Consolidated Annual Report

AROUNDTOWN SA

For the year ended
December 31, 2022

BERLIN ALEXANDERPLATZ

AT has over

140,000 SQM

lettable space in the prime commercial and tourist center Alexanderplatz

content


FRANKFURT

01

Board Of Directors´Report

FINANCIAL POSITION HIGHLIGHTS

in € millions unless otherwise indicated	Dec 2022	Dec 2021
Total Assets	**37,347.1**	39,383.1
Total Equity	**17,823.4**	19,156.4
Investment property	**27,981.0**	29,115.9
Investment property of assets held for sale	**909.1**	1,009.3
Cash and liquid assets (including those under held for sale)	**2,718.7**	3,244.1
Total financial debt (including those under held for sale)	**14,805.8**	15,588.2
Unencumbered assets ratio (by rent)	**82%**	83%
Equity Ratio	**48%**	49%
Loan-to-Value	**40%**	39%

KEY FINANCIALS

in € millions unless otherwise indicated	1–12/2022	Change	1–12/2021
Revenue	**1,609.9**	22%	1,323.2
Net rental income	**1,222.1**	13%	1,085.7
Adjusted EBITDA [1]	**1,002.3**	3%	974.9
FFO I [1]	**362.7**	3%	353.2
FFO I per share (in €) [1]	**0.33**	10%	0.30
FFO II	**714.1**	(26%)	968.6
ICR	**5.2x**	0.3x	4.9x
(Loss) profit for the year [2]	**(457.1)**	(142%)	1,078.1
Basic (loss) earnings per share (in €)	**(0.58)**	(205%)	0.55
Diluted (loss) earnings per share (in €)	**(0.58)**	(209%)	0.53

1) including AT's share in companies which AT has significant influence, excluding the contributions from assets held for sale
2) including €404 million of impairment of goodwill

EPRA PERFORMANCE MEASURES

In € millions unless otherwise indicated	2022	Change	2021
EPRA NRV	**12,289.1**	(6%)	13,057.5
EPRA NRV per share (in €)	**11.2**	(3%)	11.5
EPRA NTA [1)]	**10,135.2**	(6%)	10,807.9
EPRA NTA per share (in €) [1)]	**9.3**	(2%)	9.5
EPRA NTA with RETT [2)]	**10,775.3**	(7%)	11,564.0
EPRA NTA with RETT per share (in €) [2)]	**9.8**	(4%)	10.2
EPRA NDV	**10,515.2**	24%	8,462.5
EPRA NDV per share (in €)	**9.6**	28%	7.5
EPRA Earnings	**438.7**	11%	393.7
EPRA Earnings per share (in €)	**0.40**	18%	0.34
EPRA LTV	**55.4%**	0.8%	54.6%
EPRA Net initial yield (NIY)	**3.5%**	0.1%	3.4%
EPRA 'Topped-up' NIY	**3.5%**	-	3.5%
EPRA Vacancy	**7.6%**	(0.1%)	7.7%
EPRA Vacancy including JV	**7.8%**	-	7.8%
EPRA Cost Ratio (including direct vacancy costs)	**27.8%**	(1.9%)	29.7%
EPRA Cost Ratio (excluding direct vacancy costs)	**25.7%**	(1.9%)	27.6%
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	**22.0%**	2.4%	19.6%
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	**19.9%**	2.4%	17.5%

1) Newly defined to exclude RETT
2) Previously defined as EPRA NTA and EPRA NTA per share

Aroundtown

The Group

The Board of Directors of Aroundtown SA and its investees (the "Company", "Aroundtown", "AT", or the "Group"), hereby submits the consolidated annual report as of December 31, 2022. The figures presented are based on the consolidated financial statements as of December 31, 2022, unless stated otherwise.

Aroundtown SA is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities primarily in Germany, the Netherlands and London. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. Aroundtown invests in residential real estate through its subsidiary Grand City Properties S.A. ("GCP"), a publicly traded real estate company that focuses predominantly on the German residential real estate market, as well as on the London residential market. As of December 31, 2022, the Group's holding in GCP is 60% excluding shares GCP holds in treasury (59% including these shares). GCP is consolidated in AT's financials starting from July 1, 2021.

