" is the ratio of Adjusted EBITDA, including the contributions from held for sale, GCP and other investments and the Group finance expenses which is the sum of the Company's finance expenses and the Company's share in GCP's and other investments' finance expenses. Interest Cover Ratio is widely used in the real estate

industry to assess the strength of a firm's credit profile. Interest Cover Ratio indicates the degree to which the Company's operational results are able to cover its interest expenses. The following table shows the calculation of the Interest Cover Ratio for the given periods:

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited) in millions of €				
Group finance expenses[(i)]	121.4	95.7	132.2	84.4	59.3
Adjusted EBITDA[(ii)]	560.2	452.0	616.2	459.4	268.2
Interest Cover Ratio	**4.6x**	**4.7x**	**4.7x**	**5.4x**	**4.5x**

(i) including the Company's share in GCP's and other investments' finance expenses.

(ii) including the contributions from commercial assets held for sale, GCP and other investments.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF NET ASSETS, FINANCIAL POSITION, AND RESULTS OF OPERATIONS

The following financial information for Aroundtown is taken or derived from the 2018 Consolidated Financial Statements, the 2017 Consolidated Financial Statements and the 2016 Consolidated Financial Statements (together the "**Audited Consolidated Financial Statements**") and from the unaudited consolidated condensed interim financial statements of the Company for the nine month period ended 30 September 2019 (the "**2019 Q3 Interim Financial Statements**"). The Audited Consolidated Financial Statements and the 2019 Q3 Interim Financial Statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted in the European Union.

The Company was originally organised as a public limited liability company (plc) under the laws of the Republic of Cyprus. On 13 September 2017, the Company completed the transfer of its registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, without dissolution and with full corporate and legal continuance as a public limited liability company (*société anonyme*) under the name Aroundtown SA. As a result, the 2017 Audited Consolidated Financial Statements as well as the 2018 Audited Consolidated Financial Statements reflect the Company's Luxembourg legal form and have been audited by KPMG Luxembourg. The 2016 Audited Consolidated Financial Statements reflect the Company's Cypriot legal form and have been audited by KPMG Cyprus. Both KPMG Cyprus and KPMG Luxembourg provided unqualified auditor's reports for the financial statements which they audited.

The 2018 Audited Consolidated Financial Statements include a "consolidated statement of profit or loss" supplemented by a "consolidated statement of income". The 2017 Audited Consolidated Financial Statements and the 2016 Audited Consolidated Financial Statements only include a "consolidated statement of income", which reflect, to the extent applicable, the line items in the "consolidated statement of profit or loss" and "consolidated statement of income" of the 2018 Audited Consolidated Financial Statements.

The Company holds a 39% equity interest in Grand City Properties S.A. ("**GCP**"), a publicly listed company which owns a portfolio of residential real estate properties. GCP and its portfolio are not consolidated in the Company's consolidated financial statements. Instead, the Company's equity interest in GCP is presented as an investment in an equity-accounted investee.

Where financial data below is labelled "audited", this means that it has been taken from the audited financial statements mentioned above. The label "unaudited" is used in the below tables to indicate financial data that has not been taken from the audited financial statements mentioned above but was taken either from the 2019 Q3 Interim Financial Statements or Aroundtown's accounting or controlling records, or is based on calculations of these figures. Also, some of the financial and performance indicators including non-IFRS measures reproduced below were taken from Aroundtown's accounting records and are unaudited.

In order to ensure that figures given in the text and the tables sum up to the totals given, the numbers are commercially rounded to the nearest whole number or in some cases to such number that facilitates the summing up. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown. Financial information presented in parentheses denotes the negative of such number presented. In respect of financial data set out in the main body of the Prospectus, both a dash ("-") or a zero ("0") are used to signify either unavailable figures or figures which are either exactly zero or have been rounded to zero.

The following discussion and analysis should be read together with the Company's consolidated financial statements including the related notes, and additional information in the sections entitled "*15. BUSINESS*", "*2. RISK FACTORS*" and "*10. SELECTED CONSOLIDATED FINANCIAL INFORMATION*".

11.1 Overview

Aroundtown is a specialist real estate company, with a focus on value-add and income generating properties primarily in the German, Dutch, and UK real estate markets. Aroundtown invests in commercial and residential real estate assets which it believes benefit from strong fundamentals and growth prospects.

As of 30 September 2019, Aroundtown's commercial portfolio had an aggregate value of € 17.9 billion (excluding assets held for sale). Aroundtown's commercial portfolio primarily comprises offices, hotels, logistics/wholesale and retail properties. In addition, Aroundtown holds a 39% interest in GCP, a listed real estate company that focuses on investing in value-add opportunities primarily in the German residential real estate market. As of 30 September 2019, GCP's portfolio had an aggregate value of € 7.6 billion (excluding assets held for sale). GCP' portfolio is not consolidated in the Company's consolidated financial statements, but the Company's interest in GCP is presented as an investment in an equity-accounted investee. As of 30 September 2019, the Company's interest in GCP was recorded at € 1.9 billion. In addition, as of 30 September 2019, the Company's minority investment in subsidiaries of GCP and in other joint ventures amounted to € 530.3 million.

Operating with a fully integrated real estate value chain, Aroundtown targets cash generating properties with upside potential in terms of rental income and/or occupancy, lease and tenant structure, cost level optimization and consequential value. Through an intensive property operational repositioning, Aroundtown seeks to further improve its portfolio results, creating secure and strong cash flow generating characteristics and benefits from the portfolio's internal growth potential. The Company believes that this enables it to create significant value in its portfolio.

For the years ended 31 December 2018, 2017 and 2016, Aroundtown had revenue of €747.1 million, €527.1 million and €273.7 million, respectively, and profit of €1,827.8 million, €1,539.0 million and €901.1 million, respectively. In the nine months ended 30 September 2019, Aroundtown generated revenue of € 650.7 million and a profit of €1,477.2 million.

As of 31 December 2018, 2017 and 2016, the Company had total financial debt of €7.5 billion, €5.3 billion and €3.6 billion (primarily comprised of bonds and bank loans and including short-term loans and borrowings and financial debt held for sale, and convertible bonds in 2017 and 2016). As of 30 September 2019, the Company had total financial debt of € 10.0 billion.

11.2 Key Factors Influencing the Assets, Financial Condition and Results of Operation

The Company believes that it is subject to the following key industry trends and other factors which have impacted, and may continue to impact, its business, operations and financial performance:

11.2.1 Economic and demographic developments in Aroundtown's markets

Aroundtown's profits primarily depend on the amount of rental income its properties generate, and its operational and administrative expenses, and can be significantly impacted by proceeds from the disposal of properties and changes in the fair values of its investment properties. The level of rents Aroundtown can achieve from new or successor tenants, market values of commercial properties and the price at which properties can be purchased or sold depend to a large degree on the prevailing general economic and financial conditions in the markets where Aroundtown primarily operates (Germany and the Netherlands and to a certain extent in the United Kingdom and certain European cities in other markets).

Developments in the German and Dutch real estate markets are driven by a variety of general economic factors relating to economic growth, population growth, unemployment rates, consumer confidence, opportunities for acquisitions, rental income levels, new regulations affecting the real estate sector, changes in interest rates, changes of tax rates, levels of consumer and corporate debt, inflation rates and demographic trends. Real estate markets tend to fluctuate, with asset values and rents reflecting both positive and negative developments. Changes in population levels, particularly among younger segments of the working population, or in purchasing power or unemployment rates have a significant effect on the demand for offices, hotels, logistics/wholesale, retail and other commercial properties. The general level of demand for commercial property directly affects Aroundtown's ability to maintain or grow its occupancy rates, rent levels and weighted average lease term. Aroundtown's ability to attract and retain solvent and reliable tenants for its hotel properties depends on the broader development of the hotel market and on the demand for hotel rooms.

Similarly, the market for residential real estate in Germany, and consequently the performance of the residential properties held by GCP, depends on demographic developments, such as population levels and average age, population distribution and average household size, and other economic developments, such as changes in GDP, unemployment rates, and purchasing power.

In addition, these factors may be influenced by regional and local developments. As the commercial properties of Aroundtown and the residential properties held by GCP are spread across various cities

and regions primarily in Germany and the Netherlands and to a certain extent in the United Kingdom and other European cities, Aroundtown's business is also influenced by specific factors like regional demographic development, unemployment trends or infrastructure investments, which can significantly impact the attractiveness of a particular local or regional market as well as the level of market rents and valuation of properties in the local market. From 2016 to 2018, acquisitions were made predominantly in Germany and the Netherlands, especially in Berlin, Frankfurt, Amsterdam and NRW. Aroundtown has also made a number of acquisitions in London, with a smaller number of acquisitions in other locations.

11.2.2 Size of portfolio, rent levels and vacancy rates

The Company's revenue is significantly affected by the rental income its properties generate. Factors influencing rental income are the properties' in-place rent, vacancy rate and tenant turnover. In the periods under discussion, rental income increased significantly, to a large degree as a result of the significant increase in the overall portfolio size during this period due to acquisitions. Aroundtown focuses on acquiring properties which it believes have upside potential, primarily through operational improvements such as increased occupancy rates, rent levels and/or duration of lease terms as well as better optimising operational expenses.

Aroundtown's ability to achieve this upside potential, primarily through increasing its rental income and the weighted average lease term from new and existing tenants and through reducing vacancy rates, depends on many factors, including the demand for its properties, local market rents, the condition and location of its properties, required capex, refurbishment and modernisation measures and tenant turnover rates. The ability to optimise operational expenses also depends on many factors, such as management capability as well as inflation costs and unexpected costs and expenses. Aroundtown's ability to increase rents is also subject to certain limitations, including competition and other market conditions. Rent levels for properties held by Aroundtown or GCP are also subject, in certain cases, to contractual restrictions under purchase or financing arrangements in connection with the property, specific terms agreed with tenants under their leases, or conditions imposed as a consequence of having received government funding or public subsidies. Tenancy and other laws specifically apply to residential properties in Germany and in particular restrict the ability to increase rents.

11.2.3 Acquisition and disposal opportunities

Acquisitions have been the key driver of Aroundtown's growth in the periods presented in this Prospectus, helping the Company to significantly expand its commercial portfolio and increase its total assets by 70% from €8.1 billion at year-end 31 December 2016 to €13.8 billion as of 31 December 2017 and by 38% from 31 December 2017 to €19.0 billion as of 31 December 2018 and since then by 31% from 31 December 2018 to € 25.0 billion as of 30 September 2019. The main driver behind this growth was the increase in investment property through acquisitions as well as through the increase in value recorded through revaluation gains. The investment property balance increased by 95% from year-end 2016 to €9.8 billion as of 31 December 2017, and then again by 45% from year-end 2017 to €14.2 billion as of the end of 2018, excluding assets held for sale of €153 million in 2016, €501 million in 2017 and €210 million in 2018. The growth in investment property was offset by disposals during the respective periods. In 2017, Aroundtown sold properties for aggregate proceeds of approximately €140 million mainly in Frankfurt, Amsterdam, Hamburg and Dresden. In 2018 Aroundtown sold properties for aggregate proceeds of approximately €740 million, mainly in Frankfurt, Berlin, Munich, London, Freiburg, Regensburg, Koblenz and some other locations in NRW. This substantial growth in proceeds from disposals was primarily the result of the overall increase in Aroundtown's portfolio and the Company's strategy of making opportunistic dispositions of properties that it determines have less upside potential or are not located in regions Aroundtown focuses on. In the nine-months ended 30 September 2019, Aroundtown sold properties for aggregate proceeds of approximately €240 million mainly in Berlin, London, Rotterdamm and Salzgitter.

Aroundtown's continued portfolio growth is subject to the availability of suitable properties for sale in the market at attractive prices. Aroundtown seeks to acquire properties which it believes have value-add potential. Demand for real estate, in particular in Germany, has increased significantly over the past several years and continues to remain high, making it increasingly difficult for Aroundtown to find properties or portfolios of properties that satisfy its investment criteria and to acquire such properties or portfolios of properties on favourable terms and at attractive prices. Aroundtown believes that the increasing competition in the markets in which it operates is largely driven by the extended

period of historically low interest rates, which generally makes acquisition financing cheaper and also drives investors to search for yield in alternative investments such as real estate. So long as interest rates continue to remain low, Aroundtown believes that competition will increase and valuations in the commercial real estate market will continue to grow.

Aroundtown is focused on acquisitions of commercial properties; in particular, offices and hotels, and logistics/wholesale and retail properties, but many of the commercial properties available in the market do not fit Aroundtown's investment criteria. Similar difficulties are also present in the residential real estate markets and affect GCP's ability to continue to grow through operations and acquisitions. Due to strong competition within the German residential real estate markets in densely populated areas, the number of attractive properties available for investment has further decreased.

11.2.4 Changes in Fair Value of Investment Properties

Aroundtown accounts for its investment properties at fair value. Investment properties are measured at their fair value in accordance with the fair value model, and changes in the fair values of investment properties are recognised in profit or loss for the period. The valuation model is predominantly based on the present value of net cash flows to be generated from the property, taking into account expected rental growth rates, void periods, occupancy rates, lease incentive costs such as rent-free periods and other costs not paid by tenants, as well as capex and maintenance expenses related to the property. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, in estimating the discount rate Aroundtown's external valuators consider the quality of a building and its location, tenant credit quality, lease durations and terms as well as interest rates.

In addition, as of 30 September 2019, € 1,259 million of the portfolio was categorised as Land for development and other rights because these properties were deemed by Aroundtown to not be fully developed or to have additional value-add opportunities. These properties are primarily valuated according to the residual value valuation method, which takes into account the expected value of the properties after full development (based on discounting expected cashflows), less estimated construction and other development expenses and considering the envisioned construction timeline. In specific cases, the external valuators make special assumptions, primarily on the timeline and building permits, construction costs, tenor and expected lease terms, developer profit and other parameters. Any deviation from these assumptions can have an effect on the residual value of these Land for development and other rights, with changes in the fair values recognised in profit or loss for the period.

The determination of fair value reflects not only the circumstances directly connected with the specific property but also general conditions in the relevant real estate market, such as regional market developments, and general economic conditions or interest rate levels. Accordingly, developments in the general, regional or local real estate markets or general economic conditions, may require Aroundtown to revise the value of its properties. Any change in fair value must be recognised as a profit or loss under the fair value adjustment. Any significant fair value adjustments that Aroundtown is required to make could therefore have significant effects on Aroundtown's financial condition and results of operations. Property revaluations amounted to €1,459.6 million for the year ended 31 December 2018, €1,315.2 million for the year ended 31 December 2017, and €719.5 million for the year ended 31 December 2016 (as reclassified in the 2017 Audited Consolidated Financial Statements). Property revaluations amounted to € 1,060.2 million for the nine months period ended 30 September 2019 and € 1,168.9 million for the nine months period ended 30 September 2018.

11.2.5 Interest rates, costs of debt and currency exchange rates

Changes to prevailing interest rates could impact Aroundtown's business in a number of ways. Although Aroundtown's current debt structure primarily involves debt at fixed interest rates or, where variable interest rates apply, is predominantly subject to interest rate hedging agreements, rising interest rates (or market expectations regarding future increases in interest rates) could make additional financing needed by Aroundtown for its acquisition, capital expenditure and/or other real estate activities more expensive. Similarly, rising interest rates may dampen potential purchaser interest, thereby restricting Aroundtown's ability to dispose of its properties on favourable terms when desired.

In addition, the discount rate used to calculate the fair value of real estate properties changes based on the then prevailing interest rates, which in turn could result in potentially significant changes in the fair value of the properties held by Aroundtown and/or GCP.

Aroundtown's financial results are also impacted by changes in the exchange rates between its functional currency, the Euro, and other currencies in which it either incurs costs or receives revenue. In addition to Euro-denominated debt, Aroundtown currently has outstanding indebtedness denominated in British Pounds, U.S. dollars, Hong Kong dollars, Swiss Francs, Norwegian Krone, Australian dollars, Japanese Yen and Canadian dollars. Aroundtown has currency hedge agreements in place with respect to the majority of its outstanding debt in currencies other than Euro. The properties owned by Aroundtown in the U.K. act as a natural hedge to its British Pound-denominated debt, and therefore the Company has chosen not to hedge this exchange rate exposure.

11.2.6 Debt financing and access to capital markets

Aroundtown has a substantial level of debt. As at 30 September 2019, the total carrying amount of Aroundtown's total financial debt was € 10,047.7 million and Aroundtown's net financial debt (total financial debt less cash and liquid assets) was € 6,906.0 million.

The Company expects to repay or refinance debt when due through the issue of new or replacement bonds, perpetual notes, credit facilities or other debt instruments. The ability of Aroundtown to repay existing financial indebtedness when due through refinancing is an important factor for the Company's overall financial condition and might be adversely impacted by market conditions, developments in its business and its overall level of indebtedness. Although Aroundtown has successfully managed to refinance and reduce its debts and/or to extend the maturity of its debt in the past, future financings to repay debt or an increase in the level of total indebtedness might become more difficult or only available on less favourable terms. Aroundtown actively manages its debt and aims to refinance debt before the final maturity, in order to reduce the risk of refinancing and to achieve favourable conditions.

A part of Aroundtown's financing strategy is to satisfy a significant portion of its future financing needs through the issuance of unsecured corporate bonds and notes. The commercial terms upon which Aroundtown can issue such bonds and notes depends on its prevailing credit rating. The Company currently holds a corporate investment grade rating of "BBB+" from S&P. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. A decline or withdrawal of the Company's credit rating could have an adverse impact on its ability to issue bonds and notes on attractive terms or at all.

11.2.7 Performance of GCP

Given Aroundtown's 39% stake in the equity of GCP, Aroundtown's financial results are significantly impacted by the success of GCP's residential real estate business. The residential properties held by GCP are located primarily in Germany with a focus on cities in NRW, Berlin, Dresden, Leipzig, Halle, Hamburg, Bremen, Frankfurt, Mainz and Mannheim, as well as Munich, Nuremberg and Fürth, while some properties are also located in London. GCP's business, assets, results of operations and financial condition are affected by numerous factors, including the general economic environment in Germany, the conditions of the regional real estate markets in which it operates and the regulatory environment to which it is subject. In particular, demographic change in Germany, including a declining and ageing population, may cause the nationwide demand for accommodation to fall in the long term. Changes in other macroeconomic factors, such as gross domestic product, unemployment rates and purchasing power and social developments such as changes to average household size may also impact the demand for residential real estate. Any of these factors may impact the performance of GCP's residential portfolio and, in turn, impact the value of the Company's stake in GCP. In cases of a negative development of GCP's portfolio, this may result in the Company recording a loss to reflect the lower fair market value of its investment in GCP, whereas a positive development of GCP's portfolio could also result in a higher fair market value of its investment in a given period.

11.2.8 Factors that influence comparability of financial information from period-to-period

Aroundtown closed a number of acquisitions of properties during the periods under review that influence the comparability of the financial information contained in the consolidated financial statements as of and for the fiscal years ended 31 December 2018, 31 December 2017 and 31 December 2016 and in the 2019 Q3 Interim Financial Statements. In particular, the fair value of Aroundtown's investment properties increased significantly, from €5.0 billion as of 31 December 2016, to €14.2 billion as of 31 December 2018, and revenue from rental and operating income increased

from €273.7 million for the year ended 31 December 2016 to €747.1 million for the year ended 31 December 2018. These increases were primarily driven by the increased portfolio size from acquisitions and to a smaller extent by rental and occupancy increases. Also, the fair value of Aroundtown's investment properties increased significantly, from € 14.2 billion as of 31 December 2018 to € 17.9 billion as of 30 September 2019, and revenue from rental and operating income increased from € 539.8 million for the nine month period ended 30 September 2018 to € 650.7 million for the nine month period ended September 2019.

11.2.9 Non-IFRS Measures and Operating Data

The Company uses the interest coverage ratio which is based on the Adjusted EBITDA to finance expenses, in the context of assessing its finance expenses. Interest Cover Ratio is widely used in the real estate industry to assess the strength of a firm's credit profile, as it indicates the degree to which the Company's operational results are able to cover its interest expenses. For more information on these non-IFRS measures, see: "*10.4 Selected Other Consolidated Key Financial Information*".

In order to better assess the operational performance of the portfolio, Aroundtown also uses a "like-for-like" analysis, which measures the performance of the properties held at the start of the financial period and the end of the period, without adjustment for acquisitions and disposals, taking into account rent increases, weighted average lease terms, vacancy rates, and operational improvements to improve yields. The like-for-like measures are not IFRS measures and based on operating data.

Aroundtown also calculates the net rental yield of its investment portfolio, which is the Annualised net rental income divided by the fair value of the portfolio (but excluding properties held for sale). The operating data also includes a maintenance expense ratio, which is the ratio of maintenance and refurbishment expenses to investment property. Moreover, the operating data includes an unencumbered asset ratio, which is the ratio of rent generated by unencumbered assets to total rent, both of which include the Annualised net rate of GCP.

The non-IFRS ratios and financial measures and operating data should not be considered in isolation and are not measures of Aroundtown's financial performance or liquidity under IFRS and should not be considered as a substitute to rental income, net profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating, investing or financing activities or any other measure of Aroundtown's liquidity derived in accordance with IFRS.

Non-IFRS financial measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of Aroundtown's historical or future results of operations.

In addition, the non-IFRS ratios and financial measures and operating data contained in this management discussion may not be comparable to other similarly titled measures used by other companies. The Company believes that the non-IFRS ratios and financial measures discussed represent useful indicators of its financial performance when read in conjunction with the IFRS financial measures that the Company reports. Any investor should exercise caution in comparing the non-IFRS measures as reported by the Company to such measures, similar measures or adjusted variations thereof reported by other companies.

11.2.10 Key Statement of Income Items

Set forth below is a brief description of key items from the Company's consolidated income statement:

- ***Revenue.*** Revenue is comprised of rental and operating income. The operating income includes service charges which are tenants' pre-payments for their consumption in connection with their use of the rental property such as energy and water. The counterpart of this income, the expenses paid by the landlord, are accounted for as expenses in the property operating expenses.
- ***Property revaluations, capital gains and other income***. The item property revaluations and capital gains comprises revaluations of investment property and (where applicable) profit from bargain purchases (relating to business combinations) and capital gains and other income. Changes in fair value of investment property are revaluation gains (or losses), which are determined based on external valuations performed by independent professionally qualified valuators. The investment properties of Aroundtown are valuated at least once a year and are determined primarily according to the discounted cash flow method, for a period of at least ten

years, on the basis of the valuator's assumptions and cash flow forecast. Capital gains and other income also includes profits arising from business combinations, which occur when acquiring shares in a special purpose vehicle holding an asset through a share deal where the fair value of the total identifiable net assets of the acquired company exceeds the purchase price. Capital gain profits are the result of disposals of assets above their book value. This item is referred to as "Property revaluations and capital gains", in the 2018 Audited Consolidated Financial Statements, "Fair value adjustments, capital gains and other income" in the 2017 Audited Consolidated Financial Statements and "Capital gains, property revaluations and other income" in the 2016 Audited Consolidated Financial Statements.

- ***Share in profit from investment in equity-accounted investees***. The Company has significant influence in companies over which it does not exercise control and that are not consolidated in its consolidated financial statements. This item predominantly reflects the Company's strategic investment in GCP, through which it holds its residential portfolio, amounting to a stake of 39% as of 30 September 2019, as well as in other entities.
- ***Property operating expenses.*** Property operating expenses includes ancillary expenses, maintenance and refurbishment expenses, purchased services and other operating costs. It also includes operational personnel expenses and depreciation and amortisation. Other operating costs comprise various operational expenses such as marketing, legal, transportation and travel, communications and VAT.
- ***Administrative and other expenses.*** Administrative and other expenses primarily include overhead costs such as administrative personnel expenses, legal and consulting fees, year-end closing, accounting and audit expenses and sales and marketing expenses.
- ***Finance expenses.*** Finance expenses consist of interest expenses from credit institutions and third parties and finance expenses from straight and convertible bonds (in each case presented on a net basis).
- ***Other financial results.*** Other financial results represents changes in the time value of provisions, changes in the fair value of traded securities, bond issuance and repurchase expenses, changes in the fair value of derivative financial instruments, hedging fees and consumer price index ("**CPI**") effects on borrowing and redemption costs, loan arrangement and custody fees and other one-time payments. These expenses vary from one period to another, impacted by the Group's level of capital market activity and changes in the fair value of financial assets and liabilities.
- ***Taxation.*** Taxation is comprised of corporation tax, property tax and deferred tax expenses. Deferred tax expenses are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realised or the liabilities are settled, based on tax rates/laws that have been enacted or substantively enacted by the end of each reporting period.

11.3 Results of Operations

11.3.1 Revenue

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited)			(audited)	
	in millions of €				
Germany	440.0	415.8	564.3	436.0	235.6
Netherlands	110.3	81.5	113.3	80.0	34.6
Others	100.0	42.5	69.5	11.1	3.5
Total revenue	**650.7**	**539.8**	**747.1**	**527.1**	**273.7**

11.3.1.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Total revenue increased from €539.8 million for the nine months period ended 30 September 2018 to €650.7 million for the nine months period ended 30 September 2019, an increase of 21%, as a result

of increased rental and operating income and reflecting a 22% increase in the Company's net rental income from €455.8 million for the nine months period ended 30 September 2018 to €554.5 million for the nine months period ended 30 September 2019. The increase in net rental income was primarily driven by the significant increase in Aroundtown's property portfolio through acquisitions between the periods, of which acquisitions with a volume of €2.6 billion was closed during the first nine months of 2019. In addition, the Company continued to generate organic growth in its portfolio on a like-for-like basis. The total net rent like-for-like increase, which is an operational, non-IFRS measure and represents the last twelve months development of the net rents of the investment properties held at the beginning of the fourth quarter of 2018 and at the end of the third quarter of 2019, excluding disposals and acquisitions during that period, was 4.3% in 30 September 2019, of which 2.4% was the result of in-place rent increases and 1.9% the result of occupancy increases.

Aroundtown's portfolio is predominantly located in Germany, with 68% of rental income generated in Germany for the nine months period ended 30 September 2019, compared to 77% for the nine months period ended 30 September 2018. The reason for the lower proportion of rental income attributable to Germany for the nine months period ended 30 September 2019 compared to the nine month period ended 30 September 2018 is that Aroundtown acquired a number of significant properties outside of Germany, including in Paris, Amsterdam and other locations in Belgium and the Netherlands.

11.3.1.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Total revenue increased from €527.1 million in 2017 to €747.1 million in 2018, an increase of 42%, as a result of increased rental and operating income and reflecting a 41% increase in the Company's net rental income from €449.0 million in 2017 to €633.0 million in 2018. Net rental income consists of recurring long-term net rental income and net rental income related to properties marked for disposal. Recurring long-term net rental income increased from €415.2 million in 2017 to €613.8 million in 2018, while net rental income related to properties marked for disposal decreased from €33.8 million in 2017 to €19.2 million in 2018. The increase in net rental income was primarily driven by the significant increase in Aroundtown's property portfolio through acquisitions of over €3.0 billion on a consolidated basis. In addition, the Company continued to generate organic growth in its portfolio on a like-for-like basis. The total net rent like-for-like increase, which is an operational, non-IFRS measure and represents the development of the net rents of the investment properties held at the beginning of the year and at the end of the year, excluding disposals and acquisitions during that year, was 4.8% in 2018, of which 2.6% was the result of in-place rent increases and 2.2% the result of occupancy increases.

Aroundtown's portfolio is predominantly located in Germany, with 76% of rental income generated in Germany in 2018, compared to 83% in 2017. The reason for the lower proportion of rental income attributable to Germany in 2018 compared to 2017 is that Aroundtown acquired a number of significant properties outside of Germany, including in London, Amsterdam and Utrecht.

11.3.1.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Total revenue increased from €273.7 million in 2016 to €527.1 million in 2017, an increase of 93%, as a result of increased rental and operating income and reflecting the significant increase in the Company's portfolio during the year as well as the full year impact of properties acquired in the previous year. While growth through acquisitions was the primary driver of the increased rents, the rental income also increased due to rent and occupancy increases of the existing portfolio. The total net rent like-for-like increase, which is a non-IFRS measure and represents the development of the net rents of the investment property held at the beginning of the year and at the end of the year, excluding disposals and acquisitions during 2017, was 5.1%, with 1.8% coming from occupancy increases and 3.3% from in-place rent increases.

Aroundtown's portfolio is predominantly located in Germany, with 83% of rental income generated in Germany in 2017, compared to 86% in 2016.

11.3.2 Property revaluations and capital gains

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Property revaluations / Change in fair value of investment property and profit from bargain purchases[2]	—[3]	—[3]	1,459.6	1,315.2	719.5[1]
Capital gains / Capital gains and other income	—[3]	—[3]	76.8	11.4	—[3]
Property revaluations, capital gains and other income	**1,066.0**	**1,244.6**	**1,536.4**	**1,326.6**	**719.5**

(1) Reclassified €64.7 million from profit arising from business combination to change in fair value of investment property to enhance comparability with 2017 figures.

(2) Including profit from bargain purchases resulting from business combinations.

(3) Item is not shown separately in the relevant unaudited interim condensed consolidated financial statements or consolidated financial statements of the Company.

11.3.2.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Property revaluations, capital gains and other income for the nine months period ended 30 September 2019 amounted to €1,066.0 million, down from €1,244.6 million recorded for the nine months period ended 30 September 2018 as a result of lower property revaluation gains during the period in 2019 compared to the period in 2018. Revaluation gains is by nature not an item with a linear recurring characteristic and it is subject to internal and external parameters. The Company's ability to generate high value appreciation stems from its value-add driven investment strategy and its ability to lift its potential. As at the end of September 2019, Aroundtown's investment portfolio was valued at €2,401 per sqm with a net rental yield of 4.8%, a non-IFRS measure, compared to €2,092 per sqm and a net rental yield of 5.2% at the end of September 2018. This line item also includes capital gains and other income which was lower due to larger disposal activity during the period in 2018.

11.3.2.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Property revaluations and capital gains for 2018 amounted to €1,536.4 million in 2018, reflecting a growth of 16% over €1,326.6 million recorded in 2017. The high property revaluations are the result of Aroundtown's business model of acquiring assets with a value-add potential through operational improvements and its ability to lift this potential. As of year-end 2018, Aroundtown's investment portfolio was valued at €2,159 per sqm with a net rental yield of 5.2%, a non-IFRS measure, compared to €1,923 per sqm and a net rental yield of 5.2% at year-end 2017. Capital gains for the year 2018 amounted to €76.8 million compared to €11.4 million in 2017, driven by the disposals of properties at higher prices than their book value.

11.3.2.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Property revaluations, change in fair value of investment property and profit from bargain purchases were €1,315.2 million in 2017, an increase of 84% from €719.5 million in 2016. The growth was driven by an 83% increase in property revaluation gains compared to 2016, as Aroundtown continued to implement its business model of acquiring assets which its management deems to have strong upside potential at attractive valuations and realising that potential through asset repositioning, management expertise and its operational platform. The focus on acquiring properties in locations which experience high demand supported the value-add approach due to the favourable market demands in Aroundtown's portfolio locations. As of year-end 2017, Aroundtown's investment portfolio was valued at €1,923 per sqm with a net rental yield of 5.2%, compared to €1,670 per sqm and 6.1% at year-end 2016. Due to profits from disposals, the Company recorded €11.4 million in capital gains and other income in 2017.

11.3.3 Share in profit from investment in equity accounted investees

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Share in profit from investment in equity accounted investees	**241.6**	**191.5**	**251.6**	**228.4**	**197.1**

11.3.3.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Share in profit from investment in equity-accounted investees amounted to €241.6 million for the nine month period ended 30 September 2019, reflecting a growth of 26% compared to €191.5 million recorded for the nine month period ended 30 September 2018, mainly due to increased investments in other joint ventures. These profits mainly relate to the Company's strategic investment in GCP, direct minority positions in residential properties consolidated by GCP, as well as revaluations, appreciation and profits from other joint venture investments. The balance of equity accounted investees increased to €2.4 billion as at the end of September 2019 from €2.1 billion as at the end of September 2018, consisting of €1,881.8 million of equity-accounted investees in publicly traded company-holding in GCP SA and €530.3 million of other equity-accounted investees as at the end of September 2019, compared to €1,757.9 million of equity-accounted investees in publicly traded company-holding in GCP SA and €367.9 million of other equity-accounted investees as at the end of September 2018. The Company's strategic investment in GCP allows the Company to benefit from the positive dynamics of the residential real estate sector and GCP's high operating performance.

11.3.3.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Share in profit from investment in equity-accounted investees amounted to €251.6 million in 2018, representing a growth of 10% from €228.4 million in 2017. This growth was due to the Company's increased stake in GCP as well as increased investments in other joint ventures. The Company's weighted average holding of GCP increased from 36% during the year 2017 to 38% during the year 2018 and was 39% as of year-end 2018. The balance of equity accounted investees increased to €2.2 billion in 2018 from €1.9 billion in 2017, consisting of €1,807.6 million of equity-accounted investees in publicly traded company-holding in GCP and €407.2 million of other equity-accounted investees in 2018, compared to €1,609.7 million of equity-accounted investees in publicly traded company-holding in GCP and €295.9 million of other equity-accounted investees in 2017. Through its increased stake in GCP, Aroundtown benefitted from a higher participation in GCP's profit. GCP's profit was mainly impacted by the positive development in the residential real estate market and GCP's high operating performance.

11.3.3.3 Year ended 31 December 2017 compared to year ended 31 December 2016

The year-over-year increase from 2016 to 2017 of 16% was primarily related to profits generated by GCP in 2017 as well as the Company's increased holding in GCP over the course of 2017, with a weighted holding rate of 36% during 2017 compared to 33% during 2016. The balance of equity accounted investees increased to €1.9 billion in 2017 from €1.6 billion in 2016, consisting of €1,609.7 million of equity-accounted investees in publicly traded company-holding in GCP and €295.9 million of other equity-accounted investees in 2017, compared to €1,316.7 million of equity-accounted investees in publicly traded company-holding in GCP and €240.3 million of other equity-accounted investees in 2016. GCP continued to generate substantial profit mainly due to operational profits and property revaluations.

11.3.4 Property operating expenses

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Ancillary expenses and purchased services	—(1)	—(1)	(149.4)	(100.7)	(51.5)
Maintenance and refurbishment	—(1)	—(1)	(25.9)	(18.8)	(11.7)
Depreciation and amortisation	—(1)	—(1)	(1.6)	(2.0)	(2.0)
Operational personnel expenses	—(1)	—(1)	(12.8)	(7.6)	(3.7)
Other operating costs	—(1)	—(1)	(29.4)	(18.0)	(6.5)
Property operating expenses	**(172.7)**	**(161.4)**	**(219.1)**	**(147.1)**	**(75.4)**

(1) Item is not shown separately in the relevant unaudited interim condensed consolidated financial statements of the Company.

11.3.4.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Property operating expenses for the nine months period ended 30 September 2019 amounted to €172.7 million, growing by 7% compared to €161.4 million recorded for the nine months period ended 30 September 2019. Since these expenses are tied to the Company's expanding size and larger operating activities, the expenses increased along with the growing portfolio. The largest proportion of the property and operating expenses were ancillary expenses and purchased services, such as energy, heating and water costs, and are mainly recoverable from the tenants. Additionally, this item includes costs such as maintenance, marketing and property operating personnel expenses which also increased in line with the portfolio's growth. Year-over-year increase in this item was lower than the increase in rental income mainly due to acquisitions of properties in which the ancillary costs are paid directly by the tenants and in addition by operational efficiencies and economies of scale achieved by the Company's platform. Due to the first-time implementation of IFRS 16 principles, ground lease expenses in the amount of €5.3 million which before the initial implementation were presented as part of the operating expenses, are now presented as finance expenses.

11.3.4.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Property operating expenses for 2018 amounted to €219.1 million, a 49% increase compared to €147.1 million in 2017, growing in line with the rental activities of the larger portfolio. The largest proportion of the property and operating expenses were ancillary expenses and purchased services, such as energy, heating and water costs, and are mainly recoverable from the tenants. In 2018, these expenses amounted to €149.4 million, up from €100.7 million in 2017.

Maintenance and refurbishment expenses for 2018 amounted to €25.9 million, an increase of 38% from €18.8 million in 2017, which was in line with the increase of the Company's property portfolio. These expenses related to the lease structure (i.e., single versus multi-tenant, full versus partial pass-through expenses) and to the asset type of the property, which resulted in different maintenance cost structures and thus fluctuated between the periods depending on the portfolio's lease structure composition. However, the maintenance expense ratio of investment property, which is the ratio of maintenance and refurbishment expenses to investment property, was sustained at 0.2% for both years.

Operational personnel expenses grew to €12.8 million in 2018, up from €7.6 million in 2017, as the Company required a larger number of personnel to manage its expanding portfolio.

Other operating costs, which include various operational expenses such as marketing, legal, transportation and travel, communications and VAT, amounted to €29.4 million in 2018, up from €18.0 million in 2017.

Property operating expenses were also affected by cost inflation occurring in the growing economies in the regions in which the Company operates, and mainly consisted of wage and material cost inflation. In addition, there are significant variances in property and operating expenses across different commercial property types and tenant and lease structures, and as a result, fluctuations in property operating expenses occur between periods due to ongoing changes in the composition of asset types and lease structures within Aroundtown's portfolio.

11.3.4.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Property operating expenses amounted to €147.1 million in 2017 compared to €75.4 million in 2016, increasing in line with the accompanying increase in rental revenues due to both organic and portfolio growth over the same period. These expenses consisted primarily of ancillary costs that are recoverable from tenants, such as energy, heating and water costs, and as such are directly related to the growth of the portfolio, which nearly doubled over the course of 2017.

Maintenance and refurbishment costs increased by 61%, from €11.7 million in 2016 to €18.8 million in 2017, and reflect the continuous level of upkeep required to maintain the asset quality. These expenses are dependent on the lease structure (i.e., single versus multi-tenant, full versus partial pass-through of expenses) and to the asset type of the property, which result in different maintenance cost structures and thus fluctuate between the periods depending on the portfolio's lease structure composition.

Personnel expenses tied to property operations more than doubled, from €3.7 million in 2016 to €7.6 million in 2017, given the significantly increased portfolio size year-over-year. Other operating costs, which includes various operational expenses such as marketing, legal, transportation and travel, communications and VAT, increased from €6.5 million in 2016 to €18 million in 2017 in line with the growth of the operations.

While the increase in operating expenses is consistent with the portfolio growth between the two periods, the varying nature of the different commercial property types, tenants, and lease structure (e.g. single versus multi-tenant, full versus partial pass-through of expenses) and the associated operating and maintenance structures can result in fluctuations of these expenses in relation to the rental income between periods when the asset type and/or lease structure composition within the portfolio changes significantly. Due to the relatively stable asset type distribution and lease structure there was no material fluctuation from 2016 to 2017.

11.3.5 Administrative and other expenses

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Personnel expenses	—(1)	—(1)	(10.7)	(6.4)	(3.4)
Legal and professional fees	—(1)	—(1)	(4.6)	(3.7)	(1.8)
Year-end closing, accounting and audit expenses	—(1)	—(1)	(3.0)	(2.5)	(1.8)
Sales, marketing and administrative expenses	—(1)	—(1)	(4.2)	(2.1)	(0.9)
Administrative and other expenses	**(19.3)**	**(15.0)**	**(22.5)**	**(14.7)**	**(7.9)**

(1) Item is not shown separately in the relevant unaudited interim condensed consolidated financial statements of the Company.

11.3.5.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Administrative and other expenses for the nine months period ended 30 September 2019 amounted to €19.3 million, up from €15.0 million recorded for the nine months period ended 30 September 2018, growing in line with the Company and its increased corporate initiatives. These expenses mainly consist of administrative personnel expenses as well as legal and consultancy fees. In order to maintain its position as a market leader, the Company incurred overhead expenses for administrative support, including additions to its management team and boards, as well as increased costs in the area of environmental, social and governance ("**ESG**"), and the Company executed capital market activities which resulted in higher legal and consultancy fees.

11.3.5.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Administrative and other expenses for 2018 amounted to €22.5 million, up from €14.7 million in 2017, growing in line with the Company and its increased corporate initiatives. The largest item under these expenses is personnel expenses which amounted to €10.7 million in 2018, compared to €6.4 million in 2017. In order to maintain its position as a market leader, the Company incurred overhead expenses

for administrative support, including additions to the Advisory Board and the management team, as well as increased costs in the area of ESG, where the Company set up an ESG team to structure its sustainability efforts. In addition, during 2018, the Company issued several series of straight bonds in order to improve its debt profile, which resulted in higher legal and consultancy fees.

11.3.5.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Administrative and other expenses amounted to €14.7 million in 2017, increasing from €7.9 million in 2016 as a result of the significant growth of the Company during the year. Administrative personnel expenses were the largest single contributor with €6.4 million and increased in line with the significant growth of the Company, requiring additional support at the overhead level, including an addition of three new Board members during the year, as well as an increased focus on ESG measures and reporting. Legal and professional fees reflect the strong growth of Aroundtown on the corporate front in 2017 and relate, among others, to the up-listing of the Company to the Prime Standard of the Frankfurt Stock Exchange completed in September 2017, the re-domiciliation from Cyprus to Luxembourg in September 2017, and the de-listing of the Company's shares from the Euronext Paris exchange in December 2017 which resulted in the consolidation of the Company's share trading on the Frankfurt Stock Exchange.

11.3.6 Finance expenses

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Finance expenses	**(106.2)**	**(81.8)**	**(114.6)**	**(69.7)**	**(47.4)**

11.3.6.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Aroundtown recorded finance expenses of €106.2 million for the nine months period ended 30 September 2019 compared to €81.8 million recorded for the nine months period ended 30 September 2018. This growth was mainly driven by new bond issuances. Between the two periods, Aroundtown raised close to €3.3 billion through the issuance of straight bonds and *Schuldschein* issuances, of which close to €3.1 billion was issued during the period in 2019. The proceeds were utilised in funding the Company's growth, prepaying €360 million of shorter debt Series D (2022) and Series F (2023) and the remainder supported the Company's liquidity position. The majority of the issuances were under Aroundtown's EMTN Programme, enabling Aroundtown to attract funds from international markets via various instruments, as well as to diversify its investor base.

The Company's interest coverage ratio for the nine months period of 2019, which is a non-IFRS measure, remained high at 4.6x Adjusted EBITDA to finance expenses, although it was slightly lower than 4.7x for the nine months period ended 30 September 2018 due to the larger increase in bond issuance and associated increase in finance expenses compared to the increase in Adjusted EBITDA.

11.3.6.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Aroundtown recorded finance expenses of €114.6 million in 2018 compared to €69.7 million in 2017. The growth in finance expenses was mainly due to bond issuances during 2018 that totalled close to €3.0 billion and to bond issuances in 2017 which had their full year effect in 2018. Proceeds from these issuances were utilised to fund the Company's growth, as well as to refinance shorter-term debt. The majority of the issuances were under Aroundtown's EMTN Programme, enabling Aroundtown to attract funds from international markets via various instruments, as well as to diversify its investor base. The Company's average debt maturity remained long at 7.4 years (down from almost 8 years in 2017). The Company's average cost of debt remained low at 1.8% at the end of 2018, increasing only slightly compared to 1.6% at the end of 2017 due to issuing bonds at higher coupon rates, which mainly related to longer bond maturities. The cost of debt remained low due to S&P's upgrade of the Company's credit rating to BBB+ from BBB in December 2017.

The Company's interest coverage ratio, which is a non-IFRS measure, remained high at 4.7x Adjusted EBITDA to finance expenses, although it was slightly lower than 5.4x at the end of 2017 due to the larger increase in bond issuance and associated increase in finance expenses compared to the increase in Adjusted EBITDA.

11.3.6.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Aroundtown's finance expenses amounted to €69.7 million in 2017 as compared to €47.4 million in 2016. The increase in finance expenses year-over-year of 47% is the result of the significantly higher level of debt issued in 2017, in order to finance the Company's growth during the year which consisted of bonds with longer maturities to increase the average debt maturities to almost 8 years from 5.5 years in the previous year. The year-on-year increase in finance expenses was in line with the increase in the Company's total financial debt to €5.2 billion as of year-end 2017 from €3.6 billion at year-end 2016. Over the course of 2017, Aroundtown issued over €2.2 billion in straight bonds through several issuances. The average cost of debt declined from 2% at the beginning of 2017 to 1.6% at the end of 2017. As the finance expenses increased less than the Adjusted EBITDA, the interest coverage ratio, which is a non-IFRS measure, increased in 2017 to 5.4x Adjusted EBITDA to finance expenses from 4.5x in 2016.

11.3.7 Other financial result

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Other financial result	**92.4**	**(81.4)**	**(93.8)**	**(15.0)**	**(35.9)**

11.3.7.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Aroundtown recorded an income of €92.4 million for its other financial results for the nine months period ended 30 September 2019, compared to an expense of €81.4 million recorded for the nine months period ended 30 September 2018. The result is composed of items that are primarily non-recurring or non-cash, which fluctuate by nature and thus, vary from one period to another. The income in the first nine months of 2019 is mainly attributed to the positive changes in the fair value of financial derivatives and traded securities and partially offset by expenses related to prepayment of over €300 million bonds at a premium as well as currency differences. On the other hand, the expenses recorded in the first nine months of 2018 were mainly due to the effect of the repurchase of over €300 million of the straight bond Series D at premium, expenses related to conversion incentives of convertible bonds, as well as negative fair value changes of financial assets.

11.3.7.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Aroundtown recorded an expense of €93.8 million for its other financial results in 2018, compared to €15 million in 2017, mainly reflecting an increase in exceptional expenses. This item consists of expenses related to bond issuances and buybacks, bank and debt repayment fees, hedging fees and CPI hedging effects, as well as fair value changes in financial derivatives and traded securities. The year-over-year growth was primarily driven by costs associated with new bond issuances, the repurchase of €319 million nominal amount of the outstanding Series D Bonds at a premium (103.938% of the nominal amount excluding any accrued interest), conversion incentives for Series C bonds and fair value changes in traded securities and derivative financial instruments. These expenses tend to vary from one period to another, impacted by the level of capital market activity and changes in the fair value of financial assets and liabilities.

11.3.7.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Other financial result amounted to €15 million in 2017 compared to €35.9 million in 2016, reflecting a lower amount of expenses that primarily resulted from exceptional expenses such as financing-related costs and changes in fair values of financial derivatives and traded securities. The finance-related costs for the year, which constitute primarily capital market issuance costs, bank fees and prepayment

fees, accounted for the majority of the other financial expenses in 2017 as a result of the significant level of capital markets activity carried out during the year as well as continued debt-refinancing activities. Aroundtown raised €4.2 billion of bonds and equity (including convertible bond conversions) during 2017 and redeemed the remainder of the Series A bonds together with accrued but unpaid interest for a total consideration of €39.5 million and the convertible bonds issued by PCI together with accrued but unpaid interest for a total consideration of €22.5 million. The other principal item impacting other financial result during 2017 was the Company's repurchase of €160.4 million nominal value of its outstanding Series A bonds in 2016, which were bought back at a premium to book value for a total consideration of €166.5 million due to a considerable reduction in the bond's yield post issuance compared to the residual amount of €40 million in 2017, resulting in the substantially higher expense for other financial result in 2016 compared to 2017.

11.3.8 Taxation

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Corporation tax	—[1]	—[1]	(19.6)	(15.9)	(11.1)
Property tax	—[1]	—[1]	(24.8)	(17.6)	(8.8)
Current tax expenses	(41.9)	(32.9)	(44.4)	(33.5)	(19.9)
Deferred tax expenses	(233.4)	(215.5)	(212.9)	(263.1)	(102.7)
Tax and deferred tax expenses	**(275.3)**	**(248.4)**	**(257.3)**	**(296.6)**	**(122.6)**

1) Item is not shown separately in the relevant unaudited interim condensed consolidated financial statements of the Company.

11.3.8.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Aroundtown recorded total tax expenses of €275.3 million for the nine months period of 2019, compared to €248.4 million recorded for the nine months of 2018. The largest item under total tax expenses is deferred tax expenses which amounted to €233.4 million for the nine months of 2019, decreasing from €215.5 million recorded for the nine months of 2018. The Company accounts for theoretical future disposals of properties in the form of asset transactions, triggering the full real estate tax rate. In practice, as Aroundtown's assets are mainly held in separate special purpose vehicles, the Company can dispose of assets through share deals and thus minimise its effective tax rate.

11.3.8.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Aroundtown recorded total tax expenses of €257.3 million for the year 2018 compared to €296.6 million recorded in 2017. The largest item under total tax expenses is deferred tax expenses which amounted to €212.9 million for the year 2018, decreasing from €263.1 million in 2017. The Company accounts for theoretical future disposals of properties in the form of asset transactions, triggering the full real estate tax rate. In practice, as Aroundtown's assets are mainly held in separate special purpose vehicles, the Company can dispose of assets through share deals and thus minimise its effective tax rate.

11.3.8.3 Year ended 31 December 2017 compared to year ended 31 December 2016

The Company's total tax expenses amounted to €296.6 million for 2017, increased from €122.6 million in 2016 and was made up predominantly of non-cash deferred tax expenses, which also drove the year-over-year increase. Deferred taxes are non-cash expenses that are the direct result of the property revaluation gains recorded during the year, and as such increased to €263.1 million in 2017 from €102.7 million in 2016 due to significantly higher revaluations recorded in 2017.

11.3.9 Profit for the year

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	2018	2018	2017	2016
	(unaudited)		(audited)		
	in millions of €				
Profit for the period	**1,477.2**	**1,387.9**	**1,827.8**	**1,539.0**	**901.1**
Of which attributable to Owners of the Company	1,084.1	1,238.5	1,620.4	1,282.6	728.2
Of which attributable to Perpetual notes investors	39.7	34.2	46.1	28.8	3.7
Of which attributable to Non-controlling interests	353.4	115.2	161.3	227.6	169.2

11.3.9.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

Aroundtown generated a profit of €1,477.2 million for the nine months period ended 30 September 2019, growing by 6% compared to €1,387.9 million recorded for the nine months period ended 30 September 2018, driven by operational profits and income from positive changes in the fair value of financial derivatives and traded securities, despite lower revaluation gains year-over-year. The year-over-year increase in non-controlling interests relates to revaluation gains recorded in properties with minority share as well as the Company's net consolidation activities. The year-over-year increase in profit attributable to perpetual notes investors relates to the impact from new perpetual notes issuances in 2019.

11.3.9.2 Year ended 31 December 2018 compared to year ended 31 December 2017

Aroundtown generated a profit of €1,827.8 million for the year 2018, up by 19% compared to €1,539.0 million recorded in 2017, of which owners of the Company's profit amounted to €1,620.4 million, an increase of 26% compared to €1,282.6 million in 2017. This increase reflects the growth in operational profits as well as revaluation and capital gains. The profit was also positively impacted by disposal gains over the book value. Profit attributable to the perpetual noteholders grew by 60% to €46.1 million, compared to €28.8 million in 2017, mainly due to the issuance of €400 million perpetual notes in 2018 and the full period effect of the perpetual notes issued in 2017. Profit attributable to non-controlling interests decreased by 29%, mainly due to the Company's consolidation activities during the year.

11.3.9.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Aroundtown generated a profit of €1,539.0 million in 2017, representing a 71% increase over the profit of €901.1 million recorded in 2016 as a result of the factors discussed above. Profit attributable to owners of the Company increased by 76% to €1,282.6 million from €728.2 million in 2016. The profit attributable to perpetual note investors increased to €28.8 million, as the perpetual notes issued in the last quarter of 2016 only had a partial effect on 2016 year-end results and the Company issued an additional €700 million in perpetual notes in 2017. According to IFRS accounting treatment, the perpetual notes are classified as equity and payments by the Company under its perpetual notes are recorded through changes in equity as a separate line item from profit attributed to the owners of the Company, and not as a financial expense in the income statement. For more information on the Company's perpetual notes, see: "*16.3.3 Perpetual Notes*".

11.4 Liquidity and Capital Resources

11.4.1 Sources of Liquidity – Overview

The Company's primary sources of financing are straight bonds, loans and borrowings, perpetual notes and capital increases and a mix of cash flow from operating activities and dispositions of assets. In addition, the Company had unencumbered assets of €13.5 billion and an unencumbered asset ratio (i.e., the ratio of rent generated by unencumbered assets to total rent, both of which included the Annualised net rate of GCP's and other investments' contribution, and excluded the net rent from assets held for sale) of 80%, in each case as of 30 September 2019 (31 December 2018: €10.2 billion of unencumbered assets, unencumbered assets ratio: 72%; 31 December 2017: €7.1 billion of unencumbered assets, unencumbered assets ratio: 71%; 31 December 2016: €2.9 billion of

unencumbered assets, unencumbered assets ratio: 56%), providing additional financial flexibility. The Company's principal liquidity requirements have been, and are expected to be, for working capital and general corporate purposes, including capital expenditures and debt service, as well as to identify targets and effect strategic acquisitions.

The Company established its EMTN Programme in 2017 through which it started to diversify its funding sources by issuing instruments in various foreign currencies, with the exchange rate risks primarily hedged to maturity through swaps. In 2018, the Company continued to issue new bonds, primarily, under the EMTN Programme, in an aggregate principal amount of €2.9 billion, through 12 straight bond issuances, including in various non-Euro currencies (AUD, CHF, CAD and USD) which were swapped to Euro, and through one Promissory Note (Schuldscheindarlehen) issuance. In addition, the Company issued GBP 400 million of straight bonds in 2018 without a currency hedge, in order to create an effective hedge for the Company's UK properties. Net financial debt as of 31 December 2018 amounted to €5.9 billion, compared to €4.4 billion as of 31 December 2017, driven by new bond issuances and offset by the full conversion of the remaining convertible bonds and the repurchase of €319 million aggregate principal amount of Series D bonds. Total straight bonds as of 31 December 2018 amounted to around €6.4 billion in aggregate principal amount outstanding, compared to around €3.8 billion as of 31 December 2017.

In 2019 year-to-date, the Company additionally issued an aggregate of € 3.1 billion of debt, consisting of eight straight bond issuances and two *Schuldschein* issuances. As of 30 September 2019, the Company had a long average debt maturity of 7.4 years with a cost of debt of 1.7% (see: "*16.3 Financing Agreements*" and "*25.1 Recent Development*").

As of 30 September 2019, the Company also had non-recourse bank loans in the amount of €940.0 million (of which €674.8 million was non-current) outstanding, with the related assets serving as the security under the respective loans. As at 31 December 2018 the outstanding amount was €1,119.9 million (of which €1,092.9 million was non-current). At 31 December 2017 and 2016, the outstanding amounts under bank loans were €1,127.8 million (of which €956.9 million were non-current) and €1,150.6 million (of which €962.0 million were non-current).

11.4.2 Analysis of Cash Flows

	for the nine month period ended 30 September		for the year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
	(unaudited)		(audited)		
	in millions of €				
Net cash provided by operating activities	456.1	346.0	472.8	361.7	178.8
Net cash used in investing activities	(2,598.7)	(2,943.4)	(2,924.3)	(2,753.9)	(1,900.2)
Net cash provided by financing activities	3,348.1	2,879.2	2,952.9	2,491.9	2,244.0
Net changes in cash and cash equivalents[(1)]	**1,205.5**	**281.8**	**501.4**	**99.7**	**522.6**

(1) The line item "Net changes in cash and cash equivalents" as referenced in the consolidated statement of cash flows of the 2018 Audited Consolidated Financial Statements is designated as "Net increase in cash and cash equivalents" in the consolidated statement of cash flows of the 2017 and 2016 Audited Consolidated Financial Statements.

11.4.2.1 Nine months ended 30 September 2019 compared to nine months ended 30 September 2018

A total of €456.1 million net cash was provided by operating activities for the nine months period ended 30 September 2019, up by 32% from €346.0 million recorded for the nine months period ended 30 September 2018. This reflects the growth in operational profits and is mainly attributable to robust top-line and bottom-line growth driven by the accretive external growth and strong organic growth. Owing to its solid operational performance, Aroundtown continues to extract its high potential and transform this potential into high growth, which provided for a total like-for-like net rental income growth of 4.3% in the past twelve months.

A total of €2,598.7 million net cash was used in investing activities for the nine months period ended 30 September 2019, compared to €2,943.4 million recorded for the nine months period ended 30 September 2018. The balance mainly consists of two items: net acquisitions and investment in

traded securities and other financial assets. The accretive acquisitions conducted during the year, net of the disposal activity, makes up the majority of net cash used in investing activities. Additionally, the balance includes investments in traded securities and other financial assets, of which the largest investment was attributed to the investment in Globalworth's shares.

A total of €3,348.1 million net cash was provided by financing activities during the nine months period ended 30 September 2019, compared to €2,879.2 million provided during the nine months period ended 30 September 2018. During the year, Aroundtown issued €3.1 billion of bonds, €0.9 billion of perpetual notes and raised €0.6 billion of equity capital. Proceeds from the issuances were deployed into funding the Company's accretive growth strategy as well as utilised in optimising the debt profile. Consequently, Aroundtown prepaid over €360 million of bonds and distributed over €200 million of cash dividends. Additionally, Aroundtown also prepaid shorter-term bank debt which further offset the growth in this item.

As a result, the net increase in cash and cash equivalents was €1,205.5 million for the nine months period ended 30 September 2019 and grew significantly compared to €281.8 million increase for the nine months period ended 30 September 2018. This net increase had a strong contribution to high liquidity balance of €3.1 billion at the end of September 2019. High liquidity balance not only plays a key role in swift and efficient acquisitions but also strengthens the Company's healthy balance sheet and financial flexibility.

11.4.2.2 Year ended 31 December 2018 compared to year ended 31 December 2017

The net cash provided by operating activities for 2018 amounted to €472.8 million, up by 31% compared to €361.7 million recorded in 2017, reflecting Aroundtown's significant operational profit growth, which was achieved through robust external and organic growth. The organic growth is demonstrated by the 4.8% total like-for-like net rental growth in 2018. Net cash used in investing activities for 2018 increased by 6% to €2,924.3 million, compared to €2,753.9 million in 2017, driven by the substantial level of acquisitions carried out during the year, as further discussed under "*11.6 Investments*" below.

The net cash provided by financing activities for 2018 increased by 18% to €2,952.9 million, compared to €2,491.9 million in 2017, primarily driven by the capital market issuances that were conducted during the year. The net increase in cash and cash equivalents was €501.4 million for 2018, up by over 400% compared to an increase of €99.7 million in 2017. This significant growth contributed towards the substantial level of cash and liquid assets of €1,600.6 million as of year-end 2018, an increase of nearly 90% compared to 2017.

11.4.2.3 Year ended 31 December 2017 compared to year ended 31 December 2016

The net cash provided by operating activities increased to €361.7 million in 2017, an increase of 102% compared to €178.8 million in 2016. The increase corresponds to the year-on-year increase in the Company's funds from operations and reflects the significantly increased scale of operations between the ends of the two periods. Net cash used in investing activities amounted to €2,753.9 million for 2017 in comparison with €1,900.2 million in 2016, reflecting Aroundtown's accelerated pace of acquisitions, as further discussed under "*11.6 Investments*" below.

Net cash provided by financing activities increased to €2,491.9 million in 2017, compared to €2,244.0 million in 2016, and is directly related to the Company's rapid growth during the year and the capital markets activities used to fund the growth. The net increase in cash and cash equivalents as a result amounted to €99.7 million for 2017 as compared to €522.6 million for 2016 and resulted in a total of €849 million and €835.8 million of liquid assets available as of year-end 2017 and year-end 2016 respectively.

11.5 Contractual Obligations

The Company's total financial debt amounted to €10.0 billion as of 30 September 2019 as compared to €7.5 billion as of 31 December 2018, (31 December 2017: €5.3 billion; 31 December 2016: €3.6 billion).

The following table presents an overview of Aroundtown's non-current and current liabilities as of 30 September 2019 and 31 December 2018, 31 December 2017 and 2016.

11.5.1 Liabilities

	As of 30 September 2019	As of 31 December		
		2018	2017	2016
	(unaudited)		(audited)	
		in millions of €		
Loans and borrowings[1]	940.0	1,119.9	1,127.8	1,150.6
Straight bonds	9,107.7	6,351.6	3,827.0	1,714.0
Convertible bonds	0	0	293.8	708.7
Deferred tax liabilities[2]	1,140.2	887.8	776.5	379.5
Other long term liabilities and derivative financial instruments[3]	283.5	164.1	125.0	48.4
Current liabilities[4]	486.1	573.1	370.4	146.7
Total liabilities	**11,957.5**	**9,096.5**	**6,520.5**	**4,147.9**

(1) Including short-term loans and borrowings and financial debt held for sale.

(2) Including deferred tax under held for sale.

(3) Including short term derivative financial instruments

(4) Excluding current liability items that are included in the lines above

11.5.1.1 Nine months ended 30 September 2019 compared to the year ended 31 December 2018

The Company's growth during the first nine months of 2019 was accompanied by a significant increase in the balance of liabilities as Aroundtown financed its growth largely through the issuance of additional straight bonds. As a result, total liabilities increased to €11,957.5 million as of 30 September 2019, up 31% from €9,096.5 million at year-end 2018, which was in line with the increase in total assets of 31%.

11.5.1.2 Year ended 31 December 2018 compared to year ended 31 December 2017

The Company's growth during 2018 was accompanied by a significant increase in the balance of liabilities as Aroundtown financed its growth largely through the issuance of additional straight bonds. As a result, total liabilities increased to €9,096.5 million as of year-end 2018, up 40% from €6,520.5 million at year-end 2017, which was in line with the increase in total assets of 38%.

11.5.1.3 Year ended 31 December 2017 compared to year ended 31 December 2016

The Company's growth during 2017 was accompanied by a considerable increase in the balance of liabilities as Aroundtown financed its growth largely through debt financing. As a result, total liabilities increased to €6,520.5 million as of year-end 2017, up 57% from €4,147.9 million at year-end 2016 but below the increase in total assets of 70%.

11.5.2 Net Financial Debt

	As of 30 September 2019	As of 31 December		
		2018	2017	2016
	(unaudited)		(audited)	
		in millions of €		
Total financial debt[1]	10,047.7	7,471.5	5,248.6	3,573.3
Cash and liquid assets[1]	3,141.7	1,600.6	848.7	835.8
Net financial debt	**6,906.0**	**5,870.9**	**4,399.9**	**2,737.5**

(1) Including balances held for sale.

11.5.2.1 Nine months ended 30 September 2019 compared to the year ended 31 December 2018

Net financial debt amounted to €6.9 billion at the end of September 2019, compared to €5.9 billion at year-end 2018, driven by new issuances. The cash and liquid assets balance was €3.1 billion at the

end of September 2019, increasing from €1.6 billion at year-end 2018. A high liquidity balance plays a key role in swift and efficient acquisitions and also provides financial flexibility and a strong financial headroom.

11.5.2.2 Year ended 31 December 2018 compared to year ended 31 December 2017

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

11.5.2.3 Year ended 31 December 2017 compared to year ended 31 December 2016

Aroundtown's net financial debt as of year-end 2017 amounted to €4.4 billion, an increase from €2.7 billion at year-end 2016 to fund the Company's growth. The decreased convertible bonds balance, resulting mainly from the conversion into equity of the Series B bonds, offset the €2.1 billion increase in the balance of straight bonds for a net increase of €1.7 billion in total financial debt. The debt balance was considerably offset by a high level of cash and liquid assets in the amount of €849 million, which remained at a similar level to year-end 2016, and is the result of the Company's policy of maintaining a strong liquidity position at all times to ensure a great degree of flexibility. As part of its financial policy, Aroundtown maintains a low level of leverage and high level of liquidity in order to ensure a strong and robust financial position and a strong credit profile.

11.5.3 Maturity of liabilities

The following table shows the expected future cash outflows for interest and principal repayments of financial liabilities as of 31 December 2018, including the impact of derivatives and excluding the impact of netting agreements, and the future periods in which such repayments are expected to be settled in cash.

	Maturities					
	Carrying Amount	**Total**	**Less than 1 year**	**1-3years**	**3-5 years**	**More than 5 years**
			(audited) in millions of €			
Bank loans and borrowings	1,119.9	1,206.8	45.9	472.7	311.7	376.5
Straight bonds	6,432.6	7,607.1	122.2	241.8	1,164.5	6,078.6
Trade and other payables	135.7	135.7	135.7	—	—	—
Total	**7,688.2**	**8,949.6**	**303.8**	**714.5**	**1,476.2**	**6,455.1**

11.6 Investments

Aroundtown's investments are primarily in its investment properties. Below is a summary of the investments for the periods discussed.

11.6.1 Investments related to the period 1 January – 31 December 2016

In 2016, Aroundtown acquired approximately €2.2 billion of commercial properties. The acquisitions were done in various transactions, primarily in Berlin, Amsterdam, North-Rhine Westphalia, Frankfurt and Hamburg. In 2016, Aroundtown entered the Dutch market with approximately one-third of its acquisitions in the period completed in the Netherlands. Over 75% of the portfolio acquired in 2016 were office properties, and the remaining asset types were retail, hotel and others.

In 2016, Aroundtown's capital expenditure ("**capex**") investments amounted to €30.5 million, which represented a ratio of 0.6% of its investment property, as of 31 December 2016. Capex investments are aimed at improving the rent and value potential of the portfolio and are divided, depending on their target, into investments that are a component of the asset repositioning process aimed to provide additional income drivers and generate more value from properties ("**expansion capex**") and investments aimed at attracting new tenants, retaining existing tenants and maintaining high tenant

quality and keeping a long average lease maturity ("**tenant improvement**"), and other capex, which includes ongoing expenditure to retain the quality of the asset. Of the €30.5 million total capex in 2016, 27% was spent on expansion capex and 42% on tenant improvement and 31% on others.

The acquisitions carried out in 2016 were financed from the opening cash balance for the period, amounting to €121 million, €1,750 million in nominal amount of straight bonds issued in the period, €267 million of equity raised in the period, €500 million in nominal amount issued as perpetual notes and a €505 million increase in loans and borrowings in the period. An additional source was the net cash provided by operating activities, which amounted to €178 million in the period. Not all of the cash raised and generated was utilised in the period for acquisitions of investment properties, hence the net change in cash and cash equivalents was an increase of €523 million as of the end of the period.

11.6.2 Investments related to the period 1 January – 31 December 2017

In 2017, Aroundtown acquired approximately €3.7 billion of commercial properties in various transactions, in particular in Berlin, Frankfurt, Munich, Stuttgart, Cologne, Düsseldorf, Dresden, Dortmund, Leipzig, Mannheim, Hamburg, Amsterdam and Rotterdam.

These acquisitions were financed from the opening cash balance for the period, amounting to €641 million, close to €2,250 million in nominal amount of straight bonds issued in the period, €876 million of equity raised in the period, U.S. $ 700 million in nominal amount issued as perpetual notes as well as €100 million tap issuance of perpetual notes. An additional source was the net cash provided by operating activities, which amounted to €362 million in the period. Not all of the cash raised was utilised in the period for acquisitions of investment properties, hence the net change in cash and cash equivalents was an increase of €100 million as of the end of the period.

Capex investments totalled €73 million in 2017, which represented 0.7% of its investment properties as of 31 December 2017, compared to €31 million in 2016, as a result of the much larger portfolio size and the increased repositioning efforts aimed at continuing to generate superior returns in the medium to long term. Expansion capex accounted for 38% of the total capex spent in 2017, tenant improvements and related costs amounted to 30% of the total and other capex accounted for the remaining 32%.

11.6.3 Investments related to the period 1 January – 31 December 2018

In 2018 Aroundtown acquired approximately €3.1 billion of commercial properties, in various transactions, mainly in Berlin, Frankfurt, Munich, Stuttgart, London, NRW, Amsterdam and Utrecht, including office and hotel assets in Berlin (including the Hilton Berlin Gendarmenmarkt and the Bristol Hotel Berlin Ku'damm Prime Center, ex-Kempinski), Frankfurt (office properties next to the main central train station) and London (the Hilton London Hyde Park).

These acquisitions were financed from the opening cash balance for the period, amounting to €736 million, €2,765 million in nominal amount of straight bonds issued in the period, €606 million of equity raised in the period, €400 million in nominal amount issued as perpetual notes, €100 million in nominal amount issues as Promissory Notes and €146 million increase in loans and borrowings in the period. An additional source was the net cash provided by operating activities, which amounted to €472.8 million in the period. Not all of the cash raised was utilised in the period for acquisitions of investment properties, hence the net changes in cash and cash equivalents was an increase of €501 million as of the end of the period.

In 2018, total capex amounted to €148 million, compared to €73 million in 2017. The total capex in 2018 represented a ratio of 1.0% of its investment properties compared to 0.7% in 2017. Along with the portfolio's growth, Aroundtown increased its efforts in realising the value potential of its properties. Expansion capex in 2018 amounted to 28% of total capex, investments for tenant improvements amounted to 40% of the total capex and others was 32%.

11.6.4 Investments related to the period 1 January – 30 September 2019

In the first nine month of 2019, Aroundtown acquired approximately €2.6 billion of commercial properties, in various transactions, mainly in Munich, Berlin, Frankfurt, Cologne, Hamburg, Paris, and Benelux. In addition, Aroundtown has signed several real estate transactions in a volume of approximately € 0.5 billion, which have not yet been completed and are subject to several conditions precedent.

These acquisitions were financed from the opening cash balance for the period, amounting to €1,242.8 million, close to €2,860 million in nominal amount of straight bonds issued in the period, €600.6 million of equity raised in the period, €500.0 million and £400.0 million in nominal amount issued as perpetual notes, €225.0 million in nominal amount issues as Promissory Notes offset by €179.9 million decrease in loans and borrowings in the period.

An additional source was the net cash provided by operating activities, which amounted to €456.1 million in the period. Not all of the cash raised was utilised in the period for acquisitions of investment properties, hence the net changes in cash and cash equivalents was an increase of €1,205.5 million as of the end of the period.

In the first nine months of 2019, total capex amounted to €160 million, compared to €98 million in the first nine months of 2018, which represented a ratio of 0.9% of its investment properties compared to 0.7% in the first nine month of 2018.

11.6.5 Investments since 30 September 2019

Since 30 September 2019, Aroundtown has signed real estate transactions in a volume of approximately € 0.5 billion, which have not yet been completed and are subject to several conditions precedent (see: "25 *RECENT DEVELOPMENT AND OUTLOOK*"). Along with the portfolio's growth, Aroundtown increased its efforts in realising the value potential of its properties since 30 September 2019.

11.7 Contingent Liabilities and Off-balance Sheet Arrangements

The Company had no significant contingent liabilities as at 30 September 2019 and is not party to any off-balance sheet arrangements that have had, or are reasonably likely to have, a material effect on its financial condition, changes in financial condition, income or expenses, results of operations, liquidity or capital resources.

11.8 Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to a number of different market risks in the ordinary course of business, including interest rate risk, credit risk and liquidity risk. The Company's risk management strategy aims to minimise the adverse risks effects of market risks on its financial performance and results of operations. For this purpose, the Company uses selected derivative financial instruments to hedge its financial risk exposure on interest rates. The Company has not entered into any transactions in derivative financial instruments for speculative or trading purposes. For more information see "*Risks management objectives and policies*" in Note 26.3 to the 2018 Financial Statements.

11.8.1 Interest Rate Risk

The general business of Aroundtown is subject to interest rate risks. The Group's exposure relates primarily to its long-term debt obligations with floating and variable interest rates. The Group manages its interest rate risk by hedging long-term debt using swap, collar, forward and cap contracts. As of 31 December 2018, 97% of Aroundtown's financial debt was hedged by hedging instruments (such as swaps, caps, collars and forwards).

The table below presents the interest profile of the Company's interest-bearing debt, after taking into account the effect of hedging, as of 31 December 2018 and 2017:

	Nominal amount as at 31 December	
	2018	**2017**
	(audited) **in millions of €**	
Fixed rate	6,670.2	4,598.2
Capped rate	574.0	491.8[(1)]
Floating rate	227.3	158.6[(1)]
Total	**7,471.5**	**5,248.6**

(1) reclassified in 2018

11.8.2 Interest Rate Sensitivity Analysis

The following table shows the sensitivity to a reasonably possible change in interest rates on that portion of long-term debt affected, after the impact of hedging. The sensitivity analysis examines what

effects a parallel shift in the yield curve by +/- 100 basis points as of 31 December 2018 and 2017 would have on the Company's equity and consolidated statement of comprehensive income. The cash-flow effects of a shift in the yield curve relate solely to interest income and expenses for the respective subsequent reporting period.

Based on the financial instruments held or issued by the Company as of 31 December 2018, a hypothetical change – quantified by way of sensitivity analysis at the end of the reporting period would have increased (decreased) profit before tax and pre-tax equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Increase/decrease in basis points	Effect on profit before tax and pre-tax equity
	(audited) in millions of €	
2018	+100	(6.0)
	-100	1.4
2017	+100	(4.4)
	-100	—

11.8.3 Exchange Rate Risks

This is the risk that the fair values or future cash flows of a financial instrument fluctuate due to changes in exchange rates. The Company's exposure to exchange rate risk is related mainly to Aroundtown's net investment in foreign subsidiaries and to its bonds denominated in foreign currencies (*inter alia* U.S. dollars, Australian dollars, Canadian dollars, Japanese Yen, British Pounds, Hong Kong dollars, Swiss Franks, and Norwegian Krone). The Company uses cross-currency swaps, interest rate swaps and forward contracts to hedge the exposure to changes in fair value of the Company's straight bonds which arise from foreign exchange rate risk and cash flow risk derived from the changes in exchange rates and interest rates.

The Company has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange rate swaps is identical to the hedged risk component. To test the hedge effectiveness, the Company compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk. Hedge ineffectiveness can arise from different foreign exchange and interest rate curves applied to the hedge items and hedging instruments, differences in timing of cash flows and the counterparties' credit risk, which can impact the fair value movements of the hedging instruments and the hedged items differently.

11.8.4 Equity Price Risk

The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages its equity risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. As of 31 December 2018, the Company's exposure to investments in listed traded securities was €352.0 million (compared to €87.7 million in 2017). As of 30 September 2019, the Company's exposure to investments in listed traded securities was €687.9 million.

11.8.5 Credit Risk

Credit risk is the risk that counterparties will be unable to meet their contractual payment obligations under a financial instrument or customer contract, and that this will result in a financial loss for the Company. The Company is exposed to credit risk arising from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments.

The Company manages credit risk for trade and other receivables by requiring its property managers to adhere to Aroundtown's established policy and control procedures relating to customer credit risk management. The Company has no significant concentration of credit risk.

The following presents the ageing of rent receivables at the end of the reporting period that were not impaired:

	Carrying amount as at 31 December	
	2018	**2017**
	in millions of € (audited)	
Neither past due and past due 1-30 days	9.9	15.2
Past due 31-90 days	4.4	1.0
Past due above 90 days	6.7	4.2
Total	**21.0**	**20.4**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Credit risk from balances with banks and financial institutions is managed by Aroundtown's treasury department in accordance with Aroundtown's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Groups' investment in debt instruments at fair value through profit or loss consists of quoted debt securities that are investment grade and in hybrid instruments with collateral consisting of quoted debt securities with very low credit risk.

The Group holds its cash and cash equivalents and its derivative instruments with high-rated banks and financial institutions with high credit ratings. Concentration risk is mitigated by not limiting the exposure to a single counter-party.

11.8.6 Liquidity Risk

As at 30 September 2019, the total carrying amount of Aroundtown's total financial debt was €10.0 billion and Aroundtown's net financial debt (total financial debt less cash and liquid assets) was €6.9 billion. Liquidity risk arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of loss. The Group has procedures with the objective of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Aroundtown has borrowed a significant amount of debt by the issue of bonds (for a table presenting the contractually agreed payments under the Company's financial instruments see: "*11.5.1 Liabilities*" above).

The existing loan agreements and bonds require, in particular that Aroundtown complies with certain financial covenants, such as a maximum LTV, a minimum debt-service or interest cover ratio, a minimum ratio of unencumbered properties and other assets and restrictions on the sale of properties. If one of these covenants is breached and the breach is not cured within the relevant time limit, the debt may be declared due and payable prior to its scheduled maturity, exposing the Company to additional liquidity risk. The agreements also include cross default provisions and therefore, in the even that Aroundtown defaults under one of its agreements, triggering an event of default thereunder, all outstanding bonds and loans may become due and repayable in their respective principal amount plus any accrued interest. If the Company is not able to redeem the bonds plus accrued interest in full or repay the loans when required, this could lead to the insolvency of the Company (for further information on events of default under outstanding bonds and loans see: "*16.3 Financing Agreements*").

In addition, the Company through ATF Netherlands BV and AT Securities B.V. has issued perpetual notes with an aggregate principal amount of €1 billion and USD 700 million (of which the Company has since repurchased USD 58.5 million) (which are accounted for as equity in the Audited Consolidated Financial Statements). The Perpetual Notes have no maturity date, and may be redeemed by the relevant issuer, at its sole discretion, on the relevant First Call Date (as defined in the terms and conditions of the relevant Perpetual Note) and at certain intervals thereafter.

As of the date of this Prospectus, Aroundtown has issued approximately € 8.6 billion of notes under its EMTN Programme.

11.9 Critical Accounting Policies and Estimates

The preparation of Aroundtown's consolidated financial statements requires management to make certain significant estimates and assumptions that impact amounts of reported assets and liabilities, income and expenses. These estimates and underlying assumptions are based on historical experience and various other factors that management deems to be reasonable based on information available at that time. Actual results may deviate from such estimates. These estimates and underlying assumptions are revised periodically and any changes are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods. The following discussion details the most significant areas of estimation, uncertainty and critical judgements used by management in preparing Aroundtown's financial statements.

11.9.1 Valuation and Fair Value of Investment Properties

As of 31 December 2018, Aroundtown had a holding of €14.2 billion of investment properties, which represented 74.4% of total assets. As of 30 September 2019, Aroundtown had a holding of €17.9 billion of investment properties, which represented 71.8% of total assets. An investment property is property-comprising buildings held by the owner to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services, for administrative purposes or for sale in the ordinary course of business. Investment property is measured initially at cost, including costs directly attributable to the acquisition. After initial recognition, investment property is measured at fair value which reflects market conditions at the end of the reporting period. Gains or losses arising from changes in the fair values of investment property are included in profit or loss when they arise.

The fair value measurement of investment property requires valuation experts and the Company's management to use certain assumptions regarding rates of return on Aroundtown's assets, future rents, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability and the implications of any investments made for future development purposes in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value, potentially significantly. Aroundtown uses the discounted cash flow model to evaluate its investment properties. This valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are then discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. Each of the inputs used in calculating the discounted cash flow model requires management and the Company's external valuators to exercise judgement and make assumptions about expected future results. Changes to any of these judgements could result is potentially significant changes in the estimated value of investment properties. The fair value of the properties of Aroundtown is determined annually with regular updates for its quarterly financial reporting in accordance with the requirements of IFRS. These valuations are prepared by external, independent and certified valuators, mainly by the appraisers Jones Lang LaSalle, Cushman & Wakefield and NAI. With respect to the valuation made in connection with the consolidated financial statements of the Company for the fiscal year ended 31 December 2018, Aroundtown has assumed weighted average rental growth of 1.82%, void periods of between 0-24 months after the end of each lease, and risk adjusted discount rates in the range of 2.0%-12.3% (with a weighted average of 5.68%). The estimated fair value would decrease if the expected market rental growth is lower, void periods were longer, the occupancy rates were lower and/or the risk-adjusted discount rate were higher.

11.9.2 Impairment of financial assets measured at amortised cost

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

11.9.3 *Impairment of investments in associates*

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

11.9.4 *Tax and deferred tax expenses*

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

11.9.5 *Impairment of intangible assets*

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

11.9.6 *Impairment of goodwill*

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

12. PROFIT FORECAST

12.1 Guidance of the Funds From Operations (FFO I) for the Fiscal Year 2019 of Aroundtown SA

On 27 November 2019, the Company has published a revised guidance on its expected funds from operations ("**FFO I**") for the fiscal year 2019 on a consolidated basis (the "**FFO I Guidance 2019**"). The FFO I Guidance 2019 is not a presentation of facts and should not be interpreted as such by investors. Rather, it reflects the forward-looking expectations of the board of directors of the Company with respect to the future development of the Company's FFO I. Potential investors should not place undue reliance on this FFO I Guidance 2019. Investors should also read the section "*3.4 Forward-Looking Statements*" of the Prospectus.

The calculation of the FFO I for the purpose of the FFO I Guidance 2019 was based on the calculation methodology and reconciliation used by the Company to calculate the FFO I.

The FFO I is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. The Company calculates FFO I by deducting from the Adjusted EBITDA Commercial Portfolio, Recurring Long-term, the Finance expenses, Current tax expenses and Contribution to minorities and adds back Other adjustments. The FFO I is derived from the Adjusted EBITDA (for calculation and reconciliation of the FFO I and the Advised ABITDA, see *"10.4 Selected Other Consolidated Key Financial Information*".

The FFO I Guidance 2019 is based on the following assumptions made by the board of directors of the Company. These assumptions relate to factors (i) outside of the Company's influence, (ii) that can be influenced by the Company to a limited extent or (iii) that can be influenced by the Company. Even though the Company considers these assumptions as appropriate when preparing the FFO I Guidance 2019, they may prove in retrospect to be inappropriate or unfounded in the future. If one or more of these assumptions should prove to be inappropriate or unfounded, the actual FFO I can deviate materially from the FFO I Guidance 2019. The FFO I Guidance 2019 does not reflect any effects from the potential takeover of TLG IMMOBILIEN AG, which includes one-time expenses for the preparation of the takeover.

12.2 FFO I Guidance 2019 for the current fiscal year 2019

On 27 November 2019, the Company published the revised FFO I Guidance 2019 that was based on the developments in the fiscal year 2019 to that date. The Company expected the FFO I for the fiscal year 2019 to amount to over € 500 million. As of the date of this Prospectus the FFO I Guidance 2019 is still valid.

The FFO I Guidance 2019 has been revised throughout the year 2019; originally, the Company published on 28 March 2019 a FFO guidance for the financial year 2019 in the amount of € 460 million, which was adjusted to more than € 490 million on 28 August 2019. The following FFO I guidance reflects the current status as of the date of this Prospectus. The aforementioned FFO I guidance was calculated on the same methodology as the FFO I Guidance 2019 on the basis of information available at the given time.

12.3 Explanatory Notes to the FFO I Guidance

12.3.1 Basis of Preparation

The FFO I Guidance 2019 was based on the Company`s accounting information prepared on the basis of the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The accounting policies applied by the Company are described in the notes to the consolidated financial statements of the Company as of and for the fiscal year ended on 31 December 2018. The FFO I Guidance 2019 is consistent with the Company's accounting policies.

For the purposes of the FFO I Guidance 2019, property acquisitions in the current fiscal year 2019 with a gross acquisition volume of € 3.1 billion that had been signed at the date of preparation of the FFO I Guidance 2019 and whose transfers of benefits and encumbrances are expected to take place until the end of the year 2019 have been taken into consideration from the anticipated take over date. Depending on each expected transfer of benefits and encumbrances, the property acquisitions are included in the FFO I Guidance 2019 on a pro rata basis with their income from and expenses related to letting activities. Likewise, the FFO I Guidance 2019 includes planned property disposals scheduled

to take place in the fiscal year 2019 whose transfer of benefits and encumbrances is expected to take place in the fiscal year 2019. The income from and expenses related to letting activities affected by the disposals of properties are not recognised in the FFO I Guidance 2019 after each expected transfer of benefits and encumbrances. The date of acquisitions and disposals are not in the full control of the Company. A delay in the transaction from assumed dates can have an impact on the FFO I Guidance 2019.

12.3.2 Factors and Assumptions

The FFO I Guidance 2019 for the fiscal year 2019 is influenced by a range of factors as well as assumptions of the board of directors of the Company.

12.3.2.1 Factors outside the Company's influence

The FFO I Guidance 2019 is generally subject to factors which are completely outside of the influence of the Company. The main factors and related assumptions are described below:

12.3.2.1.1 Factor: Unforeseeable events such as "force majeure"

While preparing the FFO I Guidance 2019, the Company has assumed that no significant unforeseeable events will occur that could lead to significant constraints in the ongoing business operations of the Company or its subsidiaries, for instance force majeure (e.g. fire, flooding, hurricanes, storms, earthquakes or terrorist attacks), strikes, extraordinary macroeconomic events or war.

12.3.2.1.2 Factor: Legislative and regulatory conditions

While preparing the FFO I Guidance 2019, the Company has assumed that there will be no or only insignificant changes in the current legal and regulatory framework (e.g. concerning tenancy and tax law).

12.3.2.1.3 Factor: Economic developments in the real estate industry

For the purposes of the FFO I Guidance 2019, the Company has assumed that:

- no financial or economic crisis will occur that affects Europe and specifically Germany, the Netherlands and the United Kingdom (e.g. Brexit),
- the economic conditions in Germany, the Netherlands and the United Kingdom will not suffer any negative developments, and
- the real estate industry, especially in Germany, the Netherlands and the United Kingdom, will not suffer any negative developments, and that the Company will be able to retain its current competitive position in the market.

12.3.2.1.4 Factor: Changes in interest rates

While preparing the FFO I Guidance 2019, the Company assumes that the current interest rates will remain stable, with the Company's financing strategy and financing structure remaining largely unchanged. As the Company has secured a significant portion of its floating rate liabilities with interest rate hedges, the Company does not expect any significant negative short-term effects on its financial expenses.

12.3.2.1.5 Factor: Cost inflation

For the purposes of the FFO I Guidance 2019, the Company did not assume any significant cost inflation in the fiscal year of 2019.

12.3.2.2 Factors that can be influenced by the Company to a limited extent

Likewise, other factors that can be influenced by the Company to a limited extent affect the FFO I Guidance. The relevant assumptions are described below:

12.3.2.2.1 Factor: Income from letting activities

Income from letting activities comprises net rental income. For the purposes of the FFO I Guidance 2019, the Company assumes that the recurring long-term net rental income (excluding held for sale

properties) for the fiscal year 2019 will be approximately € 750 million on the basis of the contractually agreed rents, the impact from its acquisition and disposals, and the impact from the rent increase due to re-letting, re-negotiation and new lettings. Recurring long term net rental income in the fiscal year 2019 will therefore increase by approximately € 136 million compared to the fiscal year 2018, primarily due to the acquired properties in 2019. Furthermore, for the purposes of the FFO I Guidance 2019 the Company assumes that the like-for-like performance of the portfolio held at the end of 2018 net of acquisitions and disposals in 2019 will be over 4%.

12.3.2.2.2 Factor: Property operating expenses

Expenses related to letting activities comprise expenses in connection with the letting of properties, such as expenses from operating costs, asset and property management expenses, ancillary expenses and purchased services which are to a certain extent recoverable from the tenants, maintenance expenses, rental loss and expenses related to other services. For the purposes of the FFO I Guidance 2019, the Company assumes that the expenses related to letting activities in the fiscal year 2019 will reduce relative to its rental income compared to the fiscal year 2018 mainly due to the economies scale benefit of a larger portfolio compared to the fiscal year 2018. The relation of the expenses to the rental income assumed is based on historical experience and may deviate considerably from the budget assumptions owing to events such as unplanned increases of the vacancy rate or major unscheduled maintenance work.

12.3.2.2.3 Factor: Operating and other operating income

For the purposes of the FFO I Guidance 2019, the Company assumes that, relative to rental income, other operating income in the fiscal year 2019, adjusted for possible other effects, will develop in a comparable way to the fiscal year 2018.

12.3.2.2.4 Factor: Administrative and other expenses

For the purposes of the FFO I Guidance 2019, the Company assumes that, in the fiscal year 2019, administrative expenses relative to rental income will increase in a comparable way as in the fiscal year 2018.

12.3.2.2.5 Factor: Finance expenses

For the purposes of the FFO I Guidance 2019, the Company takes into account:

- the total amount of debt in the current fiscal year 2019 of € 10.0 billion based on the year-end 2018 amount of debt including new debt that had been issued and debt that had been repaid within 2019 at the date of preparation of the FFO I Guidance 2019
- the average costs of the Company's overall debt of 1.7%
- all of the terms and conditions of its financing contracts, especially financial covenants, will be met;
- the interest rate risk will remain low in the fiscal year 2019, also due to interest rate hedges (interest rate swaps) concluded by the Company; and
- the liquidity risk will remain low as the Company assumes that sufficient liquidity is available and that the current level of the average financing costs of existing loan agreements can be reached even if new loan agreements are concluded or existing loan agreements are extended.
- the loan-to-value ratio of the property portfolio as a whole will remain largely stable
- the Company's credit rating will remain unchanged

12.3.2.2.6 Factor: Current income taxes

The Company expects corporation income tax rates to remain stable and does not expect the tax laws concerning the Company, in its different jurisdictions, to change in the fiscal year 2019. The Company expects the current income taxes for the fiscal year 2019 – adjusted for tax effects from the result from the disposal of investment property, from the settlement of interest rate hedge transactions as well as from the costs of capital market transactions and from aperiodic effects – to amount to approximately € 60 million.

12.3.2.2.7 *Factor: Other adjustments*

The FFO I Guidance 2019 has been adjusted for other adjustments. Contribution to minorities are deducted and further adjustments referring to finance expenses and current tax expenses related to assets held for sale are added back. Due to the deduction of the share in profit from investment in equity-accounted investees in the adjusted EBITDA calculation which includes the operational profits from those investments, Aroundtown adds back its relative share in GCP's reported FFO I after perpetual notes attribution and the FFO I of other investments, reflecting the recurring operational profit generated by those investments for the period in accordance with the holding rate over the period. For the FFO I Guidance 2019, the Company assumes these recurring operational profits to be positive. The published FFO I guidance for the year 2019 by GCP was applied for GCP's assumed FFO I after perpetual notes attribution in the Company's FFO I Guidance 2019.

12.3.2.3 Factors that can be influenced by the Company

12.3.2.3.1 *Factor: Timing of acquisitions and disposals*

Acquisitions and disposal exceeding the amount which have been signed at the time the FFO I Guidance 2019 was set can influence the potential rent and thus the FFO I Guidance 2019.

The date of acquisitions and disposals are not in the full control of the Company. A delay in the transaction from assumed dates can have an impact on the FFO I Guidance 2019.

12.3.2.3.2 *Factor: Capex*

In the event of a change of tenant, the Company can determine what amount to invest in the lettable area so as to positively influence the potential rent price for that lettable area. The amount invested in a lettable area affects the amount of rent charged under a new rental agreement as well as the time that lettable area remains vacant before a new rental agreement is concluded. For the purposes of the FFO I Guidance 2019, the Company assumes that in the fiscal year 2019 the expenses for such investments in newly let areas will develop in a comparable way to the fiscal year 2018.

12.4 Other Explanatory Notes

The FFO I Guidance 2019 for the current fiscal year 2019 was prepared on 27 November 2019, prior to the publication of the condensed interim financial statements for the nine month period ended 30 September 2019. As the FFO I Guidance 2019 relates to a period not yet completed and is prepared on the basis of assumptions about future uncertain events and actions, it naturally entails substantial uncertainties. Because of these uncertainties, it is possible that the actual FFO I for the current fiscal year 2019 may differ materially from the FFO I Guidance 2019.

13. PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF AROUNDTOWN AS OF AND FOR THE FISCAL YEAR ENDED 31 DECEMBER 2018 AND AS OF AND FOR THE NINE MONTHS ENDED 30 SEPTMBER 2019

13.1 Introduction

On 19 November 2019, Aroundtown SA, (the "**Company**" and together with its consolidated subsidiaries "**Aroundtown**" and equity-accounted investees, including GCP, the "**Group**"), resolved and announced its intention to offer to purchase all no par-value bearer shares from the shareholders of TLG IMMOBILIEN AG Berlin, (the "**Target**" and together with its consolidated subsidiaries, "TLG" and the shares in the Target the "**TLG Shares**") by means of a voluntary public takeover offer in the form of an exchange offer under the German Securities Acquisition and Takeover Act ("WpÜG") (the "**Offer**"). The Company intends to offer new bearer shares with a par-value of € 0.01 per share in exchange for the tendered TLG Shares. The shares in the Company offered are to be created by means of a capital increases in exchange for contributions in kind in the form of the tendered TLG Shares. In connection with the Offer, the Company has prepared the following pro forma consolidated financial information comprising pro forma consolidated statements of income for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019, as well as a pro forma consolidated statement of financial position as at 30 September 2019, supplemented by pro forma notes (the "**Pro Forma Consolidated Financial Information**").

The purpose of the Pro Forma Consolidated Financial Information is to present the material effects the completion of the Offer would have had on:

- the consolidated statement of income based on the historical consolidated financial statements of the Company as at and for the fiscal year ended 31 December 2018 if Aroundtown had already existed in the structure created through the completion of the Offer since 1 January 2018;
- the consolidated statement of income based on the historical condensed interim consolidated financial statements of the Company as of and for the nine months ended 30 September 2019 if Aroundtown had already existed in the structure created through the completion of the Offer since 1 January 2019; and
- the consolidated statement of financial position as at 30 September 2019 of the condensed interim consolidated financial statements of the Company as of and for the nine months ended 30 September 2019 if Aroundtown had existed in the structure created through the completion of the Offer as at 30 September 2019.

The Pro Forma Consolidated Financial Information has been prepared for illustrative purposes only. As, given its nature, the Pro Forma Consolidated Financial Information merely describes a hypothetical situation and is based on assumptions, it does not represent the actual net assets, financial position and results of operations of Aroundtown. Therefore the hypothetical financial position or results included in the Pro Forma Consolidated Financial Information may differ from Aroundtown's actual financial position or results. It is also not intended to forecast the net assets, financial position and results of operations of Aroundtown on any future date. The Pro Forma Consolidated Financial Information is only meaningful and should be read in conjunction with the consolidated financial statements of the Company as of and for the fiscal year ended 31 December 2018 and the condensed interim consolidated financial statements of the Company as of and for the nine months ended 30 September 2019.

For arithmetical reasons, rounding differences with respect to the mathematically accurate results (monetary units, percentages etc.) may occur in the tables and notes in the Pro Forma Consolidated Financial Information.

13.1.1 Historical financial information

The Pro Forma Consolidated Financial Information was prepared based on the following historical financial information:

- The audited and published consolidated financial statements of the Company as of and for the fiscal year ended 31 December 2018 which were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "**Law of 23 July 2016**") and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (the "**CSSF**").

- The audited and published consolidated financial statements of the Target as of and for the fiscal year ended 31 December 2018 which were prepared in accordance with IFRS and in accordance with Sec. 315e HGB with consideration for the supplementary commercial regulations.
- The unaudited and published interim condensed consolidated financial statements of the Company as of and for the nine months ended 30 September 2019 which were prepared in accordance with IFRS on Interim Financial Reporting (IAS 34).
- The unaudited and published interim consolidated statement of financial position as at 30 September 2019 and the unaudited and published interim consolidated statement of comprehensive income of the Target for the nine months ended 30 September 2019, which were prepared in accordance with IFRS on interim financial reporting (IAS 34) and in accordance with the rulings of Regulation (EC) No. 1606/2002 of the European Parliament and of the council of 19 July 2002 on the application of international accounting standards, and are contained in the published quarterly financial report of the Target as of and for the nine months ended 30 September 2019.

The underlying historical financial information of the Pro Forma Consolidated Financial Information was prepared in accordance with IFRS. With regard to the accounting policies applied consistently to the underlying historical financial information of the Pro Forma Consolidated Financial Information, reference is made to the consolidated financial statements of the Company as of and for the fiscal year ended 31 December 2018 as well as the condensed interim consolidated financial statements of the Company as of and for the nine months ended 30 September 2019.

For the preparation of the pro forma information the following assumptions have been made to the historical financial information of TLG:

- TLG's accounting and measurement methods applied for an acquisition are in line with IFRS 3 requirements to assess whether the criteria of a business, as set out in IFRS 3.3 and IFRS 3.B7, are met.
- TLG used essentially the same principles as the Company in evaluating the fair value of its investment property based on the guidelines in IAS 40 and IFRS 13 for measuring fair value.
- Any difference in TLG's depreciation and amortisation of equipment and intangible assets deriving from different useful life or residual value estimations would not be material for the pro forma information.
- The calculation of expected credit losses in TLG is in line with IFRS 9's impairment requirements and has been calculated based on, essentially, the same principles and methods used by the Company and any differences derived from the application of forward-looking information and other estimations which are not based on historical data would not be material.

13.1.2 Adjustment of the historical statements of income of the Target to the methods of presentation, recognition and measurement of the Company

In order to adjust the historical financial information of TLG in the underlying financial information of the Pro Forma Consolidated Financial Information based on the methods of presentation, recognition and measurement of the Company, the following adjustments were made to the consolidated statements of income of the Target for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019 on the basis of the consolidated statement of comprehensive income of the Target for the fiscal year ended 31 December 2018 and the interim consolidated statement of comprehensive income of the Target for the nine months ended 30 September 2019, respectively:

13.1.2.1 Adjustment of methods of presentation

- Allocation of "Other operating expenses" in the consolidated statements of comprehensive income of the Target in the net amount of € 271.1 million and € 75.7 million for the period from 1 January 2018 to 31 December 2018 and for the period from 1 January 2019 to 30 September 2019, respectively, due to deviating presentation structure of the Company as follow:
    - For the period from 1 January 2018 to 31 December 2018 and for the period from 1 January 2019 to 30 September 2019, € 2.0 million and € 1.0 million income respectively were allocated to the line item "Revenue".

- For the period from 1 January 2018 to 31 December 2018 and for the period from 1 January 2019 to 30 September 2019, € 11.5 million and € 7.9 million expenses respectively were allocated to the line item "Administrative and other expenses".

- Reclassification of "Interest expenses from pension provisions" and "other interest expenses" of € 1.9 million and € 6.8 million from "finance expenses" for the period from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019 respectively in the consolidated statement of income of the Target to "Other financial results" in line with the methods of presentation of the Company.
- Reclassification of "Deferred tax expenses" of € 207.8 million and € 146.2 million from "Current tax expenses" for the period from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019 respectively in the consolidated statement of income of the Target to "Deferred tax expenses" in line with the methods of presentation of the Company.

13.1.2.2 Adjustment of methods of recognition and measurement

- None

13.1.2.3 Reconciliation of the historical financial information of the consolidated statement of income of the Target for the fiscal year ended 31 December 2018

The adjustments made for the fiscal year ended 31 December 2018 can be summarised as follows:

		From 1 January 2018 to 31 December 2018			
	Note	**Target before adjustments**	**Adjustments of presentation**	**Adjustments of recognition and measurement methods**	**Target after adjustments**
			(In € million)		
Revenue	(1)	271.4	2.0		273.4
Property revaluations, capital gains and other income	(2)	560.7			560.7
Share in profit from investment in equity-accounted investees		—			—
Property operating expenses	(3)	(271.1)	9.5		(261.6)
Administrative and other expenses		—	(11.5)		(11.5)
Operating profit		**561.0**	**—**	**—**	**561.0**
Finance expenses	(4)	(31.5)	1.9		(29.6)
Other financial results	(5)	(7.9)	(1.9)		(9.8)
Profit before tax		**521.6**	**—**	**—**	**521.6**
Current tax expenses	(6)	(210.7)	207.8		(2.9)
Deferred tax expenses			(207.8)		(207.8)
Profit for the year		**310.9**	**—**	**—**	**310.9**
Profit attributable to:					
Shareholders of the Company		307.9			307.9
Perpetual notes investors		—			—
Non-controlling interests		3.0			3.0
		310.9	**—**	**—**	**310.9**
Net earnings per share attributable to the shareholders of the Company (in €)					
Basic earnings per share		2.99			2.99
Diluted earnings per share		2.99			2.99

(1) Corresponds to "Income from letting activities" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2018 to 31 December 2018.

(2) Corresponds to "Results from disposal of investment property" and "Result from the remeasurement of investment property" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2018 to 31 December 2018.

(3) Corresponds to "Expenses relating to letting activities", "Other operating income", "Personnel expenses", "Depreciation and amortisation" and "Other operating expenses" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2018 to 31 December 2018.

(4) Corresponds to "Financial income" and "Financial expenses" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2018 to 31 December 2018.

(5) Corresponds to "Result from the remeasurement of derivative financial instruments" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2018 to 31 December 2018.

(6) Corresponds to "Income taxes" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2018 to 31 December 2018.

13.1.2.4 Reconciliation of the historical financial information of the consolidated statement of income of the Target for the nine months ended 30 September 2019.

The adjustments made for the nine months ended 30 September 2019 can be summarised as follows:

		From 1 January 2019 to 30 September 2019			
	Note	**Target before adjustments**	**Adjustments of presentation**	**Adjustments of recognition and measurement methods**	**Target after adjustments**
			(In € million)		
Revenue	(1)	209.2	1.0		210.2
Property revaluations, capital gains and other income	(2)	417.2	—		417.2
Share in profit from investment in equity-accounted investees		16.1			16.1
Property operating expenses	(3)	(75.7)	6.9		(68.8)
Administrative and other expenses		—	(7.9)		(7.9)
Operating profit		**566.8**	**—**		**566.8**
Finance expenses	(4)	(32.2)	6.8		(25.4)
Other financial results	(5)	(30.7)	(6.8)		(37.5)
Profit before tax		**503.9**	**—**		**503.9**
Current tax expenses	(6)	(148.6)	146.2		(2.4)
Deferred tax expenses			(146.2)		(146.2)
Profit for the year		**355.3**	**—**		**355.3**
Profit attributable to:					
Shareholders of the Company		353.5			353.5
Perpetual notes investors	(7)	0.4			0.4
Non-controlling interests		1.4			1.4
		355.3	**—**		**355.3**
Net earnings per share attributable to the shareholders of the Company (in €)					
Basic earnings per share		3.32			3.32
Diluted earnings per share		3.32			3.32

(1) Corresponds to "Income from letting activities" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

(2) Corresponds to "Results from disposal of investment property" and "Result from the remeasurement of investment property" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

(3) Corresponds to "Expenses relating to letting activities", "Other operating income", "Personnel expenses", "Depreciation and amortisation" and "Other operating expenses" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

(4) Corresponds to "Financial income" and "Financial expenses" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

(5) Corresponds to "Result from the remeasurement of derivative financial instruments" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

(6) Corresponds to "Income taxes" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

(7) Corresponds to "Hybrid capital providers" in the consolidated statement of comprehensive income of the Target for the period from 1 January 2019 to 30 September 2019.

13.1.3 *Adjustment of the historical statement of financial position of the Target based on the methods of presentation, recognition and measurement of the Company*

The following adjustments were made to the consolidated statement of financial position of the Target as at 30 September 2019 in order to adjust the historical financial information of TLG in the underlying financial information of the Pro Forma Consolidated Financial Information to the methods of presentation, recognition and measurement of the Company:

13.1.3.1 *Adjustment of methods of presentation*

- Reclassification of deferred tax assets presented net in the line item “Deferred tax liabilities” in the consolidated statement of financial position of the Target as at 30 September 2019 by € 94.3 million to “Deferred tax assets” in line with the methods of presentation of the Company.
- Reclassification of the derivative financial assets of € 2.8 million from “Other non-current assets” in the consolidated statement of financial position of the Target as at 30 September 2019 to “Derivative financial instruments” in line with the methods of presentation of the Company.
- Reclassification of right-of-use assets related to investment property of € 1.9 from “Other non-current assets” in the consolidated statement of financial position of the Target as at 30 September 2019 to “investment property” in line with the methods of presentation of the Company.
- Reclassification of investment property of € 3.9 million from “Investment property” in the consolidated statement of financial position of the Target as at 30 September 2019 to “Assets held for sale”, in line with the methods of presentation of the Company.
- Gross presentation of operating cost receivables and prepayments received from tenants of € 61.6 million in “Trade and other receivables” and “Trade and other payables” in the consolidated statement of financial position of the Target as at 30 September 2019, in line with the methods of presentation of the Company.

13.1.3.2 *Adjustment of methods of recognition and measurement*

None

13.1.3.3 *Reconciliation of the historical financial information of the consolidated statement of financial position of the Target as at 30 September 2019*

The adjustments made as at 30 September 2019 can be summarised as follows:

	Note	Target before adjustments	Adjustments of presentation	Adjustments of recognition and measurement methods	Target after adjustments
		As at 30 September 2019			
		(In € million)			
Non-current assets		**6,049.1**	**90.4**	**—**	**6,139.5**
Equipment and intangible assets	(1)	11.7			11.7
Investment property		4,448.3	(2.0)	—	4,446.3
Advanced payments for real estate transactions	(2)	0.9			0.9
Investment in equity-accounted investees		1,546.3			1,546.3
Derivative financial instruments		—	2.8		2.8
Other non-current assets	(3)	41.9	(4.7)		37.2
Deferred tax assets		—	94.3		94.3
Current assets		**890.8**	**65.5**	**—**	**956.3**
Cash and cash equivalents		560.2			560.2
Short term deposits					—
Inventories		0.7			0.7
Financial assets at fair value through profit or loss					—
Dividend receivable					—
Trade and other receivables	(4)	206.8	61.6		268.4
Derivative financial instruments					—
Assets held for sale		123.1	3.9	—	127.0
Total assets		**6,939.9**	**155.9**	**—**	**7,095.8**
Total equity		**3,226.2**	**—**	**—**	**3,226.2**
Share capital	(5)	112.0			112.0
Retained earnings and other capital reserves	(6)	2,502.2		—	2,502.2
Equity attributable to the shareholders of the Company		**2,614.2**	**—**	**—**	**2,614.2**
Equity attributable to perpetual notes investors	(14)	588.0			588.0
Equity attributable to the shareholders of the Company and perpetual notes investors		**3,202.2**	**—**	**—**	**3,202.2**
Non-controlling interests		24.0			24.0
Total liabilities		**3,713.7**	**155.9**	**—**	**3,869.6**
Non-current liabilities		**3,295.6**	**94.3**	**—**	**3,389.9**
Loans and borrowings	(7)	1,016.3			1,016.3
Straight bonds	(8)	1,577.0			1,577.0
Derivative financial instruments	(9)	40.4			40.4
Other non-current liabilities	(10)	34.7			34.7
Deferred tax liabilities		627.2	94.3		721.5
Current liabilities		**418.1**	**61.6**	**—**	**479.7**
Loans and borrowings	(11)	141.8			141.8
Straight bonds	(8)	7.8			7.8
Trade and other payables	(12)	36.0	61.6		97.6
Tax payable		1.1			1.1
Provisions and current liabilities	(13)	231.4			231.4
Derivative financial liabilities					—
Liabilities held for sale					—
Total equity and liabilities		**6,939.9**	**155.9**	**—**	**7,095.8**

(1) Corresponds to "Property, plant and equipment" and "Intangible assets" in the consolidated statement of financial position of the Target as at 30 September 2019.

(2) Corresponds to "advance payment on investment property" in the consolidated statement of financial position of the Target as at 30 September 2019.

(3) Corresponds to "Other non-current financial assets", "Right-of-use assets" and "Other assets" in the consolidated statement of financial position of the Target as at 30 September 2019.

(4) Corresponds to "Trade receivables", "receivables from income taxes", "other current financial assets" and "other receivables and assets" in the consolidated statement of financial position of the Target as at 30 September 2019.

(5) Corresponds to "Subscribed capital" in the consolidated statement of financial position of the Target as at 30 September 2019.

(6) Corresponds to "Capital reserves", "Retained earnings" and "Other reserves" in the consolidated statement of financial position of the Target as at 30 September 2019.

(7) Corresponds to "Non-current liabilities due to financial institutions" in the consolidated statement of financial position of the Target as at 30 September 2019.

(8) Corresponds to "Corporate bonds" in the consolidated statement of financial position of the Target as at 30 September 2019.

(9) Corresponds to “Non-current derivative financial instruments” in the consolidated statement of financial position of the Target as at 30 September 2019.

(10) Corresponds to “Pension provisions” and “Other non-current liabilities” in the consolidated statement of financial position of the Target as at 30 September 2019.

(11) Corresponds to “Current liabilities due to financial institutions” in the consolidated statement of financial position of the Target as at 30 September 2019.

(12) Corresponds to “Trade payables” in the consolidated statement of financial position of the Target as at 30 September 2019.

(13) Corresponds to “Other current provisions” and “Other current liabilities” in the consolidated statement of financial position of the Target as at 30 September 2019.

(14) Corresponds to “Equity of the hybrid capital providers” in the consolidated statement of financial position of the Target TLG as at 30 September 2019.

13.2 Underlying principles of preparation

The Pro Forma Consolidated Financial information has been prepared in accordance with Annex 20 of the Commission Delegated Regulation (EU) 2019/980.

The necessary pro forma adjustments are based on available information. Estimates and certain assumptions as described in the pro forma notes to the Pro Forma Consolidated Financial Information.

13.3 Basis of preparation

13.3.1 Voluntary public takeover offer (exchange offer) to shareholders of the Target

On 18 November 2019 the Company resolved to submit the Offer and announced its decision to do so. In exchange for each 1 TLG-Share, the Company intends to offer 3.6 new bearer shares with a par-value of € 0.01 in the Company. The new shares in the Company will carry dividend rights from 1 January 2019, provided that in the event the Offer will be completed after the annual general meeting of the Company in 2020, the new shares may only carry dividend rights from 1 January 2020.

In connection with the Offer, the Company and the Target signed a business combination agreement on 18 November 2019. Under this business combination agreement, the management board and the supervisory board of the Target will, subject to certain customary conditions, support the Offer and, after examining the offer document, recommend that the shareholders of the Target accept the Offer.

Additionally and in connection with the Offer, on 18. November 2019 the Company agreed an irrevocable acceptance obligation with a major shareholder of the Target which represents approximately 28 % of the shares and voting rights in the Target on a fully diluted basis. In this irrevocable acceptance obligation, the shareholder in question undertook subject to certain conditions to contribute its shares in the Target as part of the Offer. In addition, the shareholder committed under certain conditions not to tender 10.1% or 5.1% TLG Shares, as the case may be, and continue to hold such TLG Shares (see: “*6.1.4 Irrevocable assurances of acceptance of the offer*”). The Company intends to initially acquire no more than 89.9 % or 94.9 %, as the case may be, of the TLG Shares issued at the time of completion of the Offer. Pursuant to Section 1 para. 3 and para. 3a GrEStG, the acquisition of at least 95% of the shares in a company results in a real estate transfer tax obligation with respect to the properties that form part of the company’s assets and that are located in Germany. The real estate transfer tax obligation would arise if the acceptance rate of the Offer were to be so high that the Company would hold at least 95% of the share capital in the Target (so-called consolidation of shares, *Anteilsvereinigung*). While under currently applicable law the relevant threshold that would entail a real estate transfer tax liability is 95%, upcoming legislation could lower the relevant threshold to 90%. The Company shall present to Ouram a tax opinion by reputable German tax counsel confirming the number of Holding Shares that the Company cannot acquire in light of the restrictions under the GrEStG. In case the aforementioned tax opinion confirms that 5.1% of the TLG Shares would be sufficient to be withheld by Ouram, the number of Holding Shares will be reduced accordingly and Ouram will be entitled to tender an accordingly increased number of shares into the Offer. For the purposes of the pro forma information, the Company has assumed that the Holding Shares will amount to 5.1% of the outstanding TLG Shares.

The new shares offered in the Company are to be created by means of a capital increase in exchange for contributions in kind. The share capital of the Company will be increased through the contribution of the TLG Shares as contributions in kind as part of the Offer. As of the date of the publication of this

Prospectus, the Target has issued 112,070,518 TLG Shares. Such number of TLG Shares is based on the announcement of the Target dated 3 December 2019 on its total number of voting rights as of that date. For the purpose of the pro forma financial statements the Company has made the assumption that his number of TLG Shares will be outstanding at the end of the Acceptance Period when the Offer is completed. However, under the German takeover law, the Company is obliged to direct its offer to 100% of the then outstanding TLG shares. For the purposes of calculating the maximum supply obligation with Offer Shares under the Offer, the Company has also taken into consideration possible issuances of TLG Shares that have not yet taken place. This applies to additional up to 1,780,359 TLG Shares in the context of the WCM Domination Agreement and further 1,703,471 TLG Shares from a potential increase of the share capital from the authorised capital by up to 1.52% of the share capital of the Target as of 3 December 2019 (without triggering a default of a Closing Condition; Consequently, a maximum of up to 115,554,348 TLG Shares may be outstanding as of the completion of the Offer, corresponding to 415,995,652 Offer Shares in total in order to be able to provide the Offer Consideration for each TLG Share to the accepting TLG Shareholders (based on an exchange ratio of 3.6 Offer Shares for every 1 TLG Shares).

On 17 December 2019 the Board of Directors of the Company by exercising the authorised capital pursuant to section 7 of the articles of association of the Company resolved to increase the share capital of the Company to up to 415,995,652 new shares in exchange for contributions in kind in the form of TLG Shares suppressing the preferential subscription rights of the existing shareholders of the Company (the Basic Resolution). The Basic Resolution requires a specifying resolution in order to determine the final amount of the increase of the share capital and to issue the exact number of shares in the Company.

The completion of the Offer is subject to certain conditions (see: "*4.2 Closing Conditions*"). The Offer is not subject to a minimum acceptance threshold.