The Group's unique business model and experienced management team led the Group to grow continuously since 2004, navigating successfully through all economic cycles.

FRANKFURT HBF & CBD

Approx.

200,000 SQM

lettable space in Frankfurt
prime centers, main central train
station and banking district

Financial flexibility ensured due to high liquidity and no near term debt maturities

01

€2.7BN CASH & LIQUID ASSETS

▶ 18% of debt

02

LIQUIDITY COVERS DEBT UNTIL THE END OF 2025

▶ Cash and liquid assets, expected proceeds of signed disposals (not closed) and vendor loans cover debt maturities until the end of 2025

03

ABILITY TO DISPOSE DURING DIFFICULT MARKET CONDITIONS

▶ €1.6BN signed in 2022 (of which €680m in Q4) and approx. €150m in Q1 2023-to-date

04

PROACTIVE DEBT REPAYMENTS

▶ ca. €1.1bn repaid in 2022 with 1y avg. maturity. Further €115m of 2025 bonds repurchased in 2023 YTD at a discount, extending the time to refinance further

05

€1BN UNDRAWN RCF

▶ No MAC & maturities mostly in 2025

06

NEW BANK DEBT: ca. €480M IN 2022, ca. €160M IN Q1 2023-TO-DATE

▶ Utilizing the strong banking relationship supported by high amount of unencumbered properties of €22bn

07

LARGE HEADROOM TO ALL BOND COVENANTS

▶ Covenants are based on IFRS reported figures, considering the perpetual notes as equity.

Continuously improving ESG measures

ENVIRONMENT

Working towards higher share of green building certifications & reducing emissions and waste

Green building certifications:

55% of the Dutch portfolio is certified with BREEAM (30% in 2021). 9% of the commercial portfolio is certified (5% in 2021).

Energy Investment Program:

Further investments in energy efficient measures such as PV's, CHP's, EV charging stations and energy efficient renovations.

SOCIAL

Further commitment to well-being of communities and high quality tenant service

AT Foundation:

Funding social projects that support the health and well-being of communities, disadvantaged people & youth. ca. 90 projects were supported in 2022.

High quality tenant service:

Commercial tenant service center is now 24/7 available and TÜV-certified. GCP's residential tenant service center was already TÜV certified with 24/7 availability for many years.

GOVERNANCE, AWARDS & INDICES

Improvement in processes and policies, consecutive awards and inclusion into indices

Inclusion into indices:

Included in the Dow Jones Sustainability Index and Bloomberg Gender Equality Index. These come as a result of years of continuous improvements in ESG processes.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Awards & ratings:

6th consecutive EPRA BPR Gold award & 5th consecutive EPRA sBPR Gold award. Maintained strong Sustanalytics ratings (Top 5th) & improved S&P Global CSA rating (Top 11th)

Committed to Sustainability

ROTTERDAM

Letter From The CEO

Dear Stakeholders,

2022 was a challenging year for the real estate sector, with rising inflation and interest rates, and economic uncertainty. We nonetheless remained disciplined on our main objective which was to maintain our financial flexibility and tap the potential of our operational platform. We continued to successfully dispose assets to strengthen our balance sheet and increased focus on our core businesses. The market environment is very negative and challenging which puts the entire real estate sector on fragile ground. However, we are confident in our ability to continue to lead the company towards its long-term goals. We are happy to share with you some of our achievements across our platform, as well as our thoughts on the current environment.

MARKET & PORTFOLIO PERFORMANCE

The office market in Germany and the Netherlands entered 2022 continuing to benefit from the pent-up demand from previous years caused by the Corona pandemic. However, the trend was reversed when the war in the Ukraine broke out with its adverse effects on supply chains, increasing energy cost, which together with other parameters led to a very high increase in inflation. As a measure to hold back inflation, central banks started to sharply increase interest rates with a potential recession looming over our heads. The transaction market responded accordingly by showing restraint and activity has significantly slowed down. Share prices significantly declined and bond yields increased. On the operational side, we initially experienced stable market demand but with a mixed picture. Businesses had entered this economic uncertainty with a strong labor market and relatively healthy corporate balance sheets, but the looming macro-economic risk and cost reduction measures led potential and existing tenants to become more hesitant which extended the time needed to complete the letting process with many requesting to scale down their office spaces. On the supply side, we have experienced negative momentum in new projects due to soaring construction and financing costs. Our office portfolio is mostly protected against inflation as most of our leases are CPI-indexed or have step-up rents. Thus, we were able deliver 5.2% like-for-like rental income growth as of December 2022. Due to our strong letting teams we also managed to keep our vacancy stable this year. Around 75% of our office tenants are governments or multi-national and large domestic corporations, which is evidence to the quality of our tenant structure. Looking ahead, it is difficult to anticipate an outlook for the office market since the possibility of a recession and its magnitude remain uncertain. However, we continue to work hard and find creative solutions to address the challenges and embrace opportunities if and when they arise.

2022 was yet another year where German residential continued to provide stable and resilient cash flows. We were able to benefit from this further by increasing our footprint in the residential asset class during 2022 through an increased stake in GCP. Our current holding rate in GCP is 60% compared to 44% at consolidation in 2021. During 2022, we have seen further widening in the supply and demand imbalance in an already tight housing market. Germany's population grew further to a record level with the influx of Ukrainian refugees, while the new housing supply was well-below what was targeted and required. Furthermore, due to increasing replacement costs and economic uncertainty new supply is expected to further decrease which will exacerbate this imbalance.

Further, due to the higher mortgage rates, demand for ownership of condominiums decreased and in return the demand for rental apartments increased. However, rising energy prices had a higher cost burden for households, which may impact the ability to increase rents until the cost pressure is resolved. Nonetheless, energy prices have stabilized in recent months and government support is expected to mitigate most of the risk. Additionally, the London residential portfolio displayed a strong performance benefitting also from an increased demand for rental units due to higher mortgage rates. The London residential portfolio continues to provide valuable diversification, also in terms of regulatory risk, where annual rent adjustments capture inflation faster than in Germany. Overall, GCP had a like-for-like rental growth of 2.9% and a record low vacancy of 4.2%. We believe the high demand in combination with low supply will provide tailwinds and stability for the residential portfolio also in 2023.

2022 was a better year than 2021 for hotels as the recovery post-Corona has maintained its momentum. In the first quarter of 2022, the performance was highly impacted by restrictions and increasing infection rates due to the Corona pandemic. Late in the second quarter, the recovery began after restrictions were lifted but profitability in the hotel industry was adversely impacted by cost inflation in utilities (especially in energy) and staff, as well as staff shortages and other supply chain disruptions, which impacted rent collection. In the second half of the year, the recovery picked up speed driven especially by strong demand during summer months. As expected, leisure continued to recover faster, returning to pre-pandemic levels while international and business travel recovery was subdued due to remaining uncertainties and the market environment. However, cost inflation pressures and staff shortages continue to impact our rent collection. Thus, like-for-like rental growth of the hotel portfolio was flat as of year-end 2022. While we recognize that a potential recession is a threat to the recovery, we expect that the hospitality industry will further improve, with bottom-line growth to resume gradually as the recovery continues.