13.3.2 Proceeding and assumption used for preparation

The Pro Forma Consolidated Financial Information has been prepared on the assumption that the shareholders of the Target have accepted the Offer for 94,9% shares of the shares in the Target and that the acquisition of 94,9% shares of the shares in the Target, including the implementation of the necessary capital increase by the Company through the contribution of the shares purchased in the Target as contributions in kind, took place on 1 January 2018 (for the pro forma consolidated statements of income for the period from 1 January 2018 to 31 December 2018 and 1 January 2019 for the pro forma consolidated statements of income for the period from 1 January 2019 to 30 September 2019) and on 30 September 2019 (for the pro forma consolidated statement of financial position).

13.3.2.1 Acceptance of the Offer by the shareholders of the Target

The intended acquisition of the shares in the Target constitutes a business combination according to IFRS 3. In accordance with IFRS 3.10, the Company's acquisition costs for the Target as at the date of the assumed acquisition must be netted against the proportionate net assets of TLG determined as part of the purchase price allocation (based on the fair value of the identifiable assets acquired and liabilities assumed). Any positive difference produced by offsetting will be recognised as goodwill. For the sake of simplicity, it is assumed that the fair value of the net assets will be unchanged in the period between 30 September 2019 and the actual date of completion of the Offer.

As the intended acquisition will only take place at the completion of the Offer, the actual acquisition costs of the Company could not yet be determined. The acquisition costs of the Company result from the consideration transferred. The transferred consideration corresponds to the equity interests issued by the Company for the acquisition of the shares in the Target, measured at fair value as at the acquisition date. The acquisition costs of the Company for 94.9% TLG Shares are assumed to be € 2,814.2 million. These are based on the issuance of 382,877,616 new shares in the Company as consideration for the acquisition of 106,354,922 TLG Shares (reflecting 94.9% of the TLG Shares) at an exchange rate of 3.6 shares in the Company for 1 share in the Target and at a price of € 7.35 per share in the Company, which corresponds to the weighted average price in the three months ended 18 November 2019 the day of the announcement of the submission of the Offer. For the purposes of the final allocation of the purchase price. The acquisition costs must be derived from the share price of the Company as at the acquisition date.

In the business combination agreement, the Target has undertaken to implement certain structural measures before the completion of the Offer in order to minimise the amount of real estate transfer tax

that could be triggered by the Offer. The structural measures include changes of the legal form with regard to certain subsidiaries of the Target. The Pro Forma Consolidated Financial Information has been prepared on the assumption that these corporate structural measures have already been implemented. For the purposes of the Pro Forma Consolidated Financial information and on the basis of a preliminary analysis, it is assumed that the corporate structural measures will not have any effects on the current income taxes or deferred taxes and that no significant real estate transfer tax payments will be incurred.

Furthermore, for the purposes of the Pro Forma Consolidated Financial Information and on the basis of preliminary evaluations, the Company assumes that contractual termination clauses (e.g. for financial liabilities due to a change of control) will not be executed and that no fees will be charged to the Company for the non-execution of such contractual termination clauses. Nevertheless, in the Pro forma consolidated statement of financial position as at 30 September 2019 these financial liabilities have been reclassified and presented under current liabilities.

13.3.2.2 Transaction costs

For the purposes of the Pro Forma Consolidated Financial Information and on the basis of a preliminary analysis, the Company expects to incur transaction costs of € 15 million in connection with the completion of the Offer. The Company expects the majority of the transaction costs to be attributable to the business combination. For the purposes of the Pro Forma Consolidated Financial Information and for the sake of simplicity, it is assumed that the transaction costs are attributable exclusively to the business combination. The transaction costs have therefore been recognised in full through profit or loss in the pro forma consolidated statement of income for the period from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019. Furthermore, for the purposes of the Pro Forma Consolidated Financial Information and on the basis of a preliminary analysis, the Company assumes that none of the transaction costs will be tax deductible.

13.4 Pro forma consolidated statements of income for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019, as well as the pro forma consolidated statement of financial position as at 30 September 2019

The following tables show the pro forma consolidated statements of income for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 30 September 2019, as well as the pro forma consolidated statement of financial position as at 30 September 2019.

13.4.1 Pro forma consolidated statement of income for the period from 1 January 2018 to 31 December 2018

	Historical financial information					
	From 1 January 2018 to 31 December 2018					
	Around-town	TLG(*)	Total	Pro forma notes	Pro forma adjustments	Pro forma consolidated statement of profit or loss
				(In € million)		
Revenue	747.1	273.4	1,020.5			1,020.5
Property revaluations, capital gains and other income	1,536.4	560.7	2,097.1			2,097.1
Share in profit from investment in equity-accounted investees	251.6	—	251.6			251.6
Property operating expenses	(219.1)	(261.6)	(480.7)			(480.7)
Administrative and other expenses	(22.5)	(11.5)	(34.0)	(1)	(15.0)	(49.0)
Operating profit	**2,293.5**	**561.0**	**2,854.5**		**(15.0)**	**2,839.5**
Finance expenses	(114.6)	(29.6)	(144.2)			(144.2)
Other financial results	(93.8)	(9.8)	(103.6)	(2)	5.1	(98.5)
Profit before tax	**2,085.1**	**521.6**	**2,606.7**		**(9.9)**	**2,596.8**
Current tax expenses	(44.4)	(2.9)	(47.3)			(47.3)
Deferred tax expenses	(212.9)	(207.8)	(420.7)			(420.7)
Profit for the year	**1,827.8**	**310.9**	**2,138.7**		**(9.9)**	**2,128.8**

	From 1 January 2018 to 31 December 2018					
	Around-town	TLG(*)	Total	Pro forma notes	Pro forma adjustments	Pro forma consolidated statement of profit or loss
				(In € million)		
Profit attributable to:						
Shareholders of the Company	1,620.4	307.9	1,928.3	(1), (2)	(10.2)	1,918.1
Perpetual notes investors	46.1	—	46.1			46.1
Non-controlling interests	161.3	3.0	164.3	(2)	0.3	164.6
	1,827.8	310.9	2,138.7		(9.9)	2,128.8
Net earnings per share attributable to the shareholders of the Company (in €)						
Basic earnings per share	1.54	2.99		(3)	(3.20)	1.33
Diluted earnings per share	1.49	2.99		(3)	(3.19)	1.29

(*) After pro forma adjustements described in section "*13.1.2.3 Reconciliation of the historical financial information of the consolidated statement of income of the Target for the fiscal year ended 31 December 2018*".

13.4.2 Notes to the pro forma adjustments with respect to the pro forma consolidated statement of income for the period from 1 January 2018 to 31 December 2018

The following pro forma adjustment has a one-off effect on the results of operations of the Company:

(1) For the sake of simplicity, the transaction costs of € 15 million are entirely attributable to the business combination and recognised through profit or loss as other administrative and other expenses. Furthermore, for the purposes of the Pro Forma Consolidated Financial Information and on the basis of a preliminary analysis, the Company assumes that none of the transaction costs will be tax deductible. The adjustment is attributable to the owners of the company.

The following pro forma adjustments have a continuing effect on the results of operations of the Company:

(2) As part of the preliminary purchase price allocation, the loans and bonds were recognised at fair value. The amortisation effects resulting from the subsequent measurement of the loans and bonds have led to € 5.1 million income in other financial results, of which € 4.8 million is attributable to the owners of the company and € 0.3 million is attributable to non-controlling interests.

(3) The undiluted pro forma earnings per share were calculated on the basis of weighted average of 1,052,607,527 notional shares issued in the Company and the diluted pro forma earnings per share were calculated on the basis of weighted average of 1,082,831,302 notional shares for the period from 1 January 2018 to 31 December 2018. As a result of the capital increase as part of the completion of the Offer whereby 382,877,616 new shares are issued in the Company notionally as at 1 January 2018, the weighted average number of shares issued in the Company increased from 1,052,607,527 to 1,435,485,143 for the undiluted pro forma earnings per share and from 1,082,831,302 to 1,465,708,918 for the diluted pro forma earnings per share for the period from 1 January 2018 to 31 December 2018.

13.4.3 *Pro forma consolidated statement of income for the period from 1 January 2019 to 30 September 2019*

Historical financial information

	From 1 January 2019 to 30 September 2019					
	Aroundtown	**TLG(*)**	**Total**	**Pro forma notes**	**Pro forma adjustments**	**Pro forma consolidated statement of profit or loss**
				(In € million)		
Revenue	650.7	210.2	860.9			860.9
Property revaluations, capital gains and other income	1,066.0	417.2	1,483.2			1,483.2
Share in profit from investment in equity-accounted investees	241.6	16.1	257.7	(1)	(16.1)	241.6
Property operating expenses	(172.7)	(68.8)	(241.5)			(241.5)
Administrative and other expenses	(19.3)	(7.9)	(27.2)	(2)	(15.0)	(42.2)
Operating profit	**1,766.3**	**566.8**	**2,333.1**		**(31.1)**	**2,302.0**
Finance expenses	(106.2)	(25.4)	(131.6)			(131.6)
Other financial results	92.4	(37.5)	54.9	(3)	3.8	58.7
Profit before tax	**1,752.5**	**503.9**	**2,256.4**		**(27.3)**	**2,229.1**
Current tax expenses	(41.9)	(2.4)	(44.3)			(44.3)
Deferred tax expenses	(233.4)	(146.2)	(379.6)			(379.6)
Profit for the year	**1,477.2**	**355.3**	**1,832.5**		**(27.3)**	**1,805.2**
Profit attributable to:						
Shareholders of the Company	1,084.1	353.5	1,437.6	(1), (2), (3)	(27.5)	1,410.1
Perpetual notes investors	39.7	0.4	40.1			40.1
Non-controlling interests	353.4	1.4	354.8	(3)	0.2	355.0
	1,477.2	**355.3**	**1,832.5**		**(27.3)**	**1,805.2**
Net earnings per share attributable to the shareholders of the Company (in €)						
Basic earnings per share	0.94	3.32		(4)	(3.35)	0.91
Diluted earnings per share	0.93	3.32		(4)	(3.34)	0.91

(*) After pro forma adjustements described in section "*13.1.2.4 Reconciliation of the historical financial information of the consolidated statement of income of the Target for the nine months ended 30 September 2019*".

13.4.4 *Notes to the pro forma adjustments with respect to the pro forma consolidated statement of income for the period from 1 January 2019 to 30 September 2019*

The following pro forma adjustments have a continuing effect on the results of operations of the Company:

(1) Elimination of share in profit from equity-accounted investees of € 16.1 million related to the Target's investment in the Company. The adjustment is attributable to the owners of the company.

(2) For the sake of simplicity, the transaction costs of € 15 million are entirely attributable to the business combination and recognised through profit or loss as other administrative and other expenses. Furthermore, for the purposes of the Pro Forma Consolidated Financial Information and on the basis of a preliminary analysis, the Company assumes that none of the transaction costs will be tax deductible. The adjustment is attributable to the owners of the company.

(3) As part of the preliminary purchase price allocation, the loans and bonds are measured at fair value. The amortisation effects resulting from the subsequent measurement of the loans have led to a € 3.8 million income in other financial results, of which € 3.6 million is attributable to the owners of the company and € 0.2 million is attributable to non-controlling interests.

(4) The undiluted pro forma earnings per share were calculated on the basis of weighted average of 1,155,856,382 notional shares issued in the Company and the diluted pro forma earnings per share were calculated on the basis of weighted average of 1,157,087,817 notional shares for the period from 1 January 2019 to 30 September 2019. As a result of the capital increase as part of the completion of the Offer whereby 382,877,616 new shares are issued in the Company notionally as at 1 January 2019, and weighted average of 13,526,908 shares are held by the Group as treasury shares notionally, the weighted average number of shares in the Company

increased from 1,155,856,382 to 1,525,207,090 for the undiluted pro forma earnings per share and from 1,157,087,817 to 1,526,438,525 for the diluted pro forma earnings per share for the period from 1 January 2019 to 30 September 2019.

13.4.5 Pro forma consolidated statement of financial position as at 30 September 2019

Historical financial information

	As at 30 September 2019					
	Around-town	**TLG(**)**	**Total**	**Pro forma notes**	**Pro forma adjustments**	**Pro forma consolidated statement of financial position**
				(In € million)		
Non-current assets	**21,287.3**	**6,139.5**	**27,426.8**		**(1,098.7)**	**26,328.1**
Equipment and intangible assets	26.0	11.7	37.7	(1)	447.6	485.3
Investment property	17,938.1	4,446.3	22,384.4			22,384.4
Advanced payments for real estate transactions	116.9	0.9	117.8			117.8
Investment in equity-accounted investees	2,412.1	1,546.3	3,958.4	(4)	(1,546.3)	2,412.1
Derivative financial instruments	208.7	2.8	211.5			211.5
Other non-current assets	490.1	37.2	527.3			527.3
Deferred tax assets	95.4	94.3	189.7			189.7
Current assets	**3,704.3**	**956.3**	**4,660.6**		**(15.0)**	**4,645.6**
Cash and cash equivalents	2,445.1	560.2	3,005.3	(2)	(15.0)	2,990.3
Short term deposits	4.8	—	4.8			4.8
Inventories	—	0.7	0.7			0.7
Financial assets at fair value through profit or loss	687.9	—	687.9			687.9
Trade and other receivables	364.5	268.4	632.9			632.9
Derivative financial instruments	19.2	—	19.2			19.2
Assets held for sale	182.8	127.0	309.8			309.8
Total assets	**24,991.6**	**7,095.8**	**32,087.4**		**(1,113.7)**	**30,973.7**
Total equity	**13,034.1**	**3,226.2**	**16,260.3**		**(1,234.0)**	**15,026.3**
Share capital	12.2	112.0	124.2	(*),(3)	(108.2)	16.0
Retained earnings and other capital reserves	9,328.8	2,502.2	11,831.0	(*),(2),(3),(4)	(1,253.1)	10,577.9
Equity attributable to the shareholders of the Company	**9,341.0**	**2,614.2**	**11,955.2**		**(1,361.3)**	**10,593.9**
Equity attributable to perpetual notes investors	2,466.2	588.0	3,054.2			3,054.2
Equity attributable to the shareholders of the Company and perpetual notes investors	**11,807.2**	**3,202.2**	**15,009.4**		**(1,361.3)**	**13,648.1**
Non-controlling interests	1,226.9	24.0	1,250.9	(1)	127.3	1,378.2
Total liabilities	**11,957.5**	**3,869.6**	**15,827.1**		**120.3**	**15,947.4**
Non-current liabilities	**11,154.7**	**3,389.9**	**14,544.6**		**(1,332.3)**	**13,212.3**
Loans and borrowings	674.8	1,016.3	1,691.1	(1),(5)	(970.8)	720.3
Straight bonds	9,107.7	1,577.0	10,684.7	(1),(5)	(361.5)	10,323.2
Derivative financial instruments	62.0	40.4	102.4			102.4
Other non-current liabilities	176.1	34.7	210.8			210.8
Deferred tax liabilities	1,134.1	721.5	1,855.6			1,855.6
Current liabilities	**802.8**	**479.7**	**1,282.5**		**1,452.6**	**2,735.1**
Loans and borrowings	265.2	141.8	407.0	(1),(5)	1,035.4	1,442.4
Straight bonds	—	7.8	7.8	(1),(5)	417.2	425.0
Trade and other payables	342.1	97.6	439.7			439.7
Tax payable	14.3	1.1	15.4			15.4
Provisions and current liabilities	123.3	231.4	354.7			354.7
Derivative financial liabilities	45.4	—	45.4			45.4
Liabilities held for sale	12.5	—	12.5			12.5
Total equity and liabilities	**24,991.6**	**7,095.8**	**32,087.4**		**(1,113.7)**	**30,973.7**

(*) As part of the consolidation, the Company eliminates the share capital of TLG by € 112.0 million and the Retained earnings and other capital reserves of TLG by € 2,502.2 million.

(**) After pro forma adjustements described in section "*13.1.3 Adjustment of the historical statement of financial position of the Target based on the methods of presentation, recognition and measurement of the Company*".

13.4.6 Notes to the pro forma adjustments with respect to the pro forma consolidated statement of financial position as at 30 September 2019

The following pro forma adjustments were made in the pro forma consolidated statement of financial position in connection with the first-time consolidation of TLG into the consolidated financial statements of the Company:

(1) The netting of the notional acquisition costs of the Target of € 2,814.2 million against the identifiable net assets of TLG attributable to the owners of the Company of € 2,366.6 million results in a positive difference of € 447.6 million which is recognised as provisional goodwill.

The net assets of TLG, were based on the consolidated statement of financial position of the Target as at 30 September 2019, adjusted based on the recognition and measurement methods of the Company.

As part of the provisional notional purchase price allocation, the identifiable net assets of TLG were recognised at fair value.

In connection with the determination of the fair value of the net assets of TLG, the calculated fair values of the loans and borrowings and the straight bonds of € 1,222.7 million and € 1,640.5 million, respectively, have been used in lieu of the carrying amounts of the related liabilities which are carried at amortised cost of € 1,158.1 million and € 1,584.8 million, respectively, recognised in the consolidated statement of financial position of the Target as at 30 September 2019.

Therefore, the Loans and borrowings and the straight bonds have increased by € 64.6 million (non-current portion: € 2.4 million and current portion: € 62.2 million) and € 55.7 million (non-current portion: € 37.6 million and current portion: € 18.1 million), respectively.

For the purposes of the pro forma information it was assumed that the fair values of any other assets and liabilities acquired are not materially different to their carrying amounts.

As part of the notional capital consolidation, € 127.2 million of non-controlling interests arising from initial consolidation.

(2) The transaction costs of € 15 million for the acquisition of the company have been deducted from cash and cash equivalents and have lowered retained earnings by the same amount.

(3) With the issuance of 382,877,616 new shares in the Company at a price of € 7.35 per share for the purposes of the acquisition of TLG, the share capital of the Company has increased by € 3.8 million and its capital reserves by € 2,810.4 million.

(4) The investment of the Target in the Company's shares in total amount of € 1,546.3 million was eliminated against the "Retained earnings and other capital reserves" of the Company.

(5) In the Pro forma consolidated statement of financial position as at 30 September 2019 the loans and borrowings and straight bond of € 973.2 million and € 399.1 million respectively have been reclassified and presented under current liabilities due to change in control clauses. Nevertheless, the Company assumes that these contractual termination clauses for loans and borrowings and straight bond due to a change of control will not be executed and that no fees will be charged to the Company for the non-execution of such contractual termination clauses.

Luxembourg, 17 December, 2019

Aroundtown SA

The Management Board

13.5 Independent auditor's assurance report on the compilation of pro forma financial information included in a prospectus

To the Board of Directors of
Aroundtown S.A.
40, Rue du Curé,
L-1368 Luxembourg

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

We have completed our assurance engagement to report on the compilation of pro forma financial information of Aroundtown S.A. (the "**Company**") by the Board of Directors of the Company. The pro forma financial information consists of the pro forma consolidated statement of income for the year ended 31 December 2018, the pro forma consolidated statement of income for the period from 1 January 2019 to 30 September 2019, the pro forma consolidated statement of financial position as of 30 September 2019 and related pro forma notes as set out in Sec. 13 "*Pro forma consolidated financial information of Aroundtown as of and for the fiscal year ended 31 December 2018 and as of and for the nine month ended 30 September 2019*" of the prospectus issued by the Company. The applicable criteria on the basis of which the Board of Directors of the Company has compiled the pro forma financial information are specified in Annex 20 of the Commission Delegated Regulation (EU) 2019/980 and described in the pro forma notes.

The pro forma financial information has been compiled by the Board of Directors of the Company to illustrate the impact of the transaction described in the pro forma notes on the Company's consolidated financial position as at 30 September 2019 and the Company's consolidated financial performance for the periods from 1 January 2018 to 31 December 2018 and from 1 January 2019 to 31 December 2019 as if the transaction had taken place at 1 January 2018 (pro forma consolidated statement of income for the year ended 31 December 2018), 1 January 2019 (pro forma consolidated statement of income for the period from 1 January 2019 to 30 September 2019) and at 30 September 2019 (pro forma consolidated statement of financial position as of 30 September 2019). As part of this process, information about the Company's consolidated financial position and consolidated financial performance has been extracted by the Board of Directors of the Company from the Company's and from TLG IMMOBILIEN AG consolidated financial statements for the year ended 31 December 2018, on which audit reports have been published, and from the Company's and from TLG IMMOBILIEN AG condensed interim consolidated financial statements for the period from 1 January 2019 to 30 September 2019, on which no audit or review reports have been published.

Responsibility for the Pro Forma Financial Information

The Board of Directors of the Company is responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditor's Responsibilities

Our responsibility is to express an opinion, as required by item 3 of the Annex 20 of the Commission Delegated Regulation (EU) 2019/980, about whether the pro forma financial information has been compiled, in all material respects, by the Board of Directors of the Company on the basis of the applicable criteria, and whether such basis is consistent with the accounting policies of the Company.

We conducted our engagement in accordance with International Standard on Assurance Engagements ("**ISAE**") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the independent auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors of the Company has compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information and assumptions used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2018 (pro forma consolidated statement of income for the year ended 31 December 2018) and 1 January 2019 (pro forma consolidated statement of income for the period from 1 January 2019 to 30 September 2019) and at 30 September 2019 (pro forma consolidated statement of financial position as of 30 September 2019) would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the independent auditor’s judgement, having regard to the independent auditor’s understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

- the pro forma financial information has been properly compiled, in all material respect, on the basis of the applicable criteria; and
- such basis is consistent with the accounting policies of the Company.

Restriction on Use

This report is required by item 3 of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 and is prepared for the purpose of complying with that regulation and for no other purpose. This report is issued in English. If the prospectus issued by the Company is drawn up in or translated into another language, the accuracy of the translation of this report is the responsibility of the Company. The translation will expressly mention that the report was issued in the English language.

Luxembourg, 17 December 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agrée

Joseph de Souza

14. MARKETS AND COMPETITION

14.1 Market Overview

Aroundtown's business activities are influenced by numerous demographic, economic and political factors. Aroundtown is most significantly affected by developments in, and related to, the commercial real estate market in Germany and the Netherlands, where the majority of Aroundtown's portfolio is located, particularly in Berlin, Frankfurt, Munich, Hamburg, Stuttgart, Cologne, Amsterdam, Rotterdam and Utrecht. Its portfolio in these areas is mainly comprised of offices, hotels, logistics/wholesale and retail properties. With 11% of its hotel properties located in London as well as with other locations in the UK such as Edinburgh, Liverpool, Manchester and Bristol, Aroundtown is also affected by developments related to the real estate market for hotel properties in the United Kingdom. Through its substantial 39% holding in GCP, Aroundtown is also affected by developments in and related to the residential real estate market in Germany, particularly in NRW, Berlin, Dresden, Leipzig and Halle, and to a smaller extent, the residential real estate market in London, where a smaller portion of GCP's properties are located.

Given this focus on different commercial asset types and residential real estate, Aroundtown is generally affected by developments in macro-economic indicators such as population growth, economic growth, employment, purchasing power and the consumer price index. Additionally, Aroundtown is affected by trends in micro-economic indicators, such as rent levels and vacancy rates, in the regions where Aroundtown, and its residential real estate portfolio through GCP, operate.

14.1.1 General Demographic and Economic Development

14.1.1.1 Germany

Germany is the fourth largest economy in the world and the largest in Europe, representing over 21.0% of the EU's GDP (Source: IMF, GDP; Eurostat, GDP). In 2018, Germany's GDP per capita was €40,340, reflecting a growth of 32.7% and compounded annual growth rate of 3.2% since 2009. Germany's growth rates during these periods have surpassed the EU average and other top economies in Europe, evidenced by the EU having had a growth of 26.2% and a 2.6% compounded annual growth rate, France having 16.9% and 1.7%, and the UK having 30.5% and 3.0%, respectively (Source: Eurostat, GDP per capita). However, in recent quarters GDP growth has slowed down with only 0.4% average year-on-year growth in the second quarter of 2019 (Source: Eurostat, GDP). Additionally as of 2018, Germany has the largest share of foreign trade in the EU representing 20.9% of the EU's total trade of goods and services, with 21.6% of the exports and 20.2% of the imports (Source: Eurostat, Goods and services). Germany's Debt-to-GDP ratio was 61.9% as of 2018 and was 18.5% lower than the EU average (Source: Eurostat, Government finance statistics). Additionally, Germany is among several countries in Europe with a budget surplus. Such surplus was 1.9% of the GDP as of 2018 where the EU on average had a deficit of 0.7% (Source: Eurostat, Government finance statistics). Reflecting its strong and growing economy, by year-end 2018, Germany had the second lowest unemployment rate in the EU with an annual average of 3.4% (Source: Eurostat, Unemployment statistics). According to the year-end 2018 press release from Destatis, Germany's federal statistics office, nominal wages in Germany grew by 3.1% in 2018 and taking into account the consumer price growth of 1.8%, the real wage grew by 1.3% in 2018 (Source: Destatis, Earnings).

In terms of purchasing power, Germany had a GDP per capita purchasing power standard index score of 123 in 2018, 23% above the EU average. This index eliminates the effect of price level differences across countries and is rebased to the EU at 100 (Source: Eurostat, GDP per capita in PPS). Germany benefits from stable inflation with the harmonised indices of consumer prices inflation rate, which adjusts the inflation for international comparison, remaining below 3% in the last decade with 1.4% annual inflation on average (2008-2018), 2.8% as the highest point in 2008, 0.2% as the lowest in 2009 and a rate of 1.9% in 2018 (Source: Eurostat, HICP – inflation rate). Germany is rated AAA by S&P with a stable outlook as of December 2018 (Source: S&P Website).

Furthermore, Germany is the most populous country in the EU with a population of 83.0 million people as of 1 January of 2019 (Source: Eurostat, Population on 1 January). As of 2017, Germany has a population density of 234 people per square kilometre. Germany ranks sixth in the EU for population density (Source: Eurostat, Population density). Despite the birth deficit, the estimated population reached a new record high since the German reunification due to the migration surplus (Source: Destatis, Population Estimate).

14.1.1.2 Netherlands

The economy of the Netherlands has shown stable growth since 2014 according to the Dutch National Statistics Office (*Centraal Bureau voor de Statistiek*, "***CBS***"), showing GDP growth of 2.5% in 2018 compared to 2017 (Source: CBS, 02/19a). Growth continues in 2019 with the second quarter of 2019 showing a growth of 1.8% compared to the second quarter of 2018 (Source: CBS, 10/19a). Its GDP per capita was €44,920 in 2018 and €43,090 in 2017 (Source: Eurostat, GDP per capita). In 2018, the Netherlands was ranked thirteenth globally by GDP per capita, according to the International Monetary Fund ("**IMF**") (Source: IMF, GDP per capita).

As a result of positive migration balance and natural population growth, the Netherland's population grew by 104,000 from 2017 to 2018, resulting in a population of approximately 17.3 million people at the end of 2018 (Source: CBS, 01/19a). In the first three quarters of 2019, the population of the Netherlands has grown by 102,000, which is 23,000 more than in the same period of 2018 according to preliminary figures from the Dutch National Statistics Office (Source: CBS, 10/19b). As of December 2018, population forecasts expect the population to increase to 18.0 million by 2029 and 18.6 million by 2060 (Source: CBS, 12/18a). The growth in the population is mainly focused around the Randstad area, with high growth in the four largest cities, Amsterdam, Rotterdam, The Hague and Utrecht (Source: CBS, 01/19b).

The unemployment rate of the Netherlands stands at 3.5% as of September 2019. The tight labour market is reflected in increased wages, with collective salary agreements growing by 2.6% in the third quarter of 2019 compared to the same period in 2018 (Source: CBS, Labour Market). Consumer prices on the other hand increased by 2.6% in September 2019, compared to September 2018. The increase in consumer prices relate mainly to an increase in the low VAT bracket and increased energy taxes (Source: CBS, 10/19c).

In terms of purchasing power, the Netherlands had a GDP per capita purchasing power standard index score of 129 in 2018, 29% above the EU average (Source: Eurostat, GDP per capita in PPS). The Netherlands benefits from stable inflation with the harmonised indices of consumer prices inflation rate, which adjusts the inflation for international comparison, remaining below 3% in the last decade with 1.4% annual inflation on average, 2.8% as the highest point in 2012, 0.1% as the lowest in 2016 and a rate of 1.6% in 2018 (Source: Eurostat, HICP – inflation rate).

The Netherlands has a relatively conservative General Government Gross Debt to GDP compared to the rest of the EU, standing at 50.9% of GDP as of the second quarter of 2019 compared to 80.5% EU average in the same period (Source: Eurostat, Government finance statistics). Additionally, in the first half of 2019 the government surplus of the Netherlands was 1.8% of GDP. The government, in its 2020 budget, assumes that the Gross Debt to GDP will reduce further, to 49.2% by the end of 2019 (Source: CBS, 9/19a). Netherlands is rated AAA by S&P with a stable outlook as of May 2019 (Source: S&P Website).

14.1.1.3 United Kingdom

The United Kingdom is the fifth largest economy in the world and second largest in Europe after Germany, with 1.4% annual real GDP growth rate in 2018 (Source: IMF, GDP; Eurostat, GDP). The UK's GDP per capita was €36,410 in 2018. The GDP per capita has grown by 30.5% since 2009 with a compounded annual growth rate of 3.0% while the EU's average growth rates were 26.2% and 2.6% respectively (Source: Eurostat, GDP per capita). The unemployment rate in 2018 was 4.0%, the lowest it has been in the last 40 years, and below the EU average of 6.6% (Source: Eurostat, Unemployment statistics; ONS, Unemployment rate). In 2018, debt-to-GDP ratio was 86.0% and government budget showed of 2.3% of GDP, the lowest in the past decade (Source: Eurostat, Government finance statistics). According to estimates, average wage growth from April 2018 to April 2019 was 2.9%, when adjusted for inflation the real wage growth was 0.9% (Source: ONS, Employee earnings). As of December 2018, the UK was rated AA by S&P with a negative outlook due to Brexit risks (Source: S&P Website). In the second quarter of 2019 the economic performance in the United Kingdom decreased by 0.2% compared to the previous quarter. This was the first quarter with a decrease in economic performance since the fourth quarter of 2012 (Source: ONS, GDP). In the first quarter of 2019, the economy had still grown by 0.5 %. Due to the uncertainty in conjunction with the Brexit it is difficult to predict the future development (see: *"2.1.5. The withdrawal of the United Kingdom from the European Union may continue to cause significant political and economic uncertainty in the European Union and in the United Kingdom. A no-deal Brexit might significantly exacerbate such political and*

economic uncertainties."). The UK's population is 66.6 million, with a 0.6% year-on-year growth rate (from 1 January 2018 to 1 January 2019) and a population density of 272 people per square kilometre of land (2017 average), ranking fourth in the EU for population density (Source: Eurostat, Population on 1 January; Eurostat, Population density).

In terms of purchasing power, the United Kingdom had a GDP per capita purchasing power standard index score of 104 in 2018, 4% above the EU (Source: Eurostat, GDP per capita in PPS). The United Kingdom's harmonised indices of consumer prices inflation rate, which adjusts the inflation for international comparison, was 2.4% on average over the last decade (2008-2018). The highest rate was in 2011 with 4.5% and the lowest rate was in 2015 at 0%. In 2018, the rate was 2.5% (Source: Eurostat, HICP – inflation rate).

14.1.2 Office Real Estate Market

14.1.2.1 Germany

Germany benefits from having a well-diversified economy with its economic infrastructure well distributed among different regions (Source: GTAI). Not only do these regions have different industry characteristics, but they are also important hubs in Europe for their respective markets. Such examples include Berlin being a leading fintech/start-up hub in Europe, Hamburg being a major transportation and supply chain centre in Europe and Frankfurt being one of the largest financial centres in the world (Source: EY; JBS; LIH; Z/Yen). Despite lower growth rates in the overall economy, the **Big 7** German cities (Berlin, Cologne, Dusseldorf, Frankfurt, Hamburg, Munich and Stuttgart) continue to show positive performance as of the first nine months of 2019. Office take-up level in the Big 7 was 3.1 million square metres ("**sqm**") in the first nine months of 2019 with year-on-year growth of 5.4%. Office completion level in the Big 7 was over 800,000 sqm. Although it is forecasted that a further 440,000 sqm will be completed by the end of the year 2019, 85% of this is already pre-let or sold to an owner-occupier, with room to absorb more space. Therefore, there were no significant improvements in total office space stock, with only 0.9% year-on-year growth in the first nine months of 2019 and the short-term supply of office space is still in decline (Source: JLL, Office Market).

Accordingly, office vacancy rates declined in all the Big 7 markets. Despite lower growth in the overall economy, strong development in the economy in the recent years is one of the driving factors of growing demand for office space. Combined with supply shortage, particularly in prime locations, this drives the rents upwards (Source: JLL, Office Market). Prime office rents in Germany's "top five" markets (Berlin, Dusseldorf, Frankfurt, Hamburg and Munich) have grown above the European average. With a 20.2% growth in prime office rental values between the first quarter of 2017 to the first six months of 2019, Germany has the highest ranking compared to nine Western and Northern European countries' averages (averages exclude Germany and the Netherlands), while the Netherlands has the second highest ranking. The average of the EU-17 was 8.7% growth during these same periods (Source: data from C&W, Office Markets, own calculations have been applied for rebasing, weighting and indexing). These EU-17 comprises the following countries: Bulgaria, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Italy, Luxembourg, Norway, Poland, Portugal, Romania, Russia, Spain and the United Kingdom.

14.1.2.1.1 Berlin

In the first nine months of 2019, Berlin had an office take-up volume of 758,800 sqm, significantly higher than the 600,700 sqm in the first nine months of 2018. Office completions in the first nine months of 2019 was 156,700 sqm, higher than in the first nine months of 2018 with 106,700, which had no significant impact on the total office space stock which remained stable at 20.3 million sqm since year-end 2018. The higher take-up compared to new completions resulted in a vacancy decrease to 1.9%, the lowest among Germany's Big 7 markets, which represents a significant reduction compared to 2.7% in the first nine months of 2018 (Source: JLL, Office Market). The increase in prime office rents between the first half of 2018 and the first half of 2019 was the largest in Europe and second largest among the top 30 global cities (Source: JLL, Global Market Perspective, August 2019).

14.1.2.1.2 Frankfurt

Frankfurt's take-up volume was 389,100 sqm in the first nine months of 2019, showing a decline compared to 456,200 sqm in the first nine months of 2018 while still 9% higher than the average for the last five years. Office completions level was at 98,500 sqm, higher than 47,000 sqm in the first nine

months of 2018. Prime office rents increased by 3.8% year-on-year to €40.5/sqm/month and vacancy decreased further to 6.0% (Source: JLL, Office Market).

14.1.2.1.3 *Munich*

With 605,000 sqm office take-up in the first nine months of 2019, Munich had the second highest office take-up volume in Germany after Berlin. Although completions were at 240,300 sqm in the first nine months of 2019, higher than in the first nine months of 2018 with 117,700, vacancy dropped further to 2.5% and the high demand for office space in Munich contributed towards an increase in prime office rents by 6.6% year-on-year to €40.5/sqm/month in the first nine months of 2019 (Source: JLL, Office Market).

14.1.2.1.4 *Hamburg*

The office take-up volume in the first nine months of 2019 was 435,000 sqm, lower than 444,700 sqm in the first nine months of 2018. Office completions dropped significantly from 106,300 in the first nine months of 2018 to 98,100 sqm in the first nine months of 2019 with vacancy at 3.1%, Hamburg is now experiencing its lowest vacancy in the last 15 years. Additionally, excess demand for the office space is driving up the rents in Hamburg. Prime rents have grown 7.4% year-on-year from €27.0/sqm/month in the first nine months of 2018 to €29.0/sqm/month in the first nine months of 2019 (Source: JLL, Office Market).

14.1.2.1.5 *Cologne*

The office take-up volume of 203,000 sqm in the first nine months of 2019 was lower than in the first nine months of 2018 with 217,900 sqm due to scarcity of the supply. Yet while completions were higher than the first nine months of 2018 at 60,300 sqm, only less than 2,000 sqm was still available after completion. Vacancy was reduced further to 2.4% in the first nine months of 2019 and the increasing scarcity of high-quality office space in central locations is now having a significant effect on the rental levels. Prime office rents grew by 13.0% compared to the same period in the previous year to €26.0/sqm/month, the highest growth in the Big 7 German markets (Source: JLL, Office Market). While Berlin has the highest prime rents growth in Europe among the top 30 global cities, when this is expanded to approximately 125 top global cities which includes Cologne, Cologne shows the highest year-on-year prime rent growth in Europe between the first half of 2018 and the first half of 2019 (Source: JLL, Global Market Perspective, August 2019).

14.1.2.1.6 *Stuttgart*

Take-up volume increased significantly to 256,700 sqm in the first nine months of 2019 compared to 163,000 in the first nine months of 2018 despite the scarcity of available supply. Although completions in the first nine months of 2019 with 87,200 sqm were higher than 43,400 sqm in the first nine months of 2018, 86% of these were already occupied after completion. Therefore, vacancy was reduced further to 2.1% in the first nine months of 2019, second lowest among the Big 7 after Berlin. Due to low supply of existing properties and available offers, prime rents increased further by 4.3% within the first nine months of 2019 to €24.5/sqm (Source: JLL, Office Market).

14.1.2.2 Netherlands

Netherlands' office market benefits strongly from the growing Dutch economy and favourable developments over the past few years. Office employment grew by 7.5% between 2015 and 2017, office take-up grew by 42% while available supply was reduced by 42% between 2015 and 2018. Additionally, the vacancy rate declined by 5.8% and asking rents increased by 9.0% between 2015 and 2018 (Source: DTZ Zadelhof/C&W; Dynamis). Netherlands' top five markets (Amsterdam, Rotterdam, The Hague, Utrecht and Eindhoven) have demonstrated the second highest growth rate in prime office rental values among the nine Western and Northern European countries with a 17.6% growth between the first quarter of 2017 and the second quarter of 2019 (Source: data from C&W, Office Markets, own calculations have been applied for rebasing, weighting and indexing). The Netherlands has an AAA credit rating (Source: S&P Website). Combined with favourable market conditions and income growth, the Dutch economy has seen steady office capital value appreciation especially in Amsterdam which has demonstrated the highest capital value growth in prime offices among the top 30 global markets, with a 27.0% growth between the third quarter of 2017 and the third quarter of 2018 (Source: JLL, Global Market Perspective, November 2019).

14.1.2.2.1 Amsterdam

In Amsterdam, office take-up grew by 73% while available supply decreased by 68% between 2015 and 2018. Additionally, the vacancy rate declined by 8.5% and asking rents increased by 11% during the same periods. Prime office yields have also shown a significant improvement, declining by 2.3% since 2015 to 3.2% in the first half of 2019 (Source: DTZ Zadelhof/C&W; Dynamis; Colliers, EMEA Office).

14.1.2.2.2 Rotterdam

The office take-up volume in Rotterdam grew by 31% since 2015 to 240,700 sqm in 2018 while available supply decreased by 33% to 656,000 sqm. Additionally, the vacancy rate declined by 6.2% and asking rents in Rotterdam centre increased by 7.1% during the same periods. Prime office yields are at its lowest level in the last 10 years with 4.75% as of June 2019. (Source: Dynamis; C&W, Netherlands; Knight Frank, Netherlands).

14.1.2.2.3 Utrecht

The office take-up volume in Utrecht grew by 57% since 2015 to 203,200 sqm in 2018 while available supply decreased by 34% to 448,000 sqm. Utrecht's central location in the Netherlands provides good connectivity to all the other regions. Additionally, the vacancy rate declined by 6.1% and asking rents in Utrecht centre increased by 14.7% during the same periods. Prime office yields are at its lowest level in the last 10 years with 5.25% as of June 2019. (Source: Dynamis; C&W, Netherlands; Knight Frank, Netherlands; PropertyEU).

14.1.3 Hotel Real Estate Market

14.1.3.1 Germany

According to data from Destatis, Germany's tourism sector shows continued strong demand, with preliminary data showing an increase in overnight stays of 3.8% in the first half of 2019 compared to the same period of 2018 (Source: Destatis, Internal Tourism). This trend is supported by international demand according to data from the UNWTO (United Nations World Tourism Organisation), with 39 million international tourist arrivals in 2018, up 4% in real terms compared to 2017, ranking Germany eighth in international tourist arrivals globally in 2018. Spending by international tourists in Germany was U.S.$43 billion in 2018, reflecting an increase of 3% in real terms compared to 2017, making Germany the eighth largest worldwide in international tourist spending (based on international tourism receipts) (Source: UNWTO).

According to data collected by Smith Travel Research ("**STR**"), the underlying performance indicators of the German hotel market recorded continued growth in the first eight months of 2019 with room occupancy increasing by 0.4% to 70.7% from 70.4% in the corresponding period in 2018. The average daily rate ("**ADR**") increased by 1.4% over the same period to €100.6. The revenue per available room ("**RevPAR**") increased by 1.8% over this period to €71.1. The strongest performance was recorded in the "Upper Midscale Class" segment of hotels, where occupancy increased 0.8% the first eight months of 2019 compared to the corresponding period in 2018, ADR increased 3.0% and RevPAR increased 3.8% over the same period (Source: STR, Germany).

14.1.3.1.1 Berlin

The Berlin market outperformed the general German market, showing a 2.1% increase in room occupancy the first eight months of 2019 compared to the corresponding period in 2018, reaching 78.3% in the first eight months of 2019. Berlin's ADR increased by 1.8% to €96.1 the first eight months of 2019 compared to €94.4 in the corresponding period in 2018. RevPAR as a result increased by 4.0%, reaching €75.3 the first eight months of 2019 compared to €72.4 the corresponding period in 2018 (Source: STR, Germany).

14.1.3.1.2 Cologne

Cologne, the largest city in North Rhine-Westphalia, benefits from strong performance indicators in the hotel market. While room occupancy remained stable, increasing slightly to 72.5% the first eight months of 2019 from 72.4% in the corresponding period in 2018, the ADR increased by 5.2% in the respective periods, to €113.6 from €108.0. Consequently, RevPAR increased by 5.3% to €82.3 the

first eight months of 2019 compared to €78.2 in the corresponding period in 2018. All key indicators (room occupancy, ADR and RevPAR) remain above the German average, with RevPAR outperforming the German average by 15.7% in the first eight months of 2019. (Source: STR, Germany).

14.1.3.1.3 *Düsseldorf*

Düsseldorf is the capital of North Rhine-Westphalia and is centrally located within the state. Room occupancy in the first eight months of 2019 stood at 70.4%, increasing from 69.8% in the corresponding period in 2018. ADR increased by 0.8% in the first eight months of 2019 compared to the corresponding period in 2018, growing to €110.5 from €109.6. RevPAR consequently increased by 1.9% from €76.5 the first eight months of 2018 to €78.0 in the corresponding period in 2019, which is 9.7% above the German average (Source: STR, Germany).

14.1.3.1.4 *Frankfurt*

Whilst the hotel market in Frankfurt still records one of the highest ADRs in Germany, the Frankfurt hotel market recorded a decrease in all indicators the first eight months of 2019 compared to the corresponding period in 2018. Occupancy decreased to 67.5% the first eight months of 2019 from 69.0% in the corresponding period in 2018, ADR decreased 3.7% to €115.0 in the first eight months of 2019 from €119.5 in the corresponding period in 2018 and RevPAR decreased to €77.7 in the first eight months of 2019 from €82.5 the first eight months of 2018, still outperforming the German average by 9.3% (Source: STR, Germany).

14.1.3.1.5 *Munich*

Occupancy increased in Munich in the first eight months of 2019, to 77.4% from 75.5% in the corresponding period in 2018. The ADR in Munich is the highest in Germany, increasing further to €155.4 in the first eight months of 2019 compared to €152.4 in the corresponding period in 2018. The first eight months of 2019 ADR is 54.5% above the German average. As a result of the increased occupancy and ADR, the RevPAR increased by 4.6%, from €115.1 in the first eight months of 2018 to €120.3 in the corresponding period in 2019, which is 69.2% above the German average (Source: STR, Germany).

14.1.3.2 United Kingdom

The UK's hotel market saw strong international demand in 2018 with 36 million international tourist arrivals, though this is a decrease of 4% compared to 2017, the United Kingdom is still ranked tenth by number of international visitors world-wide. International tourist spending is also strong in the UK, with international tourism receipts of U.S.$52 billion in 2018, which is an increase of 2% compared to 2017, ranking it fifth globally in total international tourism spending (Source: UNWTO).

According to data collected under the 2018 Great Britain Tourism Survey, Great Britain (England, Scotland and Wales) saw an increase in domestic overnight stays (overnight stays by residents of England, Scotland and Wales) to 371.7 million nights in 2018 from 369.5 million overnight stays in 2017. Additionally, the expenditure derived from domestic tourism (as defined above) increased from GBP 23.7 billion in 2017 to GBP 24.0 billion in 2018 (Source: GBTS).

In the first eight months of 2019, the room occupancy in the UK stood at 77.3%, decreasing slightly compared to the 77.4% in the corresponding period in 2018. The ADR was GBP 93.70 in the first eight months of 2019, up 1.0% compared to the corresponding period in 2018, which was GBP 92.75. These changes resulted in a RevPAR increase of 0.8% in the first eight months of 2019 compared to the corresponding period in 2018, from GBP 71.81 to GBP 72.40 (Source: STR, UK). These figures are significantly impacted by the high share and performance of the London hotel market. The UK regional hotel market, excluding London, serves as a benchmark for the UK's other cities and hotel markets. The UK regional hotel market had an occupancy of 75.5% in the first eight months of 2019, compared to 75.9% in the corresponding period in 2018. ADR decreased 1.3% over the same period, from GBP 73.05 in the first eight months of 2018 to GBP 72.10 in the corresponding period in 2019. RevPAR decreased 1.7%, from GBP 55.43 in the first eight months of 2018 to GBP 54.46 in the corresponding period in 2019 (Source: STR, UK).

14.1.3.2.1 *London*

London is a popular tourist destination, ranking third globally by numbers of international visitors in 2017 (Source: Euromonitor). The number of international visitors has increased continuously since

2009 according to data from the Greater London Authority with domestic demand also increasing over the same period, accounting for 12.0% of visitor trips and 9.0% of overnight stays in 2017 (Source: GLA, London). London's key indicators have shown improvement in the first eight months of 2019 compared to the corresponding period in 2018. Room occupancy for the first eight months of 2019 was 82.7% in London, up 0.6% from 82.2% in the corresponding period in 2018, ADR was GBP 150.80, up 3.8% compared to GBP 145.22 in the first eight months of 2018 and RevPAR increased by 4.5% to GBP 124.72 in the first eight months of 2019 compared to GBP 119.34 in the corresponding period in 2018. Additionally, London outperformed other major UK cities in ADR and RevPAR, and has among the highest room occupancy rates (Source: STR, UK).

14.1.3.2.2 *Edinburgh*

Based on certain key performance indicators such as room occupancy, ADR and RevPAR in 2018, Colliers ranked Edinburgh first place in its Colliers UK Hotels market index 2019, the same rank it held in 2018, due to a "robust" 4-year RevPAR trend and "continuous strong market appetite" (Source: Colliers UK Hotels Market Index 2019). The first eight months of 2019 showed figures decreasing. In the first eight months of 2019, room occupancy decreased to 81.1% from 81.7% in the corresponding period in 2018. ADR decreased in the first eight months of 2019 to GBP 106.03 from GBP 107.28 in the corresponding period in 2018. RevPAR, as a result, decreased in the first eight months of 2019 to GBP 86.06 from GBP 87.61 in the corresponding period in 2018, whilst still outperforming the UK average by 19.0% and the UK Regional hotel market average by 58.0%, according to data from STR (Source: STR, UK).

14.1.3.2.3 *Liverpool*

The hotel market in Liverpool outperformed the UK regional market average in the first eight months of 2019 with a room occupancy of 77.7% compared to 75.5% for the regional average. Occupancy did decrease compared to the corresponding period in 2018, which was 81.1%. ADR increased by 1.8% to GBP 76.69 in the first eight months of 2019, compared to GBP 75.31 in the corresponding period in 2018. RevPAR decreased in the first eight months of 2019 to GBP 59.60 from GBP 61.05 in the corresponding period in 2018, standing 9% above the UK regional market average (Source: STR, UK).

14.1.3.2.4 *Manchester*

According to data from STR, Manchester saw improving indicators the first eight months of 2019. It had a room occupancy of 77.7% in the first eight months of 2019 compared to 76.7% in the corresponding period in 2018. Additionally, ADR stood at GBP 74.02 increasing 2.0% compared to the first eight months of 2018, which stood at GBP 72.53. RevPAR in the first eight months of 2019 was GBP 57.48 compared to GBP 55.65 in the corresponding period in 2018, an increase of 3.3%. The current indicators outperform the UK's regional market average, with RevPAR outperforming by 6% (Source: STR, UK).

14.1.3.2.5 *Bristol*

Colliers ranked Bristol fifth place in its Colliers UK Hotels market index 2018 (Source: Colliers UK Hotels Market Index 2018). Bristol recorded room occupancy at 80.5% in the first eight months of 2019, increasing from the corresponding period in 2018 (79.6%). ADR remained relatively stable the first eight months of 2019 at GBP 76.27, compared to GBP 76.12 in the corresponding period in 2018. RevPAR, as a result, increased to GBP 61.39 from GBP 60.57 in the first eight months of 2019, an increase of 1.4%. The current indicators outperform the UK regional averages, with RevPAR outperforming 13% (Source: STR, UK).

14.1.4 Logistics/Wholesale Real Estate Market

14.1.4.1 Germany

Despite the recent slowdown in GDP growth, the logistics market show positive developments due to sustained growth in demand, driven by growing e-commerce and new trends such as e-mobility (Source: BNP, Logistics Market Germany).

Take-up in the German warehouse and logistics markets was around 3.3 million sqm in the first half of 2019, lower compared to the first half of the record-year-2018 but 15% higher than the ten-year

average. This above average growth is mostly attributable to cities outside the “Big 5” conurbations (Berlin, Dusseldorf, Frankfurt, Hamburg and Munich), with 2.45 million sqm take-up in the first half of 2019 which was lower year-on-year but 28% higher than the ten-year average. Take-up in the Big 5 was around 847,000 sqm in the first half of 2019, lower year-on-year as well as lower than the last ten-year average, which was impacted by drop in take-up of large units due to the supply shortage.

Completions dropped significantly by 17.8% in the Big 8 markets (Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne, Munich, Stuttgart and Ruhr area) from 536,300 sqm in the first half of 2018 to 440,900 sqm in the first half of 2019. Average prime rents for warehouse space of the Big 8 grew by 4.4% year-on-year in the first half of 2019, with the majority of markets showing an upward development except prime rents in Dusseldorf and Stuttgart, which were stable (Source: JLL, Logistic and Industrial Market).

14.1.4.1.1 Berlin

Total take-up in warehouse in the Berlin region was around 251,000 sqm in the first half of 2019. This was the highest-ever result for a first half of a year, which represented 60.5% growth year-on-year. Completions in the first half of 2019 were with 51,000 sqm, lower than 85,600 sqm in the first half of 2018. Prime warehouse rents grew by 10.0% year-on-year to €5.5/sqm/month in the first half of 2019, the second largest growth among the Big 8 after Hamburg (Source: JLL, Logistic and Industrial Market).

14.1.4.1.2 Hamburg

In the first half of 2019, lack of supply led to year-on-year reduction in take-up which was at 143,000 sqm. Completions decreased from 84,000 sqm in the first half of 2018 to 30,700 sqm in the first half of 2019. Due to the limited availability of space, prime rents for warehouse space increased by 10.5% year-on-year in the first half of 2019 to €6.3/sqm/month, which has been flat until 2018 (Source: JLL, Logistic and Industrial Market).

14.1.4.1.3 Frankfurt

Take-up volume for warehouse and logistics space was 248,000 sqm, lower than 346,900 sqm in the first half of 2018 due to record results in the past years. Despite the growth in completions to 176,3000 sqm in the first half of 2019, all of this space was reserved prior to completion. The tight supply situation has consequences for the prime rent, which has risen by 3.3% year-on-year to €6.2/sqm/month (Source: JLL, Logistic and Industrial Market).

14.1.4.1.4 NRW – Ruhr region

Total warehouse and logistics take-up in Ruhr area was 342,500 sqm in the first half of 2019, growing by 35.8% compared to the first half of 2018, and 20% above the five-year average. Completions decreased in the first half of 2019 to 68,900 sqm, lower than 139,900 sqm in the first half of 2018. Prime rents for warehouse space increased by 7.2% year-on-year in the first half of 2019 to €5.2/sqm/month (Source: JLL, Logistic and Industrial Market).

14.1.5 Retail Real Estate Market

14.1.5.1 Germany

Despite the recent slowing in economic growth, conditions for the retail sector remain good as rising wages are strengthening domestic consumption. In July 2019, retail turnover was 5.4% higher than a year previously. Ongoing demand is driven by specialised shops, F&B sector, leisure & fitness and by online retailers wishing to offer a bricks and mortar consumer experience (Source: C&W, Retail Market). Take-up level in the first nine months of 2019 was 380,200 sqm in Germany, up by around 5% year-on-year. Take-up share of Big 10 (Berlin, Cologne, Dusseldorf, Leipzig, Munich, Stuttgart, Hamburg, Frankfurt, Hannover and Nuremberg) declined year-on-year with Berlin, Frankfurt and Cologne leading the take-up levels. Retail letting volume in Big 10 was 51,200 sqm in the first nine months of 2019, 39.3% lower than in the first nine months of 2018. While the prime rents were stable in Big 10 year-on-year, it only fell in Cologne in the first nine months of 2019 (Source: JLL, Retail Market).

14.1.5.1.1 Berlin

Berlin continues to dominate the retail real estate market in Germany for its retail letting volume with 31,400 sqm in the first nine months of 2019 while the prime retail rents were stable year-on-year

(Source: JLL, Retail Market). Berlin's retail sector remains diverse. While the shopping centres in other metropolises such as Munich, Cologne and Frankfurt are located in fairly compact areas, in Berlin they are spread much more across the market's regions. Thus, the pedestrian frequency per hour is lower compared to other German cities as it spreads into different streets (Source: BNP, Footfall).

14.1.6 Residential Real Estate Market

14.1.6.1 Germany

In the residential sector, the demand for rental apartments is determined by variables like number of households and the average household size while the supply side is affected by available housing stock and vacancy rates. The number of households increased by 3.2% from 2008 to 2018 and the supply of housing increased by 4.0% in the same period (Source: Destatis, Households; Destatis, Stock of Residential Buildings and Dwellings). According to the 27 June 2019 press release No. 244 from Destatis, Germany's population in 2018 was about 83.0 million, reflecting a growth of 227,000 people or 0.2% over the 82.8 million population in 2017, crossing the 83 million threshold for the first time (Source: Destatis, No. 244). Despite a birth deficit, the number of inhabitants in Germany is estimated to have increased due to the migration surplus and has reached a new record high since German reunification (Source: Destatis, Population Estimate). Since the mid 1980's and excluding 2008 and 2009, Germany's net migration balance has been positive. Overall migration balance reached a peak in 2015 at over 1.1 million people. Since then, migration has reduced to around 400,000 in 2018 (Source: Destatis, Migration Statistics). Official forecasts predict a decrease in population in the long-term, with a decrease starting 2040 at the latest with 2060 population projected between 74 and 83 million (Source: Destatis, No. 242). However, Destatis projects that the number of households will continuously grow in the coming years, increasing 3.2% from 2018 until 2035. This they see mainly resulting from a change in the share of household type, estimating an increased share of one and two person households, which account for 76% of households as of 2018 and are estimated to account for 80% of households by 2035, reflecting an increase of 9.2% households with one person and 6.8% for households with two persons (Source: Destatis, Population Projections).

Asking rents in Germany's Big 8 markets (Berlin, Hamburg, Munich, Cologne, Frankfurt, Dusseldorf, Stuttgart and Leipzig) increased by an average of around 2.3% year-on-year in the first half of 2019 while house prices increased on average 6.7% in the same period. The average asking rent increased by 4.7% year-on-year in Berlin in the first half of 2019, the increase in Hamburg was between 5.4% in the prime segment and 4.0% in the lowest rental category, average asking rents increased 1% in Munich, mainly driven by the lower rental category which saw an increase of 3.2% in rents. Asking rents in Cologne increased 3.0%, Frankfurt recorded 3.5% mostly driven by the lower rental category which increased just under 6.8%, average rents increased 1.3% in Dusseldorf, 1.0% in Stuttgart and 1.4% in Leipzig, lower rental category rents in Leipzig increased by around 4.6%. (Source: JLL, Housing Market).

14.1.6.2 London

According to data provided by the 2019 Housing in London report of the Greater London Authority, the total vacancy in London stood at 1.9% in 2018, with levels over the recent years at the lowest since 1978, having fallen steadily from a peak of 5.4% in 1993 and reaching their lowest level of 1.7% in 2014, fluctuating around this level since then. Long term vacancy, homes being vacant for longer than 6 months, stands at 0.6% of stock in 2018 (Source: GLA, Housing). According to Savills, this will not change in the near future, even when taking Brexit into account, with Savills estimating a demand requiring between 90,000 and 100,000 new homes per annum in the coming years whilst forecasting completion of 40,000 homes on average per year between the years 2018 and 2022 (Source: Savills). This shortfall in housing supply is expected to be greatest in the lower mainstream market (affordable housing) where there is an expected demand of 21,000 and an estimated shortfall of around 16,000 new homes per year (Source: Savills). Average rent over the period 2017 to 2018 for London was GBP 1,495 per month, ranging from around GBP 1,100 in Boroughs such as Havering, Bexley and Sutton, GBP 1,733 in Islington and up to GBP 2,427 on average in Kensington and Chelsea. When compared to the average house price, which was GBP 461,856 for London as of March 2019, this reflects a multiple of 25.7 times average rent to average house price. The average house prices for the aforementioned Boroughs are as follows: Havering GBP 359,854 reflecting a 27.3 times multiple, Bexley GBP 335,925 reflecting a 25.4 times multiple, Sutton GBP 372,888 reflecting a 28.2 times multiple, Islington GBP 629,885 reflecting a 30.3 times multiple and Kensington and Chelsea GBP

1,226,771 or a multiple of 42.1 times (Source: GLA, Housing). In 2018, roughly 27% of London households rented on the open market while 21% were in social housing, showing an increased trend in the share of households that rent compared to the share that own their home. In recent decades, the proportion of households that owned their own home with a mortgage has decreased from around 38% in 2000 to around 29% in 2018, households that owned their home outright remained relatively stable over the period. (Source: GLA, Housing).

14.2 Competition

Aroundtown is not aware of any other company of comparable size that focuses on the same asset types in the same regions where the Company is active. Therefore, the Company does not believe it has any direct competitors in its primary markets covering the asset classes the Company is invested in. Nevertheless, competition exists on a per asset class basis and a per property basis. The competitive situation frequently depends on the investment volume and the characteristics of the relevant property or portfolio. As a general rule, there are no significant barriers to entry to invest in real estate other than the availability of capital, real estate expertise and access to acquisition offers.

Due to the size and fragmentation of the commercial real estate markets in the areas where Aroundtown is active, Aroundtown competes against a large and diverse group of market players ranging from institutional investors to integrated property companies and financial investors. Aroundtown regularly competes with other local and international investors to acquire portfolios and properties. The competitive situation frequently depends on the investment volume and the characteristics of the relevant property or portfolio. In particular, national and international, open-end and close-end investment funds with different investment strategies and risk profiles as well as private equity firms, insurance companies, developers, banks, foreign and domestic publicly listed property companies, including Real Estate Investment Trusts (REIT), and, to a certain extent, family offices compete for properties and portfolios. However, Aroundtown believes that due to its long-standing track record and sourcing network as well as its clear focus on properties with value-add potential in it has obtained an excellent position allowing it to effectively compete against even sophisticated competitors.

With respect to letting its offices, hotels, logistics/wholesale, retail and other properties to commercial tenants, Aroundtown competes with other companies active in the commercial real estate market for solvent tenants willing to pay what Aroundtown considers to be attractive rent levels. Here, competition is even more fragmented than competition for the acquisition of properties, although Aroundtown generally faces the same competitors (i.e., national and international investment funds with different investment strategies and risk profiles, private equity firms as well as foreign and domestic publicly listed property companies and to a certain extent family offices).

Companies with a partial overlap include Alstria office REIT-AG, TLG IMMOBILIEN AG, CA Immo Anlagen AG and Covivio SA.

GCP competes with respect to letting and acquiring residential properties to tenants and with respect to single acquisitions with other stock listed companies whose business strategy is purchasing and renting of real estate properties with a focus on residential units in Germany, such as Vonovia SE, Deutsche Wohnen AG, LEG Immobilien AG, TAG Immobilien AG, ADO Properties SA. The Company believes that these companies have a strategy, which is in part comparable to GCP’s strategy in that these companies also focus on densely populated areas such as NRW, Berlin and other densely populated cities in Germany. In the Company`s opinion these companies generally aim to acquire properties which already provide low vacancy rates, whereas GCP aims at the acquisition of undermanaged properties in order to achieve a repositioning and realise the potential of the acquired assets through its intense repositioning measures.

15. BUSINESS

15.1 Business Overview

Aroundtown is a listed real estate company, with a focus on income generating properties with value-add potential, primarily in the German and Dutch real estate markets and in the United Kingdom with further diversification in real estate markets of other European cities and regions. Aroundtown invests in commercial and indirectly to residential real estate assets which it believes benefit from strong fundamentals and growth prospects.

As of 30 September 2019, Aroundtown's commercial portfolio had an aggregate value of € 17.9 billion (excluding assets held for sale). Aroundtown' commercial portfolio primarily comprises office, hotel, logistics/wholesale and retail properties. In addition, Aroundtown holds a substantial interest of 39% in GCP, a listed real estate company that focuses on investing in value-add opportunities in the German residential real estate market. As of 30 September 2019, GCP's portfolio had an aggregate value of € 7.6 billion (excluding assets held for sale). GCP' portfolio is not consolidated in the Company's consolidated financial statements, but the Company's interest in GCP is presented as an investment in an equity-accounted investee. As of 30 September 2019, the Company's interest in GCP was recorded at € 1.9 billion in the Company's consolidated financial statements.

With a fully integrated real estate value chain, Aroundtown targets cash flow generating properties with growth potential in terms of rental income and/or occupancy, rental and tenant structure, cost level optimisation and resulting value creation. Through an intensive operational repositioning of the properties, Aroundtown strives to further improve portfolio performance by creating safe and cash flow generating features and benefiting from the internal growth potential of the portfolio. The Company believes that this will enable it to create significant value in its real estate portfolio.

In the nine month ended 30 September 2019, Aroundtown generated net rental income of € 554.5 million (compared to € 455.8 million in the nine month ended 30 September 2018). In the twelve-month ended 31 December 2018, Aroundtown generated net rental income of €633 million. With a WALT of 8.4 years and an EPRA Vacancy Rate of 8.0% (both as of 30 September 2019), the Company believes that its portfolio is well positioned to generate stable cash flows for the foreseeable future.

15.2 History

The Company was incorporated as a private limited liability company in Cyprus in May 2004 and has since been active in the German, Dutch and other real estate markets. In November 2014, the Company became a public limited liability company under the name Aroundtown Property Holdings plc. On 13 September 2017, the Company completed the transfer of its registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, without dissolution and with full corporate and legal continuance as a public limited liability company (*société anonyme*) under the name Aroundtown SA.

The shares of the Company were listed on the Paris Euronext stock exchange from June 2015 until December 2017, and since May 2017, have been admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

GCP, originally a subsidiary of the Company, was de-consolidated from the Company's consolidated financial statements as of 31 December 2014. GCP's shares were included on the open market of the Frankfurt Stock Exchange in May 2012. Since May 2017, GCP's shares have been admitted to trading on the regulated market of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*).

In December 2015, S&P assigned the Company an investment grade long-term corporate credit rating of "BBB", and in June 2016, S&P upgraded the Company's credit rating to "BBB" with a stable outlook. In December 2016, S&P assigned the Company a short-term corporate credit rating of "A-2". In December 2017, S&P upgraded the Company's credit rating to "BBB+" with a stable outlook, which was recently confirmed in December 2018.

Since 2014, the Company has completed a number of capital markets transactions and raised approximately €16 billion, including gross proceeds from share capital increases and the issuance of

perpetual notes, convertible bonds, straight bonds and other financing instruments, such as promissory notes (*Schuldscheindarlehen*) in Germany. Since its listing on the Frankfurt Stock Exchange in 2012, also GCP has successfully accessed the capital markets and issued shares and debt securities in an aggregate volume of approximately € 6 billion, including gross proceeds from share capital increases and the issuance of perpetual notes, convertible bonds and straight bonds.

15.3 Strengths of Aroundtown

Aroundtown believes that the following competitive strengths have been the primary drivers of its success in the past and will continue to set Aroundtown apart from its competitors in the future:

15.3.1 Market leading position and high portfolio diversification

Based on its own assumption Aroundtown is, according to portfolio value, the largest listed commercial real estate company in Germany and believes to have the highest credit rating among the listed commercial real estate companies in Germany. Aroundtown's portfolio is characterised by a high diversification in asset types with a focus on offices, hotels and, through its holding in GCP, residential properties, with smaller positions in logistics/wholesale, retail and other properties. The diversification is further increased through the geographical spread of properties with a focus on central locations and major cities in Germany and the Netherlands. Berlin is Aroundtown's single largest geographical position comprising 19% of the portfolio. The largest portion of its office properties is located in Munich (19%), in Berlin (17%) and Frankfurt (15%) and the largest portion of hotel properties is located in Berlin (19%), all percentages given according to value of Aroundtown's portfolio as of 30 September 2019. The portfolio is further diversified through a low dependency on single tenants due to a large tenant base of over 3,000 tenants with the top 10 tenants representing less than around 22% of the rent. GCP's residential portfolio is also well diversified with the properties located in densely populated areas and mayor cities, primarily in Germany, with 24% located in Berlin, 24% in NRW, 14% in Dresden/Leipzig/Halle (all percentages according to fair value as of 30 September 2019).

15.3.2 Experienced management team

Aroundtown's management team draws on a broad base of experience in the real estate market and associated sectors. This enables Aroundtown to continuously innovate, take strategic decisions quickly and integrate newly acquired properties efficiently. Aroundtown's large presence in the market enhances its ability to attract managers and employees with a good reputation in the real estate sector, as well as to build a pool of existing knowledge and experience. This knowledge is communicated and utilised across the Company and its business units to develop operational improvements, such as automated cost saving initiatives and automated rent increase processes. Aroundtown believes that its management is particularly effective in implementing vacancy reduction activities rapidly, putting in-place cost effective measures to reduce operating costs of its properties and such as utilising the economies of scale, establishing rent increase processes and optimising rental contracts in terms of lease maturity and income security. Management believes it also possesses sufficient cross-sector experience to develop the full value of the property portfolio and operations experience to effectively monitor and reduce costs.

15.3.3 Proprietary IT/ software platform

Aroundtown has a scalable proprietary IT/software platform that connects all departments and property units, enabling efficient monitoring and implementation of value-add measures. Through its IT/software systems Aroundtown is able to monitor the progress of rent, occupancy and WALT increases across the portfolio compared to the set budgets under each property's individual business plan. The IT/ software systems also give Aroundtown the capacity to maintain strict oversight over operational expenses and the implementation of cost efficiency measures which the Company believes help to optimise yields further. Aroundtown's software team interacts closely with the operational teams to deliver fast and efficient solutions to the Company's operational needs. After a software solution is implemented, constant improvements and updates take place to adapt to any additional operational necessities that arise.

15.3.4 Deal sourcing and ability to create accretive growth

Aroundtown believes that its acquisition track record since its formation in 2004 demonstrates its market leadership. Aroundtown believes that it has a preferred acquirer status with many sellers of real

estate, primarily due to its professional approach, fast and high execution rates, and reliability. Given the wide coverage of asset classes and experience of its management, Aroundtown is able to effectively assess repositioning options, including developing strategies for optimising the target property's primary use. Aroundtown 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. Aroundtown believes this improves efficiency and leads to the creation of value. Aroundtown has a proven track record of acquiring properties with various value-add drivers and successfully tapping their upside potential. Aroundtown believes that its deal sourcing ability and strong track record will enable it to sustain its growth in the future.

15.3.5 Robust financial flexibility

Aroundtown's operations are based upon solid financing and its management can draw from many years of experience in raising capital. Aroundtown works with leading national and international investment banks both as a direct source of financing and as bookrunners for various financing and capital markets transactions. Aroundtown has a proven track record of successfully accessing the capital markets through numerous issuances of equity, bonds, convertible bonds and perpetual notes, providing it with the experience to continue to effectively access the capital markets in the future. Since 2014, Aroundtown has raised roughly €16 billion in capital through various capital market transactions. Under its EMTN programme established in 2017 with a current maximum issue size of €15 billion, Aroundtown has issued outstanding bonds and promissory notes in principal amount of € 8 billion. Furthermore, Aroundtown has close business relationships with over 20 commercial banks and lenders and has substantial experience in obtaining bank debt at what it believes favourable conditions. Aroundtown is a constituent of key benchmark and industry indices (MDAX, MSCI Index Series, S&P Europe 350, Stoxx Europe 600, FTSE EPRA Index Series).

15.3.6 Conservative financial profile

Aroundtown considers its financial profile to be conservative for the real estate sector. This is reflected in an LTV of 34% as of 30 September 2019, as well as an average debt maturity of 7.4 years, a low average cost of debt of 1.7% and a high interest-hedging ratio of 96%. Aroundtown's management has identified its relatively low debt ratios, long debt maturities and low cost of debt as a key source of competitive advantage and therefore has put policies in place to keep financing costs relatively low and the portion of unencumbered assets relatively high. The Company believes that this approach enables further external growth, while still allowing it to maintain a conservative capital structure. The conservative aspect of Aroundtown's capital structure is based on Aroundtown's diversified financing sources, including equity, convertible bonds, debt securities, perpetual notes and bank loans. Additionally, the ratio of unencumbered assets (including the proportional ratio in unencumbered assets of GCP and other holdings but excluding assets held for sale) of 80% as of 30 September 2019 provides additional financial flexibility. The strength of its capital structure is reflected in Aroundtown's investment grade credit rating, which was upgraded to 'BBB+' by S&P in December 2017 following the upgrade to 'BBB' in June 2016 and the initial credit rating of 'BBB-' received from S&P in December 2015.

15.4 Strategy

15.4.1 Focus on quality assets mainly in central locations in top tier cities, primarily in Germany and in the Netherlands, to maintain and increase its income generating portfolio with value add potential

The Company focuses on income generating quality properties with value-add potential mainly in central locations in top tier cities, primarily in the German and Dutch real estate markets. Aroundtown invests in commercial and residential real estate assets which it believes benefit from strong fundamentals and growth prospects. Within its geographical focus, Aroundtown invests in different asset types of real estate, including commercial real estate properties such as offices, hotels, logistics/wholesale, retail and other types of commercial real estate as well as in residential real estate through its shareholding of 39% in GCP. Aroundtown believes that the real estate markets within its focus benefit from favourable fundamentals that will support stable profit and growth opportunities in the foreseeable future. Besides Germany and the Netherlands, and limited to certain asset classes and large cities, Aroundtown also targets other real estate markets in Europe, such as the United Kingdom, that it believes benefit from strong underlying fundamentals, in particular for hotel properties.

Aroundtown primarily follows a buy and hold strategy, with a strong focus on creating a long-term stream of secure cash flows. Given its low vacancy rates and existing below market level rents, Aroundtown believes that its portfolio will continue to exhibit strong and lasting growth after the implementation of initial repositioning activities. Aroundtown believes that its current portfolio will enable it to further grow organically without relying exclusively on further acquisitions for further growth.

15.4.2 Maintain a conservative financial policy and the current investment grade rating while continuing to improve the Company's rating with a long term target of "A-"

Aroundtown seeks to preserve its capital structure, which it considers to be conservative, with a LTV ratio limit of less than 45%, relatively low interest rates from bank loans that are mostly hedged, diversified financing sources and long maturities. In addition, the Company aims to keep its unencumbered assets at a ratio of above 50%. A key feature of Aroundtown's financing objectives is to maintain ample investment flexibility in order to take advantage of investment opportunities when they arise. Because liquidity plays a significant role in the acquisition of value-add properties, Aroundtown attaches importance to having a solid liquidity position, which contributes to its ability to acquire properties with existing resources and refinance the acquisition at a later stage.

The Company not only aims at keeping its present investment grade rating, but also strives to further improve it. A key item of the Company's financial strategy is to achieve an "A-"corporate rating from S&P or a similar rating grade from another comparable rating agency in the future, and the Company will continue to implement measures designed to help it achieve this goal. Further, the Company focuses on maintaining a healthy mix between various debt financing sources such as unsecured bonds, credit facilities, notes, and bank loans.

15.4.3 Source and pursue attractive acquisitions of properties below replacement costs with below market rent levels

Aroundtown focuses on acquiring value-add properties characterised by below market rent levels, inefficient cost or lease structures and/or with vacancy reduction potential. With over 15 years of experience in the real estate markets, Aroundtown believes that it benefits from a preferred buyer status across its large and diverse deal sourcing base that includes receivers, banks, loan funds, broker networks, distressed owners, private and institutional investors and court auctions. Aroundtown's primary focus is mainly on central locations in top tier cities in Germany and the Netherlands. Its main acquisition criteria include purchase prices below replacement cost and below market values, value-add potential from operational improvements, such as vacancy reductions, rent levels per sqm below market levels, and the potential to reduce the current cost per sqm significantly through operational improvements.

15.4.4 Focus on asset repositioning, increasing cash flow, quality, WALT and value creation

A key factor of the Company's value-add strategy is the creation of a repositioning plan for each of its properties, which begins during the due diligence process prior to the acquisition. The initial repositioning activities aim at minimising the time until the profitability of the acquired properties is improved. These activities include targeted marketing activities to increase occupancy and thereby rental income, identifying potential future tenants, targeted improvements in close co-operation with existing tenants, and tailoring the assets to the needs of the existing or future tenants.

Aroundtown believes that identifying potential tenants prior to acquisition of the property not only decreases operational risk but also accelerates the property repositioning process. The financial feasibility of proposed capex investments is balanced against the lease term, rental income and property acquisition cost and are designed to show quick returns over the investment period. Aroundtown further aims to drill down on cost saving opportunities on a per unit basis, making use of modern technologies such as consumption based metres. These efforts, combined with cost savings achieved through vacancy reductions and economies of scale, are designed to enable the Company to benefit from a significant improvement of the cost base and therefore achieve higher profitability. Aroundtown manages its entire real estate value chain across acquisition, letting, upkeep and refurbishment, and this integrated approach brings further efficiency benefits, such as fast response times to its tenants. Through these repositioning measures, Aroundtown aims to increase rents, reduce vacancies and increase WALTs. Further, Aroundtown capitalises on its size in order to complement its property lease activities with selected value-added services to improve customer satisfaction. The repositioning concept for each asset is integrated into Aroundtown's IT/software platform which

enables the management to monitor numerous operational and financial parameters and fully control the repositioning progress.

15.4.5 Maximise tenant satisfaction

Aroundtown puts great emphasis on establishing strong relationships with its tenants to reduce the rate of tenant turnover, and to predict and strengthen the tenant structure, thereby improving future cash flow. The Company aims to offer high quality services for both potential and existing tenants. Aroundtown pays strong attention to the industries in which its commercial tenants operate and to their individual success factors. Improvements to properties are discussed in close coordination with committed tenants, allowing an efficient and cost-effective implementation of capex investments. Aroundtown 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. Further, Aroundtown aims to establish personal relationships between its asset and property managers and its tenants, providing them with personal contact points, which allows Aroundtown to react promptly to problems and proactively prolong existing contracts in order to optimise and secure long-term revenues.

15.4.6 Extracting new building rights on existing land & buildings

As part of the value creation process, Aroundtown identifies and exploits unused or underutilised building rights from existing land and buildings, providing additional internal growth. Aroundtown assesses internally the best use for the rights and undertakes discussions with authorities and architects in order to obtain necessary permits. Once the planning and permit phases are completed, Aroundtown analyses each project individually to determine the best way to realise value from the project. This is either through materialising these building rights into actual sellable permits or utilising the rights for actual development by Aroundtown, decided on a case-by-case basis, depending on the risk profile and fit to Aroundtown's investment criteria.

15.4.7 Capital recycling by selling non-core assets

While Aroundtown's main focus is on extracting the full value potential of its portfolio, it also pursues an accretive capital-recycling programme for properties it considers non-core or mature on an opportunistic basis. Aroundtown continuously analyses its portfolio in terms of upside potential and focuses its resources on properties with higher upside. Aroundtown seeks to dispose of properties where most of the potential has been achieved or which are not in the core locations of Aroundtown. The disposal of such properties enables capital recycling and provides capital to pursue new accretive acquisitions with high upside potential, as well as increases the quality of the portfolio. Aroundtown believes that it will continue to sell properties on an opportunistic basis in the future.

15.5 Property Portfolio

15.5.1 Overview

Aroundtown's property portfolio comprises the asset class of offices, hotels, logistics/wholesale, retail and other types of commercial real estate, primarily in top tier cities in central locations in Germany and the Netherlands complemented by a portion of hotel properties located in other European countries, in particular in the United Kingdom. As of 30 September 2019, Aroundtown's property portfolio had a fair value (excluding assets held for sale) of € 17.9 billion.

In addition, Aroundtown holds 39% of the shares in GCP, a listed company investing primarily in the German residential real estate market. As of 30 September 2019, GCP's property portfolio comprised 76,000 units, the vast majority of which was located in densely populated areas in Germany and 2,400 units in London, including pre-marketed units. As of 30 September 2019, GCP real estate portfolio had a fair value of € 7.6 billion.

Unless otherwise indicated, the information presented in this Prospectus regarding the property portfolio is based on the fair value assessment of the relevant properties as of the relevant date. All information in this Prospectus relating to GCP has been taken from information made publicly available by GCP.

15.5.2 Aroundtown's Portfolio

Aroundtown's portfolio consists primarily of the asset types of offices, hotels, logistics/wholesale, retail and other properties. As of 30 September 2019, Aroundtown's portfolio consisted of 53% office

properties, 33% hotel assets, 9% logistics, wholesale and other use properties and 5% retail properties (all percentages referring to aggregate portfolio value).

15.5.2.1 Breakdown by Asset Type

The following table provides a breakdown of Aroundtown's portfolio by asset type as of 30 September 2019.

As of 30 September 2019	Investment properties (in millions of €)	Area (in thousands of sqm)	EPRA vacancy (in %)	Annualised net rent (in millions of €)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield (in %)	WALT (in years)
Office	8,676	3,389	10.7%	397	10.3	2,560	4.6%	4.5
Hotel	5,821	1,769	4.7%	287	13.9	3,290	4.9%	14.8
Logistics/Wholesale/Other	1,276	1,364	5.2%	71	4.6	936	5.6%	6.1
Retail	906	424	8.7%	53	10.6	2,135	5.8%	6.2
Land for development & other rights	1,259							
Total	**17,938**	**6,946**	**8.0%**	**808**	**10.2**	**2,401**	**4.8%**	**8.4**

15.5.2.2 Geographical Breakdown

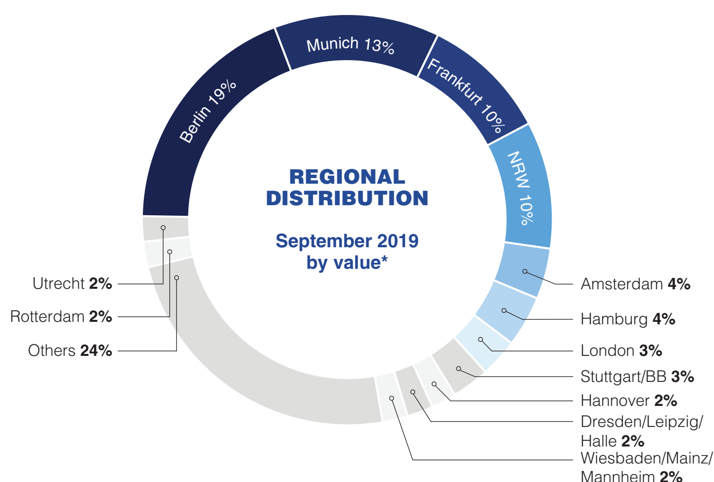
The Company believes that its portfolio is geographically well distributed. The table below provides an overview of the geographical breakdown of Aroundtown's portfolio as of 30 September 2019:

As of 30 September 2019	Investment properties (in millions of €)	Area (in thousands of sqm)	EPRA vacancy	Annualised net rent (in millions of €)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Berlin	2,809	823	10.4%	102	11.1	3,412	3.6%
Frankfurt	1,589	493	20.2%	53	11.0	3,220	3.4%
Munich	1,915	626	7.4%	64	8.6	3,060	3.3%
North Rhine-Westphalia	1,767	1,122	7.4%	104	7.8	1,575	5.9%
Hamburg	482	270	4.4%	27	8.8	1,781	5.7%
London	619	88	7.5%	27	28.4	6,996	4.3%
Amsterdam	688	192	4.9%	33	14.2	3,587	4.9%
Hannover	419	280	9.4%	24	8.0	1,496	5.7%
Wiesbaden/Mainz/Mannheim	394	177	7.5%	23	11.2	2,233	5.9%
Stuttgart/Baden-Baden	388	171	3.5%	22	11.0	2,273	5.8%
Dresden/Leipzig/Halle	407	216	5.2%	22	8.9	1,886	5.5%
Rotterdam	317	132	3.8%	22	13.2	2,403	6.9%
Utrecht	320	124	10.6%	17	11.1	2,580	5.2%
Other	4,565	2,232	6.2%	268	10.4	2,045	5.9%
Land for development & other rights	1,259						
Total	**17,938**	**6,946**	**8.0%**	**808**	**10.2**	**2,401**	**4.8%**

In Berlin, approximately 90% of Aroundtown's portfolio is located in top tier neighbourhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz, and Potsdam. Approximately 10% of Aroundtown's Berlin portfolio is well located primarily in Reinickendorf, Spandau, Treptow, Köpenick and Marzahn-Hellersdorf.

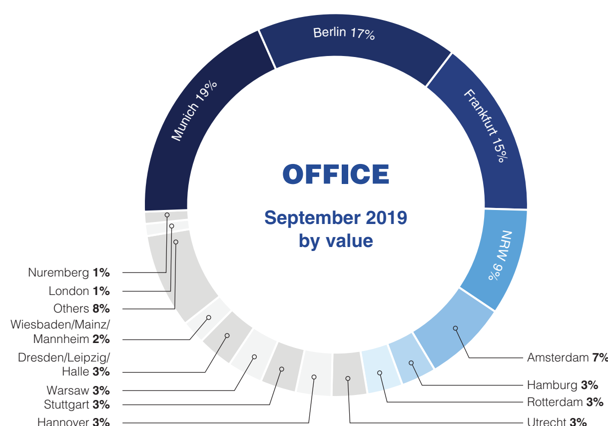
15.5.2.2.1 *Geographical Breakdown by Asset Type*

The following graph shows the geographical breakdown of Aroundtown's commercial portfolio as of 30 September 2019 by fair value. The percentages shown below include Land for development and other rights.



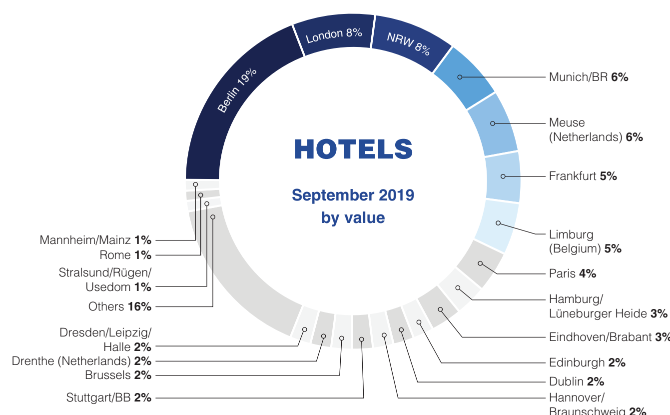
15.5.2.2.2 *Geographical Breakdown of the Asset Type Offices*

The following graph shows the geographical breakdown of Aroundtown's office properties as of 30 September 2019 by fair value. The percentages shown below include Land for development and other rights.



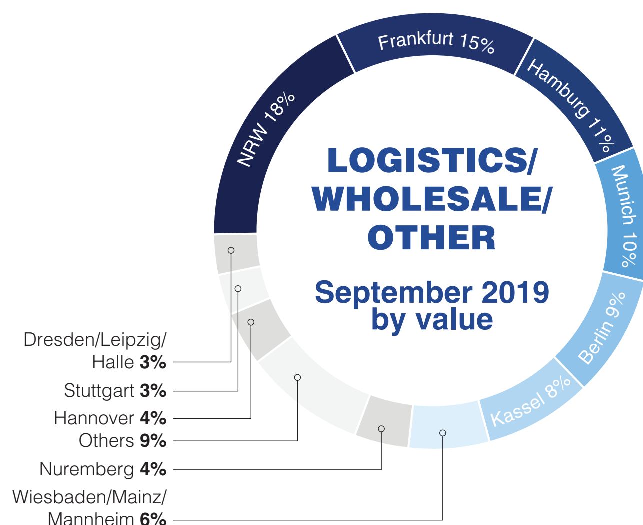
15.5.2.2.3 *Geographical Breakdown of the Asset Type Hotels*

The following graph shows the geographical breakdown of Aroundtown's hotel properties as of 30 September 2019 by fair value. The percentages shown below include Land for development and other rights.



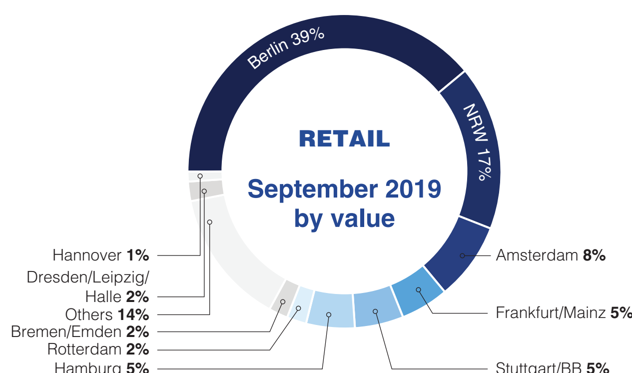
15.5.2.2.4 *Geographical Breakdown of the Asset Type Logistics/Wholesale/Other*

The following graph shows the geographical breakdown of Aroundtown's logistics/wholesale and other properties as of 30 September 2019 by fair value. The percentages shown below include Land for development and other rights.



15.5.2.2.5 Geographical Breakdown of the Asset Type Retail

The following graph shows the geographical breakdown of Aroundtown's retail properties as of 30 September 2019 by fair value. The percentages shown below include Land for development and other rights.



15.5.2.3 Tenant structure

Aroundtown's portfolio includes a tenant base of over 3,000 tenants as of 30 September 2019, which is diversified over a wide range of market sectors. Aroundtown's top ten tenants represent 22% of the net rental income. Aroundtown's primary tenants include companies or their subsidiaries like Siemens AG, METRO AG, Daimler AG, Pierre & Vacances, Allianz AG, Deutsche Bahn AG, Orange SA, Deutsche Telekom AG, KPN B.V., VBG Verwaltungs-Berufsgenossenschaft, R+V Versicherungen and government entities, such as Deutsche Bundesbank, Bundesanstalt für Immobilienaufgaben, the city of Essen and the state of Hessen.

As of 30 September 2019, Aroundtown's portfolio generated an average monthly in-place rent of € 10.2 per square metre. The EPRA Vacancy Rate as of 30 September 2019 was 8.0% and the WALT was approximately 8.4 years. As of 30 September 2019, the monthly Annualised Net Rent for Aroundtown's portfolio was € 808 million.

Aroundtown's hotels are leased primarily on a long-term basis to third party tenants. The WALT of the hotel portfolio as of 30 September 2019 was 14.8 years. The tenants of Aroundtown's hotel assets have mainly entered into franchise agreements with the following hotel brand franchisor enterprises: InterContinental, Hilton, Sheraton, Crowne Plaza, Marriott, Bristol, Radisson Blu, Center Parcs, Holiday Inn, Wyndham, Doubltree by Hilton, TRYP by Wyndham, Mercure, ibis, Seehof, Steigenberger, Dorint, Moxy, Hyatt Regency, Carlson Rezidor, Best Western, Novum Group, Wyndham GARDEN, Days Inn, NH Hotel Group, Meliã Hotels, Accor Hotels and Seminaris. 85% of Aroundtown's hotel assets are categorised as "4 star" properties, which the Company believes allows them to meet the rising market demand for both business and leisure travel. The hotel assets are let to hotel operators, which are selected according to their capabilities, track record and experience. The management of Aroundtown participates in the branding decisions of the hotels in its portfolio, 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. Aroundtown maintains close relations with the operators and monitors their performance on an ongoing basis.

15.5.3 GCP's real estate portfolio

15.5.3.1 Overview

As at 30 September 2019, the total market value of GCP's real estate portfolio was assessed at € 7.6 billion (as compared to € 7.2 billion as at 31 December 2018).

The following table provides an overview of certain key information for GCP's real estate portfolio as of 30 September 2019. Unless otherwise indicated, the figures in the table have been extracted from GCP's published condensed consolidated interim financial statements as at 30 September 2019:

As of 30 September 2019	Value (in millions of €)	Area (in thousand sqm)	EPRA Vacancy	Annualised net rent (in millions of €)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,832	1,644	8.1%	106	5.7	24,344	1,114	5.8%
Berlin	1,604	553	5.3%	52	8.2	7,469	2,901	3.2%
Dresden/Leipzig/Halle	986	925	9.0%	52	5.2	15,921	1,066	5.3%
Mannheim/KL/Frankfurt/Mainz	377	225	5.0%	19	7.4	3,788	1,673	5.1%
Nuremberg/Fürth/Munich	227	102	3.6%	10	8.2	1,471	2,218	4.4%
Hamburg/ Bremen	370	297	4.3%	20	6.0	4,265	1,248	5.5%
London	773	93	5.7%	33	32.2	1,895	8,306	4.3%
Others	964	999	7.8%	62	5.8	16,938	964	6.4%
Development rights and new buildings*	466							
Total	**7,599**	**4,838**	**7.0%**	**354**	**6.6**	**76,091**	**1,474**	**5.0%**

* of which pre-marketed buildings in London amount to €164 million.

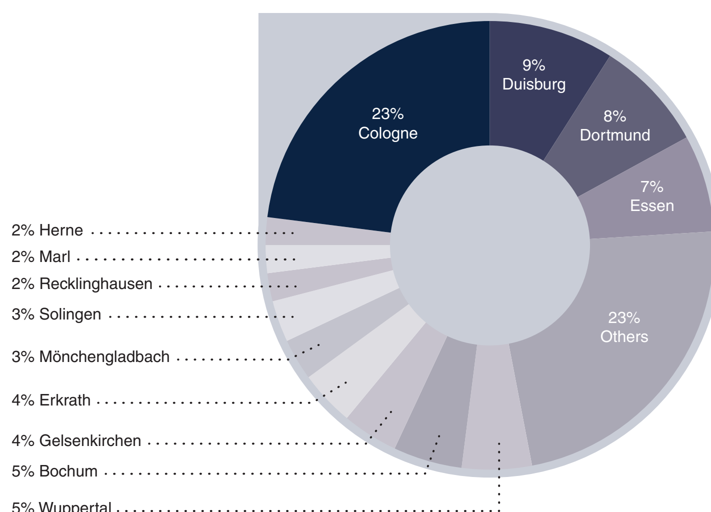
As of 30 September 2019, GCP's property portfolio generated an average monthly in-place rent of € 6.6 per square metre, with an EPRA Vacancy Rate of 7.0%. As of 30 September 2019, the Annualised net rental income for GCP's property portfolio was € 354 million.

15.5.3.2 Regional distribution

GCP focuses on properties in densely populated areas primarily in Germany. As of 30 September 2019, GCP's portfolio comprised 24,344 units situated in NRW, 7,469 units in Berlin, 15,921 units in Dresden, Leipzig and Halle, 3,788 units in Mannheim, Kaiserslautern, Frankfurt and Mainz, 1,471 units in Nuremberg, Fürth and Munich, 4,265 units in Hamburg and Bremen and 16,938 units in other densely populated regions. In addition, as of 30 September 2019, GCP held approximately 2,400 units in London, of which approximately 500 were pre-marketed units.

15.5.3.2.1 NRW

As of 30 September 2019, GCP's portfolio comprised 24,344 units situated in NRW. The following chart shows the distribution of units within NRW in percentages according to fair value.



15.5.3.2.2 *Berlin*

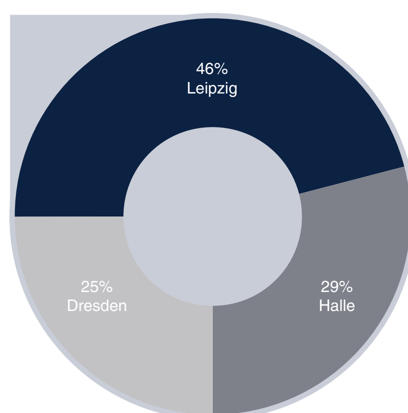
As of 30 September 2019, GCP's portfolio comprised 7,469 units situated in Berlin. As of that date, two thirds of the Berlin portfolio was located in top tier neighbourhoods such as Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam. The remaining one third are located primarily in Reinickendorf, Treptow, Köpenick and Marzahn-Hellersdorf.

15.5.3.2.3 *London*

As of 30 September 2019, GCP's portfolio comprised approximately 2,400 units, including pre-marketed units, situated in the London. Of these 1,895 units were marketed units and around 500 units were pre marketed. Over 90% of GCP's London portfolio by value was situated within short walking distance to an underground/overground station.

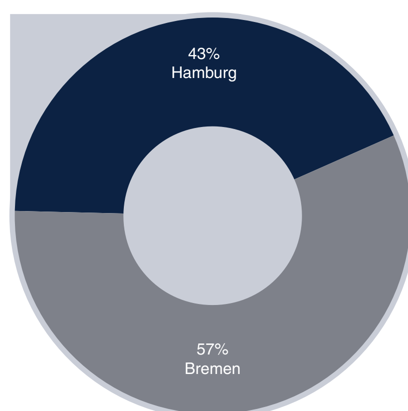
15.5.3.2.4 *Dresden, Leipzig and Halle*

As of 30 September 2019, GCP's portfolio comprised 15,921 units situated in the cities of Dresden, Leipzig and Halle. The following chart shows the distribution of units within Dresden, Leipzig and Halle in percentages according to fair value:



15.5.3.2.5 *Hamburg and Bremen*

As of 30 September 2019, GCP's portfolio comprised 4,265 units situated in the cities of Hamburg and Bremen. The following chart shows the distribution of units within Hamburg and Bremen in percentages according to fair value:



15.5.4 Certain combined portfolio data of Aroundtown and GCP

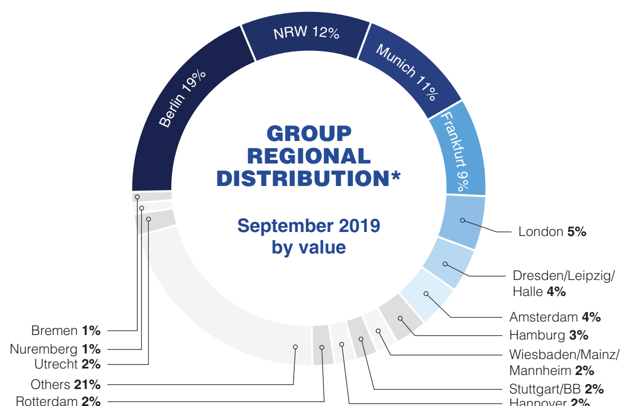
To enable investors to assess the impact on the Company's total assets of its investment in residential real estate through its 39% shareholding in GCP, Aroundtown presents certain portfolio data by taking into account a proportionate percentage of the residential portfolio held by GCP equal to the percentage of its shareholding in GCP. The following calculations therefore combine portfolio data of Aroundtown and portfolio data of GCP to the effect that 39% of GCP's property portfolio is combined

with Aroundtown's property portfolio. Aroundtown believes that this combined portfolio data enables investors to assess the impact of the Company's investment in residential real estate on its business, net assets, financial condition, cash flows and results of operations.

The following chart shows the asset type breakdown of the combined portfolios in percentages according to fair value as of 30 September 2019:

* The residential portfolio of GCP is accounted for at the Aroundtown ownership level of 39%.

The following chart shows the regional distribution of the combined portfolios in percentages according to fair value as of 30 September 2019:



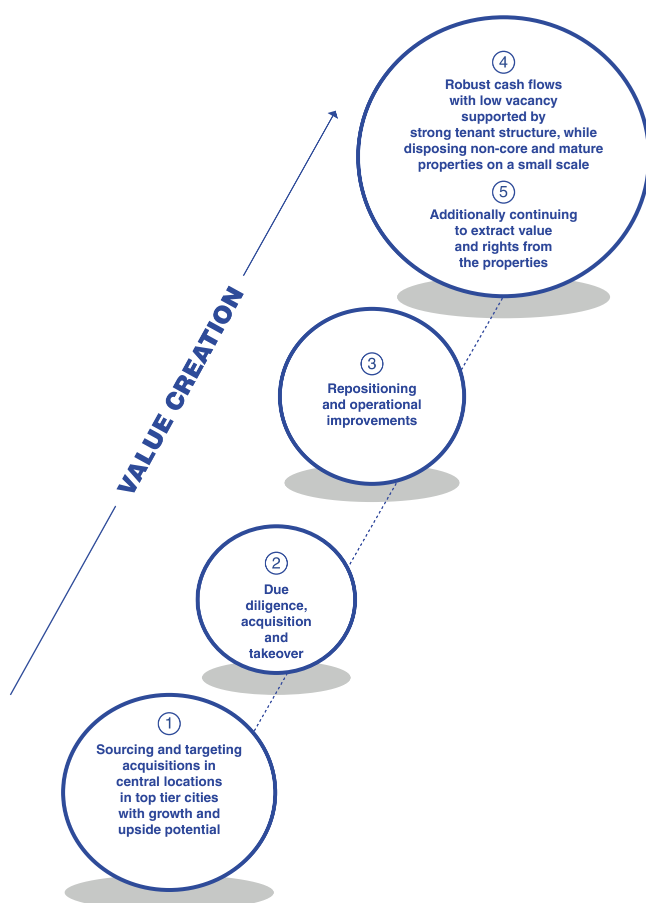
* The residential portfolio of GCP is accounted for at the Aroundtown ownership level of 39%.

15.6 Business Activities

15.6.1 Overview

Aroundtown manages the entire real estate value chain of its properties, across acquisition, letting, upkeep and refurbishment. Aroundtown believes that this integrated approach brings further efficiency benefits and a preferred landlord status. While Aroundtown's portfolio management is centrally organised, Aroundtown's asset management, sales and marketing activities are organised locally to better capture regional demand and necessities.

The following chart provides an overview of the business model of Aroundtown, and the following sections describe each step of Aroundtown's business model and business activities in more detail:



15.6.2 Sourcing and targeting acquisitions

Aroundtown focuses on value-add properties characterised primarily by below market rent levels, inefficient cost or lease structure and/or vacancy reduction potential. Aroundtown 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. With experience in the real estate markets since 2004, Aroundtown believes that it benefits from a preferred buyer status across its sourcing network. Aroundtown follows the following acquisition criteria:

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

As part of its acquisition process, Aroundtown considers different possible uses for properties that it acquires, including altering the property's primary use in order to target specific supply shortages in the marketplace.

15.6.3 Due Diligence, Acquisition and Takeover

After a potential property passes an initial screening, the property is further assessed in order to take into account the specific features of each project while ensuring that the acquisition is in line with the Group's overall business strategy. Aroundtown 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 cost. A detailed business plan is created for each property in the due diligence phase, including the identification of possible tenants. Aroundtown believes that beginning to identify potential tenants prior to acquisition of the property not only decreases operational risk but also accelerates the property's repositioning process.

Due to a thorough cross-organisational 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, Aroundtown 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 Aroundtown to complete multiple deals simultaneously.

15.6.4 Repositioning and operational improvements

Because for each property a specifically adapted business plan is set up and weaknesses and strengths of such property are identified prior to an acquisition, Aroundtown believes the execution of the repositioning process becomes smoother and faster. The business plan input is integrated into Aroundtown's proprietary IT/software platform which enables the management to monitor numerous operational and financial parameters and fully control the repositioning progress. The success of the repositioning of the properties is the result of the following functions:

15.6.4.1 Operational and marketing initiatives to improve profitability

The initial repositioning activities aim at minimising the time until the profitability of the acquired properties is improved. Targeted marketing activities are implemented to increase occupancy and thereby rental income. Vacancy reduction initiatives are tailored to the specific property type at hand. Procedures applied to Aroundtown'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 Aroundtown's hotel assets, optimal operators are selected for the asset and a fixed long-term lease contract is entered into once the hotel is repositioned. Rent increases and tenant restructuring, assessed during the due diligence process, are executed according to the property's business plan. Furthermore, the operational improvements Aroundtown initiates improve the living quality or business environment for existing and future tenants, resulting in increased demand for these repositioned assets. Having identified areas for operational improvements, Aroundtown drills down on cost saving opportunities on a per unit basis, making use of modern technologies such as consumption-based metres. These efforts, combined with cost savings achieved through vacancy reductions and economies of scale, enable Aroundtown to benefit from a significant improvement of the cost base and therefore higher profitability. Aroundtown manages its entire real estate value chain across acquisition, letting, upkeep and refurbishment. This integrated approach brings further efficiency benefits, a preferred landlord status to the Group and fast response times to its tenants.

15.6.4.2 Capex investments when required

Aroundtown addresses capex needs to keep the properties at high standards and addresses the requirements of its existing and prospective tenants. Capital improvements are planned in close coordination with committed tenants in order to promote more efficient and cost effective implementation of the investments. Capital improvements are carried out by Aroundtown's in-house construction team. The financial feasibility of the proposed alterations is balanced against the lease term, rental income and property acquisition cost in order to yield returns over the investment period.

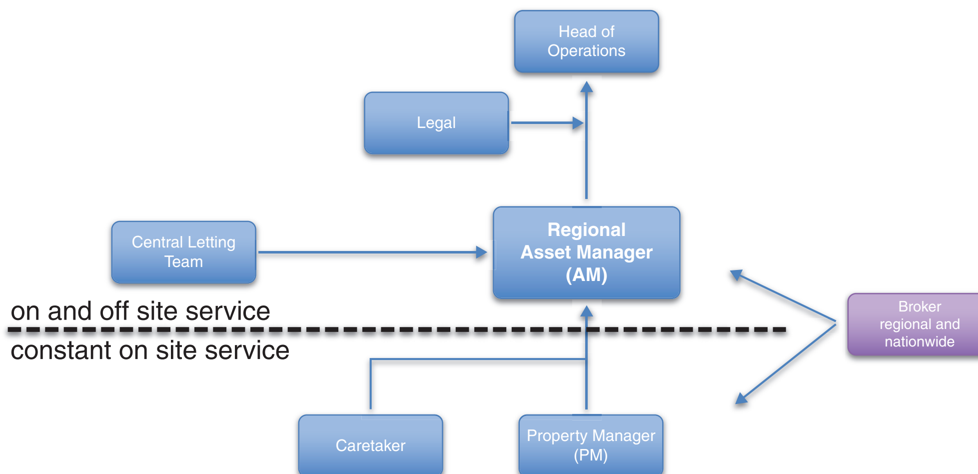
15.6.4.3 Relationship management

Aroundtown emphasises establishing strong relationships with its tenants to reduce churn rates, and to predict and strengthen the tenant structure, and thereby positively affect its cash flows in the future. Aroundtown aims to offer high quality services for both potential and existing tenants. Aroundtown pays particular attention to the industry in which its commercial tenants operate and to their individual success factors. Aroundtown also offers direct support to its tenants through add-on facilities at its

rental properties such as parking facilities and other space extensions to facilitate growth and smart space re-design to match modern office layouts. GCP supports its residential tenants through a state-of-the-art TÜV- and ISO 9001:2015-certified service centre with 24/7 availability via various channels.

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

The following chart provides an overview on the organisation of Aroundtown's tenant management process:



The regional asset manager also has rental and marketing responsibilities. The regional asset manager is involved in major contract negotiations for the relevant region, handles lease and WALT management and ensures tenant service 24-hours a day and seven days a week. The regional asset manager analyses capital expenditure requirements and monitors the performance of the properties, which also includes on-site visits. In negotiating lease contracts, the regional asset manager receives letting advice from the central letting team, which also carries out strategy planning for decreasing vacancies and pools know-how and synergies.

The regional asset manager reports to the head of operations who signs off on major lease contracts, which are finalised with the support of Aroundtown's centralised in-house legal department. The head of operations also monitors the performance of the regional asset manager. While the above mentioned services are provided on- and off-site, constant on-site service is provided by a property manager and a caretaker. The property manager supports the regional asset manager in all relevant rental and tenant aspects and executes local marketing measures to reduce vacancies including the offering of promotional features (e.g. rent-free time if a tenant invests to refurbish the vacant space). The property manager is the direct on-site contact for the tenant. He manages the caretakers. As the caretaker is the tenants' first contact for all property related concerns, the caretaker closely cooperates with the property manager and forwards any requests by the tenants to him.

The regional asset manager and the property manager cooperate with regional and nationwide external brokers. Regional external brokers have specific local market insight. Nationwide external brokers have a comprehensive network, which Aroundtown believes is ideal for cross-selling. Aroundtown enrols vacant spaces with economic promotional bodies which serve as a hub to reach more potential tenants nation-wide.

With respect to its residential tenant base, GCP regularly invests into community building projects such as playgrounds and community centres and provides a wide range of regional or centralised services including a service centre, which is available 24 hours a day and seven days a week.

15.7 Employees

As of the date of publication of this Prospectus, Aroundtown employs approximately 440 employees.

The following table shows a breakdown of employees based on the calculation of full-time equivalents (FTE) for the respective periods:

	for the nine month period ended 30 September	to the end of the financial year		
	2019	2018	2017	2016
	(unaudited)		(unaudited)	
total	437	374	242	172
thereof in				
Germany (in %)	78%	85%	89%	91%
Netherlands (in %)	14%	7%	3%	1%
other states (in %)	8%	8%	8%	8%

Neither the Company nor any of its subsidiaries currently has a works council. There are currently no works agreements or collective bargaining agreements applicable to the Company or any of its subsidiaries. The Company has set up an incentive scheme for certain employees providing rights to acquire shares in the Company (see: "*2.7.4 Future offerings of debt or equity securities by the Company in particular the issue of shares potentially required to meet the conversion rights resulting from outstanding or convertible bonds to be issued in the future may materially adversely affect the market price of the shares, and future capitalisation measures could lead to substantial dilution, i.e. a reduction in the value of the shares and the control rights of existing shareholders' interests in the Company.*").

Besides the legally required contributions to government pension insurance carriers, neither the Company nor any of its subsidiaries have set aside any amounts to provide pension, retirement or similar benefits to its employees.

15.8 Information Technology

Aroundtown has a centralised IT system that connects all departments and plays a significant support role for active management of each property. The core element of this IT system is the detailed information management that enables Aroundtown on a daily basis to access extensive financial and operational data of its properties and on existing and prospective tenants. The IT system is fully synchronised with Aroundtown's property management software and allows the generation of a wide range of reports from different data sources (for operational and accounting purposes). Aroundtown's software team interacts closely with the operational teams to deliver fast and efficient solutions to the Company's operational needs. After a software solution is implemented, constant improvements and updates take place to adapt to any additional operational necessities that arise.

15.9 ESG Measures

Aroundtown is committed to maintaining a high standard of corporate responsibility towards its stakeholders by implementing measures relating to environmental, social and corporate governance matters ("**ESG**"). Aroundtown aims to reduce its carbon footprint by installing sustainable energy systems which improve energy and cost efficiency and switching to renewable energy sources. Aroundtown has made a strategic decision to switch from low-efficient fossil and oil-operated heating plants to higher efficiency systems, resulting in cost savings for the tenants, and thus enhancing the attractiveness of the assets of Aroundtown for all stakeholders. Additionally, Aroundtown requires its suppliers to follow a code of conduct, asking them to help assess the environmental impact of their activities. Aroundtown's goal is to contribute to the economic and social development of the communities in which it operates and therefore focuses on supporting initiatives, which benefit directly the well-being, health, safety and economic development of its tenants, employees and communities. Aroundtown engages in a number of activities that address regional needs and generate economic and social development in its operating locations. Another aspect of Aroundtown's success lies in its ability to attract, develop and retain qualified and motivated employees. In order to fulfil this standard, Aroundtown runs programmes with regard to the development of its employees. Aroundtown aims to have great leaders at all levels and believes that a diverse workforce brings value to the team. To ensure this, Aroundtown has implemented a diversity and anti-discrimination policy to reinforce a high

standard governed by openness and respect. On a regular basis, the board of directors of the Company evaluates the compliance with corporate governance procedures implemented by Aroundtown (see: "*20.5 Corporate Governance"*). Aroundtown has included the identification of potential financial liabilities and future expenditures linked to ESG risks in the organisational risk assessment.

15.10 Patents, Licences and Trademarks

Given the nature of its business, Aroundtown holds no significant intellectual property rights and is not dependent on patents or licences material to its business. Aroundtown holds the following domains: www.aroundtown.de and www.primecity.com.

15.11 Legal and Arbitration Proceedings

During the last twelve months, there have been no governmental, legal or arbitration proceedings brought against or affecting the Company, nor is the Company aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the Company and/or Aroundtown's financial position, profitability or results.

15.12 Insurance

Aroundtown has concluded various operating insurance policies on market terms covering, inter alia, third party liability, fire, water, and unidentified risks.

The Company has purchased for its members of the Board of Directors several directors' and officers' insurance policies ("**D & O Insurance**").

The Company regularly reviews the adequacy of its insurance coverage. The Company believes that its insurance coverage is in line with market standards in the commercial real estate industry. Based on its current knowledge, the Company considers its insurances policies and coverage amounts to be appropriate for its business.

16. MATERIAL CONTRACTS

The following section provides an overview of material contracts to which the Company or any member of Aroundtown is or was during the last twenty four months a party.

16.1 Business Combination Agreement with the Target

On 18 November 2019, the board of directors of the Company and the executive board of the Target concluded the BCA, an agreement on the merger of the two companies (for further details regarding the BCA see: „*6.1. The Business Combination Agreement*").

16.2 Acquisition and Disposal Agreements

Within the last twenty-four months, Aroundtown has not entered into any material contracts other than agreements in the ordinary course of business by acquiring or disposing commercial real estate properties.

In 2018, Aroundtown acquired a total value of €3.1 billion of properties in several separate transactions. Primarily in Berlin, Frankfurt, Munich, Stuttgart, London, NRW, Amsterdam and Utrecht and primarily office and hotel properties. In the same period Aroundtown disposed of properties with a total value of €740 million. Between 1 January 2019 and the date of the Prospectus, Aroundtown completed several real estate transactions with a volume of approximately € 3.1 billion relating to acquisitions and approximately 800 million relating to disposals (including signed but not yet completed transactions). Below are some of Aroundtown's acquisitions and disposals entered into within the last 24 months.

In February 2018, a subsidiary of the Company, together with a third-party joint venture partner, entered into an acquisition agreement to purchase the property Behördenzentrum at Gutleutstraße 112-138 in Frankfurt am Main, Germany. The office property has 88 thousand lettable sqm.

In March 2018, a subsidiary of the Company entered into a share purchase agreement relating to the acquisition of the property at Aleje Jerozolimskie 160 in Warschau, Poland. The office property has 44 thousand lettable sqm.

In March 2018, a subsidiary of the Company acquired 18 hotel properties in the United Kingdom by way of share purchases. The hotels are located in cities such as Cardiff, Manchester and Liverpool among others and have about 2,500 rooms.

In April 2018, a subsidiary of the Company entered into a share purchase agreement relating to the acquisition of the property Hilton Berlin Gendarmenmarkt, Mohrenstraße 30 in Berlin, Germany. The hotel property has 601 rooms.

In May 2018 several subsidiaries of the Company entered into a share disposal agreement relating to the sale of certain properties in different locations in Germany, amongst others in Koblenz, Regensburg and Würselen. The properties had approximately 108 thousand lettable sqm.

In November 2018, a subsidiary of the Company entered into an acquisition agreement relating to the acquisition of the hotel property Bristol Berlin at Kurfürstendamm 27 in Berlin, Germany. The hotel property has 301 rooms.

In May 2019, a subsidiary of the Company entered into a share purchase agreement relating to the acquisition of an office property located at Otto-Hahn-Ring 6, 81739 Munich, Germany. The office property has 363 thousand lettable sqm.

In July 2019, a subsidiary of the Company entered into a share purchase agreement relating to the acquisition of seven resorts, situated in Germany, the Netherlands and Belgium. The resorts have approximately 5,000 villas.

In July 2019, a subsidiary of the Company entered into a share purchase agreement relating to the acquisition of the Marriott Rive Gauche hotel in Paris, France. The hotel and has 757 rooms.

In October 2019, a subsidiary of the Company entered into a share disposal agreement relating to the sale of a property located in Munich, Germany. The property had approximately 45 thousand lettable sqm.

16.3 Financing Agreements

The following summary of certain provisions of the financing agreements listed below governing certain of Aroundtown's indebtedness does not purport to be complete, and is subject to and qualified in its entirety by reference to, the underlying documents. Unless otherwise defined in this Prospectus or unless the context otherwise requires, terms defined in the agreements described below shall have the same meanings when used in this section.

Aroundtown has entered into various financing agreements comprising financial instruments as well as loan agreements and credit facilities with banks. As of 30 September 2019, the total financial debt of Aroundtown was € 10 billion. Of this total, € 9.1 billion consisted of straight bonds and approximately € 0.9 billion was outstanding under various bank loan facilities. Aroundtown has further issued perpetual notes in the course of 2019 with a value of approximately € 0.9 billion, with a total outstanding amount of € 2.5 billion as of 30 September 2019 which are accounted for as equity in its Audited Consolidated Financial Statements.

16.3.1 Outstanding Senior Bonds

Aroundtown has issued several standalone series of unsubordinated, unsecured senior bonds (the Series D, Series E and Series F Bonds described in the table below). In October 2018, the Company renewed its EMTN Programme. As of the date of this Prospectus, the programme size of the EMTN Programme is €15 billion (excluding Perpetual Notes), and the Company has issued senior unsecured notes under the EMTN Programme with a total aggregate amount of approximately € 8 billion. The standalone series of bonds and unsubordinated senior notes issued under the EMTN Programme are collectively referred to in this Prospectus as the "**Outstanding Senior Bonds**".

Most of the Outstanding Senior Bonds are admitted to trading on the regulated market (Main Securities Market) of Euronext Dublin. The following table provides an overview on the Outstanding Senior Bonds.

	Currency	Nominal amount outstanding as at the date of this Prospectus(1)	Maturity	Coupon in % p.a.	Issue under EMTN Programme
Series D	EUR	259,500,000	5/2022	1.5	No
Series E	EUR	650,000,000	07/2024	1.5	No
Series F	EUR	211,400,000	03/2023	2.125	No
Series H	USD	400,000,000	03/2032	1.365(2)(3)	Yes
Series NOK	NOK	750,000,000	07/2027	0.818(2)(3)	Yes
Series I	EUR	500,000,000	01/2026	1.875	Yes
Series J	GBP	500,000,000	10/2029	3.0	Yes
Series K	EUR	700,000,000	01/2025	1.0	Yes
Series L	USD	150,000,000	02/2038	1.75(2)(4)	Yes
Series M	CHF	250,000,000	01/2025	0.732	Yes
Series N	EUR	800,000,000	01/2028	1.625	Yes
Series O	EUR	500,000,000	11/2026	2.0	Yes
Series P	AUD	250,000,000	05/2025	1.6(2)(5)	No(5)
Series Q	GBP	400,000,000	07/2027	3.25	Yes
Series R	CAD	250,000,000	09/2025	1.7(2)(6)	Yes
Series T	EUR	150,000,000	09/2030	2.0(7)	Yes
Series U	EUR	75,000,000	09/2033	2.97	Yes
Series V	EUR	50,000,000	10/2028	2.7	Yes
Series W	EUR	76,000,000	11/2032	3.25	Yes
Series X	CHF	200,000,000	03/2026	1.72	Yes
Series 27	HKD	430,000,000	03/2024	1.6(2)	Yes
Series 28	USD	600,000,000	03/2029	1.75(2)(8)	Yes
Series 29	NOK	1,735,000,000	03/2029	1.75(2)(9)	Yes
Series 30	GBP	400,000,000	04/2031	1.75(2)(10)	Yes
Series 31	JPY	7,000,000,000	05/2029	1.42	Yes
Series 32	EUR	800,000,000	07/2025	0.625	Yes
Series 33	EUR	600,000,000	07/2028	1.45	Yes

(1) Nominal amount outstanding in currency of the respective issue

(2) The interest rate is subject to derivative instruments (swap agreements) and is expressed as the effective Euro rate.

(3) Coupon and principal amount are linked to consumer price index (CPI) through derivative instruments.

(4) The effective Euro coupon is 1.75% p.a. for the first five years and 1.78% p.a. plus EURIBOR (six month) for the following 15 years.

(5) The Series P bonds were issued under the Company's Australian debt issuance programme initiated on 19 April 2018. Under the programme, the Company may issue up to 2 billion AUD in notes in the Australian capital markets. As of the date of this Prospectus, the Company had not issued any additional notes under the programme other than the Series P bonds. The effective Euro coupon is 1.6045% p.a. for the first five years and 1.244% p.a. plus EURIBOR (six month) for the following two years.

(6) The effective Euro coupon is 1.7% p.a. for the first five years and 2.72% p.a. plus EURIBOR (six month) for the following two years.

(7) The effective Euro coupon is 2.0% p.a. for the first five years and 2.27% p.a. plus EURIBOR (six month) for the following seven years.

(8) The effective Euro coupon is 1.75% p.a. for the first four years and 2.64% p.a. plus EURIBOR (six month) for the following six years.

(9) The effective Euro coupon is 1.75% p.a. for the first four years and 2.52% p.a. plus EURIBOR (six month) for the following six years.

(10) The effective Euro coupon is 1.75% p.a. for the first four years and 2.11% p.a. plus EURIBOR (six month) for the following eight years.

Under the conditions of the Outstanding Senior Bonds, the Company has agreed to certain customary undertakings and covenants. A breach of such customary covenants and obligations may lead to an event of default. The material financial covenants contained in the Outstanding Senior Bonds include that (i) the consolidated indebtedness of Aroundtown (as defined in the respective terms and conditions) will not exceed a certain threshold, ranging from 50% to 60%, and the consolidated secured indebtedness of Aroundtown (as defined in the respective terms and conditions) will not exceed 45% of the total assets of Aroundtown (as defined in the respective terms and conditions); (ii) the unencumbered assets (as defined in the respective terms and conditions) will at no time be less than 125% of the unsecured indebtedness (as defined in the respective terms and conditions); (iii) neither the Company nor its subsidiaries shall cease to carry on its real estate business, and (iv) the ratio of consolidated earnings before interest and taxes as set out in the Company's financial statements as at the relevant reporting date to the aggregate amount of net cash interest of Aroundtown as at such reporting date corresponds to at least a certain minimum amount (interest coverage ratio) which ranges from 1.5 to 2.0. The Company's Outstanding Senior Bonds also generally prohibit the Company from issuing additional bonds with the benefit of security interests unless the same security is equally and rateably granted to the Company's outstanding unsecured bonds.

The terms and conditions of the Outstanding Senior Bonds provide for certain events of default which include, amongst others, the non-compliance with regard to any covenant, payment obligation or other obligation under the respective Outstanding Senior Bonds and a cross default provision relating to events of default under other indebtedness, however defined, if such default equals or exceeds, either alone or taken together with other defaults, more than 10% of the portfolio value of Aroundtown. Upon the occurrence of an event of default (subject to relevant cure periods and thresholds for certain events of default), the holders of the Outstanding Senior Bonds are entitled to accelerate repayment of the aggregate principal amount together with due and unpaid interest.

Unless previously purchased and cancelled or redeemed early as outlined below, the Outstanding Senior Bonds are redeemable by the Company at their principal amount on their respective final maturity date. The Company may redeem some of the Outstanding Senior Bonds prior to the final maturity date at its discretion, in whole but not in part, for an amount defined in the respective conditions of the bonds. In addition, the Company may generally redeem the Outstanding Senior Bonds, in whole but not in part, in the event 80% or more of the principal amount of the respective series of bonds have been purchased and cancelled or redeemed.

Holders of each series of Outstanding Senior Bonds are entitled to request redemption of the bonds in the event of certain forms of mergers upon which the Company is dissolved without liquidation (*Merger Put*) or in case of a Change of Control in the Company (*Change of Control Put*), as provided in the conditions, for an amount as defined in the respective terms and conditions of the Outstanding Senior Bonds. A Change of Control is defined in most of the Outstanding Senior Bonds as the acquisition or control by any person other than Avisco Limited, Avisco Group Limited and/or Gabrilet Limited or

person controlled by them of more than 50% of the voting rights of the Company or (ii) the right to appoint and/or remove all or the majority of the members of the Company's Board of Directors, in each case whether obtained directly or indirectly and whether obtained by the ownership of share capital, the possession of voting rights, by contract, trust or otherwise.

16.3.2 Promissory Notes (Schuldscheindarlehen)

The Company has issued several promissory notes (so called *Schuldscheindarlehen* under German law) with an outstanding total nominal amount of €325,000,000 as of the date of this Prospectus ("**Promissory Notes**"). The following table provides an overview on the Promissory Notes:

Issue Date	Currency	Nominal amount outstanding as at the date of this Prospectus	Maturity	Coupon in % p.a.
07/ 2018	EUR	100,000,000	08/2023	0.75 + EURIBOR (six month)
02/ 2019	EUR	100,000,000	02/2026	1.35 + EURIBOR (six month)
02/ 2019	EUR	125,000,000	02/2024	0.9 + EURIBOR (six month)

The Promissory Notes bear interest at a floating rate of EURIBOR, at least zero, plus a margin between 0.75 and 1.35 percentage points p.a. payable every six months. Among other customary events of default, an event of default is constituted by a breach of a financial covenant. The Promissory Notes contain financial covenants that are substantially similar to the Outstanding Senior Bonds. A change of control may cause an early repayment of the Promissory Notes. Aroundtown is required to procure that the Promissory Notes constitute unconditional and unsubordinated obligations and rank at least pari passu with all other present or future unsecured and unsubordinated obligations.

16.3.3 Perpetual Notes

Aroundtown has issued several series of undated subordinated notes denominated in EUR and USD as well as GBP (the "**Perpetual Notes**"). The table below provides an overview of the Perpetual Notes outstanding as of the date of this Prospectus:

Issuer	Currency	Nominal amount outstanding as at the date of this Prospectus	Coupon in % p.a.[2]
ATF Netherlands B.V.[1]	EUR	600,000,000	3.75
AT Securities B.V.[1]	USD	700,000,000[3]	2.345[4]
Aroundtown S.A.	EUR	400,000,000	2.125
Aroundtown S.A.	GBP	400,000,000[5]	3.00[6]
Aroundtown S.A.	EUR	500,000,000[5]	2.875

(1) ATF Netherlands B.V. and AT Securities B.V. are wholly owned subsidiaries of the Company. The perpetual notes issued by ATF Netherlands B.V. and AT Securities B.V. have been unconditionally and irrevocably guaranteed by the Company on a subordinated basis.

(2) The interest rate is subject to certain adjustment mechanisms and is re-calculated every five years to apply for the subsequent five-year period.

(3) The stated amount includes an amount of USD 58.5 million held in treasury by Aroundtown.

(4) The interest rate is subject to derivative instruments (swap agreements) until July 2023 and is expressed as the effective Euro rate.

(5) Issued under the EMTN Programme.

(6) The interest rate is subject to derivative instruments (swap agreements) until June 2024 and is expressed as the effective Euro rate.

The obligations under the Perpetual Notes are subordinated to other obligations of the respective issuer. The Perpetual Notes rank senior only to the ordinary shares in the Company. The Perpetual Notes are admitted to trading on the regulated market (Main Securities Market) of Euronext Dublin.

The Perpetual Notes have no maturity date, and may be redeemed by the relevant issuer, at its sole discretion, on the relevant First Call Date (as defined in the terms and conditions of the relevant Perpetual Note) and at certain intervals thereafter. The Perpetual Notes are recorded as equity in the Audited Consolidated Financial Statements. The respective issuer may, at its sole discretion, elect to

defer the payment of interest on the notes (referred to as Arrears of Interest). Any Arrears of Interest will not bear interest. Arrears of Interest must be paid upon the occurrence of certain events, including but not limited to dividends, distributions or other payments made to instruments, such as the Company's ordinary shares, which rank junior to the Perpetual Notes. In addition, in the event the qualification of the Perpetual Notes with regard to rating, accounting or taxation changes due to changes in, or interpretation of, applicable law or applicable accounting standards, the respective issuer may redeem the Perpetual Notes in full but not in part for an amount specified in the respective terms and conditions.

16.3.4 Bank Loan Agreements

Aroundtown has entered into various bank loan agreements with leading international credit institutions as well as with German saving banks and cooperative banks. The bank loan agreements have been concluded primarily for the purpose of property financing. As of 30 September 2019, the aggregate principal amount of bank loans outstanding (including accrued interest) was approximately € 0.9 billion. The aggregate amount of bank loans is spread across several loan agreements with various banks that have an average term of 5 years (see: "*11.5.3 Maturity of liabilities*").

Aroundtown's bank loans bear interest at fixed rates or at variable rates of calculated on the basis and to be adjusted according to the change in one- or three-month EURIBOR plus a fixed margin and in some cases an additional liquidity surcharge. The margin rates depend, among other things, on the quality of the financed property, the total amount and the loan-to-value ratio.

Aroundtown has entered into hedging agreements to cover the majority of the risks arising from possible changes in the variable EURIBOR interest rates. As of 30 September 2019, 96% of the total financial debt under the loan agreements was fixed interest rates or hedged interest rates through a hedging instrument.

Land charges have been granted over the properties used as security for the relevant loans. The loans are typically also secured by pledges or assignments of the claims under interest hedging instruments and assignments of rent payments, purchase price claims and insurance claims. Some loan agreements also provide for pledges of special purpose accounts.

The loan agreements typically contain financial covenants customary for real estate borrowings, in particular with respect to the loan-to-value ratio. Most loan agreements require certain maximum loan-to-value ratios, calculated as the quotient of the outstanding loan amount (including senior-ranking loans) and the value of the borrowers' properties. The maximum loan-to-value ratios allowed depend on the quality and size of the financed properties, the market conditions at the time the loan was provided and the lender, and range from 65% to 80% in most cases. Many loan agreements also contain liquidity-related financial covenants such as minimum interest or debt-service cover ratios or maximum debt-to-rent ratios. The breach of financial covenants usually allows the bank to terminate the respective loan and claim early repayment of the entire loan unless the breach is cured by a (partial) repayment, or, as the case may be, the granting of additional security interest. As of the date of this Prospectus, Aroundtown is not in breach of any financial covenants.

The loan agreements contain representations, information, corporate and property-related undertakings and termination rights customary for real estate borrowings. There is no indication that any representations or material undertakings have been breached. Termination rights exist if (interest, amortisation or other) payments are not made when due, financial covenants are not complied with, the borrower becomes insolvent or defaults on other financial liabilities, representations or warranties turn out to have been incorrect, information obligations are violated by Aroundtown or other material contractual obligations are not complied with (unless the respective violation can be and is cured within a contractually specified period). In addition, some of the loan agreements contain termination rights of the respective bank if the control over the Company changes. In most cases, loan agreements also incorporate the respective bank's general terms and conditions or similar standard terms that contain very broad termination rights, in particular the right to terminate the loan if there is, or threatens to be, a substantial deterioration in the financial circumstances of the respective borrower or in the value of a security granted as a result of which the repayment of the loan is jeopardised even if this security is realised.

16.3.5 Credit Facilities

Aroundtown has entered into several revolving credit facility agreements. As of the date of this Prospectus, the total loan amount available under the revolving credit facilities amounted to

€ 325 million. The amounts drawn by Aroundtown under these credit facilities bear interest in the amount of applicable EURIBOR plus a spread. The applicable spread ranged from 0.8% to 1.85% and partly depends on the credit rating of the Company. As of the date of this Prospectus, all outstanding amounts under credit facilities have been repaid together with respective interest and there are no drawn amounts outstanding under any of the credit facilities.

17. REGULATORY ENVIRONMENT

Aroundtown's property portfolio consists of commercial real estate properties including office, hotel, wholesale/logistics and retail properties that are primarily located in Germany and the Netherlands, complimented by additional hotel properties located in other European countries, in particular in the United Kingdom. Aroundtown's portfolio is subject to the laws and regulations of Germany and the Netherlands, and to a lesser extent, the UK. If Aroundtown fails to comply with applicable laws and regulations, Aroundtown may be subject to civil liability, administrative orders, fines or even criminal sanctions. Through its interest in GCP, Aroundtown may also be indirectly affected by changes in the laws and regulations that apply to GCP's portfolio and to residential real estate. GCP's property portfolio consists primarily of residential properties. The most important laws and regulations applicable to Aroundtown and GCP are described below.

17.1 Regulatory Environment in Germany

17.1.1 Limitations of German Tenancy Law

German tenancy law distinguishes between residential and commercial premises. The commercial portfolio held by Aroundtown is governed by commercial tenancy law, which, generally, is not as restrictive as residential tenancy law, but it may bear higher commercial risks. The residential portfolio held by GCP is governed by residential tenancy law, which in large part favours tenants through extensive social safeguards. However, in the decisions of the German Federal Supreme Court (*Bundesgerichtshof*, the "**German Supreme Court**"), the highest German Civil Court, there is a trend towards applying restrictions originally developed for residential tenancy law to commercial leases.

17.1.2 Commercial Leases

Historically, the legal relationship between commercial tenants and their landlords is more balanced than the relationship between residential tenants and their landlords. Therefore, the below-mentioned strict statutory provisions aimed at protecting residential tenants are principally not applicable to commercial tenants by a matter of law. Nevertheless, according to decisions of German courts, residential tenancy law was increasingly applied to lease agreements for commercial properties, especially if these are based on general terms and conditions of leases (*Allgemeine Geschäftsbedingungen*) provided by the landlord. The most relevant areas affected by the trend are refurbishment, maintenance and ancillary costs. Especially the regulations regarding the assignation of the repair and maintenance obligations have become almost identical (see *; "17.5.3 Owner's Repair and Maintenance Obligations"* below). This ongoing trend may result in provisions contained in commercial lease agreements no longer being valid in the future and thus increasing costs to be borne by the landlord.

17.2 Statutory Written Form Requirement

Commercial leases are mostly entered into for a fixed period, usually for several years. During fixed lease terms, neither the tenant nor the landlord is entitled to terminate the lease agreement unless for good cause. Fixed lease terms are advantageous for both. The tenant can rely on being entitled to use the let premises for a fixed period and the landlord has a secured steady cash-flow. However, lease agreements with a fixed lease term or a waiver of termination of at least one year need to comply with the statutory requirement of written form. Although a commercial lease agreement which does not meet the requisite written form standards is not void, instead, it is regarded as a lease with an indefinite term and thus can be terminated at any time during its term in accordance with statutory notice periods, generally a period of around six to nine months. Against the background of extensive existent and further evolving case law on non-compliance with the strict written form requirement of lease agreements (*e.g.*, resulting from an addendum to a lease agreement that does not comply as such with the strict written form requirement), there is a risk that such lease agreement may no longer satisfy the original or now applicable requirements. As a result, such lease agreement could—regardless of the agreed-upon fixed term—be terminated within the statutory notice period. According to a September 2017 decision by the German Supreme Court, even clauses that were aimed at curing potential violations of the strict written form requirements are null and void. Therefore, it is essential for landlords to ensure that commercial leases with a fixed lease term comply with the requirement of the written form in order to avoid a shortfall of payment due to early termination rights.

17.3 Operating Costs

Under German commercial tenancy law, landlords are generally entitled to pass on operating costs to tenants. Excluded from this, however, are e.g. the costs for maintenance and repair of the roof and load bearing walls (*Dach und Fach*), the costs for the commercial and technical management, the costs of maintenance and repair of commonly used areas, if such costs are not limited to a certain amount (e.g. 10% of the annual net rent or 4% with regard to administrative costs). Furthermore, the federal government has been in ongoing discussions to end the current possibility of allocating the property tax to tenants. On 10 September 2019, the Federal State of Berlin resolved a corresponding proposal by the Federal Council (*Bundesrat*).

Apportioning operating costs requires a clause in the lease agreement stipulating explicitly and specifically which operating costs shall be borne by the tenant. If this clause is designed as a general term and condition, it must also fulfil the legal requirements of the general terms and conditions of leases. With respect to heating costs, the Heating Costs Ordinance (*Heizkostenverordnung*) has banned lump-sum cost-bearing clauses, so that the apportioning of the heating costs among tenants is only permissible to a limited extent. Furthermore, costs that do not adhere to the landlord's statutory obligation to take a cost-effective approach (*Wirtschaftlichkeitsgebot*) may not be apportioned to tenants and may even result in the landlord's liability.

17.4 Indexation Clauses

Commercial rents are generally freely negotiable under German tenancy law. Rent adjustments in connection with changes in prices or services ("**Indexation Clauses**") however, are governed under The German Act on the Prohibition of Price Clauses Indexation (*Preisklauselgesetz*, "**PrKG**"), which allows Indexation Clauses only under strict requirements set forth under the PKG. Indexation Clauses in commercial leases are permissible, if they, inter alia, have been agreed into for a term of at least ten years or a shorter term, which the tenant may extend up to at least ten years by exercising option rights. The price trend is measured using a recognised price index (usually the consumer price index) and applies to increases to the same extent as it applies to reductions. Indexation Clauses in lease agreements which do not meet these requirements are pending valid (*schwebend wirksam*), i.e. the legal implications of the Indexation Clauses remain unaffected until their invalidity is legally established. If an Indexation Clause is legally established invalid, rent increases can therefore no longer be asserted towards the respective tenant on the basis of such Indexation Clause.

17.5 Limitations on the basis of German Residential Tenancy Law

German residential tenancy law, in particular, imposes restrictions on GCP with regard to the increase of rent, allocation of ancillary costs including costs for repair and maintenance, the termination of letting contracts and the termination and the eviction of tenants which are in breach of contract. Further, there is the possibility that the tenant has a right of first refusal, which can come into effect in the event of a sale of residential units with prior conversion into residential property and thus impair the selling options, since the costs incurred by the prospective buyer in the course of preparing a purchase agreement remain with the prospective buyer to a considerable extent in the event the right of first refusal is exercised.

17.5.1 Statutory Limits on Rent and Rent Increases

With lease agreements that are not subject to rent control, such as by public subsidies regulations, the landlord, not having agreed a step-up rent (*Staffelmiete*), may assert the rent up to locally prevailing comparative rent levels if the rent has remained unchanged for the 15 months preceding the intended increase. As a rule, however, the rent cannot be increased by more than 20% over three years (capping limit). The German federal state governments of Bavaria, Berlin, Brandenburg, Bremen, Hamburg, Hesse, NRW, Lower Saxony, Schleswig-Holstein, Baden-Wuerttemberg, Saxony, Rhineland-Palatinate, Mecklenburg-Western Pomerania and Thuringia have decreased the capping limit to 15% over a three-year period for specific municipalities (e.g. Berlin and Munich). When freely financed residential units are modernised, the landlord may increase the annual rent by a further 11% of the respective costs incurred in the modernisation of the residential unit if such modernisation measures have been announced to the tenant before the end of the year 2018. Following the announcement of rent increase, the tenants may have a special termination right.

According to German law, GCP may only increase the rent within the limit set by the relevant rent index (*Mietspiegel*). The rent index determines the typical local comparative rent. A qualified rent index

is one that is prepared every two years according to scientific principles and recognised by stakeholders, landlords and tenants (e.g. the local tenant association) or the municipality. So far, the comparison rent is calculated from the average of all rents that have changed or been added in the last four years. On 18 September 2019 the federal government of Germany presented a draft law for the extension of the period under review for the locally prevailing comparative rent level, according to which the relevant review periods for the determination of the locally prevailing comparative rent level will be extended from four to six years, which should lead to additional restrictions with regard to the rent increase of residential properties. Further, any modernisation shall be in line with the standards of government subsidised apartment buildings (*geförderte Wohnungsbaumaßnahmen*), meaning GCP may not undertake luxury refurbishments to increase the rent.

Further statutory limitation with regard to the rent for new lease agreements (so-called *Mietpreisbremse*) have been introduced by the German Tenancy Law Amendment Act (*Mietrechtsnovellierungsgesetz*, the "**Tenancy Amendment Act**") which came into effect in June 2015. The limit shall apply to any newly agreed rent at a maximum of 10% above the relevant locally prevailing comparative rent level (*ortsübliche Vergleichsmiete*), unless the rent level agreed with the previous tenant was higher. Otherwise, the Tenancy Amendment Act does not apply to new or fully modernised buildings. All federal states (*Bundesländer*) except for Saxony, Saxony-Anhalt and Saarland have already implemented or have announced its implementation.

As from 1 January 2019 the Tenancy Adjustment Act (*Mietrechtsanpassungsgesetz*) became effective and toughened regulations regarding the limit to any newly rent. According to the new regulation, landlords are obliged to provide a tenant with unsolicited information about the previously agreed rent before entering into the lease contract if the rent is to be higher than 10% above the relevant locally prevailing comparative rent level and to justify this. In the event of a breach of the statutory limitation with regard to the rent for new lease agreements (*Mietpreisbremse*), the tenant may reclaim the overpaid rent retroactively. In addition, a landlord can only allocate costs of modernisation measures to tenants of residential units by increasing the annual rent in the amount of 8% of the cost accrued and only to a maximum of € 3.00 per sqm (respectively € 2.00 per sqm split, if the actual rent amounts is less than € 7.00 per sqm) over a period of six years. For modernisation measures that cost a maximum of € 10,000.00, there is an option for a simplified procedure. If the landlord chooses this procedure, he can deduct a lump sum of 30% for the repair costs to be charged, without having to justify this sum in detail. Tenant's objection of hardship due to financial overload is excluded in the simplified procedure. If the landlord chooses the simplified procedure, the regular allocation of costs of modernisation measures for the following five years is generally ruled out. Furthermore, it is becoming increasingly difficult for landlords to persuade tenants to terminate the tenancies because they will not be able to afford the increased rent. A breach of duty on the part of the landlord is presumed if he does not commence with the modernisation measure within twelve months of notification or if the works are suspended for more than twelve months after commencement, if he announces a rent increase of at least 100% or if the measures are carried out in such a way that the tenant is considerably burdened. The landlord can disprove this presumption by presenting a comprehensible objective reason. If he does not succeed in doing so, tenants may be entitled to damages. Additionally, a targeted modernisation in order to induce tenants to terminate the lease (*Herausmodernisierung*), e.g. a modernisation that has only been announced but not carried out or results in significant, objectively unnecessary burdens on the tenant, now constitutes an administrative offence which can be punished with a fine of up to € 100,000.00.

17.5.2 Berlin Rent Cap (Mietendeckel)

On 22 October 2019, the Berlin Senate (*Berliner Senat*), the Berlin state government, passed a draft of a state law introducing a Berlin rent cap. It is expected that the law will be passed in February 2020, or earlier if necessary, after it has been submitted to the Berlin state parliament and passed, and will then come into force immediately. According to the current Senate draft, the rent cap is to be designed as follows:

The rent cap is valid throughout Berlin and covers all residential leases. The only exceptions are new buildings (provided they are ready for occupancy from 1 January 2014), publicly subsidised housing and residential homes or apartments of publicly recognised welfare organisations.

The rent cap consists of two central instruments: a rent freeze and the introduction of rent ceilings. When the law comes into force, all rents in existing contracts will be frozen at the level of 18 June 2019

(or the last agreed rent prior to that date). The rent freeze also covers index and graduated rents as well as rent increases to the local comparative rent. Starting in 2022, an annual inflation adjustment is planned, which is to amount to a maximum of 1.3%. The exact percentage will be determined by the Senate Administration in an ordinance. The draft law contains an upper rent limit. The upper rent limit is an absolute upper limit and reference point for rent reductions. Upper limits of between € 3.92 and € 9.80 per square metre apply, which are based on the rent index values of 2013 (adjusted to real wage development). The upper rent limit applicable in individual cases depends on the construction age class and equipment, but not on the location of the apartment. For buildings with no more than two apartments (in particular, detached and semi-detached houses), a surcharge of 10% on the respective upper limit applies. A flat-rate increase of € 1.00 per square metre is planned for apartments with modern equipment. According to the Senate's draft, modern equipment is deemed to exist if at least three of the following five criteria are met: (i) elevator, (ii) fitted kitchen, (iii) high quality sanitary equipment, (iv) high quality flooring and (v) low energy consumption (less than 120 kWh/m²). With regard to current leases, only a rent freeze will initially apply. This means that the rent does not have to be reduced here, provided that the rent level of 18 June 2019 (or the last agreed rent prior to that date) has not been exceeded due to interim increases. However, if the upper rent limit is exceeded by more than 20%, the rent is considered excessive (also referred to as "extortionate rent" (*Wuchermiete*)). The tenant may then apply to the Senate Administration for a rent reduction to a rent in the amount of 120% of the upper rent limit (so-called capping) within a period of nine months after the law has come into force (so called "capping" (*Kappung*)). The Berlin Senate assumes that at least approx. 150,000 tenants will be entitled to submit a corresponding application.

The upper rent limit will be adjusted depending on the location of the apartment:

If the location is good, the upper rent limit will be increased by € 0.74 per square metre and if the location is medium or simple, the upper rent limit will be reduced by € 0.09 or € 0.28 per square metre. The assignment of the dwellings to a certain housing situation is fixed by a legal regulation. It is to be expected that this allocation will be based on the current location allocation according to the rent index. The new rent may not exceed the upper rent limit in the case of a first-time letting or re-letting and may not exceed the lower rent on the reporting date in the case of a re-letting. This can also result in the rent falling below the key date rent (pre-rent). In the case of apartments whose rent on 18 June 2019 was less than € 5.00 per square metre, the rent may be increased by a maximum of € 1.00 to up to € 5.02 per square metre for re-letting. Modernisation measures can in principle only be allocated if the rent is not increased by more than €1.00 per square metre and the upper rent limit is not exceeded by more than € 1.00 per square metre. Additional modernisation costs that lead to an increase in rent of more than € 1.00 cannot be passed on and will only be refinanced through new subsidy programmes to be launched by the State of Berlin. Modernisation costs can only be apportioned for modernisation measures, (i) to which the landlords are legally obliged, (ii) for thermal insulation of the building envelope, the cellar ceiling, the uppermost storey ceiling or the roof, (iii) for the use of renewable energies, (iv) for energy window replacement, (v) for the replacement of heating systems, (vi) for elevator extensions or (vii) for the removal of barriers. The increase in rent must be notified to Investitionsbank Berlin. In special cases of hardship for which the landlord is not responsible, Investitionsbank Berlin may approve a higher rent at the landlord's request. After approval, this higher rent may then be demanded in the current tenancy as well as in all subsequent tenancies. A case of hardship exists if the retention of the upper rent limits would lead to losses for the landlord in the long run or to the substance of the leased property being endangered. The explanatory memorandum to the law mentions as an example expenses incurred by the landlord in fulfilment of a legal obligation which cannot be refinanced through the regular rental income. This is likely to include, in particular, modernisation measures which the landlord is legally obliged to carry out. The practical handling of this hardship clause is still unclear; the Senate wants to concretize the details by an ordinance. Landlords are obliged to provide tenants with unsolicited information on the rent valid for the respective apartment as of 18 June 2019 before concluding a new lease agreement and to provide tenants with information on the criteria relevant for calculating the upper rent limit. This obligation to provide information will also apply to current tenancies during the first two months after the law comes into force. Fines apply in the event of violations. Sanctions include the demand for rents in excess of the permissible rent levels as well as the violation of obligations to inform and cooperate. The fine can amount to up to € 500,000.00 in individual cases.

It is expected that the Berlin rent cap will be challenged in court immediately after its entry into force before the constitutional courts at federal and state level. Although legal experts have pointed out that

there is considerable uncertainty as to whether the proposed legislative measure would be constitutionally compliant, it cannot be excluded that the law will enter into force unchanged or with its essential content.

17.5.3 Owner's Repair and Maintenance Obligations

Under German law, the landlord must repair and maintain the property (this obligation extends to the structure, the façade, the roof of the building and the interior of the residential units). In general, the landlord cannot transfer this repair and maintenance obligation to a residential tenant. However, the landlord may oblige the tenant to carry out decorative repairs (*Schönheitsreparaturen*) in the residential unit in compliance with the statutory restrictions. If the landlord assigns such obligations within standardised lease contracts, the respective clauses must comply with the strict requirements for general terms and conditions in residential lease agreements. The German Supreme Court has ruled that such obligations are only binding if (i) the residential unit is handed over completely renovated at the beginning of the lease, (ii) the tenant receives appropriate compensation (e.g. freedom from rent) for the deviating condition and (iii) the tenant does not have to conduct such decorative repairs within fixed terms but only upon actual need for renovation measures. If the tenant carries out decorative repairs without being obliged to do so, the landlord might have to compensate therefor arising costs.

17.5.4 Statutory Protection against Termination and Eviction

As a rule, the landlord may ordinarily terminate an unlimited lease agreement for residential units on a statutory basis only if he has a legitimate interest in ending the tenancy. By law, a legitimate interest in ending the tenancy is present in particular (i) if the tenant has culpably breached his contractual obligations to a not insignificant extent, (ii) if the landlord needs the rooms as accommodation for himself, his family members or members of his household or (iii) if the landlord would be prevented from an appropriate economic exploitation of the property by the continuation of the tenancy and would suffer considerable disadvantages thereby. The possibility of obtaining a higher rent by another letting as residential unit remains out of consideration; the landlord can also not invoke that he wants to sell the rented units in connection with an intended establishment of residential property or after transfer to the tenant. "Reasonable economic recovery" as grounds for termination is intended to ensure the free economic disposability of property. Such grounds exist if the owner were to suffer considerable detriment from continuing the tenancy (for example, receiving a significantly lower purchase price or expenses significantly exceed income). However, a landlord's intention of converting housing into individually owned residential units, for example, would not fulfil the requirements.

If residential property has been created in rented residential premises after it has been transferred to the tenant and the residential property has been sold, an acquirer may only invoke legitimate interests as grounds for termination in accordance with the German Civil Code (*Bürgerliches Gesetzbuch*) after three years have elapsed since the sale.

Further, even if the landlord terminates the letting contract with reference of a legitimate interest, the tenant is protected under German tenancy law. A court may allow for an appropriate deadline (with a maximum delay of one year) for the tenant to vacate the apartment even though the letting contract has already been terminated prior by the landlord.

17.5.5 Right of Pre-emption of the Tenant

If let residential premises in which residential property has been or is to be established after the handover to the tenant is sold to a third party, the tenant has the right of pre-emption on the same conditions as the buyer. This does not apply if the landlord sells the residential unit to a member of his family or to a member of his household.

17.5.6 Misappropriation of Residential Premises (Zweckentfremdung)

Misappropriation (*Zweckentfremdung*) occurs when residential premises are used/let for purposes other than residential purposes. In some municipalities of federal states (Bavaria, Baden-Württemberg, Berlin, Hamburg, Hesse, Lower Saxony and North-Rhine-Westphalia), residential premises may only be used for other than residential purposes, this applies in particular to the misappropriation of letting residential premises as holiday flats or hotels, with the approval of the authorities. This aims to combat the growing housing shortage.

17.5.7 Expropriation of Residential Real Estate

A citizens' initiative in Berlin tries to force a legislative project in the federal state parliament by means of a petition for a referendum, according to which "Deutsche Wohnen SE and others" are to be expropriated in respect of their Berlin portfolios in accordance with Article 14 para. 3 of the German constitutional law (*Grundgesetz*, "**Constitutional Act**"). The initiative has stated that this measure is aimed to combat the perceived lack of dwelling space and sharp rise in rents in Berlin.

The protection of ownership in Germany is guaranteed under the Constitutional Act. As a result of this guarantee, the owner of properties is in principle entitled to proceed with the property at his own will and to exclude others from any influence, unless the law or the rights of third parties' conflict with this. Conversely, the guarantee of property does not per se preclude the state from withdrawing this legal position protected by expropriation. Pursuant to Article 15 sentence 1 Constitutional Act, land, natural resources and means of production may be transferred to common ownership or other forms of public service for the purpose of socialisation by a law regulating the nature and extent of compensation. However, there are high legal requirements for the expropriation of the real estate. In the case of expropriations, a distinction is made between two different types of expropriation: Legal expropriation, which is possible due to a new law and administrative expropriation, which is possible due to an administrative act concerning an already existing law. In the case of legal expropriation, the material requirements and the procedure of expropriation has to be regulated. Any expropriation law passed by parliament itself would be subject to strict material requirements. This includes, in particular, the necessity of expropriation: if there is another, legally and economically justifiable solution for the realisation of the purpose of expropriation which would mean a less serious encroachment on the rights concerned, the expropriation is inadmissible. Examples of inadmissible expropriation are that suitable land is available to the public authorities themselves, the required land could be acquired by private contract or instead of expropriation, the granting of rights in rem or compulsory rights is sufficient.

While the citizen's initiative in Berlin seems to be primarily directed against Deutsche Wohnen SE, the proposed draft legislation would capture all companies with profit motivation that own at least 3,000 apartments in Berlin. Thus, in addition to Deutsche Wohnen SE other real estate companies would also be affected by the proposed expropriation if the proposed bill is adopted. Although Article 15 Constitutional Act provides in principle for compensation in the event of expropriation, it would be possible that such compensation would be significantly lower than the market value of the property.

The outcome of a current initiative "German Living Expropriation" („*Deutsche Wohnen und Co. enteignen*") in Berlin to hold a referendum to expropriate residential real estate companies is uncertain. A successful referendum has no binding effect yet. If a petition of a referendum has come about, a referendum must rather be brought about. Only if this referendum is successful would the Land of Berlin be obliged to implement the draft law. In this case, it could be assumed that the law on expropriation would be challenged in extensive and lengthy court proceedings. The left-wing party DIE LINKE, which is part of the coalition governing in Berlin at the creation date of this Prospectus, has already declared its support for a referendum. While legal experts have pointed out that there is considerable uncertainty whether the proposed legislative measure would be in line with constitutional law, it cannot be excluded that the objective pursued by the initiative will be achieved in some way in the future.

17.5.8 Restrictions in Connection with Subsidised Housing

Social housing generally triggers restrictions on the maximum amount of rent permitted by law and commonly limits GCP's possible tenants to those holding a "housing eligibility certificate" (*Wohnberechtigungsschein*). Under German legislation applicable to residential units subsidised before 31 December 2001, the landlord is only allowed to demand the amount of rent necessary for covering all costs for the property including financing expenses. Under the Residential Premises Subsidy Law (*Wohnraumförderungsgesetz*), which is generally applicable for residential units subsidised after 31 December 2001, the landlord is entitled to charge the maximum rent which has been set forth by the competent authorities and which reflects the market value.

Subsidies for maintenance and modernisation of housing granted on the basis of directives of Berlin contain restrictions on the maximum rent and eligible tenants.

In some cases, sales of subsidised residential units are restricted as they require the competent authorities' approval. Furthermore, subsidies may have to be repaid to the authorities in the event that

condominium rights will be constituted for subsidised residential units. In any case, the respective owner of subsidised residential units is obliged to comply with various information obligations vis-à-vis authorities who have granted such subsidies.

Once a property ceased to be categorised social housing, the landlord is entitled to increase the rent for the subsidised unit after one year up to market rent. If the subsidies are repaid early, an extension period of up to ten years applies, however, limited to the initial "government funded" period. During such extension period, the limitations on the maximum amount of rent permitted have to be complied with, i.e. the landlord may only claim cost cover rent or market value rent. The landlord is generally free to rent to any tenant after the subsidy has been repaid without any special correction being required.

17.5.9 Restrictions in Connection with Investment Funding and with Private Subsidies

Under the Investment Allowance Act of 1999 (*Investitionszulagengesetz 1999*), investment allowance could be granted for the purchase, modernisation, refurbishment or maintenance of certain apartment buildings within the territory of the development area of the federal states of Berlin, Brandenburg, Mecklenburg-Western Pomerania, Saxony, Saxony-Anhalt and Thuringia according to the level of territory of 3 October 1990. The granting of investment allowance is not coupled with occupancy rights, rent control or similar restrictions. The recipient of the allowance is, however, obligated to rent out the social rental units for residential housing purposes only, for a period of five years upon completion of the modernisation works. In cases of non-compliance, the funding can be reclaimed.

Private subsidies, especially so-called work loans, which are granted in order to create affordable housing units for the employees of a company, generally trigger restrictions in favour of the lender. Such restrictions may translate into limitations of GCP of possible tenants to those appointed by the lender.

17.6 Limitation for the Use of Commercial and Residential Properties

17.6.1 Easements

On some of the properties owned by Aroundtown or GCP, easements are registered with the land register. Properties to be acquired as development projects will often be encumbered with such easements. An easement requires the owner of the charged property to refrain from taking action (for example, not to build on specific parts of the property) or to forbear action to be taken (for example, to grant transmission rights, electricity, water, and gas); the party in whose favour the encumbrance is made is entitled to use the property in individual relationships (e.g. rights of way or line rights), or that it has any other authority that may constitute the contents of an easement. The content of the obligation can be enforced by the entitled third-party. Since registered easements are attached to the property itself, they can be enforced against the current owner of the charged property as well as against legal successors.

17.6.2 Obligations under Public Law (Public Easements)

Some of the properties owned by Aroundtown or GCP are encumbered with obligations under public law (public easements (*Baulasten*)) which are secured by an entry in the public easements register. An obligation under public law may require action (for example, to create a certain number of parking slots) or inaction by the owner (for example, not to build on specific parts of the property); it is also possible that the owner must undertake to waive certain measures (for example, laying pipes or cables by third parties). The content of the obligation can be enforced by means of an administrative order. Some of the properties are subject to unification public easements (*Vereinigungsbaulasten*). These public easements combine several properties into a "construction property" (*öffentlich-rechtliches Baugrundstück*), out of the affected properties which continue to be independent properties under civil law. As a consequence, many provisions of public building law, such as the requirements of minimum distances between buildings, do not apply to the respective property or apply only as if the plot boundaries did not exist. Properties to be acquired in the course of development projects will often be encumbered with public easements.

Since public easements attach to the property, they can be enforced against the owner of the charged property and against third parties. The public easement is also effective against legal successors (that is, buyers of the charged properties) and expires only by a waiver of the competent authority. The restrictions resulting from the public easement may affect the value of the charged property.

17.6.3 Restrictions in connection with monument protection

In case buildings are listed as protected monuments, certain restrictions set forth in the various monument protection acts of the federal states are applicable. Although the federal states' monument protection acts differ, the basic provisions are identical. Protected monuments must not be demolished, reconstituted, refitted or amended without a permit being issued by the competent authority. In the permit, the authority usually imposes certain requirements as to how to carry out the construction measures envisaged by the developer. These requirements might restrict the measures planned, cause additional costs and take more time and, therefore, need to be taken into consideration before deciding on a development and in the course of such development. It is possible as an "ultima ratio", that the competent authority could expropriate the owner of a protected monument if the building cannot be protected otherwise. However, the owner is entitled to financial compensation in the case of an expropriation.

17.6.4 Restrictions in connection with the Building Permit

Under German planning law, municipal planning authorities have a considerable amount of discretion in exercising their planning competence. They are, however, required by law to take into account private interests as well as to pursue a number of prescribed objectives, including sustainable urban development and the protection of natural resources. Urban land use planning is the most important planning tool for steering and organising the urban development of a municipality in Germany. It is carried out in two stages in a formal procedure under construction planning law, which is comprehensively regulated in the Building Code (*Baugesetzbuch* (*BauGB*)):

On the first level, each municipality can issue a preparatory land utilisation plan (preparatory land-use plan) that represents, with respect to the entire municipal territory, a basic classification of land uses according to urban development objectives and the needs of the municipality. A land utilisation plan may determine for which purpose specific areas will be used in the future or which areas should be made available for environmental purposes.

On the second level, zoning plans may qualify the use of land in designated areas. A zoning plan has to comply with the applicable land-use plan and establishes generally the legally binding rules with respect to matters such as the size of plots and the height, density and specific use of buildings erected on a plot and may also designate land as being reserved for public purposes, industrial use, mixed use, social housing, infrastructure, open spaces, and protected areas. Changes to a zoning plan may restrict the future use of a certain property and even affect existing lease agreements. Where no zoning plans exist, the question whether a building project is permissible depends on whether the building project is to be realised in an already built-up district or on the periphery. In the first case, the permissibility basically depends on the building project's compatibility with the already existing buildings in the vicinity and their specific use. Outside built-up districts, projects are only permissible subject to very narrowly defined requirements which are generally not met by buildings designated for office use.

Furthermore, German building laws and regulations of the German federal states are extensive and govern, among other things, permissible types of buildings, building materials, statics, proper workmanship, stability, heating, fire prevention, means of warning and escape in case of emergency, access and facilities for the fire department, hazardous and offensive substances, noise protection, parking spaces, ventilation and handicap access and facilities.

For instance, fire prevention is regulated by laws and building regulations of the federal states, which are further specified by directives, decrees, guidelines, technical regulations, recommendations and technical data sheets regulating constructional, technical and organisational fire prevention concerning, *inter alia*, building materials, firewalls and emergency escape routes as well as fire-extinguishing systems and smoke detectors. Those regulations may be amended, which may require investments in improved or additional fire prevention measures. Furthermore, if the use of a building is changed or construction measures are taken, such amended fire prevention requirements may become applicable.

Owners of buildings that have been erected in compliance with applicable laws and regulations, in particular zoning plans and German building laws and regulations of the German federal states and have received a building permit in principle enjoy constitutional protection of property with respect to such buildings. Nevertheless, as an exception to this general rule, the competent authority may, under certain circumstances, demand alterations to buildings on grounds of safety (e.g., fire safety) or health

risks from a property. While mere non-compliance with prevailing regulations does not warrant such orders, the occurrence of concrete safety or health risks with respect to users of the building or the general public allows the competent authority to demand immediate action from the owner. Relevant risks in this regard include fire risks, traffic risks, risks of collapse and health risks from injurious building materials such as asbestos.

The protection of existing buildings does not cover any alterations to such buildings or changes in the type of use. A change of use may require a (new) building permit if the intended use differs from the use classified in the current building permit, the development plan or the intended use is subject to special regulations. Thus, for example, the conversion of residential premises into office or retail premises or vice versa may require a (new) building permit.

17.6.5 Restrictions in connection with special urban planning laws

Cities and municipalities are entitled to enact urban planning law in order to influence urban development. By such urban planning laws, areas can inter alia be classified as urban refurbishment areas or urban preservation areas. In case a site is situated in an urban refurbishment area, a vast number of measures regarding the site or the building are subject to a permit being used by the competent authority. A permit is especially required for (i) the sale of the property, (ii) the conclusion of lease agreements with a lease term of more than one year, (iii) the registration of rights in rem encumbering the site, (iv) the registration of public easements and (v) the division of the site. In urban preservation areas, the erection, demolition and amendment of buildings as well as any changes of their use and the creation of condominium rights (conversion of common property into special property) may, subject to local statutory law, require a permit being issued by the competent authority.

In addition, the city or municipality can pass a resolution which classifies an area as a conversion area. Such resolutions are passed if there are (too many) sites which cannot be properly used due to their size and/or location and, as a consequence, obstruct the city's or municipality's urban development intentions. In the conversion process or change in use, sites or parts of sites are exchanged. If the exchanged (parts of) sites do not have equal values, financial compensations are paid. From the passing of the resolution on conversion to the completion of the conversion process, a permit being issued by the competent authority is required for (i) the sale, (ii) the registration of rights encumbering the site and (iii) any building measures unless they are not subject to a building permit and do not increase the site's value.

17.6.6 Energy Savings Ordinance

Starting 1 January 2009 for sales or new letting of units, potential buyers and tenants are entitled to an energy certificate that discloses the property's energy efficiency. The seller is legally required to provide the energy certificate to the buyer prior to the conclusion of the contract. In undertaking modernisation measures, additions or extensions, an energy certificate must be prepared if an engineering assessment of the entire building's energy consumption is performed in the course of the modernisation. The energy certificate is generally valid for ten years. For buildings completed no later than 1965, the owner must already have had an energy certificate available starting 1 July 2008. The Energy Savings Ordinance (*Energieeinsparverordnung*) of 24 July 2007, as amended on 29 April 2009, also requires structural alterations for energy conservation. Failure to comply with these rules can be penalised as an administrative offence. A further amendment of the European Energy Savings Ordinance took effect as of 1 May 2014. The further amendment requires additional structural alterations for energy conservation, which had to be implemented by 2015 regarding heating facilities at least 30 years old and by 1 January 2016 regarding buildings. Furthermore, if a seller or landlord advertises the property via commercial media, the energy performance indicator of the respective property's existing energy certificate must be stated in the advertisement. The withholding of that kind of energy information may be penalised as an administrative offence.

On 23 October 2019, the German Federal Cabinet resolved a draft of a Building Energy Act (*Gebäudeenergiegesetz*, GEG), which merges the Energy Saving Ordinance (*Energieeinsparverordnung*, EnEV), the Energy Act (*Energiegesetz*, EnEG) and the Renewable Energy Heat Act (*Erneuerbare-Energien-Wärmegesetz*, EEWärmeG). In particular, it should be noted that gas or oil-heating boilers installed in 1991 or later may only operate for 30 years, according to the draft. Heating-boilers built-in or installed before 1 January 1991 may no longer be operated. The draft contains exceptions therefrom, for example, if a house can be supplied neither with gas nor with district

heating and the heating cannot be operated also from renewable energies. It is also envisaged that the replacement of old gas / oil heaters should be subsidised.

17.6.7 Restrictions due to copyrights in architectural services

Some of Aroundtown's properties may be works of architectural significance and therefore may be subject to copyrights, especially with regard to the respective architect's services. Structural changes in such instances may be subject to the designer's or architect's consent.

17.6.8 Liability for Contamination of the soil and buildings

Liability for residual pollution and contamination of the soil, as well as for the contamination of buildings with harmful materials, may arise from rules and regulations under both public law and civil law. Liability under public law for residual pollution cannot be excluded through agreements under civil law. Liability under civil law may, however, generally be limited or excluded by way of mutual agreement. In the course of the development of a building, the developer in general will be responsible for the disposal of pollution, usually, however, shifting this obligation to a general contractor to a great extent. To the extent that liability is not assumed by the seller of a property or other third party, e.g. a pre-seller or a general contractor, or a possible claim cannot be enforced against this third party, Aroundtown remains liable as owner of the property or as developer as the case may be.

17.6.8.1 Responsibility for residual pollution and soil contamination

Pursuant to the Federal Soil Protection Act (*Bundesbodenschutzgesetz*), the parties responsible for remediation measures with regard to residual pollution and contamination of the soil include the party that caused the contamination, its universal legal successor (*Gesamtrechtsnachfolger*), the owner of the contaminated real property and each previous owner of the contaminated property (if such former owner transferred the property after the entering into force of the Federal Soil Protection Act (*Bundesbodenschutzgesetz*) on 1 March 1999 and knew or should have known about the contamination), the person with actual authority over the property, and, under specific circumstances, the person or entity responsible under general principles of commercial or corporate law for the legal entity owning the site. There is no general ranking as to which of the aforementioned parties is primarily liable. It is within the discretion of the relevant authority to decide which party shall be held liable. The party most likely to be held liable is the current owner of the contaminated site, because it is legally entitled to also carry out the required remedial measures.

Furthermore, the liability of the entities and persons who can be held liable by the authorities for remediation does not require a showing of negligence or intent on the part of the liable parties. The Federal Soil Protection Act (*Bundesbodenschutzgesetz*) authorises the competent authorities to take the appropriate measures to ascertain the facts and to require remedial measures as well as other necessary measures for the protection against contamination of the soil or residual pollution. The Federal Soil Protection Act (*Bundesbodenschutzgesetz*) stipulates that several responsible parties have a claim to compensation between each other, irrespective of which responsible party is subject to the measure taken by the competent authorities. This claim for compensation can be modified or waived by express contractual agreement.

The respective Ministries of Environment of the German federal government and the federal states have jointly established a working group (*Bund-/Länder-Arbeitsgemeinschaft Abfall*, "**LAGA**") in order to ensure a consistent enforcement of laws relating to waste and disposal legislation. LAGA publishes information sheets, regulations, guidelines and sample administrative provisions. In the so-called applicable version of LAGA M 20, LAGA has defined various classification categories, by which, *inter alia*, the treatment and disposal of soil excavation and demolition waste are governed. These classification categories range from emplacement class LAGA Z 0 (unrestricted emplacement for soil-related uses) over emplacement class LAGA Z 1 (restricted emplacement in certain construction types) and LAGA Z 2 (restricted emplacement with technical safety measures) to emplacement classes LAGA Z 3, LAGA Z 4 and LAGA Z 5, which do not allow for emplacement, but require disposal of the respective material.

Further, pursuant to the German Environment Contamination Act (*Umweltschadensgesetz*) authorities may at their discretion implement risk inspections, investigations, remedial measures, and other necessary measures for the protection against any environment contamination, if the contaminations were caused after 30 April 2007. Other potential parties responsible may also be held liable in addition

to the owner. Incidentally, there is no general ranking as to which of the responsible parties is primarily liable.

17.6.8.2 War Ordnance

In Germany, the federal states are responsible for the clearance of ordnance and other remnants of war. In most states, public services are responsible for the clearance of war ordnance, while other states commission private specialised firms. All states assume, and dispose of, unexploded ordnance themselves. However, the extent to which a private investor or an owner of contaminated real estate incurs liabilities in connection with the clearing of remnants of war or ordnance, including preparatory measures like the disposal of plants and layers of soil or preventive search measures, where the initial suspicions prove unfounded, varies from state to state.

17.6.9 Asbestos

German law distinguishes between two types of asbestos: (i) friable asbestos and (ii) other types of asbestos. Both result in different legal consequences. Friable asbestos can release asbestos fibres into building air due to ageing and external force. Friable asbestos is generally found in construction materials that provide fire, noise, moisture, heat and thermal insulation. Other types of asbestos are involved if the material containing asbestos is firm and no asbestos fibres can escape into the air, thus not posing a risk to human health. Under the rules of the asbestos guidelines (*Asbest-Richtlinien*) of the German federal states, the presence of any threat to health in any specific case is required for determining a remediation obligation. Therefore, except in the event of structural alterations, there is generally no obligation to remove non-friable asbestos under the asbestos guidelines because of the lack of fibre formation.

As to friable asbestos, the asbestos guidelines prescribe criteria for assessing the urgency of taking remedial action in case of contamination. This is determined according to three levels of urgency: urgency level I requires immediate remediation; urgency level II requires reassessments at intervals of a maximum of two years; and urgency level III requires a reassessment at intervals of a maximum of five years. Remediation measures under the asbestos guidelines include demolition, removal, or coating of the asbestos products, and separation of the asbestos products from the respective space to ensure that fibres do not become airborne.

In the event of asbestos contamination, the tenant can reduce the rent. German courts have decided that a defect of the leased item can be presumed if it cannot be excluded that a health threat occurs or may occur. Accordingly, the courts have permitted rent abatements even in cases involving urgency levels II or III, which, under the asbestos guidelines, merely require that the level of risk be monitored. Tenants may further on also claim compensatory damages if the defect was present at the time of contract formation or if the landlord is in default with its obligation to remedy the defect. Finally, tenants also have the right to remedy the defect on their own and require that their reasonable expenses be reimbursed under certain conditions.

17.6.10 Polychlorinated Biphenyl, Dichlorodiphenyltrichloroethane, Pentachlorophenol and Lindane

Since PCB may cause damage to embryos and is suspected to be carcinogenic as well and affect human health negatively, the production has been prohibited since Germany in 1983. However, PCB may still exist in buildings (for example, in wood preservatives, synthetic materials, insulations or joints). PCP was used as a fungicide against mould. Under various legal provisions and guidelines, the owner of a building may be obliged to remedy PCB sources. In particular, remediation measures may become necessary if the PCB concentration in rooms which are designed for human use exceeds 300 nanograms per cubic metre of air. Remediation measures regularly include the elimination or sealing of PCB-containing construction elements.

DDT and lindane are synthetic pesticides, which were also used in wood preservatives. DDT is suspected to be carcinogenic and cause a change in the genetic material (deoxyribonucleic acid) of cells (genotoxicity), while lindane is suspected to harm the nervous system, and may also cause cancer. In the case that DDT, PCP and lindane are present in buildings, the tenant is entitled, under certain conditions, to reduce rent and/or to claim for damages. Moreover, the remediation of rooms or entire buildings where DDT, PCP or lindane concentrations exceed certain thresholds may be required.

17.6.11 Legionella-Tests

According to the German Ordinance on drinking water, owners of drinking water facilities located in properties with more than one residential unit are obliged to check regularly, however at least triennially, if the water is polluted by Legionella (a bacteria). The competent authorities are entitled to require additional checks. The Legionella tests have to be carried out by accredited laboratories. If the thresholds mentioned at the German Ordinance on drinking water are exceeded, the owner of the drinking water facility has to restore target conditions.

17.6.12 Protection of Groundwater and Maintenance of Sewage Systems

Pursuant to the German Federal Water Management Act (*Wasserhaushaltsgesetz),* all sewage systems must be constructed, operated and maintained according to the generally accepted rules of technology. Property owners are required to check, among other things, for the sewage system's condition, operability, maintenance and the amount and quality of wastewater and the substances contained therein. In the case of deficiencies, property owners are required to repair the sewage system. The German Federal Water Management Act (*Wasserhaushaltsgesetz)* authorises the German Federal Government, with approval of the Federal Council (*Bundesrat*), to enact an ordinance specifying the abovementioned obligations with regard to sewage systems. The German Federal Government so far has not yet made use of this authorisation. Until an ordinance by the German Federal Government is enacted, the federal state governments may enact their own ordinances regarding the aforementioned obligations. Required testing intervals under these (federal) ordinances vary from state to state and sometimes within one state.

17.6.13 Restitution Claims

17.6.13.1 German Act on Unsettled Property Issues in Eastern Germany (Gesetz zur Regelung offener Vermögensfragen)

According to the German Act on Unsettled Property Issues (*Gesetz zur Regelung offener Vermögensfragen*), persons who were expropriated of property within the form **GDR** can claim restitution or compensation under certain conditions, in particular if a property was seized without compensation or only small compensation. The German Act on Unsettled Property Issues is furthermore also applicable to persons who lost property due to racist, political, religious or ideological reasons during 1933 and 1945. For dispossessions between 1945 and 1949 are, no restitution is granted.

If claims are brought forward concerning real property, owners of the real property may be subject to restrictions on material changes to, and transfer of, the real property under the German Act on Unsettled Property Issues. Since the processing of claims arising from the German Act on Unsettled Property Issues may take up to several years, such restrictions may be in effect and persist for that duration. If relevant claims are successful, the owner(s) of the relevant real property may be obligated to transfer the real property back to the claimant.

17.6.13.2 German Act on the adjustment of property law (Sachenrechtsbereinigungsgesetz)

As Aroundtown's and GCP's real estate are partially located in the former GDR, the German Act on the adjustment of Property Law (*Sachenrechtsbereinigungsgesetz*) is applicable. This provides for specific claims. Pursuant to the German Act on the adjustment of Property Law, the user is entitled (i) to acquire such real property at a purchase price equivalent to half of the market value or (ii) to be granted a hereditary building right with a hereditary ground rent equivalent to half of the usual amount. Claims under the German Act on the adjustment of Property Law were generally subject to a limitation of ten years after the German Act on the modernisation of Contractual Law (*Gesetz zur Modernisierung des Schuldrechts*) became effective on 1 January 2002, i.e. have been already generally time-barred as at 31 December 2011.

17.6.14 German Tax Law on Property Purchases and other Costs

Purchasers of properties located in Germany are required to bear certain taxes and public charges. Amongst others, purchasers of properties are *inter alia* obliged to pay Real Estate Transfer Tax (*Grunderwerbsteuer,* "**RETT**"). RETT amounts to a certain percentage of the value of the property (which generally corresponds to the purchase price). The precise percentage is fixed by the respective German

federal state in which the property is located and currently varies from 3.5% to 6.5%. The acquisition of a participation in a shareholding in a corporation that owns properties located in Germany is only obligated to RETT if at least 95% are held; in this case, the tax burden is usually around 75% to 95% of the market value of the property(/ies). In the case of partnerships, RETT could be triggered even if a participation of less than 95% is acquired but where other shares have been transferred to new shareholders in the last five consecutive years or if all (outside the five-year period) shares (including those without an equity interest) are unified in the hands of one party. Following the Act for the Implementation of the Directive on Mutual Assistance (*Amtshilferichtlinie-Umsetzungsgesetz*), RETT is also triggered if an acquisition or transaction results in an entity holding an economic participation of at least 95% in an entity that owns a piece of real estate property located in Germany, regardless of whether this is held directly and/or indirectly. The economic participation corresponds to the sum of direct or indirect participations in the capital or assets of the respective (investment) company. To determine participations, the percentages of participations in the capital or assets of the company are to be multiplied. Thus, RETT is payable if the effective ownership, taking into account direct and indirect participation (economic ownership), is at least 95%.

On 8 May 2019 the German Federal Ministry of Finance released a draft bill which contains several changes of the legal framework relating to RETT. With regard to the draft bill it is intended to lower the threshold for triggering RETT from 95% to 90%, which means that the seller has to keep more than 10% of its stake and less than 90% of the shares can be transferred in order to avoid RETT. Additionally, it is intended to extend the seller's holding period from five to ten years, meaning that the remaining shares may only be fully acquired after the extended period of ten years. Furthermore, it is intended to align the applicable provisions relating to corporations with provisions which currently apply to partnerships. While the draft bill originally stipulated that the respective legislative changes shall come into force in January 2020, it has recently been announced by the political parties currently forming the German government that the intended changes to RETT will not come into force as of 1 January 2020 as originally planned. Instead, it is now expected that a revised draft bill will be introduced to the German parliament in the first six months of 2020.

Additional costs, amounting to approximately 1.5% of the purchase value, are incurred for notary fees and land registry office fees, depending on the value of the transaction. These additional costs are usually also paid by the purchaser.

17.7 Regulatory Environment in the Netherlands

17.7.1 Limitations of Dutch Planning Law

Owner's rights to the use of immoveable property are regulated by the Spatial Planning Act and the Environmental Permitting (General Provisions) Act. The Zoning Plan is a central element in the Dutch *Spatial Planning Act*. This plan is drafted by the municipal authorities and designates the purpose for the land in the plan, such as housing, offices, retail, agricultural use, public space, etc. In addition, the Zoning Plan regulates the permissible use of a land and the immoveable property situated on it. Permits concerning the construction of immoveable property can only be issued if the intended use is in keeping with the Zoning Plan; enforcement measures are available in the event of failure to comply with the prescribed use.

Should an owner desire to construct immoveable property, convert existing immoveable property or carry out measures harmful to the environment, an appropriate permit is required. On the grounds of the Environmental Permitting (General Provisions) Act, effective from 2010, a single permit can be requested that is sufficient for all measures of the owner's project. This is known as the environmental permit. This permit contains a large number of permits, exemptions and notifications (around 25). The Dutch government wants to combine and simplify the regulations for spatial projects in one new Environment and Planning Act. The new act has already been approved by both chambers of parliament. The expectation is that the new act will take effect in 2021 and reduce the cost of obtaining permits. Thereby, planning decisions can also be made better and quicker. In addition, the act will allow more room for private initiatives.

17.7.2 Liability for Soil Contamination

Liability for soil and groundwater contamination is regulated under the Dutch Soil Protection Act. If the current and the future use of the soil involves unacceptable environmental risks, disposal measures should be taken promptly. In case the contamination is not severe, it should be determined whether

remediation is required. The rules are based on the ‘polluter pays’ principle. When it is not or no longer possible to identify the polluter, the owner of the property can in specific cases be held liable. The owner may also be held liable if the contamination spreads or if others suffer or could suffer a damage as a consequence of exposure to it. Besides the government can request the causer or the owner to removal. If this is not possible, the government itself bears the costs of the remediation. The general rule is that first the polluter is liable, then the owner and finally the state.

Since 1 January 2006, there has been an exception to this rule in the case of serious soil contamination in business parks. In such cases, the owner or tenant is liable regardless of fault. The owner or leaseholder is obliged to remove any serious soil contamination requiring remediation. This obligation to remove exists irrespective of whether the contamination was caused by the owner or the tenant himself.

17.7.3 Dutch Tax Law on Property Purchases and Rent Payments

Pursuant to the Dutch Real Estate Transfer Tax Act 1970 (*Wet belastingen van rechtsverkeer 1970*), RETT is in principle levied upon acquisition of real estate located in the Netherlands. The RETT rate is 2% for residential real estate and 6% for non-residential real estate and is levied over the value of the acquired property or the acquisition price, if higher. The Dutch government announced its plan to increase the RETT rate for non-residential real estate to 7% in 2021.

Dutch RETT may also be due in case of the acquisition of shares in a company of which the majority of assets consist of real estate. This is generally the case if all of the following requirements are met at the time of acquisition or at any time in the 12 months preceding the acquisition:

- the stock is acquired in a Dutch legal entity with its equity divided into shares, or an entity incorporated under the laws of another state that has the same characteristics of such a Dutch legal entity;
- the stock is acquired in a legal entity of which, at the time of the acquisition or at any time in the year preceding the acquisition, the assets consist or consisted of 50% or more of real estate, and at least 30% of all assets consist or consisted of real estate in the Netherlands;
- the activities pertaining to the real estate consist, at the time of the acquisition or at any time in the preceding year, of 70% or more of the acquisition, disposal or exploitation of that real estate; and
- the acquirer directly or indirectly, together with certain related entities or individuals (statutorily defined terms), acquires an interest of at least one-third in the entity’s capital, including any interest the buyer may already directly or indirectly hold.

The Real Estate Transfer Tax Act contains several exemptions, concerning, inter alia, among other things, in the case of an acquisition within the framework of a merger or sale, transfers within a group and acquisitions from networks. Furthermore, an exemption from real estate transfer tax applies to the acquisition of newly constructed property or building land in respect of which turnover tax has to be paid. In principle, the acquisition of property is not subject to value added tax, unless it concerns:

(i) a further transfer of ownership, which takes place a maximum of two years after the first occupation;

(ii) transfer of ownership of building land.

In one of the above cases, a 21% turnover tax imposed on them.

Rent payments in the Netherlands are VAT exempt. However, the contract parties can elect for the rent to be subject to VAT, provided certain requirements are met, including 90% or more of the tenant’s activities being subject to VAT.

17.7.4 Lease of Business Premises

Dutch tenancy law distinguishes between two types of commercial property: retail property and other commercial property. The rental of retail property includes *inter alia* properties used as retail space, restaurants, cafés or workshops. The property must have a publicly accessible space used for commercial retail purposes. The purpose of the statutory regulation for commercial real estate is to offer tenants protection to the extent that it is intended to secure the retail trade.

The second business premises category of commercial property includes property such as offices, parking space, factory buildings, storage space or warehouses. Dutch law provides less protection for

tenants compared to tenants of the retail or private apartments. In the case of other commercial property, the parties are free to negotiate the terms of a lease at their own discretion; in particular, there are no legal requirements for the amount of rent.

Commercial property leases are customarily drafted in conformity with Real Estate Council of the Netherlands models (“**ROZ-models**”). These models are a commonly used standard for lease agreements in the Netherlands and are generally landlord-friendly. Among other things, the specifications concern the term, rent, rent increases, tenant liability and other security aspects. Standard clauses of the ROZ-models include, amongst others, (i) the prohibition of subletting except subletting to franchisees of the tenant with consent of the landlord; (ii) the right of the Landlord to request at the end of the contract lease term to completely remove any investments of the landlord on or in the building and restore the original condition without compensation of the landlord; (iii) tenant’s obligation to pay an additional insurance premium in the event the insurer raises the premium due to the exploitation of the property. Maintenance costs of the landlord may be allocated on the tenant by respective agreement by the parties. In general, the landlord is responsible for the costs of exterior maintenance and the tenant normally pays for the interior maintenance of the leased premises. In principle, according to the Dutch Civil Code, it is possible to stipulate standards—also at the expense of the tenant. This only applies if a court has declared this inadmissible.

Under leases on the basis of the ROZ-model the contractually agreed rent is annually adjusted of the consumer price index. For small and medium-sized commercial property, a regulation applies in which parties can apply to the court to have the rent fixed and have the rent adjustment done once in five years. However, renting parties usually agree to a rent subject to annual adjustment. In the case of industrial leases or other commercial properties, parties are free to agree the terms of any interim adjustment of the rent (aligned to market conditions). For the adjustment, standard review procedures are often included in the rental contracts. As regards retail leases, the tenant and the landlord are entitled to request that the court assesses and adjusts the rental rate in line with the rent of comparable local retail premises based on an average of five years. The tenant and the landlord are entitled to request the court to adjust and assess the rent in accordance with the rent of comparable local retail premises, as per the end of the lease period (in the case of renewal), or, if the retail lease has been entered into for an indefinite period, every five consecutive years after review of the rent by the parties, or every five consecutive years after review by the Court. However, the tenant and the landlord must first try to reach mutual agreement on a new rental rate. If the parties do not succeed, they must seek expert advice. If the parties cannot reach agreement on the expert to be appointed, the court can appoint an expert. This advice may take between one and two years. As the advice of the expert is not binding, either party is entitled to request that the rent be determined by the court. This procedure may also take a considerable period of time. Therefore, the procedure to have the rent reviewed may sometimes take years. Besides the new rent will be assessed as of the date of the request to the Court to appoint an expert.

The Dutch Civil Code contains a number of provisions generally applicable to lease agreements, of which the most important are:

- the landlord is responsible for damage resulting from visible or hidden defects in property;
- the tenant may sublet the leased item in whole or in part, if reasonable objections of the landlord are not anticipated;
- major maintenance and repairs has to be carried out by the landlord; and
- minor repairs and day-to-day maintenance has to be carried out by the tenant.

Landlords often make use of the general conditions of the ROZ-model, which deviate from the Dutch Civil Code.

As a general rule, a sale of the property does not affect the existence of the lease. The permission of the landlord is required for subletting. Subletting to affiliates of the tenant is basically permitted. In principle, assignment of the lease requires the landlords’ consent. In certain circumstances, the tenant can obtain the consent of the landlord by court order.

17.7.5 Retail premises

General leasing regulations apply to the ‘retail premises’ category. In addition, mandatory provisions apply, including those concerning the lease and notice periods. In principle, with regard to the retail

premises regime is that the period of the lease must be at least ten years. In practise, leases are often concluded for five years with the possibility of extension for an additional five years. Even if no extension of the tenancy by a further five years is agreed, the lease is extended anew by five years by operation of law. The underlying idea of the legislature is that ten years is sufficient for the investments made by the tenant to be recouped. Termination provisions differentiate between fixed term leases and leases concluded for an indefinite term. Fixed term leases may be terminated by termination notice at the end of that period. Leases concluded for an indefinite period may be terminated by respective termination notice at any time, provided however, that the duration of the lease has been at least ten years and that the termination notice period must be at least one year. A termination notice given by the landlord is effective only if (i) the tenant agrees to the termination or (ii) the lease end date is fixed irrevocably by a court order at the petition of the landlord. In addition, a termination notice by the landlord is only permissible for cause, which may be the following:

(i) the landlord urgently requires the leased property for its own use (including use as business premises of a different kind or renovation of the leased property that cannot be carried out without termination of the lease);

(ii) the manner in which the tenant conducts his business impairs the tenancy at the expense of the landlord;

(iii) the landlord intends the realisation of the leased property's purpose as designated in a valid Zoning Plan;

(iv) the tenant does not agree to a reasonable offer to enter into a new lease that does not include any increase of the rent; or

(v) the landlord's interest in termination substantially prevails the interests of the tenant in continuation of the lease (weighing of interests).

Dutch law provides for a minimum term for lease agreements concerning a shop or restaurant of five years. This applies even if the parties enter into a lease agreement with an indefinite term. The lease agreement is valid for five years and upon expiration, it is renewed for another term of five years. If the lease agreement provides for a fixed term that is longer than five years and shorter than ten years, it is renewed for another term of such length that the two terms in total will add up to ten years. If the lease is not terminated after ten years, it will continue for an indefinite term. The termination notice period is one year or such longer term as the individual parties may have agreed. The tenant may opt for early termination of the lease without cause at any time under adherence of the termination notice period. In contrast, the landlord must base a termination notice on reasons as described above, otherwise, the respective termination notice is null and void. In the event the landlord intends to terminate a lease agreement at the end of the five year term, this is only based on limited statutory grounds.

With regard to the minimum lease term certain exemptions of the fixed term of five plus five years apply. For instance, in case the tenant wants to make use of a two-year term, in order to assess whether its operated business is profitable enough. For these leases with a term of less than two years, no special mandatory termination notice requirements apply. If the term of such a lease agreement is shorter than two years, it expires at the end of the agreed term. Also, in such cases the tenant does not benefit from judicial rent review control as outlined above.

In the event the tenant wishes to sell and transfer the business (staff, movable property, stock, goodwill, etcetera) that it conducts in the leased space and thus transfer it to a third party, the tenant may also transfer its position under the lease agreement. This right of the tenant cannot be limited or otherwise infringed in the lease agreement. If the landlord disagree, assignment of the lease can be claimed by court order, if the tenant has relevant arguments in favour of the transfer. However, the court may deny the demand of assignment if the third party does not provide sufficient security that it will fulfil the obligations under the agreement and that it will act as a 'good tenant'. The court may make the substitution subject to charges and/or conditions. Such charges and/or conditions usually result to the securities that the new tenant is obliged to offer to the landlord. No substitution of the lease is possible if the leased space is vacant and/or in the event there is no transfer of the current business.

17.7.6 Other business premises

General leasing regulations apply to the 'other business premises' category however, the level of regulation is more limited than the regimes for retail and residential premises and the parties have

more contractual freedom. No mandatory provisions with regard to lease and notice periods, etc. apply to these types of business premises. The only indispensable protection for the tenant is protection against eviction. A termination notice must be in writing, unambiguous and include an expressed notice of eviction. Such notice of eviction must also be provided for lease agreements with a fixed term.

If a tenant does not agree to the termination of the lease, the tenant's obligation to vacate is suspended by operation for two months from the date on which notice of eviction was provided. During these two months, the tenant can apply to the court to extend the period of suspension. Extension may be granted for a period of up to one year. The tenant may repeat such an application twice, so that suspension of the obligation to vacate may add up to a maximum of three years. In the assessment of such applications for extension (and in the absence of any misconduct by the tenant), the court applies a balancing of interests. There is no possibility of appealing the court's decision. During the period in which the obligation to vacate has been deferred, the rights and obligations of the parties continue to apply according to the existing lease agreement. The rent the tenant must pay to the landlord is in principle the same as the rent that applied on the date that notice of eviction was given; If one of the parties should so request, the court will fix the compensation that the (former) tenant is obliged to pay during the extension period. The judicial determination is made on the basis of a settlement with the reasonable, customary local rents.

17.7.7 Preferential Rights of Municipalities Act

The Municipalities Preferential Rights Act (*Wet voorkeursrecht gemeenten*) provides municipalities with an advanced starting position in the purchase of real estate. Where a preferential right exists, an owner who has the intention to sell his property must first offer it for sale to the municipality. The owner, therefore, may not simply sell his property to a third party. However, there is the possibility that the Municipal Executive may waive its preferential right. The Municipal Executive may impose a temporary preferential right that lapses after three months or at such earlier time determined by the municipality. The Municipal Council may exercise a preferential right on the basis of a structural vision (*structuurvisie*)—subject to certain conditions being satisfied—or on the basis of a Zoning Plan. Municipalities and the State also have powers to impose preferential rights on the basis of a structural vision or a land use plan. A preferential right based on a structural vision will lapse unless a Zoning Plan or a land use plan is adopted within three years of the date of the decree. A preferential right based on a Zoning Plan or land use plan will lapse after ten years of the Zoning Plan or the land use plan coming into effect. This means that provided the sequence of planning decisions is taken in good time, a preferential right may be enforceable for a period of thirteen years and three months. Transactions performed with the apparent effect of avoiding the preferential right, such as transactions for the disposal of real estate without the transfer of control, such as share transactions, can be nullified.

17.7.8 Expropriation

Expropriation is only permissible if the public interest outweighs it and only subject to a prior guarantee of compensation. The most frequent grounds for expropriation in the Netherlands are the Zoning Plan expropriation and the infrastructure expropriation due to necessary infrastructural measures. Any expropriation proceedings consist of two steps: an administrative and a judicial step. The administrative expropriation decision is given by the Crown (effectively at the request of the Minister of Infrastructure and Water Affairs), whereby primarily the question must be clarified, whether the expropriation is necessary. Here the owner may argue, for example, that it wishes to carry out the project itself (the 'self-realisation' defence) and therefore an expropriation is not necessary. However, the Crown imposes strict requirements upon this form of defence. The owner must possess sufficient skills, experience and capital to be deemed able to realise the respective project himself. Furthermore, a defence by self-realisation can fail on the basis of consistent case law conducted by the Crown in particular in the following cases:

- the self-realisation prevents a systematic realisation of the Zoning Plan;
- the plan has to be or can only be implemented integrated and cohesively;
- the owner intends a different type of implementation of the plan than the form required by the municipality, and the form required by the municipality can be deemed urgently desired in the public interest.

The Crown must reach a decision within six months following a request. Once the decision of the Crown (or the adoption of the Zoning Plan) has been determined, the claim for expropriation can be filed with the Court. In the judicial step, the main issue is compensation, during which the Court *inter alia* also tests the Crown's decision to expropriate. The (irrevocable) expropriation order cannot be recorded in the public registers until the Zoning Plan has also become irrevocable. The Court's expropriation order can also be appealed in a Higher Court. Such an appeal has the effect of making the expropriation order revocable for a temporary period and thus, it cannot be recorded in the public registers. The appeal procedure takes an average of one and a half years. Assuming a potentially lengthy administrative step for the expropriation procedure by the Municipality (and the Crown) and an appeal procedure in the civil law step of the expropriation procedure, a minimum length of thirty months should be taken into account.

17.7.9 Energy performance label

Since 1 January 2008, the Energy Performance (Buildings) Decree (*Besluit energieprestatie gebouwen*) stipulates that, with few exceptions, each owner or landlord is obligated to submit an 'energy performance certificate' for their building(s) to a purchaser or tenant in case of sale or letting out of a building. This certificate intends to provide the purchaser or tenant insight in the amount of energy required for the normal use of the property concerned.

As from 1 January 2015, the obligation to submit an energy performance certificate was replaced by the obligation to submit an 'energy performance label'. New is especially the possible enforcement of the obligation. Not submitting a final energy performance label in case of a sale or letting out of a property is currently subject to a fine up to € 405.00 in case of individuals and up to € 20,250.00 in case of legal entities. This legislation sets a minimum sustainability standard. In SPA's and/or lease agreements adjusted case-by-case, specific attention can be given to the content of the energy performance label (for example which minimum category is acceptable) and also by stating whether or not an energy performance label is already available and if not, the obligation that the parties will cooperate to receive such energy performance label after sale or lease. The Dutch government has currently opted for a new generic requirement for all offices taking effect on 1 January 2023. According to this all office properties need to comply with label C or higher of energy efficiency. Non-compliance with the provisions are penalised; furthermore, the discontinuation of use of the property may be sought. The related compliance costs by the landlords may be recouped through a rent increase.

18. GENERAL INFORMATION ON THE COMPANY AND AROUNDTOWN

18.1 Formation, Incorporation, Registered Office, Commercial Name, Financial Year

The Company was incorporated and registered with the Cyprus Department of Registrar of Companies and Official Receiver under number HE 148223 as a private company limited by shares (ltd) under the laws of the Republic of Cyprus under the name "Redspot Media Limited" on 7 May 2004. By special resolution of the general meeting of the Company's shareholders dated 4 October 2004 the legal name was changed to "Aroundtown Property Holdings Limited". By special resolution of the general meeting of the Company's shareholders dated 28 November 2014 the Company was transformed into a public company limited by shares (plc) under the laws of Cyprus and its name changed to "Aroundtown Property Holdings plc" with effect as of 2 December 2014. The registered office of the Company was at Artemidos & Nikou Dimitriou, 54 B 6027, Larnaca, Cyprus.

On 13 September 2017, the Company completed the transfer of its registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, without dissolution and with full corporate and legal continuance as a public limited liability company (*société anonyme*) under the name Aroundtown SA. Following the transfer of its registered office, the Company was registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés Luxembourg*) under registration number B217868. The deletion of the Company's registration in Cyprus occurred on 13 September 2017. The legal entity identifier (LEI) of the Company is 529900H4DWG3KWMBMQ39.

The articles of association of the Company ("**Articles of Association**") were published in the *Recueil Electronique des Sociétés et Associations* ("**RESA**") on 18 September 2017 under RESA number 2017 219.415 and were lastly amended on 16 July 2019 and published on 14 August 2019 under RESA number 2019 186.704.

The address and registered office of the Company is at 40, Rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg. The telephone number of the Company's registered office is +352 288 313 1 and its fax number is +352 288 313 28.

The website of the Company is www.aroundtown.de.

The commercial name of the Company is Aroundtown. The duration of the Company is unlimited.

The financial year of the Company is the calendar year.

18.2 Corporate Purpose

The objects for which the Company was established are set forth in Article 4 of the Articles of Association. The Company's object is (i) the acquisition, sale, administration, operation, letting or renting, in any form by any means, whether directly or indirectly, of any real estate assets in both the Grand Duchy of Luxembourg and abroad; (ii) the acquisition, holding and disposal, in any form, by any means, whether directly or indirectly, of participations, shares, rights and interests in, and obligations of, Luxembourg and foreign companies or other assets including but not limited to real estate assets; (iii) the acquisition by purchase, subscription, or in any other manner, as well as the transfer by sale, exchange or in any other manner of stock, bonds, debentures, notes and other securities or financial instruments of any kind (including notes, shares or units issued by Luxembourg or foreign investment funds or similar undertakings) and receivables, claims or loans or other credit facilities and agreements or contracts relating thereto; (iv) the acquisition and holding of interests, directly or indirectly, in any form whatsoever, in any Luxembourg or foreign entities, by way of, among others, the subscription or the acquisition of any securities and/or rights through participation, contribution, underwriting, firm purchase or option, patents, service marks, trademarks licences and other commercial or intellectual property rights, negotiation or in any other way; and (v) the ownership, administration, development and management of a portfolio of assets or interests (including, among other things, the assets and interests referred to in (i) through (iv) above).

The Company may borrow in any form. It may obtain any form of credit facility. The Company may issue bonds, notes, promissory notes, perpetual notes, certificates, shares, beneficiary parts, options, warrants and other debt or equity instruments, convertible or not. It may use financial derivatives or raise funds by any other means.

The Company may use any techniques and instruments to efficiently manage its investments and to protect itself against credit risks, currency exchange exposure, interest rate risks and other risks. The

Company may enter into, execute and perform any swaps, futures, forwards, derivatives, options, repurchase, stock lending or similar transactions.

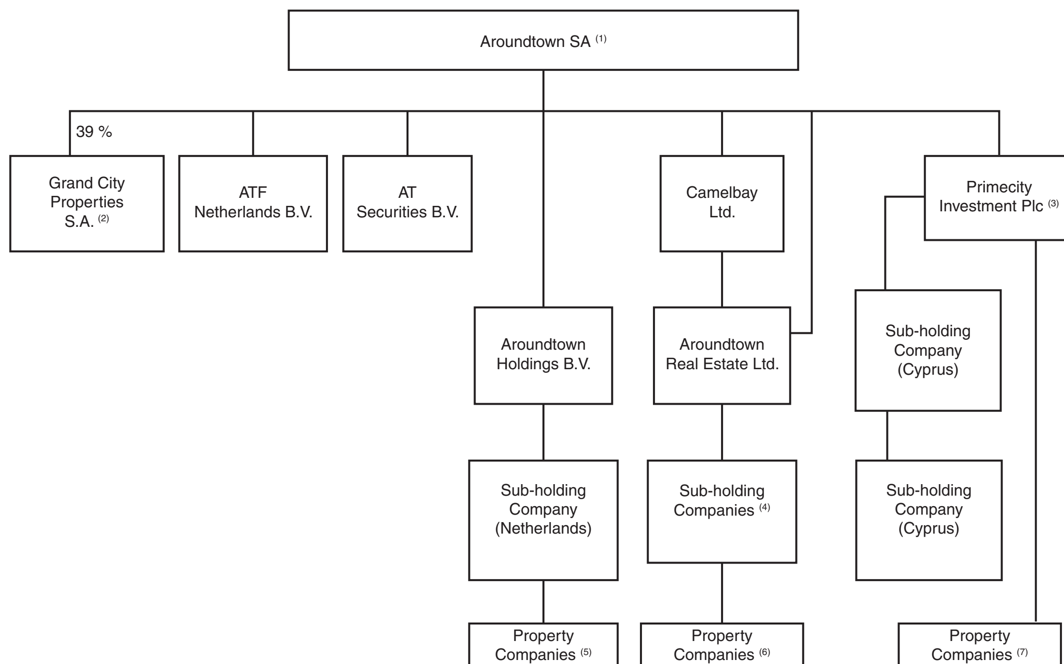
The Company may also render any assistance, whether by means of financing, administration, marketing or any other kind of service, to its subsidiaries or companies in which it has a direct or indirect interest, even not substantial, and/or any company being a direct or indirect shareholder of the Company and/or any company belonging to the same group as the Company (the "**Connected Companies**"). A company shall be deemed to be part of the same group as the Company if such other company directly or indirectly owns, is owned by, is in control of, is controlled by, or is under common control with, or is controlled by a shareholder of, the Company, in each case whether beneficially or as trustee, guardian or other fiduciary. A company shall be deemed to control another company if the controlling company possesses, directly or indirectly, all or substantially all of the share capital of the company or has the power to direct or cause the direction of the management or policies of the other company, whether through the ownership of voting securities, by contract or otherwise.

The Company may in particular: (i) lend funds including the proceeds of any borrowings or issues of securities to its Connected Companies; (ii) enter into any guarantee, pledge or any other form of security, whether by personal covenant or by mortgage or charge upon all or part of the undertaking, property assets (present or future) or by all or any of such methods, for the performance of any contracts or obligations of the Company and of any of the Connected Companies, or any director, manager or other agent of the Company or any of the Connected Companies, within the limits of any applicable law provision; (iii) subordinate its claims in favour of third parties to secure the obligations of any Connected Companies; and (iv) render administrative and marketing assistance to its Connected Companies. In addition to the foregoing, the Company may perform all legal, commercial, technical and financial transactions and, in general, all transactions which are necessary or useful to fulfil its corporate object as well as all transactions directly or indirectly connected with its purpose or which may favour its development.

The descriptions of the Company's purpose are to be constructed broadly and its enumeration is not limiting. The Company's purpose shall include any transaction or agreement which is entered into by the Company unless it is inconsistent with the description.

18.3 Group Structure

The Company is the parent company of Aroundtown, which consists of more than 1,300 companies. These companies have their respective registered seats primarily in Germany, Luxembourg, the Netherlands and Cyprus. The Company conducts its business through itself and through the other entities of the Group. The following diagram sets forth the structure of the Group in a simplified form as of the date of this Prospectus:



(1) Unless otherwise indicated, the Company owns the majority of voting rights in the entities reflected in the structure chart. The Company in addition holds minority interests in certain entities not reflected in the structure chart that it considers not material.

(2) The Company's 39% interest in GCP is held through its wholly owned subsidiary Edolaxia Group Limited, which is not shown in the diagram for simplification purposes. GCP is a listed company.

(3) The Company's 99% interest in PCI is held through its fully-owned subsidiaries Alfortia Ltd. and Bluestyle Ltd., which are not shown in the diagram for simplification purposes. PCI is a listed company.

(4) Sub-holding, having their respective registered seats primarily in Cyprus and the Netherlands.

(5) Real estate companies having their respective registered seats in different European countries.

(6) Real estate companies, having their respective registered seats primarily in Germany, the Netherlands, the United Kingdom and Luxembourg.

(7) Real estate companies having their respective registered seats mainly in Germany.

18.4 Information on Material Subsidiaries and Shareholdings

The following table provides an overview on certain financial data as of 31 December 2018 of the material subsidiaries and shareholdings of Aroundtown, as well as key company information relating to these equity interests.

The calculation of the shareholdings includes shares held directly by the Company, indirectly through a direct or indirect subsidiary of the Company included in the Company's consolidated financial statements or by a third party acting for the account of such companies. All shares in affiliated companies have been fully paid in. The financial data for the year ended 31 December 2018 have been taken from the financial statements, prepared in accordance with IFRS, or the accounting systems as of 31 December 2018 of the respective subsidiary. No material change occurred subsequent to this date. The field of activity of the respective Company is indicated via a footnote.

Name of subsidiary/ registered office	Proportion of ownership interest/ voting power held	Issued capital	Reserves[4]	Book value of the shares	Payables to the Company	Receivables from the Company	Profit/ loss	Dividends realised by the Company in fiscal year 2018
	%	(in € unless indicated otherwise)	(in millions of €, rounded, unaudited unless indicated otherwise)					
Subsidiaries held directly and indirectly by the Company								
Elodaxia Group Limited / Larnaca, Cyprus[2]	100	100	160.9	€100.00	—	—	31.6	45.9
ATF Netherlands, B.V. / Amsterdam, Netherlands[3]	100	10	3.1	2.0	—	622.4	0.4	—
AT Securities B.V. / Amsterdam, Netherlands[3]	100	USD 10	USD 2.5	2.0	—	USD 628.3	USD 0.4	—
Aroundtown Real Estate Limited Larnaca, Cyprus[2]	100	100	10,972.7	9,895.5	126.5	57.8	302.7	—
Primecity Investment PLC / Larnaca, Cyprus[1],[2]	98,20	1.4 million	180.7	333.3	127.8	—	33.5[7]	—
Associates held indirectly by the Company								
Grand City Properties S.A. / Luxembourg, Luxembourg[1],[2]	38,75	16.7 million	558.5	1,807.6	—	—	(75.0)[6]	45.9[5]
Capital Property S.à r.l. / Luxembourg, Luxembourg[1]	30	12,000	167.0	56.4	8.7	—	4.4	—

(1) Field of activity is the investment in and holding of real estate properties.

(2) Field of activity is the holding of shares in other companies.

(3) Field of activity is financing of the Company and Aroundtown

(4) Reserves of the subsidiary based on IFRS on an individual level as of 31 December 2018.

(5) Dividends received by Edolaxia Group Limited as a direct shareholder of GCP.

(6) Refers to the loss reported in the individual financial statements of GCP. On a consolidated basis the profit of GCP amounted to € 583 million for the year ended 31 December 2018.

(7) Refers to the profit reported in the individual financial statements of Primecity. On a consolidated basis the profit of Primecity amounted to € 66.3 million for the year ended 31 December 2018.

18.5 Publications, Paying Agent

In accordance with Article 100-13 of the Luxembourg Company Law and the provisions of the Luxembourg law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings ("**RCSL Law**"), the Company's publications are published in the RESA.

This Prospectus and supplements to the Prospectus, if any, will be published pursuant to Article 21 of the Prospectus Regulation in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu). In addition, printed copies of the Prospectus are available upon request and free of charge from the Company.

The paying agent is Quirin Privatbank, Schillerstraße 20, 60313 Frankfurt am Main, Germany.

19. DESCRIPTION OF SHARE CAPITAL

Set forth below is a description of the Company's shares, summaries of certain provisions of the Articles of Association and certain requirements of the Luxembourg Company Law in effect on the date hereof. Because this is a summary, it does not purport to be complete and is thus qualified in its entirety by reference to the full Articles of Association and applicable provisions of the Luxembourg Company Law.

19.1 General

The Company's Articles of Association provide for one class of shares. The Company's shares are issued under Luxembourg law and are subject to the provisions of the Articles of Association, the Luxembourg law and all other applicable laws.

19.2 Subscribed Share Capital

As of the date of this Prospectus, the Company has a subscribed share capital of € 12,235,742.61 divided into 1,223,574,261 fully-paid ordinary bearer shares having a nominal value of € 0.01 each.

19.3 Development of Subscribed Share Capital

The Company's share capital has developed as follows within the period covered by the historical financial information.

On 1 January 2016, the Company's share capital amounted to € 6,001,416.41 divided into 600,141,641 registered shares with a nominal value of € 0.01 each.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on 7 April 2016 to increase the Company's share capital from € 6,001,416.41 by an amount of € 27,620.29 to € 6,029,036.70 through the creation and issuance of 2,762,029 registered shares with a nominal value of € 0.01 each by way of utilisation of the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on 14 April 2016 to increase the Company's share capital from € 6,029,036.70 by an amount of 7,268.49 to € 6,036,305.19 through the creation and issuance of 726,849 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 15 April 2016, the Board of Directors resolved to increase the Company's share capital from € 6,036,305.19 by an amount of € 650,000.00 to € 6,686,305.19 through the creation and issuance of 65,000,000 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on 23 June 2016 to increase the Company's share capital from € 6,686,305.19 by an amount of € 46,518.38 to € 6,732,823.57 through the creation and issuance of 4,651,838 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on 6 July 2016 to increase the Company's share capital from € 6,732,823.57 by an amount of € 9,303.67 to € 6,742,127.24 through the creation and issuance of 930,367 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on 22 July 2016 to increase the Company's share capital from € 6,742,127.24 by an amount of € 10,175.89 to € 6,752,303.13 through the creation and issuance of 1,017,589 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on 19 September 2016 to increase the Company's share capital from € 6,752,303.13 by an amount of € 10,175.89 to € 6,762,479.02 through the creation and issuance of 1,017,589 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 2 November 2016, the Board of Directors resolved to increase the Company's share capital from € 6,762,479.02 by an amount of € 205.71 to € 6,762,684.73 through the creation and issuance of 20,571 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on several occasions between 1 March 2017 and 2 May 2017 to increase the Company's share capital from € 6,762,684.73 by an amount of € 837,010.70 to € 7,599,695.43 through the creation and issuance of 83,701,070 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 10 May 2017, the Board of Directors of the Company resolved to increase the Company's share capital from € 7,599,695.43 by an amount of € 930,000.00 to € 8,529,695.43 through the creation and issuance of 93,000,000 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company by way of a private placement.

Following conversions of holders of then outstanding convertible bonds the Board of Directors resolved on several occasions between 16 May 2017 and 18 May 2017 to increase the Company's share capital from € 8,529,695.43 by an amount of € 3,850.36 to € 8,533,545.79 through the creation and issuance of 385,036 registered shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 13 September 2017, the Company completed the transfer of its registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg. For more details, see: "*18.1 Formation, Incorporation, Registered Office, Commercial Name, Financial Year*". Upon completion of the transfer of its registered office and principal place of business, the Company's shares were reclassified from registered shares to bearer shares and the Company's share capital amounted to € 8,726,064.20 and was divided into 872,606,420.00 bearer shares with a nominal value of € 0.01 each.

On 25 October 2017, the Board of Directors of the Company resolved to increase the Company's share capital from € 8,726,064.20 by an amount of € 750,000.00 to € 9,467,064.20 through the creation and issuance of 75,000,000 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 30 October 2017, the Board of Directors of the Company resolved to increase the Company's share capital from € 9,476,064.20 by an amount of € 1,726.03 to € 9,477,790.23 through the creation and issuance of 172,603 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds, the Board of Directors of the Company resolved on 14 November 2017 to increase the Company's share capital from € 9,477,790.23 by an amount of € 296.18 to € 9,478,086.41 through the creation and issuance of 29,618 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds, the Board of Directors of the Company resolved on 29 January 2018 to increase the Company's share capital from € 9,478,086.41 by an amount of € 3,053.80 to € 9,481,140.21 through the creation and issuance of 305,380 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 9 March 2018, the Board of Directors of the Company resolved to increase the Company's share capital from € 9,481,140.21 by an amount of € 950,000 to € 10,431,140.21 through the creation and issuance of 95,000,000 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds, the Board of Directors of the Company resolved on 12 March 2018 to increase the Company's share capital from € 10,431,140.21 by an amount of € 916.14 to € 10,432,056.35 through the creation and issuance of 91,614 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 8 May 2018, the Board of Directors of the Company resolved to increase the Company's share capital from € 10,432,056.35 by an amount of € 98,489.25 to € 10,530,545.60 through the creation and issuance of 9,848,925 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

Following conversions of holders of then outstanding convertible bonds, the Board of Directors of the Company resolved on 21 June 2018 to increase the Company's share capital from € 10,530,545.60 by an amount of € 75,977.32 to € 10,606,522.92 through the creation and issuance of 7,597,732 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 13 July 2018, the Board of Directors of the Company resolved to increase the Company's share capital from € 10,606,522.92 by an amount of € 33,921.29 to € 10,640,444.21 through the creation and issuance of 3,392,129 shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company. The new shares were issued upon the exercise of subscription rights against contribution in kind of partial dividend rights resulting from the resolution adopted by the annual general meeting of the Company on 27 June 2018 in the amount of € 0.234 (gross) per dividend-bearing share of the Company (scrip dividend).

Following conversions of holders of then outstanding convertible bonds between 13 July 2018 and 14 December 2018 the Board of Directors of the Company resolved the following increases of the Company's share capital each by exercising the authorised capital of the Company:

- a capital increase on 24 July 2018, from € 10,640,444.21 by an amount of € 16,873.52 to € 10,657,317.73 through the creation and issuance of 1,687,352 new shares with a nominal value of € 0.01;
- a capital increase on 7 August 2018, from € 10,657,317.73 by an amount of € 13,873.77 to € 10,671,191.50 through the creation and issuance of 1,387,377 new shares with a nominal value of € 0.01;
- a capital increase on 13 August 2018, from € 10,671,191.50 by an amount of € 102,366.04 to € 10,773,557.54 through the creation and issuance of 10,236,604 new shares with a nominal value of € 0.01;
- a capital increase on 7 September 2018, from € 10,773,557.54 by an amount of € 143,799.83 to € 10,917,357.37 through the creation and issuance of 14,379,983 new shares with a nominal value of € 0.01;
- a capital increase on 21 September 2018, from € 10,917,357.37 by an amount of € 28,122.53 to € 10,945,479.90 through the creation and issuance of 2,812,253 new shares with a nominal value of € 0.01;
- a capital increase on 29 September 2018, from € 10,945,479.90 by an amount of € 69,931.31 to € 11,015,411.21 through the creation and issuance of 6,993,131 new shares with a nominal value of € 0.01;
- a capital increase on 9 October 2018, from € 11,015,411.21 by an amount of € 96,366.45 to € 11,111,777.66 through the creation and issuance of 9,636,645 new shares with a nominal value of € 0.01;
- a capital increase on 17 October 2018, from € 11,111,777.66 by an amount of € 12,561.37 to € 11,124,339.03 through the creation and issuance of 1,256,137 new shares with a nominal value of € 0.01;
- a capital increase on 27 November 2018, from € 11,124,339.03 by an amount of € 78,305.07 to € 11,202,644.10 through the creation and issuance of 7,830,507 new shares with a nominal value of € 0.01; and
- a capital increase on 13 December 2018, from € 11,202,644.10 by an amount of € 12,629.85 to € 11,215,273.95 through the creation and issuance of 1,262,985 new shares with a nominal value of € 0.01.

On 18 December 2018, the Board of Directors of the Company resolved to increase the Company's share capital from € 11,215,273.95 by an amount of € 2,356.90 to € 11,217,630.85 through the creation and issuance of 235,690 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 20 December 2018, the Board of Directors of the Company resolved to increase the Company's share capital from € 11,217,630.85 by an amount of € 68,187.81 to € 11,285,818.66 through the creation and issuance of 6,818,781 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 6 June 2019 the Board of Directors of the Company resolved to increase the Company's share capital from € 11,285,818.66 by an amount of € 978.65 to € 11,286,797.31 through the creation and issuance of 97,865 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company.

On 12 July 2019 the Board of Directors of the Company resolved to increase the Company's share capital from € 11,286,797.31 by an amount of € 108,945.30 to € 11,395,742.61 through the creation and issuance of 10,894,530 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company. The new shares were issued upon the exercise of subscription rights against contribution in kind of partial dividend rights resulting from the resolution adopted by the annual general meeting of the Company on 26 June 2019 in the amount of € 0.2535 (gross) per dividend-bearing share of the Company (scrip dividend).

On 16 July 2019 the Board of Directors of the Company resolved to increase the Company's share capital from € 11,395,742.61 by an amount of € 840,000.00 to € 12,235,742.61 through the creation and issuance of 84,000,000 new shares with a nominal value of € 0.01 each by exercising the authorised capital of the Company against cash contributions.

19.4 Authorised Capital

The Company has an authorised capital (including the subscribed capital of € 12,235,742.61) of € 30,000,000.00. During a period of five years from 16 December 2019 the Board of Directors is authorised:

- to increase the subscribed capital within the limits of the Authorised Capital as a whole at once, by successive portions or by continuous issues of new shares, to be paid up in cash, by contribution in kind, by conversion of shareholders' claims, including but not limited to, contribution in kind of dividend or distribution claims of a shareholder, or following approval of the general meeting of the Company's shareholders, by incorporation of profits or reserves into capital;
- to issue convertible bonds, notes, warrants and, generally, any financial instruments granting the right to their holders to subscribe for one or more shares of the Company. The Board of Directors may at its sole discretion determine the conditions under which the convertible bonds, the notes, the warrants or the financial instruments granting the right to their holders to subscribe for one or more shares of the Company shall be issued, including the type, the form, the price, the currency, the interest rate, as well as any condition relating to the issue, exercise, transfer and conversion of such convertible bonds, notes, warrants or financial instruments. Such issue shall comply with the limits of the Authorised Capital and with the applicable legal provisions and more particularly with Article 420-27 of the Luxembourg Company Law, as applicable;
- to issue shares, options and any financial instruments granting the right to their holders to subscribe for one or more shares of the Company under any share option programme, management or any other incentive scheme of the Company;
- to determine the place and the date of the issue or the successive issues, the issue price, with or without any issue premium, the date as of when the shares are entitled to distributions, the terms and conditions of subscription and payment of the additional shares; and
- to suppress or limit any and all preferential subscription rights of the shareholders when issuing shares in accordance with the Authorised Capital.

The authorisation under the Authorised Capital may be renewed by a general meeting of the Company's shareholders with respect to the shares of the Authorised Capital which at that time shall not have been issued by the Board of Directors.

Unless preferential rights are limited or suppressed by a general meeting of the Company's shareholders or the Board of Directors, existing shareholders will have preferential subscription rights, within the limits of the Authorised Capital, to subscribe for any new shares of the Company to be paid for in cash in proportion to the number of shares held by them in the Company's share capital.

The Board of Directors shall determine the period of time during which such preferential subscription rights may be exercised; such period may not to be less than fourteen days from the publication of the offering in the RESA and in one newspaper published in Luxembourg. Subject to the provisions of the Luxembourg Company Law, the general meeting of the Company's shareholders called (i) to resolve upon an increase of the Company's issued share capital or (ii) to resolve upon an authorisation granted to the Board of Directors to increase the Company's issued share capital, may limit or suppress the preferential subscription right of the existing shareholders or authorise the Board of Directors to do so.

The Authorised Capital was exercised several times by the Board of Directors. For more details, see "*19.3. Development of Subscribed Share Capital*". As at the date of this Prospectus the remaining

authorisation under the Authorised Capital would allow to increase the share capital by up to € 17,764,257.39.

19.5 Employee Stock Option Plan

On 4 February 2016, the extraordinary general meeting of the Company's shareholders authorised the Board of Directors to issue up to 5,000,000 shares of the Company against payment of at least its nominal value of € 0.01 in cash in connection with a long-term incentive plan. By resolution dated 13 September 2017 the general meeting has increased this authorisation to up to 8,500,000 shares.

On 8 July 2016 the Board of Directors of the Company made use of such authorisation and resolved to set up a share based incentive programme of Aroundtown to incentivise management, employees and directors of the Company and/or subsidiaries of the Company (the "**MIP**"). On 31 March 2017 the Board of Directors of the Company resolved to extent the MIP for directors of the Company and/or directors of subsidiaries of the Company.

The MIP is implemented by the following types of agreements:

19.5.1 Framework Incentive Agreements

The Company and certain subsidiaries of the Company concluded framework incentive agreements (the "**Framework Incentive Agreements**"). The Framework Incentive Agreements allow the respective subsidiaries of the Company to grant their key employees and directors an incentive in the form of ordinary shares of the Company (the "**MIP Shares**") or a payment in cash corresponding to the fair market value of such MIP Shares (the "**MIP Cash Payment**" and together with the MIP Shares the "**MIP Incentive**") subject to the provisions of the respective Framework Incentive Agreements. The Company covenants to its respective subsidiary to issue the MIP Shares against a payment in cash and to deliver them directly to a certain account subject to the provisions of the respective Framework Incentive Agreement.

19.5.2 Individual Incentive Agreements

The respective subsidiaries of the Company and the respective employees and directors concluded individual incentive agreements (the "**Individual Incentive Agreements**" and together with the Framework Incentive Agreements the "**Incentive Agreements**"). The Individual Incentive Agreements specify the terms and conditions of the MIP which apply to the respective employee or director.

Pursuant to the Framework Incentive Agreements the MIP Incentive shall principally be subject to vesting provisions. The MIP Incentive shall principally vest upon the completion of a term of active employment or directorship of up to four years or less. In case of prior dismissal by the employer or termination of mandate, the analogous amount of the MIP Incentive up to the date of termination shall be granted. In other cases of prior termination, the amount of the MIP Incentive shall be reduced to one third of the proportional vested MIP Incentive up to the date of termination.

The vested amount of the MIP Incentive may, at the full discretion of the Company or its respective subsidiary, be granted either in form of the MIP Cash Payment or in form of the delivery of the MIP Shares.

Any such grant shall be less any tax amount to be deducted at source. That is, in the event that the Company or its respective subsidiary decides to grant the MIP Incentive in the form of a MIP Cash Payment the relevant payment amount will be net. In the event that the Company or its respective subsidiary decides to grant the MIP Incentive in the form of MIP Shares, it will first determine the net amount of the MIP Incentive. Second, it will determine the number of MIP Shares which corresponds to the net amount of the MIP Incentive. The valuation method with respect to the MIP Shares for such purposes is set out in the Incentive Agreements.

19.6 Shareholders' Rights

Holders of the Company's shares have the right to vote for the election of members of the Board of Directors and on all other matters requiring shareholder action. Holders of the Company's shares are entitled to one vote per share and to receive dividends, if any, as may be declared from time to time by the Board of Directors and decided by the general meeting of the Company's shareholders in its discretion out of funds legally available therefore. In the event of the Company's liquidation, the Company's shares are entitled to receive pro rata all or substantially all assets remaining available for distribution to shareholders after payment of all liabilities.

The Articles of Association of the Company provide for a single class of shares with equal rights. All or any of the rights attached to the Company's shares may be varied by resolution of an extraordinary general meeting of the Company's shareholders adopted in the manner required for the amendment of the Articles of Association, as described below in the section "*19.12. Amendment of the Company's Articles of Association*". Any provisions of the Articles of Association may be amended by resolution of the shareholders at an extraordinary general meeting.

In accordance with the law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended ("**Shareholder Rights Law**"), the Company shall make available to its shareholders on its website for a continuous period beginning on the day of publication of the convening notice of the general shareholders' meeting (which must be at least 30 days prior to the meeting) and including the day of the general shareholders' meeting, inter alia, such documents which need to be submitted to the general shareholders' meeting and the convening notice. shareholders may upon request obtain a copy of the full, unabridged text of the documents to be submitted to the general shareholders' meeting by electronic means or at our registered office.

19.7 Repurchase of the Shares

According to article 430-15 of the Luxembourg Company Law, the Company may repurchase its own shares subject to the following conditions:

(i) the respect of the principle of equal treatment of all shareholders who are in the same position and of the Luxembourg law of 23 December 2016 on market abuse (the "**Market Abuse Law**"). In this context, the acquisition offer must be made on the same terms and conditions to all the shareholders who are in the same position, except for acquisitions which were unanimously decided by a general meeting of the Company's shareholders at which all the shareholders were present or represented. Also, listed companies such as the Company may repurchase their own shares on the stock exchange without an acquisition offer having to be made to the shareholders;

(ii) the prior authorisation of the general meeting of the Company's shareholders is obtained. This authorisation must set forth the terms and conditions of the proposed repurchase, including the maximum number of the Company's shares to be repurchased, the duration of the period for which the authorisation is given which may not exceed five years and, in the case of repurchase for consideration, the minimum and maximum consideration per share.

(iii) such share repurchase, including any shares previously acquired and held by the Company and the Company's shares held by a person acting for the Company's account, may not reduce the net assets of the Company to a level below the aggregate of the issued share capital and the reserves that the Company must maintain pursuant to Luxembourg law and the Company's Articles of Association; and

(iv) only fully paid up shares may be repurchased by the Company.

The Board of Directors supervises the repurchases to ensure that the conditions in paragraph (iii) and (iv) are respected.

The condition in paragraph (ii) does not apply if:

- the acquisition of its own shares is required to prevent imminent and serious danger to the Company. In such case, the Board of Directors must inform the next following general meeting of the Company's shareholders of the reasons and aim of such acquisitions, the number and nominal value of the Company's shares acquired, the fraction of the share capital represented by the Company's shares repurchased and the consideration paid for such shares; or
- the shares are acquired by the Company itself or by a person acting in its own name but on behalf of the Company for the distribution of the Company's shares to its employees or to the employees of a company with which the Company is in a control relationship pursuant to Article 1711-1 of the Luxembourg Company Law. The distribution of any such shares must take place within twelve months from the date of their acquisition.

The conditions set out above in paragraph (i), (ii), (iii) and (iv) do not apply to:

(a) shares of the Company acquired pursuant to a decision to reduce the share capital of the Company or in connection with the issue of redeemable shares of the Company;

(b) shares of the Company acquired as a result of a universal transfer of assets;

(c) fully paid-up shares of the Company acquired free of charge or acquired by banks and other financial institutions pursuant to a purchase commission contract;

(d) shares of the Company acquired by reason of a legal obligation or a court order for the protection of minority shareholders, in the event, particularly of a merger, the division of the Company, a change on the Company's object form, the transfer abroad of the registered office or the introduction of restrictions on the transfer of shares;

(e) shares of the Company acquired from a shareholder in the event of failure to pay them up; and

(f) fully paid-up shares of the Company acquired pursuant an allotment by court order for the payment of a debt owed to the Company by the owner of the shares of the Company; and

(g) fully paid-up shares issued by an investment company with fixed capital acquired at the ivnestor's request by that company or by a person acting in his own name but on behalf of the Company.

The Company must dispose of or cancel any of the Company's shares qualified under (b) through (f) above within a maximum period of three years after their acquisition, unless the nominal value of such shares including shares which the Company may have acquired through a person acting in its own name, but on behalf of the Company's name, does not exceed 10% of the subscribed share capital.

Any of the Company's shares acquired in contravention of the conditions set out above must be disposed or cancelled within a period of one year after the acquisition.

In those cases where the acquisition by the Company of its own shares is permitted in accordance with the foregoing, the holding of such shares is subject to the following conditions: (i) the voting rights in respect of the Company's own shares are suspended and the shares acquired by the Company are not taken into account for the purposes of the calculation of quorum and majority in shareholders' meetings; and (ii) if the said shares are included among the assets shown in the balance sheet, a non-distributable reserve of the same amount is to be created among the liabilities.

Where the Company acquires or disposes of its own shares, either itself or through a person acting in his own name but on the Company's behalf, it must make public the proportion of its own shares as soon as possible but not later than four trading days following such acquisition or disposal where that proportion reaches, exceeds or falls below the thresholds of 5% or 10% of the voting rights. The proportion is calculated on the basis of the total number of shares to which voting rights are attached.

Where the Company has acquired own shares in accordance with the abovementioned, the annual report of the Board of Directors must indicate: (i) the reasons for acquisitions made during the financial year, (ii) the number and the nominal value, or in the absence of nominal value, the accounting par value, of the shares acquired and disposed of during the financial year and the proportion of the subscribed capital which they represent, (iii) in the case of acquisition or disposal for value, the consideration for the shares, and (iv) the number and nominal value or, in the absence of nominal value, the accounting par value, of all the shares acquired and held in the Company's portfolio as well as the proportion of the subscribed capital which they represent.

The Company currently does not hold any of its own shares directly or through a person acting in its own name but on the Company's behalf. The Company does not intend to repurchase any shares as of the date of this Prospectus.

19.8 Reduction of Capital

The Company may reduce its capital subject to Luxembourg law and the following conditions:

(i) the general shareholders' meeting resolving under the conditions necessary for an amendment of the Articles of Association decides to reduce the capital; and

(ii) the capital may not be reduced below the legally prescribed minimum.

The general shareholders' meeting of the Company may also resolve to cancel shares repurchased and held by the Company or held by a person acting for the Company's account.

19.9 Form and Transfer of the Shares

The Company's shares are issued in bearer form. The Company recognises only one holder per share. In case a share is held by several persons, they must designate a single person to be considered as

the sole owner of such share in relation to the Company. The Company is entitled to suspend the exercise of all rights attached to a share held by several owners until one person has been designated as the sole owner of the share.

According to Article 430-8 of the Luxembourg Company Law, an owner of shares in bearer form may at any time request, at his/her expense, the conversion of bearer shares into shares in registered form.

The Company's shares are exclusively represented by several bearer certificates in global form deposited with Clearstream Banking AG, Eschborn, Germany ("**Clearstream**").

The Company's shares may be transferred in accordance with customary procedures for the transfer of bearer securities in book entry form.

As long as the Company's shares are represented by bearer certificates in global form deposited with Clearstream, ownership of interests in the Company's shares included in the book-entry custody and settlement systems operated by Clearstream ("**Book-Entry Interests**") will be limited to persons that hold interests through admitted participants of Clearstream. Investors in the Company's shares will hold interests in these securities through their accounts with these admitted participants. Book-Entry Interests will be shown on, and transfers thereof will be made only through records maintained in book-entry form by Clearstream and admitted participants.

19.10 General Meetings of the Company's Shareholders

The holding of a general meeting of the Company's shareholders is subject to the provisions of the Luxembourg Company Law, the Company's Articles of Association and the provisions of the Shareholder Rights Law. Below is a summary of the applicable provisions.

Any properly constituted general meeting of the Company's shareholders represents all of the shareholders of the Company. The record date ("**Record Date**") for each general meeting of the Company's shareholders is the fourteenth day prior to the date of that general meeting of the Company's shareholders at midnight. Any shareholder who holds one or more share(s) of the Company on the Record Date shall be admitted to the relevant general meeting of the Company's shareholders.

A general meeting of the Company's shareholders may be convened by the Board of Directors at any time, to be held at such place and on such date as specified in the notice of such meeting. The Board of Directors must convene a general meeting of the Company's shareholders upon written request of one or several shareholders representing at least 10% of the Company's subscribed share capital with an indication of the agenda. The general meeting of the Company's shareholders must be convened and shall be held within a period of one month from receipt of such request. If a general meeting of the Company's shareholders is not held in due time, the competent Luxembourg court may order that a general meeting of the Company's shareholders be convened within a given period, or authorise either the shareholders who have requested it or their representatives to convene such meeting.

The convening notice for any general meeting of the Company's shareholders must contain the agenda of the meeting, the place, the date and the time of the meeting, the description of the procedures that shareholders must comply with in order to be able to participate and cast their votes in the meeting, which includes, the rights available to shareholders to put items on the agenda and to table draft resolutions and, where applicable, the deadline by which those rights are to be exercised and the mail or electronic address to which shareholders may address their requests, the procedure for voting by proxy and, where applicable, the procedures for participating in the meeting from a remote location and to cast votes by correspondence or electronic means. The convening notice must further include the Record Date, the manner in which shareholders must register to be admitted, a statement that only those who are shareholders on the Record Date shall have the right to participate and vote in the general meeting and the homepage and the mail and electronic address at which the complete text of any documents to be made available to shareholders and any draft resolutions to be adopted can be obtained. Subject to stricter requirements of applicable law, such notice shall take the form of an announcement published thirty days before the meeting, at least in the RESA (*Recueil Electronique des Sociétés et Associations*), in one Luxembourg newspaper and in any other media which can easily and on a non-discriminatory basis be accessed within the European Economic Area ("**EEA**").

If all shareholders are present or represented at a general meeting of the Company's shareholders and state that they have been informed of the agenda of the meeting, the general meeting of the Company's shareholders may be held without prior notice.

The Board of Directors may adjourn any general meeting of the Company's shareholders already commenced, including any general meeting of the Company's shareholders convened in order to resolve on an amendment of the Company's Articles of Association, for a period of four weeks. The Board of Directors must adjourn any general meeting of the Company's shareholders already commenced if so required by one or several shareholders representing in the aggregate at least 10% of the Company's issued share capital. For the avoidance of doubt, once a meeting has been adjourned as set forth above, the Board of Directors shall not be required to adjourn such meeting a second time provided that, in the case of an amendment of the Articles of Association, the required quorum is fulfilled. No such shareholder or group of shareholders may request more than one adjournment of a particular general meeting of the Company's shareholders. Upon an adjournment of a general meeting of the Company's shareholders that has already commenced, any resolution already adopted in such meeting will be cancelled.

One or several shareholders, representing in the aggregate at least 5 % of the Company's issued share capital, may (i) request the addition of one or several items to the agenda of any general meeting of the Company's shareholders and (ii) table draft resolution(s) for items included or to be included on the agenda of the general meeting of the Company's shareholders. Such request and draft resolution(s) must be in writing and sent to the Company by letter or electronic mail to the address indicated in the convening notice and received by the Company not later than twenty-two days prior to the date of the general meeting of the Company's shareholders. The request must be accompanied by a justification or a draft resolution to be adopted at the general meeting and include the electronic or mailing address at which the Company can acknowledge receipt of the request. In case such request entails a modification of the agenda of the relevant meeting, the Company will make available a revised agenda at least fifteen days prior to the general meeting of the Company's shareholders.

The annual general meeting of the Company's shareholders shall be held in Luxembourg, at the registered office of the Company or at such other place as may be specified in the notice of such meeting, on the last Wednesday of the month of June at a time set by the Board of Directors in the convening notice. If such day is a legal holiday, the annual general meeting of the Company's shareholders must be held on the next following business day. The Board of Directors shall convene the annual general meeting of the Company's shareholders within a period of six months after the end of the Company's financial year.

The annual general meeting of Company's shareholders shall have the right to hold an advisory vote on the remuneration report of the most recent financial years. The Company shall explain, in the following remuneration report, how the vote by the general meeting has been taken into account. However, small and medium-sized enterprises, as defined, respectively, in Articles 35 and 47 of the RCSL Law may provide, as an alternative to a vote, submit the remuneration report of the most recent financial years' to be submitted for discussion in the annual general meeting as a separate item of the agenda. The Company shall explain in the following remuneration report how the discussion in the general meeting has been taken into account.

Other general meetings of the Company's shareholders are held at such places and times as may be specified in the respective notices of the meeting.

19.11 Voting at Shareholders' Meetings

Each of the Company's shares is entitled to one vote at all general meetings of the Company's shareholders. The rights of a shareholder to participate in a general meeting of the Company's shareholders and to vote in respect of any of his shares of the Company are not subject to any requirement that his shares of the Company be deposited with, or transferred to, or registered in the name of, another natural or legal person before the general meeting of the Company's shareholders. The rights of a shareholder to sell or otherwise transfer his shares of the Company during the period between the Record Date and the general meeting of the Company's shareholders are not subject to any further restriction.

The rights of a shareholder to participate in a general meeting of the Company's shareholders and to vote in respect of his shares of the Company shall be determined with respect to the shares of the Company held by that shareholder on the Record Date.

A shareholder must indicate to the Company, not later than on the Record Date, his intention to participate in the general meeting of the Company's shareholders. The Company then records the

name or corporate denomination of the shareholder and address or registered office, the number of the Company's shares held by him on the Record Date and a description of the documents showing proof of shareholding on that date.

Every shareholder has the right to appoint any other natural or legal person as a proxy holder to attend and vote at a general meeting of the Company's shareholders in his name. Such proxy holder shall have the same right to speak and ask questions in the general meeting of the Company's shareholders as the shareholder thus represented would be entitled. The appointment of a proxy holder by a shareholder shall be made in writing. A shareholder may only appoint one person to act for him as a proxy holder in relation to any general meeting. However, if a shareholder has shares of the Company held in more than one securities account, he may appoint a separate proxy holder in respect of the Company's shares held in each securities account in relation to any general meeting of the Company's shareholders. A proxy holder shall cast votes in accordance with the instructions issued by the shareholder. The proxy holder shall keep a record of the voting instructions for a minimum of one year from the date of the last carried out voting instructions. A person acting as a proxy holder may hold a proxy from more than one shareholder and can cast votes for a certain shareholder differently from votes cast for another shareholder.

The Company shall establish for each resolution at least the number of the Company's shares for which votes have been validly cast, the proportion of share capital represented by those votes, the total number of votes validly cast as well as the number of votes cast in favour of and against each resolution and, where applicable, the number of abstentions. Within fifteen calendar days following the general meeting of the Company's shareholders, the Company will publish on its website the voting results.

After the general meeting, the shareholder or a third party nominated by the shareholder can obtain, upon request and within a period not exceeding two months from the date of the vote, confirmation that his/her vote has been registered and counted by the Company unless this information is already available to them.

Where the intermediary receives the confirmation referred to in the previous paragraph, it shall transmit it without delay to the shareholder or a third party nominated by the shareholder. Where there is more than one intermediary in the chain of intermediaries, the confirmation shall be transmitted between intermediaries without delay, unless the confirmation can be directly transmitted to the shareholder or third party nominated by the shareholder.

Unless a higher majority is required by the Luxembourg Company Law or the Company's Articles of Association (including in particular an amendment of the Company's Articles of Association in which case the resolution will be passed as described below in the section "*19.12 Amendment of the Company's Articles of Association*") resolutions at a general meeting of the Company's shareholders duly convened will be passed by simple majority of the votes validly cast, and no quorum shall be required.

19.12 Amendment of the Company's Articles of Association

An amendment of the Company's Articles of Association will be passed by a majority of two thirds of the votes validly cast in an extraordinary general meeting of the Company's shareholders in front of a Luxembourg notary, attended by a quorum of at least 50% of the issued share capital and subject to the conditions of the Luxembourg Company Law. In case such quorum is not reached, a second meeting may be convened, in which case no quorum is required, but which must still approve the amendment with a majority of two thirds of the votes validly cast. Abstentions and nil votes will not be taken into account for the calculation of the majority. The convening notice for a second meeting shall be published, subject to stricter requirements of applicable law, seventeen days before the meeting. Such convening notice shall reproduce the agenda and indicate the date and the results of the previous meeting.

19.13 Shareholder Actions in relation to the Company

According to Article 1400-3 of the Luxembourg Company Law, one or several shareholders of the Company representing at least 10% of the share capital of the Company or 10% of the votes attached to all existing securities may, either individually or jointly, ask the Board of Directors questions in writing in relation to one or more acts of management of the Company and of any company controlled by the Company according to Article 1711-1 of the Luxembourg Company Law. A copy of the answer must be

provided to the person in charge of the statutory audit of the annual accounts of the Company. In the absence of an answer within a period of one month, such shareholder(s) may apply to the judge presiding the chamber of the district court (*Tribunal d'Arrondissement*) dealing with commercial matters and sitting as in urgency matters to appoint one or more experts instructed to submit a report on the act(s) of management targeted in the written question(s). In addition, every shareholder of the Company has the right to ask questions related to items on the agenda of the general meeting of the Company's shareholders in accordance with Article 7 of the Shareholder Rights Law.

Pursuant to Article 100-22 of the Luxembourg Company Law, each shareholder, regardless of the number of the Company's shares held by him or her, may plead the nullity of a resolution of the general meeting of shareholders in accordance with Luxembourg law, if the resolution is,:

(i) where the adopted decision is flawed as a result of a formal irregularity, if the applicant proves that this irregularity may have influenced the decision; or

(ii) in the event of a breach of the rules relating to its operation or in the event of deliberation on an issue which was not on the agenda where there is a fraudulent intent; or

(iii) where the adopted decision is flawed by any other abuse of power or misuse of power; or

(iv) in case of the exercise of voting rights which are suspended pursuant to a legal provision not included in the Luxembourg Company Law and where, without such unlawfully exercised voting rights, the quorum and majority requirements for decisions by a general meeting would not have been met; or

(v) for any other reason provided by the Luxembourg Company Law.

and if such person did not vote in favour of such decision, unless such person's consent was flawed, or if such person expressly or implicitly waived its rights to avail itself of such nullity, unless the nullity results from a public policy rule.

All actions for the avoidance of deeds and deliberations shall lapse six months after the date from which the decisions made are valid against the person who applies for the nullity, or from which they are, or in view of the circumstances, should have been, known by this person.

The nullity of a decision by a general meeting must be declared by court order.

The action for nullity shall be brought against the company. The applicant may apply in summary proceedings for the provisional suspension of the implementation of the contested decision.

As regards the Company, the competent courts are the courts of Luxembourg, Grand Duchy of Luxembourg. An appeal may be made in French, Luxembourgish or German and can be made by an attorney qualified to practise in the Grand Duchy of Luxembourg. An appeal may be subject to court fees.

19.14 Issuance of Additional Shares and Preferential Subscription Rights

The Company may issue additional shares pursuant to a resolution of the general meeting of the Company's shareholders adopted in the manner provided for amendments of articles (see: "*19.12 Amendment of the Company's Articles of Association*") or pursuant to a resolution of the Board of Directors increasing the share capital of the Company within the limits and under the conditions of the Authorised Capital. In the resolution of the general meeting of the Company's shareholders or of the Board of Directors, the price and the further conditions of the issuance of such additional shares will be specified, subject to applicable law and the Company's Articles of Association. Shares of the Company issued for cash shall be offered on a pre-emptive basis to, each existing shareholder in proportion to the aggregate nominal value of its shares of the Company, save as mentioned below. The right of each shareholder to subscribe is transferable throughout the subscription period.

Preferential subscription rights of the shareholders of the Company may at any time be limited or excluded either by a resolution passed by the general meeting of the Company's shareholders or by the Board of Directors in case of a capital increase under the authorised share capital of the Company, or by the Board of Directors if the board was previously authorised by a general meeting of the Company's shareholders adopting such resolution under the conditions for an amendment of the Company's Articles of Association.

Subscription rights might not be available for shareholders in the United States of America as a result of restrictions imposed by U.S. securities laws.

19.15 Dividends and Distributions

Dividends and interim dividends may be paid out in accordance with the general provisions of Luxembourg law and the Company's Articles of Association. Dividends that have not been claimed within five years as from the date on which they became due and payable revert back to the Company. In the event of the dissolution of the Company, the net liquidation proceeds shall be distributed by the liquidator(s).

Other than the right to dividends or in the event of dissolution of the Company, the Company's shares do not carry any other right to share in the Company's profits. The Company has not issued any other securities which would carry the right to a share in the Company's profits.

19.16 Winding-up of the Company

In the event of a loss pursuant to which the net assets of the Company fall below half of the share capital, the Board of Directors must convene a general shareholders' meeting within two months as of the date on which the Board of Directors discovered or should have ascertained this loss. The Board of Directors shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholders at the registered office of the Company 8 days before the general shareholders' meeting. If it proposes to continue to conduct business, it shall set out in its report the measures which it intends to take in order to remedy our financial situation. The report shall be announced in the agenda of the meeting. Any shareholder is entitled to obtain a copy of the report, free of charge, upon request and upon evidence of their title, 8 days before the meeting. A copy of the report shall be sent to the registered shareholders at the same time as the convening notice to the meeting. At this general shareholders' meeting, shareholders will resolve on the possible dissolution of the Company. The quorum is at least one-half (1/2) of all the shares issued and outstanding. In the event the required quorum is not reached at the first general shareholders' meeting, a second general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such general shareholders' meeting. Where following the loss the net assets of the Company fall below one-quarter (1/4) of the share capital, the same procedure must be followed, it being understood, however, that the dissolution only requires the approval of shareholders representing 25 % of the votes cast at the meeting.

A general meeting of the Company's shareholders may at any time resolve to dissolve the Company according to the following process:

First, an extraordinary general meeting of the Company's shareholders is convened by the Board of Directors to be held in front of a Luxembourg notary, at which at least half of the share capital must be present or represented. The decision to dissolve the Company and to appoint one or more liquidator(s) is approved if adopted by at least two thirds of the votes validly cast. In case the quorum is not reached, a second meeting may be convened in which no quorum is required, but which must still approve the resolution with two thirds of the votes validly cast; abstention and nil votes will not be taken into account for the calculation of the majority. The liquidator(s), appointed by the general meeting of shareholders in the absence of any agreement to the contrary, will assume control of the affairs of the Company and all powers of the Board of Directors will cease. In case the general shareholders' meeting fails to appoint the liquidator(s), the members of the Board of Directors then in office will, vis-à-vis third parties, be deemed to be the liquidators of the Company.The duty of the liquidator(s) will be to realise the assets of the Company in order to settle or make provision for its outstanding liabilities and distribute the surplus to the shareholders in accordance with the Company's Articles of Association.

As soon as the Company's affairs are fully wound up, the liquidator(s) will prepare a report on the liquidation, which will provide details of the conduct of the liquidation and the employment of the corporate assets and call a general meeting of the Company's shareholders at which the report shall be presented and an explanation given of it. Such second general meeting of the Company's shareholders will review the liquidators report and the accounts and supporting documents, appoint one or more auditor(s) to the liquidation who shall examine such documents and determine the date of a further and final general meeting of the Company's shareholders which, after the auditor(s) has(-ve) issued its/their report, shall in particular decide on the termination of the liquidation.

Finally, a third general meeting of the Company's shareholders will be held to resolve, in particular, upon the approval of the reports of the liquidator and the auditor to the liquidation, the place where the corporate books shall be kept for five years and closure of the liquidation proceedings. The notice on the closure of the liquidation (published in the RESA (*Recueil Electronique des Sociétés et Associations*)) also contains information concerning the place where the corporate books are deposited and kept during a period of five years and an indication of the measures taken for the deposit in escrow of the sums and assets due to creditors or to shareholders which it has not been possible to deliver to them, if any.

The Company, once dissolved, is deemed to exist for as long as necessary for its proper liquidation.

19.17 Takeover Bids

Any voluntary bid for the takeover of the Company and any mandatory bid will be subject to the Luxembourg law dated 19 May 2006 on public takeovers, as amended ("**Luxembourg Takeover Law**"), which has implemented the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 concerning takeover bids ("**Takeover Directive**") into Luxembourg law.

A natural or legal person acquiring, alone or with persons acting in concert with it, control over the Company by holding 33 1/3% of the voting rights is required to make a mandatory takeover bid to all the holders of the Company's shares.

As far as the competent authority is concerned, the Luxembourg Takeover Law states that if the target company's securities are not admitted to trading on a regulated market in the Member State in which the company has its registered office, the competent authority to supervise the bid shall be the authority of the Member State responsible for the regulated market on which the company's securities are admitted to trading. The Company's shares are, and the Offer Shares will be, admitted to trading on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and not on a regulated market in Luxembourg. Therefore, the competent authority would be, if the Company is the target, the *Bundesanstalt für Finanzdienstleistungsaufsicht* ("**BaFin**").

Matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, in particular the information on the bidder's decision to make a bid, the content of the offer document and the disclosure of the bid shall be governed by the law of the Member State of the competent authority. Therefore, if the Company is the target, the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz, WpÜG*) would be applicable.

In matters relating to the information to be provided to the employees of the target company and in matters relating to company law and any derogation from the obligation to launch a bid, as well as the conditions under which the board of the target company may undertake any action which might result in the frustration of the bid, the applicable rules and the competent authority shall be those of the Member State where the target company has its registered office. Therefore, if the Company is the target the Luxembourg rules would be applicable and the competent authority would be the CSSF.

19.18 Squeeze-Out and Sell-Out Rights

19.18.1 Squeeze-Out Rights in Connection with Takeover Bids

If a mandatory or voluntary offer is made to all of the holders of securities carrying voting rights in a company and if, after such offer, the offeror holds 95% of the securities carrying voting rights of the respective company and 95% of the voting rights, the offeror is entitled to squeeze-out the minority shareholders, if any, according to the provisions of the Luxembourg Takeover Law. The price offered for such securities must be a "fair price". It shall take the same form as the consideration offered in the bid or shall be in cash, whereas cash shall be offered at least as an alternative. Following a voluntary bid, the consideration offered in the bid would be considered a "fair price" for the purpose of the squeeze-out proceedings, if 90% of the shares of a company carrying voting rights have been acquired for the offered consideration. Following a mandatory bid, the consideration offered in the bid is deemed to be fair. The CSSF will ensure that a fair price is guaranteed. The squeeze-out must be exercised by the bidder no later than three months following the expiration of the offer.

19.18.2 Sell-Out Rights in Connection with Takeover Bids

Under the Luxembourg Takeover Law, when a mandatory or voluntary offer is made to all of the holders of securities carrying voting rights in a company and if, after such offer, the offeror holds more

than 90% of the securities carrying voting rights and more than 90% of the voting rights, the minority shareholders may require that the offeror purchases the remaining securities of the same class. Such right must be exercised no later than three months following the expiration of the offer. The price shall be determined in the same manner as described above in respect to the squeeze-out procedure.

19.18.3 Luxembourg Squeeze-Out and Sell-Out Law

The law of 21 July 2012 on mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public ("**Luxembourg Squeeze-Out and Sell-Out Law**") governs the squeeze-out and sell-out of minority shareholders of a company that has its registered seat in Luxembourg by a majority shareholder. The Luxembourg Squeeze-Out and Sell-Out Law applies if all or part of a company's securities (i) are currently admitted to trading on a regulated market in one or more EU Member States, (ii) are no longer traded, but were admitted to trading on a regulated market and the delisting became effective earlier than five years ago or (iii) were the subject of a public offer which triggered the obligation to publish a prospectus in accordance with the Prospectus Regulation or, if there is no obligation to publish according to the Prospectus Regulation, where the offer started during the previous five years. The Luxembourg Squeeze-Out and Sell-Out Law does not apply during and for a certain grace period after a public takeover, which is or has been carried out pursuant to the Takeover Directive.

A majority shareholder, *i.e.*, any natural or legal person holding alone or together with other persons acting in concert, directly or indirectly, securities representing not less than 95% of the capital carrying voting rights and 95% of the voting rights of a company may require all the holders of the remaining securities to sell him their securities. The squeeze-out must be exercised at a fair price. The majority shareholder is obligated to appoint a qualified independent expert who will draw up a report in order to determine the fair price per security to be paid to the minority shareholders. If the minority shareholders oppose the proposed fair price within one month of its publication, the CSSF can ask the respective company to propose five other experts and will appoint one amongst them to draw up a second report. In this case, the CSSF will take the final decision on the fair price as set out in the second report delivered to it. As long as a squeeze-out procedure is taking place, no sell-out procedure may be carried out.

Each minority shareholder may request the majority shareholder to buy its securities at a fair price within three months after the public announcement of a company that it has obtained a notification of a majority shareholder pursuant to Article 3 (4) of the Luxembourg Squeeze-Out and Sell-Out Law. A minority shareholder, that wants to be bought-out, must inform the majority shareholder by way of registered letter about its decision with a copy of the letter to be sent to the CSSF and to the respective company. The majority shareholder will have to appoint a qualified independent expert, who will draw up a report in order to determine the fair price per security to be paid to the minority shareholder. Within one month of the notification of the exercise of the right of mandatory sell-out by the minority shareholder(s), the majority shareholder must communicate the proposed price together with the report to the CSSF and effect a publication and communication to the respective company. The minority shareholder(s) that exercised the right of mandatory sell-out, as well as any other minority shareholder that wishes to represent his/her securities to the mandatory sell-out of the given company may oppose within one month of the publication of the proposed fair price. In this case, the CSSF can ask the respective company to propose five other experts and will appoint one amongst them to draw up a second report. The CSSF will take the final decision on the fair price as set out in the second report delivered to it. The majority shareholder can exercise the squeeze-out right until the publication by the CSSF of its final decision on the fair price. Should the majority shareholder choose to do so, the sell-out procedure is rendered baseless.

19.19 Provisions Preventing a Change of Control

The Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the Company.

19.20 Manager's Transactions, Insider Dealing and Market Manipulation

The European legal regime under the Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, repealing Directive 2003/6/EC on insider dealing and market manipulation, entered into force on 3 July 2016 ("**MAR**") and is directly

applicable in Germany and Luxembourg. On 30 June 2016 certain provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz,* "**WpHG**") were revised or amended to align German market abuse rules with the MAR and to transpose the Market Abuse Directive 2014/57/EU ("**MAD**") and the Commission Implementing Directive (EU) 2015/2392 into national law. On 31 December 2016, the Market Abuse Law entered into force and aligned the Luxembourg market abuse rules with the MAR, transposed the MAD and the Commission Implementing Directive (EU) 2015/2392 into national law.

The MAR applies to financial instruments admitted to trading on a regulated market, MTF or OTF, or for which a request for admission to trading on a regulated market or MTF has been made, derivatives (including CDS and CFDs) based on such financial instruments and behaviour or transactions relating to the auctioning of emission allowances or other products based thereon. Spot commodity contracts in general, related derivatives and behaviour in relation to benchmarks fall only into the scope in connection with market manipulation. Permitted trading of an entity's own shares under buy-back programmes and the trading for the stabilisation of securities fall outside the scope. The prohibitions and requirements under the MAR apply also to actions and omissions committed in a third country outside the EU.

The BaFin is mainly competent to investigate market abuse actions carried out both within the territory of Germany and abroad, if these actions relate to instruments admitted to trading on a regulated market, MTF or OTF in Germany, which are auctioned on an auction platform or for which a request for admission to trading on a German regulated market or MTF has been made thus in general BaFin is the competent authority in relation to the Company and the Company's shares which are traded on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment of the regulated market with additional post-admission obligations (*Prime Standard*). However, the CSSF is competent in relation to managers´ transactions according to Article 19 (2) of the MAR.

19.20.1 Managers' Transactions

The MAR includes specific notification requirements for certain managers' transactions.

Pursuant to Article 19 of the MAR, persons discharging managerial responsibilities, *i.e.*, persons within an issuer who are a member of the administrative, management or supervisory body of that issuer, or a senior executive who is not a member of the aforementioned bodies, but who has regular access to inside information relating directly or indirectly to that issuer and power to take managerial decisions affecting the future developments and business prospects of that issuer, as well as persons closely associated with them, shall notify the issuer and the competent authority of every transaction conducted on their own account relating to shares or other debt instruments of the issuer or to derivatives or other financial instruments linked thereto once a total amount of € 5,000 has been reached within a calendar year. The persons closely associated with persons discharging managerial responsibilities include spouses or any person considered to be equivalent to a spouse in accordance with national law, dependent children and other relatives who have lived in the same household for at least one year at the time of the transaction. A legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person closely associated with such person as referred to above, which is directly or indirectly controlled by such a person, or which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such person, is also subject to the disclosure requirements.

19.20.2 Insider Dealing

The MAR prohibits insider dealings. Pursuant to Article 14 of the MAR, a person shall not (i) engage or attempt to engage in an insider dealing, (ii) recommend that another person engage in insider dealing or induce another person to engage in insider dealing, or (iii) unlawfully disclose inside information.

Article 8 of the MAR defines an "insider" as any person who possesses inside information as a result of (i) being a member of the administrative, management or supervisory bodies of the issuer; (ii) having a holding in the capital of the issuer; (iii) having access to the information through the exercise of an employment, profession or duties; or (iv) being involved in criminal activities; or (v) any person who possesses inside information under circumstances other than those aforementioned where that person knows or ought to know that it is inside information.

For the purposes of the MAR, insider dealing arises where the insider uses inside information by (i) acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly,

financial instruments to which that inside information relates; or (ii) cancelling or amending an order concerning a financial instrument to which the inside information relates, where the order was placed before the person concerned possessed the inside information. Recommending that another person engage in insider dealing, or inducing another person to engage in insider dealing arises where the insider (i) recommends, on the basis of the inside information, that another person acquire or dispose of financial instruments to which that inside information relates, or induces that person to make such an acquisition or disposal; or (ii) recommends, on the basis of the inside information, that another person cancel or amend an order concerning a financial instrument to which that inside information relates, or induces that person to make such a cancellation or amendment, and (iii) the person using the recommendation or inducement knows or ought to know that it is based upon inside information. Unlawful disclosure of inside information arises where the insider discloses the inside information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties. Such unlawful disclosure of inside information includes also the onward disclosure of aforementioned recommendations or inducements where the person disclosing the recommendation or inducement knows or ought to know that it was based on inside information.

The MAR contains a list of actions which are considered to be legitimate behaviour and are, therefore, explicitly exempted from the aforementioned prohibition of insider dealings. These exemptions particularly include the situation where, with respect to an acquisition or disposal, a legal person (i) has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that neither the natural person who made the decision on its behalf to acquire or dispose of financial instruments to which the information relates, nor another natural person who may have had an influence on that decision, was in possession of the inside information; and (ii) has not encouraged, made a recommendation to, induced or otherwise influenced the natural person who, on behalf of the legal person, acquired or disposed of financial instruments to which the information relates. Also the situation where the person has obtained the inside information in the conduct of a public takeover or merger with a company and uses that inside information solely for the purpose of proceeding with that merger or public takeover shall be exempted, provided that at the point of approval of the merger or acceptance of the offer by the shareholders of that company, any inside information has been made public or has otherwise ceased to constitute inside information. However, an infringement of the prohibition of insider dealing may still be deemed to have occurred if the competent authority establishes that there was an illegitimate reason for the orders to trade, transactions or behaviours concerned.

19.20.3 Market Manipulation

Pursuant to Article 15 of the MAR, no person shall engage in or attempt to engage in a market manipulation. Pursuant to Article 12 of the MAR, for the purposes of the MAR, market manipulation includes, among others, the following activities:

(i) entering into a transaction, placing an order to trade or any other behaviour which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument; or secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level, unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour have been carried out for legitimate reasons, and conform with certain accepted market practise as expressively specified in the MAR;

(ii) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several financial instruments, which employs a fictitious device or any other form of deception or contrivance, or

(iii) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument or secures, or is likely to secure, the price of one or several financial instruments at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading.

Where the person concerned is a legal person, the above shall apply accordingly to those natural persons who participate in the decision to carry out activities for the account of the legal person concerned.

19.20.4 Sanctions

In case of infringement of the provisions enumerated in Article 30 (1) (a) of the MAR, the administrative sanctions under the WpHG include, among others, an order to cease certain conduct, the disgorgement of the profits gained, a public warning indicating the responsible person and the withdrawal or suspension of the authorisation of person supervised by the BaFin. The BaFin may also impose administrative pecuniary sanctions up to € 15,000,000 or, in case of legal entities, 15% of the total revenues gained in the previous financial year or up to three times the amount of the profits gained or losses avoided because of the infringement. In addition, criminal offences are sanctioned with an imprisonment of up to five years and/or a fine. In the case of breaches in relation to notification requirements for certain managers' transactions the CSSF may impose administrative pecuniary sanctions of up to a maximum amount of € 500,000 in the case of a physical person and in the case of legal persons a maximum amount of € 1,000,000.

19.21 Notification of the Acquisition or Disposal of Major Shareholdings

The Company and the shareholders of the Company are subject to the Luxembourg law of 11 January 2008 on transparency requirements for issuers, as amended (the "**Luxembourg Transparency Law**") which implemented Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as amended (the "**Transparency Directive**") into Luxembourg law.

Where a shareholder acquires or disposes of shares of the Company, such shareholder shall notify the Company in accordance with the Luxembourg Transparency Law of the proportion of voting rights he holds in the Company as a result of the acquisition or disposal where that proportion reaches, exceeds or falls below the thresholds of 5%, 10%, 15%, 20%, 25%, $33^{1}/_{3}$%, 50% and $66^{2}/_{3}$% (each a "**Relevant Threshold**"). A person must also notify the Company of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the above-mentioned thresholds as a result of events changing the breakdown of voting rights. The notification to the Company shall be effected as soon as possible, but no later than six trading days following an acquisition or disposal or four trading days following an information that an even changing the breakdown of voting rights has occurred.

The voting rights shall be calculated on the basis of all the Company's shares to which voting rights are attached even if the exercise thereof is suspended.

For the purposes of calculating the percentage of a shareholder's voting rights in the Company, the following will have to be taken into account:

- voting rights held by a third party with whom that person or entity has concluded an agreement and which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Company;
- voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;
- voting rights attaching to the Company's shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares its intention to exercise them;
- voting rights attaching to the Company's shares in which a person or entity holds an interest for the duration of the life of such person or entity;
- voting rights which are held, or may be exercised within the meaning of the four foregoing points, by an undertaking controlled by that person or entity;
- voting rights attaching to the Company's shares deposited with that person or entity which the person or entity can exercise at its discretion in the absence of specific instructions from the shareholders;
- voting rights held by a third party in its own name on behalf of that person or entity; and
- voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights in its sole discretion.

The notification requirements also apply to a natural person or legal entity who/which holds, directly or indirectly:

(i) financial instruments that result in an entitlement to acquire, on such holder's own initiative alone, on maturity, give the holder, under a formal agreement, shares either the unconditional

right to acquire or the discretion as to his right to acquire shares, to which voting rights are attached and, already issued. by the Company, or

(ii) financial instruments which are not included in point (i) but which are referenced to the shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying issuer. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying issuer.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above:

(a) transferable securities;

(b) options;

(c) futures;

(d) swaps;

(e) forward rate agreements;

(f) contracts for differences; and

(g) any other contracts or agreements with similar economic effects which may be settled physically or in cash.

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to securities and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same issuer reaching or exceeding a Relevant Threshold.

The shareholder will have to file the aforementioned notification also with the CSSF at the same time. In case such shareholder does not provide the notice on time, the voting rights attaching to the fraction of the Company's shares exceeding the relevant threshold are suspended until such notification is made. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

When receiving a shareholder ownership notification, the Company will also have to publish such notification without undue delay and at the latest within three trading days from receipt of the notification and file it with the competent authority, in particular with the CSSF and store it with the OAM operated by the Luxembourg Stock Exchange. The same publication and filing requirements (OAM and CSSF) apply in Luxembourg whenever the Company acquires or disposes of its own shares, either through itself or through a person acting in its own name but on the Company's behalf and such acquisition or disposal reaches, exceeds or falls below the thresholds of 5% or 10% of the voting rights, respectively. The publication in such context must occur as soon as possible but not later than four trading days after reaching, exceeding or falling below the mentioned thresholds. Additionally, the Company is obliged to publish the total number of voting rights and capital at the end of each calendar month during which an increase or decrease of such total number has occurred. Such publication shall also be filed with the OAM and the CSSF.

Where within the 15 days preceding the date for which the general shareholders' meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Board of Directors may postpone the general shareholders' meeting for up to four weeks.

In accordance with article 8(4) of the Luxembourg Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (*teneur de marché*) in securities insofar as the acquisition or disposal is effected in his capacity as a regulated market maker in securities and insofar as the acquisition is not used by the market maker to intervene in the management of the Company.

In accordance with article 8(6) of the Luxembourg Transparency Law, the disclosure requirements do not apply to voting rights attached to securities acquired for stabilisation purposes as defined in Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as regards exemptions for buy-back programmes and stabilisation of financial instruments, provided that the voting rights attaching to these shares are not exercised or otherwise used to intervene in the management of the issuer.

In accordance with article 19 and 20 of the Luxembourg Transparency Law, the Company shall disclose its choice of home Member State to the CSSF and to the competent authorities of all the host Member States.

For further details, shareholders shall refer to the provisions of the Luxembourg Transparency Law and the Grand Ducal regulation of 11 January 2008 relating to the transparency requirements for issuers of securities.

20. MANAGEMENT, BODIES AND SENIOR MANAGEMENT

20.1 Overview

The governing bodies of the Company are the board of directors (the "**Board of Directors**") and the general shareholders' meeting. The powers of theses governing bodies are defined in the Luxembourg Company Law and the Articles of Association.

20.2 Board of Directors

The Board of Directors administers and manages the Company in accordance with Luxembourg Company Law and the Articles of Association. Pursuant to the Luxembourg Company Law as well as the Articles of Association, the minimum number of members of the Board of Directors shall be at least three whereas the general shareholders' meeting may determine a higher or maximum number.

The Board of Directors convenes upon call by its chairperson, if any, or any two of its members. A written convening notice shall be sent to all members of the Board of Directors at least twelve hours in advance of the date set for such meeting, unless otherwise provided for in the internal regulations of the Board of Directors and except for any case of emergency.

The Board of Directors may only deliberate or act validly if at least a majority of its members is present either in person or by proxy.

The general shareholders' meeting shall determine the members of the Board of Directors and the number of its members and decides their respective terms of office which may not exceed six years. Such members of the Board of Directors shall be eligible for re-election upon the expiry of that term and may be dismissed with or without any cause at any time and at the sole discretion of the general shareholders' meeting. In the event of a vacancy in the office of a member of the Board of Directors because of death, retirement or otherwise, the remaining members of the Board of Directors may co-opt, by a majority vote, a member of the Board of Directors to fill such vacancy until the next general shareholders' meeting (co-optation).

The business address of the members of the executive Board of Directors is at the Company's registered office at 40, Rue du Curé, L-1368 Luxembourg, Grand Duchy of Luxembourg.

20.2.1 Duties of a Member of the Board of Directors

A member of the Board of Directors shall be liable to the Company in accordance with general Luxembourg law for the execution of the mandate given to him/her and for any misconduct in the management of the Company's affairs. They are jointly and severally liable to either the Company or any third parties for any damages resulting from the violation of the Luxembourg Company Law or the Articles of Association. However, the members of the Board of Directors shall be discharged from such liability in the case of a violation to which they were not a party provided no misconduct is attributable to them and they have reported such violation to the first general shareholders' meeting after they had acquired knowledge thereof.

20.2.2 Powers and Duties of the Members of the Board of Directors

The Board of Directors is vested with the broadest powers to perform all acts of administration and disposition in the Company's interest. All powers not expressly reserved by the Luxembourg Company Law or by the Articles of Association to the general shareholders' meeting fall within the competence of the Board of Directors.

The Board of Directors may form one or more committees, in particular an audit committee, a nomination committee, a compensation committee and/or any other committee it deems useful or necessary. The Board of Directors appoints the members of such committees and determines their organisation, responsibilities, powers and procedures by resolution.

The Board of Directors may delegate its management powers, except for such powers that are expressly reserved by the applicable law or the Articles of Association to the Board of Directors, to (i) a Management Committee (*comité de direction*) consisting of several managers who may or may not be members of the Board of Directors or shareholders (the "**Managers**") or (ii) to a managing executive officer (*directeur général*) (the "**Managing Executive Officer**").

The Board of Directors may delegate its powers to conduct the daily management of the Company to one or more persons, whether members of the Board of Directors or not, acting individually or jointly (the "**Daily Manager(s)**"). The Board of Directors shall determine the appointment, the removal and the powers of the Daily Manager(s). The Board of Directors may give special powers for specific matters to one or more proxyholders, whether members of the Board of Directors, shareholders, Managers or not.

The Board of Directors may appoint a chairperson of the Management Committee among the Managers to head the Management Committee. If a Management Committee is established, the Board of Directors shall determine the competences, organisation and structure of the Management Committee and the functions, powers, obligations and responsibilities of the Managers and the chairperson of the Managing Committee in internal regulations adopted by way of a resolution. If a Managing Executive Officer is appointed, the Board of Directors shall determine the competences, functions, powers, obligations and responsibilities of the Managing Executive Officer in internal regulations adopted by way of a resolution.

The Board of Directors may choose amongst its members a chairperson and may also appoint a secretary who need not be a member of the Board of Directors and who shall be responsible for keeping the minutes of the meetings of the Board of Directors. As of the date of this Prospectus, neither a chairperson of the Board of Directors nor a Management Committee, Managing Executive Officer, Management Committee, Manager or Daily Manager were appointed by the Board of Directors.

20.2.3 Representation towards Third Parties

The Board of Directors legally represents the Company in its dealings with third parties. Any litigation involving the Company, either as plaintiff or as defendant, is handled by the Board of Directors in the name of the Company.

The Articles of Association provide that the Company will be bound towards third parties in all circumstances by (i) the sole signature of the chairperson of the Board of Directors, if any, or by (ii) the joint signatures of any two members of the Board of Directors or by (iii) the sole signature of the Managing Executive Officer, if any, or by (iv) the sole signature of the chairperson of the Management Committee, if any, or by (v) the joint signature of any two Managers, if any. The Company will be bound towards third parties by the sole signature of any Daily Manager, as far as the daily management is concerned, unless the Board of Directors has taken special decisions in relation to the authorised signature.

20.2.4 D&O insurance coverage

The Company has taken out a directors and officers liability insurance policy (D&O insurance) for all members of the Board of Directors and employees forming Senior Management (as described further below) and certain other managers with leadership responsibilities within the Company and its subsidiaries.

20.2.5 Members of the Board of Directors

The following table sets out information with respect to each of the members of the Board of Directors, the date of their appointment and their positions within the Company at the date of the Prospectus.

Name	Position	First Appointed	Latest Appointment / Term of office
Mr. Frank Roseen	Executive Director	13 September 2017	16 December 2019 for a term until the end of the annual general meeting 2022
Mr. Oschrie Massatschi	Executive Director	18 November 2016	16 December 2019 for a term until the end of the annual general meeting 2022
Ms. Jelena Afxentiou	Executive Director	7 May 2014	16 December 2019 for a term until the end of the annual general meeting 2022
Mr. Markus Leininger	Independent Director	22 February 2017	16 December 2019 for a term until the end of the annual general meeting 2022
Mr. Markus Kreuter	Independent Director	13 September 2017	16 December 2019 for a term until the end of the annual general meeting 2022
Mr. Ran Laufer	Director	16 December 2019	16 December 2019 for a term until the end of the annual general meeting 2022

Name	Position	First Appointed	Latest Appointment / Term of office
Ms. Simone Runge-Brandner	Independent Director	16 December 2019	16 December 2019 for a term until the end of the annual general meeting 2022

The business address for the members of the Board of Directors is: 40, Rue de Curé L-1368, Luxemburg.

Mr. Roseen obtained a master of business administration from Stockholm University. Mr. Roseen started his career working as management trainee and internal auditor for four years at Scandic Hotels AB, before joining Folksam Insurance Group as internal auditor manager for six years. This was followed by his work as head of internal auditor for two years at Philips Electronics. From September 1998 to June 2002, he was the CFO of Xerox AB, Sweden. From July 2002 to August 2005, he was the CFO of GE Capital Real Estate, Nordic in Europe. From August 2005 to February 2008, Mr. Roseen was the CFO of GE Capital Real Estate, Asia Pacific. From February 2008 to September 2008, he was head of asset management of GE Capital Real Estate, Asia Pacific based in Japan, before he moved back to Europe in connection with a promotion. From October 2008 to March 2012, he was CEO of GE Capital Real Estate for Central Eastern Europe and from April 2012 to July 2015, he was the CEO of GE Capital Real Estate, Germany & Central Eastern Europe. From July 2015 to June 2016 he was the CFO and CIO for WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft.

Mr. Massatschi holds a BA honours in International Business from the Manchester University in the United Kingdom and Macquarie University in Sydney, Australia—majoring in corporate finance and Asian business studies. Moreover, he holds a certificate in real estate valuations from the BBA—Academy of Real Estate Economics of Berlin. From 2005 to 2007, he was part of the financial executive management programme at TUI AG. From 2007 to 2009 Mr. Massatschi worked in financial services and payments strategies at the management consultancy firm Edgar, Dunn & Company in Sydney, Australia. From 2009 to 2013 he was a leading business analyst in the banking and financial services group of Macquarie Bank in Sydney, Australia. Since 2013, he has been working in different management positions at the Company or its subsidiaries.

Ms. Afxentiou obtained a master of business administration from Cyprus International Institute of Management and acquired higher qualifications in public relations and commerce from the London Chamber of Commerce and Industry and studied at a school of hotel and tourism. Ms. Afxentiou has been the head of the accounting department of the Company since 2011. She has twenty years of experience in the real estate and the hotel business, in particular in finance and accounting.

Mr. Leininger holds a professional banking diploma (certificate '*Bankkaufmann*') awarded by the German Chamber of Industry and Commerce and a diploma in business administration from Justus-Liebig-Universität, Giessen, Germany. Mr. Leininger has been a senior banker with a focus on financing, private equity and real estate. From 1995 to 2002 he occupied various positions, including loan manager "commercial real estate" and head of operations, at RHEINHYP Rheinische Hypothekenbank AG, Frankfurt, Germany (subsidiary of Commerzbank AG). From 2002 to 2012 Mr. Leininger was the head of Central and Eastern Europe of EUROHYPO AG. From 2012 to 2015 he was member of the advisory board and investment committee of Revetas Capital Advisors.

Mr. Kreuter holds a degree in real estate economics. Mr. Kreuter started his career at Deutsche Bank in 1990 and held various positions in corporate and real estate financing. He then took over the responsibilities as head of accounting and financing at Vivico Real Estate GmbH from 2007 to 2009, which was followed by his work as group head of debt funding at CA Immo in 2009 until 2011. From 2011 to 2015 he was head of German commercial real estate lending at Deutsche Bank. From 2015 to 2017 Mr. Kreuter was national director debt advisory at JLL.

Mr. Laufer received a Master of Business Administration from the Solvay Business School in Belgium and a Bachelor of Business Administration with a focus on real estate and tourism from the Arison School of Business in Herzliya, Israel. He is vice chairman of the supervisory board of TLG IMMOBILIEN AG. Previously, he was vice chairman of Grand City Properties SA and marketing and sales director at Airport City Ltd. (Tel Aviv, Israel).

Mrs. Runge-Brandner holds a certified degree in banking from the Frankfurt Chamber of Commerce and a diploma in international business administration from Darmstadt University of Applied Sciences, Germany. She is currently an independent director at Grand City Properties, where she served as a member of the Senior Management and chairman of the Board of Directors. In addition, she was

appointed consultant in the field of Real Estate Private Equity for investors and project developers in the European real estate markets. Previously, she was a transaction manager (director) at UBS Deutschland AG, relationship manager Europe (vice president) and general manager (*Prokurist*) at DekaBank.

There are no family relationships between members of the Board of Directors and/or members of the Senior Management.

To the best of the Company's knowledge, the members of the Board of Directors have not been convicted of any fraudulent act in the last five years, nor have they been barred from exercising any profession, business or trade by a court order or by an enforceable judgement of any administrative authority. To the best of the Company's knowledge, no insolvencies, receiverships, liquidations or similar proceedings have been instituted against members of the Board of Directors in the last five years. To the best of the Company's knowledge, no member of the Board of Directors has been publicly charged and/or sanctioned by any legal or regulatory body (including any relevant professional association) and no member of the Board of Directors has been excluded from office or prevented from managing or directing the affairs of an issuer by any court of law in the last five years as a member of the administrative, management or supervisory bodies of an issuer.

20.2.6 Other Mandates of the Members of the Board of Directors

Within the previous five years, the members of the Board of Directors have been members of the administrative, management or supervisory bodies or partners of entities not relating to the Group as follows:

Name of Director	Position	Entity	Until
Mr. Frank Roseen			
	Independent Director	Bonava AB	ongoing
	Chairman of the Board	Star Real Estate Ventures LLC	ongoing
	Member of the Management Board (CFO)	WCM Beteiligungs- und Grundbesitz-Aktiengesellschaft	July 2016
	Member of the Supervisory Board	Ronson Development SE	September 2014
Mr. Markus Leininger			
	Managing Director	Della Sarl	ongoing
	Managing Director	EDGE Hamburg 1 Sarl	ongoing
	Managing Director	EDGE Hamburg 2 Sarl	ongoing
	Managing Director	OVG Cloud Sarl	ongoing
	Managing Director	SXB 1 Sarl	ongoing
	Managing Director	SXB 2 Sarl	ongoing
	Managing Director	EDGE Technologies UK Holding sarl	ongoing
	Managing Director	EDGE Technologies UK 1 sarl	ongoing
	Member of the Foundation Board	AROUNDTOWN Foundation	ongoing
	Independent Director	Pradera Management Sarl	ongoing
	Independent Director	Pradera European Retail Parks GP sarl	ongoing
	Independent Director	Republic Holdco II Sarl	ongoing
	Independent Director	Republic Holdco III Sarl	ongoing
	Independent Director	Republic Holdco IV Sarl	ongoing
	Independent Director	Republic FR Holdco I Sarl	ongoing
	Independent Director	Republic FR Holdco II Sarl	ongoing
	Independent Director	Republic PL Holdco Sarl	ongoing
	Independent Director	Republic CZ Holdco Sarl	ongoing
	Independent Director	Republic D I Holdco Sarl	ongoing
	Independent Director	Republic D II Holdco Sarl	ongoing
	Independent Director	Republic Dortmund Holdco Sarl	ongoing
	Independent Director	REVETAS GP III Sarl	ongoing
	Independent Director	Revetas Management Luxembourg Sarl	ongoing

Name of Director	Position	Entity	Until
	Manager	Hana Star JV One sarl	ongoing
	Member of the Industry Board and Investment Committee	Revetas Capital Advisors LLP	April 2015
	Manager	CP Holding Luxembourg Sarl	July 2015
	Chairman of the Supervisory Board	Baufinanzwerk AG	June 2016
	Managing Director	Wolfgang Sarl	September 2016
	Independent Director	Falcon Multilabel SICAV	December 2016
	Independent Director	Sistema Finance S.A.	April 2017
	Member of the Risk Committee	Grand City Properties S.A.	December 2016
	Member of the Audit Committee	Grand City Properties S.A.	February 2017
	Independent Director	Falcon Fund SICAV	February 2018
	Independent Director	SWISS World Invest SICAV	February 2018
	Independent Director	Falcon Invest SICAV	February 2018
	Manager	Republic Copenhagen Holdco Sarl	March 2018
	Manager	Homepark Shopping Rothenburg Holdco Sarl	March 2018
	Manager	Revetas Holding LX 1 Sarl	May 2018
	Manager	Postage Sarl	May 2018
	Manager	Gurkha Sarl	May 2018
	Manager	Loren Sarl	May 2018
	Manager	Westwood Finance Sarl	May 2018
	Manager	Revetas GP Sarl	June 2018
	Manager	Quartz Properties Sarl	June 2018
	Manager	CUP CEE Sarl	June 2018
	Manager	Cup I Sarl	June 2018
	Manager	CUP II Sarl	June 2018
	Manager	CUP III Sarl	June 2018
	Manager	CUP IV Sarl	June 2018
	Manager	Piemont Financial Investments Sarl	June 2018
	Manager	Republic FIN Holdco Sarl	June 2018
	Manager	Republic SWE Holdco Sarl	December 2018
	Manager	Republic Holdco V Sarl	December 2018
Mr. Ran Laufer			
	Deputy Chairman of the Supervisory Board	TLG IMMOBILIEN AG	ongoing
	Managing director	Panorama Immobilien GmbH	ongoing
	Chief Marketing and Sales Officer	Airport City Ltd.	August 2018
	Chief Executive Officer	ADO Properties S.A.	December 2019
Ms. Simone Runge-Brandner			
	Managing Director	Della Sarl	ongoing
	Managing Director	EDGE Hamburg 1 Sarl	ongoing
	Managing Director	EDGE Hamburg 2 Sarl	ongoing
	Managing Director	SXB 1 Sarl	ongoing
	Managing Director	SXB 2 Sarl	ongoing
	Managing Director	OVG Cloud Sarl	ongoing
	Independent Director	Hana Star JV Sarl	September 2019
	Managing Director	Onelabel Sarl	ongoing
	Managing Director	SIMRES Real Estate Sarl	ongoing
	Member of the Manging Board	Grand City Properties S.A.	ongoing
	Managing Director	Blue Cordelia Property S.à r.l.	April 2017
	Managing Director	Bright Tarvos Property S.à r.l.	April 2017
	Managing Director	CASTER INVESTMENTS S.A.	April 2017
	Managing Director	COLORADO INVESTMENTS S.A.	April 2017

Name of Director	Position	Entity	Until
	Managing Director	COMANCHE INVESTMENTS S.A.	April 2017
	Managing Director	DAKOTA INVESTMENTS S.A.	April 2017
	Managing Director	DALLAS INVESTMENTS S.A.	May 2017
	Managing Director	Green Elara Property S.à r.l.	April 2017
	Managing Director	GUTBURG IMMOBILIEN S.A.	April 2017
	Managing Director	KPI Retail Property 35 S.à r.l.	April 2017
	Managing Director	LANDWEHR I S.à r.l.	May 2017
	Managing Director	OYSTER I HOLDCO S.à r.l.	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 1	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 10	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 11	May 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 13	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 2	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 3	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 4	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 5	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 6	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 7	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 8	April 2017
	Managing Director	PERSEUS IMMOBILIEN GESELLSCHAFT 9	April 2017
	Managing Director	PERSEUS Real Estate Investment S.à r.l.	April 2017
	Managing Director	Pink Bestla Property S.à r.l.	April 2017
	Managing Director	Red Mimas Property S.à r.l.	April 2017
	Managing Director	Ruby Helike Property S.à r.l.	April 2017
	Managing Director	White Janus Property S.à r.l.	April 2017
	Liquidator	Simres GmbH i.L.	ongoing

The Company has agreed with TLG IMMOBILIEN AG to advocate appropriate representation of TLG IMMOBILIEN AG on the Board of Directors of the Company. As a result, Mr. Ran Laufer was nominated by TLG IMMOBILIEN AG for the Board of Directors of the Company. In addition, the BCA provides for certain nomination rights for TLG IMMOBILIEN AG, in the event certain holding thresholds for TLG Shares are reached in connection with the completion of the Offer. There are no arrangements or understandings with major shareholders, customers, suppliers or others with respect to which any member of the Board of Directors was selected.

20.2.7 Conflict of Interests of the Members of the Board of Directors

There are no potential conflicts of interest of the members of the Board of Directors concerning any duties to the Company and their private interest or other duties. Mr. Ran Laufer is a member of the Supervisory Board of TLG IMMOBILIEN AG and could have potential conflicts of interest, since TLG IMMOBILIEN AG is a competitor of the Company. In addition, the members of the executive bodies of TLG IMMOBILIEN AG (as a target company) are subject to corporate and other statutory duties in connection with the Offer. Other than this exception, the ongoing mandates of the members of the Board of Directors do not lead to any potential conflict of interests of the respective members of the Board of Directors as the relevant entities are neither shareholders of the Company nor do they have any business relationships with the Company or the Group.

20.2.8 Remuneration and Benefits of the Members of the Board of Directors

Compensation of the members of the Board of Directors is generally determined by the general meeting of the shareholders.

In the financial year 2018, the members of the Board of Directors were compensated as follows:

	Frank Roseen	Oschrie Massatschi	Jelena Afxentiou	Markus Leininger	Markus Kreuter	Axel Froese[3]	Andrew Wallis[4]
				in € thousands			
Fixed remuneration, directors' remuneration[1]	300	228.6	101.5	60	60	60	132
MIP[2]	200	254	225.3	—	—	—	385

(1) including benefits in kind, based on costs for the Company. Mr. Massatschi received benefits in kind in the form of a company car and health insurance premiums of € 14,595.72 in the fiscal year 2018.

(2) The amount corresponds to the gross fair value of the MIP Options (as at the date of their respective granting) that vested in 2018. The exercisability of the MIP Options depends on the respective underlying conditions of the MIP. See "*20.2.9 Shareholdings of the Members of Board of Directors*" and "*19.5 Employee Stock Option Plan*".

(3) Mr. Axel Froese's term of office ended on 26 June 2019.

(4) Mr. Andrew Wallis' term of office ended on 27 June 2018. Mr. Wallis has been active in the Company's Senior Management since then, see: "*20.4 Senior Management*".

There are no service contracts between members of the Board of Directors on the one side and the Company or any member of the Group on the other side providing for benefits upon termination of employment.

With the exception of € 1,200.00 paid to Ms. Afxentiou, no amounts were set aside to provide pension retirement or similar benefits to the members of the Board of Directors.

20.2.9 Shareholdings of the Members of Board of Directors

As of the date of this Prospectus, the members of the Board of Directors hold directly or indirectly shares in the Company as follows:

Name	Number of Shares
Mr. Oschrie Massatschi	85,463 shares
Ms. Jelena Afxentiou	80,000 shares
Mr. Frank Roseen	25,000 shares

Some of the members of the Board of Directors hold MIP Options that bear the right to acquire shares in the Company subject to conditions as set forth in the MIP and subject to the condition that the Company does not make use of its right to settle such options via a MIP Cash Payment. The amounts of MIP Options are gross amounts from which applicable taxes and social security contributions are deducted upon actual exercise of the respective MIP Options. The total exercise price for all exercisable MIP Options allocated to the respective beneficiary is € 1.00 as specified in the individual incentive agreements. The MIP Options are exercisable within 30 days of full vesting or, in the event of termination by the beneficiary, after the date of termination. If the MIP Options are not exercised within this period, they expire without replacement. See "*19.5 Employee Stock Option Plan*" for further details of the Employee Stock Option Plan.

Mr. Roseen currently holds (directly and indirectly) 100,000 MIP Options that are subject to a linear vesting over a period of four years and become exercisable on 31 December 2021 for a total exercise price of €1.00. In addition, Mr. Roseen holds (directly and indirectly) further 30,000 MIP Options, the exercise of which is subject to certain performance targets by the Company, including the growth of FFO I per share, the growth of EPRA NAV per share and the improvement of the Company's rating, and which, if these conditions are met, will become exercisable at an exercise price of € 1.00 on 31 December 2021.

Ms. Afxentiou currently holds 75,000 MIP Options that are subject to a linear vesting over a period of four years and become exercisable on 1 January 2023 for a total exercise price of €1.00. In addition, Ms. Afxentiou holds further 30,000 MIP Options including the growth of FFO I per share, the growth of EPRA NAV per share and the improvement of the Company's rating, and which, if these conditions are

met, will become exercisable at an exercise price of € 1.00 on 1 January 2023. Mr. Massatschi currently holds 215,000 MIP Options. Of these MIP options, 185,000 will vest over a period of four years and become exercisable from 1 October 2022, at a total exercise price of € 1.00. The exercise price of 185,000 MIP options is € 1.00. Further 30,000 MIP Options will become exercisable from 31 December 2021 at a total exercise price of € 1.00 if certain performance targets, including the growth of FFO I per share, the growth of EPRA NAV per share and the improvement of the Company's rating, are met.

On 18 December 2018 Mr. Massatschi received 79,894 MIP Shares (net) against a payment of a total exercise price of €1.00.

On 14 June 2019 Ms. Afxentiou received 80,000 MIP Shares (net) against a payment of a total exercise price of €1.00.

The value of the MIP Options that vested in 2018 is shown in section "*20.2.8 Remuneration and Benefits of the Members of the Board of Directors*".

20.2.10 Committees of the Board of Directors

Article 15.4 of the Articles of Association allows the Board of Directors to establish one or more committees. Save for an audit committee, which is mandatory by law, the Board of Directors has full discretion to establish such committees it deems useful and appoint the members of such committees and determine their organisation, responsibilities, powers and procedures in internal regulations adopted by way of a resolution. Committees have no powers to represent the Company towards third parties under the Articles of Association or by law, but provide non-binding expert advice and assistance to the Board of Directors. The Company has established an audit committee, a risk committee, a nomination committee, a remuneration committee, a committee for Environmental Social Governance / Corporate Social Responsibility (ESG/CSR committee) and an advisory board.

20.2.10.1 Audit Committee

Following the transfer of the Company's registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, the Board of Directors re-confirmed the establishment of an audit committee by resolution dated 13 September 2017. The Board of Directors decides on the composition, tasks and term of the audit committee as well as the appointment and dismissal of its members. The responsibilities of the audit committee relate to the integrity of the financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes. The audit committee provides guidance to the Board of Directors on the auditing of the annual financial statements of the Company and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor. The current members of the audit committee are Mr. Markus Leininger and Mr. Markus Kreuter (Chairman).

20.2.10.2 Risk Committee

Following the transfer of the Company's registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, the Board of Directors re-confirmed the establishment of a risk committee by resolution dated 13 September 2017. The object of the risk committee is to assist and to provide expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, to recommend a risk management structure including its organisation and its process as well as to assess and monitor effectiveness of the risk management. The Board of Directors decides on the composition, tasks and term of the risk committee and the appointment and dismissal of its members. The risk committee provides advice on actions of compliance, in particular by reviewing the Company's procedures for detecting risk, the effectiveness of the Company'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 current members of the risk committee are Mr. Andrew Wallis, Ms. Jelena Afxentiou, Mr. Markus Leininger, Mr. Markus Kreuter, Mr. Eyal Ben David and Mr. Frank Roseen.

20.2.10.3 Nomination Committee

Following the transfer of the Company's registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, the Board of Directors re-confirmed the

establishment of a nomination committee by resolution dated 13 September 2017. The object of the nomination committee is to identify suitable candidates for director positions and to examine their skills and characteristics. The current members of the nomination committee are Mr. Markus Leininger and Mr. Markus Kreuter.

20.2.10.4 Remuneration Committee

Following the transfer of the Company's registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, the Board of Directors re-confirmed the establishment of a remuneration committee by resolution dated 13 September 2017. The object of the remuneration committee is to determine and to recommend to the Board of Directors the remuneration policy for the executive members of the Board of Directors and the employees forming Senior Management, including evaluation of short-term performance-related remuneration, if any. The current members of the remuneration committee are Mr. Markus Leininger and Mr. Markus Kreuter.

20.2.10.5 ESG/CSR Committee

Following the transfer of the Company's registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, the Board of Directors re-confirmed the establishment of an ESG/CSR committee by resolution dated 13 September 2017. The object of the ESG/CSR is to review shareholder proposals and recommendations that relate to matters of corporate social responsibility. In addition, the ESG/CSR committee reviews and assesses the Company's CSR strategy, initiatives and practises for environmental, social and governance practises and reviews policies with respect to CSR subjects. The current members of the ESG/CSR committee are Mr. Markus Leininger and Mr. Markus Kreuter and are assisted by the Company's Head of ESG, Ms. Sylvie Lagies.

20.3 Advisory Board

Following the transfer of the Company's registered office and principal place of business from the Republic of Cyprus to the Grand Duchy of Luxembourg, the Board of Directors confirmed the existence of an advisory board by resolution dated 13 September 2017. The task of the advisory board is to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the advisory board as well as the appointment and dismissal of its members. The advisory board has no statutory powers under the Luxembourg Company Law or the Articles of Association, but applies solely rules which have been adopted by the Board of Directors. However, the Company considers the advisory board to be an important source of guidance for the Board of Directors when making strategic decisions. The current members of the advisory board are Dr. Gerhard Cromme (Chairman), Mr. Yakir Gabay (Deputy Chairman) Mr. Claudio Jarczyk and Mr. David Maimon.

20.4 Senior Management

20.4.1 Overview

The senior management of the Company consists of three senior employees ("**Senior Management**"). The members of the Senior Management are not authorised to bind the Company towards third parties and none of them have been appointed by the Board of Directors as a Managing Executive Officer, Management Committee, Manager or Daily Manager as described in more detail above.

20.4.2 Employees forming Senior Management

The following table sets out information pertaining to the appointment and positions of Senior Management within the Company at the date of the Prospectus.

Name	Position	First Appointment	Latest Appointment / Term of office
Mr. Shmuel Mayo	Chief Executive Officer (CEO)	10 November 2014	10 November 2014 for an indefinite term
Mr. Andrew Wallis	Deputy Chief Executive Officer (Deputy CEO)	27 June 2018	27 June 2018 for an indefinite term
Mr. Eyal Ben David . . .	Chief Financial Officer (CFO)	10 November 2014	10 November 2014 for an indefinite term

The main business address of the Senior Management is at Wittestraße 30, Haus F, 13509 Berlin, Germany and Gustav Mahlerplein 121, 1082 Amsterdam, Netherlands.

Mr. Mayo is a certified public accountant (CPA). He received a BA in Economics and Accountancy in 1986 and a BA in law in 1992 both from Bar Ilan University. He was an accountant manager with KPMG from 1984 to 1987. From 1987 to 1991 he was the CFO of Electra Group, a large industrial and commercial group. From 1991 to 1995 he was the CFO of Ford Israel. From 1995 to 1998 he was the CEO of Yazil Financing, a subsidiary of Poalim Investment Group, operating in the credit cards business. From 1998 to 2001 Mr. Mayo was the business development manager and then the CEO of the Dankner Group, which under his management was then a leading international investment conglomerate. From 2002 to 2004 he was the CFO and business development manager at Galor System & Software Development Ltd.

Mr. Wallis holds a master of business administration from the University of Westminster, London, and is a chartered financial analyst (CFA) since 2003. Mr. Wallis completed a police constable probationary training period in London and was a royal marines commando officer between 1989 and 1997. From 1997 to 2001 he was vice president at Merrill Lynch, London and from 2001 to 2004 he was vice president at JPMorgan, London. From 2005 to 2006 he was vice president at HSBC, London. From 2006 to 2007 he occupied various roles at Speymill Plc, London, where he was a key member of the team directly involved in building Speymill Plc's new fund management business. He was CEO of two Berlin based property companies (Goal Service GmbH, Berlin from 2007 to 2011 and Sandby GmbH, Berlin from 2011 to 2015).

Mr. Ben David holds a master of business administration with specialisation in finance and accounting and obtained a BA with honours in accounting and economics. Mr. Ben David has been a certified public accountant (CPA) since 2000. From 2002 to 2008 Mr. Ben David was a partner of Caspi, Ben David & Co.—Certified Public Accountants, a private practise of certified public accountants focused on infrastructure and real estate industries.

There are no family relationships between any Senior Management employees and members of the Board of Directors.

To the knowledge of the Company, no Senior Management employee has been convicted of a fraudulent offence in the past five years, nor has any been prohibited by a court ruling or by an enforceable ruling of an administrative authority from exercising an occupation, a profession, a trade or a line of trade. While Mr. Wallis was serving as a managing director of Goal Reporting Services GmbH, it underwent an insolvency proceeding opening in 28 September 2017. Other than this insolvency proceeding, to the knowledge of the Company, no bankruptcies, receiverships, liquidations or any similar proceedings have been opened against any of the Senior Management employees. To the knowledge of the Company, no Senior Management employee was subject to official public incriminations and/or sanctions by statutory or regulatory authorities (including designated professional bodies) nor has any Senior Management employee been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for the previous five years.

20.4.3 Other Mandates of the members of the Senior Management

Until September 2015, Mr. Eyal Ben David was managing director of Roudwass 1 GmbH and Roudwass 2 GmbH. None of the other members of senior management holds or held any positions in administrative, management or supervisory bodies in companies outside Aroundtown in the past five years.

There are no arrangements or understandings with major shareholders, customers, suppliers or others with respect to the appointment of any member to the Senior Management.

20.4.4 Conflicts of Interests of Senior Management employees

No Senior Management employee has potential conflicts of interest between any duties to the Company and their private interest or other duties. The ongoing mandates of Senior Management do not lead to any potential conflict of interests of the respective employee as the relevant entities are neither shareholders of the Company nor do they have any business relationships with the Company or the Group.

20.4.5 Remuneration and Benefits of Senior Management employees

In the financial year 2018, the employees of the Senior Management were compensated as follows:

	Mr. Shmuel Mayo	Mr. Andrew Wallis	Mr. Eyal Ben David
		in € thousands	
Fixed Remuneration(1)	612	132	151
MIP(2)	—	410	401

(1) including benefits in kind, based on costs of the employer. Mr. Mayo received benefits in kind in the form of a company car, cost absorption for accommodation and premiums for a health insurance in the amount of € 94,296.36 in the fiscal year 2018. Mr. Wallis received benefits in kind in the form of a company car and premiums for a health insurance in the amount of € 11,208.00 in the fiscal year 2018. Mr. Ben David received benefits in kind in the form of a company car in the amount of € 18,000.00 in the fiscal year 2018.

(2) The amount corresponds to the gross fair value of the MIP Options (as at the date of their respective granting) that vested in 2018. The exercisability of the MIP Options depends on the respective underlying conditions of the MIP. See "*20.2.9 Shareholdings of the Members of Board of Directors*" and "*19.5 Employee Stock Option Plan*".

The service contracts between the Group and the members of the Senior Management do not provide benefits upon termination of employment.

Except for an amount of €10,820 for Mr. Ben David, no amounts were set aside to provide pension retirement or similar benefits to Senior Management.

20.4.6 Shareholdings of Senior Management

As of the date of this Prospectus, the members of the Senior Management hold directly or indirectly shares in the Company as follows:

Name	Number of Shares
Mr. Mayo	23,100,409 shares
Mr. Wallis	50,469 shares
Mr. Ben David	9,110,000 shares

As of the date of this Prospectus, 5,523,336 shares of the Company held by Mr. Mayo are encumbered.

Some of the members of Senior Management hold MIP Options that bear the right to acquire shares in the Company subject to conditions as set forth in the MIP and subject to the condition that the Company does not make use of its right to settle such options via a MIP Cash Payment. The amounts of MIP Options are gross amounts from which applicable taxes and social security contributions are deducted upon actual exercise of the respective MIP Options. The total exercise price for all exercisable MIP Options allocated to the respective beneficiary is € 1.00 as specified in the individual incentive agreements. See "*19.5 Employee Stock Option Plan*" for further details of the Employee Stock Option Plan

Mr. Wallis currently holds 508,428 MIP Options. Of these MIP Options, 480,000 are subject to a linear vesting over a period of four years and become exercisable on 30 June 2021 for a total exercise price of €1.00. Further 28,428 MIP Options are also subject to a linear vesting over a period of four years and become exercisable on 30 June 2022 for a total exercise price of €1.00. Mr. Ben David currently holds 222,000 MIP Options that are subject to a linear vesting over a period of four years and become exercisable on 1 January 2021 for a total exercise price of €1.00.

On 18 December 2018 Mr. Wallis received 50,469 MIP Shares (net) against a payment of a total exercise price of €1.00.

The value of the MIP Options exercised in the course of the year 2018 is shown in the section "*20.4.5 Remuneration and Benefits of Senior Management employees*".

20.5 Corporate Governance

As of the date of this Prospectus, the Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. In particular, the Company is currently not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to declare whether they comply with the recommendations of German Corporate

Governance Code (*Deutscher Corporate Governance Kodex*), the latter which are only applicable to listed companies incorporated in Germany. Nevertheless, the Company intends to voluntarily comply with the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange in the future and is currently evaluating the necessary measures to implement the principles and recommendations of the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange and continues to take steps to implement environmental, social and corporate governance best practises throughout its business.

21. SHAREHOLDER STRUCTURE

On the basis of the voting rights notifications received by the Company up to the date of publication of this Prospectus in accordance with the transparency provisions of Luxembourg law for listed companies and the information provided to the Company by the respective shareholders, the following shareholders directly or indirectly hold a notifiable participation in the Company. Unless otherwise indicated in the corresponding footer of the following table, the percentages indicated in the table correspond to the number of voting rights last notified to the Company by the respective shareholder in relation to the share capital of the Company issued on the date of the respective voting rights notification. It should be noted here that the last reported number of voting rights may have changed since these voting rights notifications were made without the shareholder concerned being obliged to submit a voting rights notification if no reportable thresholds were reached or crossed:

Shareholder	Shareholdings (in %)
TLG IMMOBILIEN AG.	15.03[(1)]
Avisco Group PLC	11.99[(2)]
BlackRock, Inc.	5.06[(3)]
Freefloat	67.92
Total	**100**

(1) TLG IMMOBILIEN AG is the Target. The last voting rights announcement of the Target was published by the Company on 16 October 2019 and shows a shareholding of 15.03% based on a total number of voting rights of the Company of 1,223,574,261. According to this notification, the shares are held directly by the Target.

(2) The ultimate beneficial owner of Avisco Group, which indirectly controls the shares and voting rights of the Company, is Mr Yakir Gabay. The last voting rights announcement of Avisco Group was published by the Company on 26 September 2019 and shows a shareholding of 13.99% based on a total number of voting rights of the Company of 1,223,574,261. According to the announcement the shares are held indirectly via companies of the Avisco Group. According to information provided by the Company, the Avisco Group subsequently sold 1.99 % of the Company's shares to the Target on the basis of a corresponding option agreement, whereby the Target exceeded the shareholding threshold of 15 % taking into account the acquisition of a further 400,000 shares of the Company outside this option agreement. This exceeding of the threshold was the reason for the voting rights announcement mentioned in footnote 1.

(3) The last voting rights announcement of BlackRock Inc. was published by the Company on 5 July 2019 and shows a shareholding of 5.06% based on a total number of voting rights of the Company of 1,128,679,731. Based on a total number of voting rights of the Company of 1,223,574,261, this corresponds to a participation of 4.67 %. According to the voting rights announcement, the participation is held via various subsidiaries of BlackRock, Inc.

All shares of the Company grant the same rights.

22. RELATED PARTY TRANSACTIONS

IAS 24 requires disclosure of transactions with persons or entities that among other things, are members of the same group as the entity or control the entity or are controlled by the entity, unless they are already included in the audited consolidated financial statements. Control exists when a shareholder owns more than half of the voting rights in the entity or has the power under an agreement to govern the financial and operating policies of an entity. The disclosure requirements under IAS 24 also extend to transactions with associates (including joint ventures) and transactions with persons who have a significant influence on the financial and operating policies of the entity, including close family members and intermediate entities. These include the members of the Board of Directors and their close family members as well as those companies over which the members of the Board of Directors or their close family members can exercise significant influence or in which they hold a significant share of the voting rights.

As part of its business activities, Aroundtown also concludes transactions with related parties. All business relationships and transactions between the Company and related parties are conducted in the normal course of business and at arm's length conditions. Further information is provided in the consolidated financial statements for the individual financial years in the section "*RELATED PARTY TRANSACTIONS*" (for the 2016 financial year, see page F-165, for the 2017 financial year, see page F-119 and for the 2018 financial year, see page F-66).

The members of the Board of Directors received from Aroundtown for their services under their service contracts remuneration as indicated in section "*20.2.8. Remuneration and Benefits of the Members of the Board of Directors*".

The members of the Senior Management received from Aroundtown for their services under their service contracts remuneration as indicated in section "*20.4.5 Remuneration and Benefits of Senior Management employees*".

Apart from business transactions in the ordinary course of business, there have been no significant business relationships with related parties since 31 December 2018.

23. MATERIAL PRINCIPLES OF TAXATION

23.1 Taxation in the Grand Duchy of Luxembourg

The following is an overview discussion of certain material Luxembourg tax consequences with respect to the Company and its shares. This overview does not purport to be a comprehensive description of all of the tax considerations that may be relevant to any particular holder of the Company's shares, and does not purport to include tax considerations that arise from rules of general application or that are generally assumed to be known to holders of the Company's shares. It is not intended to be, nor should it be construed to be, legal or tax advice. This discussion is based on Luxembourg laws and regulations as they stand on the date of this Prospectus and is subject to any change in law or regulations or changes in interpretation or application thereof that may take effect after such date. Prospective investors in the Company's shares should therefore consult their own professional advisers as to the effects of state, local or foreign laws and regulations, including Luxembourg tax law and regulations, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), as well as personal income tax (*impôt sur le revenu*) generally. Investors may further be subject to net wealth tax (*impôt sur la fortune*) as well as other duties, levies or taxes. Corporate income tax, municipal business tax as well as the solidarity surcharge (which are collectively referred to as Luxembourg corporation taxes) invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual tax payers are generally subject to personal income tax and the solidarity surcharge. Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

23.1.1 Taxation of the Exchange of shares in the Target against shares in the Company

For individual or corporate shareholders of the Target who are Luxembourg residents, the exchange of shares of the Target for Offer Shares will not trigger the realisation of capital gains in application of the roll-over mechanism provided for in article 22bis (2) 3 of the Luxembourg income tax law, as the Offer Shares will be received in exchange for shares held in the Target in accordance with the exchange ratio and on the basis of the respective holdings in the Target.

As a consequence of the roll-over mechanism, the Offer Shares received by the Luxembourg resident shareholders of the Target in the event of the exchange of shares will keep the same acquisition value and date as the shares they hold in the Target. The historical acquisition value of the shares held in the Target will be allocated between the Target shares and the Offer Shares on the basis of the ratio existing between the two categories of shares.

Individual or corporate shareholders of the Target who are Luxembourg residents may opt for realising the capital gains arising from the exchange of shares. In such event, the Luxembourg shareholders of the Target will be fully subject to Luxembourg income tax on the capital gains realised, unless they can rely on any of the applicable exemptions provided for by the Luxembourg income tax law as further outlined below.

23.1.2 Taxation of the Company

23.1.2.1 Corporate Income Tax

The Company is liable for Luxembourg corporation taxes. The aggregate maximum applicable rate, including corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*) and a contribution to the employment fund, is 24.94% for a company established in Luxembourg City in 2019. Liability for such corporation taxes extends to the Company's worldwide profits including capital gains, subject to the provisions of any relevant double taxation treaty and the tax exemptions for qualifying participations provided by the Article 166 of the Luxembourg income tax law or the Grand-ducal decree dated 21 December 2001. The taxable income of the Company is computed by application of the Luxembourg income tax law of 4 December 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the

Luxembourg tax authorities. The Company is a fully taxable Luxembourg resident and should therefore, from a Luxembourg tax perspective, be able to benefit from double taxation treaties and European directives on income tax matters.

23.1.2.2 Net Wealth Tax

The Company is fully subject to the annual net wealth tax charge (*impôt sur la fortune*) which amounts to 0.5% of the net asset value of the Company on a net asset value up and including € 500,000,000. In case the net asset value of the Company exceeds € 500,000,000, any amount in excess of said threshold will be subject to net wealth tax at a rate of 0.05%. Certain assets (such as qualifying participations) might be excluded from the net asset value for the purposes of the net wealth tax computation, provided that the provisions of paragraph 60 of the valuation law of 16 October 1934, as amended (*BewG*) are met.

The Company is subject to the fixed minimum net wealth tax of € 4,815 if the sum of fixed financial assets, receivables on related entities, transferable securities and cash at bank exceeds 90% of its balance sheet and € 350,000. If the Company should not fall within the scope of the € 4,815 minimum net wealth tax, a progressive minimum net wealth tax will be applicable ranging from € 535 to € 32,100, depending on the Company´s total gross assets.

23.1.3 Taxation of Investors

This tax disclosure is limited to the tax consequences to investors owning the Company’s shares. This discussion therefore is limited to taxation issues in respect of the holding and selling of these shares.

23.1.3.1 Withholding Tax

A 15% withholding tax will be due in Luxembourg on distribution paid by the Company to its shareholders unless the domestic withholding tax exemption regime or a withholding tax reduction or exemption under a double tax treaty concluded by Luxembourg applies. Liquidation proceeds will not be subject to withholding taxes. Should any withholding taxes be payable on amounts paid by the Company, the Company assumes responsibility for the withholding of Luxembourg taxes at the source.

23.1.3.2 Non-resident Shareholders

A shareholder will not become resident, nor be deemed to be resident, in Luxembourg solely by virtue of the acquisition, the holding and/or disposing of the Company’s shares or the execution, performance, delivery and/or enforcement of his/her rights thereunder.

Capital gains realised by a shareholder of the Company who is not a resident of Luxembourg for tax purposes and who has no permanent establishment or permanent representative to which the Company’s shares are attributable are not taxable in Luxembourg, except if the Company’s shares are part of a substantial participation of more than 10% in the Company and provided these shares are sold within six months of their acquisition or, under certain conditions, the individual shareholder has been a Luxembourg resident for more than 15 years and has become a non-resident less than 5 years after the sale disposal or redemption of the Company’s shares and provided that no double taxation treaty denies Luxembourg the right to tax.

Non-resident corporate shareholders which have a permanent establishment or a permanent representative in Luxembourg, to which the Company’s shares are attributable, must include any income received, as well as any gain realised on the sale, disposal or redemption of the Company’s shares, in their taxable income for Luxembourg assessment purposes. The same inclusion applies to individuals, acting in the course of the management of a professional or business undertaking, who have a permanent establishment or a permanent representative in Luxembourg, to which the Company’s shares are attributable.

23.1.3.3 Luxembourg-resident Shareholders

23.1.3.3.1 Luxembourg-resident Individuals

Any dividends and other payments derived from the Company’s shares received by resident individuals who act in the course of either their private wealth or their professional/business activity, are subject to income tax at the progressive ordinary rates on half of the amounts received, the other half being tax exempt pursuant to the provisions of Article 115 paragraph 15a of the Luxembourg income tax law. For the year 2019 the top marginal rate including solidarity surcharge is at 45.78%.

A gain realised upon the sale, disposal or redemption of the Company's shares by Luxembourg resident individual shareholders acting in the course of the management of their private wealth is not subject to Luxembourg income tax, provided this sale, disposal or redemption took place more than 6 months after the Company's shares were acquired or the disposal of the Company's shares did not precede the acquisition and provided the Company's shares do not represent a substantial participation.

A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the 5 years preceding the disposal, more than 10% of the share capital of the company whose shares are being disposed of. A shareholder is also deemed to alienate a substantial participation if he acquired free of charge, within the 5 years preceding the transfer, a participation that constituted a substantial participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same 5-year period). Capital gains realised on a substantial participation more than 6 months after the acquisition thereof are taxed according to the half-global rate method (i.e. the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realised on the substantial participation). A disposal may include a sale, an exchange, a contribution or any other kind of alienation of the participation.

Capital gains realised on the disposal of the Company's shares by resident individual shareholders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are defined as being the difference between the price for which the Company's shares have been disposed of and the lower of their cost or book value.

23.1.3.3.2 Luxembourg-resident Companies

Luxembourg resident corporate shareholders will be subject to corporation taxes at the rate of 24.94% for entities having their registered office in Luxembourg-City on dividend distributions made by the Company and the gains received upon disposal of the Company's shares unless a tax exemption pursuant to the provisions of the Article 166 of the Luxembourg income tax law or the Grand-ducal decree dated 21 December 2001 applies or unless the shareholders benefit from a special tax regime such as undertakings for collective investment subject to the law of 17 December 2010, as amended, specialised investment funds subject to the law of 13 February 2007, as amended, investment companies in risk capital subject to the law of 15 June 2004, as amended, or family wealth management companies subject to the law of 11 May 2007, as amended, or reserved alternative investment funds subject to the law of 23 July 2016.

23.1.3.4 Net Wealth Tax

Non-resident and resident individual shareholders are exempt from net wealth tax on the Company's shares in Luxembourg.

23.1.3.4.1 Non-resident Shareholders

The mere holding of the shares in Luxembourg custody accounts does not create a permanent establishment or a permanent representative in Luxembourg. Absent any permanent establishment or a permanent representative in Luxembourg, non-resident corporate shareholders will not be subject to net wealth tax in Luxembourg as a result of them holding the Company's shares.

Non-resident shareholders who have a permanent establishment or a permanent representative in Luxembourg to which the Company's shares are attributable are subject to Luxembourg net wealth tax on the Company's shares, unless the conditions provided for by paragraph 60 of the valuation law of 16 October 1934, as amended (*BewG*) are met.

23.1.3.4.2 Luxembourg-resident Shareholders

Shares of the Company held by Luxembourg resident corporate shareholders, will be subject to an annual net wealth tax charge (*impôt sur la fortune*) of 0.5% (of 0.05% applicable to the net wealth exceeding € 500,000,000) except if:

(i) the conditions provided for by the valuation law of 16 October 1934, as amended (*BewG*) are met; or

(ii) the Luxembourg resident company benefits from a special tax regime such as undertakings for collective investment subject to the law of 17 December 2010, as amended, specialised investment funds subject to the law of 13 February 2007, as amended, investment companies in risk capital subject to the law of 15 June 2004, as amended, or family wealth management companies subject to the law of 11 May 2007, as amended, a professional pension institution governed by the amended law of 13 July 2005, a securitisation company governed by the amended law of 22 March 2004 on securitisation, or a reserved alternative investment fund vehicle governed by the law of 23 July 2016.

Luxembourg resident corporate shareholders are subject to the fixed minimum net wealth tax of € 4,815 if the sum of fixed financial assets, receivables on related entities, transferable securities and cash at bank exceeds 90% of their balance sheet and € 350,000. If the Luxembourg resident corporate shareholders should not fall within the scope of the € 4,815 minimum net wealth tax, a progressive minimum net wealth tax will be applicable ranging from € 535 to € 32,100, depending on their total gross assets.

Investment companies in risk capital subject to the law of 15 June 2004, as amended, a professional pension institution governed by the amended law of 13 July 2005, a securitisation company governed by the amended law of 22 March 2004 on securitisation or a reserved alternative investment fund vehicle governed by the amended law of 23 July 2016 remain subject to the minimum net wealth tax.

23.1.3.5 Other Tax Consequences

23.1.3.5.1 Stamp Taxes and Transfer Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by the holders of the Company's shares as a consequence of the issuance of the Company's shares, nor will any of these taxes be payable as a consequence of a subsequent transfer, repurchase or redemption of the Company's shares, unless the documents relating to the Company's shares are voluntary registered or appended to a document that requires mandatory registration in Luxembourg.

23.1.3.5.2 Gift Taxes

No estate or inheritance tax is levied on the transfer of the Company's shares upon death of a holder of the Company's shares in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes and no gift tax is levied upon a gift of the Company's shares if the gift is not passed before a Luxembourg notary or recorded in a deed registered in Luxembourg. Where a holder of the Company's shares is a resident for tax purposes of Luxembourg at the time of his death, the Company's shares are included in its taxable estate for inheritance tax or estate tax purposes.

23.1.3.5.3 VAT

If the activities of the Company do not exceed a mere holding activity, the Company should not be able to register for value added tax, (VAT), purposes in Luxembourg and any VAT suffered by the Company will, in principle, be final and irrecoverable.

In case the Company provides services that are subject to VAT, it would have to register for VAT purposes in Luxembourg and it will be allowed to recover all or only a portion of the VAT incurred on its costs.

23.2 Taxation in the Federal Republic of Germany

The following sections describe a number of key German taxation principles that may be relevant with regard to the exchange of shares as part of the offer as well as for purchasing, holding or transferring the Company's shares. The information provided does not constitute a comprehensive or definitive explanation of all possible aspects of taxation in this area. This summary is based on applicable German tax law as of the date of the Prospectus, including the double taxation treaties that Germany has concluded with other countries. It should be noted that the legal situation may change, including, in certain cases, with retroactive effect.

Persons interested in purchasing the Company's shares should seek advice from their own tax counsel regarding the tax implications of purchasing, holding, disposing, donating and bequeathing the

Company's shares, and the regulations on reclaiming previously withheld withholding tax (*Kapitalertragsteuer*). Due consideration to a shareholder's specific tax-related circumstances can only be given within the scope of an individual tax consultation.

Shareholders of the Company are subject to taxation in connection with the holding of the Company's shares (see: "*23.2.2.1 Taxation of Dividends*"), the disposal of the Company's shares (see: "*23.2.2.4 Taxation of Capital Gains*") and the gratuitous transfer of the Company's shares (see: "*23.2.5 Inheritance and Gift Tax*").

23.2.1 Taxation of the Exchange of shares in the Target against shares in the Company

23.2.1.1 Shareholders of the Target with tax residence in Germany

23.2.1.1.1 Shares of the Target held as private assets

For shareholders of the Target who are resident for tax purposes in Germany and hold their shares as private assets, the exchange of shares of the Target for Offer Shares within the scope of the Offer is in principle tax neutral, provided that the requirements of the simplification rule of Section 20 para. 4a sentence 1 of the German Income Tax Act ("***EStG***") are fulfilled.

This presupposes (i) that the shares of the Target of the exchanging shareholder of the Target are held as private assets, (ii) that the participation quota of the shareholder of the Target is less than 1% at the moment of the exchange of shares and was less than 1% at least during the five years preceding the exchange of shares of the Target for shares of the Company, and (iii) the Offer Shares issued in exchange for the shares of the Target are new shares (i.e. shares from a capital increase of the Company) and (iv) the law of the Federal Republic of Germany with regard to the taxation of the profit from the sale of the shares received is not excluded or limited. Condition (iii) is fulfilled as the Offer Shares received in exchange for Shares of the Target are newly issued shares. To the extent that Section 20 para. 4a sentence 1 EStG applies, the Offer Shares received in exchange for shares of the Target shall replace the relevant shares of the Target and in principle assume their tax qualification. Thus, the acquisition costs of the shares of the Target are to be continued as acquisition Costs for the exchanged Offer Shares. Any expenses incurred in connection with the share exchange are not tax deductible.

As far as the exchange of shares is tax neutral pursuant to Section 20 para. 4a sentence 1 EStG, no German withholding tax will be withheld. As far as the exchange of shares is not tax neutral as described above, the general rules of German withholding tax apply (see "*23.2.2.4 Taxation of Capital Gains*").

If a shareholder—or in the case of a gratuitous transfer, the shareholder's legal predecessor—directly or indirectly held at least 1% of the share capital of the Target, directly or indirectly, at any time during the five years preceding or at the moment of the exchange of the shares of the Target for the Offer Shares, such exchange will not qualify for the simplification rule of Section 20 para. 4a sentence 1 EStG. In such case, the rules applicable to the income taxation of the exchange of shares of the Target that are held as business assets will apply correspondingly.

The general principles set out in section "*23.2.2.4 Taxation of Capital Gains*" below apply to the sale of fractional rights in connection with the share exchange.

23.2.1.1.2 Shares of the Target held as business assets of individuals (sole proprietors)

For individuals who are tax resident in Germany and hold Shares of the Target as business assets, the exchange of shares of the Target for Offer Shares within the framework of the Offer will, as a matter of principle, result in a tax realisation event. Generally, 60 % of the capital gains resulting from the exchange of shares of the Target are subject to taxation in accordance with the personal income tax rate (plus solidarity surcharge of 5.5 % on the income tax liability). Accordingly, only 60% of the operating expenses economically related to such a capital gain (subject to any general withholding restrictions) and only 60% of any capital losses are tax deductible. If the shares of the Target are allocated to a standing business enterprise in Germany, 60% of the capital gains are additionally subject to trade tax. However, trade tax is fully or partially deductible from the shareholder's personal income tax by means of a flat-rate imputation procedure. The provisions described in this section also apply if a shareholder—or, in the case of a free transfer, his legal predecessor—directly or indirectly held at least 1% of the share capital of the Target at any time during the five years preceding or at the

moment of the exchange of shares of the Target for Offer Shares. Losses on disposal are subject to special rules (i.e. limited tax deductibility). See in this respect the general rules on capital gains tax set out below under "*23.2.2.4 Taxation of Capital Gains*".

The general principles set out in section "*23.2.2.4 Taxation of Capital Gains*" below apply to the sale of fractional rights in connection with the share exchange.

23.2.1.1.3 Shares of the Target held by corporations

In general, capital gains realised by corporations when exchanging shares of the Target for Offer Shares in the context of the Offer are exempt from corporation and trade tax if the shares of the Target are allocated to the business assets of a German permanent establishment (Section 8b para. 2 of the German Corporation Tax Act). However, 5% of the capital gains from the sale is considered as a lump-sum non-deductible operating expense and is therefore subject to corporation tax (plus solidarity surcharge of 5.5% on the corporation tax liability) and trade tax. Losses from the exchange of shares in the Target and other profit reductions in connection with the exchange are not tax deductible. Special regulations apply to companies in the financial and insurance sector and to so-called financial enterprises (*Finanzunternehmen*).

The general principles set out in section "*23.2.2.4 Taxation of Capital Gains*" below apply to the sale of fractional rights in connection with the share exchange.

23.2.1.1.4 Shares of the Target held by commercial partnerships

If a shareholder is a partnership engaged or deemed to be engaged in a trade or business (co-entrepreneurship, *Mitunternehmerschaft*), income or corporate income tax is not levied at the level of the partnership but at the level of the respective shareholder. Taxation is determined by whether the shareholder is a corporation or an individual. If the shareholder is a corporation, capital gains from the exchange of shares in the Target are ultimately generally 95% tax-free (see "*23.2.1.1.3 Shares of the Target held by corporations*"). If the shareholder is an individual, 60% of the capital gains from the exchange of the shares of the Target are taxable (see "*23.2.1.1.2 Shares of the Target held as business assets of individuals (sole proprietors)*"). If the shares of the Target are allocated to a German permanent establishment, the profits from the exchange of such shares are also subject to trade tax at the level of the partnership, namely 60 % if individuals are shareholders and 5 % if corporations are shareholders. If natural persons are shareholders, trade tax is generally credited in full or in part against their income tax in accordance with a flat-rate procedure. With regard to the tax deductibility of operating expenses economically related to the capital gains as well as the tax deductibility of capital losses in the context of income or corporate income taxation, the above provisions shall apply mutatis mutandis to the shareholders of the partnership. If a shareholder is a partnership that is neither engaged nor deemed to be engaged in a trade or business, each shareholder is taxed as if he held his share directly (see "*23.2.1.1.1 Shares of the Target held as private assets*", "*23.2.1.1.2 Shares of the Target held as business assets of individuals (sole proprietors)*" and *"23.2.1.1.3 Shares of the Target held by corporations*").

The general principles set out in section "*23.2.2.4 Taxation of Capital Gains*" below apply to the sale of fractional rights in connection with the share exchange.

23.2.1.2 Shareholders of the Target with tax residence outside Germany

Profits realised on the exchange of shares of the Target in the course of the Offer are subject to limited tax liability in Germany to the extent that (i) the shares are held by a shareholder resident abroad through a permanent establishment or business establishment in Germany or in business assets for which a permanent representative has been appointed in Germany, or (ii) the direct or indirect participation of the shareholder of the Target during the five years preceding or at the moment of the exchange of shares of the Target for shares of the Company at any time amounted to 1% or more. In this case, in principle, the provisions set out above with respect to shares of the Target shall apply to the business assets of the Target. However, double taxation treaties applicable to the individual case may provide for different rules. If taxation nevertheless takes place in Germany, the income of a foreign corporation would be exempt from corporation tax pursuant to Section 8b para. 2 sentence 1 KStG. If the shares are not attributed to a domestic permanent establishment or a domestic permanent representative, the 5% non-deductible operating expenses are not applied in this case.

The general principles set out in section "*23.2.2.4 Taxation of Capital Gains*" below apply to the sale of fractional rights in connection with the share exchange.

23.2.2 General principles of taxation of shareholders of the Company

23.2.2.1 Taxation of Dividends

In the case of dividends paid by a non-German corporation, German withholding tax is generally withheld regardless of whether and to what extent the dividend is exempt from tax at the level of a German tax resident shareholder if the shares are kept in custody with a German Disbursing Agent (as defined herein). However, no German withholding tax should be imposed on such dividends that are paid to German tax resident corporations, non-German shareholders or, subject to certain prerequisites, if the dividends are business income of a domestic business. The withholding tax amounts to 25% on the amount of the distribution. A solidarity surcharge of 5.5% is also levied on the withholding tax amount, resulting in a total withholding of 26.375% (plus church tax, if any). The legislator intends to partially abolish the solidarity surcharge as of 1 January 2021. If shares—as it is the case with the Company's shares—are held in collective safe custody (*Sammelverwahrung*) with a central securities depository (*Wertpapiersammelbank*) pursuant to Section 5 German Act on Securities Accounts (*Depotgesetz*) and are entrusted to such central securities depository for collective safe custody in Germany, which is tax resident in Germany, the withholding tax is withheld and discharged for the account of the German tax resident shareholders by the domestic branch of the domestic or foreign credit or financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps and administers the shares and disburses or credits the dividends (hereinafter referred to jointly or separately as "**German Disbursing Agent**"). The Company assumes no responsibility for the withholding of German capital gains taxes at the source.

If and to the extent funds from the tax contribution account *(steuerliches Einlagekonto)* are declared to be used for the distribution, the distribution is generally not taxable and, therefore, not subject to withholding tax, income tax (including solidarity surcharge and church tax if applicable) or corporate tax and trade tax, however provided that the Company applies for a special assessment procedure with the German Federal Central Tax Office *(Bundeszentralamt für Steuern)* and subject to further prerequisites. Such distributions from the tax contribution account accordingly reduce the acquisition costs or the book value of the Company's shares, which may result in a greater amount of taxable capital gain upon the respective shareholder's sale of the Company's shares. To the extent that dividends from the tax contribution account exceed the acquisition costs of the Company's shares, a capital gain is recognised by the shareholder, which may be subject to tax in accordance with the provisions outlined below.

23.2.2.2 Taxation of dividends of Shareholders with tax residence in Germany

23.2.2.2.1 Shares Held as Private Assets

In principle, the tax liability applicable to dividend payments to individual shareholders who are German tax residents and who hold shares as part of their private assets is generally satisfied by withholding a flat tax (*Abgeltungsteuer*) of 25% plus a solidarity surcharge of 5.5% thereon, resulting in a total tax rate of 26.375% (plus church tax, if any) as described above (see: "*23.2.2.1 Taxation of Dividends*"). Income-related expenses incurred in connection with private capital income are not tax deductible. The only deduction that may be made is an annual lump sum deduction amount of € 801 (€ 1,602 for jointly assessed married couples and registered partners) on all private capital income (*Einkünfte aus Kapitalvermögen*). Shareholders may apply for the whole amount of their capital income, including dividends, to be taxed at their individual income tax rate instead of the flat-rate withholding tax if this results in a lower tax liability (so-called favourable examination). In such cases, it is also impossible to deduct any income-related expenses other than the lump sum deduction amount. Furthermore, dividend income may generally be offset by capital losses from other sources (with the exception of losses from the sale of shares). Shareholders may be liable for church tax, which is generally deducted by way of withholding by the German Disbursing Agent for dividends received after 31 December 2014, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

Individual shareholders who privately hold, directly or indirectly, an interest of at least 25% in the Company, and shareholders who privately hold, directly or indirectly, at least 1% in the Company and work for the Company, and thereby are able to exert a significant influence on the companies economic activity, may, in principle, demand exemption from the compensatory taxation of capital income in the amount of 25 % within the meaning of Section 32d para. 1 sentence 1 EStG. In this case, 60% of the dividends paid to the shareholder are subject to income tax according to the applicable rate plus solidarity surcharge (plus church tax, if any) thereon. Expenses incurred in connection with dividend income are then generally 60% tax-deductible. The levied withholding tax is offset against the income tax and any excess withholding tax is refunded. Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

Tax withheld in Luxembourg (15% of the dividends, see: "*23.1.3.1 Withholding Tax*") can generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident individual.

23.2.2.2.2 Shares held by corporations as business assets

In principle, dividends paid to corporations that are German tax residents are generally subject to corporate tax (and solidarity surcharge thereon) at a rate of 15.825%. However, dividends received are effectively 95% exempt from corporate tax (and solidarity surcharge thereon), if the corporation holds a direct participation of at least 10% in the share capital of the Company at the beginning of the calendar year in which the dividends are paid. The acquisition of a participation of at least 10% in the course of a calendar year is deemed to have occurred at the beginning of such calendar year for the purpose of this rule. Participations in the share capital of the Company which a corporate shareholder holds through a partnership, including co-entrepreneurships (*Mitunternehmerschaften*), are attributable to such corporate shareholder only on a pro rata basis at the ratio of the interest share of the corporate shareholder in the assets of relevant partnership and are deemed to be a direct holding. However, 5% of the dividend distributions are treated as non-deductible business expenses and are subject to corporate tax. Business expenses actually incurred in connection with dividend income are generally tax-deductible.

For trade tax purposes, dividends are only exempt as described above if the entity that is receiving the dividends held a stake of at least 10% in the share capital of the Company at the beginning of the assessment period. The German Act on the Further Tax Promotion of Electric Mobility and the Amendment of Further Tax Regulations (*Jahressteuergesetz 2019*, "**Annual Tax Act 2019**") increases this minimum participation so that dividends are exempt from trade tax from the assessment period 2020 onwards, provided that the participation in the registered share capital of the distributing company at the beginning of the assessment period was at least 15%. Otherwise, the dividends will be fully subject to trade tax. Under certain conditions no withholding tax should be levied by the German Disbursing Agent on dividends to corporations that are German tax residents. The same applies to the solidarity surcharge, which is levied in addition to the corporate income tax. Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

Tax withheld in Luxembourg (15% of the dividends, see: "*23.1.3.1 Withholding Tax*"), if any, can generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident Corporation. However, it is not possible to offset income that is exempt from corporation tax pursuant to Section 8b para. 1 KStG. In this case, it is also not possible to offset the 5% non-deductible operating expenses within the meaning of Section 8b para. 5 sentence 1 KStG against corporate tax.

23.2.2.2.3 Shares held as business assets of individuals (sole proprietors)

In principle, only 60% of the dividends paid to individuals who are German tax residents and who hold shares as part of their business assets are subject to income tax according to the applicable rate. A solidarity surcharge of 5.5% of this amount also applies as well as church tax, if any. Subject to certain prerequisites, no withholding tax should be imposed on to sole proprietors that are German tax residents by the German Disbursing Agent. To the extent withholding tax is levied, such withholding tax is offset against the personal income tax due and any excess amount is refunded. The same applies to the solidarity surcharge and church tax, if any. Business expenses incurred in connection with dividend

income from a tax perspective are generally only 60% tax-deductible. The dividends are also subject to trade tax, which is fully or partly credited towards the individual's income tax by means of a flat-rate imputation procedure. The dividends are exempt from trade tax, provided that the shareholder holds at least 10% of the Company's share capital at the beginning of the relevant assessment period. Under the Annual Tax Act 2019, becoming effective from the assessment period 2020 on, a participation in the registered share capital of the distributing company of at least 15% at the beginning of the respective assessment period is required for dividends to be exempt from trade tax. Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

Tax withheld in Luxembourg (15% of the dividends, see: "*23.1.3.1 Withholding Tax*") can generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident individual.

23.2.2.2.4 Shares held by a commercial partnership

Income tax or corporate income tax (in each case including solidarity surcharge and church tax, if any) is not levied at the level of the partnership (Mitunternehmerschaft) but rather at the level of the respective shareholder. Taxation is determined by whether the shareholder is a corporation or an individual.

If the shareholder is a corporation, the dividends contained in its profit share are taxed in accordance with the principles applicable to corporations (see: "*23.2.2.4.1.2 Shares held by corporations*"). If the partner is an individual (sole proprietors) and the shares are held as business assets, dividends contained in their profit share are taxed in accordance with the principles applicable to sole proprietors (see: "*23.2.2.2.3 Shares held as business assets of individuals (sole proprietor*s)"). Subject to certain conditions, an individual shareholder may request that its personal income tax in relation with earnings not withdrawn from the partnership may be subject to a favourable income tax rate.

If the partnership is liable for trade tax, it is levied at the level of the partnership. If an individual holds an interest in the partnership, the proportionate trade tax may be credited fully or partly towards the individual's income tax by means of a flat-rate imputation procedure. The dividends are exempt from trade tax, provided that the partnership holds at least 10% of the Company's share capital at the beginning of the relevant assessment period. The Annual Tax Act 2019 changes this threshold so that dividends are not subject to trade tax from the assessment period 2020 onwards, provided that the participation in the distributing corporation amounts to at least 15% of the share capital at the beginning of the respective assessment period. Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

Tax withheld in Luxembourg (15% of the dividends, see: "*23.1.3.1 Withholding Tax"*), can generally be credited against the individual partners' personal German tax liability on the share of Luxembourg dividends.

23.2.2.2.5 Shares held as part of the assets of certain companies in the financial and insurance sector

The tax exemption applicable to dividends does not apply to dividends paid to certain companies in the financial and insurance sector.

Dividends from shares that are part of the trading books of banks and financial services institutions in the meaning of the German Banking Act (*Kreditwesengesetz*), as well as dividends from shares that are acquired by certain financial enterprises with the aim of generating a short-term proprietary trading profit, are fully liable for corporate income tax (plus solidarity surcharge). If the stake held at the beginning of the relevant assessment period is 10% or higher, subject to certain conditions, the dividends can be fully exempted from trade tax. Under the Annual Tax Act 2019, becoming effective from the assessment period 2020 on, a participation in the registered share capital of the distributing company of at least 15% at the beginning of the respective assessment period is required for dividends to be exempt from trade tax. Dividends from shares that are classified as investments in the case of life insurers, health insurers and pension funds are fully subject to corporate income tax and trade tax.

Tax withheld in Luxembourg (15% of the dividends, see: "*23.1.3.1 Withholding Tax"*), if any, can generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident Corporation.

23.2.2.3 Shareholders with tax residence outside of Germany

Dividends paid to shareholders who are not German tax residents (individuals and corporations) should, absent a German limited tax liability, in principle not be subject to German taxation. However, if the Company's shares are held as part of business assets in Germany (that is, via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed), the provisions outlined above with respect to the taxation of shareholders that are German tax residents holding the Company's shares as business assets principally apply accordingly. No withholding tax should be imposed on to corporations that are German tax residents by a German Disbursing Agent. If the imposition of withholding tax was not refrained from by a German Disbursing Agent, the withholding tax amounts should be credited towards the shareholder's income tax or corporate income tax liability or refunded in the amount of any excess paid.

23.2.2.4 Taxation of Capital Gains

23.2.2.4.1 Shareholders with tax residence in Germany

23.2.2.4.1.1 Shares held as private assets

Capital gains are classified as private capital income and are subject to income tax (plus solidarity surcharge and church tax, if any) irrespective of how long the shares have been held.

If the shares are held in custody or administered by a German Disbursing Agent, the tax on the capital gains will in general be discharged for the account of the seller by the German Disbursing Agent imposing the withholding tax on investment income at the rate of 25% (plus 5.5% solidarity surcharge, resulting in a total withholding of 26.375%, and church tax, if any). The taxable capital gain is calculated by deducting the acquisition costs of the Company's shares and the expenses directly related to the disposal from the proceeds of the disposal.

A shareholder's income tax and solidarity surcharge liability is generally satisfied through the withholding of the withholding tax. Shareholders may, however, request that a tax assessment be carried out on their income from capital investments if this results in a lower tax liability. Investment income may be reduced only by a lump sum deduction amount of € 801 (€ 1,602 for jointly assessed married couples and registered partners); it is not possible to further deduct expenses actually incurred except for expenses incurred directly in connection with the disposal. Capital gains generated by the disposal of shares can be offset against other losses from capital income while capital losses incurred from the disposal of shares can only be offset against capital gains from the disposal of shares. Shareholders may be liable for church tax, which is generally deducted by way of withholding by the German Disbursing Agent for capital gains received after 31 December 2014, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the Federal Central Tax Office. Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

If the shareholder making the disposal—or, in the event of a sale of shares acquired without consideration, its legal predecessor—held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding or at the moment of the disposal, any capital gains realised are deemed to be trade income such that any withholding tax levied on the capital gains does not satisfy the tax liability. The capital gains are 60% taxable at the individual income tax rate of the shareholder (plus 5.5% solidarity surcharge thereon, and church tax, if any), and, correspondingly, only 60% of the operating expenses economically related to the capital gain and only 60% of any capital losses will be is recognised for income tax purposes. The withholding tax and solidarity and church tax, if any, surcharge withheld are credited towards the shareholders' tax liability or refunded.

23.2.2.4.1.2 Shares held by corporations

Gains from the disposal of shares held by corporations that are German tax residents (registered office or place of management) are generally not subject to withholding tax and are in principle exempt from corporate income tax and trade tax. However, 5% of the capital gains are deemed non-deductible business expenses and are thus subject to corporate income tax (plus solidarity surcharge thereon) and to trade tax. Consequently, capital gains are generally effectively 95% exempt from tax. As a rule, losses on disposals and other profit reductions in connection with the shares sold may not be deducted as business expenses.

23.2.2.4.1.3 *Shares held as business assets of a sole proprietor*

Gains from the disposal of shares held by individuals are not subject to withholding tax if the shares are held as business assets of the sole proprietor with tax residence in Germany and the sole proprietor declares this fact to the German Disbursing Agent on the designated official form. If withholding tax including solidarity surcharge was levied, this does not have a compensatory effect. Instead, the amounts withheld are credited towards the seller's income tax (plus solidarity surcharge) liability or refunded in the amount of any excess paid. 60% of the gains from the disposal of the shares are subject to income tax (plus solidarity surcharge and church tax, if any) at the individual tax rate of the shareholder and—if the shares are held as part of commercial business assets in Germany—to trade tax. The trade tax is (partially) credited to the shareholder's personal income tax by means of a flat-rate imputation procedure. Generally, only 60% of the losses on disposals and business expenses commercially linked to the shares sold may be deducted.

23.2.2.4.1.4 *Shares held as business assets of a commercial partnership*

Income tax or corporate income tax is not levied at the level of the partnership (*Mitunternehmerschaft*) but at the level of the respective shareholder. If shares are held as business assets of the partnership, taxation is determined as if the partner held a direct interest in the Company, according to the rules outlined above depending on whether the partner is a corporation (see: "*23.2.2.4.1.2 Shares held by corporations*") or an individual (see: *"23.2.2.2.3 Shares held as business assets of a individuals (sole proprietors)*"). Upon application and subject to further conditions, a partner that is an individual may, subject to certain conditions, have its personal income tax lowered for earnings attributable to him and that have not been withdrawn from the partnership.

Trade tax, however, is assessed and levied at the level of the partnership considering the trade tax rules applicable to the partners holding the interest in the relevant partnership. In case the partner is an individual, the trade tax paid by the partnership is generally credited on a pro-rata basis as a lump-sum against the individual partners' personal income tax liability.

23.2.2.4.1.5 *Shares held as part of assets of certain companies in the financial and insurance sector*

Capital gains realised by certain companies in the financial and insurance sector are, as an exception to the aforementioned rules, fully taxable. This applies to gains from the disposal of shares in the trading books of banks and financial services companies in the meaning of the German Banking Act (*Kreditwesengesetz*), to gains from the disposal of shares that were acquired by financial enterprises with the aim of generating a short-term proprietary trading profit, as well as to gains from the disposal of shares held as investments by life insurers, health insurers and pension funds. In turn, capital losses are generally fully tax deductible.

23.2.2.4.1.6 *Shareholders with tax residence outside Germany*

Gains from the sale of shares held by shareholders (individuals and corporations) who are not tax resident in Germany may also be subject to taxation in Germany as of 1 January 2019 due to changes in the law, provided that (i) the shareholder, taking into account a period of five years prior to the sale date or at the moment of the sale, directly or indirectly held at least 1% of the share capital of the Company and (ii) the value of the shares at any time during the 365 days prior to the sale was based directly or indirectly on more than 50% of immovable assets located in Germany. The extent to which applicable double taxation treaties restrict the right of taxation of Germany or assign the sole right of taxation to the state of residence must be examined individually for each investor in accordance with the provisions of the double taxation treaties. In the event of taxation of capital gains in Germany, the same provisions that apply to the taxation of shareholders resident in Germany and holding shares as business assets apply (see "*23.2.2.4 Taxation of Capital Gains*").

Gains from the disposal of shares held as part of German business assets (that is, via a permanent establishment or as part of business assets for which a permanent representative in Germany has been appointed) by non-resident shareholders are taxed in Germany principally according to the same provisions that apply to the taxation of shareholders that are German tax residents holding the shares as business assets (see: "*23.2.2.4 Taxation of Capital Gains*" above).

23.2.3 If the Company qualifies as investment fund in the sense of the German Investment Tax Act

As of 1 January 2018 changes to the German Investment Tax Act became effective introducing a new taxation regime for (retail) investment funds, whereas the semi-transparent taxation regime for special investment funds basically continues to apply (general treatment of the unit holder, as if he would hold the fund's assets directly with certain exemptions), if the relevant requirements are fulfilled. If the company would not qualify as special investment fund the unit holders would be subject to taxation on (i) distributions, (ii) pre-determined tax bases (*Vorabpauschalen*) and (iii) capital gains from the sale of investment fund units. Special partial tax exemptions would be available on such income received from the fund depending on the investment strategy of the fund and the individual tax status of the unit holder (e.g. private, business or corporate investor).

23.2.4 German CFC Rules

German resident investors (individuals or corporate shareholders) collectively holding 50% or more of the shares or voting rights in the Company may become subject to the German CFC rules (*Hinzurechungsbesteuerung*) pursuant to the German Foreign Tax Act (*Außensteuergesetz*) to the extent that the income of the Company qualifies as (low taxed) passive income (*Zwischeneinkünfte*) for German CFC rules purposes. The effective low tax rate in the sense of German CFC rules is currently set at 25%.

Irrespective of the 50% threshold each German resident shareholder that holds at least 1% of the shares or voting rights in the Company may become subject to the German CFC rules to the extent that the income of the Company qualifies as passive capital investment income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) provided that gross earnings, on which the passive capital investment income are based on, make up more than 10% of the entire gross earnings of all passive income of the Company in the respective fiscal year.

However, in either of the above situations German CFC rules may not result in an income attribution for German tax purposes to the extent that the German resident investor is able to evidence to the German tax authorities that the Company carries out an actual business in Luxembourg.

The draft bill regarding the implementation of the Anti Tax Avoidance Directive (ATAD) by the EU in 2016 in Germany has been published on 10 December 2019 and includes the revision of the current CFC rules in Germany. It is anticipated that the final bill will be applicable with retroactive effect to 1 January 2020.

The current version of the draft bill includes amendments regarding the threshold of foreign share holdings by German resident investors. The current law takes into account with regard to the "control of a foreign company" criterion, the collective holdings of all German resident investors in a foreign based (low taxed) company whereas the amendments within the draft bill stipulate a shareholder-related approach, taking into account related parties. Thus, for the present case only shareholders who individually or taking into account related parties hold more than 50% of the Company may fall under the scope of CFC rules.

23.2.5 Inheritance and Gift Tax

The transfer of shares to another person upon death or as a gift is generally subject to German inheritance or gift tax in the following circumstances:

(i) the place of residence, customary place of abode, place of management or registered office of the testator, the donor, the heir, the done or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five consecutive years outside Germany without having a place of residence in Germany (this term is extended to ten years for German expatriates with U.S. residence); or

(ii) the testator's or donor's shares were part of business assets for which there was a place of business in Germany or for which a permanent representative was appointed.

The small number of double taxation treaties regarding inheritance and gift tax that Germany has concluded to date generally provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special arrangements apply to certain German nationals and former German nationals living outside Germany.

23.2.6 Other Taxes

No German capital transfer tax, value added tax, stamp duty or similar taxes are levied on the purchase or disposal of shares or other forms of share transfer. However, an entrepreneur can opt to pay VAT on the sale of shares, despite being generally exempt from value-added tax, if the shares are sold to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

23.2.7 The Proposed Financial Transaction Tax

The European Commission has published a proposal for a Directive for a common Financial Transaction Tax ("**FTT**") in certain participating Member States.

The proposed FTT has very broad scope and could apply to certain dealings in financial instruments (including secondary market transactions).

The FTT could apply to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in financial instruments where at least one party is a financial institution, and either (i) at least one party is established or deemed to be established in a participating Member State or (ii) the financial instruments are issued in a participating Member State.

According to a press announcement of the EU Council, ten participating Member States, including Germany, currently intend to work on the introduction of an FTT based on a progressive implementation of such tax. The progressive implementation shall first focus on the taxation of shares and certain derivatives only. As to the further implementation of any FTT there is currently no detailed plan or timetable available.

Nevertheless, the proposed Directive remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear.
In December 2019, the German Federal Minister of Finance presented his European counterparts with a first draft bill on the Financial Transaction Tax. This draft bill initially provides for a tax on share purchases in ten EU Member States.

23.3 U.S. Federal Income Taxation—Notice to U.S. Investors

The following is a general summary of certain U.S. federal income tax considerations applicable to a U.S. Holder (as defined below) with respect to the Offer and the ownership and disposition of Offer Shares received pursuant to the Offer. This summary addresses only U.S. Holders that held TLG Shares as capital assets and will hold Offer Shares as capital assets. This summary is for general information purposes only and does not purport to be a complete discussion of all potential U.S. federal income tax considerations that may apply to a U.S. Holder as a result of the Offer. This summary does not consider the individual facts and circumstances of any particular holder that may affect the U.S. federal income tax consequences to such holder, including any tax consequences to a holder under an applicable income tax treaty. Accordingly, this summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice.

This summary does not address the U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences to U.S. Holders with respect to the Offer or the ownership and disposition of the Company's shares received pursuant to the Offer. Except as discussed below, this summary does not discuss reporting requirements. U.S. Holders should consult their own tax advisors regarding the U.S. federal, U.S. federal alternative minimum, U.S. federal estate and gift, U.S. state and local, and non-U.S. tax consequences of the Offer and the ownership and disposition of Offer Shares received pursuant to the Offer.

This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations (whether final, temporary, or proposed), published rulings and administrative positions of the U.S. Internal Revenue Service ("**IRS**"), and U.S. court decisions that are applicable and, in each case, as in effect and available, as of the date of this Prospectus. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive or prospective basis which could affect the U.S. federal income tax considerations described in this summary.

For purposes of this summary, the term "**U.S. Holder**" means a beneficial owner of TLG Shares (or, after the completion of the Offer, Offer Shares) participating in the Offer or receiving cash pursuant to the Offer that is: (a) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes; (b) a corporation (or other entity taxable as a corporation for U.S. federal income

tax purposes) created or organised in or under the laws of the United States, any state thereof, or the District of Columbia; (c) an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if it (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to the control all substantial decisions, or (ii) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This summary does not address all of the U.S. federal income tax consequences of the Offer or the ownership and disposition of Offer Shares received pursuant to the Offer that may be applicable to U.S. Holders that are subject to special provisions under the Code, including, but not limited to, U.S. Holders that: (a) are tax exempt organisations, qualified retirement plans, individual retirement accounts, or other tax deferred accounts; (b) are financial institutions, underwriters, insurance companies, real estate investment trusts, or regulated investment companies; (c) are brokers or dealers in securities or currencies or holders that are traders in securities that elect to apply a mark-to-market accounting method; (e) have a "functional currency" other than the U.S. dollar; (f) own TLG Shares (or after the completion of the Offer, the Offer Shares) as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) acquired TLG Shares (or after the completion of the Offer, Offer Shares) in connection with the exercise of employee stock options or otherwise as compensation for services; (h) are partnerships or other pass-through entities (and investors in such partnerships and entities); (i) are required to accelerate the recognition of any item of gross income with respect to TLG Shares (or after the completion of the Offer, Offer Shares) as a result of such income being recognised on an applicable financial statement; (j) are U.S. expatriates or former long-term residents of the United States; or (k) own, have owned (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the TLG's outstanding shares, or will own (directly, indirectly, or by attribution) 10% or more of the total combined voting power or value of the Company's outstanding shares after the completion of the Offer. U.S. Holders that are subject to special provisions under the Code, including holders described immediately above, should consult their own tax advisors regarding the U.S. and non-U.S. tax consequences relating to the Offer and the ownership and disposition of Offer Shares received pursuant to the Offer.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds TLG Shares (or after the completion of the Offer, Offer Shares), the U.S. federal income tax consequences to such partnership and the partners of such partnership participating in the Offer and the ownership and disposition of Offer Shares received pursuant to the Offer generally will depend in part on the activities of the partnership and the status of such partners. This summary does not address the tax consequences to any such partner or partnership. Partners of entities or arrangements that are classified as partnerships or pass-through entities for U.S. federal income tax purposes should consult their own tax advisors regarding the U.S. federal income tax consequences of the Offer and the ownership and disposition of Offer Shares received pursuant to the Offer.

Except as provided below, the following discussion assumes that the Company is not and will not become a passive foreign investment company ("**PFIC**") for U.S. federal income tax purposes, which the Company believes to be the case. Please see the discussion under "*23.3.2 Passive Foreign Investment Company Rules*" for a description of the special rules governing PFICs and their possible application to the Offer and the ownership and disposition of Offer Shares.

23.3.1 U.S. Federal Income Tax Consequences of the Offer to U.S. Holders

23.3.1.1 U.S. Holders Receiving Offer Shares

A U.S. Holder exchanging TLG Shares for Offer Shares pursuant to the Offer will realise capital gain or loss. Subject to the discussion of the PFIC rules below, whether such exchange will be a taxable transaction such that the U.S. Holder will recognise such gain or loss for U.S. federal income tax purposes will depend on whether the completion of the Offer satisfies the conditions for treatment as a reorganisation described in section 368(a)(1)(B) of the Code (a "**B Reorganisation**"). As of the date of this Prospectus, it is not known whether the conditions for qualification as a B Reorganisation will be met.

If the completion of the Offer fails to qualify as a B Reorganisation, subject to the discussion of the provisions of Section 367(a) of the Code and the PFIC rules below, a U.S. Holder's exchange of TLG Shares for Offer Shares pursuant to the Offer will be a taxable transaction for U.S. federal income tax purposes. Subject to the discussion of the PFIC rules below, a U.S. Holder that receives Offer Shares

in this situation will recognise capital gain or loss equal to the difference between (a) the fair market value of the Offer Shares received (as of the effective date of the exchange) and (b) the U.S. Holder's adjusted tax basis in the TLG Shares exchanged, each as determined in U.S. dollars. The gain or loss will be long-term gain or loss if the U.S. Holder has held the TLG Shares for more than one year. Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate, or trust. There are no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code. The Offer Shares received would have a basis equal to their fair market value, determined in U.S. dollars, as of the effective date of the exchange and a holding period beginning on the day following that date.

If, however, the completion of the Offer qualifies as a B Reorganisation, subject to the discussion of the provisions of Section 367(a) of the Code and the PFIC rules below, a U.S. Holder (i) generally will recognise no gain or loss on receipt of Offer Shares, (ii) will have a basis in the Offer Shares received equal to its adjusted tax basis in the TLG Shares exchanged, and (iii) will have a holding period in the Offer Shares that includes its holding period in those TLG Shares. If a U.S. Holder acquired different blocks of TLG Shares at different times or at different prices, the U.S. Holder's adjusted tax basis and holding period in the Offer Shares will be determined separately for each block of shares.

A U.S. Holder that receives a cash payment instead of a fractional Offer Share will recognise capital gain or loss to the extent such cash payment is treated as made in exchange for the fractional share. Such gain or loss will be equal to the difference between (i) the cash amount received and (ii) the amount of the holder's adjusted tax basis in the TLG Shares allocable to the fractional share, each as determined in U.S. dollars. This gain or loss will be capital gain or loss and will be long-term capital gain or loss if, on the date of the completion of the Offer, such TLG Shares were held for more than one year. Net capital losses may be subject to limits on deductibility. Any gain or loss generally will be treated as arising from U.S. sources.

Whether the Offer will qualify as a B Reorganisation will depend on whether certain factual conditions are met. The Offer will not qualify as a B Reorganisation unless the Company (a) acquires the TLG Shares solely for Offer Shares (except for cash in lieu of fractional shares), and (b) acquires at least 80% of the TLG Shares. Accordingly, if the Company fails to acquire at least 80% of the TLG Shares, the completion of the Offer will fail to qualify as a B Reorganisation. Additionally, even if the Company acquires a sufficient number of TLG Shares to meet this condition, the completion of the Offer will fail to qualify as a B Reorganisation if the Company pays cash (or other property) to any holder of TLG Shares (or assumes any liability of any holder of TLG Shares) in any transaction that, for U.S. federal income tax purposes, is properly treated as integrated with the Offer (including, for example, (w) an open-market cash purchase by the Company of TLG Shares after the completion of the Offer, (x) a payment of cash to non-exchanging holders in a "squeeze out" to acquire such non-exchanging holders' TLG Shares pursuant to a delisting of TLG or other corporate action requiring such an acquisition, (y) a cash purchase of TLG Shares made in connection with the Company and TLG entering into a domination and/or profit transfer agreement, and (z) the payment of cash proceeds from the sale of Offer Shares to which a holder of TLG Shares would otherwise have been entitled). Similarly, if the Company holds less than 80% of the TLG Shares after the exchange, the completion of the Offer could fail to qualify as a B Reorganisation.

As of the date of this Prospectus, it is not known whether the above factual conditions will be met. Information about certain actions that could disqualify the completion of the Offer from being treated as a B Reorganisation (for example, information about some open-market cash purchases, "squeeze-out" proposals, cash purchases made in connection with a domination and/or profit transfer agreement, or payments of cash proceeds from the sale of Offer Shares to which a holder of TLG Shares would otherwise have been entitled) may be publicly available in the future. However, some such activities could occur after the due date for a U.S. Holder's tax return for the year in which the exchange occurred, meaning that U.S. Holders participating in the Offer may be required to file amended tax returns and could, in such a case, be subject to interest and/or penalties. In addition, other actions which could cause the Offer to fail to qualify as a B Reorganisation (for example, open-market cash purchases by the Company of TLG Shares made more than one year after the offer period expires) are not necessarily subject to disclosure requirements.

Therefore, U.S. Holders of TLG Shares may not be able to obtain all the information that is necessary to determine whether the completion of the Offer qualifies as a B Reorganisation. U.S. Holders of TLG

Shares may be subject to interest and/or penalties if they treat the completion of the Offer as a B Reorganisation but this position is successfully challenged or rendered incorrect by subsequent events. U.S. Holders of TLG Shares that are tendered in the Offer should therefore monitor publicly available information and consult with their tax advisors about the Offer.

A U.S. Holder treating the completion of the Offer as part of a B Reorganisation may be required to attach to its U.S. federal income tax return for the year in which it receives Offer Shares a statement setting forth certain information regarding application of the tax-free Reorganisation requirements (including information about the TLG Shares exchanged and the Offer Shares received) and to maintain certain records regarding the Offer.

23.3.1.2 Taxation under Section 367(a) of the Code

Even if the completion of the Offer qualifies as a B Reorganisation, a U.S. Holder who is a "five-percent transferee shareholder" (as defined in the applicable Treasury Regulations under Section 367(a) of the Code) with respect to the Company after the completion of the Offer will qualify for non-recognition treatment as described above only if the U.S. Holder enters into a "gain recognition agreement", as defined in the Treasury Regulations, with the IRS. A U.S. Holder that will be a five-percent transferee shareholder with respect to the Company after the completion of the Offer should consult its tax advisor with respect to the decision to file a gain recognition agreement and the procedures to be followed in connection with such filing.

23.3.1.3 U.S. Holders Receiving Cash in Lieu of Offer Shares

The receipt of cash in lieu of Offer Shares by a U.S. Holder pursuant to the Offer will be a taxable transaction for U.S. federal income tax purposes. Subject to the discussion of the PFIC rules below, such a U.S. Holder will recognise capital gain or loss equal to the difference between (a) the amount of the cash received and (b) the U.S. Holder's adjusted tax basis in the TLG Shares exchanged, each as determined in U.S. dollars. The gain or loss will be long-term gain or loss if the U.S. Holder has held the TLG Shares for more than one year.

Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate, or trust. There are no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code.

23.3.2 Passive Foreign Investment Company Rules

23.3.2.1 Determination of PFIC Status

A non-U.S. corporation is classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying relevant look-through rules with respect to the income and assets of its subsidiaries, either: (i) 50% or more of the value of the corporation's assets either produce passive income or are held for the production of passive income, based on the quarterly average of the fair market value of such assets; or (ii) at least 75% of the corporation's gross income is passive income. For this purpose, "passive income" generally includes, for example, dividends, interest, rents and royalties (other than certain rents and royalties that are derived in the active conduct of a trade or business), certain gains from the sale of stock and securities, and certain gains from commodities transactions.

23.3.2.2 Application to the Offer

If TLG is or ever was characterised as a PFIC for any year during a U.S. Holder's holding period for its TLG Shares, the completion of the Offer may be treated as a taxable transaction to a U.S. Holder, even if the completion of the Offer would otherwise qualify as a B Reorganisation. If the completion of the Offer is treated as a taxable transaction (either as a result of the PFIC rules or because the Offer does not qualify as a B Reorganisation), and TLG is or ever was treated as a PFIC during a U.S. Holder's holding period, the U.S. Holder would generally be required (i) to pay a special U.S. addition to tax on any gains on the share exchange and (ii) to pay tax on any gain from the share exchange at ordinary income (rather than capital gains) rates. U.S. Holders who have made a "qualifying electing fund" election or "mark-to-market" election with respect to their TLG Shares may be subject to different consequences. The Company does not have access to the full books and records of TLG, and

therefore cannot make any definitive statements about whether TLG is currently or has previously been a PFIC. In addition, because the determination of whether a corporation will be a PFIC for any taxable year can only be made after the close of such taxable year, whether TLG will be a PFIC for the taxable year during which the Offer cannot be known as of the date of this Prospectus. U.S. Holders of TLG Shares should consult their tax advisors regarding the potential application of the PFIC regime to the Offer.

In general, if the Company is determined to be a PFIC, a U.S. Holder may avoid special PFIC tax and interest charge rules described above with respect to the Offer Shares by making a timely election to treat the Company as a "qualified electing fund" for the taxable year that is the first year in the U.S. Holder's holding period of Offer Shares during which the Company was classified as a PFIC (a "**QEF Election**") or, if in a later taxable year, the U.S. Holder made a QEF Election together with a deemed sale election. The QEF Election requires the U.S. Holder to include in income its pro rata share of the Company's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the taxable year of the U.S. Holder in which or with which the Company's taxable year ends. A deemed sale election creates a deemed sale of the U.S. Holder's Offer Shares at their then fair market value and requires the U.S. Holder to recognize gain pursuant to the election subject to the special PFIC tax and interest charge rules described above. As a result of any deemed sale election, the U.S. Holder would have a new basis and holding period in its Offer Shares.

In order to comply with the requirements of a QEF Election, a U.S. Holder must receive certain information from the Company. However, there is no assurance that the Company will have timely knowledge of its status as a PFIC in the future or that the Company will provide U.S. Holders with the information required to make a QEF Election in event that the Company is determined to be a PFIC. Thus, U.S. Holders may not be able to make a QEF Election with respect to their Offer Shares.

Alternatively, if the Company is determined to be a PFIC and a U.S. Holder, at the close of its taxable year, owns Offer Shares that are treated as marketable stock, the U.S. Holder may make a mark-to-market election with respect to such Offer Shares for such taxable year. If such an election is available and has been made for the first taxable year of the U.S. Holder in which the U.S. Holder holds (or is deemed to hold) Offer Shares and for which the Company is classified as a PFIC, such holder generally will not be subject to the special PFIC tax and interest charge rules described above. Instead, in general, the U.S. Holder will include as ordinary income for each of the taxable years the excess, if any, of the fair market value of its Offer Shares at the end of such taxable year over the adjusted basis in its Offer Shares. The U.S. Holder also will be allowed to take an ordinary loss in respect of the excess, if any, of the adjusted basis of its Offer Shares over the fair market value of its Offer Shares at the end of such taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in its Offer Shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of the Offer Shares will be treated as ordinary income.

The mark-to-market election is available only for "marketable stock," meaning stock that is regularly traded on a qualified exchange or other market. The Offer Shares will be marketable stock for any year in which the Frankfurt Stock Exchange is a qualified exchange and the Company's shares are traded in other than de minimis quantities on such exchange. The Company believes that the Frankfurt Stock Exchange is a qualified exchange and that trading in the Company's shares will be sufficient for the Offer Shares to be considered marketable stock, but there can be no assurance that the Frankfurt Stock Exchange is or will continue to be a qualified exchange or that trading in the Company's shares will be sufficiently active to qualify the Offer Shares as marketable stock. U.S. Holders should consult their own tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to the Offer Shares under their particular circumstances.

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder generally is required to file an IRS Form 8621 and such other information as may be required under the Treasury Regulations or other IRS guidance. In addition to penalties, a failure to satisfy such reporting requirements may result in an extension of the period during which the IRS can assess a tax. U.S. Holders should consult their own tax advisors regarding these filing requirements.

23.3.2.3 Application to the Company

Based on its current assets, income, and activities, the Company believes that it is not and will not become a PFIC for U.S. federal income tax purposes in the foreseeable future. However, the rules

applicable to the determination of whether rents and gains from self-managed real estate are active income and such real estate holdings are active assets are uncertain where management functions are performed by affiliates of the lessor. Because the Company's real property investments are at least in part managed by affiliates that do not themselves own real property, those investments, and income and gains from them, may not be active assets or income for purposes of these rules. Recently proposed U.S. Treasury Regulations (the "**Proposed Regulations**") generally provide that, in determining whether rents and gains from real estate are active, a corporation being tested for PFIC status may take into account the activities performed by officers and employees of any subsidiary or partnership in which such corporation owns more than 50% by value. Taxpayers are permitted to rely on the Proposed Regulations before they are finalised, provided they consistently apply all the rules under the Proposed Regulations. However, no assurance can be given that the IRS will not challenge the Company's position that its rental income and assets are active or that such a challenge would not be sustained.

If the Company were a PFIC in any year during which a U.S. Holder owns Offer Shares, that holder generally will (i) be subject to additional taxes on any "excess distributions" (generally distributions during a taxable year exceeding 125% of the average amount received during the three preceding taxable years or, if shorter, the U.S. Holder's holding period) received from the Company and on any gain realised from the sale or other disposition of Offer Shares (regardless of whether the Company continued to be a PFIC) and (ii) pay tax on any such gain at ordinary income (rather than capital gains) rates. In addition, dividends on Offer Shares would not be eligible for the preferential tax rate applicable to qualified dividend income received by individuals and certain other non-corporate persons if the Company were a PFIC either in the taxable year of the distribution or the preceding taxable year.

The determination of whether the Company was, or will be, a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. In addition, because the determination of whether the Company will be a PFIC for any taxable year can only be made after the close of such taxable year and such determination will depend on the composition of the Company's income and assets and the market value of its assets from time to time, there can be no assurance that the Company will not be considered a PFIC for the taxable year in which the Offer is completed or any future taxable year. Due to the complexity of the PFIC rules, U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to their ownership and disposition of Offer Shares.

23.3.3 Ownership and Disposition of Offer Shares

23.3.3.1 Distributions on Offer Shares

Subject to the discussion under "*23.3.2 Passive Foreign Investment Company Rules*" above, the gross amount of any distribution paid on Offer Shares (including amounts withheld in respect of Luxembourg taxes; see "*23.1.3.1 Withholding Tax*") will be treated as a dividend to the extent paid out of the Company's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Such amount will be includible in a U.S. Holder's income as ordinary income when actually or constructively received. Any such dividends will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other U.S. corporations. The amount of the dividend that the U.S. Holder must include in its income will be the U.S. dollar value of the non-U.S. dollar payments made, determined at the spot rate in effect on the date the dividend distribution is includible in the U.S. Holder's income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is included in the U.S. Holder's income to the date the payment is converted into U.S. dollars will be treated as ordinary income or loss.

With respect to non-corporate U.S. Holders, certain dividends received from a "qualified foreign corporation" may be subject to reduced rates of taxation, provided that certain holding period requirements and other conditions are satisfied. A qualified foreign corporation includes a non-U.S. corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the U.S. Treasury determines is satisfactory for purposes of these rules and that includes an exchange of information programme. There is a comprehensive income tax treaty between the United States and Luxembourg that the Secretary of the U.S. Treasury has determined is satisfactory for purposes of the above rules and the Company is a resident of Luxembourg that should be eligible for the benefits of such treaty. The Company will not be a qualified foreign corporation for purposes of these rules if it is a PFIC for the taxable year in which it pays a dividend or for the preceding taxable year. See "*23.3.2 Passive Foreign Investment Company Rules*" above.

To the extent that the amount of any distribution exceeds the Company's current and accumulated earnings and profits for a taxable year, as determined under U.S. federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the Offer Shares, and the remainder in excess of adjusted basis will be taxed as capital gain recognised on a sale or exchange, as described below under "*23.3.3.2 Disposition of Offer Shares*". However, the Company does not expect to keep earnings and profits in accordance with U.S. federal income tax principles. Therefore, a U.S. Holder should expect that any distributions paid on Offer Shares will generally be treated as a dividend (as discussed above).

Subject to certain conditions and limitations, Luxembourg withholding taxes on dividends paid by the Company (see: "*23.1.3.1 Withholding Tax*") may be eligible for credit against a U.S. Holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. For purposes of calculating the U.S. foreign tax credit, dividends paid on Offer Shares will generally be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing the U.S. foreign tax credit are complex and U.S. Holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit in their particular circumstances.

23.3.3.2 Disposition of Offer Shares

A U.S. Holder generally will recognise gain or loss on the sale or other taxable disposition of Offer Shares in an amount equal to the difference, if any, between (i) the amount of cash plus the fair market value of any property received, and (ii) such U.S. Holder's tax basis in the Offer Shares sold or otherwise disposed of, each as determined in U.S. dollars. Subject to the discussion under "*23.3.2 Passive Foreign Investment Company Rules*" above, any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Offer Shares is more than one year.

Preferential tax rates for long-term capital gains are generally applicable to a U.S. Holder that is an individual, estate, or trust. There are no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses are subject to complex limitations under the Code.

23.3.4 Additional U.S. Federal Income Tax Considerations Relevant to U.S. Holders

23.3.4.1 Additional Tax on Passive Income

Certain U.S. Holders that are individuals, estates or trusts (other than trusts that are exempt from such tax) will be subject to a 3.8% tax on all or a portion of their "net investment income", which includes dividends on the Offer Shares and net gains from the disposition of TLG Shares or Offer Shares. U.S. Holders should consult their tax advisors with respect to the net investment income tax and its applicability in their particular circumstances.

23.3.4.2 Reporting Requirements with Respect to Foreign Financial Assets

Under U.S. federal income tax law, certain categories of U.S. Holders must file information returns with respect to their investment in, or involvement in, TLG or the Company. For example, U.S. return disclosure obligations (and related penalties) are imposed on individuals who are U.S. Holders that hold certain specified foreign financial assets in excess of certain thresholds. The definition of "specified foreign financial assets" includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a non-U.S. entity. Penalties for failure to file certain of these information returns are substantial. U.S. Holders should consult their own tax advisors regarding the requirements of filing information returns under these rules.

The discussion of reporting requirements set forth above is not intended to constitute an exhaustive description of all reporting requirements that may apply to a U.S. Holder. A failure to satisfy certain reporting requirements may result in an extension of the time period during which the IRS can assess a tax, and under certain circumstances, such an extension may apply to assessments of amounts unrelated to any unsatisfied reporting requirement. U.S. Holder should consult their own tax advisors regarding the information reporting and backup withholding rules.

23.3.4.3 Information Reporting and Backup Withholding

Dividends paid on Offer Shares and payments of cash made within the United States or by a U.S. payor or U.S. middleman in connection with the Offer may be subject to information reporting and backup withholding tax, currently at a rate of 24%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number and other required information (generally on an IRS Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, or (c) fails to establish that such U.S. Holder is otherwise exempt from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the U.S. Internal Revenue Service in a timely manner. U.S. Holders should consult their own tax advisors regarding the information reporting and backup withholding rules in their particular circumstances and the availability of and procedures for obtaining an exemption from backup withholding.

24. PUBLICATIONS OF THE COMPANY IN RELATION TO THE PROPOSED TAKEOVER OF TLG IMMOBILIEN AG

This section contains the publications by the Company in connection with the intended takeover of TLG IMMOBILIEN AG. The notifications reproduced correspond to the state of knowledge of the Company at the time of their publication and have not been subsequently updated. The events or expectations described therein may no longer be current. The notifications reproduced in this section should therefore be read in conjunction with the other sections of this Prospectus. The definitions used in these publications shall only apply to this section and differs from defined terms used in other parts of this Prospectus.

Disclosure of inside information pursuant to Article 17 of Regulation (EU) No 596/2014 on market abuse

Aroundtown SA announces the commencement of the review of a possible merger with TLG IMMOBILIEN AG following TLG's acquisition of 9.99% of the shares in Aroundtown from its largest shareholder Avisco.

Grand Duchy of Luxembourg, 1 September 2019, 20:15 CEST

The Board of Directors of Aroundtown SA (the "**Company**") (ISIN LU1673108939) has been informed that its largest shareholder Avisco sold a stake of 9.99% in the shares of the Company to TLG IMMOBILIEN AG ("**TLG**"), a German commercial real estate company listed on the regulated market of the Frankfurt Stock Exchange, at a price of € 8.3 per share which corresponds to the EPRA NAV of the Company as of 30 June 2019. The shareholding of Avisco is reduced to 17%. Additionally, Avisco and TLG entered into an option agreement relating to further up to 4.99% shares in the Company currently held by Avisco. In the case of the full exercise of the options, the shareholding of TLG in the Company will increase to 14.99% based on the current share capital of the Company. The exercise of the options is subject to certain conditions precedent including merger clearance. Additionally, TLG and Avisco have agreed to a lock-up of shares representing each 9.99% in Aroundtown (based on the current share capital) until the earlier of 31 August 2020 or a potential merger between the Company and TLG.

The Board of the Company welcomes TLG as an investor in the Company and resolved to start with the evaluation of a potential merger with TLG and to commence discussions in relation thereto

Corporate News of 1 September 2019

Aroundtown SA announces the commencement of the review of a possible merger with TLG IMMOBILIEN AG following TLG's acquisition of 9.99% of the shares in Aroundtown from its largest shareholder Avisco.

The Board of Directors of Aroundtown SA (the "**Company**") has been informed that its largest shareholder Avisco sold a stake of 9.99% in the shares of the Company to TLG IMMOBILIEN AG ("**TLG**"), a German commercial real estate company listed on the regulated market of the Frankfurt Stock Exchange, at a price of € 8.3 per share which corresponds to the EPRA NAV of the Company as of 30 June 2019. The shareholding of Avisco is reduced to 17%. Additionally, Avisco and TLG entered into an option agreement relating to further up to 4.99% shares in the Company currently held by Avisco. In the case of the full exercise of the options, the shareholding of TLG in the Company will increase to 14.99% based on the current share capital of the Company. The exercise of the options is subject to certain conditions precedent including merger clearance. Additionally, TLG and Avisco have agreed to a lock-up of shares representing each 9.99% in Aroundtown (based on the current share capital) until the earlier of 31 August 2020 or a potential merger between the Company and TLG.

The Board of the Company welcomes TLG as an investor in the Company and resolved to start with the evaluation of a potential merger with TLG and to commence discussions in relation thereto.

Frank Roseen, member of the Board of Directors of the Company: "We welcome the investment from TLG in our company which we see as a testimony of our successful strategy and track record of value creation. We look forward to working with TLG and evaluate the merits of a potential merger between our two companies."

Avisco stated: "Today's announcement is the first step to enlarge the footprint in the European commercial real estate market. The combined companies will remain focused offices and hotel in Germany and the Netherlands, which are the most attractive locations and segments in commercial real estate. We are excited about the prospects of the potential combination and support the leadership teams of Aroundtown and TLG in their forthcoming discussions."

Disclosure of inside information according to Article 17 of Regulation (EU) No 596/2014 on market abuse of 26 October 2019

AROUNDTOWN SA AND TLG IMMOBILIEN AG AGREE ON ESSENTIAL NON-BINDING TERMS FOR POTENTIAL MERGER

Grand Duchy of Luxembourg, 26 October 2019, 23:45 CEST

Following Aroundtown SA's ("**Aroundtown**") announcement on 1 September 2019 on the evaluation of a potential merger with TLG IMMOBILIEN AG ("**TLG**"), both companies have evaluated the potential merger and the best possible way to achieve a successful combination of their businesses from an economic, financial, operational, legal and tax standpoints. Aroundtown`s Board of Directors resolved today the execution of a non-binding term sheet with TLG, setting the essential terms and conditions of a potential merger of the two companies.

The now agreed term sheet provides for a merger by way of voluntary public offer (*freiwilliges öffentliches Übernahmeangebot*) by Aroundtown for all shares in TLG against a consideration consisting of new shares to be issued by Aroundtown. A final decision to launch an offer has not yet been made by Aroundtown and remains subject to several conditions yet to be agreed, the approval of any definitive agreement with TLG, the final analysis of the synergies and a resolution of the Board of Directors of Aroundtown.

The proposed transaction and the exchange ratio will be determined on the basis of Aroundtown's and TLG's EPRA NAV per share, subject to statutory minimum price rules.

The combined company is contemplated to do business under a new name to be defined by Aroundtown and TLG and have its operational headquarters in Berlin, Germany.

Upon Aroundtown holding 50% or more of all shares in TLG at closing or at a later point ("Holding Threshold"), it is contemplated that Aroundtown introduces a governance structure consisting of a management body (*comité de direction*) which will include five members and a board of directors which will include six or seven members. Three members of such board are proposed to be independent.

Upon Aroundtown reaching the Holding Threshold, TLG will nominate the initial chairman of Aroundtown's board of directors and the CFO. In the event Aroundtown holds 66% or more of all TLG Shares, TLG will nominate an additional member to the management body. One of the members nominated by TLG will act as co-CEO. The remaining positions in the management body (including the CEO) and in the board of directors will be nominated by Aroundtown.

Based on the discussions to date, Aroundtown and TLG have identified potential synergies for increasing the FFO and value creation through a merger. The parties continue to evaluate and refine their analysis to determine opportunities for synergies and to quantify them.

The signing of any legally binding agreement is subject to the agreement of both parties with respect to all terms and conditions of any combination, satisfactory results of due diligence and the approval of any definitive agreement by Aroundtown's board of directors, as well as TLG's Management Board and the Supervisory Board.

Corporate News of 27 October 2019

AROUNDTOWN AND TLG IMMOBILIEN AGREE ON ESSENTIAL NON-BINDING TERMS FOR THEIR POTENTIAL MERGER

- Aroundtown to make a voluntary offer in shares for all outstanding shares in TLG to optimise transaction impact
- The combination is expected to be NAV and FFO accretive to shareholders of both companies on the basis of ongoing preliminary synergy assessment
- Exchange ratio to be determined on the basis of the EPRA NAVs per share of both companies
- Best-in-class governance of the company following a successful merger in principle agreed, with TLG management further strengthening the existing Aroundtown management team
- Significant progress in ongoing negotiations towards agreeing final binding terms of the transaction, which are expected to be announced before year end

27 October 2019

Following Aroundtown SA's ("**Aroundtown**") announcement on 1 September 2019 on the evaluation of a potential merger with TLG IMMOBILIEN AG ("**TLG**"), both companies have analysed the potential merger and the best possible way to achieve a successful combination of their businesses from an economic, financial, operational, legal and tax standpoint. Aroundtown`s Board of Directors resolved yesterday the execution of a non-binding term sheet with TLG, thereby determining the essential terms and conditions of a potential merger of the two companies.

The now agreed term sheet provides for a merger by way of a voluntary public offer by Aroundtown for all shares in TLG against a consideration consisting of new shares issued by Aroundtown. The exchange ratio will be determined on the basis of Aroundtown's and TLG's EPRA NAV per share, subject to statutory minimum price rules. The newly issued shares would be created under Aroundtown's existing authorised share capital.

Aroundtown expects to announce the intention to formally launch an offer to the shareholders of TLG before the end of the year.

In connection with the exchange offer, Aroundtown and TLG will further negotiate and are expected to enter into a business combination agreement ("Business Combination Agreement"). The Business Combination Agreement is expected to set out Aroundtown's and TLG's common understanding as to, among other things, the strategy and structure of the combined company, the offer process, synergies potential, the future composition of the corporate bodies of Aroundtown and TLG and the integration process.

The combination is expected to result in the creation of one of the largest listed commercial real estate company in Europe with a focus on offices and hotels predominantly in Germany and the Netherlands, and, through its strategic holding in Grand City Properties SA, in residential. Upon successful completion of the transaction, 47% of the combined portfolio will be offices, 21% will be hotels, and over 85% located in Germany.

Due to the similar business models and portfolio focus, Aroundtown expects to achieve substantial synergies as a result of this transaction creating incremental value to shareholders. Based on the preliminary analysis, the combination is expected to be FFO and NAV accretive for both sets of shareholders, and will enhance the organic and external growth prospects of the combined company.

Further work on synergies is ongoing and will be disclosed in due course. Both companies see significant synergies potential from the operations and capital structure. The combined company is expected to operate at higher profitability, reducing the cost base from operational as well as from administrative expenses, further strengthening a best in class platform through the combination of the teams of both entities. The strengthened balance sheet, scale, quality and diversification of the combined company will accelerate the goal of reaching an A- rating, resulting in access to capital markets at improved financing term, both cost and maturity. The combined company will have best-in-class management expertise to unlock the upside potential of the portfolio value-add potential. The combination of the development expertise and balance sheet strength of the enlarged group will facilitate the acceleration of the development pipelines of Aroundtown and TLG, driving further value creation for the company. In addition, we expect economies of scale from the combination of both portfolios and teams, and an improved risk profile through exposure to a larger and more diversified portfolio, increased market capitalisation and liquidity.

Upon Aroundtown holding more than 50% of all shares in TLG ("Holding Threshold"), it is contemplated that Aroundtown introduces a revised governance structure consisting of a management body (*comité de direction*) and the Board of Directors. Aroundtown's management body will consist of five members, and its board of directors of six to seven, with its chairman being entitled to a casting vote. The CEO and additional two to four management body members are to be nominated by Aroundtown subject to the Holding Threshold. TLG is entitled to nominate the CFO subject to the Holding Threshold and an additional member of the management team upon reaching a holding of 66% of all TLG Shares. One of the members nominated by TLG would carry the title of Co-CEO. Upon reaching the Holding Threshold, the Chairman of Aroundtown's board of directors would be nominated by TLG. Three members of such board are proposed to be independent.

Aroundtown's current management board members and executive members of the Board of Directors have confirmed their long term commitment to continue managing the combined company as members of the respective governing bodies after completion of the transaction.

The Advisory Board of Aroundtown will stay unmodified, with the continuous leadership of the chairman Dr Gerhard Cromme and the vice chairmen Mr Gabay.

The combined company will keep its seat in Luxembourg and is contemplated to do business under a new name to be defined jointly by Aroundtown and TLG. The operational headquarters will be in Berlin, Germany.

Shmuel Mayo, CEO of Aroundtown said "This transaction will be accretive to our shareholders, in terms of FFO per share, value, portfolio quality and strategic positioning, as it allows Aroundtown access to a high quality German commercial real estate portfolio with significant embedded growth, very tangible synergies and combined best in class management capabilities. The enlarged company will be able to deliver further value creation and growth for our shareholders."

Gerhard Cromme, Chairman of Aroundtown's Advisory Board commented "We are excited about the progress in our negotiations and about the commonalities and shared values we have identified. The strategic, operational and financial merits of merging the two companies are more palatable to all of us as our work progresses. We are confident now to conclude our conversations before year end, and we are committed to working towards the consolidation of the leading European commercial property company in terms of scale, portfolio attributes, returns, risk, management and governance."

At this stage, there is no assurance that a binding definitive agreement on the merger will be reached or that a transaction will be consummated. The signing of any legally binding agreement and the decision of Aroundtown to launch a takeover offer is subject to the agreement of both parties with respect to all terms and conditions of a business combination, the final analysis of the synergies, due diligence, and the approval of any definitive agreement by Aroundtown and TLG.

Ad-hoc Release pursuant to Article 17 Market Abuse Regulation of 18 November 2019

Public Takeover Offer by Aroundtown SA for all outstanding shares of TLG IMMOBILIEN AG.

Grand Duchy of Luxembourg, November 18, 2019, 23:55 CET. Today, the board of directors of Aroundtown SA ("Aroundtown") has resolved to offer to the shareholders of TLG IMMOBILIEN AG ("TLG") to acquire their shares by way of a voluntary public takeover offer in the form of an exchange offer (the "Offer"). Subject to the final determination of the minimum prices and the offer conditions in the offer document, Aroundtown intends to offer 3.6 new shares of Aroundtown as consideration in exchange for each 1 tendered shares of TLG. The implied exchange ratio of 3.6 is determined on the basis of Aroundtown and TLG reported EPRA NAV per share as of June 30, 2019. Based on the closing price of Aroundtown shares prior to the day of the announcement of the Offer, the resulting offer price would amount to € 27.655. The new shares of Aroundtown will carry dividend rights as of January 1, 2019 or, if the closing of the Offer is delayed until after the date of Aroundtown's annual general meeting in 2020, as of January 1, 2020.

In connection with the Offer, Aroundtown and TLG today entered into a business combination agreement. The business combination agreement addresses the common understanding of Aroundtown and TLG with respect to the economic and strategic background of the transaction, the Offer process, the intended future governance structure of Aroundtown and the integration process (subject to certain participation rate thresholds being met), as well as the general support of the Offer by TLG and its Management and Supervisory Boards. TLG will support the Offer on the basis of the business combination agreement and it anticipates that its Boards, after having examined the full offer document, will recommend that its shareholders accept the Offer.

In addition, Aroundtown entered today into an irrevocable tender agreement with a major shareholder of TLG ("Shareholder") regarding its shares in TLG, subject to certain conditions, covering up to approx. 28% of the current shares and voting rights in TLG. By entering into such tender agreement, the Shareholder has undertaken to tender subject to certain conditions such shares in TLG in the Offer. The voluntary public tender offer is not expected to be conditional on a minimum acceptance ratio.

Closing of the Offer will be subject to certain conditions, including antitrust clearance and the non-occurrence of certain circumstances (e.g. material adverse change events) until the expiration of the acceptance period. The final terms and conditions of the Offer will be set forth in the full offer document and may, to the extent legally permissible, deviate from the conditions and other key parameters described herein.

Corporate News of 19 November 2019

AROUNDTOWN AND TLG SIGNED BINDING BUSINESS COMBINATION AGREEMENT

PAVING THE WAY TO BECOME ONE OF THE LEADING PAN-EUROPEAN COMMERCIAL REAL ESTATE COMPANY

- After announcing non-binding terms, Aroundtown and TLG have now agreed on the final terms
- Aroundtown will make a voluntary tender offer in Aroundtown shares for all outstanding shares in TLG
- TLG shareholders will receive 3.6 new Aroundtown shares for each TLG share (based on June 30, 2019 EPRA NAVs per share of both companies)
- The combined business creates a market leader in offices and hotels, with combined asset base in excess of € 25 billion
- Expected operational and financial synergies to result in annual pre-tax FFO savings of € 110 million to € 139 million over time
- Updated governance following successful merger, with TLG representatives further strengthening the existing Aroundtown management team
- Significant overlap in top tier cities such as Berlin, Frankfurt, Dresden, Leipzig and Hamburg, positioning the combined company as a leading landlord
- Management expertise and scale to accelerate and develop-to-core in prime locations and realize full potential of nearly € 2 billion combined development potential
- TLG’s major shareholder irrevocably supports the transaction

18 November 2019

Following Aroundtown SA’s (“**Aroundtown**“) announcement on 1 September 2019 on the evaluation of a potential merger with TLG IMMOBILIEN AG (“**TLG**”), and subsequent announcement on 27 October 2019 on agreeing non-binding key terms for a potential merger, both companies have successfully agreed on terms to achieve a combination of their businesses from an economic, financial and operational standpoint.

On the basis of resolutions by its Board of Directors today, Aroundtown will be making a voluntary public tender offer to acquire the outstanding shares of TLG in considerations for shares of Aroundtown. TLG shareholders will receive 3.6 new Aroundtown shares for each TLG share, based on EPRA NAVs as of 30 June 2019 of both companies. Based on the closing price of the Aroundtown shares prior to the day of the announcement of the offer, the resulting offer price amounts to €27.655 per TLG share. TLG’s boards will support the offer and, subject to review of the offer document, recommend their shareholders to accept the offer.

In order to implement the planned combination in an efficient and value creative manner, both companies have signed a Business Combination Agreement which addresses the common understanding in regards to strategy and structure of the combined Group.

The exchange offer is strongly supported by TLG’s major shareholders representing, subject to certain conditions, approx. 28% of TLG’s total share capital, supporting the transaction, with an irrevocable commitment to tender. The voluntary public tender offer is not expected to be conditional on a minimum acceptance ratio.

Creation of a market leader in European commercial real estate

In the event of a successful transaction, Aroundtown and TLG will consolidate over €25 billion in combined assets and will rank as one of the top 3 real estate companies among listed European real estate with a focus on offices and hotels predominantly in Germany and the Netherlands, and, through its strategic holding in Grand City Properties SA, in residential.

The combined strategy will be built on existing similar value-add business models. Aroundtown’s active asset management approach and experience in managing large scale value-add potential will be complemented perfectly by TLG’s high quality stable asset base, with embedded redevelopment

potentials in top tier locations. A strategy formed around critical mass in overlapping locations and asset classes, management's joint expertise in accelerating like-for-like rental growth and stronger negotiating power towards tenants and market participants will form the fundamentals of the operational strategy.

Highly synergetic combination, accretive to both shareholder groups

Both companies have on the basis of mutual due diligence identified operational, financing and development synergies with a positive expected effect on combined FFO. Including the identified synergy potential, the transaction will be accretive from year 1 to all shareholders.

Both companies estimate an increase in FFO of the combined company in the range of €110-€139 million per annum (pre-tax) within five years post merger, which will be realized through operational cost synergies, financial savings by accelerating Aroundtown's goal of a rating upgrade and financial synergies on TLG level through benefitting from a higher rating.

Operational synergies in the expected amount of €24-€34 million per annum (pre-tax) mainly due to efficiency gains through joint operations and headquarters, strong portfolio overlap, efficient cost optimization on corporate cost level, ancillary cost reduction, scale benefits, IT systems etc.

In addition, the merger is credit rating enhancing which is expected to be a significant factor in accelerating refinancing benefits for Aroundtown's existing debt and perpetual notes, resulting in an acceleration related financial savings of €64-80 million per annum (pre-tax).

The synergies from financial savings on TLG's existing debt and perpetual notes in the amount of €22-25 million per annum (pre-tax) as TLG will benefit from the potential credit rating upgrade to A- of the combined entity.

Unlocking embedded potential of development pipeline

Both companies' strong development pipeline is focused on top tier cities with significant embedded value of building rights and rent increase potential. The strong overlap supports planning, negotiation and execution processes and the enlarged combined development team with the substantial balance sheet scale will enable to accelerate the execution and completion of the development portfolio and thus result in earlier cash flow generation. The merger would enable to accelerate the organic develop-to-core prime assets while still keeping the development below 15% of the combined balance sheet. The combined companies stronger pre-letting capability can enable accelerated development without the risk of a speculative construction. The development potentials strongly complement each other and will enhance the quality of the existing portfolio with a high quality growth engine.

Attractive total return proposition and enhanced liquidity

In addition to identified synergies, the combination will further reduce the risk profile for investors, improving the combined cost of equity. Strong value creation from active asset management, development as well as accretive acquisition pipeline will enhance the total shareholder return prospects.

Furthermore, with enhanced free float, liquidity and visibility, the merger supports potential DAX inclusion, which both companies expect will attract new pockets of large-cap capital and could trigger further positive re-rating of the share price.

Business Combination Agreement, forming the foundation for improved governance

The Business Combination Agreement sets out Aroundtown's and TLG's common understanding as to, among other things, the strategy and structure of the combined company, the offer process, synergies potential, the future composition of the governance bodies of Aroundtown and TLG and the integration process.

Upon Aroundtown holding more than 50% of all shares in TLG ("Holding Threshold"), it is contemplated that Aroundtown will introduce a governance structure consisting of a management body (*comité de direction*) and a Board of Directors. Aroundtown's management body will consist of five members, and its board of directors of seven to eight, three to four of which will be independent. The CEO and additional two to four management body members are to be nominated by Aroundtown subject to the

Holding Threshold. TLG is entitled to nominate the CFO subject to the Holding Threshold and an additional member of the management body upon reaching a holding of 66% of all TLG Shares. One of the members nominated by TLG would carry the title of Co-CEO. Upon Aroundtown holding more than 40% of all shares in TLG, the Chairman of Aroundtown's board of directors would be nominated by TLG.

Aroundtown's current senior management and executive members of the Board of Directors have confirmed their long term commitment to continue leading the combined company as members of the respective governing bodies after completion of the transaction.

The Advisory Board of Aroundtown will stay unmodified, with the continuous leadership of the chairman Dr Gerhard Cromme and the vice chairmen Mr Gabay. The combined company will keep its seat in Luxembourg and is contemplated to do business under a new name to be defined jointly by Aroundtown and TLG. The German operational headquarters will continue to be in Berlin, Germany.

Shmuel Mayo, CEO of Aroundtown said: "After jointly announcing non-binding terms, we are pleased to be able to announce concrete plans to combine Aroundtown and TLG into a leading European commercial real estate player. This transaction will be accretive to both shareholder groups from year 1, in terms of FFO and NAV per share, portfolio quality and strategic positioning."

Gerhard Cromme, Chairman of Aroundtown's Advisory Board commented: "As previously stated, the strategic, operational and financial merits of merging the two companies are crystal clear to all of us. We have concluded our conversations and we are fully committed to continue working towards the consolidation of the leading European commercial property company in terms of scale, portfolio attributes, returns, risk, management and governance."

The exchange offer will be implemented subject to certain closing conditions for a transaction of this type and size. These conditions will be presented in the offer document and include, among others, the implementation of a capital increase in kind in order to create new shares for the exchange offer.

The business combination is intended to be concluded in Q1 2020.

Further details about the tender offer will be part of the offer document to be submitted to the German Federal Financial Supervisory Authority (*BaFin*). Aroundtown anticipates that the offer document will be published in a few weeks.

The offer is subject to approval of the offer document by BaFin, to the offer terms set out in the offer, and to approval by relevant anti-trust authorities. Following approval, the offer document will be made available on our website under link.

JP Morgan, Deutsche Bank, Kempen and Victoria Partners are acting as financial advisers and Taylor Wessing and GSK Stockman are acting as legal advisers to Aroundtown.

Publication of the decision to launch a public takeover offer of 19 November 2019

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION (IN WHOLE OR IN PART) IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.

Publication of the decision to launch a public takeover offer in accordance with Section 10 para. 1 sentence 1 in conjunction with Section 29 para. 1 and Section 34 of the German Securities Acquisition and Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz* (*WpÜG*))

Bidder: Aroundtown SA 40, Rue du Curé L-1368 Luxembourg registered in the commercial register of Luxembourg under the registration number B217868 ISIN: LU1673108939

Target Company: TLG IMMOBILIEN AG Hausvogteiplatz 12 10117 Berlin, Germany registered in the commercial register of the local court of Berlin-Charlottenburg under HRB 161314 B ISIN: DE000A12B8Z4

On November 18, 2019, Aroundtown SA ("Aroundtown") decided to offer to all shareholders of TLG IMMOBILIEN AG ("TLG") by way of a voluntary public takeover offer in the form of an exchange offer (the "Offer") to acquire their no-par value bearer shares in TLG. Subject to the final determination of the minimum prices and the offer conditions in the offer document, Aroundtown intends to offer 3.6 new shares of Aroundtown as consideration in exchange for each 1 tendered share of TLG. The new

shares of Aroundtown will carry dividend rights as of January 1, 2019 or, if the closing of the Offer is delayed until after the date of Aroundtown's annual general meeting in 2020, as of January 1, 2020. The offered Aroundtown shares shall be created through a capital increase by exercising the authorized capital of Aroundtown pursuant to Section 7 of its articles of association.

In connection with the Offer, Aroundtown and TLG today entered into a business combination agreement. The business combination agreement addresses the common understanding of Aroundtown and TLG with respect to the economic and strategic background of the transaction, the Offer process, the intended future governance structure of Aroundtown and the integration process (subject to certain participation rate thresholds being met), as well as the general support of the Offer by TLG and its Management and Supervisory Boards. TLG will support the Offer on the basis of the business combination agreement and it anticipates that its Boards, after having examined the full offer document, will recommend that its shareholders accept the Offer.

In addition, Aroundtown entered today into an irrevocable tender agreement with a major shareholder of TLG ("Shareholder") regarding its shares in TLG, subject to certain conditions, covering up to approx. 28% of the current shares and voting rights in TLG. By entering into such tender agreement, the Shareholder has undertaken to tender subject to certain conditions such shares in TLG in the Offer.

Closing of the Offer will be subject to certain conditions, including antitrust clearance and the non-occurrence of certain circumstances (e.g. material adverse change events) until the expiration of the acceptance period. The voluntary public tender offer is not expected to be conditional on a minimum acceptance ratio. The final terms and conditions of the Offer will be set forth in the full offer document and may, to the extent legally permissible, deviate from the conditions and other key parameters described herein.

The offer document and further notifications relating to the Offer will be published on the internet at www.aroundtown.de under the heading 'Investor Relations'.

Important information

This announcement is neither an offer to purchase nor a solicitation to purchase Aroundtown or TLG shares. The final terms and further provisions regarding the Offer will be in the offer document once its publication has been approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). Investors and holders of TLG shares are strongly recommended to read the offer document and all other documents in connection with the Offer as soon as they are published, as they will contain important information.

Subject to the exceptions described in the offer document and any exceptions granted by the relevant regulatory authorities, an Offer is not being made directly or indirectly, in or into those jurisdictions where to do so would constitute a violation pursuant to the laws of such jurisdiction.

In particular, the Aroundtown shares that are intended to be transferred to TLG shareholders as consideration (the "Offer Shares") have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state, district or other jurisdiction of the United States of America. The Offer Shares may not be offered, sold or delivered, directly or indirectly, to TLG shareholders located in the United States of America (the "U.S. Shareholders"), or to agents, nominees, trustees, custodians or other persons acting for the account or benefit of U.S. Shareholders, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

The Offer is not subject the "U.S. tender offer rules" contained in Regulation 14D under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") and is being made with respect to U.S. Shareholders in reliance on exemptions available for cross-border tender offers. These exemptions permit a bidder to satisfy certain United States substantive and procedural Exchange Act rules governing tender offers by complying with home jurisdiction law or practice and exempts the bidder from compliance with certain other rules of the Exchange Act. As a result, the Offer is made in accordance with the applicable regulatory, disclosure and procedural requirements under German law, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under United States domestic tender offer procedures and law.

To the extent permissible under applicable law or regulation, and in accordance with German market practice, Aroundtown or its brokers may purchase, or conclude agreements to purchase, TLG shares,

directly or indirectly, outside of the scope of the Offer, before, during or after the acceptance or further acceptance period. This applies to other securities that are directly convertible into, exchangeable for, or exercisable for TLG shares. These purchases may be completed via the stock exchange at market prices or outside the stock exchange at negotiated conditions. Any information on such purchases will be disclosed as required by law or regulation in Germany or any other relevant jurisdiction and will also be published in the form of an unofficial English translation on the internet website of Aroundtown.

If any announcements in this document contain forward-looking statements, such statements do not represent facts and are characterized by the words 'will', 'expect', 'believe', 'estimate', 'intend', 'contemplate', 'aim', 'assume' or similar expressions. Such statements express the intentions, opinions or current expectations and assumptions of Aroundtown and the persons acting together with Aroundtown. Such forward-looking statements are based on current plans, estimates and forecasts which Aroundtown and the persons acting together with Aroundtown have made to the best of their knowledge, but which do not claim to be correct in the future. Forward-looking statements are subject to risks and uncertainties that are difficult to predict and usually cannot be influenced by Aroundtown or the persons acting together with Aroundtown. It should be kept in mind that the actual events or consequences may differ materially from those contained in or expressed by such forward-looking statements.

Grand Duchy of Luxembourg, November 18, 2019
Aroundtown
Board of Directors
End of the WpÜG announcement

25. RECENT DEVELOPMENT AND OUTLOOK

25.1 Recent Development

Between 1 January 2019 and the date of this Prospectus, Aroundtown has signed several real estate transactions in a volume of about € 3.1 billion of acquisitions and about € 800 million of disposals (also including transactions that have been signed but not closed yet). Partly, these transactions have not yet closed and are subject to several conditions precedent.

In February 2019, the Company closed the placement of two series of promissory notes one of which has a nominal amount of € 100 million (promissory note series Y) and a maturity in 2026 and a semi-annual coupon of the Euribor rate (6M) with a minimum of zero plus 1.35% p.a., and the other series with a nominal amount of € 125 million (promissory note series Z) and a maturity in 2024 and a semi-annual coupon of the Euribor rate (6M) with a minimum amount of Zero plus 0.90 % p.a.

In March 2019, Aroundtown acquired an 11.8% stake in Globalworth Real Estate Investments Limited ("**GWI**"), a UK listed company. GWI is a real estate company with a portfolio consisting mainly of office properties in Central and Eastern Europe. In the course of 2019, the Company increased its stake to approximately 22%.

In March 2019, the Company completed the placement of four series of bonds as part of its EMTN programme: a bond with a nominal amount of CHF 200 million, a term until 2026 and an annual coupon of 1.72% (Series X), a bond with a nominal amount of HKD 430 million, a term until 2024 and an effective annual Euro coupon of 1.62 % (Series 27), a bond with a nominal amount of USD 600 million, a term until 2029 and an effective coupon of an annual Euro coupon of 1,75 % in the first four years and 2,64 % plus EURIBOR (6M) in the following 6 years (series 28), as well as a bond with a nominal amount of NOK 1,735 million, a term until 2029 and an effective annual Euro coupon of 1,75 % for the first four years and 2,52 % plus EURIBOR (6M) in the following six years (series 29).

Following an accelerated bookbuilding process, the Company increased its share capital on 15 July 2019 against cash contributions by issuing 84 million new shares by way of a private placement at an offer price per share of € 7.15, resulting in gross proceeds of € 600.6 million.

On 1 September 2019, the Company's Board of Directors was informed that its largest shareholder, Avisco Group plc, sold 9.99% of the Company's shares to TLG IMMOBILIEN AG, a German real estate company listed on the regulated market of the Frankfurt Stock Exchange, at a price of € 8.3 per share, which corresponds to the EPRA-NAV of the Company as of 30 June 2019. In addition, Avisco Group plc and TLG IMMOBILIEN AG have entered into an option agreement for up to 4.99% of the shares held by Avisco, which were exercised by TLG IMMOBILIEN AG in October 2019. Since then, TLG IMMOBILIEN AG has been the company's largest shareholder with approx. 15% of the voting rights in the company.

Also on 1 September 2019, the Company decided to begin examining a possible merger with TLG IMMOBILIEN AG and to begin discussions on this matter.

On 25 October 2019 the Company and TLG entered into a non-binding term sheet thereby determining the essential terms and conditions of a potential merger of the two companies. The term sheet provides for a merger by way of a voluntary public offer by Aroundtown for all shares in TLG against a consideration consisting of new shares issued by Aroundtown. The parties agreed to determine the relevant exchange ratio on the basis of the Company's and TLG IMMOBILIEN AG's EPRA NAV per share, subject to statutory minimum price rules. The parties further agreed to negotiate a definitive business combination agreement and that any formal intention of the Company to launch an offer for the shares in TLG IMMOBILIEN AG is subject to agreeing on a business combination agreement and further conditions.

On 18 November 2019 the Company and TLG entered into a business combination agreement and on 19 November 2019 the Company announced its formal decision to make to the TLG Shareholders a voluntary public takeover offer

On 26 November 2016 the FCO informed the Company that the FCO had granted merger clearance for the intended merger.

Except for the developments mentioned above, no significant changes in Aroundtown's financial or trading position, financial performance or cash flows have occurred between 30 September 2019 and the date of publication of this Prospectus.

25.2 Outlook

In the Company`s opinion, demand for German commercial real estate remains high. Despite the recent slowing in economic growth with a year-on-year GDP growth in Germany of only 0.5% in the third quarter of 2019 (Source: Eurostat, GDP), the commercial and residential real estate markets remained robust. In particular, the German office markets in the Big 7 continued to show positive performance in the first nine months of 2019. Office take-up level in the Big 7 was 3.1 million sqm in the first nine months of 2019 with year-on-year growth of 5.4%. Accordingly, office vacancy rates declined in all the Big 7 markets (Source: JLL, Office Market). Also, the hotel markets in which Aroundtown operates remained stable, with the Berlin market outperforming the general German market, showing a 2.1% year-on-year increase in room occupancy in the first eight months of 2019 (Source: STR, Germany). Although the overall economy in Europe may continue to slow down, the Company believes to be well positioned especially with its diversified portfolio by asset classes, geographically and a tenant base of over 3,000 tenants. In the event of a successful completion of the Offer, the Combined Group will implement the strategy pursued with the business combination and consolidate its position as a leading European commercial real estate company with improved governance and to leverage the expected synergies (see *"5.1 Reasons for the Offer"*).

26. FINANCIAL INFORMATION

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2019

of Aroundtown SA

Interim Consolidated Statement of Profit or Loss

	Nine months ended September 30,		Three months ended September 30,	
in € millions	**2019**	**2018**	**2019**	**2018**
			Unaudited	
Revenue	**650.7**	**539.8**	**230.1**	**192.2**
Property revaluations, capital gains and other income	1,066.0	1,244.6	386.6	345.0
Share in profit from investment in equity-accounted investees	241.6	191.5	43.5	78.2
Property operating expenses	(172.7)	(161.4)	(62.8)	(58.6)
Administrative and other expenses	(19.3)	(15.0)	(6.2)	(6.0)
Operating profit	**1,766.3**	**1,799.5**	**591.2**	**550.8**
Finance expenses	(106.2)	(81.8)	(35.9)	(29.5)
Other financial results	92.4	(81.4)	55.2	(29.9)
Profit before tax	**1,752.5**	**1,636.3**	**610.5**	**491.4**
Current tax expenses	(41.9)	(32.9)	(15.9)	(12.7)
Deferred tax expenses	(233.4)	(215.5)	(86.7)	(61.1)
Profit for the period	**1,477.2**	**1,387.9**	**507.9**	**417.6**
Profit attributable to:				
Owners of the Company	1,084.1	1,238.5	318.7	361.9
Perpetual notes investors	39.7	34.2	17.5	11.9
Non-controlling interests	353.4	115.2	171.7	43.8
Profit for the period	**1,477.2**	**1,387.9**	**507.9**	**417.6**
Net earnings per share attributable to the owners of the Company (in €)				
Basic earnings per share	0.94	1.20	0.26	0.34
Diluted earnings per share	0.93	1.15	0.26	0.32

The accompanying notes on pages 11 to 20 form an integral part of these condensed consolidated financial statements

Interim Consolidated Statement of Comprehensive Income

in € millions	Nine months ended September 30, 2019	Nine months ended September 30, 2018	Three months ended September 30, 2019	Three months ended September 30, 2018
	Unaudited			
Profit for the period	**1,477.2**	**1,387.9**	**507.9**	**417.6**
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations—foreign currency translation difference, net of investment hedges of foreign operations	(13.2)	(14.1)(*)	(14.0)	(14.2)(*)
Cash flow hedges and cost of hedging	35.4	(37.5)(*)	28.7	(10.4)(*)
Equity-accounted investees—share of OCI	(6.1)	(3.9)	(2.4)	0.9
Tax related to the other comprehensive income components	(8.0)	8.9	(4.2)	6.1
Total other comprehensive income (loss)	**8.1**	**(46.6)**	**8.1**	**(17.6)**
Total comprehensive income for the period	**1,485.3**	**1,341.3**	**516.0**	**400.0**
Total comprehensive income attributable to:				
Owners of the Company	1,092.2	1,191.9	326.8	344.3
Perpetual notes investors	39.7	34.2	17.5	11.9
Non-controlling interests	353.4	115.2	171.7	43.8
Total comprehensive income for the period	**1,485.3**	**1,341.3**	**516.0**	**400.0**

(*) reclassified

The accompanying notes on pages 11 to 20 form an integral part of these condensed consolidated financial statements

Interim Consolidated Statement of Financial Position

in € millions	Note	September 30 2019 Unaudited	December 31 2018 Audited
Assets			
Equipment and intangible assets		26.0	33.1
Investment property	7	17,938.1	14,174.0
Advanced payments for real estate transactions		116.9	48.6
Investment in equity-accounted investees		2,412.1	2,214.8
Derivative financial assets		208.7	22.0
Other non-current assets		490.1	369.8
Deferred tax assets		95.4	76.6
Non-current assets		**21,287.3**	**16,938.9**
Cash and cash equivalents		2,445.1	1,242.8
Short-term deposits		4.8	4.7
Financial assets at fair value through profit or loss		687.9	352.0
Trade and other receivables		364.5	277.0
Derivative financial assets		19.2	14.4
Assets held for sale	10	182.8	211.0
Current assets		**3,704.3**	**2,101.9**
Total Assets		**24,991.6**	**19,040.8**
Equity			
Share capital	9.1	12.2	11.3
Retained earnings and other reserves	9.2	9,328.8	7,818.2
Equity attributable to the owners of the Company		**9,341.0**	**7,829.5**
Equity attributable to perpetual notes investors	9.3	2,466.2	1,547.7
Equity attributable to the owners of the Company and perpetual notes investors		**11,807.2**	**9,377.2**
Non-controlling interests		1,226.9	567.1
Total Equity		**13,034.1**	**9,944.3**
Liabilities			
Loans and borrowings	8.3	674.8	1,092.9
Straight bonds	8.1	9,107.7	6,351.6
Derivative financial liabilities		62.0	61.5
Other non-current liabilities		176.1	102.6
Deferred tax liabilities		1,134.1	882.3
Non-current liabilities		**11,154.7**	**8,490.9**
Current portion of long-term loans and loan redemptions	7.2	265.2	27.0
Trade and other payables		342.1	450.8
Tax payable		14.3	10.0
Provisions for other liabilities and charges		123.3	106.5
Derivative financial liabilities		45.4	—
Liabilities held for sale	10	12.5	11.3
Current liabilities		**802.8**	**605.6**
Total liabilities		**11,957.5**	**9,096.5**
Total Equity and Liabilities		**24,991.6**	**19,040.8**

The Board of Directors of Aroundtown SA authorised these condensed interim consolidated financial statements for issuance on November 27, 2019

Frank Roseen	**Oschrie Massatschi**	**Jelena Afxentiou**
Member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors

The accompanying notes on pages 11 to 20 form an integral part of these condensed consolidated financial statements

Interim Consolidated Statement of Changes in Equity for the nine-mont period ended 30 September 2019

in € millions	Attributable to the owners of the Company								
	Share capital	Share Premium and other capital reserves	Cash flow hedge and cost of hedge reserves	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2018 (Audited)	**11.3**	**2,623.1**	**(13.0)**	**5,208.1**	**7,829.5**	**1,547.7**	**9,377.2**	**567.1**	**9,944.3**
Adjustment on initial application of IFRS 16, net of tax (see note 4)	—	—	—	42.4	42.4	—	42.4	1.7	44.1
Restated balance as at January 1, 2019	**11.3**	**2,623.1**	**(13.0)**	**5,250.5**	**7,871.9**	**1,547.7**	**9,419.6**	**568.8**	**9,988.4**
Profit for the period	—	—	—	1,084.1	1,084.1	39.7	1,123.8	353.4	1,477.2
Other comprehensive income (loss) for the period, net of tax	—	(19.3)	27.4	—	8.1	—	8.1	—	8.1
Total comprehensive income for the period	**—**	**(19.3)**	**27.4**	**1,084.1**	**1,092.2**	**39.7**	**1,131.9**	**353.4**	**1,485.3**
Transactions with owners of the Company contributions and distributions									
Issuance of ordinary shares	0.8	595.7	—	—	596.5	—	596.5	—	596.5
Equity settled share-based payment	0.0(*)	3.0	—	—	3.0	—	3.0	—	3.0
Dividend distribution	0.1	(209.5)	—	—	(209.4)	—	(209.4)	—	(209.4)
Total contributions and distributions	**0.9**	**389.2**	**—**	**—**	**390.1**	**—**	**390.1**	**—**	**390.1**
Changes in ownership interests									
Non-controlling interests arising from initially consolidated companies and deconsolidations, net	—	—	—	(13.2)	(13.2)	—	(13.2)	304.7	291.5
Total changes in ownership interests	**—**	**—**	**—**	**(13.2)**	**(13.2)**	**—**	**(13.2)**	**304.7**	**291.5**
Transactions with perpetual notes investors									
Issuance of perpetual notes	—	—	—	—	—	923.0	923.0	—	923.0
Amount attributed to perpetual notes investors	—	—	—	—	—	(44.2)	(44.2)	—	(44.2)
Total Transactions with perpetual notes investors	**—**	**—**	**—**	**—**	**—**	**878.8**	**878.8**	**—**	**878.8**
Balance as at September 30, 2019 (Unaudited)	**12.2**	**2,993.0**	**14.4**	**6,321.4**	**9,341.0**	**2,466.2**	**11,807.2**	**1,226.9**	**13,034.1**

(*) less than €0.1 million

The accompanying notes on pages 11 to 20 form an integral part of these condensed consolidated financial statements

in € millions	Attributable to the owners of the Company								
	Share capital	Share Premium and other capital reserves	Cash flow hedge and cost of hedge reserves	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
Balance as at December 31, 2017 (Audited)	**9.5**	**1,809.5**	**(0.5)**	**3,577.9**	**5,396.4**	**1,173.3**	**6,569.7**	**674.3**	**7,244.0**
Profit for the period	—	—	—	1,238.5	1,238.5	34.2	1,272.7	115.2	1,387.9
Other comprehensive loss for the period, net of tax	—	(18.0)	(28.6)	—	(46.6)	—	(46.6)	—	(46.6)
Total comprehensive income (loss) for the period	**—**	**(18.0)**	**(28.6)**	**1,238.5**	**1,191.9**	**34.2**	**1,226.1**	**115.2**	**1,341.3**
Transactions with owners of the Company contributions and distributions									
Issuance of ordinary shares	0.9	599.6	—	—	600.5	—	600.5	—	600.5
Issuance of shares related to conversion of convertible bonds	0.6	297.9	—	—	298.5	—	298.5	—	298.5
Equity settled share-based payment	—	2.2	—	—	2.2	—	2.2	—	2.2
Dividend distribution	0.0(*)	(224.7)	—	—	(224.7)	—	(224.7)	—	(224.7)
Total contributions and distributions	**1.5**	**675.0**	**—**	**—**	**676.5**	**—**	**676.5**	**—**	**676.5**
Changes in ownership interests									
Non-controlling interests arising from initially consolidated companies and deconsolidations, net	—	—	—	(11.7)	(11.7)	—	(11.7)	(411.8)(**)	(423.5)
Total changes in ownership interests	—	—	—	(11.7)	(11.7)	—	(11.7)	(411.8)	(423.5)
Transactions with perpetual notes investors									
Issuance of perpetual notes	—	—	—	—	—	390.2	390.2	—	390.2
Amount attributed to perpetual notes investors	—	—	—	—	—	(31.8)	(31.8)	—	(31.8)
Total Transactions with perpetual notes investors						358.4	358.4		358.4
Balance as at September 30, 2018 (Unaudited)	**11.0**	**2,466.5**	**(29.1)**	**4,804.7**	**7,253.1**	**1,565.9**	**8,819.0**	**377.7**	**9,196.7**

(*) less than €0.1 million

(**) reclassified

The accompanying notes on pages 11 to 20 form an integral part of these condensed consolidated financial statements

Interim Consolidated Statement of Cash Flows

in € millions	Nine months ended September 30, 2019	2018
	Unaudited	
Cash flows from operating activities		
Profit for the period	**1,477.2**	**1,387.9**
Adjustments for the profit:		
Depreciation and amortization	1.3	5.9
Property revaluations and capital gains	(1,066.0)	(1,244.6)
Share in profit from investment in equity-accounted investees	(241.6)	(191.5)
Finance expenses and other financial results	13.8	163.2
Current and deferred tax expenses	275.3	248.4
Share-based payment agreements	2.8	2.2
Change in working capital	(30.0)	(39.7)
Dividend received	61.4	45.9
Tax paid	(38.1)	(31.7)
Net cash provided by operating activities	**456.1**	**346.0**
Cash flows from investing activities		
Acquisitions of equipment and intangible assets, net	(2.4)	(7.0)
investment and acquisitions of investment property, capex and advances paid, net	(756.9)	(1,049.5)
(Acquisitions)/ disposals of investees and loans, net of cash acquired/ (disposed)	(1,515.4)	(1,436.8)
Proceeds from/ (investments in) traded securities and other financial assets, net	(324.0)	(450.1)
Net cash used in investing activities	**(2,598.7)**	**(2,943.4)**
Cash flows from financing activities		
Proceeds from issuance of ordinary shares, net	595.7	600.5
Proceeds from issuance of straight bonds, net	2,637.2	2,270.8
Proceeds (payments) from/(to) perpetual notes investors, net	878.8	352.2
Proceeds (repayments) from/(of) loans from financial institutions and others, net	(353.9)	148.6
Amortizations of loans from financial institutions	(15.2)	(19.4)
Transactions with non-controlling interests	(68.1)	(185.1)
Dividend distribution	(209.4)	(224.8)
Interest and other financial expenses paid, net	(117.0)	(63.6)
Net cash provided by financing activities	**3,348.1**	**2,879.2**
Net change in cash and cash equivalents	**1,205.5**	**281.8**
Assets held for sale—change in cash	(2.7)	5.9
Cash and cash equivalents as at January 1	1,242.8	736.4
Effect of movements in exchange rates on cash held	(0.5)	—
Cash and cash equivalents as at September 30	**2,445.1**	**1,024.1**

The accompanying notes on pages 11 to 20 form an integral part of these condensed consolidated financial statements

Notes to the Condensed Interim Consolidated Financial Statements

1. GENERAL

(a) Incorporation and principal activities

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

Aroundtown is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities, primarily in Germany and the Netherlands. Aroundtown invests in commercial and indirectly in residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investment is held through a holding in Grand City Properties S.A., a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As of September 2019, Aroundtown holds 39.34% interest (December 2018: 38.75%), and accounts it for as equity-accounted investee in its financials.

These condensed interim consolidated financial statements for the nine-month period ended September 30, 2019 consist of the financial statements of the Company and its investees ("the Group").

2. SIGNIFICANT CHANGES IN THE REPORTING PERIOD

The financial position and performance of the Group was affected by the following events and transactions during the reporting period:

- Investment property has been increased by over €3.7 billion (see note 7).
- The Company raised approximately €3.9 billion (euro equivalent nominal value) in straight bonds, perpetual notes and in Schuldscheins. The placements included bond series in various foreign currencies, in each case the principal amount was hedged to the euro (see note 8.1).
- The Company bought back total of €360 million of its straight bonds series D and series F (see note 8.2).
- The Company performed capital increase of approximately €0.6 billion by issuing 84 million new ordinary shares (see note 9.2).
- The Company issued approximately 10.9 million new shares in connection to its Scrip Dividend distribution. The cash dividend was paid in July 2019 and amounted to €209.4 million (see note 9.4).
- The adoption and initial application of the new leasing standard IFRS 16 *Leases* (see note 4).
- Resolution on a binding business combination agreement with the shareholders of TLG Immobilien AG (see note 13b).
- For additional information about changes in the Group's financial position and performance, see the "Notes on business performance" section in the Board of Directors' Report.

3. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 interim financial reporting as applicable in the European Union ("EU").

The condensed interim consolidated financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2018.

However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the consolidated financial statements for the year ended December 31, 2018.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements, including the judgments, estimates and special assumptions that affect the application of those accounting policies, are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards, amendments to standards and interpretations as described in note 4.

These condensed interim consolidated financial statements have not been reviewed by an auditor, unless written "audited".

Functional and presentation currency

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

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

As at September 30, 2019, the Company has financial instruments in Euro (EUR), British Pound (GBP), US Dollar (USD), Swiss Franc (CHF), Australian Dollar (AUD), Canadian Dollar (CAD), Norwegian Krone (NOK), Hong Kong Dollar (HKD) and Japanese Yen (JPY).

4. CHANGES IN ACCOUNTING POLICIES

IFRS 16 *Leases*

The Group has adopted IFRS 16 from January 1, 2019 ("date of initial application", "DIA"), using the modified retrospective approach as permitted under the specific transitional provisions in the standard. Therefore, the cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance of retained earnings at DIA, with no restatement of comparative information.

Adjustments recognized on adoption of IFRS 16

Upon adoption of IFRS 16, the Group recognized lease liabilities in relation to leases of lands which had previously been classified as 'operating lease' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.0%.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at DIA.

The Group classified and measured the right-of-use assets related to lands as an investment property.

The change in accounting policy resulted in an increase of the following items in the interim consolidated statement of financial position on January 1, 2019 (increase/(decrease)):

Item	Line item in the interim consolidated statement of financial position	Impact
		In € millions
Right-of-use assets	Investment property	144.6
Lease liabilities	Other non-current liabilities	(90.7)
Deferred tax liabilities	Deferred tax liabilities	(9.8)

The net impact on retained earnings and non-controlling interests on January 1, 2019 was an increase of €42.4 million and €1.7 million, respectively.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments whether leases are onerous

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contracts contain options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at DIA. Instead, for contracts entered into before the DIA the Group relied on its assessment made applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

Other Amendments and Interpretations

The following amendments and interpretations were also adopted for the first time in these condensed interim consolidated financial statements, with effective date of January 1, 2019, and did not have any material impact on the Group:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS standards 2015-2017

5. REVENUE

in € millions	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Net rental income	554.5	455.8
Revenue from contracts with customers	96.2	84.0
	650.7	**539.8**

5.1 Disaggregation of revenue from contracts with customers

in € millions	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Revenue from goods or services transferred to customers over time:		
Operating and other income	96.2	84.0

5.2 Geographical information

in € millions	Nine months ended September 30, 2019	Nine months ended September 30, 2018
Germany	440.4	415.8
The Netherlands	110.3	81.5
United Kingdom	60.5	26.5
Others	39.5	16.0
	650.7	**539.8**

6. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENT

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual consolidated financial statements.

6.1 Fair values hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognized as at fair value at September 30, 2019 and December 31, 2018 on a recurring basis:

	September 30, 2019			December 31, 2018		
	Fair value measurement using					
in € millions	Carrying amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
Financial assets						
Financial assets at fair value through profit or loss	687.9	687.9	—	352.0	352.0	—
Derivative financial assets	227.9	—	227.9	36.4	—	36.4
Total financial assets	**915.8**	**687.9**	**227.9**	**388.4**	**352.0**	**36.4**
Financial liabilities						
Derivative financial liabilities	107.4	—	107.4	61.5	—	61.5
Total financial liabilities	**107.4**	**—**	**107.4**	**61.5**	**—**	**61.5**

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

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

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

There were no transfers between level 1 and level 2 during the reporting period.

6.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices.
- for derivative financial instruments—forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.
- for hybrid instruments—a combination of a discount cash flows method for the host contract and a call pricing model for the embedded derivative (i.e., the conversion option). The models use observable inputs such as market price of the underlying asset and swap rate curve.

6.3 Fair values of other financial instruments

The Group also has a number of financial instruments which are not presented at fair value in the interim consolidated statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

Significant differences were identified for the following instruments as at September 30, 2019 and December 31, 2018:

in € millions	September 30, 2019				December 31, 2018			
		Fair value measurement using				Fair value measurement using		
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
Straight bonds(*)	9,199.6	9,752.7	9,418.3	334.4	6,432.6	6,272.5	6,098.9	173.6

(*) the carrying amount includes accrued interest.

There were no transfers between level 1 and level 2 during the reporting period.

7. INVESTMENT PROPERTY

7.1 Composition

in € millions	Nine months ended September 30 2019	Year ended December 31 2018
	Unaudited	Audited
Balance as at January 1	14,174.0	9,804.1
Adjustment for initial application of IFRS 16, see note 4	144.6	—
Restated balance as at January 1	14,318.6	9,804.1
Acquisitions of investment property and capex during the period / year—see also note 7.2	2,765.3	3,275.2(*)
Disposal of investment property during the period / year(**)	(190.0)	(6.4)(*)
Effect of foreign currency exchange differences	9.2	(18.5)
Transfer to Assets held for sale, net	(25.2)	(340.0)
Fair value adjustments	1,060.2	1,459.6
Balance as at September 30 / December 31	**17,938.1**	**14,174.0**

(*) reclassified

(**) During the reporting period, the Group sold investment property in the amount of €190.0 million (2018: €6.4 million), resulting a gain of €6 million (2018: €0.1 million). For disposals occurred after the reporting period, see note 13(a).

7.2 Acquisitions

During the reporting period, the Group obtained control over several property portfolios in top tier cities in Europe, primarily in Germany and the Netherlands, through acquisitions of assets and companies. The transactions were treated as acquisition of a group of assets and liabilities.

As part of the acquisitions, the Group acquired the controlling interest in investment property in the amount of approximately €2.6 billion and recognized €336.2 million non-controlling interests. The Group also initially consolidated bank loans in the amount of €241.1 million, of which €220.1 million will mature in the following twelve months.

8. LOANS, BORROWINGS AND STRAIGHT BONDS

8.1 Main characteristics of the straight bond issued during the reporting period

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Effective coupon rate (p.a.)	Issuance -Maturity	Carrying amount as at September 30, 2019
							Unaudited
			in millions	in millions	%		in € millions
Series X	(a), (c)	CHF	200	175.7	1.72	03/2019 - 03/2026	183.6
Series Y	(d)	EUR	100	100	1.35 + Euribor (6M)	02/2019 - 02/2026	98.3
Series Z	(d)	EUR	125	125	0.9 + Euribor (6M)	02/2019 - 02/2024	123.7
Series 27	(b), (c)	HKD	430	48.3	1.62 (h)	03/2019 - 03/2024	50.3
Series 28	(b), (c)	USD	600	530.9	1.75 (e)	03/2019 - 03/2029	543.6
Series 29	(b), (c)	NOK	1,735	179.0	1.75 (f)	03/2019 - 03/2029	174.7
Series 30	(b), (c)	GBP	400	468.6	1.75 (g)	04/2019 - 04/2031	439.5
Series 31	(a), (c)	JPY	7,000	56.8	1.42	05/2019 - 05/2029	59.2
Series 32	(c)	EUR	800	800	0.625	07/2019 - 07/2025	781.3
Series 33	(c)	EUR	600	600	1.45	07/2019 - 07/2028	587.9
Total carrying amount of straight bonds issued during the reporting period							**3,042.1**

(a) The Company hedged the currency risk of the principal amount until maturity.

(b) The Company fully hedged the currency risk of the principal amount and coupon with a cross-currency swap until maturity.

(c) The bond was placed under the EMTN Programme.

(d) The Euribor (6M) component of the semi-annual coupon is floored at zero.

(e) The effective annual euro coupon is 1.75% for the first 4 years and 2.64% plus Euribor (6M) for the following 6 years.

(f) The effective annual euro coupon is 1.75% for the first 4 years and 2.52% plus Euribor (6M) for the following 6 years.

(g) The effective annual euro coupon is 1.75% for the first 4 years and 2.11% plus Euribor (6M) for the following 8 years.

(h) The effective annual euro coupon until maturity.

8.2 Buy-back of straight bonds

In July 2019, the Company completed the buy-back of €21.5 million nominal amount of its straight bond series D maturing in 2022 and €338.6 million nominal amount of its straight bond series F maturing in 2023 for purchase price of 103.986% and 107.15% of the principal amount, excluding accrued interest, respectively. Following the buy-back, an aggregated principal amount of € 255.5 million and €211.4 million of Bond D and Bond F, respectively, remained outstanding.

8.3 Loans and borrowings

During the reporting period, the Group repaid several bank loans amounting to €355.4 million and deconsolidated a total amount of €51.8 million.

9. EQUITY

9.1 Share capital

	September 30, 2019		December 31, 2018	
	Unaudited		Audited	
	Number of shares	in € millions	Number of shares	in € millions
Authorized				
Ordinary shares of €0.01 each	2,000,000,000	20.0	2,000,000,000	20.0
Issued and fully paid				
Balance as at January 1	1,128,581,866	11.3	947,808,641	9.5
Capital increase	84,000,000	0.8	95,000,000	0.9
Exercise of convertible bonds into shares	—	—	75,310,961	0.8
Issuance as part of the scrip dividend	10,894,530	0.1	3,392,129	0.0(*)
Issuance of shares in connection with a buy-back of perpetual notes	—	—	6,818,781	0.1
Share-based payment	97,865	0.0(*)	251,354	0.0(*)
Balance at the end of the period / year	1,223,574,261	12.2	1,128,581,866	11.3

(*) less than €0.1 million.

9.2 Capital increase

In July 2019, the Company successfully completed the share capital increase of 84 million new shares. The offer price was fixed at €7.15 per share, resulting in €600.6 million gross proceeds.

9.3 Issuance of perpetual notes

In June 2019, the Company successfully completed the placement of a GBP 400 million (nominal value) of perpetual subordinated notes at a price of 97.85% of the principal amount ("the GBP perpetual notes"). Up until June 2024 (the "First Reset Date"), the GBP perpetual notes shall bear annual coupon of 4.75% p.a. The Company hedged the currency risk implied by the GBP denomination via a cross-currency swap into the EUR until the First Reset Date. Under the cross-currency swap, the effective EUR coupon of the GBP perpetual notes was fixed at 3%. After the First Reset Date and until June 2029, the annual coupon shall be Mid Swap plus margin of 4.377%. From June 2029 until June 2044, the annual coupon shall be Mid Swap plus margin of 4.627%. Thereafter, the annual coupon shall be Mid Swap plus margin of 5.377%. The GBP perpetual notes were placed under the EMTN Programme.

In July 2019, the Company successfully completed the placement of a €500 million (nominal value) of perpetual subordinated notes at a price of 98.15% of the principal amount ("the EUR perpetual notes"). Up until January 2025 (the "First Reset Date"), the EUR perpetual notes shall bear annual coupon of 2.875% p.a. After the First Reset Date and until January 2030, the annual coupon shall be margin of 3.46%. From January 2030 until January 2045, the annual coupon shall be margin of 3.71%. Thereafter, the annual coupon shall be margin of 4.46%. The EUR perpetual notes were placed under the EMTN Programme.

9.4 Dividend distribution

On June 26, 2019, the Annual General Meeting of the shareholders of the Company has resolved upon a dividend distribution of €0.2535 per share for the year 2018 (2018: €0.234 per share for the year 2017). The total gross amount of the dividend amounted to €286.1 million (2018: €248.2 million). The dividend is deducted from the share premium account.

The Company has also provided the shareholders with the option to receive their dividend partially in the form of shares ("Scrip Dividend"). On July 12, 2019, as a result of the Scrip Dividend, the Company issued 10.9 million (2018: 3.4 million) new shares in a total value of €76.6 million. The remainder of the dividend (€209.4 million) was paid in cash.

10. ASSETS AND LIABILITIES HELD FOR SALE

During the reporting period, the Group completed the sale transaction of non-core real estate properties in a value of €56.3 million.

As at September 30, 2019, the assets and liabilities classified as held for sale amounted to €182.8 million and €12.5 million, respectively. The real estate properties included as held for sale share similar main characteristics.

11. COMMITMENTS

The Group signed on additional real estate property transactions in a volume of approximately €0.5 billion. The completion of the transactions is subject to typical conditions precedent.

The Group had approximately €0.3 billion of commitments for future capital expenditures on its properties and other investments.

12. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets or liabilities as at September 30, 2019.

13. EVENTS AFTER THE REPORTING PERIOD

a) After the reporting period, the Group signed on deals to sale properties in an amount of €530 million, of which €320 were completed by the reporting date.

b) In November 2019, the Company has agreed on the final terms of the binding business combination agreement with the shareholders of TLG Immobilien AG ("TLG"). On the basis of resolutions by its Board of Directors, Aroundtown will be making a voluntary public tender offer to acquire the outstanding shares of TLG in considerations for shares of Aroundtown. TLG shareholders will receive 3.6 new Aroundtown shares for each TLG share, based on EPRA NAVs as of June 30, 2019 of both companies. The exchange offer is strongly supported by TLG's major shareholders representing, subject to certain conditions, approximately 28% of TLG's total share capital, supporting the transaction, with an irrevocable commitment to tender. The voluntary public tender offer is not expected to be conditional on a minimum acceptance ratio.

c) The Company has published the convening notice for the Ordinary General Meeting ("OGM") and the Extraordinary General Meeting ("EGM") of shareholders of Aroundtown to be held on December 16, 2019.

14. AUTHORISATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were authorized for issuance by the Company's board of directors on November 27, 2019.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

of Aroundtown SA

Independent Auditors‘ report

OPINION

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

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

VALUATION OF INVESTMENT PROPERTIES

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

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

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

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

The fair value measurement of investment property is inherently subjective and requires valuation experts and the Group's management to use certain special assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability, building rights, building permits, capital expenditure estimates, and discount and cap rates in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

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

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

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

b) How the matter was addressed during the audit?

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

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

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

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

OTHER MATTER

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

Luxembourg, March 28, 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
39, Avenue John F. Kennedy
L-1855 Luxembourg

Joseph de Souza

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

The accompanying notes on pages 16 to 85 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

The accompanying notes on pages 16 to 85 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in € millions	Note	December 31, 2018	2017
Assets			
Equipment and intangible assets	13	33.1	25.8
Investment property	14	14,174.0	9,804.1
Advanced payments for real estate transactions		48.6	70.1
Investment in equity-accounted investees	15	2,214.8	1,905.6
Derivative financial assets		22.0	34.1
Other non-current assets	16	369.8	392.8
Deferred tax assets	11c	76.6	14.8
Non-current assets		**16,938.9**	**12,247.3**
Cash and cash equivalents		1,242.8	736.4
Short term deposits		4.7	17.5
Financial assets at fair value through profit or loss		352.0	87.7
Trade and other receivables	17	277.0	162.9
Derivative financial assets		14.4	10.9
Assets held for sale	18	211.0	507.7
Current assets		**2,101.9**	**1,523.1**
Total Assets		**19,040.8**	**13,770.4**
Equity	19		
Share capital		11.3	9.5
Retained earnings and other reserves		7,818.2	5,392.8
Equity attributable to the owners of the Company		**7,829.5**	**5,402.3**
Equity attributable to perpetual notes investors		1,547.7	1,173.3
Equity attributable to the owners of the Company and perpetual notes investors		**9,377.2**	**6,575.6**
Non-controlling interests	19.3	567.1	674.3
Total Equity		**9,944.3**	**7,249.9**
Liabilities			
Loans and borrowings	21.1	1,092.9	956.9
Convertible bonds	21.2	—	293.8
Straight bonds	21.2	6,351.6	3,827.0
Derivative financial liabilities		61.5	54.9
Other non-current liabilities	22	102.6	70.1
Deferred tax liabilities	11C	882.3	752.2
Non-current liabilities		**8,490.9**	**5,954.9**
Current portion of long-term loans	21.1	27.0	17.4
Trade and other payables	24	450.8	266.5
Tax payable		10.0	8.9
Provisions for other liabilities and charges		106.5	87.1
Liabilities held for sale	18	11.3	185.7
Current liabilities		**605.6**	**565.6**
Total liabilities		**9,096.5**	**6,520.5**
Total Equity and Liabilities		**19,040.8**	**13,770.4**

The Board of Directors of Aroundtown SA authorised these consolidated financial statements for issuance on March 28, 2018

Frank Roseen	**Oschrie Massatschi**	**Jelena Afxentiou**
Member of the Board of Directors	Member of the Board of Directors	Member of the Board of Directors

The accompanying notes on pages 16 to 85 form an integral part of these consolidated financial statements

AROUNDTOWN SA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2018

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

(*) less than €0.1 million

(**) See also note 19.1.5

The accompanying notes on pages 16 to 85 form an integral part of these consolidated financial statements

AROUNDTOWN SA

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
Year ended December 31, 2018

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

(*) less than €0.1 million

The accompanying notes on pages 16 to 85 form an integral part of these consolidated financial statements

AROUNDTOWN SA

CONSOLIDATED STATEMENT OF CASH FLOWS

in € millions	Note	Year ended December 31, 2018	2017
Cash flows from operating activities			
Profit for the year		**1,827.8**	**1,539.0**
Adjustments for the profit:			
Depreciation and amortization		1.6	2.0
Property revaluations and capital gains	7	(1,536.4)	(1,326.6)
Share in profit from investment in equity-accounted investees	15	(251.6)	(228.4)
Finance expenses and other financial results	10	208.4	84.7(*)
Current and deferred tax expenses	11D	257.3	296.6
Share-based payment agreements	20	3.3	1.8
Change in working capital		(42.1)	(15.4)(*)
Dividend received	15	50.9	40.7
Tax paid		(46.4)	(32.7)
Net cash provided by operating activities		**472.8**	**361.7**
Cash flows from investing activities			
Acquisitions of equipment and intangible assets, net	13	(4.7)	(9.4)
Investments and acquisitions of investment property, capex and advances paid, net		(915.1)	(614.6)
(Acquisition)/disposals of investees and loans, net of cash acquired/ disposed		(1,829.2)	(1,945.5)
Proceeds from/(investments in) traded securities and other financial assets, net		(175.3)	(184.4)
Net cash used in investing activities		**(2,924.3)**	**(2,753.9)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net	19	600.5	866.1
Proceeds from issuance of bonds, net	21.2	2,455.5	2,133.4
Proceeds from perpetual notes investors, net	19	352.1	695.2
Redemption and buy-back of convertible bonds		—	(114.4)
Proceeds (repayments) from/(of) loans from financial institutions and others, net		157.1	(822.5)
Amortizations of loans from financial institutions		(24.6)	(32.0)
Transactions with non-controlling interests		(265.4)	(13.2)
Dividend distribution	19	(225.7)	(154.5)
Interest and other financial expenses, net		(96.6)	(66.2)
Net cash provided by financing activities		**2,952.9**	**2,491.9**
Net changes in cash and cash equivalents		**501.4**	**99.7**
Assets held for sale—cash	18	5.9	(4.7)
Cash and cash equivalents as at January 1		736.4	641.4
Effect of movements in exchange rates on cash held		(0.9)	—
Cash and cash equivalents as at December 31		**1,242.8**	**736.4**

(*) reclassified.

The accompanying notes on pages 16 to 85 form an integral part of these consolidated financial statements

1. GENERAL

(a) Incorporation and principal activities

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

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

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

(b) Listing on the Stock Exchange

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

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

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

(c) Capital and bonds increases

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

(d) Group rating

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

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

(e) Definitions

Throughout these notes to the consolidated financial statements:

The Company	Aroundtown SA
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

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

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

b. Basis of measurement

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

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

c. Judgments and estimates

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

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

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

(I) Fair value of investment property

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

The fair value measurement of investment property requires valuation experts and the Company's management to use certain special assumptions regarding rates of return on the Group's assets, future rent, occupancy rates, contract renewal terms, the probability of leasing vacant areas, asset operating expenses, the tenants' financial stability, building rights, building permits, capital expenditure estimates, and discount and cap rates in order to assess the future expected cash flows from the assets. Any change in the assumptions used to measure the investment property could affect its fair value.

(II) Impairment of financial assets measured at amortized cost

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

(III) Impairment of investments in associates

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

(IV) Tax and deferred tax expenses

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

(V) Impairment of intangible asset

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

(VI) Impairment of goodwill

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

(VII) Legal claims

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

(VIII) Provisions

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

(IX) Fair value hierarchy

Please see note 4.2

d. Functional and presentation currency

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Changes in accounting policies and disclosures

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

- **IFRS 9 Financial Instruments**

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

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

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

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

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

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

(a) Classification and measurement

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

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

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

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

(b) Impairment

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

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

(c) Hedge accounting

All hedging relationships designated under IAS 39 at December 31, 2017, met the criteria for hedge accounting under IFRS 9 at January 1, 2018, and are therefore regarded as continuing hedging relationships.

(II) IFRS 15 Revenue from Contracts with Customers

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

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

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

- **Rental and operating income**

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

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

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

- **Sales of properties**

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

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

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

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

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

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

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

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

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

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

(b) Basis of consolidation

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments:

(c) Business combinations

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

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

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

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

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

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

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in the consolidated income statements.

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

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

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

(d) Investments in associates and equity-accounted investees

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity in which two or more parties have interest.

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

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

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

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

(e) Revenue recognition

Rental income

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

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

Ancillary expenses and purchased services

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

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

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

Sale of property

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

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

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

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

- Contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred.
- The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.
- The Group does not adjust the transaction price for the effects of significant financing component since at contract inception it is expected that the period between when the entity transfers the services to tenants and when the tenants pay for these services will be one year or less.

(f) Finance income and expenses

Finance income comprises interest income on funds invested.

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

(g) Other financial results

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

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

(h) Deferred tax, income tax and property taxes

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

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

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

(i) Current tax

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

Tax expenses also includes property taxation.

(j) Deferred tax

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

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

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

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

(k) Equipment and intangible assets

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

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

	%
Furniture, fixtures and office equipment	10 - 50

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

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

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

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

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

(l) Deferred income

Deferred income represents income which relates to future periods.

i. Prepayments

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

ii. Tenancy deposits

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

(m) Investment property

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

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

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

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

(n) Assets and liabilities held for sale

Non-current assets or disposal groups, comprising assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

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

(o) Financial instruments

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

(i) Financial assets

a) Initial recognition and measurement

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

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

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

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

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

b) Subsequent measurement

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

1. Financial assets at amortized cost (debt instruments)
2. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
4. Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

Financial assets at fair value through OCI (equity instruments)

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

c) De-recognition

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

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

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

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

d) Impairment of financial assets

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

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

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

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

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

(ii) Financial liabilities

a) Initial recognition and measurement

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

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

b) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

Financial liabilities at amortized cost

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

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

c) De-recognition

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

(iii) Offsetting of financial instruments

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

(p) Perpetual notes

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

(q) Hedging activities and derivatives

Initial recognition and subsequent measurement

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

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

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

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

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

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

Cash flow hedges

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

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

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

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

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

- Fair value hedges

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

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

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

- Hedge of net investments in foreign operations

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

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

- Hedge accounting policy applicable before January 1, 2018

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

(r) Share capital

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

(s) Compound financial instruments

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

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

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

(t) Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

(u) Operating segments

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

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

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

(v) Comparatives

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

(w) Earnings per share

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

(x) Share-based payment transactions

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

(y) Provisions for other liabilities and charges

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

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

(z) Leased assets

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

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

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

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

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

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

IFRS 16 – Leases

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

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

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

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

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

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

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

Impact on the Group as a lessee

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

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

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

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

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

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

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

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

Subsequently, the investment property is measured at fair value, resulting in net revaluation gains of approximately €30 million.

The tax impact of the first-time application of IFRS 16 will include recognition of deferred tax liability and corresponding deferred tax expenses of approximately €6 million.

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

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

Impact on the Group as a lessor

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

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

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

- **Amendments to IFRS 9: Prepayment Features with Negative Compensation**

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

- **IFRIC 23 Uncertainty over Income Tax Treatments**

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

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

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after January 1, 2019, but certain transitions reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements**.** The interpretation does not have any material impact on the consolidated financial statements.

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

4. FAIR VALUE MEASUREMENT

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

4.1 Fair values

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

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

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

Valuation methods assumptions

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

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

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

4.2 Fair value measurement hierarchy

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

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

	Fair value measurement using							
	As at December 31, 2018				As at December 31, 2017			
in € millions	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:								
Investment property	14,174.0	—	—	14,174.0	9,804.1	—	—	9,804.1
Financial assets at fair value through profit or loss	352.0	352.0	—	—	87.7	87.7	—	—
Derivatives financial assets	36.4	—	36.4	—	45.0	—	45.0	—
	14,562.4	**352.0**	**36.4**	**14,174.0**	**9,936.8**	**87.7**	**45.0**	**9,804.1**

There have been no transfers between Level 1, Level 2 and Level 3 during 2018 and 2017.

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

	Fair value measurement using							
	As at December 31, 2018				As at December 31, 2017			
in € millions	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:								
Derivatives financial assets	61.5	—	61.5	—	54.9	—	54.9	—
Liabilities for which fair values are disclosed:								
Convertible bonds	—	—	—	—	386.0	386.0	—	—
Straight bonds	6,272.5	6,098.9	173.6	—	4,078.0	4,078.0	—	—
	6,334.0	**6,098.9**	**235.1**	**—**	**4,518.9**	**4,464.0**	**54.9**	**—**

There have been no transfers between Level 1, Level 2 and Level 3 during 2018 and 2017.

For the reconciliation of fair value measurement under level 3 hierarchy see note 14A.

5. ACQUISITION OF SUBSIDIARIES

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

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

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

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

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

6. REVENUE

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

6.1 Disaggregation of revenue from contracts with customers

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

6.2 Geographical information

The geographical breakdown of revenue is as follows:

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

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

7. PROPERTY REVALUATIONS AND CAPITAL GAINS

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

(*) See also note 11C.

8. PROPERTY OPERATING EXPENSES

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

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

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

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

9. ADMINISTRATIVE AND OTHER EXPENSES

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

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

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

10. NET FINANCE EXPENSES

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

11. TAXATION

a. Tax rates applicable to the Group

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

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

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

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

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

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

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

b. Current taxes included in the consolidated statement of profit and loss

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

c. Movements in the deferred tax assets and liabilities during the current and prior reporting period:

Deferred tax liabilities

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

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

Deferred tax assets

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

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

d. Reconciliation of tax expenses to profit before tax

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

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

a. Basic earnings per share

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

1. Profit attributed to the shareholders (basic)

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

2. Weighted average number of ordinary shares (basic)

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

b. Diluted earnings per share

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

1. Profit attributed to the shareholders (diluted)

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

2. Weighted average number of ordinary shares (diluted)

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

13. EQUIPMENT AND INTANGIBLE ASSETS

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

14. INVESTMENT PROPERTY

A. Reconciliation of investment property

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

(*) reclassified.

Investment property per geographical location

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

B. Measurement of fair value

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

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

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

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

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

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

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

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

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

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

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

15. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

a) Movement during the year

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

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

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

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

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

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

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

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

c) GCP S.A – Reconciliation of the carrying amount

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

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

16. OTHER NON-CURRENT ASSETS

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

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

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

17. TRADE AND OTHER RECEIVABLES

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

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

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

18. DISPOSAL GROUP HELD FOR SALE

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

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

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

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

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

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

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

19. TOTAL EQUITY

19.1 Equity attributable to the owners of the Company

19.1.1 Share capital

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

(*) less than €0.1 million.

19.1.2 Authorized capital

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

19.1.3 Issued capital during 2017-2018

1. On May 9, 2017 and October 20, 2017, the Company issued 93,000,000 and 75,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €4.58 per share and €4 per share, resulting in an issue volume of approximately €426 million and approximately €450 million, respectively.
2. On March 9, 2018, the Company issued 95,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €6.38 per share, resulting in an issue volume of approximately €600 million.
3. On December 19, 2018, the Company issued 6,818,781 new ordinary shares (of €0.01 nominal value each), reflecting value of €7.50 per share, for the purchase of USD 58.5 million (nominal value) of its subsidiary's USD perpetual notes valued USD 58.2 million (€51.1 million).

4. During the year, a total amount of €6.0 million nominal value of Convertible bonds series B and €300.0 million nominal value of Convertible bonds series C were converted into 1.9 million shares and 56.0 million shares, respectively. Additionally, €56.3 million nominal value of Convertible bonds series B held by the Company was sold and then converted into 17.4 million shares.
5. In December 2018, the Company issued 251,354 new shares in total value of €1.9 million in connection with incentive share-based plan.

19.1.4 Share premium and other reserves

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

19.1.5 Resolution of dividend distribution

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

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

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

19.2 Equity attributable to perpetual notes investors

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

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

19.3 Non-controlling interests

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

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

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

20. SHARE-BASED PAYMENT AGREEMENTS

A. Description of share-based payment arrangements

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

Share incentive plan

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

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

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

B. Reconciliation of outstanding share options

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

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

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

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

21.1 Loans and borrowings composition

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

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

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

21.2 Straight and convertible bonds composition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(r) Effective coupon in euro.

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

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

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

			Non-cash changes						
	31.12.2017	Financing cash flows(i)	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Conversion to shares	Other(ii)	Other changes(iii)	31.12.2018
Convertible bonds(iv)	295.8	(9.1)	—	—	—	(296.3)	2.6	7.0	—
Straight bonds(iv)	3,868.7(*)	2,397.6	—	27.2		—	21.6	117.5	6,432.6
Loans and borrowings(v)	974.3	117.3	(150.5)	—	153.5	—	—	25.3	1,119.9
Net derivative financial liabilities	9.9	(6.6)	—	(27.6)	(0.5)	—	49.9	—	25.1

			Non-cash changes						
	31.12.2016	Financing cash flows(i)	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Conversion to shares	Other(ii)	Other changes(iii)	31.12.2017
Convertible bonds(iv)	713.4	(111.3)	—	—	—	(342.8)	22.6	13.9	295.8
Straight bonds(iv)	1,724.3	2,112.1	—	(25.2)		—	—	57.5(*)	3,868.7(*)
Loans and borrowings(v)	1,122.0	(884.1)	816.5	—	(119.2)	—	0.5	38.6	974.3
Net derivative financial liabilities	6.9	(2.5)	—	—	0.4	—	5.1	—	9.9

(*) reclassified.

(i) Financing cash flows include interest payments and proceeds from (repayment of) financial instruments, net.

(ii) Other non-cash changes include discount and issuance cost amortization for the bonds, unrealized revaluations gains derivative financial instruments and foreign exchange effect.

(iii) Other changes include interest accruals and loss from buy-back of bonds.

(iv) Including accrued interest.

(v) Including current portion of bank loans and credit facility.

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

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

Under the terms of its outstanding series of bonds, the Company has undertaken that it will not, and will procure that none of its Restricted Subsidiaries will, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence: the sum of:

(i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 50 per cent or 60 per cent. (depending on the relevant series of bonds) of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

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

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

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

The Company's outstanding series of bonds also generally prohibit the Company from issuing additional bonds with the benefit of security interests unless the same security is granted to the Company's outstanding unsecured bonds equally and rateably.

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

22. OTHER NON-CURRENT LIABILITIES

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

23. RELATED PARTY TRANSACTIONS

23.1 Directors and executive management personnel Remuneration

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

(*) Based on employer's costs.

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

Senior and Key Management

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

Senior Management Compensation

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

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

23.2 Other related party transactions

The transactions and balances with related parties are as follows:

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

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

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

24. TRADE AND OTHER PAYABLES

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

(*) including advanced payments received.

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

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

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

26.1 Financial assets

Set out below, is an overview of financial assets, held by the Group as at December 31, 2018 and December 31, 2017:

in € millions	December 31, 2018	December 31, 2017
Financial assets at amortized cost:		
Trade and other receivables(*)	282.6	166.8
Cash and cash equivalents	1,243.9	743.5
Short-term deposits	4.7	17.5
Other non-current assets	369.8	392.8
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	352.0	87.7
Derivative financial assets	36.4	45.0
Total	**2,289.4**	**1,453.3**

(*) including assets held for sale.

26.2 Financial liabilities

Set out below, is an overview of financial liabilities, held by the Group as at December 31, 2018 and December 31, 2017:

in € millions	December 31, 2018	December 31, 2017
Financial liabilities at amortized cost:		
Trade and other payables(*)	456.3	272.3
Tax payable	10.0	8.9
Loans and borrowings(**)	1,119.9	1,127.8
Straight bonds(***)	6,351.6	3,827.0
Accrued interest on straight bonds	81.0	41.7
Convertible bonds	—	293.8
Accrued interest on convertible bonds	—	2.0
Other long-term liabilities(*)	21.6	28.4
Financial liabilities at fair value through profit or loss:		
Derivative financial liabilities	61.5	54.9
Total	**8,101.9**	**5,656.8**

(*) including liabilities held for sale.

(**) including liabilities held for sale and loan redemption.

(***) including bond redemption.

26.3 Risks management objectives and polices

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, convertible and straight bonds, trade and other payable, tax payable and non-current liabilities. The

Group's principal financial assets include trade and other receivables, cash and cash equivalent and other non-current assets. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

26.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

26.3.1.1 Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by hedging long-term debt with floating rate using swap, collar and cap contracts.

As at December 31, 2018, after taking into account the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

in € millions	December 31, 2018	December 31, 2017
Fixed rate	6,670.2	4,598.2
Capped rate	574.0	491.8(*)
Floating rate	227.3	158.6(*)
	7,471.5	**5,248.6**

(*) reclassified.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of long-term debt affected, after the impact of hedging. With all other variables held constant, the Group's profit before tax and pre-tax equity are affected through the impact on floating rate long-term debt, as follows:

in € millions	Increase/decrease in basis points	Effect on profit before tax and pre-tax equity
2018	+100	(6.0)
	– 100	1.4
2017	+100	(4.4)
	– 100	—

26.3.1.2 Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investment in foreign subsidiaries and to several straight bonds issued in a foreign currency.

During the year, the Company issued several straight bonds in currencies other than euro and with fixed as well as floating interest rates. The Company used cross-currency swap contracts to hedge the fair value and cash flow risk derived from the changes in exchange rates and interest rates as explained in note 26.4.2.2

Due to the hedging above there is no material residual foreign currency risk.

In addition, the Company used forward contracts to hedge the fair value of its net investment in foreign operation which is denominated in British pound (GBP) as explained in note 26.4.2.3

26.3.1.3 Equity price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

At the reporting date, the exposure to investments in listed traded securities was €352.0 million (2017: €87.7 million).

26.3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments.

Trade and other receivables

Customer credit risk is managed by the property managers subject to the Group's established policy and control procedures relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision to measure expected credit loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic condition may also not be representative of customer's actual default in the future.

The Group has no significant concentration of credit risk.

The aging of rent receivables at the end of the year that were not impaired was as follows:

in € millions	December 31, 2018	December 31, 2017
Neither past due and past due 1-30 days	9.9	15.2
Past due 31-90 days	4.4	1.0
Past due above 90 days	6.7	4.2
	21.0	20.4

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Financial instruments and cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's investment in debt instruments at fair value through profit or loss consist of quoted debt securities that are graded in the investment category and in hybrid instrument with a collateral on a quoted debt securities with very low credit risk.

The Group holds its cash and cash equivalents and its derivative instruments with high-rated banks and financial institutions with high credit ratings. Concentration risk is mitigated by not limiting the exposure to a single counter party.

26.3.3 Liquidity risk

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

The following are the remaining contractual maturities at the end of the year and at the end of 2017 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

December 31, 2018

		Contractual cash flows including interest					
in € millions	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
Non-derivative financial liabilities							
Bank loans	1,119.9	1,206.8	2.5	43.4	297.2	175.5	688.2
Straight bonds[(i)]	6,432.6	7,607.1	33.7	88.5	120.9	120.9	7,243.1
Trade and other payables	135.7	135.7	26.7	109.0	—	—	—
Total	**7,688.2**	**8,949.6**	**62.9**	**240.9**	**418.1**	**296.4**	**7,931.3**

(i) including straight bond redemption.

December 31, 2017

		Contractual cash flows including interest					
in € millions	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
Non-derivative financial liabilities							
Bank loans	974.3	1,083.7	4.1	35.9	39.9	245.3	758.5
Straight bonds	3,868.7	4,402.4	4.7	44.5	37.4	37.0	4,278.8
Convertible bonds	295.8	322.1	2.2	2.4	4.7	10.6	302.2
Trade and other payables	151.2	151.2	107.3	43.9	—	—	—
Total	**5,290.0**	**5,959.4**	**118.3**	**126.7**	**82.0**	**292.9**	**5,339.5**

26.3.4 Operating Risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

26.3.5 Other risks

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

The Group's portfolio is located in major cities and strong markets throughout Germany, The Netherlands, United Kingdom and others. The current regional distribution structure enables the Group on one hand to benefit of economic scale, and on the other provides a diverse, well allocated and risk-averse portfolio.

Brexit

On June 23, 2016, voters in the United Kingdom voted in a referendum in favor of the United Kingdom leaving the European Union, a decision known as "Brexit". On March 29, 2017 the United Kingdom

submitted a formal departure notice to the European Council pursuant to Article 50(2) of the Treaty on European Union (the EU Treaty) and to the date of writing this report if no change will occur till the March 29, 2019, the UK is due to leave the European Union.

As many questions relating to Brexit remain open, the outcome of the negotiations regarding the withdrawal of the United Kingdom from the European Union is impossible to predict. Among other consequences, departure from the European Union may result in the United Kingdom no longer having access to the European Single Market. Since the United Kingdom is currently the second largest economy in the European Union, a withdrawal from the European Single Market is expected to have significant negative impacts on the economy of the United Kingdom. If the United Kingdom no longer had access to the European Single Market, the Member States of the European Union would face greater barriers to trade and commerce with the United Kingdom, which may in turn diminish overall economic activity between the European Union and the United Kingdom, resulting in a general economic downturn throughout the United Kingdom, the European Union or both.

The Brexit may also give rise to or strengthen tensions in other Member States regarding their membership in the European Union, potentially resulting in additional referendums or other actions in Member States regarding withdrawal from the European Union. The withdrawal of other Member States from the European Union would have unpredictable consequences and may have adverse effects on levels of economic activity in Germany. Therefore, Brexit may have an adverse effect on the AT Group's business.

In addition, as of December 2018, 8% of the AT Group's Portfolio consisted of properties held in United Kingdom. This percentage may increase in the future, and this portion of the AT Group's Portfolio may be particularly exposed to the economic and political impact of Brexit. The final outcome of Brexit may have a significant impact on the currency exchange rate between the Pound Sterling and the Euro, which should have a low effect on AT, as AT has hedged itself against the Pound Sterling, but may have an adverse effect on the net assets.

The uncertainty around the timing of Brexit and its economic and other terms cause volatility in the financial markets. Since the AT Group relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, on-going political uncertainty and any worsening of the economic environment may reduce its ability to refinance its existing and future liabilities or gain access to new financing, in each case on favorable terms or at all. Furthermore, the AT Group's counterparties, in particular its hedging counterparties, may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy or other reasons.

26.4 Hedging activities and derivatives

26.4.1 Derivative financial instruments

		December 31,	
in € millions	**Note**	**2018**	**2017**
Derivative financial assets			
Derivatives that are designated and effective as hedging instruments	26.4.2	34.9	45.0
Derivatives that are not designated in hedge accounting relationships		1.5	—
		36.4	**45.0**
Derivative financial liabilities			
Derivatives that are designated and effective as hedging instruments	26.4.2	49.7	44.8
Derivatives that are not designated in hedge accounting relationships		11.8	10.1
		61.5	**54.9**

26.4.2 Hedge accounting relationships

26.4.2.1 Cash flow hedges

Under cross-currency contracts, the Group agrees to exchange cash flows in different currencies calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing foreign exchange rates on its cash flows.

The fair value of cross-currency swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below.

As the critical terms of the cross-currency swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the cross-currency swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main sources of hedge ineffectiveness in these hedge relationships are minor initial fair values of the hedging instruments and the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in foreign exchange rates.

The following table details information regarding cross-currency swap contracts outstanding at the end of the reporting period and their related hedged items.

in € millions	Carrying amount	
	Assets	**Liabilities**
Hedging instruments	15.8	46.9

During the year, the Group recognized a loss of €11.7 million in cash flow hedges in the consolidated financial statement of comprehensive income.

26.4.2.2 Fair value hedges

The Group used cross-currency swap, interest rate swap and forward contracts to hedge the exposure to changes in fair value of the Group's Straight bonds which arise from foreign exchange rate risk.

There is an economic relationship between the hedged items and the hedging instruments as the terms of foreign exchange rate swaps match the terms of the hedged items. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange rate swaps is identical to hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

in € millions	Carrying amount	
	Assets	**Liabilities**
Hedging instruments	18.4	2.8

The forward element of the swap contracts which has been recognized as cost of hedging in the consolidated statement of comprehensive income amounted to €2.5 million.

26.4.2.3 Hedge of net investments in foreign operations

The Group uses the foreign currency component of non-derivative financial liabilities denominated in GBP and foreign exchange forward contracts as hedging instruments in a hedge of its exposure to foreign exchange rates on its investments in the UK.

The effective portion of any gains or losses on the retranslation of the non-derivative financial liabilities denominated in GBP and the forward contracts are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on hedging instruments. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiaries becomes lower than the nominal amount of the hedging instruments.

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

in € millions	Carrying amount	
	Assets	Liabilities
Hedging instruments	0.7	—

During the year, the Group recognized a gain of €0.3 million in the consolidated financial statement of comprehensive income, net of foreign currency translation difference. There is no ineffectiveness recognized in the consolidated financial statement of profit or loss.

26.5 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio (LTV), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with a LTV to remain at a target below 45%. As at December 31, 2018 and 2017 the LTV ratio was 35% and 36%, respectively, and the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg and local regulations regarding restrictions on minimum capital. During the years covered by these consolidated financial statements, the Company complied with all externally imposed capital requirements.

27. OPERATING LEASE

The Group entered into long-term rent agreements as a lessor of its investment property. The future minimum rental income which will be received is as follows:

in € million	December 31,	
	2018	2017
Less than a year	673.4	514.1
Between one to five years	1,985.3	1,493.7
More than five years	2,973.5	1,693.7
	5,632.2	**3,701.5**

28. COMMITMENTS

The Group has signed several real estate transactions in a volume of about €200 million which were not yet completed and are subject to several condition precedents. The Company estimates the completion of the transactions to take place within the next twelve months.

In addition, the Group has approximately €70 million commitments for future capital expenditure on the properties.

29. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2018.

30. EVENTS AFTER THE REPORTING PERIOD

a) In February 2019, the Company successfully completed the placement of a €100 million (nominal value) Schuldschein series Y, maturing in 2026 and carrying semi-annual coupon of Euribor (6M) rate floored at zero plus 1.35% p.a., for a consideration that reflected 98.43% of the principal amount.

b) In February 2019, the Company successfully completed the placement of a €125 million (nominal value) Schuldschein series Z, maturing in 2024 and carrying semi-annual coupon of Euribor (6M) rate floored at zero plus 0.90% p.a., for a consideration that reflected 99.02% of the principal amount.

c) In March 2019, the Company successfully completed the placement of a CHF 200 million (nominal value) (€175 million) straight bond series X, maturing in 2026 and carrying 1.72% annual coupon. The bond was placed under the EMTN Programme.

d) In March 2019, the Company successfully completed the placement of a HKD 430 million (nominal value) (€48 million) straight bond series 27, maturing in 2024. The Company fully hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.62%. The bond was placed under the EMTN Programme.

e) In March 2019, the Company successfully completed the placement of a USD 600 million (nominal value) (€531 million) straight bond series 28, maturing in 2029, for a consideration that reflected 99.22% of the principal amount. The Company fully hedged the currency risk with a cross-currency swap; the effective annual euro coupon is 1.75% for the first 4 years and 2.64% plus Euribor (6M) for the following 6 years. The bond was placed under the EMTN Programme.

f) In March 2019, the Company successfully completed the placement of a NOK 1,735 million (nominal value) (€179 million) straight bond series 29, maturing in 2029. The Company fully hedged the currency risk with a cross-currency swap; the effective annual euro coupon is 1.75% for the first 4 years and 2.52% plus Euribor (6M) for the following 6 years. The bond was placed under the EMTN Programme.

31. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings under the Group are as follows:

Name	Place of incorporation	Principal activities	December 31, 2018 Holding %	December 31, 2017 Holding %
Subsidiaries held directly and indirectly by the Company				
Edolaxia Group Limited	Cyprus	Holdings	100%	100%
ATF Netherlands B.V.	Netherlands	Financing	100%	100%
AT Securities B.V.	Netherlands	Financing	100%	100%
Aroundtown Real Estate Limited	Cyprus	Holdings	100%	100%
Primecity Investment PLC	Cyprus	Holdings	98.20%	98.18%
Associates held indirectly by the Company				
Grand City Properties S.A.	Luxembourg	Holdings	38.75%	37.66%
Capital Property S.a.r.l	Luxembourg	Real estate	30%	0%

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 DECEMBER 2017
of Aroundtown SA

Independent Auditors‘ Report

Opinion

We have audited the consolidated financial statements of Aroundtown SA and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

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

Key audit matters

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

Valuation of Investment Properties

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

We refer to the accounting policy on page 91 “(L) Investment Property”, and on page 91 “(M) Assets held for sale” and to Note 13 “Investment Property” on page 102 and Note 17 “Disposal group held for sale” on page 104 in the consolidated financial statements of Aroundtown SA.

As at December 31, 2017 the Group held a portfolio of investment properties with a fair value of MEUR 9,804.1 (2016: MEUR 5,016.2) and investment properties within Assets held for sale with a fair value of MEUR 493.1 (2016: MEUR 148.6).

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

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

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

The external valuers were engaged by management, and performed their work in compliance with the Royal Institute of Chartered Surveyors (“RICS”) Valuation – Professional Standards, TEGoVA European Valuations Standards and IVSC International Valuation Standard. The Valuers used by the Group have considerable experience of the markets in which the Group operates. In determining a

property's valuation, the valuers take into account property-specific characteristics and information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.

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

b) How the matter was addressed during the audit?

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

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

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated management report, the Corporate Governance Statement and Corporate Social Responsibility report but does not include the consolidated financial statements and our report of the "Réviseur d'Entreprises agréé" thereon.

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

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

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

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

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

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the consolidated financial statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

We have been appointed as "Réviseur d'Entreprises agréé" by the General Meeting of the Shareholders on September 13, 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

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

The accompanying Corporate Governance Statement is presented on pages 46 – 49 The information required by Article 68ter paragraph (1) letters c) and d) of the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

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

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

Other matter

The consolidated financial statements of Aroundtown SA as at and for the financial year ended December 31, 2016 were audited by another auditor (KPMG Limited, Cyprus) who expressed an unmodified opinion on those statements on March 31, 2017.

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

Luxembourg, March 28, 2018

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé
39, Avenue John F. Kennedy
L-1855 Luxembourg

Joseph de Souza

Consolidated Statement of Comprehensive Income

in € millions	Note	Year ended December 31, 2017	2016
Revenue	5	**527.1**	**273.7**
Fair value adjustments, capital gains and other income	6	1,326.6	719.5
Share in profit from investment in equity-accounted investees	14	228.4	197.1
Property operating expenses	7	(147.1)	(75.4)
Administrative and other expenses	8	(14.7)	(7.9)
Operating profit		**1,920.3**	**1,107.0**
Finance expenses	9i	(69.7)	(47.4)
Other financial results	9ii	(15.0)	(35.9)
Profit before tax		**1,835.6**	**1,023.7**
Current tax expenses	10b	(33.5)	(19.9)
Deferred tax expenses	10c	(263.1)	(102.7)
Tax and deferred tax expenses		**(296.6)**	**(122.6)**
Profit for the year		**1,539.0**	**901.1**
Profit attributable to:			
Shareholders of the Company		1,282.6	728.2
Perpetual notes investors		28.8	3.7
Non-controlling interests		227.6	169.2
Profit for the year		**1,539.0**	**901.1**

The accompanying notes on pages 17 to 71 form an integral part of these consolidated financial statements

in € millions	Note	Year ended December 31, 2017	2016
Profit for the year		**1,539.0**	**901.1**
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss			
Results of cash flow hedges		(0.7)	—
Tax related to the other comprehensive income component		0.2	—
Total other comprehensive income (loss)		**(0.5)**	**—**
Total comprehensive income for the year		**1,538.5**	**901.1**
Total comprehensive income attributable to:			
Shareholders of the Company		1,282.1	728.2
Perpetual notes investors		28.8	3.7
Non-controlling interests		227.6	169.2
Total comprehensive income for the year		**1,538.5**	**901.1**
Net earnings per share attributable to the shareholders of the Company (in €)			
Basic earnings per share	11a	1.56	1.11
Diluted earnings per share	11b	1.35	0.87

The accompanying notes on pages 17 to 71 form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

in € millions	Note	December 31, 2017	December 31, 2016
Assets			
Equipment and intangible assets	12	25.8	22.8
Investment property	13	9,804.1	5,016.2
Advanced payments for real estate transactions		70.1	243.6
Investment in equity-accounted investees	14	1,905.6	1,557.0
Derivative financial instruments	21	34.1	—
Other non-current assets	15	392.8	133.8
Deferred tax assets	10c	14.8	15.5
Non-current assets		**12,247.3**	**6,988.9**
Cash and cash equivalents		736.4	641.4
Short-term deposits		17.5	11.2
Traded securities at fair value through profit or loss		87.7	180.8
Derivative financial instruments	21	10.9	—
Trade and other receivables	16	162.9	111.4
Assets held for sale	17	507.7	155.3
Current assets		**1,523.1**	**1,100.1**
Total assets		**13,770.4**	**8,089.0**
Equity			
Share capital	18	9.5	6.8
Retained earnings and capital reserves		5,392.8	3,083.4
Equity attributable to the shareholders of the Company		**5,402.3**	**3,090.2**
Equity attributable to perpetual notes investors	18	1,173.3	478.3
Equity attributable to the shareholders of the Company and perpetual notes investors		**6,575.6**	**3,568.5**
Non-controlling interests		674.3	372.6
Total Equity		**7,249.9**	**3,941.1**
Liabilities			
Loans and borrowings	20	956.9	962.0
Convertible bonds	20	293.8	708.7
Straight bonds	20	3,827.0	1,714.0
Derivative financial instruments	21	54.9	6.9
Other non-current liabilities	22	70.1	41.5
Deferred tax liabilities	10c	752.2	365.9
Non-current liabilities		**5,954.9**	**3,799.0**
Loans and borrowings	20	17.4	160.0(*)
Trade and other payables	24	266.5	107.7
Tax payable		8.9	6.7
Provisions and current liabilities	25	87.1	28.0
Liabilities held for sale	17	185.7	46.5
Current liabilities		**565.6**	**348.9**
Total liabilities		**6,520.5**	**4,147.9**
Total equity and liabilities		**13,770.4**	**8,089.0**

(*) reclassified

The Board of Directors of Aroundtown SA authorized these consolidated financial statements for issuance on March 28, 2018

Andrew Wallis	Frank Roseen	Oschrie Massatschi	Jelena Afxentiou
Director	Director	Director	Director

The accompanying notes on pages 17 to 71 form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

in € millions	Attributable to the shareholders of the Company					Equity attributable to perpetual notes investors	Equity attributable to the shareholders of the Company and perpetual notes investors	Non-controlling interests	Total equity
	Share capital	Share Premium and other capital reserves	Hedge Reserve	Retained earnings	Total				
Balance as at December 31, 2016	**6.8**	**633.2**	**—**	**2,450.2**	**3,090.2**	**478.3**	**3,568.5**	**372.6**	**3,941.1**
Profit for the year	—	—	—	1,282.6	1,282.6	28.8	1,311.4	227.6	1,539.0
Other comprehensive income (loss) for the year, net of tax	—	—	(0.5)	—	(0.5)	—	(0.5)	—	(0.5)
Total comprehensive income for the year	**—**	**—**	**(0.5)**	**1,282.6**	**1,282.1**	**28.8**	**1,310.9**	**227.6**	**1,538.5**
Issuance of ordinary shares	1.7	864.4	—	—	866.1	—	866.1	—	866.1
Issuance of shares related to conversion of convertible bonds	1.0	310.3	—	—	311.3	—	311.3	—	311.3
Issuance of perpetual notes	—	—	—	—	—	695.0	695.0	—	695.0
Amount due to perpetual notes investors	—	—	—	—	—	(28.8)	(28.8)	—	(28.8)
Equity settled share-based payment	0.0(*)	1.6	—	—	1.6	—	1.6	—	1.6
Non-controlling interests arising from initially consolidated companies and other transactions	—	—	—	5.5	5.5	—	5.5	74.1	79.6
Dividend distribution	—	—	—	(154.5)	(154.5)	—	(154.5)	—	(154.5)
Balance as at December 31, 2017	**9.5**	**1,809.5**	**(0.5)**	**3,583.8**	**5,402.3**	**1,173.3**	**6,575.6**	**674.3**	**7,249.9**

(*) less than €0.1 million

The accompanying notes on pages 17 to 71 form an integral part of these consolidated financial statements

in € millions	Attributable to the shareholders of the Company					Equity attributable to perpetual notes investors	Equity attributable to the shareholders of the Company and perpetual notes investors	Non-controlling interests	Total equity
	Share capital	Share Premium and other capital reserves	Hedge Reserve	Retained earnings	Total				
Balance as at December 31, 2015	**6.0**	**332.7**	**—**	**1,766.7**	**2,105.4**	**—**	**2,105.4**	**320.1**	**2,425.5**
Profit for the year	—	—	—	728.2	728.2	3.7	731.9	169.2	901.1
Total comprehensive income for the year	—	—	—	728.2	728.2	3.7	731.9	169.2	901.1
Issuance of ordinary shares	0.7	262.0	—	—	262.7	—	262.7	—	262.7
Issuance of shares related to conversion of convertible bonds	0.1	36.4	—	—	36.5	—	36.5	—	36.5
Issuance of perpetual notes	—	—	—	—	—	478.3	478.3	—	478.3
Amount due to perpetual notes investors	—	—	—	—	—	(3.7)	(3.7)	—	(3.7)
Equity settled share-based payment	—	2.1	—	—	2.1	—	2.1	—	2.1
Non-controlling interests arising from initially consolidated companies and other transactions	—	—	—	(10.2)	(10.2)	—	(10.2)	(116.7)	(126.9)
Dividend distribution	—	—	—	(34.5)	(34.5)	—	(34.5)	—	(34.5)
Balance as at December 31, 2016	**6.8**	**633.2**	**—**	**2,450.2**	**3,090.2**	**478.3**	**3,568.5**	**372.6**	**3,941.1**

The accompanying notes on pages 17 to 71 form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

in € millions	Note	Year ended December 31, 2017	2016
Cash flows from operating activities			
Profit for the year		1,539.0	901.1
Adjustments for the profit:			
Depreciation and amortization		2.0	2.0
Fair value adjustments, capital gains and other income	6	(1,326.6)	(719.5)
Share in profit from investment in equity-accounted investees	14	(228.4)	(197.1)
Finance expenses, net	9	84.7	83.3
Tax and deferred tax expenses	10	296.6	122.6
Equity settled share-based payment	19	1.8	2.1
		369.1	194.5
Changes in:			
Trade and other receivables		(17.2)	(19.0)
Trade and other payables		4.2	1.8
Provisions and current liabilities		(2.4)	(0.9)
		353.7	176.4
Dividend received		40.7	17.9
Tax paid		(32.7)	(15.5)
Net cash provided by operating activities		**361.7**	**178.8**
Cash flows from investing activities			
Acquisitions of equipment and intangible assets, net	12	(9.4)	(6.7)
Investments and acquisitions of investment property, capex and advances paid, net		(614.6)	(1,050.8)
Acquisition/disposals of investees, net of cash acquired/disposed		(1,945.5)	(994.1)
(Investments in)/proceeds from traded securities and other financial assets, net		(184.4)	151.4
Net cash used in investing activities		**(2,753.9)**	**(1,900.2)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		866.1	262.7
Proceeds from issuance of straight bonds, net		2,133.4	1,503.5(*)
Proceeds from perpetual notes investors, net		695.2	478.3
Redemption and buy-back of convertible bonds		(114.4)	—
Proceeds (repayments) from/(of) loans from financial institutions and others, net		(822.5)	301.0
Amortizations of loans from financial institutions		(32.0)	(18.5)
Transactions with non-controlling interests		(13.2)	(203.9)
Dividend distributed to the shareholders	18	(154.5)	(34.5)
Interest and other financial expenses, net		(66.2)	(44.6)
Net cash provided by financing activities		**2,491.9**	**2,244.0**
Net increase in cash and cash equivalents		**99.7**	**522.6**
Assets held for sale—cash	17	(4.7)	(2.4)
Cash and cash equivalents as at January 1		641.4	121.2
Cash and cash equivalents as at December 31		**736.4**	**641.4**

(*) reclassified

The accompanying notes on pages 17 to 71 form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. GENERAL

(a) Incorporation and principal activities

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

Aroundtown is a specialist real estate company, with a focus on value-add and income generating properties primarily in the German 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 37.66% 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 its financials.

These consolidated financial statements for the year ended December 31, 2017 consist of the financial statements of the Company and its subsidiaries ("the Group" or "Aroundtown").

(b) Listing on the Stock Exchange

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

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

(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 in March 2017. For further information please see notes 18 and 20.

(d) Group rating

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

(e) Definitions

Throughout these notes to the consolidated financial statements:

The Company	Aroundtown SA
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
GCP S.A.	Grand City Properties S.A. (an associate of the Company)

PCI, Camelbay, ATF, ATS	Primecity Investment PLC, Camelbay Limited, ATF Netherlands B.V. and AT Securities B.V. (subsidiaries of the Company)
Related parties	As defined in IAS 24
The reporting period	The year ended on December 31, 2017

2. BASIS OF PREPARATION

a. Statement of compliance

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

Certain consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2016 have been reclassified to enhance comparability with 2017 figures and are marked as "reclassified".

The consolidated financial statements were authorized for issuance by the Company's board of directors on March 28, 2018.

b. Basis of measurement

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

- Traded securities at fair value through profit or loss;
- Investment properties are measured at fair value;
- Investment in equity accounted investees;
- Derivative financial instruments;
- Assets and liabilities classified as held for sale;
- Deferred tax liability on fair value gain on investment property.

c. Use of estimates and judgments

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

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

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

- Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price. If the Group determines that the fair value on initial recognition differs from the transaction price, then the financial instrument is initially measured at fair value, and subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument.

- Fair value of investment property

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

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

- Impairment of investments in associates

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

- Tax and deferred tax expenses

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

- Impairment of intangible asset

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

- Impairment of goodwill

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

- Legal claims

In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the Group relies on the opinion of their legal counsel. These estimates are based on the legal counsel's

best professional judgment, taking into account the stage of proceedings and historical legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates.

- Provisions

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

- Fair value hierarchy

Please see note 13(b) and 26(iv).

d. Functional and presentation currency

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

As at December 31, 2017, the Company had financial instruments in US Dollars (USD), Norwegian Krone (NOK) and British Pound (GBP). The exchange rates versus the euro were as follows:

	EUR/USD	EUR/GBP	EUR/NOK
Exchange rate as at January 1, 2017	1.054	0.856	9.086
Exchange rate as at December 31, 2017	1.199	0.887	9.840
Average exchange rate during the year	1.131	0.877	9.390

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of

any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. Those transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisitions.

(b) Business combinations

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

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

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

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

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

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

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

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

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

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

(c) Investments in associates and equity-accounted investees

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity in which two or more parties have interest.

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

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

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

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

(d) Revenue recognition

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

- Rental and operating income

Rental operating income from investment properties are recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental operating income, over the term of the lease.

Operating income also includes service charges to third parties and payments for utilities if the costs and the amount of the income can be reliably determined. The revenue is recognized once the service is provided.

- Other

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

(e) Finance income and expenses

Finance income comprises interest income on funds invested.

Finance expenses comprise interest expense on loans and borrowings, bonds and loans from third parties.

(f) Other financial results

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

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

(g) Deferred tax, income tax and property taxes

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

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

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

(h) Current tax

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

Tax expenses also include property tax expenses.

(i) Deferred tax

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

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

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

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. The Company estimates such utilization of the deferred tax assets to be taken in place within the period of 1-5 years from the balance sheet date. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Similarly, unrecognized deferred taxes are reassessed at each reporting date and recognized to the extent that is has become probable that the future taxable profits will be available against which they can be used.

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

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

(j) Equipment and intangible assets

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

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

	%
Furniture, fixtures and office equipment	10 - 50

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

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

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of comprehensive income.

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

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

(k) Deferred income

Deferred income represents income which relates to future periods.

i. Prepayments

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

ii. Tenancy deposits

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

(l) Investment property

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

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

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

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

(m) Assets held for sale

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

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

(n) Financial instruments

1. Non-derivative financial assets:

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

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

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

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

a) Traded securities at fair value through profit or loss

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

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

b) Loans and receivables

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

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

c) Cash and cash equivalents

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

2. Non-derivative financial liabilities

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

3. Share capital

Ordinary shares

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

4. Compound financial instruments

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

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

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

5. Derivative financial instruments

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

6. Hedge accounting

The Group designates certain derivative hedging instruments in respect of foreign currency, as cash flow hedges. At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss.

7. Borrowings

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

8. Trade payables

Trade payables are initially measured at fair value and subsequently at amortized cost.

9. Perpetual notes

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

(o) De-recognition of financial assets and liabilities

(i) Financial assets

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

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

(ii) Financial liabilities

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

(p) Impairment of non-financial assets

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

(q) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the

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

(r) Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

(s) Operating segments

The Group meets the definition of operating in one operating segment which refers to rental income from owned investment properties.

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

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

(t) Comparatives

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

(u) Earnings per share

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

(v) Share-based payment transactions

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

(w) Provisions

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

(x) Leased assets

Assets held by the Group under leases which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is

measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

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

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

(y) Application of new and revised International Financial Reporting Standards (IFRS)

(i) *Amendments to IFRS that are endorsed by the EU and are mandatorily effective for the current year*

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial activities, including both changes arising from cash flows and non-cash changes.

Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilize a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments.

(ii) *New and revised IFRS that are in issue and endorsed by the EU but not yet effective for the current year*

IFRS 9—*Financial Instruments*

IFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant for the Group:

- All recognized financial assets that are within the scope of IAS 39 are now required to be subsequently measured at amortized cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at

FVTOCI, with only dividend income generally recognized in profit or loss. The Group's management estimates that the initial application of IFRS 9 will not change the Group's classification and measurement categories of its financial assets.

- In respect of financial liabilities, all IAS 39 requirements have been carried forward to IFRS 9. The only change introduced by IFRS 9 in respect of financial liabilities is that for those designated at FVTPL, fair value changes attributable to own credit risk are presented in other comprehensive income (OCI), unless doing so would introduce an accounting mismatch. The Group's management estimates that the initial application of IFRS 9 will have no impact on the Group's classification and measurement of its financial liabilities.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

As of December 31, 2017 the Group's financial assets that are in scope for the Expected Credit Loss impairment model according to IFRS 9 are cash and cash equivalents, trade receivables and other current and non-current receivables. The potential impact of estimated exposure for credit risk and expected credit loss for trade and other current and non-current receivables is expected to be not material (less than €5 million).

The cash and cash equivalents are held with banks and other financial institutions counterparties, which are rated from P-1 based on Moody's and F1 based on Fitch rating agency. Management considers that its cash and cash equivalents have low credit risk based on the external credit rating of the counterparties and the potential impact is expected to be not material.

Hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The new provisions specified above will not have any impact on the consolidated financial statements of the Group. When initially implementing IFRS 9, the Company will opt to continue to apply the hedge accounting treatment as set out in IAS 39 instead of the provisions of IFRS 9.

The Group will apply IFRS 9 initially on January 1, 2018, retrospectively with no restatement of comparative information. Any difference between previous carrying amounts and those determined under IFRS 9 at the date of initial application will be included in opening retained earnings.

IFRS 15—Revenue from Contracts with Customers

IFRS 15 specifies how and when revenue is recognized as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

Rental and operating income

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

Any other components of contract which are not lease components should be accounted for under IFRS 15, except for property tax and building insurance which will be accounted for under IFRS 16 from 2019.

As there are no changes regarding the period-based recognition of operating income, the application of IFRS 15 will not have any impact in terms of amount.

Sales of properties

For the sale of properties, revenue is currently recognized when the property is handed over to the buyer, which is taken to be the point in time at which the buyer accepts the property and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and the related cost can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the property.

Under IFRS 15, revenue will be recognized when a buyer obtains control of the property.

The Group's assessment indicates that the application of IFRS 15 will not change the timing and amounts in which revenue is currently recognized and therefore there is no impact expected on the retained earnings or any other items in the consolidated financial statements as at January 1, 2018, and therefore there is no need to select a transitional approach.

The adoption of the amendment is mandatory and will take place by the Group from January 1, 2018. The Group does not expect it to have any material effect on its consolidated financial statements.

IFRS 16—Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard—i.e. lessors continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the consolidated financial statements in the period of initial application will depend on the future economic conditions, including the Group's borrowing rate at January 1, 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

As at December 31, 2017 the Group identified immaterial future minimum lease payments under non-cancellable operating leases related to operating lease of lands, for which new assets and liabilities would have to be recognized.

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for the right-of-use assets and interest expenses on lease liabilities.

No significant impact is expected for the Group's finance leases.

The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the revised maximum leverage threshold covenants described in note 20.12.

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

Amendments to IFRS 2—Classifications and measurement of share-based payment transactions

The amendments to IFRS 2 address the accounting of share-based payment transactions which are to be settled in cash and relate, in particular, to the calculation of the fair value on the basis of the corresponding obligations. The adoption of the amendment is mandatory and will take place by the Group from January 1, 2018. The Group does not expect it to have any material effect on its consolidated financial statements.

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

4. ACQUISITION OF SUBSIDIARIES

a. In January 2017, the Group obtained control of 94.9% of the issued share capital of a wholesale property portfolio located in Germany for a purchase price of approximately €174.3 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.

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

in € millions	
Investment property	789.6
Working capital, net	7.8
Cash and Cash equivalents	9.1
	806.5
Bank loans	(599.5)
Other liabilities, net	(23.5)
	(623.0)
Total identifiable net assets	**183.5**
Non-controlling interests arising from initial consolidation	(9.2)
Consideration paid	(174.3)

Since the date whereby the Group obtained control over the above entities and until the end of the year, the Group recorded aggregated revenues and results from operation in the amount of €61.4 million and €56.9 million, respectively.

b. During the year, the Group obtained control over several 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.

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

in € millions	
Investment property	2,289.6
Working capital, net	12.7
Cash and Cash equivalents	32.2
	2,334.5
Bank loans	(262.5)
Other liabilities, net	(135.5)
	(398.0)
Total identifiable net assets	**1,936.5**
Non-controlling interests arising from initial consolidation	(95.7)
Consideration paid(*)	**(1,840.8)**

(*) including de-recognition of the carrying amount of investment in equity-accounted investees amounted to approximately €152 million.

Since the date whereby the Group obtained control over the above entities and until the end of the year, the Group recorded aggregated revenues and results from operation in the amount of €55.8 million and €28.6 million, respectively.

Had all the above acquisitions been carried out at the beginning of the year, the Group's revenues would have been increased by €88.6 million, and the Group's results from operation would have been increased by €60.1 million.

5. REVENUE

The geographical breakdown of revenue is as follows:

in € millions	Year ended December 31	
	2017	2016
Germany	436.0	235.6
The Netherlands	80.0	34.6
Others	11.1	3.5
	527.1	273.7

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

6. FAIR VALUE ADJUSTMENTS, CAPITAL GAINS AND OTHER INCOME

in € millions	Year ended December 31	
	2017	2016
Revaluations of investment property and profit from bargain purchases	1,315.2	719.5(*)
Capital gains and other income	11.4	—
	1,326.6	719.5

(*) reclassified

7. PROPERTY OPERATING EXPENSES

in € millions	Year ended December 31	
	2017	2016
Ancillary expenses and purchased services	(100.7)	(51.5)
Maintenance and refurbishment	(18.8)	(11.7)
Operational personnel expenses	(7.6)	(3.7)
Depreciation and amortization	(2.0)	(2.0)
Other operating costs	(18.0)	(6.5)
	(147.1)	(75.4)

As of December 31, 2017, the Group had 270 employees (2016: 157 employees), of which 20 were apprentices. On an annual average, the Group had 194 employees.

8. ADMINISTRATIVE AND OTHER EXPENSES

in € millions	2017	2016
Personnel expenses	(6.4)	(3.4)
Legal and professional fees	(3.7)	(1.8)
Year-end closing, accounting and audit expenses(*)	(2.5)	(1.8)
Sales, marketing and administrative expenses	(2.1)	(0.9)
	(14.7)	(7.9)

(*) Out of which, the following table shows the breakdown of audit, audit-related and tax services rendered by KPMG audit firm network and by other audit firms:

	Year ended December 31			
	2017		2016	
in € millions	KPMG Network	Other audit firms	KPMG Network	Other audit firms
Audit services	1.1	1.0	0.6	0.9
Audit related services	—	0.1	0.1	—
Tax and other services	—	0.2	—	0.1
	1.1	1.3	0.7	1.0

9. NET FINANCE EXPENSES

in € millions	Year ended December 31	
	2017	2016
(i) Finance expenses		
Finance expenses from credit institutions and third parties, net	(18.2)	(12.6)
Finance expenses from straight and convertible bonds, net	(51.5)	(34.8)
	(69.7)	**(47.4)**
(ii) Other financial results		
Changes in fair value of financial assets and liabilities, net	(4.5)	(30.0)
Finance-related costs	(10.5)	(5.9)
	(15.0)	**(35.9)**

10. TAXATION

a. Tax rates applicable to the Group

The Company is subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 27.08% (2016: 29.22%). The corporation tax rate will be decreased to 26.01% in 2018 and on. The change in the corporation tax rate does not have a significant effect on current and deferred tax assets and liabilities.

The German subsidiaries with property are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2017 (2016: the same), plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). German property taxation includes taxes on the holding of real estate property.

The Cypriot subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cypriot companies is 12.5% (2016: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to defense contribution at the rate of 30% (2016: 30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defense contribution at the rate of 17%.

The Dutch subsidiaries are subject to taxation under the laws of the Netherlands. The corporation tax rate for Netherlands companies is 25% and 20% for profit before tax above €200 thousands and below €200 thousands, respectively (2016: the same).

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 33.99%.

b. Current taxes included in the consolidated statement of comprehensive income

in € millions	Year ended December 31	
	2017	2016
Corporation tax	(15.9)	(11.1)
Property tax	(17.6)	(8.8)
Charge for the year	(33.5)	(19.9)

c. **Movements in the deferred taxation accounts:**

Deferred tax liablities

in € millions	Derivative financial instruments and other deferred tax liabilities	Fair value gains on investment property	Total
Balance as at December 31, 2015	**1.3**	**184.5**	**185.8**
Charged to:			
Consolidated statement of comprehensive income	—	112.7	112.7
Deferred tax arising from initial consolidation	—	101.5	101.5
Deferred tax disposed from deconsolidation	—	(20.5)	(20.5)
Transfer to Liabilities held for sale	(0.2)	(13.3)	(13.5)
Balance as at December 31, 2016	**1.1**	**364.9**	**366.0**
Charged to:			
Consolidated statement of comprehensive income	6.3	258.0	264.3
Other comprehensive income component	(0.2)	—	(0.2)
Deferred tax arising from initial consolidation	—	141.4	141.4
Deferred tax disposed from deconsolidation	—	(8.1)	(8.1)
Transfer to Liabilities held for sale	(0.7)	(10.5)	(11.2)
Balance as at December 31, 2017	**6.5**	**745.7**	**752.2**

Deferred tax assets

in € millions	Derivative financial instruments	Deferred taxes – loss carried forward, net	Total
Balance as at December 31, 2015	**0.9**	**0.6**	**1.5**
Charged to:			
Consolidated statement of comprehensive income	1.3	8.7	10.0
Deferred tax arising from initial consolidation	—	4.4	4.4
Transfer to Assets held for sale	(0.3)	—	(0.3)
Balance as at December 31, 2016	**1.9**	**13.7**	**15.6**
Charged to:			
Consolidated statement of comprehensive income	(0.9)	2.1	1.2
Transfer to Assets held for sale	(0.1)	(1.9)	(2.0)
Balance as at December 31, 2017	**0.9**	**13.9**	**14.8**

d. **Reconciliation of effective tax rate**

in € millions	Year ended December 31 2017	Year ended December 31 2016
Profit before tax	1,835.6	1,023.7
Statutory tax rate	27.08%	12.50%
Tax computed at the statutory tax rate	497.1	128.0
Decrease in taxes on income resulting from the following factors:		
Group share in earnings from companies accounted for at equity	(61.9)	(24.6)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(137.5)	23.5
Others	(1.1)	(4.3)
Tax and deferred tax expenses	**296.6**	**122.6**

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

a. Basic earnings per share

The calculation of basic earnings per share as of December 31, 2017 is based on the profit attributable to the shareholders of €1,282.6 million (2016: €728.2 million), and a weighted average number of ordinary shares outstanding of 821.5 million (2016: 653.1 million), calculated as follows:

1. Profit attributed to the shareholders (basic)

in € millions	Year ended December 31, 2017	2016
Profit for the year, attributable to the shareholders of the Company	1,282.6	728.2

2. Weighted average number of ordinary shares (basic)

In millions of shares	Year ended December 31, 2017	2016
Issued ordinary shares on January 1	676.3	600.1
Capital increase	74.1	46.8
Effect of exercise of convertible bond	71.1	6.2
Weighted average number of ordinary shares as at December 31,	**821.5**	**653.1**
Basic earnings per share (in €)	1.56	1.11

b. Diluted earnings per share

The calculation of diluted earnings per share at December 31, 2017 is based on profit attributable to the shareholders of €1,245.8 million (2016: €717.9 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 925.0 million (2016: 829.4 million), calculated as follows:

1. Profit attributed to the shareholders (diluted)

in € millions	Year ended December 31, 2017	2016
Profit for the year, attributable to the shareholders of the Company (basic)	1,282.6	728.2
Interest expense on convertible bonds, net of tax	23.0	22.5
Dilutive effect of the Company's share in profit of investees	(59.8)	(32.8)
Profit for the year, attributable to the shareholders of the Company (diluted)	**1,245.8**	**717.9**

2. Weighted average number of ordinary shares (diluted)

In millions of shares	Year ended December 31, 2017	2016
As at the beginning of the year	676.3	600.1
Capital increase	74.1	46.8
Effect of exercise of convertible bond	174.6	182.5
Weighted average number of ordinary shares as at December 31,	**925.0**	**829.4**
Diluted earnings per share (in €)	**1.35**	**0.87**

12. EQUIPMENT AND INTANGIBLE ASSETS

in € millions	Furniture, fixtures and office equipment	Goodwill	Computer software	Total
Cost				
Balance as at December 31, 2015	1.7	4.5	0.5	6.7
Additions	6.4	—	0.3	6.7
Equipment and intangible assets arising from initial consolidation, net	3.4	9.6	—	13.0
Balance as at December 31, 2016	11.5	14.1	0.8	26.4
Additions	9.1	—	0.3	9.4
Equipment and intangible assets arising from initial consolidation, net	0.1	—	—	0.1
Balance as at December 31, 2017	20.7	14.1	1.1	35.9
Depreciation/Amortization				
Balance as at December 31, 2015	1.1	—	0.5	1.6
Depreciation/Amortization for the year	2.0	—	—	2.0
Balance as at December 31, 2016	3.1	—	0.5	3.6
Depreciation/Amortization for the year	1.9	4.5	0.1	6.5
Balance as at December 31, 2017	5.0	4.5	0.6	10.1
Carrying amounts				
Balance as at December 31, 2016	8.4	14.1	0.3	22.8
Balance as at December 31, 2017	15.7	9.6	0.5	25.8

13. INVESTMENT PROPERTY

A. Composition

in € millions	Year ended December 31, 2017	2016
Balance as at January 1	5,016.2	2,430.6
Acquisitions of investment property and investment in capex during the year, net	3,957.8	2,274.7(*)
Disposals of investment property(a)	(140.6)	(195.3)
Transfer to Assets held for sale	(344.5)	(148.6)
Fair value adjustments	1,315.2	654.8
Balance as at December 31	9,804.1	5,016.2

(*) reclassified.

(a) was made through the disposal group held for sale.

B. Investment property per geographical location

in € millions	December 31, 2017	2016
Germany	8,351.4	4,153.1
The Netherlands	1,061.5	780.7
Others	391.2	82.4
	9,804.1	5,016.2

C. Measurement of fair value

(I) Fair value hierarchy

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

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

The range of the discount rates applied to the net annual rentals to determine the fair value of property is between 3.5% - 10.5% (2016: 5.0% - 8.9%).

The Group's investment property's fair value amounted to €9,804.1 million (2016: €5,016.2 million) has been categorized as Level 3 fair value, based on the inputs to the valuation technique used, and was determined considering the highest and best use measurement approach.

(II) Level 3 fair value

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

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free period and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	• Assumed market rental growth weighted average 1.69% (2016: 1.96%); • Void periods—mainly 0-24 months after the end of each lease; • Risk adjusted discount rates in the range of 3.5%-10.5%. Weighted average 5.6% (2016: 6.4%).	The estimated fair value would increase (decrease) if: • Expected market rental growth is higher (lower); • Void periods were shorter (longer); • The occupancy rates were higher (lower); • The risk-adjusted discount rate is lower (higher).

14. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

Composition

in € millions	Year ended December 31, 2017	2016
Balance as at January 1	1,557.0	1,183.1
Additions, net	120.2	176.8
Share of profit from investments in equity accounted investees	228.4	197.1
Balance as at December 31	1,905.6	1,557.0

As at December 31, 2017, the Company had significant influence in companies over which it does not exercise control and that are not consolidated in its consolidated financial statements. The balance predominantly reflects the Group's residential portfolio through its strategic investment in GCP S.A., which amounted to a direct stake of 37.66% as of year-end 2017, as well as in other entities.

The main balance sheet and profit and loss items of GCP S.A. as of December 31, 2017 and for the year then ended were as follows:

in € millions	Year ended December 31, 2017	2016
Current Assets	795.9	1,027.7
Total Assets	7,508.3	6,153.7
Current liabilities	370.7	338.3
Total Liabilities	3,658.6	3,088.7
Rental and operating income	494.9	435.7
Total comprehensive income	638.6	653.1
Company's share of total comprehensive income	195.4	178.6
Carrying amount of interest in associates	1,609.7	1,316.7
The market cap of GCP S.A. as at December 31	3,236.5	2,659.0

During 2017, the Company received dividend from GCP S.A. amounted to €40.7 million (2016: €17.9 million).

15. OTHER NON-CURRENT ASSETS

in € millions	December 31 2017	2016
Tenancy deposit[(a)]	8.9	3.7
Finance lease asset	4.1	1.1
Trade receivables	12.9	11.3
Long term financial investments[(b)]	366.9	117.7
	392.8	133.8

(a) Tenancy deposits mainly include 3 months rent including service charge prepayment from the tenants which is paid at the beginning of the lease. The deposits are considered as a security payment by the tenant and the Group can use those funds mainly if the tenant has unpaid debts or causes damages to the property. Past experience shows that the majority of the leases are long-term and therefore the deposits are presented as long-term assets.

(b) Include non-current prepayments, Group's loans as a seller as well as loans connected with future real-estate transactions. See also note 26.

16. TRADE AND OTHER RECEIVABLES

in € millions	December 31 2017	2016
Rent and other receivables[(*)]	33.7	13.7
Operating costs receivables	100.7	69.6
Prepaid expenses	4.9	9.5
Current tax assets	16.1	4.3
Other short term financial assets	7.5	14.3
	162.9	111.4

(*) For information about the credit risk of the rent and other receivables, refer to note 26.

17. 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 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:

in € millions	December 31, 2017	2016
Assets classified as held for sale		
Investment property	493.1	148.6
Cash and cash equivalents	7.1	2.4
Other assets	7.5	4.3
Total assets classified as held for sale	507.7	155.3
Liabilities classified as held for sale		
Loans and borrowings	153.5	28.6
Deferred tax liabilities	24.3	13.6
Other liabilities	7.9	4.3
Total liabilities classified as held for sale	185.7	46.5

18. EQUITY EQUITY

A. Share capital

	Year ended December 31, 2017		2016	
	Number of shares	in € millions	Number of shares	in € millions
Authorized				
Ordinary shares of €0.01 each	2,000,000,000	20.0	1,500,000,000	15.0
Issued and fully paid				
Balance as at January 1	676,268,473	6.8	600,141,641	6.0
Capital increases	168,000,000	1.7	65,000,000	0.7
Exercise of options under share plan incentive	172,603	0.0(*)	—	—
Exercise of Convertible bond series B into shares during the year	103,367,565	1.0	11,126,832	0.1
Balance at the end of the year	947,808,641	9.5	676,268,473	6.8

(*) less than €0.1 million.

B. Authorized capital

Under its Memorandum of association the Shareholders set the authorized share capital at 50,000 ordinary shares of nominal value of €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 €0.01 for each share.

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

C. Issued capital

1. On July 13, 2015, the Company successfully issued an additional 100,000,000 ordinary shares (of €0.01 nominal value each) for €3.2 each, by way of a private placement with institutional investors. The gross proceeds from the issuance of the shares amounted to €320 million.
2. On April 12, 2016 the Company issued an additional 65,000,000 ordinary shares (of €0.01 nominal value each) for €4.1 each, by way of a private placement to institutional investors. The gross proceeds from the issuance of the shares amounted to €266.5 million.
3. On May 9, 2017, the Company successfully placed 93,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €4.58 per share, resulting in an issue volume of approximately €426 million.

4. On October 20, 2017, the Company successfully placed 75,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €6 per share, resulting in an issue volume of approximately €450 million.

5. Since the issuance of Convertible bond series B and until December 31, 2017, a total amount of €387.7 million nominal value of the Convertible bond series B was converted into shares (thereof 349 million during the reporting period). According to the convertible bond's terms, 114.6 million shares were issued (thereof 103.4 million during the reporting period).

D. Issuance of perpetual notes

(a) On October 17, 2016, ATF successfully placed €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 €100 million (nominal value) at a price of 96.297% of its principal amount.

(b) On June 14, 2017, ATS successfully placed USD 500 million (€443.4 million) (nominal value) of perpetual notes and implemented full currency-hedge to the euro until the first call date. These notes were issued at a price of 98.725% 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 July 2023, the perpetual notes shall bear a coupon rate of 2.345% p.a. (currency swapped to euro). In case the Company does not exercise its call right at that point, the coupon rate applied until the next call date (July 2028) shall correspond to the five-year swap rate plus a margin of 354.6 basis points p.a. The mark-up will increase by 25 basis points (to 379.6 basis points p.a.) as of July 2043 and by another 75 basis points (to 454.6 basis points p.a.) commencing on July 2043. On September 26, 2017, ATS successfully tapped its perpetual notes by additional USD 200 million (€168.9 million) (nominal value) at a price of 99.3% of its principal amount.

E. 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, from conversions of convertible bonds into ordinary shares and from exercise of options under share plan incentive, which can be distributed at any time. The account also consist the equity components of convertible bonds, the share-based payment reserves all temporarily cannot be distributed, and the other comprehensive income components arise by the hedge accounting.

F. Resolution of dividend distribution

On December 12, 2017, the Company's Annual General Meeting resolved upon the distribution of a cash dividend in the amount of €0.163 per share in accordance with the proposal of the Board of Directors based on the payout ratio of 65% of FFO I per share. Total gross amount of €154.5 million were paid on December 14, 2017.

19. SHARE BASED PAYMENT AGREEMENTS

A. Description of share-based payment arrangements

On December 31, 2017 and 2016, the Group had the following share-based payment arrangements:

Incentive Share plan

The annual general meeting has approved to authorize the board of Directors to issue up to five million shares for an incentive plan for the board of directors, key management and senior employee's. The incentive plan has up to 4 years vesting period with specific milestones to enhance management long term commitment to Aroundtown strategic targets. Main strategic targets are long term improvement in

operational and financial targets such as Like for Like vacancy reduction and like-for-like rent increase, operational efficiency, increase in adjusted EBIDTA per share, FFO per share and EPS. Management will be incentivized for keeping conservative financial ratios, with the strategic target to further improve the Group's rating.

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

Incentive granted to Board of Directors, key management and senior employees	Number of instruments (in thousands)	Contractual life of the incentive
during 2016 and 2017	1,417	Up to 4 years

B. Reconciliation of outstanding share options

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

in € thousands	2017 Number of instruments	2016 Number of instruments
Outstanding on January 1	1,073	**1,050**
Granted during the year, net	517	23
Issued shares	(173)	—
Outstanding on December 31	1,417	1,073

During the reporting period, the total amount recognized as share-based payment was €1.8 million. It was presented as administrative and other expenses in the consolidated statement of comprehensive income and as share-based payment reserve in the consolidated statement of changes in equity.

20. LOANS, BORROWINGS AND BONDS

20.1 Composition

in € millions	Weighted average interest rate	Maturity date	December 31	
			2017	2016
Non-current				
Bank loans[a][b][c]	2.0%	2019-2031	956.9	962.0
Total non-current bank loans			**956.9**	**962.0**
Convertible bond series A in PCI	—	—	—	30.4
Straight bond series A	—	—	—	37.5
Convertible bond series B	3%	05/2020	5.8	394.0
Convertible bond series C	1.5%	01/2021	288.0	284.3
Straight bond series D	1.5%	05/2022	572.5	571.4
Straight bond series E	1.5%	07/2024	620.6	616.1
Straight bond series F	2.125%	03/2023	540.4	489.0
Straight bond series H	1.365%[d]	03/2032	312.8	—
Straight bond NOK	0.818%[d]	07/2027	74.7	—
Straight bond series I	1.875%	01/2026	483.2	—
Straight bond series J	1.5%	10/2029	542.9	—
Straight bond series K	1.0%	01/2025	679.9	—
Total non-current portion of Straight and convertible Bonds			**4,120.8**	**2,422.7**
Current				
Straight bond and financial credit		—	—	130.5
Bank loans	2.0%	2018	17.4	29.5
Total current loans			**17.4**	**160.0**

(a) All bank loans are non-recourse loans from banks with the related assets serving as their only security. As of December 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 20.12.

(b) Approximately €2.8 billion (2016: €2.1 billion) of the investment property is encumbered.

(c) The weighted average interest rate on the outstanding loans, borrowings and bonds is 1.6%.

(d) Linked to CPI.

20.2 Convertible bond series A in PCI

In November 2014, PCI successfully completed the placement of a €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 €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 €3.00.

In March 2017, PCI fully early 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 €22.5 million.

Since the issuance of the convertible bond and until its full redemption, a total amount of €128.7 million nominal value of the convertible bond was converted into PCI shares (out of which €8.2 million during 2017).

in € millions	Year ended December 31, 2017	2016
Balance at the beginning of the year	31.2	112.4
Expenses for the year	(1.0)	1.0
Expenses paid	—	(2.4)
Conversion to ordinary shares of PCI	(8.3)	(79.8)
Redemption of outstanding amount	(21.9)	—
Carrying amount of liability at the end of the year	—	31.2
Non-current portion of Convertible bond of PCI	—	30.4
Accrued interest	—	0.1
Total Convertible bond of PCI	—	30.5
Deferred income	—	0.7

20.3 Straight bond series A

In December 2014, the Company successfully completed the placement of a €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 €39 million (nominal value) for a price at 94% of the principal amount, resulting in a total nominal amount of €200 million.

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

In May 2017, the Company fully 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 for total consideration of €39.5 million.

in € millions	Year ended December 31, 2017	2016
Balance at the beginning of the year	37.6	188.3
Transaction costs	—	(0.4)
Net proceeds during the year	—	(0.4)
Expenses for the year	0.5	7.3
Expenses paid	—	(3.6)
Redemption of outstanding nominal amounts	(38.1)	(154.0)
Carrying amount of liability at the end of the year	—	37.6
Non-current portion of straight bond series A	—	37.5
Accrued interest	—	0.1
Total straight bond series A	—	37.6

20.4 Convertible bond series B

In May 2015, the Company successfully completed the placement of a €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 €3.53 per share. The bond was admitted to trading on the regulated market of the Frankfurt Stock Exchange. Due to capital increases and dividend distributions since placement and until December 2017, the conversion price was adjusted to €3.2746.

As of the date of this report, €4.7 million nominal value of the Company's convertible bond series B remains outstanding (excluding the €56.3 million nominal value which is held by the Company).

	Year ended December 31,	
in € millions	**2017**	**2016**
Balance at the beginning of the year	395.9	428.0
Transaction costs	—	(0.3)
Net proceeds during the year	—	(0.3)
Expenses for the year	6.6	17.6
Expenses paid	(6.0)	(13.0)
Conversion to ordinary shares	(334.5)	(36.4)
Buy-back of 563 units by the Company[(a)]	(56.2)	—
Carrying amount of liability at the end of the year	5.8	395.9
Non-current portion of Convertible bond series B	5.8	394.0
Accrued interest	—	1.9
Total Convertible bond series B	5.8	395.9

(a) During the year, the Company bought-back 563 nominal units for consideration of €78.9 million. The surplus arise was deducted from the equity.

20.5 Convertible bond series C

In December 2015, the Company successfully completed the placement of a €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 €5.79 per share. The bond was admitted to trading on the regulated market of the Frankfurt Stock Exchange. Due to the dividend distributions in December 2016 and 2017, the conversion price was adjusted to €5.6862 per share and €5.5148 per share, respectively.

	Year ended December 31,	
in € millions	**2017**	**2016**
Balance at the beginning of the year	286.3	281.8
Transaction costs	—	(1.0)
Net proceeds during the year	—	(1.0)
Expenses for the year	8.2	8.1
Expenses paid	(4.5)	(2.6)
Carrying amount of liability at the end of the year	290.0	286.3
Non-current portion of Convertible bond series C	288.0	284.3
Accrued interest	2.0	2.0
Total Convertible bond series C	290.0	286.3

At the issuance date of the convertible bond, a total amount of a €7.1 million was accounted as equity and presented in the other reserves, and €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.

20.6 Straight bond series D

In April 2016, the Company successfully completed the placement of a €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. The bond was admitted to trading on the Irish Stock Exchange, and on the Frankfurt Stock Exchange.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	577.3	—
Proceeds from issuance of Bond series D (6,000 notes at €100,000 par value)	—	573.3
Transaction costs	—	(5.2)
Net proceeds during the year	—	568.1
Expenses for the year	13.9	9.2
Expenses paid	(9.0)	—
Buy-back of 40 units by the Company	(3.8)	—
Carrying amount of liability at the end of the year	578.4	577.3
Non-current portion of straight bond series D	572.5	571.4
Accrued interest	5.9	5.9
Total straight bond series D	578.4	577.3

20.7 Straight bond series E

In July 2016, the Company successfully completed the placement of a €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. The bond was admitted to trading on the Irish Stock Exchange, and on the Frankfurt Stock Exchange.

In November 2016, the Company successfully completed a tap up placement of an additional €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 €650 million (nominal value).

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	619.9	—
Proceeds from issuance of Bond series E (6,500 notes at €100,000 par value)	—	621.0
Transaction costs	—	(6.6)
Net proceeds during the year	—	614.4
Expenses for the year	14.2	5.5
Expenses paid	(9.0)	—
Carrying amount of liability at the end of the year	625.1	619.9
Non-current portion of straight bond series E	620.6	616.1
Accrued interest	4.5	3.8
Total straight bond series E	625.1	619.9

20.8 Straight bond series F

In December 2016, the Company successfully completed the placement of a €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 admitted to trading on Irish Stock Exchange.

In January 2017, the Company successfully completed a tap placement of its straight bond series F by an additional €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 the Company's credit. Following settlement, the aggregated principal amount of the straight bond series F was increased to €550 million.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	489.5	—
Proceeds from issuance of straight bond series F (5,000 notes at €100,000 par value)	—	495.0
Proceeds from issuance of straight bond series F (500 notes at €100,000 par value)	49.7	—
Transaction costs	(0.1)	(6.1)
Net proceeds during the year	49.6	488.9
Expenses for the year	13.4	0.6
Expenses paid	(2.8)	—
Carrying amount of liability at the end of the year	549.7	489.5
Non-current portion of straight bond series F	540.4	489.0
Accrued interest	9.3	0.5
Total straight bond series F	549.7	489.5

20.9 Straight bond series G

During December 2016, the Company successfully completed the placement of a €30 million (nominal value) senior, unsecured coupon-free short term note matured in December 2017, for a consideration that reflected 99.98% of its principal amount. The bond has been fully repaid at maturity date.

20.10 EMTN Programme

In March 2017, the Group announced the establishment of a €1.5 billion (later increased to €10 billion) Medium Term Notes Programme ("the EMTN Programme"). The EMTN Programme will facilitate the issuance by the Company of senior notes over time in various currencies and maturities as a continuing element of Aroundtown's financing strategy. The EMTN notes were admitted to trading on the regulated market of the Irish Stock Exchange.

20.10.1 Straight bond series H

In March 2017, the Company successfully completed the placement of a USD 400 million (€372.4 million) (nominal value) maturing in 2032 for a consideration that reflected 94.651% of its principal amount. The bond was placed under the EMTN Programme. The currency risk inherent in the bond has been hedged by cross-currency swap resulting in fixed exchange rate on the foreign currency and an effective annual euro coupon of 1.365%, linked to the CPI, until maturity. The hedge derivative's value was determined by an external valuation.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	—	—
Proceeds from issuance of EMTN Bond (1,600 notes at USD 250,000 par value)	352.5	—
Transaction costs	(2.2)	—
Net proceeds during period year	350.3	—
Expenses for the period	4.9	—
Results of foreign currency exchange (hedged via OCI)	(30.3)	—
Carrying amount of liability at the end of the year	324.9	—
Non-current portion of straight bond series H	312.8	—
Accrued interest	12.1	—
Total straight bond series H	324.9	—

20.10.2 Straight bond NOK

In July 2017, the Company successfully completed the placement of a NOK (Norwegian Krone) 750 million (€79.3 million) (nominal value) fixed rate straight bond maturing in 2027 for a consideration that reflected 98.5% of its principal amount. The bond was placed under the EMTN Programme. The currency risk inherent in the bond has been hedged by cross-currency swap resulting in fixed exchange rate on the foreign currency and an effective euro coupon of 0.818%, linked to the CPI, until maturity. The hedge derivative's value was determined by an external valuation.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	—	—
Proceeds from issuance of EMTN Bond (750 notes at NOK 1,000,000 par value)	78.1	—
Transaction costs	(0.3)	—
Net proceeds during the period	77.8	—
Expenses for the period	0.3	—
Results of foreign currency exchange (hedged via OCI)	(2.2)	—
Carrying amount of liability at the end of the year	75.9	—
Non-current portion of straight bond NOK	74.7	—
Accrued interest	1.2	—
Total straight bond NOK	75.9	—

20.10.3 Straight bond series I

In July 2017, the Company successfully completed the placement of a €500 million (nominal value) straight bond series I maturing in January 2026, bearing a coupon of 1.875% p.a., payable annually in arrears starting from January 2018 (short first coupon), for a consideration that reflected 97.087% of its principal amount. The bond was placed under the EMTN Programme.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	—	—
Proceeds from issuance of EMTN Bond (5,000 notes at EUR 100,000 par value)	485.4	—
Transaction costs	(3.0)	—
Net proceeds during the period	482.4	—
Expenses for the period	5.0	—
Carrying amount of liability at the end of the year	487.4	—
Non-current portion of straight bond series I	483.2	—
Accrued interest	4.2	—
Total straight bond series I	487.4	—

20.10.4 Straight bond series J

In October 2017, the Company successfully completed the placement of a GBP (British Pound) 500 million (€557.2 million) (nominal value) maturing in 2029 for a consideration that reflected 97% of its principal amount, and implemented full currency-hedge to the euro until maturity. The currency risk inherent in the bond has been hedged by cross-currency swap resulting in an effective coupon of 1.5% payable annually until 2022 and thereafter 1.21% plus Euribor (6 months), payable semi-annually in arrears, until maturity. The bond was placed under the EMTN Programme. The hedge derivative's value was determined by an external valuation.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	—	—
Proceeds from issuance of EMTN Bond (5,000 notes at GBP 100,000 par value)	540.6	—
Transaction costs	(3.7)	—
Net proceeds during the period	536.9	—
Expenses for the period	1.8	—
Results of foreign currency exchange	7.7	—
Carrying amount of liability at the end of the year	546.4	—
Non-current portion of straight bond series J	542.9	—
Accrued interest	3.5	—
Total straight bond series J	546.4	—

20.10.5 Straight bond series K

In November 2017, the Company successfully completed the placement of a €700 million (nominal value) straight bond series K maturing in January 2025, bearing a coupon of 1.0% p.a., payable annually in arrears starting from January 2019, for a consideration that reflected 97.62% of the principal amount. The bond was placed under the EMTN Programme.

in € millions	Year ended December 31	
	2017	2016
Balance at the beginning of the year	—	—
Proceeds from issuance of EMTN Bond (7,000 notes at EUR 100,000 par value)	683.4	—
Transaction costs	(3.9)	—
Net proceeds during the period	679.5	—
Expenses for the period	1.4	—
Carrying amount of liability at the end of the period	680.9	—
Non-current portion of straight bond series K	679.9	—
Accrued interest	1.0	—
Total straight bond series K	680.9	—

20.11 Reclassification of liabilities arising from financing activities

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

			Non-cash changes						
	31.12.2016	Financing cash flows[(i)]	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Conversion to shares	Other[(ii)]	Other changes[(iii)]	31.12.2017
Convertible bonds	713.4	(111.3)	—	—	—	(342.8)	22.6	13.9	295.8
Straight bonds	1,724.3	2,112.1	—	(25.2)	—	—	—	57.4	3,868.6
Loans and borrowings	1,122.0	(884.1)	816.5	—	(119.2)	—	0.5	38.6	974.3
Derivative financial instruments	6.9	(2.5)	—	—	0.4	—	5.1	—	9.9

i) Financing cash flows include interest payments and proceeds from (repayment of) financial instruments, net.

ii) Other non-cash changes include discount and issuance cost amortization for the bonds, unrealized revaluations gains net of derivative financial instruments and foreign exchange effect.

iii) Other changes include interest accruals and loss from buyback of bonds.

20.12 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 bonds.

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.

In addition to the pledge above, as of December 31, 2017, out of the Company's total holding in GCP S.A. 9.7 million of GCP S.A.'s shares are pledged due to a facility agreement.

21. DERIVATIVE FINANCIAL INSTRUMENTS

in € millions	December 31, 2017	December 31, 2016
Assets		
Non-current portion	34.1	—
Current portion	10.9	—
Liabilities		
Non-current portion	54.9	6.9

The Group uses interest rate swaps, collars, caps and floors ("hedging instruments") to manage its exposure to interest rate movements on its bank borrowings. All of the Group's derivatives financial instruments are linked to the bank loans maturity.

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

In addition, derivatives financial instruments consist hedge instruments on the Group's straight bonds and perpetual notes in foreign currency.

22. OTHER NON-CURRENT LIABILITIES

in € millions	December 31, 2017	December 31, 2016
Tenancy deposits	7.1	4.2
Finance lease liability	4.1	1.1
Long term payables	58.9	35.5
Deferred income	—	0.7
	70.1	41.5

23. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

in € millions	Year ended December 31 2017	Year ended December 31 2016
Rental and operating expenses to related party during the year	(0.4)	(0.2)

As of December 31, 2017, all payments related to the lease agreements have been carried out.

in € millions	December 31, 2017	December 31, 2016
Loans to associates	106.7	18.0

The loans to associates were granted for a maturity longer than 1 year with an annual interest in a range between 7% - 8%.

Except for the above mentioned transaction and the management share incentive plan there are no further transactions with related parties and key management (refer to note 19).

24. TRADE AND OTHER PAYABLES

in € millions	December 31 2017	December 31 2016
Trade and other payables	151.2	39.6
Prepayments received on operating costs	92.5	57.0
Deferred income	11.3	6.3
Other short term liabilities	11.5	4.8
	266.5	107.7

25. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

in € millions	
Balance as at January 1, 2016	13.2
Movement during the year	14.8
Balance as at December 31, 2016	28.0
Movement during the year	59.1
Balance as at December 31, 2017	87.1

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

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

- Credit risk
- Liquidity risk
- Operating risk
- Currency risk
- Market risk
- Other risks

The Group has immaterial exposure to currency risk on its GBP operational currency investments that are different from the EUR, which is the functional currency of the Company.

(i) Credit risk

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

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

in € millions	Carrying amount 2017	Carrying amount 2016
Rent and other receivables	33.7	13.7
Traded securities at fair value through profit or loss	87.7	180.8
Long term financial investments	366.9	117.7
	488.3	312.2

The maximum exposure to credit risk for the end of the reporting period derived by the tenants and trade securities' risk profile.

Impairment losses

The aging of rent receivables at the end of the reporting period that were not impaired was as follows:

in € millions	Carrying amount	
	2017	2016
Neither past due and past due 1–30 days	15.2	3.8
Past due 31–90 days	1.0	2.3
Past due above 90 days	4.2	7.6
	20.4	13.7

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Trade and other receivables

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

Cash and cash equivalents

The Group held cash and cash equivalents which available at any time without any restriction in the amount of €736.4 million as at December 31, 2017 (December 31, 2016: €641.4 million), which represents its maximum credit exposure on these assets.

(ii) Liquidity risk

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

The following are the remaining contractual maturities at the end of the reporting period and at the end of 2016 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

As at December 31, 2017

in € millions	Carrying amount	Contractual cash flows including interest					
		Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
Non-derivative financial liabilities							
Loans and borrowings	974.3	1,083.7	4.1	35.9	39.9	245.3	758.5
Straight bonds	3,868.6	4,402.4	4.7	44.5	37.4	37.0	4,278.8
Convertible bonds	295.8	322.1	2.2	2.4	4.7	10.6	302.2
Trade payables	151.2	151.2	107.3	43.9	—	—	—
Total	**5,289.9**	**5,959.4**	**118.3**	**126.7**	**82.0**	**292.9**	**5,339.5**

As at December 31, 2016

in € millions	Carrying amount	Contractual cash flows including interest Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
Non-derivative financial liabilities							
Loans and borrowings	991.5	1,113.0	2.6	52.0	155.6	73.3	829.5
Straight bonds	1,724.3	1,994.0	—	22.6	30.6	30.6	1,910.2
Convertible bonds	713.4	810.7	2.3	15.7	18.0	50.5	724.2
Trade payables	39.6	39.6	6.6	33.0	—	—	—
Total	**3,468.8**	**3,957.3**	**11.5**	**123.3**	**204.2**	**154.4**	**3,463.9**

(iii) Operating Risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

Accounting classifications and fair values

Fair value hierarchy

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

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

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

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

1. Financial assets and liabilities measured at fair value:

in € millions	Level 1	Level 2	Level 3	Total
December 31, 2017				
Derivative financial instruments	—	45.0	—	45.0
Traded securities at fair value through profit or loss	87.7	—	—	87.7
Total assets	**87.7**	**45.0**	**—**	**132.7**
Derivative financial instruments	—	54.9	—	54.9
Total liabilities	**—**	**54.9**	**—**	**54.9**
December 31, 2016				
Traded securities at fair value through profit or loss	180.8	—	—	180.8
Total assets	**180.8**	**—**	**—**	**180.8**
Derivative financial instruments	—	6.9	—	6.9
Total liabilities	**—**	**6.9**	**—**	**6.9**

2. Financial assets and liabilities not measured at fair value:

Except as detailed in the following table, the Group considers that the carrying amount of the financial assets and liabilities recognized in the consolidated financial statements approximates their fair value.

in € millions	As at December 31, 2017 Carrying amount	Fair value	As at December 31, 2016 Carrying amount	Fair value
Convertible bonds	295.8	386.0	713.4	877.0
Straight bonds	3,868.6	4,078.0	1,724.3	1,787.0

(iv) Foreign currency risk

The Group undertakes capital market transactions (bonds placements) denominated in foreign currencies (mainly US Dollar, British Pound and Norwegian Krone); consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts, which fully eliminate the risk.

(v) Market risk

a. Profile

At the end of the reporting period the interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group was as follows:

in € millions	Nominal amount, as at December 31	
	2017	**2016**
Hedge instruments		
Swap	1,114.5	188.9
Cap, collar	435.1	459.7
Total hedge instruments	1,549.6	648.6
Fixed interest rate	3,483.7	2,772.2
Variable rate instruments		
Variable	215.3	152.5
Total interest-bearing financial instruments	5,248.6	3,573.3

b. Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the end of the reporting period would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

in € millions	Profit or loss		Equity	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
December 31, 2017				
Variable, Cap, collar rate instruments	(4.4)	—	(4.4)	—
Cash flow sensitivity	(4.4)	—	(4.4)	—
December 31, 2016				
Variable, Cap, collar rate instruments	(4.0)	—	(4.0)	—
Cash flow sensitivity	(4.0)	—	(4.0)	—

(vi) Other risks

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

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio (LTV), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with an LTV to remain at a target below 45%. As at December 31, 2017 and 2016 the LTV ratio was 36% and 39%, respectively, and the Group did not breach any of its loan covenants, nor did it default on any

other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg and local regulations regarding restrictions on minimum capital. During the years covered by these consolidated financial statements, the Company complied with all externally imposed capital requirements.

27. OPERATING LEASE

The Group entered into long-term rent agreements as a lessor of its investment property. The future minimum rental income which will be received is as follows:

	December 31	
in € millions	**2017**	**2016**
Less than a year	514.1	304.1
Between one to five years	1,493.7	876.0
More than five years	1,693.7	1,130.9
	3,701.5	**2,311.0**

28. COMMITMENTS

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

29. CONTINGENT ASSETS AND LIABILITIES

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

30. EVENTS AFTER THE REPORTING PERIOD

a) In January 2018 the Company successfully completed the placement of a €400 million (nominal value) of perpetual subordinated notes bearing a coupon of 2.125% p.a. with first call date in 2024, at an issue price of 98.174%.

b) In January 2018, the Company successfully completed the placement of a USD 150 million (€125 million) (nominal value) straight bond maturing in 2038, at a subscription price of 100% of its principal amount. The bond was placed under the EMTN Programme. The currency risk inherent in the notes has been hedged by cross-currency swap, resulting in an effective semi-annual coupon of 1.75% p.a. for the first 5 years and Euribor (6M) + 1.78% for the remain part until maturity.

c) In January 2018, the Company successfully completed the placement of a CHF (Swiss Franc) 250 million (€212 million) (nominal value) straight bond maturing in 2025, at an issue price of 100% of the principal amount, bearing an annual coupon of 0.732% p.a.; the bond was placed under the EMTN Programme. The Company hedged the currency risk implied by the CHF denomination by swapping the initial and final notional into euro.

d) In January 2018, the Company announced an offer to the holders of its €600 million 1.5% straight bond series D maturing in 2022 ("Bond"), to tender any and all such Bond's denominations for purchase by the Company for cash subject to the terms and conditions set out in the tender offer memorandum prepared by the Company. As a result of the tender, an aggregate principal amount of €319 million was bought back by the Company based on purchase price of 103.938% of the principal amount, excluding accrued interest. The settlement of the tender completed on February 5, 2018. Following the settlement, aggregate principal amount of € 281 million of the Bond remained outstanding.

e) In January 2018, the Company successfully completed the placement of a €800 million (nominal value) straight bond bearing a coupon of 1.625% p.a. and maturing in 2028, at an issue price of 97.179% of the principal amount. The bond was placed under the EMTN Programme.

f) In March 2018, the Company announced regarding the inclusions of the Company into the FTSE EPRA/NAREIT Global Developed Index, into the GPR 250 Index and into the MDAX index of the Deutsche Börse. All index inclusions were effective as of March 19, 2018.

g) In March 2018, the Company increased its share capital from €9,481,140.21 by €950,000 to €10,431,140.21 through the issue of 95 million new shares. The offer price was fixed at €6.38 per share, resulting in €606.1 million gross proceeds.

31. GROUP SIGNIFICANT HOLDINGS

The details of the significant Group are as follows:

Name	Place of incorporation	Principal activities	As at December 31, 2017 Holding %	2016 Holding %
Subsidiaries held directly by the Company				
Edolaxia Limited	Cyprus	Holdings	100%	100%
ATF Netherlands BV	Netherlands	Financing	100%	100%
AT Securities BV	Netherlands	Financing	100%	—
Subsidiaries held indirectly by the Company				
Camelbay Real Estate Limited	Cyprus	Holdings	100%	100%
Primecity Investment PLC	Cyprus	Holdings	98.18%	95%
Associates held indirectly by the Company				
Grand City Properties S.A.	Luxembourg	Holdings	37.66%	35%

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

of Aroundtown Property Holdings PLC

Indepentent Auditor's Report

Report on the audit of the consolidated financial statements

OPINION

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

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

Basis for opinion

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

KEY AUDIT MATTERS

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

INVESTMENT PROPERTIES

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

See Note 12 to the financial statements.

The key audit matter

The Group has significant holding of investment properties as they represented 62% of total assets. We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the financial statements as a whole, and the significant element of judgment and estimation associated with determining the fair value.

As disclosed in notes 3(L) and 12 to the financial statements, the fair value is based on the valuation performed by an independent qualified external valuer (the "Valuer"), engaged by the Group, using discounted cash flow valuation model which considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free period and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms. This involves the making of certain assumptions and the use of estimates.

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

- Assessing the competence, capabilities, qualifications and objectivity of the external independent valuers employed by the Group.
- Assessing the property valuations, prepared by independent valuers appointed by the Group, utilizing within this process our real estate specialists to challenge the appropriateness of the assumptions, the valuation methods and model used. During this process we compared the assumptions to external data and industry norms as well as our own assessment in relation to yield rates on a geographical basis as well as on a property type basis.
- Testing the integrity, accuracy and completeness of inputs used by appraiser (e.g. net rent and sqm).
- Considering the adequacy of the disclosures in the financial statements in relation to investment properties.
- Performing a sensitivity analysis on the significant assumptions to evaluate the extent of impact on the fair values and assessed the appropriateness of the Group's disclosures relating to these sensitivities.

BUSINESS COMBINATIONS

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

See Note 4 to the financial statements.

The key audit matter

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

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

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

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

How the matter was addressed in our audit

Our audit procedures in this area included, among others:

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

CONVERTIBLE BONDS

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

See Note 19 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group has significant amount of outstanding convertible bonds. We have identified the valuation of and the accounting treatment for convertible bonds as key audit matters because both are complex areas. The separation of the debt element from the equity element of a convertible bond can involve a significant degree of judgment and is subject to an inherent risk of error.	Our audit procedures in this area included, among others: • Inspecting Board minutes and other appropriate documentation of authorization to assess whether the transactions were appropriately authorized. • Verifying amounts, interest rate and maturity date to the supporting documentation, debt agreement, prospectuses or to third party statements and examined terms and conditions of the bonds. • Testing the calculations carried out to split the convertible bonds into equity and debt element. We examined the valuation report from external experts engaged by the Group to identify the value of equity used which was assessed by KPMG internal specialists. • Assessing the accuracy of historical financial information, examined the mathematical accuracy of calculations, evaluated the valuation technique applied and approach used and evaluated the assumptions used to calculate discount rate.

PERPETUAL NOTES

(2016: €478,277 thousand, 2015: NIL)

See Note 17 to the financial statements.

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

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a

material misstatement of this other information, we are required to report that fact. Our report in this regard is presented in the “Report on other legal requirements” section.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

AUDITORS’ RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts of Law 2009, L42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the Board of Directors' Report on pages 2 to 65, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In the light of the knowledge and understanding of the business and the Company's environment obtained in the course of our audit, we have not identified material misstatements in the Management Report.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of Law 42(I)/2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

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

Panicos Antoniades, FCCA

Certified Public Accountant and Registered Auditor for and on behalf of

KPMG Limited

Certified Accountants and Registered Auditors

Larnaca

March 31, 2017

Consolidated Statement of Comprehensive Income

In thousands of euro	Note	For the year ended December 31, 2016	2015
Revenue		**273,699**	**125,162**
Capital gains, property revaluations and other income	5	719,517	814,511
Share in profit from investment in equity-accounted investees	13	197,064	134,138
Property operating expenses	6	(75,353)	(28,529)(*)
Administrative and other expenses	7	(7,921)	(4,287)(*)
Operating profit		**1,107,006**	**1,040,995**
Finance expenses	8a	(47,408)	(20,466)
Other financial results	8b	(35,883)	7,869
Profit before tax		**1,023,715**	**1,028,398**
Current tax expenses	9b	(19,910)	(9,264)
Deferred tax expenses	9c	(102,711)	(98,380)
Tax and deferred tax expenses		(122,621)	(107,644)
Profit for the year		**901,094**	**920,754**
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year		**901,094**	**920,754**
Profit attributable to:			
Owners of the Company		728,209	686,892
Perpetual notes investors		3,699	—
Non-controlling interests		169,186	233,862
Profit for the year		**901,094**	**920,754**
Net earnings per share attributable to the owners of the Company (in euro)			
Basic earnings per share	10	1.11	1.26
Diluted earnings per share	10	0.87	1.01

(*) Reclassified.

The accompanying notes on pages 17 to 64 form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

In thousands of euro	Note	As at December 31, 2016	2015
Assets			
Equipment and intangible assets	11	22,799	5,123
Investment property	12	5,016,235	2,430,595
Advanced payments for investment property		243,515	51,490
Investment in equity-accounted investees	13	1,557,044	1,183,148
Other non-current assets	14	133,809	335,741
Deferred tax assets	9c	15,503	1,505
Non-current assets		**6,988,905**	**4,007,602**
Cash and cash equivalents		641,400	121,243
Short term deposits		11,225	4,213
Traded securities at fair value through profit or loss	24	180,810	261,527
Trade and other receivables	15	111,293	45,562
Assets held for sale	16	155,319	—
Current assets		**1,100,047**	**432,545**
Total assets		**8,088,952**	**4,440,147**
Equity			
Share capital	17	6,763	6,001
Retained earnings and capital reserves		3,083,400	2,099,408
Equity attributable to the owners of the Company		**3,090,163**	**2,105,409**
Equity attributable to Perpetual notes investors	17	478,277	—
Equity attributable to the owners of the Company and Perpetual notes investors		**3,568,440**	**2,105,409**
Non-controlling interests		372,640	320,103
Total Equity		**3,941,080**	**2,425,512**
Liabilities			
Loans and borrowings	19	962,007	515,913
Convertible bonds	19	708,686	817,721
Straight Bonds	19	1,713,965	187,923
Derivative financial instruments	20	6,896	3,590
Other non-current liabilities	21	41,547	62,436
Deferred tax liabilities	9c	365,932	185,774
Non-current liabilities		**3,799,033**	**1,773,357**
Credit from financial institutions		130,466	36,134
Loans and borrowings	19	29,499	15,142(*)
Loan redemption and notes		—	78,150(*)
Trade and other payables	23	107,721	95,971
Tax payable		6,741	2,674
Provisions for other liabilities and charges		27,875	13,207
Liabilities held for sale	16	46,537	—
Current liabilities		**348,839**	**241,278**
Total liabilities		**4,147,872**	**2,014,635**
Total equity and liabilities		**8,088,952**	**4,440,147**

(*) Reclassified

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

Reshef Ish-Gur	Andrew Wallis	Jelena Afxentiou	Oschrie Massatschi
Director	Director	Director	Director

The accompanying notes on pages 17 to 64 form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

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

The accompanying notes on pages 17 to 64 form an integral part of these consolidated financial statements

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

(*) Reclassified

The accompanying notes on pages 17 to 64 form an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

In thousands of euro	Note	For the year ended December 31, 2016	2015
Cash flows from operating activities			
Profit for the year		**901,094**	**920,754**
Adjustments for the profit:			
Depreciation and amortization	11	2,006	377
Capital gains, property revaluations and other income	5	(719,517)	(814,511)
Share in profit from investment in equity-accounted investees	13	(197,064)	(134,138)
Finance expenses, net	8	83,291	12,597
Tax and deferred tax expenses	9	122,621	107,644
Equity settled share-based payment	18	2,110	—
		194,541	92,723
Change in:			
Trade and other receivables		(19,093)	(27,359)
Trade and other payables		1,816	23,517
Provisions for other liabilities and charges		(871)	6,355
		176,393	95,236
Dividend received		17,948	7,445
Tax paid, net		(15,537)	(8,376)
Net cash provided by operating activities		**178,804**	**94,305**
Cash flows from investing activities			
Acquisitions of equipment and intangible assets, net		(6,653)	(957)
Investments and acquisitions of investment property, capex and advances paid, net		(1,050,803)	(776,436)
Acquisition/disposals of investees, net of cash acquired/disposed		(994,129)	(386,297)
Proceeds (investment) from (in) traded securities and other financial assets, net		151,306	(255,035)
Net cash used in investing activities		**(1,900,279)**	**(1,418,725)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		262,665	319,731
Proceeds from issuance of straight and convertible bonds, net	19	1,669,995	856,190
Proceeds from Perpetual notes investors, net		478,277	—
Proceeds from loans from financial institutions and others, net		301,086	383,898
Amortizations of loans from financial institutions		(18,503)	(9,812)
Acquisition of straight bond series A	19	(166,478)	—
Transactions with non-controlling interests		(203,936)	(112,578)
Dividend distributed to the shareholders		(34,490)	—
Interest and other financial expenses, net		(44,606)	(19,760)
Net cash provided by financing activities		**2,244,010**	**1,417,669**
Net change in cash and cash equivalents		**522,535**	**93,249**
Assets held for sale—cash	16	(2,378)	—
Cash and cash equivalents as at January 1		121,243	27,994
Cash and cash equivalents as at December 31		**641,400**	**121,243**

The accompanying notes on pages 17 to 64 form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

1. GENERAL

(a) Incorporation and principal activities

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

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

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

(b) Listing on the Stock Exchange

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

(c) Capital and bonds increases

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

(d) Group rating

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

(e) Definitions

Throughout these notes to the interim financial statements:

The Company	Aroundtown Property Holdings PLC
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
GCP S.A.	Grand City Properties S.A. (an associate of the Company)
PCI, Camelbay, ATF	Primecity Investment PLC, Camelbay Limited and ATF Netherlands BV (subsidiaries of the Company)
Related parties	As defined in IAS 24
The reporting period	The year ended on December 31, 2016

2. BASIS OF PREPARATION

a. Statement of compliance

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

Certain consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2015 have been reclassified to enhance comparability with 2016 figures and are marked as "reclassified".

These consolidated financial statements were authorized for issuance by the Company's Board of Directors on March 30, 2016.

b. Basis of measurement

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

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

c. Use of estimates and judgments

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

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

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

Fair value of investment property

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

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

Impairment of investments in associates

The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances

indicate that investment in associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

Tax and deferred tax expenses

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

Impairment of intangible asset

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

Impairment of goodwill

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

Legal claims

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

Provisions

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

Fair value hierarchy

Please see note 12(b) and 24(iv).

d. Functional and presentation currency

The consolidated financial statements are presented in euro which is also the functional currency of the Group, and rounded to the nearest thousand (euro '000), except when otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the parent company Aroundtown Property Holdings PLC and the financial statements of its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or

has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement.

Accounting for business combinations under IFRS 3 only applies if it is considered that a business has been acquired. The Group may invest in subsidiaries that hold properties but do not constitute a business. Those transactions are therefore treated as asset acquisitions rather than business combinations. The Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values at the date of acquisitions.

b. Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

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

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

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

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

c. Investments in associates and equity—accounted investees

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity in which two or more parties have interest.

The results and assets and liabilities of associates and equity accounted invetees are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at

cost and adjusted thereafter to recognize the Group's share of the consolidated income statements and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

d. Revenue recognition

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

Rental and operating income

Rental operating income from investment properties are recognized as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental operating income, over the term of the lease.

Operating income also includes service charges to third parties and payments for utilities if the costs and the amount of the income can be reliably determined. The revenue is recognized once the service is provided.

Other

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

e. Finance income and expenses

Finance income comprises interest income on funds invested.

Finance expenses comprise interest expense on loans and borrowings, bonds and loans from third parties.

f. Other financial results

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

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

g. Deferred tax, income tax and property taxes

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

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

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

h. Current tax

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

i. Deferred tax

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

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

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

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

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

j. Equipment and intangible assets

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

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

	%
Furniture, fixtures and office equipment	10-50

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

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

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in consolidated income statement.

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

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

k. Deferred income

Deferred income represents income which relates to future periods.

iii. Prepayments

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

iv. Tenancy deposits

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

l. Investment property

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

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

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

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

m. Assets held for sale

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

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

n. Financial instruments

1. Non-derivative financial assets:

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

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

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

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

a. Traded securities at fair value through profit or loss

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

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

b. Loans and receivables

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

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

c. Cash and cash equivalents

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

2. Non-derivative financial liabilities

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

3. Share capital

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

4. Compound financial instruments

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

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

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

5. Derivative financial instruments

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

6. Borrowings

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

7. Trade payables

Trade payables are initially measured at fair value.

8. Perpetual notes

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

o. De-recognition of financial assets and liabilities

(i) Financial assets

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

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

(ii) Financial liabilities

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

p. Impairment of assets

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

q. Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the

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

r. Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the income statement. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

s. Operating segments

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

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

t. Comparatives

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

u. Earnings per share

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

v. Share-based payment transactions

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

w. Leased assets

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

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

- The fulfillment of the arrangement is dependent on the use of a specific asset or assets; and

- The arrangement contains a right to use the asset(s).

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

x. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2017, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to early adopt these standards.

(I) IFRS 9—*Financial Instruments* (2009, 2010)

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

(II) IFRS 15—*Revenue from Contracts with Customers*

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

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

(III) IAS 7—Disclosure Initiative—amendments to IAS 7

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

(IV) IFRS 16—Leases

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

(V) IFRS 2—Classifications and Measurement of Share-based Payment Transactions

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

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

4. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

A. ACQUISITIONS

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

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

B. DISPOSALS

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

5. CAPITAL GAINS, PROPERTY REVALUATION AND OTHER INCOME

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

6. PROPERTY OPERATING EXPENSES

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

(*) Reclassified.

7. ADMINISTRATIVE AND OTHER EXPENSES

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

(*) Reclassified.

8. NET FINANCE EXPENSES

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

9. TAXATION

a. Tax rate applicable to the Group

The Company and some of its subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cyprus companies in 2016 is 12.5% (2015: 12.5%).

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

The German subsidiaries are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2016, plus an annual solidarity surcharge of 5.5 % on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). German property taxation includes taxes on the holding of real estate property.

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

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

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

b. Current taxes included in consolidated statement of comprehensive income

In thousands of euro	Year ended December 31	
	2016	2015
Corporation tax	(11,149)	(5,693)
Property tax	(8,761)	(3,571)
Charge for the year	(19,910)	(9,264)

c. Movement on the deferred taxation account is as follows:

Deferred tax liablities

In thousands of euro	Other deferred tax liability	Fair value gains on investment property	Total
Balance as at December 31, 2014	**3,328**	**43,286**	**46,614**
Charged to:			
Consolidated statement of comprehensive income	73	98,772	98,845
Deferred tax arising from initial consolidation	—	40,315	40,315
Transfer to other deferred tax	(2,079)	2,079	—
Balance as at December 31, 2015	**1,322**	**184,452**	**185,774**
Charged to:			
Consolidated statement of comprehensive income	26	112,641	112,667
Deferred tax arising from initial consolidation	—	101,536	101,536
Deferred tax disposed from deconsolidation	—	(20,492)	(20,492)
Transfer to Liabilities held for sale	(242)	(13,311)	(13,553)
Balance as at December 31, 2016	**1,106**	**364,826**	**365,932**

Deferred tax assets

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

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

a. Basic earnings per share

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

1. Profit attributed to ordinary shareholders (basic)

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

2. Weighted average number of ordinary shares (basic)

In thousands	Year ended December 31, 2016	Year ended December 31, 2015
Issued ordinary shares on January 1	600,141	500,000
Capital increase	46,835	46,978
Effect of exercise of convertible bond	6,179	71
Weighted average number of ordinary shares as at December 31,	**653,155**	**547,049**
Basic earnings per share (in euro)	1.11	1.26

b. Diluted earnings per share

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

1. Profit attributed to ordinary shareholders (diluted)

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

2. Weighted average number of ordinary shares (diluted)

In thousands	Year ended December 31, 2016	Year ended December 31, 2015
As at the beginning of the year	600,141	500,000
Capital increase	46,836	46,978
Effect of exercise of convertible bond	182,481	85,902
Weighted average number of ordinary shares as at December 31,	**829,458**	**632,880**
Diluted earnings per share (in euro)	0.87	1.01

11. EQUIPMENT AND INTANGIBLE ASSETS

In thousands of euro	Furniture, fixtures and office equipment	Goodwill	Computer software	Total
Cost				
Balance as at December 31, 2014	827	4,524	490	5,841
Additions	916	—	41	957
Balance as at December 31, 2015	1,743	4,524	531	6,798
Additions	6,353	—	300	6,653
Equipment and intangible assets arising from initial consolidation, net	3,433	9,596	—	13,029
Balance as at December 31, 2016	11,529	14,120	831	26,480
Depreciation/Amortization				
Balance as at December 31, 2014	758	64	476	1,298
Depreciation/Amortization for the year	368	—	9	377
Balance as at December 31, 2015	1,126	64	485	1,675
Depreciation/Amortization for the year	1,980	—	26	2,006
Balance as at December 31, 2016	3,106	64	511	3,681
Carrying amounts				
Balance as at December 31, 2015	617	4,460	46	5,123
Balance as at December 31, 2016	8,423	14,056	320	22,799

12. INVESTMENT PROPERTY

A. Composition

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

(*) Reclassified.

B. Measurement of fair value

(I) Fair value hierarchy

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

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

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

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

(II) Level 3 fair value

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

Valuation technique and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free period and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary), tenant credit quality and lease terms.	• Assumed market rental growth weighted average 1.96%; • Void periods—mainly 4-15 months after the end of each lease; • Risk adjusted discount rates in the range of 5.00%-8.90%. Weighted average 6.4%.	The estimated fair value would increase (decrease) if: • Expected market rental growth is higher (lower); • Void periods were shorter (longer); • The occupancy rates were higher (lower); • The risk-adjusted discount rate is lower (higher).

13. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

Composition

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

(*) Reclassified.

14. OTHER NON-CURRENT ASSETS

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

15. TRADE AND OTHER RECEIVABLES

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

(*) Reclassified.

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

16. DISPOSAL GROUP HELD FOR SALE

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

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

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

In thousands of euro	As at December 31,	
	2016	2015
Assets classified as held for sale		
Investment property	148,596	—
Cash and cash equivalents	2,378	—
Other assets	4,345	—
Total assets classified as held for sale	155,319	—
Liabilities classified as held for sale		
Loans and borrowings	28,626	—
Deferred tax liabilities	13,553	
Other liabilities	4,358	—
Total liabilities classified as held for sale	46,537	—

17. EQUITY

a. Share capital

	2016		2015	
	Number of shares	In thousands of euro	Number of shares	In thousands of euro
Authorized				
Ordinary shares of EUR 0.01 each	1,500,000,000	15,000	1,500,000,000	15,000
Issued and fully paid				
Balance as of January 1	600,141,641	6,001	22,200	38
Subdivision of shares to nominal value of euro 0.01 per share	—	—	3,774,000	—
Issuance and payment on authorized shares	—	—	496,203,800	4,962
Capital increase in July 2015	—	—	100,000,000	1,000
Capital increase in April 2016	65,000,000	650	—	—
Exercise of Convertible bond series B into ordinary shares	11,126,832	112	141,641	1
Balance on December 31	676,268,473	6,763	600,141,641	6,001

b. Authorized capital

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

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

c. Issued capital

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

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

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

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

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

d. Issuance of Perpetual notes

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

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

e. Share premium and other capital reserves

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

f. Resolution of dividend distribution

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

18. SHARE BASED PAYMENT AGREEMENTS

A. Description of share-based payment arrangements

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

(I) Incentive Share plan

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

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

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

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

19. LOANS AND BORROWINGS

A. Composition

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

B.

1. Convertible bond series A of PCI

On November 13, 2014, PCI successfully completed the placement of a euro 100 million convertible bond maturing in 2019, convertible into ordinary shares of PCI. The convertible bond bears a coupon of 4% p.a., payable semi-annually in arrears. The initial conversion price was fixed at euro 3.00. The bond was issued at 100% of its principle amount and will be redeemed at maturity at 110% of its principle amount. On February 13, 2015, PCI has successfully tapped up its convertible bond series with an additional principal amount of euro 50 million, resulting in a total principal amount of euro 150 million. The tap of the convertible bond series was issued at 105% of its principal amount and has the same characteristics of the previous tranche issued in November 2014 and described above.

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

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

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

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

2. Straight bond series A

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

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

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

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

3. Convertible bond series B

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

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

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

4. Convertible bond series C

On December 15, 2015, the Company successfully completed with placement of a euro 300 million senior, unsecured convertible bond convertible into new ordinary shares of the Company and maturing in January 2021. The bond was placed by the Company to institutional investors, with a coupon of

1.5% p.a., payable semi-annually in arrear, at an issue price of 97.05% of its principal amount, and will be redeemed in maturity at par value. The initial conversion price was set at euro 5.79 per share. Due to the dividend distribution occurred in December 2016, the conversion price was adjusted to euro 5.6862 per share.

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

5. Straight bond series D

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

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

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

6. Straight bond series E

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

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

On November 2, 2016, ATF successfully completed the tap up placement of additional euro 150 million (nominal value) of straight bond series E, for a consideration that reflected 96.297% of its principal

amount. As a result, the total aggregated principal amount of the straight bond series E increased to euro 650 million (nominal value).

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

7. Straight bond series F

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

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

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

8. Straight bond series G

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

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

Under the terms of its outstanding series of bonds, the Company has undertaken that it will not, and will procure that none of its Restricted Subsidiaries will, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence: the sum of:

(i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 50 per cent or 60 per cent. (depending on the relevant series of bonds) of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and

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

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

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

In addition, under the Series A Bonds, the Company has undertaken that it will, up to and including the Final Discharge Date, procure that Net Debt shall not exceed: (a) at any time, 55% of the Portfolio Value; and (b) 50% of the Portfolio Value for a period of more than six (6) months;

The Company's outstanding series of bonds also generally prohibit the Company from issuing additional bonds with the benefit of security interests unless the same security is granted to the Company's outstanding unsecured bonds equally and rateably.

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

(3) **Other pledge**

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

20. DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group uses interest rate swaps, collars, caps and floors ("hedging instruments") to manage its exposure to interest rate movements on its bank borrowings. All of the Group's derivatives financial instruments are linked to the bank loans maturity.

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

21. OTHER NON-CURRENT LIABILITIES

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

22. RELATED PARTY TRANSACTIONS

The transactions and balances with related parties are as follows:

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

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

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

23. TRADE AND OTHER PAYABLES

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

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

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk factors

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

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

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

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

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

(i) Credit risk

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

Trade and other receivables

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

Cash and cash equivalents

The Group held cash and cash equivalents of euro 641 million as at December 31, 2016 (December 31, 2015: euro 121 million), which represents its maximum credit exposure on these assets.

(ii) Liquidity risk

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

The following are the remaining contractual maturities at the end of the reporting period and at the end of 2015 of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements:

As at December 31, 2016

		Contractual cash flows including interest					
In thousands of euro	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-3 years**	**More than 3 years**
Non-derivative financial liabilities							
Loans and notes	991,506	1,113,120	2,629	52,036	155,610	73,339	829,506
Straight bonds	1,724,321	1,993,910	—	22,558	30,563	30,563	1,910,226
Convertible bonds	713,512	810,727	2,250	15,769	18,019	50,469	724,220
Trade payables	39,554	39,554	6,592	32,962	—	—	—
Total	**3,468,893**	**3,957,311**	**11,471**	**123,325**	**204,192**	**154,371**	**3,463,952**

As at December 31, 2015

In thousands of euro	Carrying amount	Contractual cash flows including interest					
		Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
Non-derivative financial liabilities							
Loans and notes	609,205	778,205	65,034	47,144	131,278	108,217	426,532
Straight bonds	188,284	236,000	—	6,000	6,000	6,000	218,000
Convertible bonds	820,536	1,007,626	—	22,126	24,000	24,000	937,500
Trade payables	43,528	43,528	7,254	36,274	—	—	—
Total	**1,661,553**	**2,065,359**	**72,288**	**111,544**	**161,278**	**138,217**	**1,582,032**

(iii) Operating Risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

(iv) Accounting classifications and fair values

Fair value hierarchy

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

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

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

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

In thousands of euro	Level 1	Level 2	Level 3	Total
December 31, 2015				
Traded securities at fair value through profit or loss	180,810	—	—	180,810
Total assets	180,810	—	—	180,810
Derivative financial instruments	—	6,896	—	6,896
Total liabilities	—	6,896	—	6,896
December 31, 2015				
Traded securities at fair value through profit or loss	261,527	—	—	261,527
Total assets	261,527	—	—	261,527
Derivative financial instruments	—	3,590	—	3,590
Total liabilities	—	3,590	—	3,590

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

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

(v) Other risks

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

Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through the striving to keep a low debt to equity ratio. The management closely monitors and keeps low the Loan to Value ratio (LTV) and self-preserve conservative financial profile in order to ensure that it remains within its quantitative covenants and to reach long term strong credit rating for the Company. As at December 31, 2016 and 2015 the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

25. COMMITMENTS

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

26. CONTINGENT ASSETS AND LIABILITIES

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

27. EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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

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

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

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

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

28. GROUP SIGNIFICANT HOLDINGS

The details of the significant Group are as follows:

Name	Place of incorporation	Principal activities	As at December 31, 2016 Holding %	2015 Holding %
Subsidiaries held directly by the Company				
Edolaxia Limited	Cyprus	Holdings	100%	100%
ATF Netherlands BV	Netherlands	Financing	100%	—
Subsidiaries held indirectly by the Company				
Camelbay Real Estate Limited	Cyprus	Holdings	100%	100%
Primecity Investment PLC	Cyprus	Holdings	95%	78%
Associates held indirectly by the Company				
Grand City Properties S.A.	Luxemburg	Holdings	35%	35%

Condensed Valuation Report

The subject Condensed Valuation Report has been prepared in German and English language. In the event of discrepancies, the English version shall prevail.

The valuation of the subject portfolio as specified below has been prepared by Jones Lang LaSalle SE ("JLL") in accordance with the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution of Chartered Surveyors (as per the Red Book) and the International Financial Reporting Standards (IFRS). The assessment of the market values of the relevant properties as at various valuation dates detailed below has been carried out by JLL for properties of **Aroundtown SA** ("client").

The subject portfolio consists of a total of 283 properties.

The total lettable area amounts to approx. 2,505,080 sqm. Thereof, approx. 88% are located in Germany, approx. 12% are located in the Netherlands and below 1% are located in other countries.

Client

Aroundtown SA
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L-1251 Luxembourg

Valuer

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Dates of Valuation

31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019

Date of Valuation Report

2 December 2019

Jones Lang LaSalle SE
International Real Estate Consultants
Frankfurt/Main
Local Court Frankfurt/Main, HRB no. 108051
Certified according to ISO 9001
CEO Germany: Timo Tschammler

Summary of Valuation Results

JLL is of the opinion that, based on the information provided by the client and subject to the assumptions and comments detailed in section 3, the aggregate Market Value of the individual freehold and leasehold interests in the **Aroundtown SA** portfolio, including those properties valued subject to special assumptions (as determined in this report), as at the relevant effective dates of valuation, 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019, is as follows:

€ 5,667,875,000

(FIVE BILLION, SIX HUNDRED AND SIXTY-SEVEN MILLION, EIGHT HUNDRED AND SEVENTY-FIVE THOUSAND EUROS)

The above aggregate figure includes 5 properties that have been valued subject to special assumptions. The additional value attributed to the special assumptions amounts to € 285,010,000. Hence, the market value of the portfolio ignoring the impact of the special assumptions amounts to € 5,382,865,000. The special assumptions and the rationale behind them are explained further below in this report.

The above aggregate value contains properties valued at different dates as specified above.

The above figure represents the aggregate of the individual property market values and is understood as the value without regard to ancillary purchase related costs (legal costs, agent's fees and where applicable land transfer tax) normally incurred by the purchaser. No allowance has been made for any expenses of realisation or for taxation and no allowance whether an addition or reduction has been made in the case of a sale of the portfolio as a whole which may arise in the event of a disposal.

The following table shows aggregated key property data for the portfolio (including undeveloped sites and leasehold properties):

Total lettable area:	2,505,080 sqm
Average market value per lettable area:	€ 2,263/sqm
Net rental income per annum as at valuation dates:	€ 247,609,752

None of the properties contained within the subject portfolio has been ascribed a negative Market Value.

The following table shows the distribution of Market Value between freehold and (partly) leasehold assets as of the dates of valuation:

Type	Market Value*	Properties
Freehold	€ 5,235,040,000	264
(Partly) Leasehold	€ 432,835,000**	19
Total	**€ 5,667,875,000**	**283**

* Including 5 market values under special assumptions

** per instruction of the Client and for its accounting purposes, JLL have indicatively assessed the value of the above-mentioned leasehold properties assuming they were freehold. This figure amounts to € 486,125,000, i.e. the additional theoretical amount related to the value of a freehold interest in the Client's leasehold properties would be € 53,290,000. We would like to point out the fact that the figure is included in this report for information purposes only.

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1. Brief and Scope of Instruction

1.1 Instruction

In accordance with the client's instructions, JLL has assessed the Market Value of the relevant interest in the properties as at the relevant valuation dates.

We understand that this condensed valuation report ("the Valuation Report") is required in order to confirm the Market Value of the real estate assets as at the relevant valuation dates for **Aroundtown SA**.

This condensed valuation report covers all material assumptions of all relevant valuations.

1.2 Addressee

The Valuation Report is addressed to and may be relied upon only by:

- Aroundtown SA, 1, Avenue du Bois, L-1251 Luxembourg

The valuation report is intended solely for the purposes of the addressee as specified herein.

1.3 Purpose & Publication

The Valuation Report will be included in a prospectus in the German language to be approved by the Commission de Surveillance du Secteur Financier (CSSF) and notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) that will be published by the Company for the purpose of (i) the public offering of new shares in the Company in connection with the intended voluntary public takeover offer to be made by the Company to the shareholders of TLG Immobilien AG in the form of an exchange offer and (ii) the subsequent listing of the new shares of the Company on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange. The Valuation Report complies with the legal requirements, in particular the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (Prospectus Regulation) in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Delegated Regulation (EU) 2019/980) and the paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

The Valuation Report may be also included in English in an English convenience translation of the Prospectus.

1.4 Assignment of Rights to Third Parties

The addressee of the valuation report is not entitled to assign its rights – either in whole or in part – to third parties. However, JLL acknowledges and agrees that the Valuation Report will appear in unchanged and signed form in the securities prospectus and that investors may rely on it.

1.5 Status of Valuer and Conflicts of Interest

We confirm that JLL has undertaken the valuation acting as external valuer, as defined by the RICS Red Book, qualified for the purpose of the valuation.

Furthermore, we confirm that JLL has acted as an independent valuer according to the definition of ESMA guidelines (ESMA - European Securities and Markets Authority) update of the CESR recommendations - The consistent Implementation of Commission Regulation (EC) No 809/2004 Implementing the Prospectus Directive, dated 20 March 2013).

Finally, we confirm that JLL is not aware of any actual or potential conflict of interest that may have influenced its status as external or independent valuer.

1.6 Scope of Work

The scope of work carried out for the assessment of value has included the following processes:

- Analysis and evaluation of the provided property information (e.g. rent roll, land register extracts, leasehold agreements, etc.)
- Inspection (interior/exterior) of all properties
- Market and locational analysis of all the properties
- Determination of Market Value

1.7 Subject of Valuation

In accordance with the engagement letter, the subject of the valuation is part only of the Aroundtown SA portfolio. The valued portfolio consists of a total of 283 properties.

The total lettable area amounts to approx. 2,505,080 sqm. Thereof, approx. 88% are located in Germany, approx. 12% are located in the Netherlands and below 1% are located in other countries.

According to the information provided by the client, the subject properties are owned (majority fully, minor partially) by the client or its entitled subsidiaries. We have in all cases valued the entire asset and not apportioned value to shareholdings in any of the properties.

1.8 Valuation Definitions

Market Value

Our valuation has been prepared in accordance with the RICS Valuation – Professional Standards (current edition) published by the Royal Institution of Chartered Surveyors (RICS) as well as the standards contained within the TEGoVA European Valuation Standards, and in accordance with IVSC International Valuation Standard 1 (IVS 1), the International Accounting Standards (IAS), International Financing Reporting Standards (IFRS) as well as the current guidelines of the European Securities and Markets Authority (ESMA) on the basis of Market Value. Market Value is an internationally accepted basis of valuation. The definition of Market Value, included in the General Principles Adopted in the Preparation of Valuations and Reports of JLL is:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

The above definition concurs with that of Market Value defined by the RICS Valuation – Professional Standards (current Edition) published by the Royal Institution of Chartered Surveyors and is also generally consistent with the definition of Market Value as adopted by the International Accounting Standards Board (IASB).

1.9 Plausibility Check

The database of property information provided to us by the client was checked to identify obvious errors and logical inconsistencies in order to avoid using incorrect or incomplete data in the valuation. This involves a review of the accuracy and completeness of the database, in particular addresses, the number of economic units, building parts and administrative units, property types and average space per property type and similar. The client was notified of any inconsistencies identified and these were subsequently removed.

Further verification of the data supplied to us was performed after the property inspections. In the case of missing or implausible information, JLL implements a Q&A process with the client.

1.10 Socioeconomic Factors and Location Quality

Key factors taken into account by JLL in the calculation of value and stability of value were the acceptance of the location within the municipality (attractiveness of micro location) as well the quality of the property. Socioeconomic factors such as purchasing power, unemployment and population growth were also recognised in the assessment of value.

1.11 Valuation Methodology

The calculation of the Market Value for the vast majority of the properties has been based on the Discounted Cash Flow (DCF) method. Development properties have been valued applying the residual method.

DCF Calculation

This is an internationally recognised method, based on transparent, dynamic and explicit valuation parameters to determine Market Value. Initially all future cash flows (both revenues and costs) for properties are explicitly determined for a ten to thirty-year detailed projection period. At the end of this period, a terminal value is calculated, by effectively capitalising all future projected net cash flows generated by the property. The assumptions made for the model reflect comparable analysis and decisions that we consider would have been made by investors active in the market as at the effective date of valuation.

The cash flows for the relevant year of the detailed projection period are calculated as follows:

The potential rental income at full occupancy is reduced by the loss of rent due to vacancy periods. The resulting amount reflects the current rental income. Rental development is in accordance with the terms of the lease contracts (e.g. steps, indexations). After deduction of property specific non-transferable costs (e.g. maintenance costs, management costs, other costs, ground rents and non-recoverable operating costs), the net cash flow is determined before taxes and debt service. The respective cash flows of the individual periods are then discounted to the date of valuation by the pre-determined discount rate.

The calculation of the terminal value after detailed projection period is carried out as follows:

In general, a stabilised cash flow (stabilised rental income less stabilised expenses) can normally be achieved by the end of the detailed projection period. As no period-overlapping changes are expected in the cash flow after this point, the net operating income at the end of the detailed projection period serves as the basis for the forecasted future cash flows. Depending on the property characteristics the terminal value is assessed after a detailed planning period of 10, 20 or 30 years.

By means of the property-specific capitalisation rate, the net operating income (NOI) is capitalised into perpetuity. The capitalised terminal value, like the cash flows of the detailed projection period, is likewise discounted to the date of valuation.

For this purpose, our valuers have used the specialized software ARGUS Enterprise.

Residual Value method

The Residual Value takes into account the different factors associated with a conversion or reconstruction of a property. The aim of this method is to determine the objective value of the land, which is either undeveloped or not optimally used. The residual value is determined as follows:

1. Step Depending on the respective project development and the intended exit scenario of the project, the Net Capital Value (exit value) is calculated on the basis of:

    a. **Investment method (direct capitalisation for rental scenarios)**

The Net Capital Value is determined after completion and full letting of the planned development. This value is determined by subtracting the non-transferable costs (such as property maintenance, management and administration) from the potentially achievable rent. The non-transferable management costs for commercial or residential property are usually borne by the owner. Through the capitalisation of the remaining net rental income in perpetuity, the potential market value (after deducting the purchaser's costs) can be determined.

b. Comparison method (sales prices for sales scenarios)

For sales scenarios, which are mainly applicable to residential units sold for owner-occupation, the condominiums and saleable parking units are valued on the basis of comparable transactions and offers. For the purposes of this Market Value appraisal, we applied the comparison method, consistent with the recommendations of the IVSC International Valuation Standard and the RICS Valuation – Professional Standards (current edition).

The Net Capital Value of the property is determined after completion and separate sale of all units of the planned development. This value is determined by adding the potentially achievable sales prices.

The information provided by the client about the disposal status of the respective developments and the sales prices of the already sold units has been taken into account in the valuation.

c. Investment / Comparison method (direct capitalisation and sales prices for rental / sales scenario)

For those properties, which include both exit scenarios by means of a mixture of income generating lettable areas and saleable units such as condominiums and parking units, we applied the valuation methods as described under a) and b) for the respective building parts.

2. Step Subsequently, the estimated total development costs are subtracted from the Net Capital Value of the completed development in order to determine the Residual Value. The development costs include the construction costs as well as other costs necessary for the construction of the building (the project development margin in particular). The construction costs are based on the information provided by the client as well as our knowledge regarding buildings of various types of use and benchmarks published by the German Institute for Building Cost Information (BKI). The benchmarks are adapted to regional conditions and the gross floor area of the actual project.

Summary overview of the building cost types according to DIN 276:

Building cost type	Comment
200	Site preparation costs
300/400	Structure – construction works / services
500	External works
600	Furnishings, furniture and artistic appointments
700	Additional Planning and Construction Costs

Additional costs to be deducted are: e.g. financing costs, marketing costs, letting and sale brokerage commissions, rent incentives and the developer's profit.

3. Step The difference between the Net Capital Value and the total development costs (including developer's profit) results in the residual. In order to derive the Residual Value, additional financing costs as well as purchaser's costs for the site are deducted. Thus, the determined Residual Value represents the value which an investor would be willing to pay for the property under the given economic conditions.

The present values of any rental incomes from ongoing tenancies have been considered in the valuation for the planning phase of the project developments.

In our opinion, the result of the valuation methods mirrors the economic view that would be taken by the majority of active market participants as at the effective date of valuation and reflects the Market Value.

1.12 Database

JLL was provided with several rent rolls by the client, at each valuation date, containing information on the individual properties such as address, number of units, lettable area, vacancy and rental income.

Furthermore, JLL was fully/partially provided with the following documents by the client:

- Land register extracts
- Cadastral information/ site plans
- Commercial lease agreements
- Information related to monument protection
- Condominium declaration and its partition plan
- Leasehold agreements
- Information related to public land charges
- Floor plans and technical information
- Information related to contaminated land
- Information regarding planned developments.

We have not been provided with further information. If we were to receive additional or updated information, we reserve the right to adjust our valuations accordingly.

Property specific information, which is required for the valuation process but could not be provided, was derived where possible by JLL based on research results, our own data collection as well as our experience with comparable properties and was considered in the valuation of the subject properties.

JLL assumed that the information the client has provided in respect to the subject portfolio and its valuation dates is correct and comprehensive and that the accuracy of all such documents has been confirmed by the client.

1.13 Dates of Valuation

The dates of valuation are 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019.

JLL has not been engaged to update the JLL valuations for the purpose of the Prospectus and has not updated the valuations after the relevant valuation dates.

The client has confirmed to JLL that no material changes to the physical attributes of the properties, or the nature of their location, that might have occurred between the valuation dates and the publication of this valuation report have occurred.

1.14 Site Inspections

The properties of the subject portfolio have been fully inspected together with an authorised representative of the client in an appropriate period as part of the previous valuation instructions.

A full inspection of the property comprises an adequate sample of internal units and/or any specific components of the building. The external inspection comprises an adequate assessment of the exterior and the micro location. For update valuation purposes, the properties are generally inspected once during a period of two years after the last inspection has taken place or if necessary, in individual coordination with the client.

The following table shows the breakdown of the inspections/ re-inspections per year:

Year of Inspection	Amount of Properties	Area m^2	Area (Share)	Current Rental Income € (CRI)	CRI (Share)
2018	136	583,354	23%	61,320,738	25%
2019	147	1,921,726	77%	186,289,014	75%
Total	**283**	**2,505,080**	**100%**	**247,609,752**	**100%**

All properties valued by JLL have been inspected within the last 24 months prior to the respective valuation date.

1.15 Taxation and Costs

We have not made any adjustments to reflect any taxation liability that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance

has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

1.16 Value Added Tax

The Market Values and market rents listed in this valuation report do not include the relevant value added tax at the prevailing rate.

1.17 Currency

The currency referred to in the valuation report is Euros (€).

1.18 Rounding

Due to the calculation basis, marginal differences can occur in the rounding of the numbers (€, %, etc.).

1.19 Legal Terms

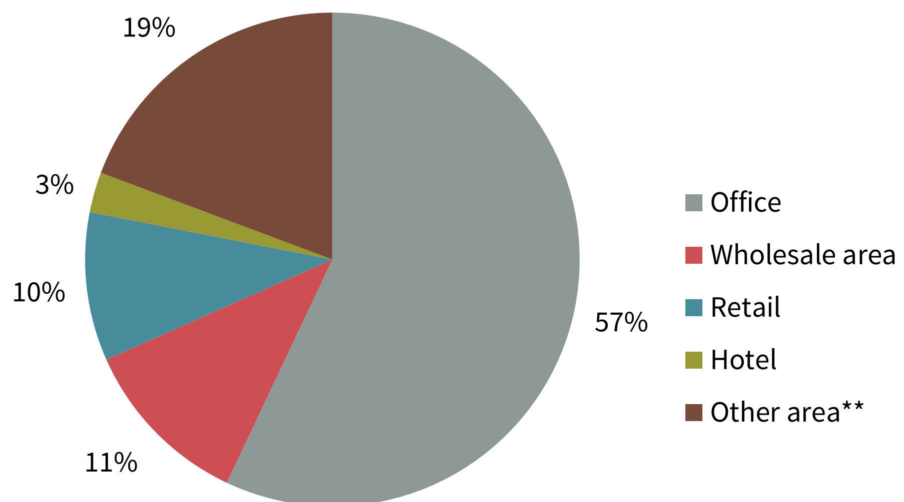
German law applies. The place of performance and jurisdiction is Frankfurt/Main.

2. Portfolio Overview

2.1 General Overview

The portfolio, which is the subject of the properties valued by JLL, consists of a total of 283 properties. The portfolio contains approx. 2,505,080 sqm lettable area*, approx. 10,950 internal parking spaces, approx. 19,973 external parking spaces and approx. 70 miscellaneous units (e.g. antennas, ATMs, advertisement panels).

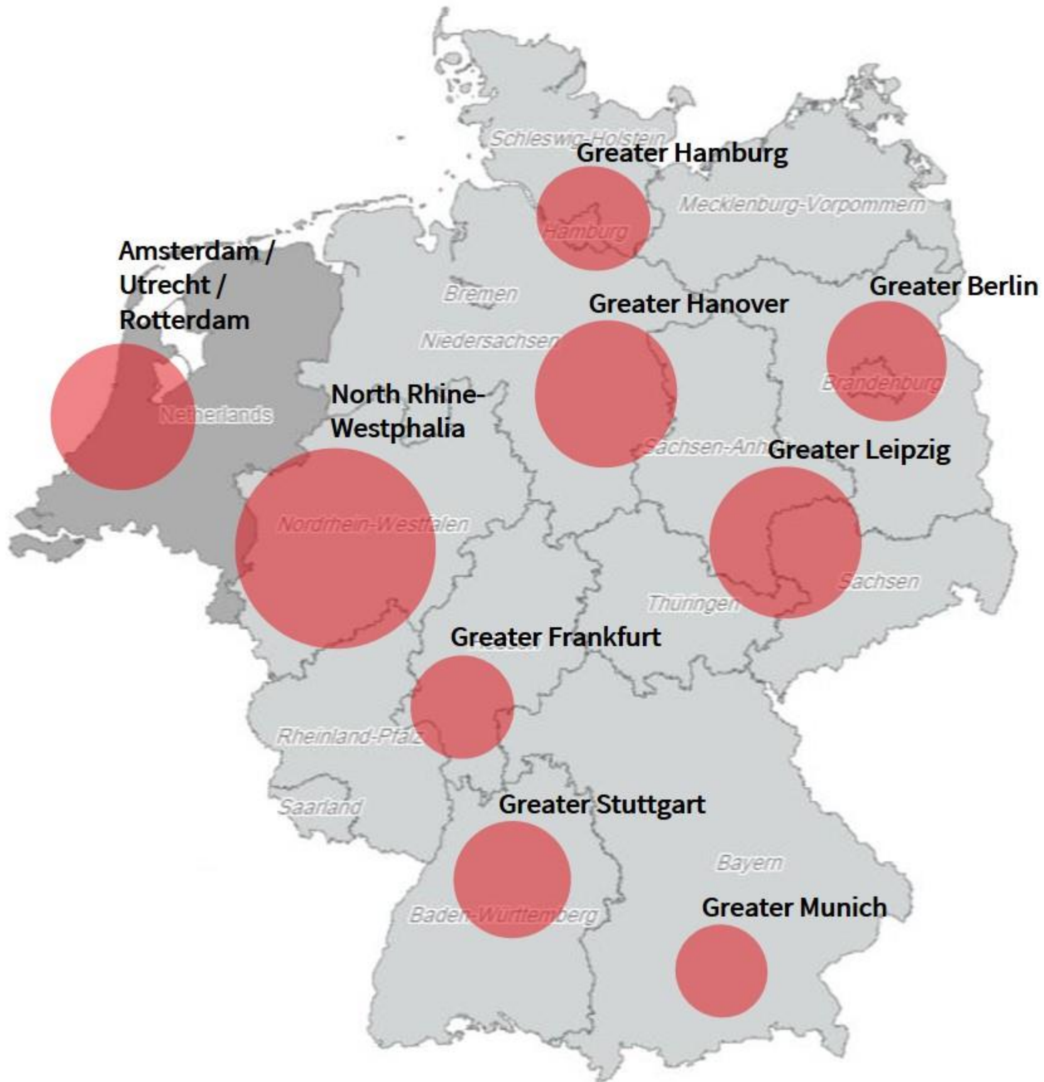
Please find below a breakdown of the area for the respective uses:



*** Total lettable area**
The client provided JLL with an overview of "ancillary areas" for some commercial properties of the portfolio, which JLL took into account without a separate verification at this point. Total lettable area shall only refer to areas of the main use, which constitute the core of the subject assets' operations. According to the client's explanation the total lettable area should not include areas of internal or external parking units, ancillary storage units, basements, other miscellaneous units and open spaces. JLL has not verified this assessment and therefore excludes any and all forms of responsibility and liability for this depiction. The total lettable area in the report does not include ancillary areas in the total amount of approx. 127,776 sqm. However, this has no impact on the market value.
**** Other area**
Other areas include for example logistics, laboratory, technical and cinema/leisure areas.

2.2 Regional Distribution

The properties within the subject portfolio are mainly located in Germany and the Netherlands. The distribution of the core areas of the properties in these two countries are depicted in red on the following map:



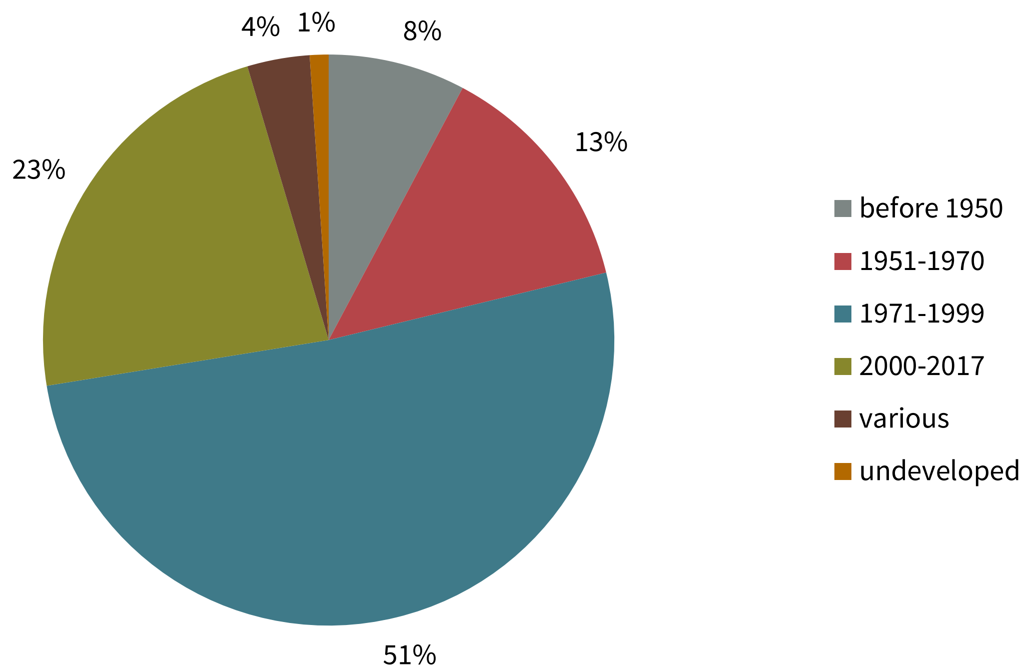
2.3 Net Rental Income

The current net rental income for the portfolio at the dates of valuation amounts to approx. € 247,609,752 p.a. The majority of the rental income originates from office units with a total annual amount of approx. € 148,958,242. Retail and wholesale units comprise a total annual amount of approx. € 56,438,986, whilst logistic/production units account for a total annual amount of approx. € 7,741,777.

Parking spaces generate a net rental income of approx. € 2,159,041 p.a. and miscellaneous units generate a net rental income of approx. € 371,801 p.a.

2.4 Analysis Areas by Building Age

Based on the information gained during the property inspection, the units within the portfolio have been classified in different main construction year categories.



2.5 Public Subsidies

Within the portfolio no properties are subject to public subsidies and thereby, rent-controlled.

2.6 Vacancy Rate

Based on the total lettable area, the average vacancy rate for the entire portfolio is approx. 10.0%

2.7 Leasehold Properties

In the portfolio, 19 properties of the portfolio are (partly) leasehold. The non-recoverable annual leasehold-related contractual ground rent for these properties is in the amount of approx. € 1,331,244. Please note, that some ground rents have been fully paid ahead or are fully borne by the tenant and therefore not included. The leasehold agreements expire between 2026 and 2098.

3. Assumptions

3.1 (Special) Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a 'supposition taken to be true' ('assumption'). Assumptions are:

'Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process.'

In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, we have sought confirmation from the client that our assumptions are correct to the best of their knowledge. In the event that any of these assumptions prove to be incorrect, then our valuation would require to be reviewed.

Furthermore, a 'special assumption' is defined in the Glossary to the Red Book as follows:

'An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.'

Furthermore, VPS 4, section 3.3 states:

'Special assumptions may only be made if they can reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation.'

The above aggregate figure includes 5 properties that have been valued subject to special assumptions. The additional value attributed to the special assumptions amounts to € 285,010,000. Hence, the market value of the portfolio ignoring the impact of the special assumptions amounts to € 5,382,865,000. The special assumptions and the rationale behind them are explained further below in this report. The special assumptions and the rationale behind them are as follows:

For 4 properties, the valuations were carried out under the special assumption that building permits for all required refurbishments and developments will be granted. We have been informed by the client that discussions have been entered into with the public authorities around redevelopments, extensions or changes of use and a special assumption that the relevant permits have been granted has been made in the valuation of these properties.

1 property has been valued under the special assumption that lease contracts will be signed or current tenants will prolong their lease contracts, as the client has informed us that they are in negotiations with the respective tenants.

Should the above-mentioned building permits not be granted, or the above-mentioned lease agreements not be signed the market value of the abovementioned properties will be lower than the reported figure.

All special assumptions have been discussed and agreed with the client.

3.2 Title / Legal Restrictions / Building and Other Encumbrances

The available information regarding title, legal restrictions, building and other encumbrances has been mainly made available to JLL by the client. A random sampling of the information based on the documents provided by the client was carried out. No discrepancies or points of concern were identified. Title entries registered in Section II of the sampled land registers were considered to have either no or only a minimal influence on value, if at all. Furthermore, any potential encumbrances and restrictions from Section II of the valued properties are duly registered in the land registers.

We have made the assumption that copies of all relevant documents for the properties have been made available to us and that they are complete, correct and up to date - and that such documents have been verified by the client.

Moreover, based on the above assumption and a random sampling of the available information, we have not identified any points of concern and have made the assumption that the properties have good and marketable freehold or leasehold titles in each case and that the properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

As is normal valuation practice, we have also assumed that the properties are free from mortgages, charges or other financially relevant encumbrances. Furthermore, no account has been taken in our valuation of any goodwill that may arise from the present occupation of the properties.

3.3 Contamination and Soil Conditions

We have not undertaken nor been instructed to conduct a formal environmental assessment; therefore, we have not carried out any investigation into past uses, either of the properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the properties. Should suspicion regarding contamination arise in the future, environmental assessment reports need to be acquired and, in the case, where contamination is detected, the valuation would have to be appropriately adjusted.

We have also made the assumption that there are no archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the properties.

3.4 Condition and Structural Inspections, Deleterious Materials

We have not undertaken nor been instructed to conduct a formal condition or structural survey; however, where building deficiencies were identified during the internal or external inspections, they were subsequently reflected in the valuation.

The results of the inspections are based exclusively on visual examinations, with no guarantee as to the completeness of the information presented. We have made the assumption that the properties are free from any mildew, infestation, adverse toxic chemical treatments and structural or design defects.

We have not investigated whether high-alumina cement, calcium-chloride additive or any other deleterious materials have been used in the construction or in any alterations of any of the properties. For the purposes of this valuation, we have made the assumption that any such investigation would not reveal the presence of such materials.

No mining, geological or other investigations have been undertaken to certify that the foundations of the properties are free from any defects. We have made the assumption that the load-bearing qualities of the sites of the properties are sufficient to support the buildings constructed thereon.

3.5 Building Law

We have made the assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications have been obtained and that there are no outstanding statutory notices as to their construction, use or occupation. Furthermore, we have made the assumption that the existing uses of the properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

3.6 Town and Traffic Planning

We have made the assumption that the existing uses of the properties are duly authorised or established, and that no adverse planning conditions or restrictions apply. According to the client, no information is available regarding the relevant impact of public planning projects (town or traffic planning) on the value of the properties.

3.7 Protection of Historic Structures

JLL was partially provided with information by the client if buildings of the portfolio are listed buildings. Publicly accessible information regarding possible monument protection of the properties have been verified as far as available. Furthermore, no obvious reference to monument protection could be ascertained during inspection.

3.8 Technical Equipment, Plant & Machinery

During our inspections, no tests have been carried out pertaining to the electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. We have assumed that all services to the properties are in good functioning condition.

No allowance has been made in this valuation for any items of plant or machinery that do not form part of the service installations of the properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the businesses of the occupants.

The technical equipment of the properties such as passenger and goods lifts and other means of transportation, heating systems and further technical installations have been considered as integral components of the properties. We have excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

3.9 Areas

We have not measured the properties but have applied floor areas provided by the client. We have assumed that these areas have been measured and calculated in accordance with the current market practice where the properties are located. The areas provided to us were checked as described in 1.9. above in terms of plausibility.

3.10 Leases and Tenancy Information

Information regarding rental units, contractual rents and lease terms was made available to JLL by the client. A random sampling of the information was verified based on documents provided by the client. No abnormalities were detected.

We have not reviewed all legal documents and have assumed that all relevant documents for the properties are complete, correct and up to date and that such documents have been accurately verified by the client.

For the purpose of the valuation, we have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the assumption that the tenants are financially in a position to meet their current obligations. We have also made the assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

3.11 Taxes, Fees and Charges

No information has been made available to JLL regarding taxes, fees and charges. We have made the assumption that all public taxes, fees, charges, etc. which could have an influence on the value, have been levied and if applicable, had been paid at the time of this valuation.

3.12 Insurance Policies

At the date of the valuation, JLL was not aware of whether or to what extent insurance policies existed to limit the risks resulting from business activities (e.g. property insurance, liability insurance and construction insurance). As neither supporting nor contrary information was made available by the client or known by JLL, we have made the assumption that potential claims are covered with regard to the insurance level and type by valid insurance policies.

3.13 Information

We have based our valuation assumptions on reliable sources of information (random analysis of the available property documents). Should our assumptions prove to be incorrect, the property values could be influenced, and the valuation would have to be adjusted accordingly by JLL.

4. Valuation Parameters

4.1 Market Rents

JLL has used the following main sources for obtaining information on market rents:

- New letting rents (based on provided rent roll by the client)
- Internal JLL database
- Offered rents e.g. from the online real estate portal IDN Immodaten on street level

Within the scope of the valuations, achievable market rents were derived for each type of usage. The estimate of market rents is made on the basis of comprehensive research, using internal and external resources. We have focused on rental evidence within the same submarkets (if available). In arriving at our opinion of the estimated market rental value, we included facts such as the location, the size, the condition and the fit-out of the respective units.

The market rents for some property types have been derived by assumed business related figures and therefore represent a sustainable rent assumption. For this purpose, we have undertaken a performance orientated calculation ("Pachtwertableitung").

4.2 Rent Adjustment

The rent escalation analysis is based on the individual clauses agreed within the lease contracts, whereby the rental income is most commonly linked to growth in the Consumer Price Index [CPI].

4.3 Non Recoverable costs

General

We have analysed the provided lease contracts regarding cost regulations.

Maintenance

On-going maintenance costs are costs that are incurred during the expected useful life of a property for the preservation of the defined use of the buildings and structures (with the exception of commercial tenants), in order to remove damage caused by wear & tear, age, weather and environmental influences and to comply with legal requirements, to maintain the quality and yield capacity of the property.

Most of the lease contracts are based on “double net rental contracts”. In this context, the tenant is responsible for basic repairs and maintenance as well as the reinstatement of the interior of the rented spaces, i.e. facilities, installations and fittings. The landlord is commonly responsible for the maintenance and repairs as well as the reinstatement of the structural elements of the building (structural/perimeter, walls, roof, etc.)

The on-going maintenance costs have been calculated as a € per sqm-figure p.a. relating to the total lettable area.

In the valuations, maintenance costs range mainly from € 2.50/sqm p.a. to € 14.00/sqm p.a. and have been calculated depending on the use, age and condition of the respective property.

Management

Management costs, encompassing all necessary labour and equipment are mostly transferable for commercial leases.

JLL has considered management costs in the valuation depending on location, tenancy as well as property type and condition. Management costs of commercial units were applied up to 4% of the rental income, whilst management costs for residential units have been set at between € 260/unit/year and € 280/unit/year.

Land tax & Insurance

Based on the analysis of the lease contract land tax payments and insurance costs we have applied land tax and insurance costs if necessary.

Vacancy Costs

Vacancy costs are usually recoverable expenses that cannot be recovered in case of a vacancy of parts of the building or the whole property (ground tax, insurance costs, technical maintenance, minimum heating costs, etc.) The assumed vacancy costs are based on JLL assumptions and range between € 7.00 €/sqm p.a. and € 75.00/sqm p.a.

Other Costs

In our valuation, we have assumed any other non-recoverable costs, which could arise with operation of the building and which have not been covered within the explicit cost assumptions.

4.4 Market Leasing Assumptions after Lease Expiry

General

According to our experience, in the case of lease expiry, tenants are more likely to extend their existing lease agreements than to relocate, as the related costs are usually higher than the expected benefits of relocations. At the expiry of the lease terms we have estimated the probability of the tenant(s) vacating. In order to incorporate this in our valuation, we have assumed for the majority of the portfolio that the leases will be extended with a renewal probability of 75% (on market rental level) and leases will be agreed with new tenants with a corresponding probability of 25% (also on market rental level).

In the cash flow, the costs related to re-letting (leasing commissions, tenant improvements) as well as the assumed void periods are weighted with the abovementioned likelihood.

Costs associated with Tenant Turnover

Tenant improvements for commercial properties are incurred when a new rental contract is signed. These costs are assumed by the landlord in the process of contractual negotiations. We have taken tenant improvements depending on the condition, use and type of property into account in our valuation.

We have also assessed rent-free periods and leasing commissions, if it is common in the local market and considering the building's condition.

4.5 Capital Expenditures

No in-depth technical review (Technical Due Diligence) of the properties was instructed nor carried out for this valuation. For some properties, JLL considered adequate capital expenditure within the next years, based on the information provided by the client as at the date of valuation and with reference to the results from the on-site inspections.

4.6 Inflation

Inflation was added to all costs and incomes included within the cash flow.

4.7 Discount Rate and Capitalisation Rate (Cap Rate)

Discount Rate

The Discount Rate reflects the opportunity and risk aspects of the market yield demanded by investors and consists of an interest rate for a risk-free investment as well as a premium to account for specific investment risks associated with real estate investments. Theoretically, the discount rate is composed of a Risk-Free Interest Rate, a Market Specific Risk and a Property Related Risk. Overall, the Discount Rate is equivalent to a yield that will be expected by potential investors to compensate for the capital lockup in consideration of the specific investment risk. The predominant factors affecting the discount rate are focused on the security of the cash flow, i.e. conditions of lease contracts, strength of tenant covenants, weighted average lease term (WALT), letting risk of the vacant areas, re-letting risk of terminated lease contracts, property market, quality and type of the building, alternative usability, location quality and the potential of the rental growth, etc.

Capitalisation Rate

The Capitalisation Rate ('Cap Rate') is used to capitalise the stabilised Net Operating Income at the end of the detailed projection period into perpetuity, as it is assumed that properties are kept in stock after the detailed projection period. The cap rate, which is a growth implicit yield, is an appropriate market yield for the specific property, predominately reflecting the sustainability of the property, the location, use and quality of the buildings, depreciation due to wear-and-tear as well as the investment market environment. As it is assumed in the valuation that the net operating income will be capitalised after the detailed projection period, expectations for the development of the real estate market as well as for the development of the cash flow after the end of this detailed projection period must also be reflected in the cap rate; hence, the use of equivalent yields. The weighted capitalisation rate for the subject portfolio stands at 4.7%, which based on our experience is comparable to similar transactions on the market.

4.8 Transaction Costs

The valuation considers ancillary purchase costs as a percentage of the Market Value. These costs include the legal fees for sale, the tax and land register fees and the broker's commission, if applicable. The following assumptions regarding purchaser's costs were adopted in the valuation:

- Legal Fees for Sale / Broker´s Commission 0.1% - 3.5%

In the portfolio, the tax on acquisition varies between 0.5% and 6.5% depending on Country and Federal State. The current tax on acquisitions are depicted in the following table:

Country	Region/Federal State	Tax on acquisition
Germany	Baden-Wuerttemberg	5.0%
Germany	Bavaria	3.5%
Germany	Berlin	6.0%
Germany	Brandenburg	6.5%
Germany	Bremen	5.0%
Germany	Hamburg	4.5%
Germany	Hesse	6.0%
Germany	Lower Saxony	5.0%
Germany	Mecklenburg-Western Pomerania	5.0%
Germany	North Rhine-Westphalia	6.5%
Germany	Rhineland-Palatinate	5.0%
Germany	Saarland	6.5%
Germany	Saxony	3.5%
Germany	Saxony-Anhalt	5.0%
Germany	Schleswig-Holstein	6.5%
Germany	Thuringia	6.5%
Netherlands	(all)	6.0%
Spain	Andalucía	2.0%
Spain	Castilla La Mancha	2.0%
Spain	Castilla y León	2.0%
Spain	Comunidas de Madrid	1.5%
Spain	País Vasco	0.5%

5. Valuation Results

5.1 Market Value

JLL is of the opinion that, based on the information provided by the client and subject to the assumptions and comments detailed in section 3, the aggregate Market Value of the individual freehold and leasehold interests in the **Aroundtown SA** portfolio, including those properties valued subject to special assumptions (as determined in this report), as at the relevant effective dates of valuation, 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019, is as follows:

€ 5,667,875,000

(FIVE BILLION, SIX HUNDRED AND SIXTY-SEVEN MILLION, EIGHT HUNDRED AND SEVENTY-FIVE THOUSAND EUROS)

The above aggregate figure includes 5 properties that have been valued subject to special assumptions. The additional value attributed to the special assumptions amounts to € 285,010,000. Hence, the market value of the portfolio ignoring the impact of the special assumptions amounts to € 5,382,865,000. The special assumptions and the rationale behind them are explained further below in this report.

The above aggregate value contains properties valued at different dates as specified above.

The above figure represents the aggregate of the individual property market values and is understood as the value without regard to ancillary purchase related costs (legal costs, agent's fees and where applicable land transfer tax) normally incurred by the purchaser. No allowance has been made for any expenses of realisation or for taxation and no allowance whether an addition or reduction has been made in the case of a sale of the portfolio as a whole which may arise in the event of a disposal.

The following table shows aggregated key property data for the portfolio (including undeveloped sites and leasehold properties):

Total lettable area:	2,505,080 sqm
Average market value per lettable area:	€ 2,263/sqm
Net rental income per annum as at valuation dates:	€ 247,609,752

None of the properties contained within the subject portfolio has been ascribed a negative Market Value.

The following table shows the distribution of Market Value between freehold and (partly) leasehold assets as of the dates of valuation:

Type	Market Value*	Properties
Freehold	€ 5,235,040,000	264
(Partly) Leasehold	€ 432,835,000**	19
Total	**€ 5,667,875,000**	**283**

* Including 5 market values under special assumptions

** per instruction of the Client and for its accounting purposes, JLL have indicatively assessed the value of the above-mentioned leasehold properties assuming they were freehold. This figure amounts to € 486,125,000, i.e. the additional theoretical amount related to the value of a freehold interest in the Client's leasehold properties would be € 53,290,000. We would like to point out the fact that the figure is included in this report for information purposes only.

5.2 Ancillary Purchase Related Costs

The Net Capital Value (=Market Value) is determined by deducting ancillary purchase related costs of approx. € 378,456,479 (approx. 6.3%) from the Gross Capital Value. The above figures represent the aggregate of the individual property Market Values and are understood as the value without regard to purchase costs, such as legal costs and agent's fees and where applicable, land transfer tax, normally incurred by the purchaser. No allowance has been made for any expenses of realisation or for taxation and it does not reflect any addition or reduction on the sale of the portfolio, which may arise in the event of a disposal.

5.3 Assets Held for Sale (not part of the portfolio analysis and figures above)

According to the information provided by the client, the portfolio consists of additional 15 assets held for sale. The total lettable area amounts to approx. 80,821 sqm. The aggregated Market Value of the assets held for sale is € 73,020,000. This figure includes one property valued under the special assumptions that the building permits for all required refurbishments and developments will be granted and lease contracts will be signed or the current tenants will prolong their lease contracts (market value under special assumption of € 35,000,000).

6. Glossary

Net Rental Income

The Net Rental Income is the income a property effectively generates as at the valuation date, taking into account the existing vacancies.

Gross Capital Value

The sum of the remaining cash flows for the detailed planning period years and the Net Proceeds from Sale after detailed planning period discounted to the valuation date will produce the gross capital value.

Net Capital Value

The gross capital value reduced by the auxiliary purchase costs will produce the Net Capital Value (Market Value).

Net Operating Income

The net operating income is calculated by subtracting all non-recoverable operating expenses from the net rental income.

7. Conclusion

Finally, and in accordance with our standard practice, we must state that this valuation report was prepared by JLL, Berlin, dated 2 December 2019 and has been authorised only for use by the addressee listed under Section 1.2 of this valuation report.

The client guarantees that all valuations, reports, plans, drafts, renderings, tables and calculations arising within the scope of each valuation instruction will only be used for those purposes specified in the contract and will not be published without the express prior consent of the advisor in each individual case. Neither the total report nor any reference to the report may be published in any document, circular letter or paper, without our previous written consent regarding the form as well as the connection in which it will be published.

Berlin, 2 December 2019
Jones Lang LaSalle SE

ppa. Ralf Kemper MRICS
Head of
Valuation & Transaction Advisory Germany

ppa. Ulrich Wilms FRICS, CIS HypZert
Senior Team Leader Commercial Valuation Berlin
Valuation & Transaction Advisory Germany

ppa. Tobias Jessen MRICS
Director Commercial Valuation Berlin
Valuation & Transaction Advisory Germany

Condensed Valuation Report

NAI apollo

NAI Netherlands

1 Terms of Engagement

1.1 Client

Aroundtown SA
1, Avenue du Bois
L-1251 Luxembourg

as well as its subsidiaries.

(hereafter: "the Client")

1.2 Valuer

The Client instructed the following national affiliates of the NAI Global network with the valuation of the properties mentioned in this report:

for properties located in Germany:
apollo valuation & research GmbH
Chartered Surveyors
Regulated by RICS

Große Eschenheimer Str. 13
60313 Frankfurt am Main
Germany

(”NAI apollo”)

for properties located in the Netherlands:
R&B Real Estate B.V.
Chartered Surveyors
Regulated by RICS

Concertgebouwplein 15
1071 LL Amsterdam
Netherlands

(”NAI Netherlands”)

(together: “the Valuer”; “NAI”)

1.3 Scope of Instruction

NAI was appointed as an independent valuer by the Client to estimate the Market Value of the properties comprised in appendices A and B of this report in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and the IVSC International Valuation Standards 2016 (11th edition).

In VPS 4, section 4, the RICS Red Book 2017 adopts the following definition of the market value set by the International Valuation Standards Council (IVSC):

> *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

As per instruction, the valuations were conducted using the Discounted Cash Flow method. This condensed valuation report covers all material assumptions of all relevant valuations.

1.4 Subject of Valuation

Information on the subject of valuation is available in the following letters attached to this valuation report:
- Appendix A – Germany
- Appendix B – Netherlands

1.5 Purpose of Valuation

The Valuation Report will be included in a prospectus in the German language to be approved by the Commission de Surveillance du Secteur Financier (CSSF) and notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) that will be published by the Company for the purpose of (i) the public offering of new shares in the Company in connection with the intended voluntary public takeover offer to be made by the Company to the shareholders of TLG Immobilien AG in the form of an exchange offer and (ii) the subsequent listing of the new shares of the Company on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange. The Valuation Report complies with the legal requirements, in particular the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (Prospectus Regulation) in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Delegated Regulation (EU) 2019/980) and the paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

The Valuation Report may be also included in English in an English convenience translation of the Prospectus.

1.6 Date and Extent of Inspections

All properties were inspected internally and externally within a reasonable period.

The site inspections comprised an adequate sample of internal units and were deemed sufficient in order to enable the valuer to get a sound understanding of the physical attributes of the properties and the respective micro locations. Due to the size of the assets, not all rooms could be inspected. It is assumed that the spaces that were not inspected are in a similar condition to those that were inspected, if no contrary information was provided to NAI. For detailed information please refer to Appendices A and B.

1.7 Valuation Date

The valuation date is defined in the RICS Red Book 2017 as follows:

> *The date on which the opinion of value applies. The valuation date shall also include the time at which it applies if the value of the type of asset can change materially in the course of a single day.*

The properties' values are stated as per 31.12.2018, 31.03.2019, 30.06.2019 or per 30.09.2019.

NAI has not been engaged to update the valuations for the purpose of this Prospectus, has no obligation to do so and has not updated the valuations after these valuation dates.

The client confirmed to NAI that no material changes to the physical attributes of the properties, or the nature of their location that might have occurred between the valuation dates and the publication of this valuation report have been occurred.

1.8 Date of the Report

This report was issued on 02.12.2019.

1.9 Qualifications

In compliance with VPS 3, section 2 of the RICS Red Book 2017, we hereby certify that the Valuer and the respective project team have sufficient current local and national knowledge of the respective real estate market, and the skills and understanding necessary, to undertake the valuation competently.

1.10 Independence and Objectivity

We herewith confirm that we are not aware of any potential conflicts of interest regarding this valuation assignment. We act independently and with objective scrutiny. We further confirm that we do not benefit from this valuation instruction in any other way than by receiving the agreed valuation fee.

1.11 Value-added Tax

All figures relating to Market Values and market rents are stated as net figures and therefore do not include VAT.

1.12 Currency

All prices and values in this report are displayed in Euro (€).

1.13 Liability

NAI apollo and NAI Netherlands are both part of the NAI Global network, but are separate legal entities. Their liability shall be limited exclusively to the properties respectively valued by both companies (NAI apollo: Germany; NAI Netherlands: Netherlands).

1.14 Applicable Law and Place of Jurisdiction

For the instruction, its execution and any claims arising thereunder the law of the respective country of the valuer applies.

1.15 Subjects of Valuation

Of 30 properties in total, 21 are located in Germany (in the cities of Hamburg, Frankfurt, Nuremberg, Munich and Magdeburg as well as in North-Rhine Westphalia, Lower Saxony, Saxony, the greater Berlin

Area and the greater Baltic Sea area) and 9 in The Netherlands (mainly in Randstad). The predominant types of use are office, hotel, wholesale, and retail. The total lettable area amounts to 478,013 sqm, 377,048 sqm thereof in Germany and 100,048 sqm in The Netherlands.

2 Valuation Results

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and in accordance with IVSC International Valuation Standards 2017 (11th edition) on the basis of Market Value.

NAI is of the opinion that the Market Values of the properties, subject to the assumptions, caveats and comments contained within the full valuation reports, as per the respective date of valuation was:

Market value of freehold properties:	**€ 575,590,000** (Euro five hundred seventy-five million five hundred and ninety thousand)
Market value of leasehold properties:	**€ 158,955,000** (Euro one hundred fifty-eight million nine hundred and fifty-five thousand)

The above cumulated Market Value equals the sum of the Market Values of all individual assets. No portfolio premium or discount was applied.

Under the special assumption that the leasehold assets were held in freehold ownership, NAI estimates the indicative interest in these assets in freehold ownership as follows:

Freehold interest in leasehold properties:	€ 186,875,000 (Euro one hundred eighty-six million eight hundred and seventy-five thousand)

No asset of the subject portfolio has a negative Market Value.

The following overview shows aggregated key property data for the portfolio:

Total lettable area:	478,013 sqm
Average market value per lettable area:	€ 1,537 per sqm
Current net rental income per annum:	€ 42,903,430

The following table shows the distribution of the Market Value between freehold and (partial) leasehold assets as per the respective dates of valuation.

Tenure	Number of assets	Market Value
Freehold	24	€ 575,590,000
Leasehold	6	€ 158,955,000
Portfolio	30	€ 734,545,000

For further information please refer to the sub reports attached as Appendices A (Germany) and B (The Netherlands) to this report.

2.1 Assets held for Sale

According to the information provided by the Client, the portfolio further comprises one asset held for sale (only included in section 2.1 of this condensed valuation report). The total lettable area of this asset amounts to approx. 12,273 sqm. As per the date of valuation (31.12.2018), this asset has a Market Value of:

€ 16,300,000
(sixteen million three hundred thousand Euro)

2.2 Transaction Costs

The above valuation results are rounded and represent a net figure, i.e. a deduction has been made for transaction costs normally incurred by the purchaser. For all properties, NAI accounted for transaction costs of € 48.383.651 (6.6 %).

3 Confidentiality and Publication

NAI acknowledges and agrees that this valuation report and its appendices will be published in an unabbreviated form in a prospectus (see section 1.5 Purpose of Valuation). Neither the total whole nor parts thereof or any reference to the valuation report may be published in any document, circular letter, paper, or prospectus without NAI's previous written consent regarding the form as well as the connection in which it will be published.

Frankfurt, 02.12.2019

Stefan Mergen
Managing Partner
apollo valuation & research GmbH

Nico Schultz MRICS
Director - Valuation
apollo valuation & research GmbH

Amsterdam, 02.12.2019

H.C. van Wamel LLM | MRICS | CIS HypZert (MLV)
Director - Valuation
R&B Real Estate B.V.

C. Schekkerman MSRE | MRICS
Director - Valuation
R&B Real Estate B.V.

Appendices

- Appendix A – Germany
- Appendix B – Netherlands

Appendix A
Germany

NAI apollo group

Frankfurt am Main, 02.12.2019

Germany

apollo valuation & research GmbH (hereafter "NAI apollo") was appointed as an independent valuer by Aroundtown SA. or one of its subsidiaries to estimate the Market Value of the properties listed in section 2 of this report (hereafter: "the properties") in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and the IVSC International Valuation Standards 2016 (11th edition).

This valuation report shall summarize the terms of engagement, the applied methodology, relevant assumptions as well as the valuation results.

1 Terms of Engagement

1.1 Client

Aroundtown SA
1, Avenue du Bois
L-1251 Luxembourg

as well as its subsidiaries.

(hereafter: "the Client")

1.2 Valuer

apollo valuation & research GmbH
Große Eschenheimer Str. 13
60313 Frankfurt am Main
Germany

(hereafter "NAI apollo")

1.3 Scope of Instruction

NAI apollo was appointed as an independent valuer by the Client or one of its subsidiaries (together referred to as "the Client" in this report) to estimate the Market Value of the properties listed in section 2 of this Appendix in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and the IVSC International Valuation Standards 2016 (11th edition).

In VPS 4, section 4, the RICS Red Book 2017 adopts the following definition of the market value set by the International Valuation Standards Council (IVSC):

The estimated amount for which an asset or liability should exchange on the valuation date be-tween a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.4 Purpose of Valuation

The valuation of the subject properties was carried out to estimate the Market Value of the assets for the purposes mentioned in 1.5 of the condensed summary report.

1.5 Date and Extent of Inspection

All properties were inspected internally and externally within a reasonable period.

The site inspections comprised an adequate sample of internal units and were deemed sufficient in order to enable the valuer to get a sound understanding of the physical attributes of the properties and the respective micro locations. Due to the size of the assets, not all rooms could be inspected. It is assumed that the spaces that were not inspected are in a similar condition to those that were inspected, if no contrary information was provided to NAI apollo.

The following table shows the breakdown of the inspections/ re-inspections per year:

Year of Inspection	Share of Net Rental Income
2018	43.9%
2019	56.1%
Total	100.0%

100.0 % of the property units have been inspected within the last 24 months before the respective dates of valuation.

1.6 Valuation Date

The properties' values in this Appendix are stated as per 31.12.2018, 31.03.2019, 30.06.2019, or 30.09.2019 respectively.

NAI apollo has not been engaged to update the valuations for the purpose of this Prospectus, has no obligation to do so and has not updated the valuations after these valuation dates.

The client confirmed to NAI apollo that no material changes to the physical attributes of the properties, or the nature of their location that might have occurred between the valuation dates and the publication of this valuation report have been occurred.

1.7 Date of the Report

This report was issued on 02.12.2019.

1.8 Qualifications

In compliance with VPS 3, section 2 of the RICS Red Book 2017, we hereby certify that the Valuer and the project team has sufficient current local and national knowledge of the German real estate market, and the skills and understanding necessary, to undertake the valuation competently.

1.9 Independence and Objectivity

We herewith confirm that we are not aware of any potential conflicts of interest regarding this valuation assignment. We act independently and with objective scrutiny. We further confirm that we do not benefit from this valuation instruction in any other way than by receiving the agreed valuation fee.

1.10 Sources of Information

NAI apollo was mainly provided with the following information:

- rent rolls for all properties
- land register excerpts for all properties
- cadastral information for all properties
- leasehold contracts or related summary information
- excerpts from the public easement register for some properties
- lease agreements
- excerpts from the register of contaminates sites for some properties
- technical due diligence report for some properties
- floor plans for some properties

Further information was not available as at the date of valuation. In case updated information is provided to us, we reserve the right to revise the valuation.

1.11 Value-added Tax

All figures relating to Market Values and market rents are stated as net figures and therefore do not include VAT.

1.12 Currency

All prices and values in this report are displayed in Euro (€).

1.13 Applicable Law and Place of Jurisdiction

For the instruction, its execution and any claims arising thereunder the law of the Federal Republic of Germany applies. The place of jurisdiction is Frankfurt am Main.

NAI apollo group

2 Subject of Valuation

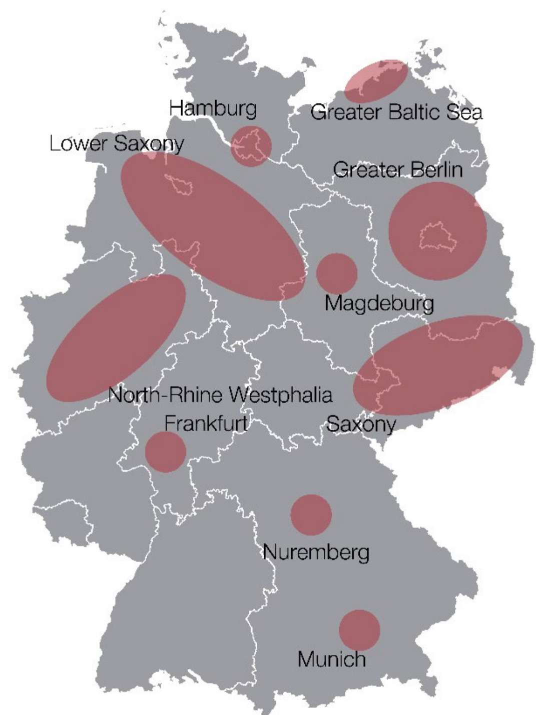
2.1 Ownership Structure

According to the information provided by the Client, the subject properties are owned by the Client or its entitled subsidiaries (majority in freehold ownership, minority in (partial) leasehold ownership).

The (partial) leasehold properties comprise a total lettable area of 70,591 sqm. The annual leasehold payments amount to approx. € 1,310,040. The expiry dates range from 31.12.2027 to 31.12.2094, the revenue-weighted average runtime of the leasehold agreements in the portfolio amounts to approx. 39.3 years.

2.2 Geographical Distribution

The properties are located in the cities of Hamburg, Frankfurt, Nuremberg, Munich and Magdeburg as well as in North-Rhine Westphalia, Lower Saxony, Saxony, the greater Berlin area and the greater Baltic Sea area.



2.3 Lettable Areas and Vacancies

The properties combined for a lettable area of 377,048 sqm*, whereof 231,115 sqm (61.3 %) were attributable to wholesale properties, 102,981 sqm (27.3 %) to office properties, 30,360 sqm (8.1 %) to retail properties, 7,185 sqm (1.9 %) to hotel properties, and 5,407 sqm (1.4 %) to other properties. The properties were approx. 93.3 % let at the respective dates of valuation.

* Lettable area shall only refer to areas of the main use, which constitute the core of the subject assets' operations. According to information received from the Client, the lettable area provided to NAI apollo did not include areas of internal or external parking spaces, ancillary storage units, basements, other miscellaneous units and open spaces. However, this has no impact on the market value. NAI has not verified this information and therefore excludes any and all forms of responsibility and liability for this depiction.

2.4 Income Analysis

At the respective date of valuation, the properties generated a current rent of € 28,215,727 p.a., whereof € 13,283,406 comes from wholesale properties, € 9,532,229 from office properties, € 3,820,787 from retail properties, € 1,125,305 from other properties, and € 454,000 from hotel properties.

3 Methodology and Assumptions

3.1 Valuation Methodology

NAI apollo used a Discounted Cash Flow (DCF) model to estimate the Market Value of the subject portfolio, using the ARGUS Enterprise valuation software.

3.2 Assumptions

The RICS Red Book 2017 includes the following definition of the term assumption in VPS4, section 8:

> *"An assumption is made where it is reasonable for the valuer to accept that something is true without the need for specific investigation or verification."*
>
> *"It will almost always be necessary to couple a basis of value with appropriate assumptions (or special assumptions) that describe the assumed status or condition of the property or asset at the valuation date."*

For the purpose of this valuation, NAI apollo made several plausible assumptions. In case any of these assumptions turns out to be incorrect, the valuation might need to be revised accordingly.

3.2.1 Legal Situation

NAI apollo assumed that all relevant documents regarding the legal situation of the properties were provided completely and correctly. The legal situation was analysed based on the provided documents and if value-influencing encumbrances were detected, their impact was reflected in the valuation. In case of missing information, we assumed the absence of value-affecting entries in the public registers.

3.2.2 Building Defects and Damages

The instruction did not include a structural survey or an examination of building defects or damages. No destructive examinations or functional tests of technical installations (especially sanitary, electrical, and heating installations) were conducted. If not explicitly stated otherwise, NAI apollo assumed their proper functionality. Therefore, defects and damages were accounted for insofar as they could be unequivocally identified as such in a non-destructive and purely visual inspection. The effects of potentially existing defects and damages on the value of a property were therefore only accounted for as a lump sum. NAI apollo makes no claim to completeness regarding its findings. Allowances made for detected building defects and damages therefore do not automatically exclude the existence of further defects and damages. Insofar, reports and analyses delivered by NAI apollo shall not be construed as technical due diligence.

3.2.3 Measurement

NAI apollo was not instructed to perform a measurement of spaces. Information regarding spaces and units provided by the Client was roughly verified for plausibility during the inspection.

3.2.4 Pests, Pollutants and Contamination

No examinations were carried out regarding contaminations as laid down in the German Federal Soil Protection Act (BBodSchG) as well as regarding the infestation by animal and plant pests as well as deleterious materials which might limit the permanent usability of a property or which might potentially pose a threat to third parties or the environment. Unless information to the contrary was brought to NAI apollo's attention, it was assumed that no contaminations or pests exist.

NAI apollo group

3.2.5 Ground Condition

NAI apollo did not conduct archaeological or geotechnical ground examinations. The valuer assumed ground conditions as typical to the location as far as these were reflected in comparison prices and standard land values. In case a soil survey produces results that vary from NAI apollo's assumptions, their effect needs to be accounted for separately. If not explicitly stated otherwise, NAI apollo assumed regular soil with normal load-bearing capacity.

3.2.6 Building Regulations

NAI apollo was not instructed to evaluate the compliance with fire prevention regulations. The instruction did further not include an examination of the conformity of the existing or planned building structure with local construction law. All analyses and estimations were carried out based on the completed development. The existence of a building permit and the accordance of the completed development with the provided floor plans, the building permit, the building regulations, and the binding urban development planning were not checked. NAI apollo assumed material legality of the existing building structure and usages.

3.2.7 Covenant Strength of Tenants

NAI apollo did not obtain information on the covenant strength of tenants. The valuer assumed normal covenant strength as well as regular payment behaviour.

3.2.8 Pending Litigation and Legal Restrictions

It was assumed that the properties are free from any pending litigation and that no value-affecting public-law or private-law restrictions existed in regards to the properties.

3.2.9 Insurance

NAI apollo assumed that the subject of valuation was covered by a valid and adequate insurance policy.

3.2.10 Assumptions on the Future

NAI apollo assumed that the existing business will continue for the remainder of the property's useful life or period under analysis ('going concern') in regards to the type and the extent of the use).

4 Valuation Parameters

The market rent is based partly on recent lettings of comparable properties (if available). These transactions must be interpreted with care, however, as in the current market the incentives (such as rent-free periods, a contribution to the fitting-out costs and other financial concessions) are part of the rent actually agreed. Because these incentives are seldom if ever stated in most publications on transactions that have taken place, sufficient evidence on their effect on the published transactions is lacking.

For some types of properties such as hotels, for example, a market rent level can be estimated by usual operating parameters (for instance average occupancy rate, average room rate, other revenues and costs, a usual ratio of rent payments to turnover etc.). The estimated market rent is therefore a combination of (published) letting transactions as well as other sources of information and the valuer's feel for the market.

The rental growth in the valuation is estimated between 0.9 % and 1.3 % p.a..

The assessment of the general condition is based on a visual inspection of the exterior and directly visible state of repair and must be seen in relation to the age of the property. It is not an indication of state of repair and is therefore explicitly not a building survey. The deficiencies as ascertained in the inspection have been taken into consideration in the valuation, but this does not guarantee that there are no further deficiencies to the properties.

In the valuation of the subject properties maintenance costs range from € 8.00 per sqm of lettable area p.a. to € 17.00 per sqm p.a..

The valuation considers the annual ownership costs such as management fees, operating costs and others, based on experience for similar buildings in similar locations.

In the valuation of the subject properties, management fees range from 1.0 % to 3.0 % of the Potential Gross Rent.

In the valuation of the subject properties ground tax payments and insurance costs are assumed as a percentage of the Potential Gross Rent (2.5 % and 4.0 % respectively).

Other Costs include all other non-recoverable costs in connection with the operation of the subject properties. In the valuation of the subject properties Other Costs ranging from 2.0 % to 52.9 % of the Potential Gross Rent are assumed.

The inflation estimation in the valuation is derived from a historical average. It amounts to 1.2 % or 1.4 % p.a..

The weighted average percentage of the cap rate in the valuation is 5.2 %.

Assumed costs for tenant improvements depend on the several aspects such as, for instance, the nature and quality of the lettable spaces, other assumed lease clauses and terms and the negotiating power of tenants.

In the valuation of the subject properties, appropriate Capex was assumed.

The valuation considers auxiliary purchase costs as a percentage of the Market Value. These costs include broker fees, the legal fees for sale and the tax and land register fees In Germany, the land transfer tax is set by the Federal States. The current rates vary between 3.5 % and 6.5 %.

NAI apollo group

5 Valuation Results

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2012 – 8th edition) and in accordance with IVSC International Valuation Standards 2016 (11th edition) on the basis of Market Value.

The valuation result is rounded and represents a net figure, i.e. a deduction has been made for land transfer tax, legal costs, and broker's commission normally incurred by the purchaser.

NAI apollo is of the opinion that the Market Value of the properties, subject to the assumptions, caveats and comments contained within the full valuation reports, as per the respective date of valuation was:

Market value of freehold properties:	€ 418,090,000 (Euro four hundred eighteen million and ninety thousand)
Market value of leasehold properties:	€ 101,230,000 (Euro one hundred and one million two hundred and thirty thousand)

The above cumulated Market Value equals the sum of the Market Values of all individual assets. No portfolio premium or discount was applied.

Under the special assumption that the leasehold assets were held in freehold ownership, NAI estimates the indicative interest in these assets in freehold ownership as follows:

Freehold interest in leasehold properties:	€ 127,000,000 (Euro one hundred and twenty-seven million)

Frankfurt, 02.12.2019

Stefan Mergen
Managing Partner
apollo valuation & research GmbH

Nico Schultz MRICS
Director - Valuation
apollo valuation & research GmbH

Appendix B
The Netherlands

NAI Netherlands
Commercial Real Estate Services, Worldwide.

Amsterdam, 2 December 2019

The Netherlands

R&B Real Estate B.V. (hereafter "NAI Netherlands") was appointed as an independent valuer by Aroundtown SA, or one of its subsidiaries to estimate the Market Value of the property listed in section 2 of this report (hereafter: "the property") in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and the IVSC International Valuation Standards 2017 (11th edition).

This valuation report shall summarize the terms of engagement, the applied methodology, relevant (special) assumptions as well as the valuation results.

1 Terms of Engagement

1.1 Client

Aroundtown SA
1, Avenue du Bois
L-1251 Luxembourg

as well as its subsidiaries.

(hereafter: "the Client")

1.2 Valuer

R&B Real Estate B.V.
Concertgebouwplein 15
1071 LL Amsterdam
The Netherlands

(hereafter "NAI Netherlands")

1.3 Scope of Instruction

NAI Netherlands was appointed as an independent valuer by the Client or one of its subsidiaries (together referred to as "the Client" in this report) to estimate the Market Value of the properties listed in section 2 of this Appendix in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and the IVSC International Valuation Standards 2017 (11th edition).

In VPS 4, section 4, the RICS Red Book 2017 adopts the following definition of the Market Value set by the International Valuation Standards Council (IVSC):

> *The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*

1.4 Purpose of Valuation

The valuation of the subject properties was carried out to estimate the Market Value of the assets for the purposes mentioned in 1.5 of the condensed summary report.

1.5 Date and Extent of Inspection

All properties were inspected internally and externally within a reasonable period.

The site inspections comprised an adequate sample of internal units and were deemed sufficient in order to enable the valuer to get a sound understanding of the physical attributes of the properties and the respective micro locations. Due to the size of the assets, not all rooms could be inspected. It is assumed that the spaces that were not inspected are in a similar condition to those that were inspected, if no contrary information was provided to NAI Netherlands.

The following table shows the breakdown of the inspections/re-inspections per year:

Year of inspection	Net Rental Income (share)
2018	27,2%
2019	72,8%
Total	100,00%

100.0 % of the property units have been inspected within the last 24 months. Before the respective dates of valuation.

1.6 Valuation Date

The properties' values are stated as per 31.12.18 or respectively per 31.03.2019 or respectively per 30.09.2019.

NAI Netherlands has not been engaged to update the valuations for the purpose of this Prospectus, has no obligation to do so and has not updated the valuations after these valuation dates.

The client confirmed to NAI Netherlands that no material changes to the physical attributes of the properties, or the nature of their location that might have occurred between the valuation dates and the publication of this valuation report have been occurred.

1.7 Date of the Report

This report was issued on 02.12.2019.

1.8 Qualifications

In compliance with VPS 3, section 2 of the RICS Red Book 2017, we hereby certify that the Valuer and the project team has sufficient current local and national knowledge of the Dutch real estate market, and the skills and understanding necessary, to undertake the valuation competently.

1.9 Independence and Objectivity

We herewith confirm that we are not aware of any potential conflicts of interest regarding this valuation assignment. We act independently and with objective scrutiny. We further confirm that we do not benefit from this valuation instruction in any other way than by receiving the agreed valuation fee.
Furthermore, we confirm that NAI Netherlands has acted as an independent valuer according to the definition of ESMA guidelines (ESMA – European Securities and Market Authority) update of the CESR recommendations – The consistent Implementation of Commission Regulations (EC) No 809/2004 Implementing the prospective Directive, dated 20 March 2013.

1.10 Sources of Information

NAI Netherlands was mainly provided with the following information:

- rent rolls for all properties
- land register excerpt for all properties
- cadastral information for all properties
- summary provided for all leasehold properties
- lease agreements
- portfolio asset list
- technical due diligence report for some properties
- floor plans

Further information was not available as at the date of valuation. In case updated information is provided to us, we reserve the right to revise the valuation.

1.11 Value-added Tax

All figures relating to Market Values and market rents are stated as net figures and therefore do not include VAT.

1.12 Currency

All prices and values in this report are displayed in Euro (€).

1.13 Applicable Law and Place of Jurisdiction

For the instruction, its execution and any claims arising thereunder the Dutch law. The place of jurisdiction is Amsterdam.

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2 Subject of Valuation

2.1 Ownership Structure

According to the information provided by the Client, the subject properties are owned by the client or its entitled subsidiaries (majority in full ownership, minority in part-ownership).

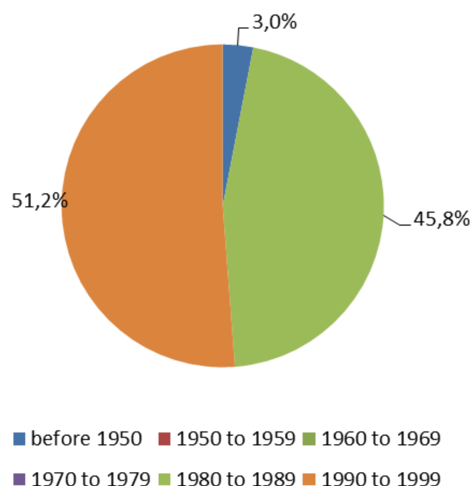
2.2 Geographical Distribution

Over 36% (by value) related to properties located in the Provence of Zuid-Holland.

2.3 Lettable Areas and Vacancies

The properties combined for a lettable area of 100,965 sqm*, which were completely attributable to office spaces. At the date of valuation, the in-place vacancy rate amounted to 7.4%.

Analysis Areas by Building Age:



*Total lettable area
The client provided NAI with an overview of "ancillary areas" for some commercial properties of the portfolio, which NAI took into account without a separate verification at this point. Total lettable area shall only refer to areas of the main use, which constitute the core of the subject assets' operations. According to the clients explanation the lettable area should not include areas of parking units, garages, internal or external parking units, ancillary storage units, basements, other miscellaneous units and open spaces. NAI has not verified this assessment and therefore excludes any and all forms of responsibility and liability for this depiction. The total lettable area in the report does not include ancillary areas in the total amount of approx. 1,992 sqm. However, this has no impact on the market value.

2.4 Income Analysis

At the initial date of valuation, the properties generated a current rent of € 14,687,702 p.a.

2.5 Leasehold Properties

In the portfolio, the annual leasehold payments of the properties held in leasehold are bought out indefinitely or until the applied review date (between 2035 and 2051) of the individual property. The share of leasehold spaces equalled approx. 25 % of the total lettable area of all properties.

3 Methodology and Assumptions

3.1 Valuation Methodology

NAI Netherlands used a Discounted Cash Flow (DCF) model to estimate the Market Value of the subject portfolio, using a standard NAI Netherlands valuation model in Excel.

3.2 Assumptions

The RICS Red Book 2017 defines the term 'Assumption' in VPS4, section 8 as follows:

> *An Assumption – as defined in the IVS – is made where it is reasonable for the valuer to accept that something is true without the need for specific investigation or verification.*
> *It will almost always be necessary to couple a basis of value with appropriate Assumptions or Special Assumptions that describe the assumed status or condition of the property or asset at the Valuation Date.*

For the purpose of this valuation, NAI Netherlands made several plausible assumptions. In case any of these assumptions turns out to be incorrect, the valuation might need to be revised accordingly.

3.2.1 Legal Situation

NAI Netherlands assumed that all relevant documents regarding the legal situation of the properties were provided completely and correctly. The legal situation was analysed based on the provided documents and if value-influencing encumbrances were detected, their impact was reflected in the valuation. In case of missing information, we assumed the absence of value-affecting entries in the public registers.

3.2.2 Building Defects and Damages

The instruction did not include a structural survey or an examination of building defects or damages. No destructive examinations or functional tests of technical installations (especially sanitary, electrical, and heating installations) were conducted. If not explicitly stated otherwise, NAI Netherlands assumed their proper functionality. Therefore, defects and damages were accounted for insofar as they could be unequivocally identified as such in a non-destructive and purely visual inspection. The effects of potentially existing defects and damages on the value of a property were therefore only accounted for as a lump sum. NAI Netherlands makes no claim to completeness regarding its findings. Allowances made for detected building defects and damages therefore do not automatically exclude the existence of further defects and damages. Insofar, reports and analyses delivered by NAI Netherlands shall not be construed as technical due diligence.

3.2.3 Measurement

NAI Netherlands was not instructed to perform a measurement of spaces. Information regarding spaces and units provided by the Client was roughly verified for plausibility during the inspection.

3.2.4 Pests, Pollutants and Contamination

No examinations were carried out regarding contaminations as well as regarding the infestation by animal and plant pests as well as deleterious materials which might limit the permanent usability of a property or which might potentially pose a threat to third parties or the environment. Unless information to the contrary was brought to NAI Netherlands attention, it was be assumed that no contaminations or pests exist.

3.2.5 Ground Condition

NAI Netherlands did not conduct archaeological or geotechnical ground examinations. The valuer assumed ground conditions as typical to the location as far as these were reflected in comparison prices and standard land values. In case a soil survey produces results that vary from NAI Netherlands assumptions, their effect needs to be accounted for separately. If not explicitly stated otherwise, NAI Netherlands assumed regular soil with normal load-bearing capacity.

3.2.6 Building Regulations

NAI Netherlands was not instructed to evaluate the compliance with fire prevention regulations. The instruction did further not include an examination of the conformity of the existing or planned building structure with local construction law. All analyses and estimations were carried out based on the completed development. The existence of a building permit and the accordance of the completed development with the provided floor plans, the building permit, the building regulations, and the binding urban development planning were not checked. NAI Netherlands assumed material legality of the existing building structure and usages.

3.2.7 Covenant Strength of Tenants

NAI Netherlands did not obtain information on the covenant strength of tenants. The valuer assumed normal covenant strength as well as regular payment behaviour.

3.2.8 Pending Litigation and Legal Restrictions

It was assumed that the properties are free from any pending litigation and that no value-affecting public-law or private-law restrictions existed in regards to the properties.

3.2.9 Insurance

NAI Netherlands assumed that the subject of valuation was covered by a valid and adequate insurance policy.

3.2.10 Assumptions on the Future

NAI Netherlands assumed that the existing business will continue for the remainder of the property's useful life or period under analysis ('going concern') in regards to the type and the extent of the use).

4 Valuation Parameters

The market rent which has been determined is based partly on recent transactions at more or less comparable locations and concerning more or less comparable properties. These transactions must be interpreted with care, however, as in the current market the incentives (such as rent-free periods, a contribution to the fitting-out costs and other financial concessions) are part of the rent actually agreed. Because these incentives are seldom if ever stated in most publications on transactions that have taken place, sufficient evidence on their effect on the published transactions is lacking. The estimated market rent is therefore always a combination of (published) transactions that have taken place and the valuer's feel for the market.

The rental growth in the valuation is between 0.5 % and 1.0 % of inflation.

The general maintenance indication is based on a visual inspection of the exterior and directly visible state of repair and must be seen in relation to the age of the property. It is not an indication of state of repair and is therefore explicitly not a building survey. Broadly speaking the age of the parts of the property not mentioned is reflected in the value assessment. The deficiencies as ascertained in the inspection have been taken into consideration in the valuation, but this does not guarantee that there are no further deficiencies to the property.

The valuation considers the annual ownership costs such as management fees, operating costs and others, are in line with those of similar buildings of similar locations. In the valuation generally known standard figures is used.

The inflation in the valuation is derived from the consensus forecast (version September 2018). The average inflation over a period of ten years in the valuation is 1.98%.

The weighted average percentage of the cap rate in the valuation is 7.3%.

Assumed costs for tenant improvements depend on the several aspects such as, for instance, the nature and quality of the lettable spaces, other assumed lease clauses and terms and the negotiating power of tenants.

In the valuation of the subject properties Capex measures are assumed.

The valuation considers auxiliary purchase costs as a percentage of the Market Value. These costs include the legal fees for sale and the tax and land register fees, if applicable. In the Netherlands the transfer tax is 6.0%

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5 Valuation Results

The valuation has been prepared in accordance with the RICS Valuation – Professional Standards 2017 published by the Royal Institution of Chartered Surveyors as well as the TEGoVA European Valuation Standards (EVS 2016 – 8th edition) and in accordance with IVSC International Valuation Standards 2017 (11th edition) on the basis of Market Value.

The valuation result is rounded and represents a net figure, i.e. a deduction of € 13,178,451 (6.1%) has been made for land transfer tax, and legal costs normally incurred by the purchaser.

NAI Netherlands is of the opinion that the Market Value of the properties, subject to the assumptions, caveats and comments contained within the full valuation reports, as per the respective date of valuation was:

Market value of freehold properties:	€ 157,500,000 (Euro one hundred fifty-seven million five hundred thousand)
Market value of leasehold properties:	€ 57,725,000 (Euro fifty-seven million seven hundred twenty-five thousand)

The above cumulated Market Value equals the sum of the Market Values of all individual assets. No portfolio premium or discount was applied.

Under the special assumption that the leasehold assets were held in freehold ownership, NAI estimates the indicative interest in these assets in freehold ownership as follows:

Freehold interest in leasehold properties:	€ 59,875,000 (Euro fifty-nine million eight hundred seventy-five thousand)

Amsterdam, 02.12.2019

H.C. van Wamel LLM MRICS CIS HypZert (MLV) Director - Valuation R&B Real Estate B.V.	C. Schekkerman MSRE MRICS Director - Valuation R&B Real Estate B.V.

GERALDEVE

Condensed Valuation Report

On behalf of: Aroundtown SA

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Addressee

Client: **Aroundtown SA**
Properties: **Valuation of Portfolio of Hotels and Premises across Europe**

1. Introduction

Condensed Valuation Report

In accordance with your instructions and our Terms of Engagement dated 02 December 2019, we have the pleasure in providing this condensed valuation report.

The valuation of the Portfolio has been prepared by Gerald Eve in accordance with the International Valuation Standards of Real Estate for Investment Purposes (International Valuation Standard), the Valuation Standards of the Royal Institution of Chartered Surveyors 'the Standards' and the International Financial Reporting Standard (IFRS). The calculation of the Market Value as at valuation dates have been carried out by Gerald Eve for Aroundtown SA (the Client) subject to the assumptions and conditions of the report and terms of engagement.

The Portfolio consists of 89 properties with a total of 14,785 hotel rooms. The Portfolio is spread across Europe with approximately 80.7% of the properties in Germany, 9.1% in England and the remainder in other European countries.

85 of the properties are held as investments subject to a lease of which two are undergoing renovation/redevelopment.

Four of the properties are in a renovation/redevelopment stage or otherwise not subject to a lease.

Within the portfolio there are six long leasehold properties detailed later within this Report.

2. Executive Summary of Valuation Results

In accordance with the instruction and our terms of the engagement we have valued the properties across four valuation dates. We have valued 54 of the properties as at 30 September 2019, 17 of the properties at 30 June 2019, six of the properties at 31 March 2019 and 11 of the properties as at 31 December 2018. As instructed by the Client we have not updated our opinion of Market Value from these valuation dates.

Gerald Eve is of the opinion that the aggregate value of the individual Market Values, based on the information provided by the Client, together with our own due diligence and investigations; of the freehold and long leasehold interests in the Portfolio as at the Valuations Dates, is:

Market value of properties as of 31 December 2018: € 217,955,000

Market value of properties as of 31 March 2019: € 36,650,000

Market value of properties as of 30 June 2019: € 311,856,122

Market value of properties as of 30 September 2019: € 1,536,609,198

Market value of freehold properties: € 1,885,649,139

Market value of long leasehold properties: € 217,421,182

Under the Special Assumption that the long leasehold assets were held in freehold ownership the Market value is €245,958,194

The above figure represents the aggregate of the individual Market Value of each property and is the net value having regard to relevant purchaser's costs including legal costs, agent fees and where applicable land transfer tax (or equivalent) normally incurred by the purchaser. No allowance has been made for any expenses of realisation or for taxation and it does not reflect any premium or discount on the sale of the portfolio as a whole which may arise in the event of a disposal.

The following table shows aggregate key property data for the portfolio:

Total number of bedrooms	14,785
Average Market Value per bedroom	€142,243
Current net rental income per annum:	*€84,973,337

*Within the Portfolio there are four properties that are not subject to leases and thus we have valued these properties as trading entities and redevelopment projects as agreed with Aroundtown SA.

3. Brief and Scope of Instruction

3.1 Instruction & Purpose of the Valuation

In accordance with the engagement letter issued by the Client and our Terms of Engagement dated XX November 2019, Gerald Eve undertook investigations of the properties held by the Client and undertook a valuation of each property in order to determine the Market Value as at the Valuation Dates of the Freehold and Leasehold interests (as appropriate).

We understand that this condensed Valuation Report is required, to confirm the Market Values of the real estate assets at Valuations Dates.

This condensed Valuation Report covers all material assumptions of all relevant valuations.

3.2 Purpose and Publication

The Valuation Report will be included in a prospectus in the German language to be approved by the Commission de Surveillance du Secteur Financier (CSSF) and notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) that will be published by the Client for the purpose of (i) the public offering of new shares in the Client in connection with the intended voluntary public takeover offer to be made by the Client to the shareholders of TLG Immobilien AG in the form of an exchange offer and (ii) the subsequent listing of the new shares of the Client on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange. The Valuation Report complies with the legal requirements, in particular the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (Prospectus Regulation) in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Delegated Regulation (EU) 2019/980) and the paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

The Valuation Report may be also included in English in an English convenience translation of the Prospectus.

The Valuation Report complies with the legal requirements, in particular paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

Gerald Eve acknowledges and agrees that this report will appear in an unchanged and signed form in the securities prospectus as well as in the offering circular. Before this report, or any part thereof, is reproduced or referred to in any other document, circular or statement and before its contents (other than as contemplated in this prospectus), or any part thereof, are otherwise disclosed verbally or otherwise to a third party, Gerald Eve's prior written approval as to the form and context of such publication or disclosure must be obtained. For absolute clarity, such an approval is required in writing whether or not Gerald Eve is

referred to by name and whether or not the contents of our report are combined with other additional information. Such approval shall not be unreasonably withheld. Notwithstanding the forgoing, the contents and data contained within the Report may be cited and summarised elsewhere in the prospectus and the offering circular.

Our valuation is dependent on the accuracy of the information which has been supplied to us and upon the assumptions and conditions set out herein. If they prove to be incorrect or inadequate, the accuracy of the valuation may be affected however, nothing came to our attention that the received information might be inaccurate.

In accordance with the Standards we are also required to draw your attention to the possibility that this valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

3.3 Status of Valuer and Conflicts of Interest

We confirm that Gerald Eve has acted as an Independent External Valuer for the purpose of this instruction. An External Valuer is defined in the Standards as below:

'A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment'

We also confirm that Gerald Eve is not aware of any actual or potential conflicts of interests that may have influenced its status as external or independent valuer.

Gerald Eve has previously advised and continues to advise Aroundtown SA and subsidiary companies of Aroundtown SA on real estate matters in a valuation capacity for financial reporting.

The work undertaken on behalf of Aroundtown SA and subsidiary companies has included the provision and advice on the subject properties, but we do not consider that this previous and on-going involvement precludes us from advising in this instance.

We confirm that we are acting in an independent role in accordance with the definitions included within the European Securities and Market Authority (EMSA) update of the CESR recommendations – The Consistent implantation of Commission Regulations (EC) No 809/2004 Implementing the Prospective Directive.

We confirm the individuals carrying out this valuation have the appropriate current local and international knowledge of the particular markets and skills and understanding to undertake the valuation competently. This report has been prepared by Neil Hamilton BSc MRICS RICS Registered Valuer, William Kirkpatrick BSc MRICS RICS Registered Valuer and checked by Richard Moir BSc MRICS RICS Registered Valuer and Simon Rees BSc FRICS RICS Registered Valuer.

Gerald Eve has detailed knowledge of these type of specialist properties and is therefore qualified to carry out these valuations.

A statement of the policy of Gerald Eve on the rotation of valuers, and a copy of the current practice statement on valuation reviews is available upon request. We consider that by using two valuation partners and by carrying out our internal review procedure with a valuation panel there is no risk of undue influence affecting our valuations.

The total fees earned from Aroundtown SA or its subsidiaries have never exceed 5% of the total earnings of the firm annually, and this is not expected to change in the foreseeable future. Accordingly, we consider the proportion of the total fees payable by the Client and its subsidiaries relative to the total fee income of the firm during the preceding financial year to be minimal.

3.4 Scope of Work

The scope of the work which has been carried out on the Valuation Report included the following processes:

- Analysis and evaluation of the provided property information such as rent roll, land register extracts (or equivalent), leasehold agreements etc.
- Inspections of the subject properties (interior/exterior) of all properties within the last 24 months.
- Market and locational analysis of all the properties.
- Determination of the estimated Market Value.

3.5 Subject of Valuation

In accordance with the engagement letter, the properties in the Portfolio are part of Aroundtown SA. The Portfolio consists of 89 properties with a total of 14,785 hotel rooms. The Portfolio is spread across Europe with approximately 80.7% of the properties in Germany, 9.1% in England and the remainder in other European countries. According to the information provided by the Client, the subject properties are owned by the Client or its subsidiaries.

3.6 Valuation Definitions

Our valuation has been prepared in accordance with the RICS Valuation – Global Standards of 2017 of the Royal Institution of Charted Surveyors (RICS) (Red Book), as well as the standards contained within the TEGoVA European Valuation Standards 8th Edition (Blue Book) and in accordance with IVSC International Valuations Standards 2016 11th Edition. This is included in the General Principles Adopted in the Preparation of Valuations and Reports of Gerald Eve. This is an internationally accepted basis of Valuation. The Market value is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The above definition concurs with that of the RICS Valuation – Global Standards of 2017 of the Royal Institution of Charted Surveyors (RICS) and is also generally consistent with the definition of Market Value as adopted by the International Accounting Standards Board (IASB). We have further had reference to the RICS Valuation Practice Guidance Application (VPGA) 4, Valuation of Individual Trade Related Properties.

3.7 Plausibility Check

The data room provided to us was checked to identify obvious errors and logical inconsistencies in order to avoid using incorrect or incomplete data in the valuations. This involved the review of the accuracy and completeness of the database, in particular the addresses, the number of bedrooms, building parts and administrative units and property types.

Further verification of the data supplied to us was performed after the property inspections. Where data was not available, we have relied upon information provided by the Client. Should this data prove to be incorrect this may have a material impact on our opinion of Market Value and we reserve the right to amend our valuations.

3.8 Socioeconomic Factors and Location Quality

For the opinion of Market Values as well as the suitability for investor demand we had particular reference to the importance of the micro locations together with the current condition of the properties.

In particular we have had reference to key demand drivers for the area and the micro sustainability of each city, region or state. We had particular reference to current and future changes in the surrounding economic climate that may have a material impact on the KPI's, such as business closures/openings, hotel pipeline, population growth, tourism demand and demographic of surrounding population.

3.9 Valuation Methodology

As aforementioned earlier in this Report, all the properties in the portfolio are either held as investments subject to leases or trading entities. However a number of properties are undergoing redevelopment/refurbishment.

In consideration of the above we have adopted the below methods.

Investment Method

For the properties which are subject to a lease we have adopted the Investment Method of valuation reflecting the lease terms that are in place for each property by undertaking a Discounted Cash Flow (DCF) valuation. The DCF method is an accepted method of valuation for investment properties, based on the transparent and explicit valuation parameter to determine the Market Value. The DCF basis is reliant upon the lease structure factoring in level of rent, step rents, rent review mechanisms and forming an opinion of Market Rent.

Within the Portfolio we have adopted the DCF method of valuation reflecting the "Hardcore and Layer" or "Top Slice" methods of valuation where appropriate. We have calculated our opinion of Market Rent by having reference to the trading projections of the property less costs (such as management costs, maintenance, repair liabilities and non-recoverable operating costs) in order to obtain an estimated net Market Rent. We have applied appropriate yields to the Passing Rent taking into account any difference to our estimated Market Rent.

Non Investment Properties

Profits Method – Discounted Cashflow approach (DCF) - This is an accepted method of valuation for hotels, based on transparent and explicit valuation parameters to determine the Market Value. The DCF basis is reliant upon the estimated future trading projections of the Net Operating Income. The DCF is also the method most adopted by potential purchasers of operational entities and for assets such as these. The DCF is based upon a period of the property's projected trading performance. To the resultant cashflow a market derived discount rate of return is applied, together with a market derived Capitalisation Rate or Exit Yield to the final year cash flow profit.

Renovation/Redevelopment Properties

Residual Method or Development Appraisal approach - This is a common approach for sites, or building re-development projects within the real estate industry and is appropriate for valuing developments. The residual method is broken down into stages, primarily establishing the Gross Development Value of the property on practical completion and deducting the relevant costs associated to deliver the completed development. Typical costs that are deducted include constructions costs, professional fees, finance costs, acquisition costs and developer's profit for risk of undertaking the development and seeking a return on investment.

We note that the valuations prepared upon the residual basis are highly sensitive to the assumptions and inputs adopted and relatively small changes to these assumptions may have a significant impact upon the value reported.

We have relied upon construction cost estimations provided by the Client and have assumed that these costs have been prepared by a suitably qualified costs consultant with relevant experience in hotel conversion projects.

3.10 Database

Gerald Eve was provided with several rent rolls by the Client, for each valuation date, containing information on the individual properties such as addresses, number of bedrooms, lettable area and rental income.

Furthermore Gerald Eve was provided with the following documents by the Client.

- Land Register (or equivalent) extracts
- Cadastral Information/site plans
- Commercial lease agreements
- Information related to monument protection
- Leasehold agreements
- Floor plans

Where documents above were not available we have made our own assumptions and agreed these with the Client.

If we receive additional information or updated information, we reserve the right to adjust our valuations accordingly.

Property specific information, which is required for the valuation process but could not be provided, was derived where possible based on research results, our own data collection as well as our experience and considered in the subject valuation.

Gerald Eve assumed that the information the Client has provided in respect of the Portfolio and its Valuation Dates is correct and comprehensive and that the accuracy of all such documents has been confirmed by the Client.

3.11 Dates of Valuation

The Valuation Dates are 30 September 2019, 30 June 2019, 31 March 2019 and 31 December 2018.

The Client has confirmed to Gerald Eve that no material changes to the physical attributes of the properties, their location or tenure, have occurred between the Valuation Dates and the publication of this Report.

3.12 Site inspections

The properties in the Portfolio have been inspected as part of previous valuation instructions. We have relied upon our previous inspections of the subject properties undertaken in 2018 and 2019.

All inspections have been carried out by qualified RICS Registered Valuers. Our inspections included an examination of each property which included the main trading areas, a sample of bedroom stock, ancillary facilities, albeit in some instances due to limited access we were not able to fully inspect all areas. We inspect the properties within this portfolio at least once every 24 months.

Where floor areas have been stated we have relied upon this information from the Client. We understand floor areas have been measured in accordance with the RICS Code of Measuring Practice, 6th Edition. We have assumed that all floor areas provided are correct and accept no liability towards floor areas stated.

Our inspections were for valuation purposes only and did not constitute building surveys. Accordingly, we have not made investigations into the soundness or otherwise of the building structures, fabric, or the ground conditions.

3.13 Taxation and Costs

No allowance has been made in our valuations for the costs of realisation or any liability to tax which might arise in the event of a disposal or deemed disposal.

3.14 Value Added Tax

The Market Values and Market Rents listed in the Valuation Report are exclusive of any such value added tax that may be incurred.

3.15 Currency

The currency referred to in the Valuation Report is Euros (€).

3.16 Rounding

Due to the calculation basis, marginal differences can occur in the rounding of the numbers.

3.17 Legal Terms

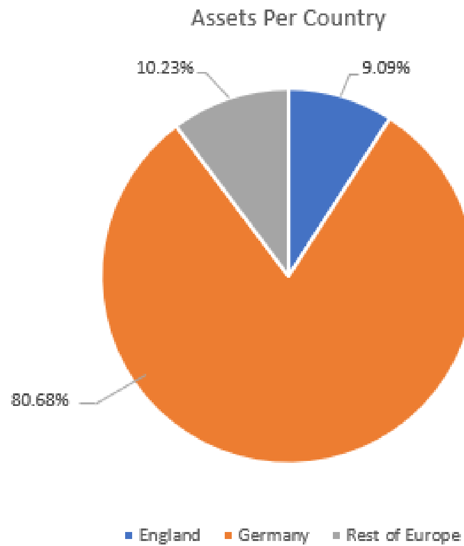
German Law applies. The place of performance and jurisdiction is Frankfurt/Main.

4. Portfolio Overview

4.1 General Overview

The Portfolio consists of 89 properties with a total of 14,785 hotel rooms. The Portfolio is spread across Europe with approximately 80.7% of the properties in Germany, 9.1% in the United Kingdom and the remainder in other European countries. We have been provided with the Gross Internal Floor Area (GIA) by the Client and we understand the total GIA for the portfolio is approximately 820,996 sq m.

Please find below a breakdown of the geographical area for the respective location:

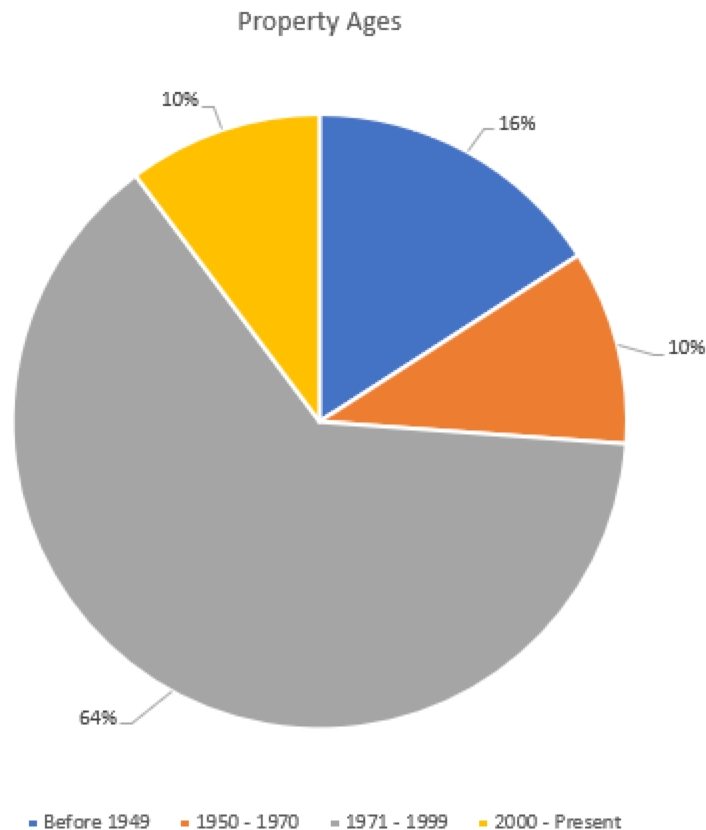


4.2 Net Rental Income

The current net rental income for the portfolio of leased hotels at the Dates of Valuation amounts to approximately €84,973,337 per annum. Our opinion of Market Rent for the current condition of the leased properties amounts to approximately € 78,368,968 per annum. Should repositioning or improvement in the properties be undertaken we would expect the Market Rent to improve.

4.3 Analysis Areas by Building Age

Based on the information gained during the property inspections and provided by the Client, the properties within the portfolio have been classified in different construction year categories.



*It should be noted a number of properties have been extended over time and thus this is an informal breakdown of property age.

4.4 Public Subsidies

Within the Portfolio we understand that no properties are subject to public subsidies and thereby rent-controlled.

4.5 Leasehold Properties

In the portfolio we understand six of the properties have long leasehold interests. The total Long Leasehold value is €217,421,182 with lease expiries between 2038 and 2189. The average unexpired lease term of the Long leasehold Interests is 76.61 years.

5. Assumptions

5.1 Assumptions, Special Assumptions and Sources of Information

An assumption is defined in the Glossary to the Red Book to be a 'supposition taken to be true' ('assumption'). Assumptions are:

'Facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, needs not be verified by a valuer as part of the valuation process.'

In undertaking our valuations, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, we have sought confirmation from the client that our assumptions are correct to the best of their knowledge. In the event that any of these assumptions prove to be incorrect, then our valuation would require to be reviewed.

Furthermore, a 'special assumption' is defined in the Glossary to the Red Book as follows:

'An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.'

Furthermore, VPS 4, section 3.3 states:

'Special assumptions may only be made if they can reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation.'

Where Special Assumptions have been made these are expressly stated within our Valuation Reports.

All Special Assumptions have been consulted and agreed with the Client.

5.2 Title, Legal Restrictions, Building and Other Encumbrances

The available information regarding title, legal restrictions, building and other encumbrances has been mainly made available to Gerald Eve by the Client. We have not been provided with reports on title and have therefore made various tenure assumptions for the purpose of this Valuation Report. We have assumed that the freehold/leasehold interests are free from any encumbrances, unduly onerous or unusual easements, rights of ways, rights of light, restrictions, outgoings or conditions which would have an adverse effect upon the value of the property.

As is normal valuation practice, we have also assumed that the properties are free from mortgages, charges or other financially relevant encumbrances. Furthermore, no account has been taken in our valuation of any goodwill that may arise from the present occupation of the properties as trading entities.

5.3 Contamination Environmental issues

We have not undertaken or been instructed to undertake a formal environmental assessment; therefore; we have not carried out any investigation into past uses of the properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

For the purpose of the Valuation Report, we have assumed that the subject properties do not suffer from any environmental or contamination issues which might adversely affect their value.

We have also made the assumption that that there is no site contamination or archaeological remains present, which might material affect our opinion of Market Value or Market Rent, or future performance of the subject properties.

5.4 Condition and Structural Inspections, Deleterious Materials

As per our instruction the inspections we have carried out were for valuation purposes only and did not constitute a full building survey of the properties. Where concerns of repair are visible we have highlighted with the Client and reflected within our valuations, however we have assumed that the properties are structurally sound and are free from any structural or design defects and all potential forms of deleterious or such material that may form contamination.

5.5 Building Law

We have made the assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications and consents have been obtained and that there are no outstanding statutory notices as to their construction, use or occupation. Furthermore, we have made the assumption that the existing use of the properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

5.6 Town Planning

We have made the assumption that there are no planning or highway proposals within the surrounding area of each property which could adversely affect the property and in turn our opinion of Market Value and Market Rent of the properties.

5.7 Protection of Historic Structures

The Client has provided Gerald Eve with information on properties which they understand are listed or protected buildings within the portfolio. Where potential development opportunities may arise further due diligence into listed or protected buildings should be considered. Upon inspection of the subject properties it cannot be clarified if the properties are listed or protected.

5.8 Technical Equipment, Plant & Machinery

During our inspections, we have not undertaken a review of the technical equipment including plant and machinery. We have made the assumption that all services to the properties are lawful and in a good working order subject to regular maintenance.

5.9 Areas

We have not measured the properties, but have relied upon floor areas provided by the client. We have assumed that these floor areas are correct and have been measured in accordance with the RICS Code of Measuring Practice 6th Edition and in accordance with local practice. We accept no liability in the accuracy of floor areas provided by the Client.

5.10 Lease and Tenancy Information

Information regarding leases, contractual rents and terms have been provided by the Client to Gerald Eve. For the purpose of this valuation we have assumed that all relevant documents for the properties are correct up to date and such documents have been verified by solicitors.

For the purpose of this valuation, we have not undertaken investigations into the financial strength of the tenants. We understand that a number of the properties are operated under Franchise Agreements with international hotel companies/brands. We have made the assumptions that the tenants are in a position to pay rent and have the relevant expertise to run the properties as hotels and trading entities. We have not been advised by the Client of any arrears or bad debts therefore we have made the assumption that there are no current rental arrears, outstanding debts or landlord and tenant disputes ongoing.

5.11 Taxes, Fees and Charges

No information has been made available to Gerald Eve regarding taxes, fees and charges. We have made the assumption that all public taxes, fees and charges etc which could have an influence on value, have been levied and if applicable, had been paid at the time of the Valuation Dates.

5.12 Insurance Policies

Gerald Eve has made the assumption that all properties have the appropriate level of insurance including liability insurance, building insurance and property insurance. Gerald Eve has assumed that there are no potential claims on the properties and that potential claims are covered. Gerald Eve has not been provided with anything to the contrary from the Client.

5.13 Information

In addition to the due diligence Gerald Eve has undertaken for each property, we have relied upon information provided by the Client to be truthful, lawful, up to date as at the Valuation Dates and accurate to the best of their knowledge. Should such information prove incorrect, or assumptions within our valuation to be incorrect, our opinion of Market Values could be influenced, and the valuations would have to be amended accordingly by Gerald Eve.

6. Valuation Parameters

6.1 Lease Terms

The terms of the leases vary in lease lengths, rent review provisions, rental growth provisions and terms. Typically new leases within the Portfolio are in excess of 20 years with index linked reviews annually and the inclusion of stepped rent provisions. We have undertaken analyses on the unexpired lease terms of the dominant lease on the properties which are held subject to hotel leases. The portfolio currently has a Weighted Average Unexpired Lease Term of approximately 18.0 years as at the Valuation Dates.

6.2 Market Rents

Gerald Eve used the following main sources for obtaining information on market rents:

- Internal Database
- Trading history and forecast trading of the properties where available

We have undertaken research in benchmarking our opinion of market rents within the Portfolio and as aforementioned have benchmarked against a number of internal and external sources. Our opinion of Market Rent represents a sustainable opinion of rent affordable by the tenant.

Hotel trading information is generally treated in a confidential manner as it is commercially sensitive and is rarely disclosed in the market, restricting our analysis and that of a hypothetical operator.

Hotel rents are primarily appraised adopting the profits method of valuation with rental values typically derived from the profitability of the operational hotel. Although it is generally held in the market that the Market Rent should sit between 50% and 65% of NOI (where there is strong occupational demand this can increase to 70%) or between 20% and 30% of Total Revenue, this must be balanced against the ability of the operator to pay rent from the profit (NOI) of the hotel. Furthermore this must also allow sufficient headroom for changes in competition such as new hotels entering the market or the refurbishment of current bedroom stock, changes to local business drivers and economic cycles. In a situation where costs are rising and revenues are under pressure, rents become more difficult to afford.

6.3 Rent Adjustment

The rental terms and review provisions vary within the portfolio, however the majority of leases are commonly index linked or a gearing provision of index linked post stepped rent provisions.

6.4 Non Recoverable Costs

General

We have reviewed the leases provided and reflected the terms included in line with market practice.

Maintenance

Ongoing maintenance is a common cost incurred by both the landlord and tenant through the life span of a lease. These costs are essential to maintain the building and structure of the properties and indeed the operational nature of the property for its designated purpose. The majority of the lease contracts are based on internal repair and maintenance for basic repairs such as facilities, installations and fittings.

The landlord is commonly responsible for the maintenance of the building, structural frame and roof for damage caused by general wear and tear, weathering, life cycle of the building and changes within legal requirements such as fire regulations etc, in order to continue the marketability of the property.

Where appropriate we have reflected on-going maintenance costs within our valuations as a percentage deduction of the passing and estimated Market Rents adopted.

Management

Management costs in the valuation vary depending on the operational nature of the hotel, franchise costs, location, level of service provided and condition. We have adopted appropriate management costs for each property.

6.5 Market Leasing Assumptions after Lease Expiry

According to our experience, a common approach within the hotel industry is the continuation of the tenancy through renewal of leases or where leases are nearing expiry new tenants have been sought and terms agreed upon lease expiry of the previous tenants therefore there is not a letting void or vacancy associated. Our valuation assumes that the lease is renewed at the end of the term on similar terms to the existing lease with the exception of a rebase to our opinion of Market Rent. In addition, we assume that the tenant will continue to occupy the property over the period of our valuation model and as such we have not made any allowance for commissions payable.

6.6 Capital Expenditures

No in depth calculations were made for capital expenditure on the subject properties in accordance with or instructions. This is outside our expertise as valuers and outside the scope of instruction. We have discussed this where appropriate with the Client and where capital expenditure is occurring we have reflected this within our valuations. We have relied upon construction costs provided by the Client and their advisors for

budgets and their experience on technical due diligence. These should be verified by a Quantity Surveyor with specific experience in hotels.

6.7 Inflation

General inflation is adopted within our Discounted Cashflows, however we do note that within the current economic climate inflation rates currently fluctuate. Inflation rates within our valuations vary dependent on the country the property is located in.

6.8 Discount Rate and Capitalisation Rate (Cap Rate)

Discount Rate

As aforementioned within this report we have adopted the Discounted Cash Flow (DCF) method of valuation. Two major inputs within this method of valuation are the Discount Rate and the Cap Rate (or Exit Yield). The selection of the Discount Rate is made up of a number of factors such as the location, hotel performance, key performance indicators (KPI's), lease terms, market rent and percentage over rent for the property. In determining the level of Discount Rate we have also factored in inflation and operational risks. The Discount Rates adopted range from 5.5% to 10.25% dependent on the above characteristics.

Capitalisation Rate

In determining the Cap Rate within our valuations we have also had reference to the above factors and demand of investor appetite having close reference to the hotel's performance, rent cover and security of income. At the end of the lease period a terminal value is calculated which is capitalised by a Cap Rate. The choice of Cap Rate is predominately valuers judgement and based on their experience within the subject markets. Generally in the hotel market, transactional evidence is limited and that which is available is difficult to assimilate due to the confidential nature of trading data. We would further comment that the majority of the leases are SPV's of limited covenant strength and for clarity the tenant covenant is not institutional grade and therefore market evidence is limited and difficult to correlate in real terms. The Cap Rates adopted within the Portfolio range from 4% to 8.25% dependent on the aforementioned characteristics.

6.9 Transactions Purchasers Costs

Purchaser Costs have been deducted at a percentage of the Market Value from the leased Portfolio. These costs include legal fees, broker fees, land register fees, and tax if applicable. Where applicable we have adopted purchasers costs at the prevailing rates for each Federal State or region dependent on their tax structures.

7. Valuation Results

7.1 Market Value

Gerald Eve is of the opinion that the aggregate value of the individual Market Values, based on the information provided by the Client, together with our own due diligence and investigations; of the freehold and long leasehold interests in the Portfolio as at the Valuations Dates, is:

Market value of properties as of 31 December 2018: € 217,955,000
Market value of properties as of 31 March 2019: € 36,650,000
Market value of properties as of 30 June 2019: € 311,856,122
Market value of properties as of 30 September 2019: € 1,536,609,198

Market value of freehold properties: € 1,885,649,139
Market value of long leasehold properties: € 217,421,182

Under the Special Assumption that the long leasehold assets were held in freehold ownership the Market value is € 245,958,194

The above figure represents the aggregate of the individual property market values net of associated purchasers costs where applicable. No allowance has been made for expenses of realisation or taxation and it does not reflect any premium or discount in value for the sale of the portfolio as whole which might arise in the event of a portfolio disposal.

No asset in the subject portfolio has a negative Market Value.

8. Glossary

Net Rental Income
The Net Rental Income is the income receivable from a property after expenses associated with the property are deducted.

Net Operating Income
Net Operating Income equals all revenue from the property less all reasonably necessary operating expenses.

9. Conclusion

We understand the Valuation Report will be part of the prospectus of Aroundtown SA for submission to the Frankfurt Stock Exchange (FSE) for a potential capital markets transaction. Gerald Eve acknowledges that this Report will appear in an unchanged and signed form in the securities prospectus.

In accordance with the requirements of the RICS, neither the whole nor any part of our 'Valuation Report', nor any reference thereto, should be included in any published document, circular or statement, nor published in any way without the prior written approval of Gerald Eve, as to the form and context in which it may appear.

This report may be relied upon by the Addressee and their professional advisors for the stated purpose only. No reliance may be placed upon the contents of this Report by any other party or by the Addressee for any purpose other than in connection with the stated purpose. Neither this Report, nor any part thereof, may be reproduced or referred to, in any document, circular or statement, nor may its contents, or any part thereof, be disclosed orally, or otherwise to a third party, without our written approval as to the form and context of such publication or disclosure.

Limitation of Liability

Gerald Eve's liability shall be limited to the properties respectively valued within this prospectus and described under Section 4.6 of this report.

William Kirkpatrick MRICS, RICS Registered Valuer
Partner

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AVISON YOUNG

AROUNDTOWN SA

Condensed Valuation Report

Portfolio of 34 Hotels in the UK & Europe

Dates of Valuation: 30 September 2019

Prepared for Aroundtown SA

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Our Ref: IGE/rm23

4 December 2019

Aroundtown SA
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L-1251 Luxembourg

Condensed Valuation Report

The valuation of the Portfolio has been prepared by Avison Young in accordance with the International Valuation Standards of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution of Chartered Surveyors 'the standards' and the International Financial Reporting Standard (IFRS). The calculation of the Fair Value as at valuation dates have been carried out by Avison Young for Aroundtown SA (the Client) subject to the assumptions and conditions of the report and terms of engagement.

The Portfolio as at 30 September 2019 consists of 34 properties with a total of 5,453 hotel rooms. The Portfolio is spread across Europe with approximately 79.0% of the properties located in the UK, 15.0% in Germany, and the remainder in other European countries.

Valuation

Avison Young is of the opinion that, based on the information provided by the client and subject to the assumptions and comments detailed further below, the aggregate Fair Value of the individual freehold and leasehold interests in the Aroundtown SA portfolio, including those properties valued subject to special assumptions (as determined in this report), as at the relevant effective dates of valuation, September 2019, is as follows:

Fair value of properties as of 30 September 2019:

€1,218,550,435

Fair value of freehold properties as at 30 September 2019:

€856,915,570

Fair value of leasehold properties as at 30 September 2019:

€361,634,865

Avison Young is the trading name of GVA Grimley Limited registered in England and Wales number 6382509. Registered office, 3 Brindleyplace, Birmingham B1 2JB.

Regulated by RICS.

Under the special assumption that the leasehold assets were held in freehold ownership the Fair value as at 30 September 2019 is:

€390,538,557

Please note the UK properties have been valued in £'s Stirling and converted to Euros at an exchange rate of EUR/GBP: 0.8857 as of 30 September 2019.

All valuations are reported exclusive of VAT.

The table below shows the aggregated key market data for the portfolio. The Portfolio consists of 34 properties with a total of 5,453 hotel rooms. The Portfolio is spread across Europe with approximately 79% of the properties in the United Kingdom and 21% in Germany and other European countries.

Total Lettable Area	352,536 sq m
Total Number of Letting Bedrooms	5,453
Average Fair Value Per Lettable Area	€3,453.54 per sq m
Current Net Rental Income Per Annum*	€76,035,630

*Based on Q3/2019 values and excluding assets held for sale.

The following table shows the distribution of the Fair Value between freehold and leasehold assets as at 30/09/2019:-

Tenure	Fair Value	Properties
Freehold	€856,915,570	22
Leasehold*	€361,634,865	12

*We have been instructed to value the leasehold properties on the special assumption that they are held freehold. On this basis, the portfolio would have an additional value of **€28,903,692.**

Assumptions

We draw your attention to our accompanying report, the Definitions and Reservations for Valuations to which our advice is subject and to the Letter of Appointment agreed between us.

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1. Instructions

We are instructed to provide a condensed, short form valuation report, the 'Valuation Report', where we represent the aggregate value of the portfolio on the following basis of valuation:-

- Fair Value

Our valuation has been undertaken in accordance with our Letter of Appointment, which has been prepared in accordance with the RICS Valuation – Global Standards 2017 (the Red Book).

Subject of Valuation

The subject portfolio consists of a total of 34 Hotel properties. The total lettable area amounts to approximately 352,536 sq m. 79% of the properties are located in the UK, 15.0% are within Germany, and the remainder in other European countries. We understand from the client that the subject properties are owned (majority fully, minor partially) by the client or its entitled subsidiaries.

Conflicts of Interest

In assessing any potential conflicts, we have adhered to the RICS Professional Statement – Conflicts of Interest, (1st Edition, March 2017) and the RICS Rules of Conduct.

As far as we are aware, we have no conflict of interest in relation to the provision of valuation advice in respect of the property. We have previously valued the majority portfolio for accounting purposes which we do not consider a conflict and we have received permission from Aroundtown Real Estate Limited and its subsidiaries to use all previous valuations to create this condensed report. We are providing our advice as External Valuers in accordance with the provisions of the Red Book. GVA Grimley Limited t/a Avison Young is a regulated firm.

Nature and Source of the Information Relied Upon

In preparing our valuation, we have been provided with information by Aroundtown SA. Please note that full information was not available for every property. We have been provided the following information, either fully or partially:-

- rent rolls containing information on the individual properties such as address, lettable area, vacancy and rental income.
- land register extracts
- Cadastral information/ site plans
- Commercial lease agreements
- 2018 Budget and year to date trading information (including Occupancy, ADR and Total Revenue);
- Planned or recently completed refurbishment works (either soft or full) together with the outlined cost of works (Capital Expenditure Budget);
- Technical, environmental and legal due diligence where available

Subject to our comments set out in this report, we have relied upon this information in preparing our valuations. We have assumed that the information the client has provided in respect to the subject portfolio is correct and comprehensive and the accuracy of all such documents has been confirmed by the client.

If we receive additional or updated information we reserve the right to adjust the valuation accordingly.

Property specific information, which is required for the valuation process but could not be provided, was derived where possible based on research results, our own data collection as well as our experience with comparable properties, and considered in the subject valuation.

Date and Extent of Inspection

The properties have all been inspected within the last eighteen months by Ian Elliott BSc (Hons) MRICS, Jon Critchley MA MRICS, Chris Dallison BA BSC FRICS and James Williamson MRICS, all RICS Registered Valuers within the Hotels and Leisure department. Each valuer is qualified and suitably experienced for the purposes of the instruction and has the knowledge, skills and understanding to undertake the valuation competently. Access was available to all parts of the properties.

In respect of those properties that were not re-inspected within the last 6 months, the client has confirmed that it is not aware of any material changes to the physical attributes of the properties, or the nature of their location, that might have occurred since the last inspection.

Date of valuation

The date of valuation is 30 September 2019. We have not updated the valuations after the valuation date.

Purpose of valuation

The Valuation Report will be included in a prospectus in the German language to be approved by the Commission de Surveillance du Secteur Financier (CSSF) and notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) that will be published by the Company for the purpose of (i) the public offering of new shares in the Company in connection with the intended voluntary public takeover offer to be made by the Company to the shareholders of TLG Immobilien AG in the form of an exchange offer and (ii) the subsequent listing of the new shares of the Company on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange. The Valuation Report complies with the legal requirements, in particular the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (Prospectus Regulation) in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Delegated Regulation (EU) 2019/980) and the paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

The Valuation Report may be also included in English in an English convenience translation of the Prospectus."

Scope of Work

The scope of work included the following processes:-

- Inspection (interior/exterior) of all properties
- Market and locational analysis of all the properties
- Determination of Fair Value.

Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the valuation acting as external valuer, as defined by the RICS Red Book, qualified for the purpose of the valuation.

Statement on valuation methodology

We confirm that our valuation and report has been prepared in accordance with the current RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the RICS Red Book) on the basis of Fair Value as defined in Appendix 1. The report is subject to, and should be read in conjunction with, the Standard Terms of Appointment and Definitions and Reservations for Valuations which are attached at Appendix 1.

The properties are held as investments subject to leases.

We have valued each hotel on an individual basis and have made no allowance, fine or premium for the hotels being part of a larger portfolio.

The valuation is based on the data and information provided by the Client, This information, together with any data provided, where appropriate by the JV partner, the Client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources is assumed to be correct unless otherwise specified. If this information proves to be incorrect then we reserve the right to amend our opinions of value.

Plausibility Check

The database provided to us was checked to identify obvious errors and logical inconsistencies in order to avoid using incorrect or incomplete data in the valuation. This involves a review of the accuracy and completeness of the database, in particular addresses, the number of bedrooms and other facilities.

Further verification of the data supplied to us was performed after the property inspections. In the case of missing or implausible information, a Q&A process was initiated with the client.

Socioeconomic Factors and Location Quality

For the estimate of the property values as well as the sustainability of income, particular importance was placed on the micro location, the current condition of the properties and where appropriate the tenant's covenant.

Key factors taken into account by the calculation of value and stability of value were the strength of the location within the wider area, the attractiveness of the micro location, as well the quality of the property. Socioeconomic factors such as purchasing power, unemployment and population growth were also recognised in the calculation of value.

2. Location

The portfolio is made up of properties located in the UK, Germany and other European countries. The majority of the hotels (27) are within the UK with 5 hotels in Germany.

3. Assets Held For Sale (Not part of the Portfolio Analysis)

According to information provided by the client, three assets are held for sale and these are excluded from our reported values.

The total lettable area of these three properties amounts to approx. 27,445 sqm.

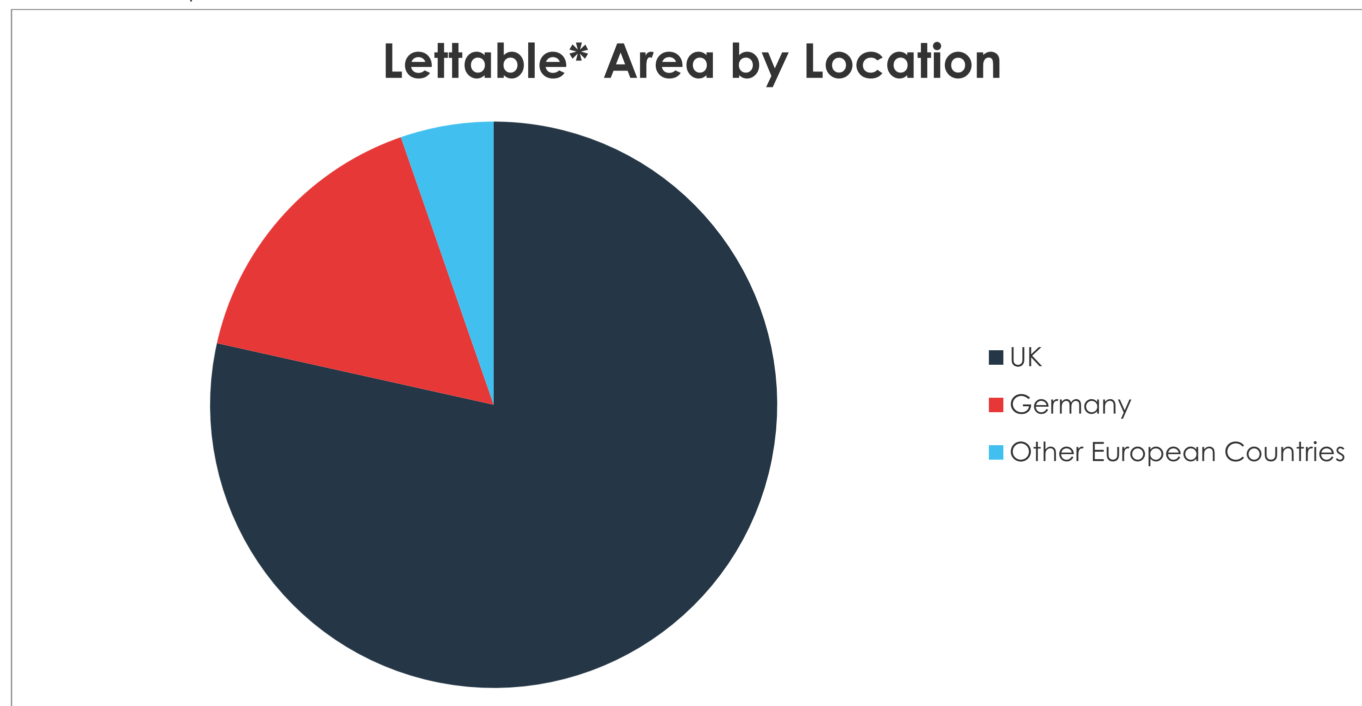
As per the date of valuation, we are of the opinion that these assets have a Fair Value of:

€28,564,977
(Twenty Eight Million, Five Hundred and Sixty Four Thousand, Nine Hundred & Seventy Seven Euros).

4. Portfolio Overview

The subject portfolio comprises 34 hotels equating to approximately 352,536 sq m of lettable area.

The Portfolio has a total of 5,453 hotel rooms. 79% of the properties in the portfolio are within the United Kingdom, with 15.0% in Germany and the remainder in other European countries. Please find below a breakdown of the lettable area for the respective locations:



* We have been provided with the Gross Internal Floor Area (GIA) by the Client and we understand the total GIA for the portfolio is approximately 352,536 sq m..

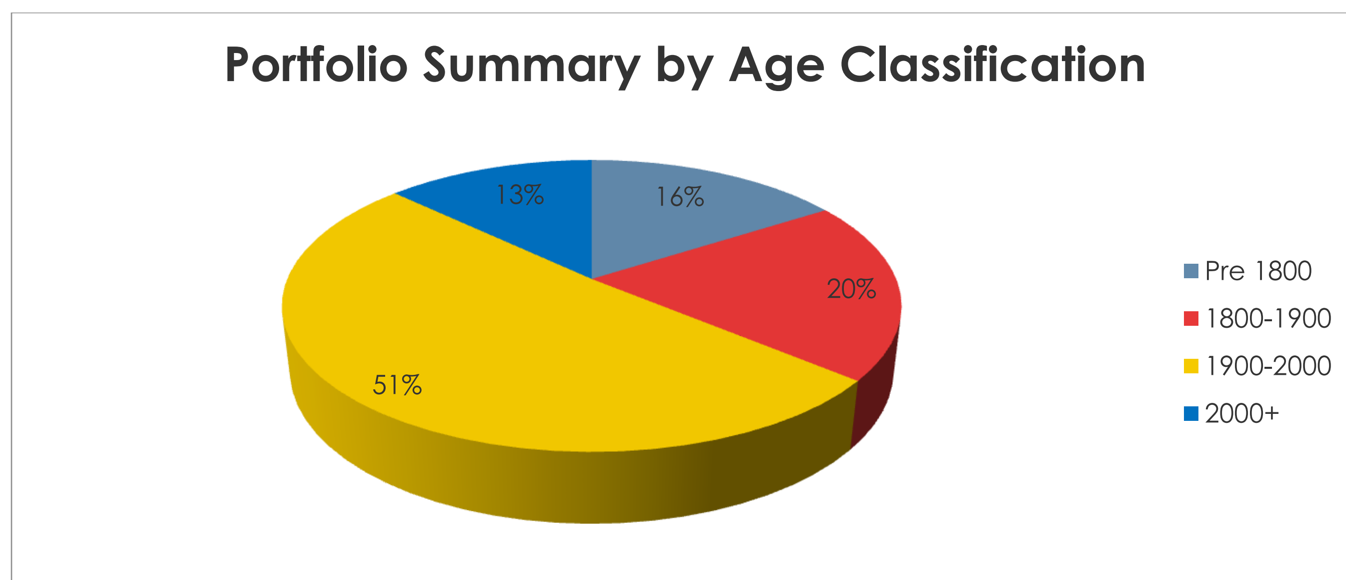
The properties generally present well, with a number of the properties having been subject to extensive refurbishment prior to their acquisition. Where capex is planned we have reflected this in our valuations where we believe this is appropriate.

Net Rental Income

Each of the hotels within this portfolio is let to third parties. The current net rental income for the portfolio as at 30 September 2019 amounts to approximately €76,035,630 per annum (excluding assets held for sale).

Analysis Areas by Building Age

Based on the information gained during the property inspection, provided by the client and from our general research, the units within the portfolio have been classified in different construction year categories. These are shown in the below pie chart:-



Leasehold Properties

In the portfolio, 11 of the UK properties are held leasehold. The annual leasehold- related contractual ground rents are understood to be in the amount of approximately 1,268,262 euros per annum. Please note that some ground rents have been fully paid ahead or are fully borne by the tenant. The leasehold agreements expire between 2043 and 2189.

Public Subsidies

Within the portfolio no properties are subject to public subsidies and thereby, rent-controlled.

5. Vacancy Rate

The average vacancy rate for the entire portfolio is approximately 0% as the hotels are all currently let.

6. Services

We understand that all mains services are connected to the subject properties within the portfolio. We have not undertaken any tests to ascertain the condition or capacity of these services and have assumed for the purpose of this valuation that all service connections are in good order.

7. Condition of Building

We have not carried out a structural survey of the property but would comment that at the time of our inspection that each property appeared to have been satisfactorily maintained and was in a reasonable state of internal and external repair, having regard to their age, character and use.

8. Remaining Economic Life

We are of the opinion, that given reasonable maintenance and periodic repair, the subject property will have a remaining economic life in excess of 25 years. With an ongoing maintenance and repair programme, the life could be extended further.

9. Deleterious Material

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous materials have been used in the construction of the property or have since been incorporated. Although our inspection did not reveal any obvious deleterious materials, we are unable to report that the property is free from risk in this respect. We have assumed for the purposes of this valuation and report that no deleterious materials were used in the construction of the property.

10. Statutory Enquiries

Planning

We have made the assumption that the existing uses of the properties are duly authorised or established, and that no adverse planning conditions or restrictions apply. We have likewise assumed that there are no proposed developments that will adversely affect values.

Highways

We have assumed that there are no highway proposals which may have an adverse impact on the subject property.

Licences

In addition to the principal planning and licensing consents, leisure properties frequently require other consents, licences and certificates including premises licences, Gaming Act licences/permits, electrical and other certificates. These items are an essential requirement for the business to operate and for the purposes of this valuation, we have assumed that all necessary licences, certificates and consents are available and will continue to be so in the future.

You/Your customer should ensure that the Premises Licence is in place and that the necessary Personal Licences are held by appropriate persons involved in the operation of the business.

Fire, Health and Safety Legislation

For the purpose of this report, we have assumed that the property complies with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

We have assumed that your customer has carried out a fire risk assessment in accordance with The Regulatory Reform (Fire Safety) Order 2005, has made any necessary alterations to the premises and that no further costs will be incurred in complying with the legislation.

11. Environmental Issues

We have not been instructed to make any investigations, in relation to the presence or potential presence of contamination or other environmental features in land or buildings or affecting the property.

We have not carried out any investigation into past uses, either of the properties or any adjacent land, to establish whether there is any potential for contamination from such uses or sites, and have therefore assumed that none exists.

12. Tenure

As previously detailed we are advised that there are 12 long leasehold interests, with the remaining 22-properties being freehold/feuhold.

The available information regarding title, legal restrictions, building and other encumbrances has been mainly made available to us by the client. A random sampling of the information based on the documents provided by the client was carried out. No discrepancies or points of concern were identified.

We have made the assumption that copies of all relevant documents for the properties have been made available to us and that they are complete, correct and up to date - and that such documents have been verified by the client.

Moreover, based on the above assumption and a random sampling of the available information, we have not identified any points of concern and have made the assumption that the properties have good and marketable freehold or leasehold titles in each case and that the properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

As is normal valuation practise, we have also assumed that the properties are free from mortgages, charges or other financially relevant encumbrances. Furthermore, no account has been taken in our valuation of any goodwill that may arise from the present occupation of the properties.

We have assumed for the purposes of this valuation that there are no unduly onerous or restrictive covenants affecting Title, which would have an adverse effect on value. This assumption should be verified by your solicitors.

13. Tenancy/Leases/Operating Agreements

Each of the hotels is let to a third part operator. The extant lease terms for the UK properties are between 10 and 35 years. The German leases are let for between 8.5 and 20 years.

Information regarding rental units, contractual rents and lease terms was made available to us by the client. A random sampling of the information was verified based on documents provided by the client. No abnormalities were detected.

We have made the assumption that copies of all relevant documents for the properties have been made available to us and that they are complete, correct and up to date and that such documents have been verified by the client.

For the purpose of the valuation, we have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the assumption that the tenants are financially in a position to meet their current obligations.

14. Basis of Calculation

We confirm that our valuation and report has been prepared in accordance with the current RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) (the RICS Red Book) on the basis of Fair Value as defined in Appendix 1. The report is subject to, and should be read in conjunction with, the Standard Terms of Appointment and Definitions and Reservations for Valuations which are attached at Appendix 1.

Our valuations are exclusive of VAT.

We have principally adopted the Discounted Cash Flow valuation methodology in order to arrive at our assessment of Fair Value.

The valuation is based on the data and information provided by the Client, the Client's staff and professional advisers, local authorities, other statutory bodies, investigation agencies and other stated sources is assumed to be correct unless otherwise specified.

As a cross check to our valuations we have considered the NIY based on the net rental income the hotels generate and also viewed our values by reference to comparable sales.

Discounted Cash Flow Valuation Methodology

Our cash flow projections are prepared on an explicit basis over the course of the first five years and then in respect of years 6 to 10 we assume a reasonable future growth rate taking into consideration current economic conditions.

In the eleventh year of our cash flow projections, we capitalise the income at an appropriate capitalisation rate selected by reference to historic hotel transaction evidence, yield evidence of other forms of commercial property, market factors and the age, location and condition of the property. The income is deferred at a discount rate which is effectively comprised of inflation (long term trend) plus a risk premium which is dependent upon our assessment as to the level of risk attached to the realisation of our projected cash flows. In any valuation exercise the cost of borrowing money is reflected in the rates of return adopted.

Comparables Method of Valuation

The analysis of other trading entity transactions is an essential part of the valuation process. However, as a standalone method of valuation it is not recommended as the primary method of valuation. No two businesses are identical and the use of comparable information should only be used to establish a tone of the list against which the valuation on the accounts or DCF method can be compared on a capital value per bedroom basis, in the case say of hotels.

Other Trading Entity Assumptions

In addition to the above our valuation has also been prepared on the basis of the following assumptions:-

- There is no significant change in the general economy, law or other factors affecting the trading position of the business;
- No allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal. Acquisition costs have been included in our valuation;
- We have made no allowances (unless stated) for any leased equipment which may exist at the property;
- That the business is open and trading up to the date of sale and has the benefit of all necessary licences. (The valuation may vary considerably should trading conditions vary in a material way);
- That the business would be properly and effectively marketed, allowing a reasonable period of time for exposure to the market and negotiation;x`
- That the business is properly and efficiently operated;

Please also refer to the definitions and reservations attached to this report.

Fair Value

Avison Young is of the opinion that, based on the information provided by the client and subject to the assumptions and comments detailed further below, the aggregate Fair Value of the individual freehold and leasehold interests in the Aroundtown SA portfolio, including those properties valued subject to special assumptions (as determined in this report), as at the relevant effective dates of valuation, 30 September 2019, is as follows:

Fair value of properties as of 30 September 2019: **€1,218,550,435**

Fair value of freehold properties as at 30 September 2019: **€856,915,570**

Fair value of leasehold properties as at 30 September 2019: **€361,634,865**

Under the special assumption that the leasehold assets were held in freehold ownership the Fair value as at 30 September 2019 is **€390,538,557**. Holding the leasehold properties in freehold ownership would increase the portfolio value by **€28,903,692**.

Please note the UK properties have been valued in £'s Stirling and converted to Euros at an exchange rate of EUR/GBP: 0.8857 as of 30 September 2019.

All valuations are reported exclusive of VAT.

15. General Comments

We confirm that we meet the requirements as to competence and the definitions of an External Valuer within the RICS Valuation – Global Standards 2017.

The Valuation Report has been prepared by Ian G Elliott, an RICS Registered Valuer within the Hotels and Leisure department.

The valuation has been discussed with and approved by Jon Critchley and Chris Dallison, both RICS Registered Valuers and Directors in the same department.

Yours faithfully

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For and on behalf of
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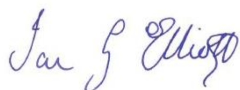

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Winters & Hirsch

Condensed Valuation Report

The valuation of the subject portfolio as specified below has been prepared by Winters & Hirsch Real Estate Advisory GmbH & Co. KG ("Winters & Hirsch") in accordance with the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution of Chartered Surveyors (as per the Red Book) and the International Financial Reporting Standards (IFRS). The calculation of the fair value as at valuation dates has been carried out by Winters & Hirsch for properties of Aroundtown SA.

This Condensed Valuation Report contains the valuation results for the individual properties as well as general descriptions and assumptions. The property portfolio consists of a total of 37 commercially used properties, at various locations throughout Germany. The total lettable area amounts to approx. 1,258,955 sqm (incl. development area). Some properties are plots of land with existing buildings for which additional development potential was taken into account.

Addresses	
Valuer	**Client**
Winters & Hirsch Real Estate Advisory GmbH & Co. KG	Aroundtown SA
Bleibtreustr. 22/23 10707 Berlin Germany	1, Avenue du Bois L-1251 Luxembourg Luxembourg
Tel.: +49 30 21 00 96-0 Fax: +49 30 21 00 96-11	
Email: info@winters-hirsch.de	

Reporting Dates	
Date of Valuation	31/12/2018 – Q4-2018 31/03/2019 – Q1-2019 30/06/2019 – Q2-2019 30/09/2019 – Q3-2019
Date of issue	04/12/2019

Summary of Valuation Results

Winters & Hirsch is of the opinion that, based on the information provided by Aroundtown SA and subject to the assumptions and comments set out in section 3, the aggregate of the individual market values of the freehold and leasehold properties in the investigated portfolio of Aroundtown SA as at the effective dates of valuation 31/12/2018 until 30/09/2019 is as follows:

Date of Valuation	Number of properties	Lettable area
31/12/2018	9	349,989 sqm
31/03/2019	3	72,394 sqm
30/06/2019	7	400,119 sqm
30/09/2019	18	436,453 sqm
Total	**37**	**1,258,955 sqm**

Market Value		
Freehold value net	**Leasehold value net**	**Freehold Interest in leasehold properties**
2,114,520,000 EUR	123,800,000 EUR	132,600,000 EUR

The above values represent the sum of the individual market values on the respective valuation dates and are understood as a value without consideration of the ancillary acquisition costs normally incurred by the buyer. Realisation costs and taxes have not been taken into account and do not reflect any surcharges or discounts on the sale of the entire portfolio that may arise in the event of a contiguous sale.

The above figure contains market values under special assumptions for 14 properties. The total value due to special assumptions amounts to 490,500,000 EUR. The special assumptions and the rationale behind it are explained further below in this report.

The following table shows aggregated key figures for the portfolio (including development sites, redevelopment scenarios and leasehold properties):

Key Figures	
Number of Subject Properties (total)	**37**
Number of leasehold properties (partly & fully)	5
Number of freehold properties	32
Total lettable area (incl. developments)	1,258,955 sqm
Total lettable area (status “as is”)	948,795 sqm
Total market rent p.a. (incl. developments)	170,193,460 EUR
Total current rent p.a. (status “as is”)	68,126,017 EUR

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1 Brief and Scope of Instruction

1.1 Instruction

On behalf of Aroundtown SA, Winters & Hirsch inspected certain of Aroundtown SA's properties and carried out a valuation in order to determine the individual market value of the individual properties and leasehold rights (if any) as at the respective valuation date.

We understand that this Condensed Valuation Report is required to confirm the market value of the single assets at the valuation dates of Aroundtown SA.

1.2 Purpose

The Condensed Valuation Report will be included in a prospectus in the German language for the purpose of (i) the public offering of new shares of Aroundtown SA in connection with the intended voluntary public takeover offer to be made by Aroundtown SA to the shareholders of TLG Immobilien AG in the form of an exchange offer and (ii) the subsequent listing of the new shares of Aroundtown SA on the regulated market (regulierter Markt) of the Frankfurt Stock Exchange. The Condensed Valuation Report complies with the legal requirements as defined in sections 128 to 130 of the CESR recommendations by the European Securities and Market Authority (ESMA).

The Condensed Valuation Report may be also included in English in an English convenience translation of the Prospectus.

1.3 Addressee, Status of Valuer, Conflicts of Interest, Publication

The present Condensed Valuation Report is addressed to Aroundtown SA and its subsidiaries, provided that Aroundtown SA has legally bound these subsidiaries to the valuation instruction and the General Terms and Conditions dated 15 April/6 May 2019 (including, for the avoidance of doubt, the limit of liability therein).

Aroundtown SA is not entitled to assign its rights arising from the present valuation - in whole or in part - to third parties.

Winters & Hirsch confirms that it has carried out the valuation as an external valuer within the meaning of the RICS Red Book, which is qualified for the purposes of the valuation.

Furthermore, Winters & Hirsch confirms that it acted as an independent valuer in accordance with the definition of the CESR recommendations by the European Securities and Market Authority (ESMA).

Finally, Winters & Hirsch confirms that, concerning the present instruction, Winters & Hirsch acts exclusively for Aroundtown SA and that there are no known actual or potential conflicts of interest that could have influenced the status as an external or independent valuer.

Winters & Hirsch acknowledges and agrees that this Condensed Valuation Report will appear in unabbreviated form in the prospectus referred to under heading 1.2. Notwithstanding the foregoing, neither part nor all of the Condensed Valuation Report or any reference thereto may appear in any published document or circular nor be published in any manner whatsoever without prior written consent of Winters & Hirsch as to the form and context in which it will appear.

1.4 Scope of Work

The scope of work has been carried out for the market valuation including the following processes:

- Analysis and evaluation of the provided property information (e.g. rent roll, land register extracts, leasehold agreements, etc.)
- Inspection (interior/exterior) of all properties
- Market and locational analysis for all properties
- Determination of the Market Value

1.5 Subject of Valuation

The subject of the valuation is part of the Aroundtown SA portfolio. The subject portfolio consists of a total of 37 properties. The total lettable area after development amounts to approx. 1,258,955 sqm. According to the information provided by Aroundtown SA, the subject properties are owned (majority fully, minor partially) by Aroundtown SA or its subsidiaries.

1.6 Valuation Definitions

The valuation has been prepared in accordance with the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution of Chartered Surveyors (as per the Red Book) and the International Financial Reporting Standards (IFRS) as well as the CESR recommendations by the European Securities and Markets Authority (ESMA) on the basis of Market Value.

The Market Value is defined as follows:

Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The above definition concurs with that of Market Value defined by the RICS Valuation – Professional Standards (current Edition) published by the Royal Institution of Chartered Surveyors and is also generally consistent with the definition of Market Value as adopted by the International Accounting Standards Board (IASB).

1.7 Plausibility Check

The database provided to us was checked to identify obvious errors and logical inconsistencies in order to avoid using incorrect or incomplete data in the valuation. This involves a review of the accuracy and completeness of the database, in particular addresses, the number of economic units, building parts and administrative units, property types and average space per property type and similar. Aroundtown SA was notified of the inconsistencies identified, which were subsequently removed.

Further verification of the data supplied to us was performed after the property inspections. In the case of missing or implausible information, Winters & Hirsch implements a Q&A process with Aroundtown SA.

1.8 Socioeconomic Factors and Location Quality

For the estimate of the property values as well as the sustainability of the property investment, particular importance was placed on the micro location, the current condition of the properties and the discernable tenant satisfaction.

Key factors taken into account by Winters & Hirsch for the calculation of value and stability of value were the acceptance of the location with the municipality (attractiveness of micro location) as well as the quality of the property. Socioeconomic factors such as purchasing power, unemployment and population growth were also recognised in the calculation of value.

1.9 Valuation Methods

DCF Calculation

Used mainly for income-earning properties and larger portfolios, the DCF method looks at the property under valuation as a whole rather than to separate buildings from the plot of land. It is common to use a 2-phase model; in phase 1 cash flows are described in detail; in phase 2 the Market Value at the end of phase 1 is described. Phase 1 in the DCF method used by Winters & Hirsch involves a 10-year forecast period. The calculation allows for rental income and outgoings such as operating cost, capital expenditure and other cost in each year of the forecast period. The difference of income and outgoings is the annual cash flow result, which is the net income of the Subject Property.

The cash flows are all discounted to the starting point of the first year. By adding up the individual discounted annual values the cash value as total cash flow is established. The result is a ten-year forecast, mapping a rational anticipation of the Subject Property's income potential. This development potential is determined on the basis of recent market data and foreseeable market trends. The cash flow in year 11 is the basis for the calculation of the Residual Value (base value). The base value of year 11 is multiplied with the capitalization factor, the reciprocal derived from the discount rate. The addition of all discounted cash flows from year one to year ten and the discounted Residual Value results in the cash value of the investment as Market Value. The annual value of the actual rental income is the starting point of the DCF calculation. From this value operating cost are deducted. The result is the net rental income of the Subject Property.

In case where the Subject Property or parts thereof do not generate income, or where such income deviates from the customary, the calculation is based on market rent. Sustainable annual income includes all achievable proceeds from the property provided normal maintenance and permissible use, especially monies from rents and leases including compensation. Allocated monies paid to cover running cost are not to be taken into account. If no income is generated by the property (or parts thereof), the sustainable rental income is used as a basis. The Subject Property's current rental income is the starting point of the DCF calculation. Possible over-/underrent is accounted for in the valuation.

Residual Value

The residual value of building land, building land reserve and structures earmarked for demolition is determined using the residual value method. The residual method (also known as investors' or property developers' method) originates from the field of real estate valuation where it is applied to determine the maximum land price. The residual method is used particularly to determine the maximum land price an investor should pay to ensure the profitability of a given development project, particularly involving properties in transition. Such transition relates to a situation where the current use of a property is no longer deemed the best use by the market players.

The calculation of the residual value is based, among other things, on the assumptions with regard to proceeds and costs (residual valuation) addressed in the valuation report. We would point out explicitly that individual planning requirements are to be taken into account. The feasibility of the specific development project has not been verified. Furthermore, the residual valuation has been carried out based on the information provided by Aroundtown SA and assumptions made regarding the market environment.

1.10 Database

Winters & Hirsch received several rent rolls from Aroundtown SA, for each valuation date, containing information on the individual properties such as address, number of units, lettable area, vacancy and rental income.

Furthermore, Winters & Hirsch received fully/partially the following documents from Aroundtown SA:

- Land register extracts
- Cadastral information/ site plans
- Commercial lease agreements
- Leasehold agreements
- Information related to monument protection
- Information related to public land charges
- Information related to contaminated land.
- Floor plans and technical information

Winters & Hirsch have not been provided with further information. If additional or updated information will be received, Winters & Hirsch reserves the right to adjust the valuation accordingly.

Other, valuation-relevant information that could not be made available was researched as far as possible or derived from own data records and taken into account in the respective valuation.

Winters & Hirsch assumed that the information provided by Aroundtown SA on the property portfolio at the respective valuation dates was correct and comprehensive and that the correctness of all these documents had been confirmed by Aroundtown SA.

A number of the valuations summarised in this Condensed Valuation Report relate to valuation updates. We have therefore, in agreement with Aroundtown SA, used documentation / information that was already available to us and was not subject to changes since the previous valuation (land register data, entries in registers of public obligations, information on contamination, etc.). On account of the fresh valuation date, changed circumstances, particularly relating to occupancy rates, standard ground values, and current market conditions have been taken into account.

1.11 Dates of Valuation

The dates of valuation are 31/12/2018, 31/03/2019, 30/06/2019 and 30/09/2019.

Winters and Hirsch has not been engaged to update all the valuation for the purpose of the prospectus, has no obligation so to do and has not updated the valuations after these valuation dates.

Aroundtown SA has confirmed to Winters & Hirsch that no material changes to the physical attributes of the properties, or the nature of their location, that might have occurred between the valuation dates and the publication of this valuation report have occurred.

1.12 Site Inspections

The properties of the subject portfolio have been fully inspected together with an authorised representative of Aroundtown SA in an appropriate period as part of the previous valuation instructions.

A full inspection of the property comprises an adequate sample of internal units and/ or any specific components of the building. The external inspection comprises an adequate assessment of the exterior and the micro location. For update valuation purposes, the properties will be generally inspected once during a period of two years after the last inspection has taken place or if necessary in individual coordination with Aroundtown SA.

All properties have been inspected since 2017.

Aroundtown SA confirmed that it is not aware of any material changes to the physical attributes of the properties, or the nature of their location, that might have occurred since the last inspection.

1.13 Taxation and Costs

We have not made any adjustments to reflect any taxation liability that may arise on disposal (e.g. valuation gains) nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise upon disposals.

1.14 Place of Jurisdiction

Contracts and agreements forming the basis of this valuation and Condensed Valuation Report are governed by and fall under the interpretation of German law. In case of dispute, the place of execution and jurisdiction is Berlin, Germany.

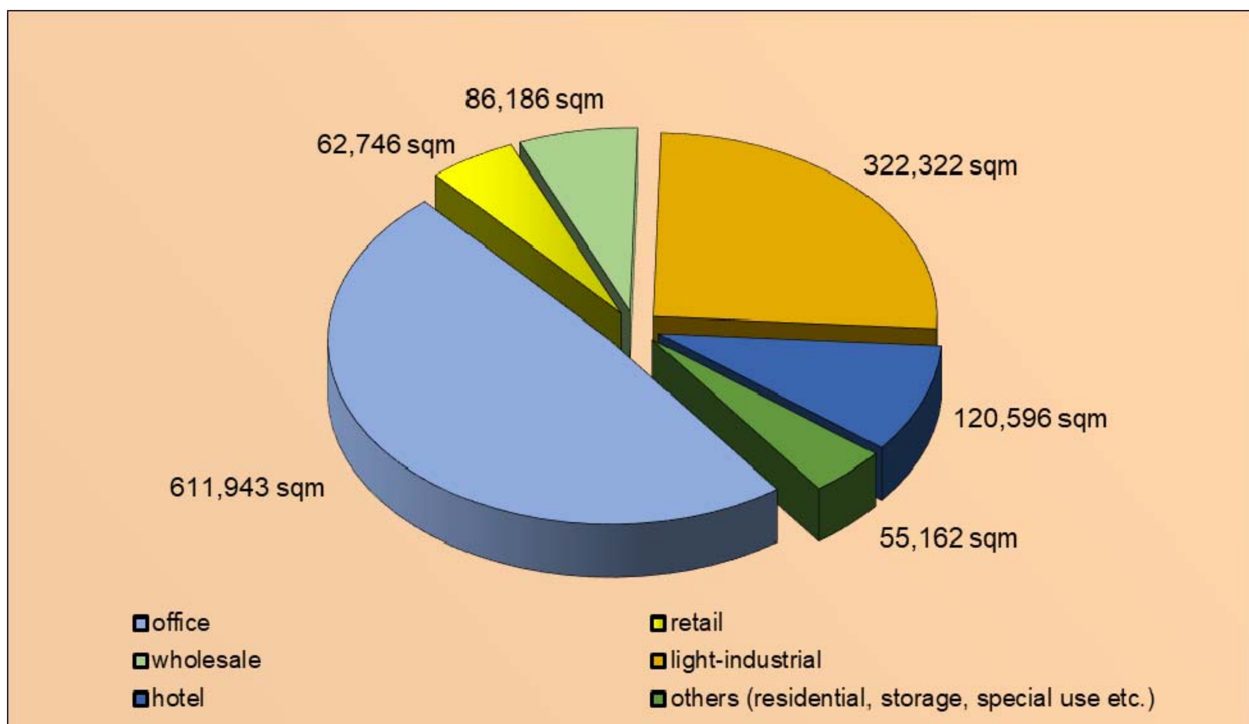
2 Portfolio Overview

2.1 Lettable Area

The portfolio consists of a total of 37 individual properties. The total lettable area (sustainable use after conversion, extensions, etc.) amounts to approx. 1,258,955 sqm as well as additional area for approx. 16,572 parking spaces (outside parking spaces and underground parking spaces).

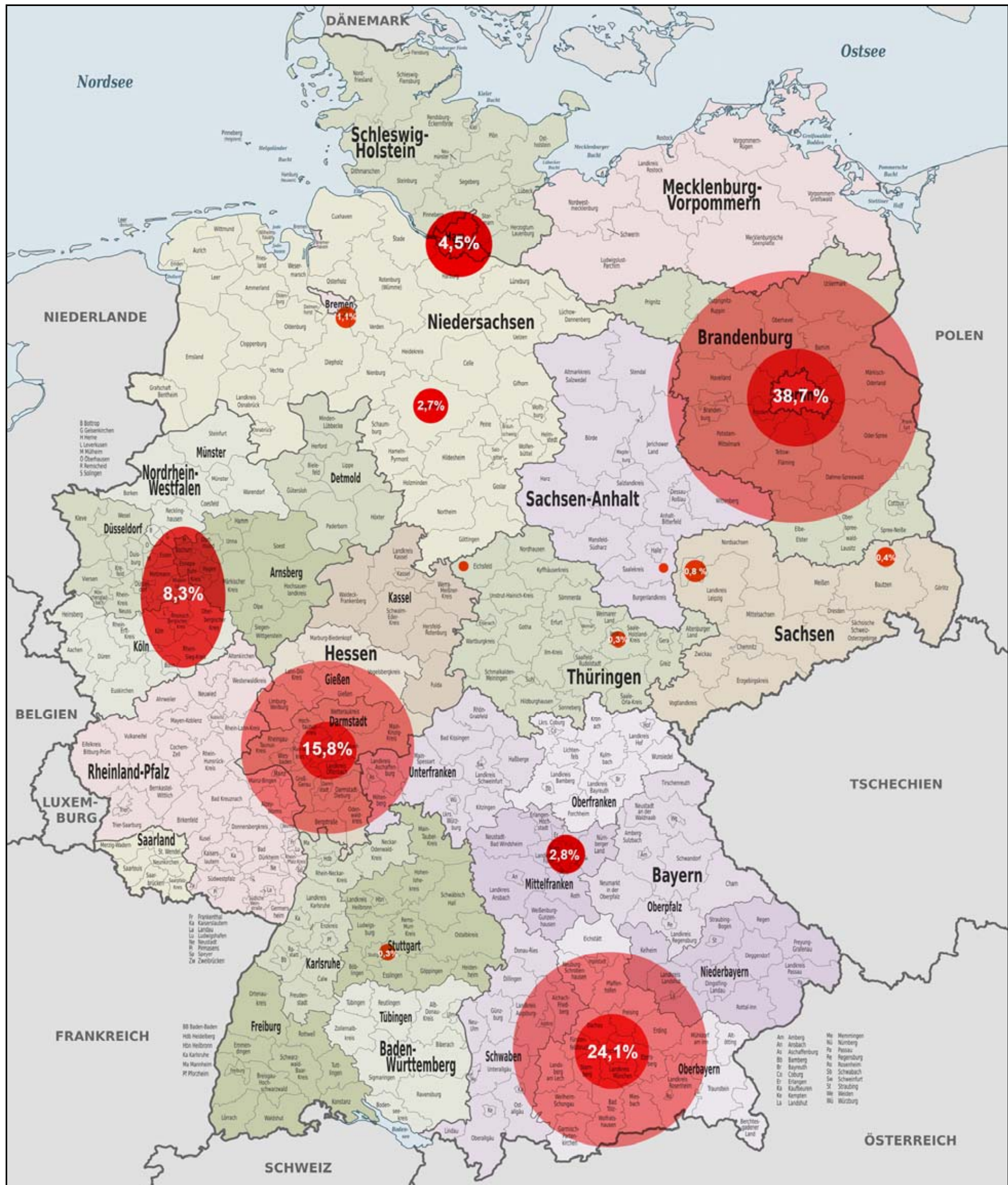
The database of lettable area is based on the rent rolls provided by Aroundtown SA and used by Winters & Hirsch as the basis for the valuation. Aroundtown SA also subsequently provided Winters & Hirsch with an overview of 'ancillary' areas for some commercial properties of the portfolio, which were taken into account by Winters & Hirsch without a separate verification at this point. Total lettable area shall only refer to areas of the main use, which constitute the core of the subject assets' operations. According to explanation of Aroundtown SA, the total lettable area should not include areas of internal or external parking units, ancillary storage units, basements, other miscellaneous units and open spaces. Winters & Hirsch has not verified this assessment and therefore excludes any and all forms of responsibility and liability for this depiction. The total lettable area in the condensed valuation report does not include ancillary areas in the total amount of approx. 39,275 sqm. However, this has no impact on the market value. The ancillary areas listed are mainly areas inside the buildings. In addition, further open spaces as well as areas of the indoor and outdoor parking spaces must be taken into account. With regard to the parking spaces, we refer to the number listed.

The below chart shows the proportion of lettable area for the main types of use:



2.2 Regional Distribution

The properties are situated in different locations across Germany. A share of around 65% of the market value is located within the three major cities of Berlin, Munich and Frankfurt/Main, the majority of the properties are located in central inner city locations, some in prime locations. More than 50% (19 properties) are located in the federal states of Berlin, Bavaria and North-Rhine Westphalia while the remaining properties are spread across a further 10 federal states.



2.3 Net Rental Income

The net rental income at the valuation date was approx. 68,126,017 EUR p.a. and the market rent after development of the properties was estimated at 170,193,460 EUR p.a. The difference between actual rent and market rent is due on the one hand to the existing vacancy rate and on the other hand to the fact that some properties have additional space potential, some of which can be realised through the development of new buildings.

Accordingly, the majority of rental income is generated by properties whose main use is in the office sector, followed by hotels, industrial and retail properties.

2.4 Public Subsidies

Within the portfolio no properties are subject to public subsidies and thereby, rent-controlled.

2.5 Vacancy Rate

Based on the total lettable area, the average vacancy rate for the entire portfolio is approx. 22.8 %, based on the lettable area at the valuation date. It should be mentioned here that a large part of the space results from the vacancy of a few individual properties, which are almost completely vacant as a result of restructuring as at the valuation date and are about to be revitalised.

2.6 Leasehold Properties

5 properties of the portfolio are (partly) held in leasehold. The ground rent payments due on the respective dates of valuation amount to a total of approx. 333,597 EUR; the income from ground rent payments amounts to 7,321 EUR.

3 Assumptions

3.1 Assumptions and Sources of Information

An *assumption* is defined in the glossary to the Red Book to be *a supposition taken to be true. It involves facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, do not need to be verified by the valuer as part of the valuation process.*

In undertaking our valuation, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, we have had Aroundtown SA confirm that our assumptions are correct to the best of their knowledge. In the event that any of these assumptions prove to be incorrect, then our valuation would require to be reviewed.

Furthermore, a *special assumption* is defined in the Glossary to the Red Book as follows:

An assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.

Furthermore, VPS 4, section 9 states:

Special assumptions may only be made if they can reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation.

We have not made any special assumptions for the portfolio, except for 14 properties (38% of the properties). The total value relating to special assumptions amounts to € 490,500,000 (21.8% of the market value of the portfolio). Overall, the special assumptions can be summarised as follows:

- In cases where the properties have development potential with regard to a new construction or expansion of the existing building substance and rental contract negotiations are already underway for a new lease after completion of construction, it was assumed in particular that the building permissions for all required refurbishments and developments will be granted according to the pre·permit or the usual building right and that the tenant takes over the space covered by the lease contract.
- In cases where a lease agreement has been taken into account that was not yet complete and signed at the time of the valuation, it was assumed that it would become legally effective and continue for the agreed term. After expiry of the corresponding contract, the market rent is taken into account on a sustained basis, as is usually the case after the corresponding marketing period.
- In a few cases, properties are affected that have rental agreements that could hinder a planned partial demolition or new construction/conversion. It was assumed here, if it can be expected, that these could be legally dissolved within the corresponding planning phase and that no compensatory measures beyond the costs already taken into account would be incurred.
- Insofar as entries exist in the land register that could restrict the future use of the properties, it was assumed that these will be deleted if it has an effect on the sustainable usability of the valuation object.

All special assumptions have been agreed with Aroundtown SA.

3.2 Title / Restrictions / Encumbrances

The available information regarding title, legal restrictions, building and other encumbrances has been mainly made available to Winters & Hirsch by Aroundtown SA. A random sampling of the information based on the documents provided by Aroundtown SA was carried out. No discrepancies or points of concern were identified. Title entries registered in Section I of the sampled land registers were considered to have either no or only a minimal influence on value. Furthermore, any encumbrances and restrictions from Section II of the valued properties are duly registered in the land registers.

We have made the assumption that copies of all relevant documents for the properties have been made available to us and that they are complete, correct and up to date - and that such documents have been verified by Aroundtown SA.

Moreover, based on the above assumption and a random sampling of the available information, we have not identified any points of concern and have made the assumption that the properties have good and marketable freehold or leasehold titles in each case and that the properties are free from any depreciating rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings.

As is normal valuation practise, we have also assumed that the properties are free from mortgages, charges or other financially relevant encumbrances. Furthermore, no account has been taken in our valuation of any goodwill that may arise from the present occupation of the properties.

3.3 Contamination and Soil Conditions

We have not undertaken nor been instructed to conduct a formal environmental assessment; therefore, we have not carried out any investigation into past uses, either of the properties or any adjacent land to establish whether there is any potential for contamination from such uses or sites.

We have assumed that there are no abnormal ground conditions or contamination, which are sufficient to affect value or adversely affect the present or future occupation or development of the properties. Should suspicion regarding contamination arise in the future, environmental assessment reports need to be acquired and in the case where contamination is detected, the valuation would have to be appropriately adjusted.

We have also made the assumption that there are no archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the properties.

3.4 Condition and Structural Inspections, Deleterious Materials

We have not undertaken nor been instructed to conduct a formal condition or structural survey; however, where building deficiencies were identified during the internal or external inspections, they were subsequently reflected in the valuation.

The results of the inspections are based exclusively on visual examinations, with no guarantee as to the completeness of the information presented. We have made the assumption that the properties are free from any mildew, infestation, adverse toxic chemical treatments and structural or design defects.

We have not investigated whether high-alumina cement, calcium-chloride additive or any other deleterious materials have been used in the construction or in any alterations of any of the properties. For the purposes of this valuation, we have made the assumption that any such investigation would not reveal the presence of such materials.

No mining, geological or other investigations have been undertaken to certify that the foundations of the properties are free from any defects. We have made the assumption that the load-bearing qualities of the sites of the properties are sufficient to support the buildings constructed thereon.

3.5 Building Law

We have made the assumption that the buildings have been constructed in full compliance with valid local planning and building regulations, that all necessary certifications have been obtained and that there are no outstanding statutory notices as to their construction, use or occupation. Furthermore, we have made the assumption that the existing uses of the properties are duly authorised or established, and that no adverse planning conditions or restrictions apply.

3.6 Town and Traffic Planning

We have made the assumption that the existing uses of the properties are duly authorised or established, and that no adverse planning conditions or restrictions apply. According to Aroundtown SA, no information is available regarding the relevant impact of public planning projects (town or traffic planning) on the value of the properties.

3.7 Protection of Historic Structures

Winters & Hirsch was partially provided with information by Aroundtown SA, if buildings of the portfolio are listed buildings. Publicly accessible information regarding possible monument protection of the properties have been verified, as far as available. Furthermore, no obvious reference to monument protection could be ascertained during inspection.

3.8 Technical Equipment, Plant & Machinery

During our inspections, no tests have been carried out pertaining to the electrical, electronic, heating, plant and machinery equipment or any other services, nor have the drains been tested. We have made the assumption that all services to the properties are in good functioning condition.

No allowance has been made in this valuation for any items of plant or machinery that do not form part of the service installations of the properties. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the businesses of the occupants.

The technical equipment of the properties such as passenger and goods lifts and other means of transportation, heating systems and further technical installations have been considered as integral components of the properties. We have excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools.

3.9 Areas

We have not measured the properties, but have applied floor areas provided by Aroundtown SA. We have assumed that these areas have been measured and calculated in accordance with the current market practice where the properties are located.

3.10 Leases and Tenancy Information

Information regarding rental units, contractual rents and lease terms was made available to Winters & Hirsch by Aroundtown SA. A random sampling of the information was verified based on documents provided by Aroundtown SA. No abnormalities were detected.

We have made the assumption that copies of all relevant documents for the properties have been made available to us and that they are complete, correct and up to date and that such documents have been verified by Aroundtown SA.

For the purpose of the valuation, we have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge or we have been specifically advised to the contrary, we have made the assumption that the tenants are financially in a position to meet their current obligations. We have also made the assumption that there are no material arrears of rent or service charges, breaches of covenants or current or anticipated tenant disputes.

3.11 Taxes, Fees and Charges

No information has been made available to Winters & Hirsch regarding taxes, fees and charges. We have made the assumption that all public taxes, fees, charges, etc. which could have an influence on the value, have been levied and if applicable, had been paid at the time of this valuation.

3.12 Insurance Policies

At the date of the valuation, Winters & Hirsch was not aware of whether or to what extent insurance policies existed to limit the risks resulting from business activities (e.g. property insurance, liability insurance and construction insurance). As neither supporting nor contrary information was made available by Aroundtown SA or known to Winters & Hirsch, we have made the assumption that potential claims are covered with regard to the insurance level and type by valid insurance policies.

3.13 Information

We have based our valuation assumptions on reliable sources of information (random analysis of the available property documents). Should our assumptions prove to be incorrect, the property values could be influenced and the valuation would have to be adjusted accordingly by Winters & Hirsch.

4 Valuation Parameters

4.1 Rental Income

Current rental income, market rates (based on comparables) and possible over/under-rent are determined. Taken into account in the calculation are the current, actual rent and the rent increase potential pursuant to contractual provisions and statutory guidelines. In case where current rental income deviates from market rates, this difference is accounted for in the valuation as temporary over/under-rent. In case of over-rent, the higher rent is adopted in the valuation for the contractually agreed term and adjusted to market rates upon termination of the contract.

Rental income for commercial units is agreed individually. This also applies to rent increases, which are realised by way of stepped rent or indexation based on consumer prices. Contract prolongation options are not taken into account unless the tenant draws the option.

So far as existing, current rental income is used as basis for determining the income for each period. In case where a rent contract not yet exists or has expired, the market rent is applied. Such rent as is legally possible and obtainable on the date of valuation is considered market rent.

In the periodic part, both the current rent applicable up until expiry of the rent contract and the market rent are to be applied. It must be distinguished between residential and commercial rent. Residential rental income is based on current rental income. Rent reviews are subject to the German Civil Code [BGB] and the market situation. Commercial rental income is based on current rental income, which is subject to rent contracts and provisions on rent review.

Contract rent < market rent: The tenant draws the option; in the calculation the contract rent is used for the full option period.

Contract rent > market rent: The tenant moves out or the contract term is prolonged at market rates, which is reflected in the calculation.

Special rental income relates to income from letting of advertisement space, aerials and vending machines. Such income is to be applied over the full term of the contract / use agreement.

Lodging properties

Lodging properties as classic operators' properties can only generate income if they are fully operationable, including FF&E.

With the income valuation, the property's net income is usually derived from the owner's sustainably achievable income from lease payments (lease value method). This is to be considered as hotel rent in case where the inventory does not form part of the Subject Property.

When perusing the valuation parameters and results, it is to be taken into account that the available comparables often refer to transactions including inventory. In the valuation, the contract provisions are to be analysed in detail in order to arrive at a proper valuation.

In order to determine the market rent / achievable lease payments, comparables are to be obtained that in turn must be verified with regard to sustainability. For further verification, the lease value method is used as part of the income value method.

4.2 Market Rents

Winters & Hirsch used the following main sources for obtaining information on market rents:

- rents (based on provided rent roll by Aroundtown SA)
- internal Winters & Hirsch database
- asking rents e.g. from the online real estate portals
- published market data of various real estate associations such as IHK, IVD etc.

Within the scope of the valuations, achievable market rents were derived for each type of usage. The estimate of market rents is made on the basis of comprehensive research, using internal and external resources. We have focused on rental evidence within the same submarkets (if available). In arriving at our opinion of the estimated market rental value, we included facts such as the location, the size, the condition and the fit-out of the respective units.

The market rents for hotels have been derived by assumed business related figures and therefore represent a sustainable rent assumption. For this purpose we have undertaken a performance orientated calculation ("Pachtwertableitung").

4.3 Non Recoverable costs

Running cost incurred by owner are to be accounted for exactly as they occur. Running cost include, inter alia, cost that are non-allocatable under the law and non-allocated running cost. In case of commercial space, the amount of running cost to be incurred is subject solely to individual contractual agreements. Residential space is subject to legal requirements. Vacancies and loss of rental income have a negative impact for the owner in terms of allocatable running cost.

The cost of operating a building or an economic unit incurred by owner are regulated by the 2nd Calculation Regulation [II. BV] and Running Cost Regulations [BetrKV] and are taken into account in the valuation. The cost specified in the II. BV relate to upper limits and are indicative only. The valuer is to adjust operating cost according to the market situation.

The following operating cost are relevant for the valuation:

Management

Management cost are to be applied in consideration of average cost of comparable properties. As a rule, smaller rental units cause higher management cost per unit than larger ones.

Maintenance

Maintenance cost relate to the cost incurred through the property's necessary upkeep and are applied for the period according to the specific circumstances of the property under valuation. In doing so, the life cycle of the property is to be considered. In case of commercial properties, rent contract provisions are to be considered as the parties may have agreed that maintenance cost are borne by tenant. In the periodic part, the amount of such cost varies strongly, depending on age and type of the property.

Maintenance cost are applied according to experience and deferred maintenance, if the case may be. Maintenance cost depend on the building's use, quality, construction method and age. The allocation of maintenance costs may be agreed in commercial rent contracts. Such income is to be considered part of the rental income. The amount of allocated maintenance cost depends on contract provisions and the situation on the market.

Risk of loss of rental income

Risk of loss of rental income is applied in general, also in case of full occupancy. The extent of such risk depends on tenants' solvency, market situation and location as well as the quality of the Subject Property.

Tenant fluctuation

Cost of tenant fluctuation relate to, inter alia, redevelopment and marketing. Vacancy periods are to be taken into account as loss of income. In the ten-year forecast such loss of income is shown for each year, depending on rent contracts. Fluctuation-related cost depend strongly on vacancy rates in the locality. High demand means lower cost; weak demand causes long vacancy periods and high cost of redevelopment, incurred by owner. Incentives relate to, inter alia, rent-free periods which are taken into account in the valuation.

4.4 Capital Expenditures

No in-depth technical review (Technical Due Diligence) of the properties was instructed nor carried out for this valuation. For some properties Winters & Hirsch considered adequate capital expenditure within the next years, based on the information provided by Aroundtown SA as at the date of valuation and with reference to the results from the on-site inspections.

4.5 Discount Rate / Cap Rate

The cap rate is determined on the basis of comparable purchase prices and relating net income of properties of similar extent and use, in consideration of remaining useful life of the buildings. In real estate valuations there are two cap rate types: equivalent yield and equated yield. The equivalent yield is the internal interest rate of the investment that takes into account rental and capital growth. Thus, inflation is considered in that interest rate, as in the case of the discount rate. The internal interest rate is the rate used to discount all future income. The sum of this discounted income is the respective market value of the property. The equated yield is an internal interest rate used in the DCF calculation. Inflation is not taken into account in this interest rate. A possible market growth is to be projected and factored into the DCF calculation separately. This growth is realised either through indexation of rent contracts or rent adjustment on new lettings. The indexation of rent contracts applies mainly to commercial space and is common practice in Germany. The indexation is linked to the development of the consumer price index.

In the present valuation, the equivalent yield was used on the basis of current market data such as net income multipliers and property yields published by the competent boards of expert valuers, among other factors.

4.6 Transaction Costs

The valuation considers ancillary purchase costs as a percentage of the Market Value. These costs include the legal fees for sale, the tax and land register fees and the broker's commission, if applicable. The following assumptions regarding purchaser's costs were considered for the purchase in the valuation:

- Legal Fees for Sale/ Broker's Commission 1.5%-3.0%
- Tax on acquisition varies between 3.5% and 6.5% depending on federal state.

The range of total ancillary purchase costs is between 5.00% and 11.00%.

5 Valuation Results

Winters & Hirsch is of the opinion that, based on the information provided by Aroundtown SA and subject to the assumptions and comments set out in section 3, the aggregate of the individual market values of the freehold and leasehold properties in the portfolio of Aroundtown SA as at the effective dates of valuation 31/12/2018 until 30/09/2019 is as follows:

Date of Valuation	Number of properties	Lettable area
31/12/2018	9	349,948 sqm
31/03/2019	3	72,394 sqm
30/06/2019	7	400,119 sqm
30/09/2019	18	436,453 sqm
Total	**37**	**1,258,955 sqm**

Market Value		
Freehold value net	**Leasehold value net**	**Freehold Interest in leasehold properties**
2,114,520,000 EUR	123,800,000 EUR	132,600,000 EUR

The above values represent the sum of the individual market values on the respective valuation dates and are understood as a value without consideration of the ancillary acquisition costs normally incurred by the buyer. Realisation costs and taxes have not been taken into account and do not reflect any surcharges or discounts on the sale of the entire portfolio that may arise in the event of a contiguous sale.

The following table shows aggregated key figures for the portfolio (including development sites, redevelopment scenarios and leasehold properties):

Key Figures	
Number of Subject Properties (total)	**37**
Number of leasehold properties (partly & fully)	5
Number of freehold properties	32
Total lettable area (incl. developments)	1,258,955 sqm
Total lettable area (status “as is”)	948,795 sqm
Total market rent p.a. (incl. developments)	170,193,460 EUR
Total current rent p.a. (status “as is”)	68,126,017 EUR

6 Assets Held for Sale

According to the information provided by Aroundtown SA, there are 3 additional assets held for sale, which do not form part of the present portfolio analysis. The total lettable area of these assets (properties) amounts to approx. 12,618 sqm.

The aggregate Market Value of the assets held for sale is 5,480,000 EUR.

7 Concluding Remarks

The present Condensed Valuation Report has been carried out according to the provisions agreed between Aroundtown SA and Winters & Hirsch Real Estate Advisory GmbH & Co. KG ("Winters & Hirsch") and has been authorised only for the purpose stated under Section 1.2.

The undersigned Managing Director of Winters & Hirsch hereby confirms that the agreed provisions were met in the preparation of the Condensed Valuation Report, and that the valuation was carried out by qualified valuers with integrity to the best of their knowledge and in good faith.

Winters & Hirsch has not been engaged to update all the valuation for the purpose of the prospectus, has no obligation so to do and has not updated the valuations after the respective valuation dates. If any data or assumptions underlying the valuation are subsequently proved to be incorrect or incomplete, Winters & Hirsch reserves the right to amend the valuation accordingly.

German law shall apply. The place of performance and jurisdiction is Berlin. In case of doubt, the German version of the Condensed Valuation Report takes precedence over the English version.

Berlin, 4 December 2019

Philipp C. Tabert
Managing Director
Winters & Hirsch
Real Estate Advisory GmbH & Co. KG

CUSHMAN & WAKEFIELD

Condensed Valuation Report for a portfolio of 83 office, hotel and other properties located throughout Germany, France, the Netherlands, Belgium, Austria and the United Kingdom

Prepared for:

Aroundtown SA
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L-1251 Luxembourg

Prepared by:

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Germany

Report Date:

December 06, 2019

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1 BASIS OF APPRAISAL

1.1. Scope of Instructions

1. On behalf of the client Aroundtown SA, 1, Avenue du Bois, L-1251 Luxembourg, ("the Company", “Client”, “Principal”), C&W (U.K.) LLP – German Branch (“C&W”) has prepared a Condensed Valuation Report (“the Report”). In accordance with the client´s instructions, C&W has assessed the Market Values and the Market Values under Special Assumptions of the relevant interest in the properties with office, hotel and other use located throughout Germany, Austria, United Kingdom, France, Belgium and the Netherlands as at the valuation dates.
2. We understand that this condensed valuation report (“the Valuation Report”) is required in order to confirm the Market Value and the Market Value under Special Assumption of the real estate assets as at the relevant valuation dates for Aroundtown SA.
3. This condensed valuation report is an abstract of all relevant valuation reports.
4. The Condensed Valuation Report will be prepared in the German and English language. In the event of discrepancies, the German version shall prevail.

1.2. Purpose of Valuation

5. The Valuation Report is issued as a Condensed Valuation Report which comes as a summary report of previous valuations which were assessed either as full valuations or as updates of the former full valuations (the “Previous Report”) and, unless otherwise set out in this Engagement, is subject to the same original instructions, assumptions and limitations that applied to the Previous Report. For the avoidance of doubt, C&W’s aggregate limit of liability set out in this Engagement shall apply in aggregate to the Previous Report and to this Valuation Report.
6. The Report is for the purpose of a capital market transaction. The subject properties have been valued either in Euro or Pounds. This Report is a Condensed Valuation Report of the Full Valuation/Re-Valuation Reports only. In this document, valuation and revaluation are used synonym.
7. The Valuation Report will be included in a prospectus in the German language to be approved by the Commission de Surveillance du Secteur Financier (*CSSF*) and notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (*BaFin*) that will be published by the Company for the purpose of (i) the public offering of new shares in the Company in connection with the intended voluntary public takeover offer to be made by the Company to the shareholders of TLG Immobilien AG in the form of an exchange offer and (ii) the subsequent listing of the new shares of the Company on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange. The Valuation Report complies with the legal requirements, in particular the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (*Prospectus Regulation*) in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (*Delegated Regulation (EU) 2019/980*) and the paragraphs 128 to 130 of the European Securities and Market Authority (*ESMA*) update of the Committee of European Securities Regulators’ (*CESR*) recommendations for the consistent implication of (EC) no. 809/2004.
8. This Valuation Report is a translation of the prevailing German version.

1.3. Compliance with professional standards

9. The Report has been prepared in accordance with the International Valuation Standards and the Valuation Standards of the Royal Institution of Chartered Surveyors ("Red Book"). In the context of the valuation C&W acted as an external valuer working in a service provider capacity for the named Client or his subsidiaries. The valuers do not have any direct or indirect personal or business relationships with the properties, which are that is the subject of this appraisal or company and that might lead to a potential conflict of interest. Furthermore, the agreed compensation for provision of expert services is not contingent upon the valuation result in any respect. This engagement has been performed independently and without bias toward the Client or others. We have complied with the code of conduct and adhered to the ethical standards set out in the International Valuation Standards.

1.4. Performance of instruction

10. The Report has been performed by a number of valuers under the supervision of the respective heads of valuation of each country. We confirm that all valuers involved have the knowledge, skills and understanding to undertake this valuation competently and have acted in the capacity of External Valuer. We confirm that we have acted as an independent valuer according to the definition of ESMA guidelines (ESMA – European Securities and Market Authority) updated of the CESR recommendations – The consistent Implementation of Commission Regulation (EC) No 809/2004 Implementing the Prospectus Directive, dated 20 March 2013.

1.5. Disclosure

11. C&W (U.K.) LLP – German Branch has previously valued some of the properties.
12. C&W (U.K.) LLP – German Branch has no other material relationship with the Client.

1.6. Limiting Conditions

13. Our assessment is based on information which has been supplied to us by the Client or on behalf of the Client or which we have obtained from our enquiries and inspections. We have relied in our assessment on the provided documents being correct and complete, and on there being no undisclosed matters which would affect the nature of our advice.
14. We have not carried out a measurement survey of the properties and relied upon the information supplied to us in respect of floor areas. We have not tested any technical or other installations. Observations made by the valuers during the property inspections were made on the basis of a visual inspection only.
15. We have not made any investigations into the structural integrity of the buildings involving the removal or destruction of construction elements. Any remarks relating to covered building elements or building materials are based solely on information or documents provided to us or are the result of intuitive analysis. We have not carried out a structural survey and have not inspected woodwork or other such parts of the properties which are covered, unexposed or inaccessible. We have assumed, that such parts are in a good state of repair and utilizable condition. All statements regarding the characteristics and actual state of the buildings are solely based on documentation provided by the Client and adopted as the basis of this appraisal without further investigation. No specialist technical investigation of building defects or damage was undertaken.
16. We have assumed without further investigation that the properties do not contain any building materials and the ground and soil do not have any characteristics that would affect the long-

term use of the properties or negatively affect or endanger the health of residents and/or users.

17. We have assumed that there are no regulations under public law (including permits, approvals, burdens, etc.) or any private regulations relating to the existing building or to the use of the ground and soil.

18. We have assumed that all public charges and other such financial liabilities have been met in full as at the valuation date.

19. The valuations were carried out on the unverified assumption that there are no potential VAT losses to be considered resulting from letting to tenants who are not entitled to deduct input tax.

20. We have assumed without further investigation that the subject properties have been appropriately insured both in terms of the type of potential damage and of the sum of likely damages.

21. When not stated explicitly, for the assessment of the Market Values and Market Values under Special Assumptions we have assumed that the existing predominant use of the subject properties remains unchanged in substance and dimension for the full term of the economic useful life of the buildings implied by the choice of capitalisation rates applied or that comparable firms are available as users. It is assumed that the existing type and scope of use of the subject properties as at the valuation dates reflects the Highest & Best Use in accordance with the International Valuation Standards (IVS Concepts Fundamental to Generally Accepted Valuation Principles (GAVP) No. 6.0).

22. Comments made, and information provided to us by civil servants and civil representatives may not be considered as being legally binding in accordance with German legal precedents. The valuers therefore assume no liability for the use of such statements in their assessment.

23. Rights, encumbrances and limitations have been reflected in our calculations only in so far as a recognisable effect which needs to be particularly considered on the income of the subject properties can be identified.

24. Usual landlord's fixtures such as central heating have been treated as an integral part of the building and are included as part of the assets valued. Tenant's trade fixtures and fittings were excluded from our valuation.

25. No allowances have been made for tax liabilities or any expenses arising from a sale of the properties.

26. All valuations have not made allowance either for the cost of transferring sale proceeds outside of Germany or for any restrictions on doing so.

27. We have not undertaken investigations into the financial strength of any tenants. Unless we become aware by general knowledge or we are specifically advised to the contrary, it will be assumed that the tenants are financially in a position to meet their obligations and that there are no rent arrears or other breaches of contract.

28. It has been assumed without investigation as of the valuation dates that all relevant requirements under planning law, building law and other public or private law requirements with respect to the nature and extent of construction of any planned projects, as well as any public or private law requirements regarding intended use, unrestricted planned usage and management of all building structures have been fulfilled. It has been assumed without investigation as of the valuation date that all building structures to be constructed have been planned, constructed and completed to the highest quality and without any defects. In this context the planning and execution of construction work is particularly assumed to be completed to a level that is capable of being let at a sustainable rental level.

1.7. Assumptions and Reservations

29. We have made the following special assumptions:

- *that building permits for all required refurbishments and developments will be granted. We have been informed by the client that discussions have been entered into with the public authorities around redevelopments, extensions or changes of use and a special assumption that the relevant permits have been granted has been made in the valuation.*
- *that lease contracts will be signed, or current tenants will prolong their lease contracts as the client has informed us that they are in advanced negotiations with the respective tenants.*
- *that the property is held as freehold by the client.*

For some properties more than one of the above special assumptions is assumed.

30. The Report is not subject to any reservation.

1.8. Inspections

31. For update valuation purposes, the properties are generally inspected once during a period of two years after the last inspection has taken place or if necessary, in individual coordination with the client.

32. All properties valued by C&W have been inspected by C&W within 24 months since the date of this Condensed Report.

1.9. Sources of Information

33. For the completion of our instruction we have been provided with information by the Client which comprised for example tenancy schedule, leases, land registry extracts, cadastral maps, contamination register, public easements, etc.

34. For the purposes of this appraisal it is assumed that the information provided to us is correct, relevant and complete in accordance with the date of the valuation. We have not analysed the information provided for completeness and accuracy.

1.10. General

35. Our opinion of value is based on an analysis of recent market transactions, supported by market knowledge derived from our agency experience. Our valuation is supported by this market evidence.

36. Where there are outstanding or forthcoming reviews, rental value has been assessed in accordance with the terms of the occupational lease review provisions. Otherwise, rental value has been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market.

37. All valuations are professional opinions on a stated basis, coupled with any appropriate assumptions or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer’s opinion of Market Value or Market Value under Special Assumption would exactly coincide with the price achieved were there an actual sale at the valuation date.

38. The purpose of the valuations does not alter the approach to the valuations.

2 BASIS OF VALUATION

2.1 Basis of Valuation

39. The basis of the valuation is the Market Value and the Market Value under Special Assumptions. The values of the individual properties have been assessed in accordance with the Market Value and the Market Value under Special Assumption definition relevant to international property valuations.

40. The definition of Market Value (MV) used in this Report is that settled by the International Valuation Standards Committee (IVSC International Valuation Standards (IVS) 2017) as well as the Royal Institution of Chartered Surveyors, London. Accordingly:

    ““The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

41. The definition of Market Value under Special Assumption used in this Report is that settled by the International Valuation Standards Committee (IVSC International Valuation Standards (IVS) 2017) as well as the Royal Institution of Chartered Surveyors, London. Accordingly:

    “The Market Value under Special Assumption includes an assumption that either assumes facts that differ from the actual facts existing at the valuation date or that would not be made by a typical market participant in a transaction on the valuation date.”

    Special Assumptions may only be made if they can reasonably be regarded as realistic, relevant and valid for the particular circumstances of the valuation.

    The Market Value and the Market Value under Special Assumption do not directly reflect incidental acquisition costs, tax liabilities (including any VAT) or capital costs (including interest payments). A current Market Value (‘Verkehrswert’) in accordance with §194 BauGB has not been calculated.

42. We have carried out inspections of all properties within the last 24 months. The valuation date is relevant to the general value ratios of the property market and to the nature and condition of the subject properties. The Client confirmed that there are no changes between the date of inspection and the date of the valuation which could have an impact on the Market Values and the Market Values under Special Assumption.

43. The Client confirmed that there are no material changes in circumstances between the date of the valuation and the date of this Report that would affect the valuation and we are not aware, as a result of our role as external valuer of the properties, of any matter which is not disclosed in the Full Valuation Reports or which has not been disclosed to Aroundtown SA in writing and which is required to be brought to their attention.

3 METHODOLOGY

3.1 General

44. The subject portfolio consists of 83 properties in total with office, hotel and other use. The properties are held as commercial real estate investment and the properties are therefore priced in its market context and therefore an income-based approach has been applied. In accordance with our instruction, either a direct income capitalization method or a Discounted Cash Flow Method method has applied.

3.2 Discounted Cash Flow

45. 35 assets have been valued using a DCF approach. The cash flow has been modelled and discounted using a MS Excel-based DCF model. The application of the Discounted Cash Flow method is in accordance with the requirements of the International Valuation Standards, Concepts/Principles for the use of an income-based approach to value. Tax liabilities and other such capital costs are not reflected. In the Discounted Cash Flow method, a 10 to 14 -year cash flow period has generally been adopted, depending on the stability of the property's terminal value, with the assumption that all payments are made annually in arrears. The terminal value of each subject property at the end of the holding period is based on the estimated net operating income (NOI) of the year following the final cash flow year and calculated using an income capitalization approach at an assumed exit yield. The NOI is hereby also capitalised annually in arrears.

3.2.1 DETERMINATION OF TERMINAL VALUE/ EXIT VALUE

46. The terminal value of the subject properties at the end of the holding period is based on the estimated net operating income (NOI) of the eleventh cash flow year and calculated using exit yield. (Cap Rate). The NOI is hereby capitalised in perpetuity.

47. The choice of exit yield is based on an appropriate capitalisation rate reflecting the current state of the market plus a property-specific risk adjustment, reflecting the quality of the subject property, its location and structure. The capitalization rates are in a range between 4.50% and 7.25%.

3.2.2 DISCOUNT RATE

48. To assess the present value of the property, we have discounted the projected cash flows, assuming payments are made annually in arrears. The discount rate includes a long term risk-free rate and a risk premium, in accordance with international valuation practice.

49. The risk premium reflects the current state of the property market plus a property-specific risk adjustment, reflecting the quality of the subject property, its location and structure. The discount rates are in a range between 4.00% and 7.75%.

3.2.3 MARKET RENTAL VALUE

50. The assessed rental values reflect the quality of the lettable areas, the property's location and the size of the respective area.

51. For new lettings or re-lettings we have in general assumed a 5 to 10 -year term, as well as an indexation clause, which we assessed as suitable within the respective property market.

3.2.4 EXPENSES

Non-Recoverable Running Expenses

52. The nature and age of the subject property, together with the user structure and has led us to assume that all running expenses may not be recoverable from the existing tenant. To reflect this, we have made allowances taken into account the current lease contracts and the user structure.

Landlords' Repair and Maintenance Costs

53. The property owner is responsible for structural repairs and maintenance for the building with no formal legal definition available for the dividing line between measures that would fall into the tenants' sphere of responsibility and measures where the costs would minimise the owner's cash flow. For the purposes of the valuation and in keeping with the assumption of a regular cash flow in perpetuity it is therefore prudent to allow for a regular deduction to cash flow to account for such measures that will occur from time-to-time.

Property Management Expenses

54. We have assumed that property management expenses will be incurred by the property owner. Considering the type of property and the current letting situation we have reflected a percentage of the gross rental income as property management expenses.

Letting Costs

55. For the letting/ re-letting of areas we have considered fees, leasing commissions and tenant improvements explicitly within the cashflow assessment.

3.3 Direct Income Approach

3.3.1 METHODOLOGY

56. 47 assets have been valued using a direct income approach. The methodology is based on an Anglo-Saxon direct capitalisation model whereby the lease-based incomes which are in accordance with the expected level of market rent have consequently been capitalised in perpetuity. The choice of methodology represents the likely basis of analysis to be used by a potential purchaser for this type of investment.

3.3.2 GENERAL ASSUMPTIONS

57. The application of the income capitalisation model is based on the following basic calculation assumptions:

- *The valuation has been performed on the basis of parameters determined as at the date of valuation only. No explicit assumptions for rental or cost increases as a result of general or market inflation have been made except by way of implication in the capitalisation rate adopted.*
- *Rental adjustment clauses such as index-linking have not been explicitly reflected in our calculations. Future rental adjustments on the basis of such lease contract clauses have been reflected by the capitalisation rate selected.*
- *Incomes are assumed payable annually in arrears.*

3.4 Comparative Approach

58. With reference to an appropriate method for the determination of an accurate value assessment in accordance with the nature of the subject property and information provided to us we adopted the comparative approach for one property. This approach provides an

indication of value by comparing the subject asset with identical or similar assets for which price information is available.

4 PORTFOLIO INFORMATION

4.1 Portfolio Overview

4.1.1 LOCATION

59. The portfolio consists of 83 office, hotel and other properties as shown in the map below:

Figure I: Location of the Subject Properties

Source: Esri (ArcGIS Maps)

4.1.2 LETTABLE AREA[1]

60. The portfolio comprised a lettable area of 1,094,465 m² for its main use as at the respective date of valuation. Some 8.8% or a total of approx. 96,057 m² of the current lettable area (main use) is vacant.

---

1 ** Total lettable area*
The client provided C&W with an overview of "ancillary areas" for some commercial properties of the portfolio, which C&W took into account without a separate verification at this point. Total lettable area shall only refer to areas of the main use, which constitute the core of the subject assets' operations. According to the client's explanation the total lettable area should not include areas of internal or external parking units, ancillary storage units, basements, other miscellaneous units and open spaces. C&W has not verified this assessment and therefore excludes any and all forms of responsibility and liability for this depiction. The total lettable area in the report does not include ancillary areas in the total amount of approx. 17,888 sqm. However, this has no impact on the Market Value.

4.1.3 CURRENT RENTAL INCOME

61. The net rental income for the properties as at the respective date of valuation amounts to approx. € 171,974,455 p.a.

5 VALUATION RESULTS

5.1 Definition

62. The dates of valuation are December 31, 2018, March 31, 2019, June 30, 2019 and September 30, 2019. No portfolio discounts or premiums have been considered, the figures stated at 5.2 are the aggregate sum of the properties´ Market Values only (i.e. the Market Value or the Market Value under Special Assumption of the portfolios represents the sum of the individual Market Values or the Market Values under Special Assumptions of individual valuation objects and on different dates of valuation).

63. Please find the aggregate sum of the values by valuation date, currency and basis of valuation as follows:

5.2 Market Value

64. We are of the opinion that the aggregate sum of Market Values for the properties valued in € is (please refer to section 2.1; properties valued in Pounds are included with the exchange rate as at the respective date of valuation):

Valuation Date	Total Market Value in Euro	Total Market Value Freehold assets in Euro	Total Market Value Leasehold assets in Euro	Freehold Interest (including right-of-use value)* in Euro	Market Value of Special Assumptions ** in Euro
31.12.2018	464,422,000	405,022,000	59,400,000	61,500,000	2,100,000
31.03.2019	93,800,000	22,700,000	71,100,000	74,600,000	3,500,000
30.06.2019	283,620,000	223,220,000	60,400,000	65,900,000	5,500,000
30.09.2019	2,258,043,815	1,806,343,815	451,700,000	481,700,000	128,630,000

* per instruction of the Client and for its accounting purposes, C&W has assessed the value of the above-mentioned leasehold properties assuming they were freehold. We would like to point out the fact that the figure is included in this report for information purposes only.

**For some of the assets included in this table, also Market Values under Special Assumptions (incl. right-of-use) have been assessed. The additional value attributed to the special assumptions is stated here.

65. Three properties have been valued in Pound. For information purpose please find the aggregate theoretical values assuming an exchange rate as September 30, 2019 (EUR/GBP: 0.8857) as follows:

Valuation Date	**Total theoretical Market Value in Euro**	**Total theoretical Market Value Freehold assets in Euro**	**Total theoretical Market Value Leasehold assets in Euro**	**Freehold Interest (including right-of-use value)* in Euro**
31.12.2018	56,000,903	20,322,908	35,677,995	0
30.09.2019	96,533,815	96,533,815	0	0

6 ASSETS HELD FOR SALE

66. According to the information provided by the client, the portfolio consists of 1 asset held for sale. The total lettable area amounts to approx. 51,960 sqm. The aggregated Market Value of the asset held for sale is € 38,400,000. The property is therefore not part of the portfolio analysis.

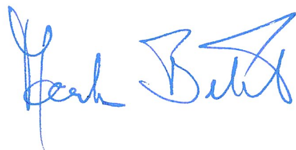
7 DISCLOSURE AND PUBLICATION

67. You must not disclose the contents of this Report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our Report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

68. The report must not be modified, altered (including altering the context in which the Report is displayed) or reproduced without first obtaining our written approval. Any person who contravenes this provision shall be responsible for all of the consequences of the same. C & W (U.K.) LLP accepts no liability for any use of the Report that is in contravention of this section.

Frankfurt am Main, December 06, 2019

C & W (U.K.) LLP – German Branch
Chartered Surveyors



Dipl.-Ing. Martin Belik MRICS
International Partner

i.A. Dipl. Kfm. Peter Fleischmann
Partner

Valuation Report

in the form of a Condensed Valuation Report

Commercial Portfolio

Opinion of Market Value

as of respective Dates of Valuation

31 December 2018
30 March 2019
30 June 2019 and
30 September 2019

on behalf of

Aroundtown SA
1, Avenue du Bois
L-1251 Luxembourg

Date of Report: 3 December 2019

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Glossary

BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht
BauGB	German Building Code
Capex	Capital expenditures
DCF	Discounted Cash Flow
Aroundtown	Aroundtown SA
ECB	European Central Bank
Empirica	Online Database for Real Estate Research
ERV	Estimated Rental Value
GDP	Gross Domestic Product
gif	Society of Property Researchers, Germany
GPV	Gross Present Value
GRI	Gross Rental Income
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IFRS 13	International Financial Reporting Standard 13
IVS	International Valuation Standards
MV	Market Value
NIY	Net Initial Yield
NOI	Net Operating Income
NPV	Net Present Value
RICS	Royal Institution of Chartered Surveyors
RIWIS	Regionales Immobilien-Wirtschaftliches Informations System (Online Database for Real Estate Research)
Savills	Savills Advisory Services Germany GmbH & Co. KG
Sqm	square meters
VAT	Value added tax
VPS	Valuation Practice Statement
WAULT	Weighted Average Unexpired Lease Term (not considering contractual options to extend the lease agreements [Verlängerungsoptionen])

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A. Summary Overview

Type of Report

This report has been conducted in the form of a Condensed Valuation Report (hereinafter referred to as "Condensed Valuation Report") for the determination of Market Value carried out by Savills Advisory Services Germany GmbH & Co. KG. The valuation is in accordance with the RICS Valuation - Global Standards (July 2017) of the Royal Institution of Chartered Surveyors ("Red Book") and the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards").

Subject of this Condensed Valuation Report is a real estate portfolio of Aroundtown SA (hereinafter referred to as "Aroundtown") consisting of 51 subject properties for which we have prepared respective single asset Valuation Reports (thereinafter referred to as "Valuation Reports").

The Market Value determined by Savills is consistent with the Fair Value in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB).

Dates of Valuation

The single asset Valuation Reports are prepared as of the following Dates of Valuation:

- 31 December 2018 (6 properties)
- 31 March 2019 (4 properties)
- 30 June 2019 (15 properties)
- 30 September 2019 (26 properties)

Subject Portfolio

The subject portfolio consists of 51 properties ("Subject Properties") of different asset classes (mainly office and hotel), located throughout Germany. The total lettable area comprises 867,316 sq m, thereof 20.5% are currently vacant. Currently, a total rent of EUR 91,257,920 is generated and the WAULT is 5.2 years (please note that the WAULT is calculated as of the respective Dates of Valuation of the single properties).

Opinion of Market Value

The valuations of the single properties have been prepared in accordance with the RICS Valuation – Professional Standards 2017 by the Royal Institution of Chartered Surveyors as well as in accordance with IVSC International Valuation Standards 2017 on the basis of Market Value.

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the provided information, specific comments and assumptions set out in this Condensed Valuation Report, we are of the opinion that the aggregate of the individual Market Value of the freehold and leasehold interests of the Subject Properties, rounded at asset level, as at the respective Dates of Valuation 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 is:

EUR 2,346,300,000

(EURO TWO BILLION THREE HUNDRED AND FORTY SIX MILLION THREE HUNDRED THOUSAND)

Market Value of properties as of 31 December 2018:	EUR 225,830,000
Market Value of properties as of 31 March 2019:	EUR 155,000,000
Market Value of properties as of 30 June 2019:	EUR 894,860,000
Market Value of properties as of 30 September 2019:	EUR 1,070,610,000

Market Value of freehold properties:	EUR 2,255,700,000
Market Value of leasehold properties:	EUR 90,600,000

Under the assumption that the leasehold assets were held in freehold ownership the Market Value is EUR 98,300,000.

The above figures also contain Market Values under Special Valuation Assumptions for two properties. The total increase in value due to Special Valuation Assumptions amounts to € 98,800,000. The Special Valuation Assumptions and the rationale behind it are explained further below in this Condensed Valuation Report.

The Market Value of the Subject Properties reported is the aggregate total of the individual Market Values of the single properties as of different Dates of Valuation and not necessarily a figure that could be achieved if the Subject Properties were to be sold as a portfolio (Individual valuation principle).

According to provided statement by Aroundtown, between the Dates of Valuation 31 December 2018, 31 March 2019, 30 June 2019 resp. 30 September 2019 of

the single Valuation Reports and the date of this Condensed Valuation Report 3 December 2019, there have been no Material Changes on the Subject Properties.

In relation to market conditions and developments in the real estate markets in which the Subject Properties are located, based on observed transactions involving comparable properties which have occurred and independent data published, we observed a general positive market development especially of the office market rents between the respective Dates of Valuation of the single Valuation Reports and the date of this Condensed Valuation Report, which could have a positive effect on the reported Market Value.

B. Instructions and Sources of Information

I. Scope of Instruction

Preamble

This Condensed Valuation Report has been prepared pursuant to the Framework Agreement as of 6 December 2017 and the Amendment Agreement as of 20 November 2019 between Aroundtown S.A. ("Aroundtown"), several subsidiaries of Aroundtown and Savills Advisory Services Germany GmbH & Co. KG ("Savills") (hereinafter referred to as "Framework Agreement").

As instructed, we compiled and delivered for the given purpose this Condensed Valuation Report, which is an abstract of existing individual single asset full Valuation Reports (prepared as of the Dates of Valuation 31 December 2018, 31 March 2019, 30 June 2019 resp. 30 September 2019) (hereinafter referred to as "Valuation Reports") and which will be incorporated in a securities prospectus in the English language.

Savills hereby confirms that as at the date of this Condensed Valuation Report there is no existing or potential conflict of interest in relation to the Subject Properties as at the Date of Valuation or Report Date.

Instruction

Savills carried out a determination of Market Value and prepared individual single asset Valuation Reports of the respective freehold and / leasehold interests of the Subject Properties (as defined below) in accordance with the Framework Agreement. For the purposes of this Condensed Valuation Report references to a "Subject Property" or "Subject Properties" shall mean a reference to any property or properties within the Subject Portfolio.

Aroundtown instructed Savills to prepare a Condensed Valuation Report being an abstract of the existing individual single asset Valuation Reports for the Subject Properties for the purpose of Aroundtown preparing a working capital and balance sheet statement to be included in a Prospectus for the proposed merger with TLG Immobilien AG.

The valuation is in accordance with the RICS Valuation - Global Standards (July 2017) of the Royal Institution of Chartered Surveyors ("Red Book") and the International Standards for the Valuation of Real Estate for Investment Purposes ("International Valuation Standards").

The Market Value is consistent with the "Fair Value" in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB).

For the avoidance of doubt, the scope of work of this instruction does not include or imply the preparation of new valuations, update of existing valuations and/or additional site visits.

Instructions and Sources of Information

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Subject Portfolio

The subject portfolio consists of 51 properties ("Subject Properties") of different asset classes (mainly office and hotel), located throughout Germany. The total lettable area comprises 867,316 sq m, thereof 20.5% are currently vacant. Currently, a total rent of EUR 91,257,920 is generated and the WAULT is 5.2 years (please note that the WAULT is calculated as of the respective Dates of Valuation of the single properties).

Scope of Work Carried Out

In the assessment of the Market Value of the Subject Properties, inter alia, the following procedures were carried out:

- Analysis and interpretation of the property information provided by the Instructing Party, e.g. tenancy and property schedules, data room information and other data materials relevant to the valuation,
- Site inspections of the subject properties,
- Analysis of market, location and situation for each of the subject properties,
- Determination of Market Value at property level.

Instructing Party

Aroundtown SA

1, Avenue du Bois

L-1251 Luxembourg

(Hereinafter referred to as "Instructing Party" or "Aroundtown")

Valuer

Savills Advisory Services Germany GmbH & Co. KG

Taunusanlage 18

60325 Frankfurt am Main

Germany

(Hereinafter referred to as „Savills")

Purpose of the Condensed Valuation Report

The purpose of the Condensed Valuation Report is to provide an abstract of the Valuation Reports of the Subject Properties, which shall be included in a prospectus to be approved by the Commission de Surveillance du Secteur Financier (CSSF) and notified to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) for the proposed takeover of TLG Immobilien AG (hereinafter referred to as "Capital Market Transaction").

The Condensed Valuation Report complies with the legal requirements, in particular the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (Prospectus Regulation) in connection with the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 (Delegated Regulation (EU) 2019/980) and the paragraphs 128 to 130 of the European Securities and Market Authority (ESMA) update of the Committee of European Securities Regulators' (CESR) recommendations for the consistent implication of (EC) no. 809/2004.

The Condensed Valuation Report may be also included in English in an English convenience translation of the Prospectus.

Savills prepared this Condensed Valuation Report only and accepts no responsibility for any other part of the prospectus issued in connection with the Capital Market Transaction.

Dates of Valuation

The single asset Valuation Reports are prepared as of the following Dates of Valuation:

- 31 December 2018 (6 properties)
- 31 March 2019 (4 properties)
- 30 June 2019 (15 properties)
- 30 September 2019 (26 properties)

Report Date

The Report Date of the Condensed Valuation Report is 3 December 2019.

The Condensed Valuation Report refers to the position of the Valuation Reports as at the date each valuation was originally issued and Savills has taken no action, nor is it obliged to take any action, to review or to update any Valuation Report since the date it was originally issued.

For the avoidance of doubt, the scope of work of this instruction does not include or imply the preparation of new valuations, update of existing valuations and/or additional site visits.

Currency

The relevant currency for this valuation is EUR.

Interest Valued / Tenure

48 properties are held on the German equivalent of freehold title ("Eigentum") and 3 property is held on leasehold title ("Erbbaurecht").

Publication / Disclosure

Savills acknowledges and agrees that this Condensed Valuation Report will be published in unchanged form in accordance with the legal requirements for the publication of the English version of the Prospectus for the purpose of the Capital Market Transaction.

With the exception of the above, neither the whole nor any part of the Condensed Valuation Report nor any reference thereto (except references used in the Prospectus) may be included in any other published document, circular statement nor published in any way without Savills prior written approval of the disclosure and the form and context in which it will appear.

Savills agrees to the disclosure of the Condensed Valuation Report, in each case if and to the extent this is customary or necessary in the course of the Capital Market Transaction and on a non-reliance and no liability basis, (i) to legal advisors or other advisors of Aroundtown who are bound by professional codes of confidentiality and (ii) to competent authorities (i.e. Federal Financial Supervisory Authority (BaFin). Any other disclosure shall require Savills' prior consent.

Nature and Source of Information relied on

The single asset Valuation Reports have been substantially and mainly based upon the information supplied to us by Aroundtown. Please refer to Section II "Sources of Information and Inspection" for a more detailed list of the information Savills has relied upon for the purposes of preparing this Condensed Valuation Report.

Definition of Market Value

Our valuation has been carried out in accordance with the RICS Valuation - Global Standards (the "Red Book"), July 2017, published by the Royal Institution of Chartered Surveyors (RICS), London, which was effective from 01 July 2017.

We have valued the Subject Properties on the basis of Market Value in accordance with VPS 4.4 of the RICS Valuation Global Standards 2017 (the "Red Book") which is defined as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The "Market Value" is consistent with the "Fair Value" in accordance with IFRS 13 of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), which is defined as follows:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date:"

The assessment of Market Value has been carried out by Savills in accordance with the guidelines of the International Financial Reporting Standards (IFRS), the International Standards for the Valuation of Real Estate for Investment Purposes (International Valuation Standards), the Valuation Standards of the Royal Institution

of Chartered Surveyors (Red Book) and in accordance with the relevant prospectus regulations applicable in Germany, including the CESR recommendations for the consistent implementation of the Committee of European Securities Regulators on prospectus 20 March 2013 (ESMA Update of the CESR recommendations).

For the avoidance of doubt, a valuation complying with the "Red Book" requirements is compliant with the International Valuation Standards (IVS) and the Market Value pursuant to § 194 BauGB (German Building Code).

We confirm that we have sufficient current local and national knowledge of the particular property market involved and have the skills and understanding to undertake the valuation competently.

Declaration of Independence & Status of Valuer

Savills hereby confirms to the best of its knowledge and belief that it has prepared this Condensed Valuation Report in its capacity as external valuer (as defined in the “Red Book”) and independent expert.

We further confirm that Savills is not aware of any actual or potential conflict of interest that might have influenced its independent status.

The total fees, earned by Savills (or other companies of the Savills group) from Aroundtown (or other companies forming part of the same group of companies), is less than 5% of the total German revenues earned by the Savills Group in the financial year 2017 or 2018.

II. Sources of Information and Inspection

Information Sources

For the purpose of this Condensed Valuation Report we have relied on the following information, provided to us by Aroundtown via data room access for the single properties as of the respective Dates of Valuation:

- Rent rolls
- Land register excerpts
- Cadastral maps
- Information regarding public encumbrances (not for all properties)
- Information regarding potential soil contaminations (not for all properties)
- Lease contracts of the main tenants (if applicable)

We have also included following sources into our valuation:

- Savills Research
- Local Land Valuation Boards and other local authorities
- Empirica online-database
- RIWIS online database

Individual questions and inconsistencies within the data could be clarified with the Instructing Party by using a Q&A (question & answer) template.

Inspection

Inspections (external/internal) of the subject properties were carried out by Savills staff within the last 24 months.

All conclusions made by Savills with regard to the condition and the actual characteristics of the land and buildings have been based on our inspection of the subject properties and on the documents and information provided (please see above).

In the event that only partial internal inspections were possible, we assumed that the parts that were inspected are typical of the remainder.

For the avoidance of doubt, Savills did not carry out any building or structural surveys of the subject properties nor tested any of the electrical, heating or other services.

The properties were not measured as part of Savills' inspection, nor were the services or other installations tested.

All Savills' conclusions resulting from the inspections are based purely on visual investigations without any assertion as to their completeness.

Furthermore, investigations that might cause damage to the subject properties have not been carried out. Statements about parts of the structure or materials that are covered or otherwise inaccessible are based on the information or documents provided (or on assumptions, respectively).

C. Portfolio Overview

Short Portfolio Profile

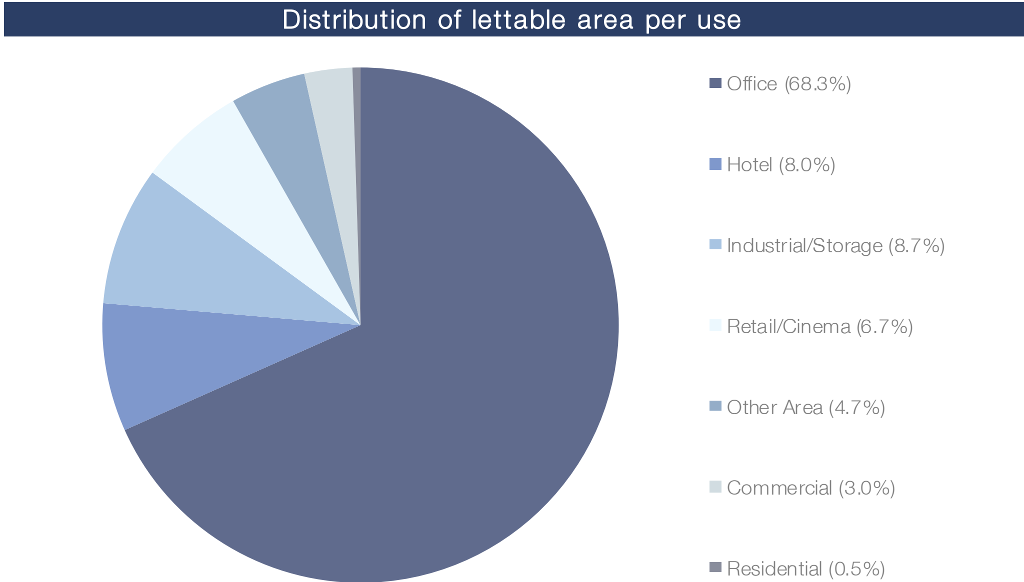
The subject portfolio consists of 51 properties ("Subject Properties") of different asset classes (mainly office and hotel), located throughout Germany. The total lettable area comprises 867,316 sq m, thereof 20.5% are currently vacant. Currently, a total rent of EUR 91,257,920 is generated and the WAULT is 5.2 years (please note that the WAULT is calculated as of the respective Dates of Valuation of the single properties).

Tenure

48 properties are held on the German equivalents of freehold title and 3 properties are held on leasehold title.

Portfolio Composition

The portfolio is comprised of the following types of space and units:



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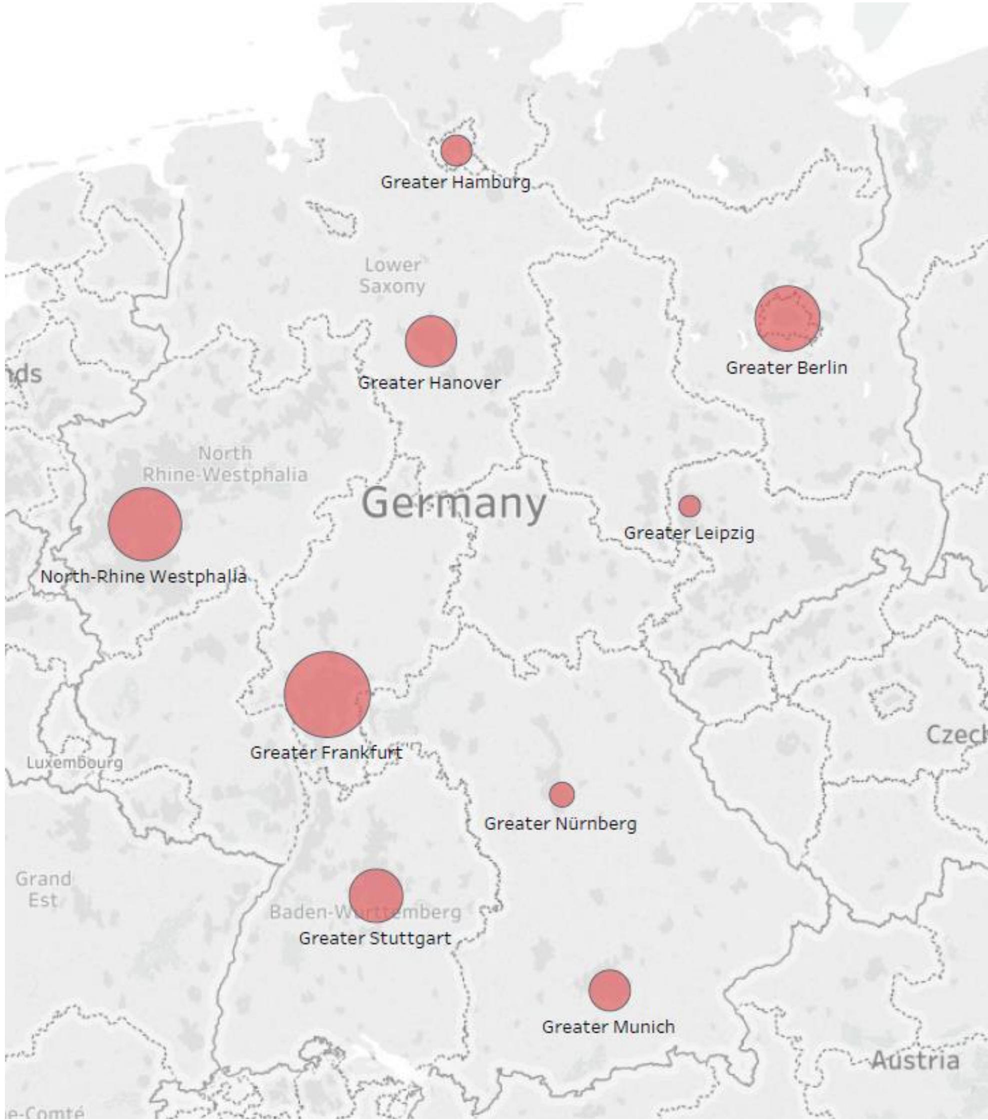
The following map shows the geographical distribution of the Subject Properties.



Source: Tableau

D. Valuation Considerations

In this chapter we comment on our individual considerations in order to arrive at our Opinion of Market Value.

Please note that our Opinion of Value is carried out on the basis of a number of assumptions. In the absence of any information to the contrary in the Report, our Opinion of Value is based on, and subject to, the General Valuation Assumptions as described in section G.I of this Report together with the specific assumptions as stated in this report (including without limitation this section D).

In case of any discrepancies the specific assumptions as described in the following will prevail over the General Valuation Assumptions. If any of the aforementioned assumptions (General Valuation Assumptions or specific assumptions or other) are subsequently found to be incorrect or invalid, our Opinion of Value may need to be reconsidered.

I. Method of Valuation

General Valuation Procedure

The valuation has been carried out on a single property basis. Each property has been valued individually and we have prepared individual single asset Valuation Reports.

Valuation Models

For the long-term income-generating properties, we have used a Discounted Cash Flow (DCF) model.

For developments we have used a residual valuation model.

For more details about the DCF model and the underlying definitions of the key parameters, please refer to Chapter H “General Valuation Assumptions and Applied Definitions” of this Condensed Valuation Report.

II. Portfolio Considerations

1. Constituents of the Subject Properties

Fixtures in the Subject Properties, such as passenger and goods lifts, other conveyor installations, central heating installations and other technical installations have been regarded as integral parts of the Subject Properties and have, therefore, been reflected in our determination of Market Value. Tenant’s fixtures and fittings that would normally be the property of the tenant have not been reflected in our valuation.

2. Legal Aspects

Land Register

For the purposes of this Instruction, we received land register excerpts of all properties.

According to the provided land register excerpts, 48 properties are held on freehold title whereas 3 properties are held on leasehold title.

There are several encumbrances regarding the subject properties like pipeline way leaves, cable rights, right of ways and restricted personal easements. We are of the opinion that the encumbrances and restrictions registered under Section II do not affect the use of the subject properties. They are therefore assumed to have no direct impact on value.

3 subject properties are held as leasehold with expiry dates as of 31/07/2068, 31/12/2080 and 31/12/2084. The ground rent payments in the amount of EUR 371,970.40 p.a., are reflected accordingly in our valuation.

Further legal Aspects

We were provided with some additional legal information. This legal information partially include information regarding public encumbrances and monumental protections.

For properties with monumental protection we have considered slightly higher maintenance costs in our valuation approach.

Some properties are encumbered with public easements (unification encumbrances, fire rescue access, etc.). In our opinion, the given public encumbrances do not restrict the use of the subject properties, therefore we have assumed no direct impact on value.

3. Technical Aspects

Please note that Savills has not been provided with technical due diligence reports for all properties and Savills has not been instructed to carry out any technical due diligence nor to identify any capex required and do not possess the necessary detailed technical expertise.

For some properties, Savills considered capital expenditure within the next years, based on the information provided by the client as at the date of valuation and with reference to the results from the on-site inspections. The total amount of CapEx (excluding costs of new developments) considered is EUR 96,744,467.

Please note that Savills has not been instructed to perform any technical due diligence and does not possess the necessary detailed technical information. Therefore, Savills assumes without verification that the accuracy and completeness of the repair costs (Capex) provided to Savills mentioned above.

4. Environmental Aspects

We were provided with excerpts from the register of soil contamination for the majority of the properties. According to this information, there are neither major environmental issues nor any current need for action.

Savills assumes without verification that with respect to the remaining properties (including with respect to properties for which we were not provided with information concerning contamination) that no contamination exists and that such properties were used in the past and will be used in the future for activities without any contamination potential.

Please note that Savills has not been instructed to perform any environmental due diligence and does not possess the necessary detailed technical information. Therefore, Savills assumes without verification the accuracy and completeness of the provided information to Savills in this context. Should it subsequently turn out that additional contamination exists at the properties this may have a detrimental effect on the value reported.

5. Tenancy Aspects

Rent Roll Information

Our valuation is based on individual rent rolls of the subject properties which we have received from Aroundtown via data room.

We assume that the documents reflect the status quo of all tenancies as at the valuation dates 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 respectively to a true and comprehensive extent.

A full verification of the provided tenancy schedule and the available lease agreements was not part of the scope of this Instruction. Savills therefore relied on the content of the tenancy schedule provided and assumed that the provided document reflects the status quo of all tenancies as at the Dates of Valuation to a true and comprehensive extent. Please note that Savills cannot verify the accuracy or the completeness of the information of subject tenancies provided to Savills.

Lettable Area

In our valuation approach we have generally assumed that the provided information regarding lettable area is in line with the "Richtlinie der Gesellschaft für Immobilienwirtschaftliche Forschung e.V." (gif) (MF-G). We recommend a measurement of all properties according to gif to eliminate current uncertainties.

In some real estate submarkets (e.g. the greater Munich area), it is also common to calculate the lettable area in gross floor area (GFA) in accordance with DIN 277. This circumstance is taken into account accordingly in the valuation.

Please note that it may turn out in a formal measurement that the assumed size or split of lettable areas differs from the correct lettable areas per type of use. In this case our assumptions and valuation results have to be reconsidered.

The client provided Savills with an overview of “ancillary areas” for some commercial properties of the portfolio, which Savills took into account without a separate verification at this point. Total lettable area shall only refer to areas of the main use, which constitute the core of the subject assets’ operations. According to the client’s explanation the total lettable area should not include areas of internal or external parking units, ancillary storage units, basements, other miscellaneous units and open spaces. Savills has not verified this assessment and therefore excludes any and all forms of responsibility and liability for this depiction. The total lettable area in the Condensed Valuation Report does not include ancillary areas in the total amount of approx. 39,964 sq m. However, this has no impact on the Market Value.

6. Special Valuation Assumptions

We have not considered any Special Valuation Assumptions , except for the valuation of two properties. The total increase in value due to Special Valuation Assumptions amounts to € 98,800,000. (4.2% of the total Market Value of the entire portfolio).

For one property, the valuation considers the Special Valuation Assumptions that the building permit for a development of an additional residential building will be granted and that the lease contract with the current single tenant will be prolonged.

For the second property, the valuation considers as the Special Valuation Assumption that an office building will be converted into a hostel.

If the aforementioned Special Valuation Assumptions do not materialise, the Market Value of the above properties will be below the reported value for the respective properties.

7. Tenant Solvency

Our assessment of tenant solvency is based on the information provided by the federal credit rating service ‘Creditreform’ which expresses the ability to service debt in terms of the so-called ‘Credit-Standing Index’. This index takes into account a company’s asset situation/turnover/liquidity with 25%, structural risks with 10-15% as well as business sector risk with 10-15%, the mode of payment with 20-25% and, finally, the credit verdict with 25-30%. The result is an individual ranking figure in a range from 100 (Best grade, “1”) to 600 (Default grade, “6”).

We retrieved the solvency information of ten main tenants on the basis of the provided rent roll and lease contracts. Accordingly, these tenants contribute to approx. 36% to the current total rental income.

Weighted by the tenants’ contribution to income, the overall credit standing can be rated as “Very Good” under consideration of ‘Creditreform’ measures.

Please note that, apart from the above mentioned due diligence, a more detailed financial investigation of the tenant is outside the scope of this report.

III. Basic Cash Flow Considerations

Preamble

The following summaries of the valuation assumptions and parameters only relate to 50 Subject Properties with a sustainable rental income situation and that have been valued using the Discounted Cash Flow (DCF) method.

In the following section, we seek to comment on all input parameters in our valuation model. Besides a general description of each parameter, the applied ranges of those parameters will be stated, too. The considered parameters result in a value of the individual properties, which were verified by means of appropriate comparable transactions.

The remaining property is a development and has not been considered in the following description in order not to distort the information.

Estimated Rental Value (ERV) / Market Rent

Estimated rental values ("Market Rents") indicated in this report are those which have been adopted by us as appropriate in assessing the capital value or the letting potential of the properties, being subject to market conditions that are either current or are expected in the short term. They are based on our experience in the markets and our knowledge of actual comparable market activity.

For the purpose of comparison, we considered market evidence by assessment of actual lettings of units with the same or a closest comparable use, where applicable and available.

The applied ERVs of the main types of use range considerably from each other, from around EUR 1.5 to EUR 26.5 per sq m and month.

Non-Recoverable Costs

Ancillary costs of a property are generally costs of

- ongoing maintenance,
- management and
- other non-recoverable costs.

These costs can generally be allocated to the responsibility of tenants in commercial leases – at least to a very high degree of total costs - whereas there are much stricter regulations for residential leases. Residential tenants may only be obliged to bear services charges as defined in the Ordinance of Services Charges (*Betriebskostenverordnung*) but must never – by law – be made responsible for costs of maintenance or management.

For the purpose of valuing the subject properties, we did not receive details of the amount of non-recoverable costs which remains to be borne by the owner. Therefore, we applied common appropriate assumptions in our valuation.

Costs of Ongoing Maintenance

For the costs of ongoing maintenance, we have assumed ca. EUR 2.0 to EUR 11.5 per sq m and year for the main types of use on average. Moreover, we have applied average costs between around EUR 8.30 and EUR 45 per unit and year for parking spaces vary as well as EUR 5 per sq m and year for other areas/ traffic areas.

Our approach considers both, that commercial tenants bear a considerable portion of maintenance costs, i.e. in their units and of all fixtures and fittings, but that it is also likely that the owner shall bear costs of maintaining the roof and structure ("Dach und Fach"). We assume the applied cost estimation to be sufficient to at least maintain the respective property in the current condition.

All costs include annual inflation which will be adjusted each year of the DCF.

Management Costs

For the subject properties we have allowed management costs as a percentage of the annual market rent for commercial units in a range between 1.00% and 5.00%.

Our approach is to reflect a common level of management costs under consideration of the type and complexity of the asset and relevant utilisation(s). We generally assumed the subject asset to require a normal management effort.

Please note all costs include annual inflation which will be adjusted each year of the DCF term.

Non-Recoverable Costs on Vacancy

These are generally non-recoverable service charges, for example any operational costs, which may need to be borne by the landlord should a tenant become unable to pay for any reason (e.g. insolvency) or in the general case of vacancy. These costs are incurred in addition to the regular non-recoverable ancillary costs as explained above.

In the absence of more detailed information of actual non-recoverable costs in the case of vacancy, we considered non-recoverable ancillary costs in a range of EUR 0.30 per sq m p.m. and EUR 2.00 per sq m p.m. for vacant area.

Please note that these costs will only be applied to vacant space and only for the assumed duration of vacancy.

The vacancy costs are only relevant after the expiry of the current lease contracts.

Void Periods for Current Vacancy and Void Periods after Expiry of Leases

Voids generally represent the time period between the expiry of a lease and the start date of a new lease.

There is currently some initial vacancy in the subject properties. For these units, we have estimated 'Void Periods of Current Vacancy' which are starting at the beginning of the next full month following the reference date of this valuation (the 'projection date'). Those units which are currently let and which become vacant in

the future and during the upcoming DCF term of 10 years, will be subject to the ‘Void Periods after Expiry of Leases'.

We have assumed void periods for current vacancy of 3-24 months for the main types of use. Moreover, we have assumed void periods after expire of leases of 3-20 months for all types of use.

Leasing Commissions

German law does not restrict the charging of agency fees on lettings for commercial properties. In the event that the administration is not able to recover some of the letting costs, book allowances have been made at this level to reflect the management expenses incurred in letting, e.g. meetings to negotiate lease terms, newspaper adverts etc. For residential lettings, agency fees are limited to two months’ rent by law.

For the purpose of this valuation, we have assumed that letting fees equivalent to

- 2 months’ rent for residential units and
- 3 months’ rent for commercial units

would be incurred by the landlord on re-letting for all types of relettable units.

Costs of Unit Refurbishment (“Tenant Improvements”)

It is frequently the tenant’s responsibility to redecorate and to carry out at least minor repairs. When there is a change of tenant, however, additional expenses for basic repairs and a more comprehensive renovation of the unit must normally be allowed for in order to assist marketing and re-letting.

In our DCF model, we differ between costs of “First Time Tenant Improvements” and of “Continuing Tenant Improvements”. First time refurbishment costs will be applied to units which are currently vacant and to units which are now let but will become vacant for the first time during the applied DCF term. ‘Continuing tenant improvements’ will accordingly be applied to remaining cases, i.e. units where there is a second lease expiration during the applied DCF term.

Our DCF model generally considers these costs of refurbishment at the end of the assumed letting void.

We have applied first-time refurbishment costs of approx. EUR 150-200 per sq m on average, including main types of use.

Concerning the continuing refurbishment costs, we have applied approx. EUR 50-85 per sq m on average.

Average Lease Term for new Lettings

Commercial tenancies in Germany are usually agreed for a fixed period of 5 or 10 years, sometimes longer. Taking this into account we applied 5 to 10 years for any potential new letting in the subject asset based on our experience.

Applied Growth Assumptions

We have commonly applied the following growth parameters (inflation rates) in our DCF calculations:

- Valuation Date 31/12/2018
  - Year 1-5: 1.80-1.90% p.a. (source: Focus Economics)
  - The ongoing annual inflation onwards was assessed at 2.00%.
- Valuation Date 31/03/2019
  - Year 1-5: 1.70-1.90% p.a. (source: Focus Economics)
  - The ongoing annual inflation onwards was assessed at 2.00%.
- Valuation Date 30/06/2019
  - Year 1-5: 1.50-1.90% p.a. (source: Focus Economics)
  - The ongoing annual inflation onwards was assessed at 2.00%.
- Valuation Date 30/09/2019
  - Year 1-5: 1.50-1.70% p.a. (source: Focus Economics)
  - The ongoing annual inflation onwards was assessed at 2.00%

Furthermore, regarding rental growth, we have assumed the following:

Rental growth: Current rents grow according to actual indexation terms, while market rents grow between 50% and 150% of the assumed inflation rates above.

Rates in DCF Calculations

We applied a Discount Rates between 2.50% and 6.25% and Exit Capitalisation Rates between 2.50% and 7.25% for the individual assets (Investment Value).

Please note that Discount Rates and Exit Cap Rates are related to the underlying cash-flow assumptions made for each property. To back-up our valuation results, we have considered comparable transactions and/or market databases.

Costs of Transaction

We applied costs of transaction as follows:

- Real Estate Transfer Tax: 3.50% - 6.50% depending on the federal state
- Notary and land register fees: 0.25% - 2.00%
- Agency fees: 0.25% - 2.00%

These costs are chosen as they are common in ordinary course of business, i.e. in an asset deal, and for the subject type of property. Costs of transaction may, however, differ in the actual individual case – depending on the type of transaction.

E. Valuation Results

Opinion of Market Value

The valuations of the single properties have been prepared in accordance with the RICS Valuation – Professional Standards 2017 by the Royal Institution of Chartered Surveyors as well as in accordance with IVSC International Valuation Standards 2017 on the basis of Market Value.

Upon the assumption that there are no onerous restrictions or unusual outgoings of which we have no knowledge and based on the provided information, specific comments and assumptions set out in this Condensed Valuation Report, we are of the opinion that the aggregate of the individual Market Value of the freehold and leasehold interests of the Subject Properties, rounded at asset level, as at the respective Dates of Valuation 31 December 2018, 31 March 2019, 30 June 2019 and 30 September 2019 is:

EUR 2,346,300,000

(EURO TWO BILLION THREE HUNDRED AND FORTY SIX MILLION THREE HUNDRED THOUSAND)

Market Value of properties as of 31 December 2018:	EUR 225,830,000
Market Value of properties as of 31 March 2019:	EUR 155,000,000
Market Value of properties as of 30 June 2019:	EUR 894,860,000
Market Value of properties as of 30 September 2019:	EUR 1,070,610,000

Market Value of freehold properties:	EUR 2,255,700,000
Market Value of leasehold properties:	EUR 90,600,000

Under the assumption that the leasehold assets were held in freehold ownership the Market Value is EUR 98,300,000.

The above figures also contain Market Values under Special Valuation Assumptions for two properties. The total increase in value due to Special Valuation Assumptions amounts to € 98,800,000. The Special Valuation Assumptions and the rationale behind it are explained further below in this Condensed Valuation Report.

The Market Value of the Subject Properties reported is the aggregate total of the individual Market Values of the single properties as of different Dates of Valuation and not necessarily a figure that could be achieved if the Subject Properties were to be sold as a portfolio (Individual valuation principle).

According to provided statement by Aroundtown, between the Dates of Valuation 31 December 2018, 31 March 2019, 30 June 2019 resp. 30 September 2019 of the single Valuation Reports and the date of this Condensed Valuation Report 3 December 2019, there have been no Material Changes on the Subject Properties.

In relation to market conditions and developments in the real estate markets in which the Subject Properties are located, based on observed transactions involving comparable properties which have occurred and independent data published, we observed a general positive market development especially of the office market rents between the respective Dates of Valuation of the single Valuation Reports and the date of this Condensed Valuation Report, which could have a positive effect on the reported Market Value.

F. Material Changes

Savills hereby confirms that as at the date of this Condensed Valuation Report:

- According to provided statement by Aroundtown, between the Dates of Valuation 31 December 2018, 31 March 2019, 30 June 2019 resp. 30 September 2019 of the single Valuation Reports and the date of this Condensed Valuation Report 2 December 2019, there have been no material changes on the Subject Properties.
- In relation to market conditions and developments in the real estate markets in which the Subject Properties are located, based on observed transactions involving comparable properties which have occurred and independent data published, we observed a general positive market development especially of the office market rents between the respective Dates of Valuation of the single Valuation Reports and the date of this Condensed Valuation Report, which could have a positive effect on the reported Market Value.

For and on behalf of

Savills Advisory Services Germany GmbH & Co. KG

Klaus Trautner MRICS, CIS HypZert (F)
RICS Registered Valuer

Draženko Grahovac MRICS
RICS Registered Valuer

G. General Valuation Assumptions and Applied Definitions

In the following chapter, we comment on the applied method in arriving at our Opinion of Valueas defined in the scope of this Instruction.

I. General Valuation Assumptions

In the absence of any information to the contrary in the Report (in particular in section D containing specific valuation assumptions and considerations), this valuation has been carried out on the basis of the following assumptions (the "General Assumptions"). If any of these assumptions are subsequently found to be incorrect or invalid, the valuation result(s) in our Report may need to be reconsidered.

1. Information

The Instructing Party (and any third parties acting on request of the Instructing Party) has provided Savills with complete, correct and current information and documents as requested by Savills or which are reasonably relevant to Savills in carrying out the agreed Services (in particular the preparation of the Valuation). The Instructing Party did not retain any material facts which may impact the valuation of the real estate (ground) and buildings valued in our Valuation (collectively the "Properties", each a "Property"). Unless otherwise stated in the Valuation, Savills has not verified the information submitted (in particular, but not limited to, where it is stated in the Report that Savills has "assumed" or "relied" on information). Savills has not requested any information from public authorities, registers or courts.

2. Title

Unless otherwise stated in the Report, we have valued the freehold as well as leasehold interest of the Properties.

It is assumed that the freehold as well as leasehold interest is not subject to any restrictions and encumbrances contained in Section II of the land register and that no claims or obligations are present in this regard.

Further, the Valuation of Savills does not consider any mortgages or land charges contained in Section III of the land register.

3. Buildings

The buildings are structurally sound. There are no structural (latent or other) material defects (including rot) which may have influence on the valuation.

In the construction or alteration of the building(s) no use was made of any deleterious or hazardous materials or techniques, such as high alumina cement, calcium chloride additives, wood wool slabs used as permanent shuttering or comparable materials. There are no dangers to health of occupants or tenants resulting from the actual condition of the buildings (for example resulting from contamination with asbestos or mold). Savills has not carried out any investigations concerning these matters.

4. Land

Savills assumes that the site is appropriate and has load bearing capacity suitable for the realized or anticipated form of development, that no abnormal ground conditions exist and no additional or unusual expenditure on, for example, foundations or drainage systems are required. The ground does not contain any archaeological remains. There are no underground mineral or other workings, noxious substances or any other matters that may cause additional costs or delay.

5. Services

The Properties are connected, or capable of being connected, without undue expense, to the public services of gas, electricity, water, telecommunications, sewerage and district heat, where available.

6. Contamination of Land and Buildings

The Properties (land and buildings) are not contaminated, and each Property is not and never has been subject to any contaminating or potentially contaminating uses, nor is it likely to become contaminated in the foreseeable future.

Savills has not carried out any investigations with respect to potentially existing environmental contaminations or in order to identify any such contamination.

7. Legal Matters

The buildings were erected in accordance with construction permits, and every building complies with all statutory or local authority requirements. All necessary consents and authorizations for the use of the Properties and the processes carried out at the Properties (in particular to be issued by public authorities, neighbours or other third parties) are in existence, will continue to subsist and are not subject to any onerous conditions.

It is assumed that there are no unusual restrictions with respect to the occupation of the Properties or the level of rent.

8. Lease Agreements; Other Agreements

The tenants are creditworthy and capable of meeting their obligations. There are no arrears of rent or breaches of covenants. It is assumed by Savills that lease

agreements and any other agreements provided to Savills are valid, meet the legal requirements of the written form, and no facts do exist which would entitle a party to terminate or cancel such agreements prior to expiry of the agreed term, e.g. by early termination, rescission or likewise.

9. Taxes, Public Contributions, Development Charges

Unless otherwise stated in this report, all public taxes, charges and contributions levied by public authorities with respect to the site development, have entirely been levied and paid as at the Date of Valuation. In particular it is assumed that no public infrastructure contributions or similar contributions will be levied in the future.

10. Public Encumbrances; Monumental Protection; (Re)-Development Areas and likewise

The Properties are not subject to any public encumbrances which may give reason for a reduction of the valuation.

None of the Properties to be valued is subject to monumental protection.

None of the Properties is located in a redevelopment area pursuant to Sec. 136 et seq. of the German Federal Building Code or within the scope of any other urban development measure, e.g. refurbishment, redistribution or preservation statutes.

It is assumed that none of the Properties is adversely affected, nor is it likely to become adversely affected, by any highway, town planning or other schemes or proposals.

Savills did not undertake any investigations (for example local searches, enquiries or review of any statutory notices) in order to identify matters adversely affecting the present or future value of the Properties.

11. Subsidies

Unless otherwise stated in this report, all valuations are given without consideration of subsidies or grants, received or potentially receivable, and any obligations or limitations in this coherence which could influence the value of the Properties.

12. Statements by Officials

Oral statements by public officials, particularly involving factual information, cannot be regarded as legally binding. Savills assumes such oral statements to be correct; however, Savills is unable to accept any liability for the application of any such statements or information in the Report.

13. Insurance

The Properties are covered by a valid adequate and appropriate insurance policy as regards the sum assured and the types of potential loss covered.

14. Taxation

Unless otherwise stated in the Report, no allowance has been made for expenses or taxation that might arise on a disposal. Exceptions may result from standardized valuation methods.

Further, our valuations are exclusive of VAT.

15. Fixtures and Fittings

Excluded from our valuations is any additional value attributable to goodwill, or to fixtures and fittings which are only of value in situ to the present/future occupiers.

16. Valuation of Portfolios (Aggregation)

Each Property – even if it is part of a portfolio – has been valued individually.

17. Insolvency

Savills does not take account of any possible effect that the appointment of either an insolvency administrator or an administrative receiver or a compulsory auction might have on the perception of the properties in the market and their subsequent valuation, or the ability to realize the value of the properties in either of these scenarios.

II. Rents, Income and Vacancy

1. Current Rent

Definition

In our valuations, the current rental income (or current rent) is defined as the rent passing as at the Date of Valuation. It reflects the rental payments after deducting recoverable costs (e.g. costs for heating, electricity) but before deducting non-recoverable costs. Also, the current rent is excluding VAT.

Method of Determination

If not stated otherwise in the report, we have considered the current rent for each lettable unit as stated in the rent roll provided by the Instructing Party or its advisors.

In case that the date of the rent roll is prior to the valuation date, there may be minor differences in the actual rent and vacancy rates when comparing the rent roll and our valuation.

Among other reasons, this is the result of leases which expire between these dates. In the event that the lease end of lettable area is prior to the valuation date, we consider this as vacant in our valuation as of the valuation date (even if these are rented according to the rent roll).

The rent roll has been checked with the original lease contracts on a sample basis. However, in accordance with the Instruction, Savills did not carry out full commercial due diligence.

2. Estimated Rental Value (ERV) / Market Rent

Definition

Our opinion of Market Rent is equivalent to the Market Rent as defined in the RICS Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards) (the "Red Book") published by the Royal Institution of Chartered Surveyors The definition is in line with the IVS 104 paragraph 40.1.

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The market rent is excluding VAT.

Method of Determination

We research comparable rents by taking into consideration key aspects such as property location, condition and the fit-out standard of rental units as well as common marketing incentives by the landlords (e.g. tenant improvements or rent free periods). With our in-house database, we analyze comparable lease transactions and currently available offers of space to rent. Furthermore, we analyze all leases which were recently closed in the subject asset(s) ("recent lease agreements").

An overview of the selected rental comparables can be found in the appendix to the report "market and location analysis - rental comparables".

In addition, we have also analyzed all recent lease agreements for the Subject Properties, and a corresponding overview can be found in the appendix to the report "market and location analysis - rental comparables".

Based on this procedure, we estimate rental values with reference to the individual asset, which are then revised in consultations with our agents and under consideration of third-party research, where reliable, appropriate and possible.

3. Potential Rent

Definition

The potential rent expresses the rent that should be achievable in a short time period by leasing vacant areas at our opinion of Market Rent. The potential rent is excluding VAT.

Method of Determination

The potential rent as displayed in our valuations is a "mixed" figure which considerers the current rent for all units let and the market rent for all units currently vacant but potentially lettable.

4. Net Operating Income (NOI)

Definition

The net operating income (NOI) is defined as the passing rent after deducting all non-recoverable costs. It is the net cash-flow generated by a property at a point in time or in a time period.

Method of Determination

Generally, the following periodical non-recoverable costs will be deducted from the passing rent:

- Management Costs
- Maintenance Costs
- Non recoverable service charges
- Ground Rents (if applicable)

Furthermore, the following event related non-recoverable costs will be deducted from the passing rent within the cash-flow term:

- Costs for Tenant Improvements
- Capex for Deferred Maintenance (if applicable)
- Vacancy Costs
- Leasing Commissions

III. Values and Results

1. Market Value

Definition

Our Valuation has been carried out in accordance with the RICS Valuation – Global Standards 2017 (incorporating the IVSC International Valuation Standards) (the "Red Book") published by the Royal Institution of Chartered Surveyors We have been instructed to value the properties within the Subject Portfolio on the basis of Market Value. The definition is in line with the IVS 104 paragraph 30.1.

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

For the avoidance of doubt, a Market Value complying with the "Red Book" is compliant with the International Valuation Standards (IVS) and the market value pursuant to § 194 BauGB (German Building Code).

Method of Calculation: Discounted Cash Flow (DCF)

For the valuation of long-term income-based properties, we have applied a DCF approach.

The DCF method is a two-stage financial mathematical model to determine the cash value of the future yield of the properties, which is viewed as its present value. In this coherence, a detailed forecast computation of the revenue and expenditures for a "holding period" of usually 10 years is compiled.

Accordingly, our DCF model involves a period-by-period estimation of gross income, i.e. rental income, and of any expenditure which shall not be recovered by third parties. Any estimation for the aforementioned will explicitly be taking into account a range of variables. For example, the estimation of income is substantially and mainly based on the existing contractual agreements as well as market development forecasts. Expenditures, on the other hand, may occur regularly in each period, i.e. costs of management, ongoing maintenance and non-recoverable service charges.

However, one-off costs for anticipated renovations as well as costs during periods of vacancy will also be deducted but considering a specified scheduled time of expenditure in the future.

As a result, the net operating income (NOI) will be calculated for each period, reflecting the anticipated development of the properties over the applied time period. Secondly, the hypothetical sales price at the assumed time of exit will be calculated. Generally, the sales price will be based upon the NOI at market level of the future year after the holding period. Hence, the NOI at market level will be capitalized with the exit capitaliZation rate in perpetuity in order to derive the Gross Exit Value. However, if fixed leases expire after the holding period, the Gross Exit Value will be adjusted by the capital value of a (potential) over-/ under-rented situation. Please note that in our model those capital value adjustments will be displayed as adjustments to the NOI (calculated in perpetuity). Finally, transaction costs will be deducted from the Gross Exit Value to arrive at the Net Exit Value / sales price.

Finally, both main results of the two-step calculation, i.e. the sum of all NOI and the hypothetical purchase price - will be discounted at the discount rate effective at the Date of Valuation. The result of this step is the Gross Present Value (GPV) as at that date. The GPV is then reduced by the common costs of a transaction, i.e. stamp duty land purchase tax, agent fee, notary fee, which results in the Net Present Value (NPV).

The applied rates are normally set by comparing money market rates (i.e. interest rate for risk-minimized investments) and allowing for the relative disadvantages of real estate ownership. These are generally considered as adjustments to the base rate due to the risks revolving from the specific type of property, due to the risks of illiquidity (marketing periods, costs of transaction etc.) and due to the potential of additional costs of portfolio management.

These risks are evaluated according to the following categories for each property, e.g. by conducting a structured property rating:

- Quality of the macro location (i.e. image, socio-demographics, economy, etc.)
- Quality of the micro location (i.e. local image, local supplier market adequacy for the specific property use, infrastructure, etc.)
- Quality of the building (i.e. age and condition of building, concept of areas/ architecture, fit-out, alternative usability, energy management, plot characteristics, etc.)
- Quality of cash flow (i.e. letting concept, length of lease terms, agreements on ancillary costs, covenant of the tenant, current vacancy, ability for re-letting)

The exit capitalization rate is the reciprocal of the multiplier on potential rent less non-recoverable costs at the end of the cash flow period and is mainly derived from the quality of the location (including the land value) and the building quality.

2. Method of Calculation: Residual valuation

The residual value method is a non-standardized valuation method in the sense of the ImmoWertV. This type of valuation is used especially for project developments in the context of investment projects to determine the profitability of a construction project. Normally, the value of undeveloped land is determined using the comparative value method or standard land values. However, this is not possible in a number of applications. The determination of land values is especially difficult for properties that are ready for development if no comparable properties can be found that have the same qualitative, value-determining property characteristics. In the residual value method, the residual, i.e. the maximum sustainable land value, is calculated from the difference between a forecast achievable sales price and the total costs required.

Costs and revenues are presented on a quarterly and/or annual basis, similar to the DCF method. In addition to the main parameters of revenues and costs, the financing side and the associated liquidity are also taken into account in the course of the project. The exact financing requirement and the earliest possible repayment date are calculated on the basis of the forecast liquidity from revenues and costs. Sales revenue can be derived either with the aid of comparative values or with income-oriented valuations.

The final derivation of the residual and thus the sustainable Market Value of the current property is based on risk-dependent project developer margins. Key figures such as the percentage profit measured in terms of sales revenue or project costs, as well as the internal rate of return (IRR), taking into account the equity contributed and the borrowed capital, are particularly relevant.

IV. Yields and Multipliers

1. Gross Multipliers

A gross multiplier expresses the ratio of the Market Value to the rental income of a property. In our report, we state three different kinds of gross multipliers:

- Gross Multiplier on Current Rent = Market Value / Current Rent
- Gross Multiplier on Market Rent = Market Value / Market Rent
- Gross Multiplier on Potential Rent = Market Value / Potential Rent

Please note that the Gross Multiplier on Current Rent can be misleading if the property is currently let at rents considerably below average or has significant vacancies. In those cases, we suggest also to consider multipliers and yields on market or potential rent.

2. Net Initial Yields

A Net Initial Yield expresses the ratio of the Net Operating Income (Rental income as of Date of Valuation reduced by management costs, ongoing maintenance,

costs for vacancy and further non recoverable costs) to the Gross Present Value (Market Value including acquisition costs).

In our report, we state three different kinds of Net Initial Yields:

- Net Initial Yield on Current Rent = Net Operating Income derived from Current Rent / Market Value + Acquisition costs
- Net Yield on Market Rent = Net Operating Income derived from Market Rent / Market Value + Acquisition costs
- Net Yield on Potential Rent = Net Operating Income derived from Potential Rent / Market Value + Acquisition costs

Please note that the Net Initial Yield on Current Rent can be misleading if the property is currently let at rents considerably below average or has significant vacancies. In those cases we suggest also to consider multipliers and yields on market or potential rent.

28. GLOSSARY

AktG . . . . Means the German Stock Corporation Act (*Aktiengesetz*).

Aroundtown . . . . Means the Company together with its consolidated subsidiaries.

Articles of Association . . . . Means the articles of association of the Company.

AUD . . . . Means the Australian dollar, the currency of the Commonwealth of Australia;

Authorised Capital . . . . Means the authorised capital of the Company (including the subscribed capital of € 12,235,742.61) of € 30,000,000.00.

BaFin . . . . Means German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

Board of Directors . . . . Means the board of directors of the Company.

Book-Entry Interests . . . . Means interests in the Company's shares included in the book-entry custody and settlement systems operated by Clearstream.

CAD . . . . Means the Canadian dollar, the currency of Canada.

Capex . . . . Means capital expenditure.

CDS . . . . Means credit default swaps.

CET . . . . Means the Central European Time or respectively Central European Summer Time.

CFD . . . . Means contracts for difference.

CHF . . . . Means the Swiss Franc, the currency of Switzerland and Liechtenstein.

Clearstream . . . . Means Clearstream Banking AG, Eschborn, Germany.

Company . . . . Means Aroundtown SA.

CSSF . . . . Means the *Commission de Surveillance du Secteur Financier* of the Grand Duchy of Luxembourg. The CSSF is a public institution which supervises the professionals and products of the Luxembourg financial sector.

Cyprus . . . . Means the Republic of Cyprus.

Delegated Regulation (EU) 2019/980 . . . . Means Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

EMTN Programme . . . . Means Aroundtown's Euro medium term note programme.

EPRA . . . . Means European Public Real Estate Association.

ESMA . . . . Means the European Securities and Market Authority.

EU . . . . Means the European Union.

EUR or € or Euro . . . . Means the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended.

EURIBOR . . . . Means Euro Interbank Offered Rate, a daily reference rate based on the averaged interest rates at which banks offer to lend unsecured funds to other banks in the Euro wholesale money market.

EU Treaty . . . . Means the Treaty on European Union.

GBP or £ or British Pound .... Means the pound sterling, the currency of the United Kingdom.

GCP .... Means Grand City Properties S.A., a public limited liability company (*société anonyme*) established under the laws of the Grand Duchy of Luxembourg.

GDP .... Means gross domestic product. The gross domestic product is the value of all goods and services produced in a country (or region or a city etc.) in a certain period.

GDR .... Means the former German Democratic Republic.

Germany .... Means the Federal Republic of Germany.

Group .... Means the Company together with its consolidated subsidiaries and its equity accounted investees including Grand City Properties S.A.

HKD .... Means the Hong Kong dollar, the official currency of the Hong Kong Special Administrative Region.

IAS .... Means International Accounting Standards.

IMF .... Means the International Monetary Fund.

IFRS .... Means International Financial Reporting Standards, as adopted by the European Union.

JPY .... Means the Japanese Yen, the official currency of Japan

Luxembourg .... Means the Grand Duchy of Luxembourg.

Luxembourg Company Law ...... Means the Luxembourg law dated 10 August 1915 on commercial companies, as amended.

Luxembourg Prospectus Law .... Means the Luxembourg law of 16 July 2019 on prospectuses for securities (*Loi du 16 Juillet 2019 relative aux prospectus pour valeurs mobilières telle que modifiée*).

Luxembourg Squeeze-Out and Sell-Out Law .... Means the Luxembourg law of 21 July 2012 on mandatory squeeze-out and sell-out of securities of companies currently admitted or previously admitted to trading on a regulated market or having been offered to the public.

Luxembourg Takeover Law ...... Means the Luxembourg law dated 19 May 2006 on public takeovers, as amended.

Luxembourg Transparency Law .. Means the Luxembourg law of 11 January 2008 on transparency requirements for issuers, as amended.

MAD .... Means Market Abuse Directive 2014/57/EU.

MAR .... Means Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, repealing Directive 2003/6/EC on insider dealing and market manipulation, entered into force on 3 July 2016.

MTF .... Means multi-trading facility.

Netherlands .... Means the Kingdom of the Netherlands.

NOK .... Means the Norwegian Krone, the currency of Norway.

NPL .... Means non-performing loans.

OAM .... Means officially appointed mechanism for the central storage of regulated information.

OTF .... Means organised trading facility.

Prime Standard . . . . The Prime Standard is a sub-segment of the regulated market of the Frankfurt Stock Exchange with additional post-admission requirements.

Prospectus . . . . Means this document.

Prospectus Regulation . . . . Means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

RCSL . . . . Means *Registre de Commerce et des Sociétés Luxembourg* (Luxembourg Trade and Companies' Register).

RCSL Law . . . . Means the Luxembourg law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings.

Record Date . . . . Means record date for a general meeting of the Company's shareholders.

RESA . . . . Means *Recueil Electronique des Sociétés et Associations* (electronic collection of companies and associations).

RICS . . . . Means Royal Institution of Chartered Surveyors.

Senior Management . . . . Means the senior management of the Company.

Shareholder Rights Law . . . . Means the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in general meetings of listed companies, as amended.

Takeover Directive . . . . Means the Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 concerning takeover bids.

Ten Principles of Corporate Governance of the Luxembourg Stock Exchange . . . . The Ten Principles of Corporate Governance of the Luxembourg Stock Exchange were elaborated by the Luxembourg Stock Exchange (*Société de la Bourse de Luxembourg S.A.*).

Transparency Directive . . . . Means Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004, as amended.

U.S. dollars, USD or U.S.$ . . . . Means the lawful currency of the United States of America.

United States . . . . Means the United States of America.

VAT . . . . Means value added tax.

WALT . . . . Means weighted average lease term.

WpHG . . . . Means German Securities Trading Act (*Wertpapierhandelsgesetz*).

29. ADDRESSES

Luxemburg, Frankfurt, 17 December 2019

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