CAPITAL RECYCLING & HEALTHY BALANCE SHEET

In 2022, we demonstrated once again our competitive advantage in finding the right buyers for our assets even in times of uncertainty. We signed €1.6 billion of assets for disposal during 2022 across all locations and asset types, including development rights, of which €680 million was signed in the fourth quarter of 2022. We continued to sell approx. €150 million in 2023 year-to-date, showing our ability to dispose properties also in the most recent market environment. Since the beginning of 2020, when the Covid pandemic started to spread across Europe, together with GCP, we achieved approx. €8 billion of successful disposals over book value on average. In the last periods we see a decreasing volume of transactions in the market due to a more challenging financing environment for buyers and a shift into a price discovery phase. Thus, we experience a slower pace of disposals going forward. Notwithstanding that, we are under no pressure to sell and will continue to sell opportunistically if we feel terms are attractive and we can find more accretive use for the disposal proceeds. The disposal proceeds in 2022 were mostly used for debt repayments which amounted to approx. €1.1 billion and further in January 2023, we repurchased €115 million of 2025 straight bonds at a discount, extending the time we need to refinance further. Additionally, disposal proceeds were also used on our share buyback program which ended in 2022 and we bought back €255 million of shares mostly in the first half of 2022. The share buyback program ended at the end of 2022, however, the Board can decide to initiate a new program should it see fit. We have also distributed a dividend of €0.23 per share in line with our dividend policy. Over one third of the shareholders opted for scrip dividend, supporting cash preservation and contributing to the equity base.

As bank financing is currently more favorable compared to bond financing, a large pool of unencumbered assets provides us with the flexibility to access the secured lending market. We thus raised approx. €480 million of bank debt during 2022, demonstrating our ability to access the secured lending market in a challenging market environment. As a result, we have ample liquidity which mitigates the dependency on market conditions. As of December 2022, we have €2.7 billion of cash and liquid assets and including expected proceeds from disposals that are signed but not closed and vendor loans, the amount reaches to €3.9 billion which covers debt maturities until the end of 2025. We have an additional liquidity potential of €1 billion from undrawn RCF's and unencumbered investment properties of €22.2 billion.

VALUATIONS

Although values were stable for most of the year, the valuation trend has changed in 2022, after years of positive gains. Negative momentum from rate increases and lower sentiment offset positive momentum from indexation and increasing replacement costs. The pressure on valuations resulted in a 3% valuation loss in Q4 2022, with yield expansion outpacing in-place rental growth as well as very strong market rental growth, both supported by high CPI-indexation and cost inflation in construction and financing costs for new supply.

In the residential market the demand and supply dynamics were favorable, but increased rates and uncertainty put pressure on valuations also here which resulted in a slight valuation loss of 1% in Q4 2022.

PERPETUAL NOTES

Perpetual notes are an important part of our capital structure especially as they provide a security cushion in volatile times such as these. Perpetual notes are equity instruments as they are subordinated to debt with no maturity date, no default, no covenants and coupon payments can also be deferred if the conditions deteriorate. At the end of 2022, the Board decided not to use our voluntary option to call the perpetual notes with a call date in January 2023. The decision came after taking into consideration all our options and thoroughly analyzing the implications of each. The decision not to call the perpetual notes does not change the IFRS equity classification and has thus no impact on debt covenants. In the current market environment it is best for the company and all its stakeholders to focus on preserving cash and reducing leverage. As the reset rates of the notes were significantly below new issuance rates, the Board decided not to use our voluntary option to call the notes. These perpetual notes can be called at every interest payment date and we will continue to assess all the options for the upcoming perpetual note call dates. As for our July 2023 perpetual notes, we continue to monitor the perpetual notes market and seek for alternatives, however, currently we still see significantly higher new issuance rates in comparison to reset coupons.

ESG PROGRESS

We continued to work towards achieving our ESG targets and made great progress across multiple fronts. We are happy to share with you some of our achievements during the year. It is important to note that these achievements come as a result of years of continuous improvements. Thanks to the hard work of our dedicated Sustainability team, we have achieved a unified approach across our platform and with shared goals and passion across multiple teams, we were able to see results across the full business spectrum.

Environmental

On this front, our efforts were focused on working towards achieving a higher share of green buildings and investing in measures to reduce emissions and waste. We made further headway after the successful initiation of the pilot program in our Dutch portfolio and certified 55% of the portfolio with BREEAM, from 30% in 2021. Experience and knowledge gained from this project is currently being implemented in our German portfolio with our first office assets being certified and we expect gradual progress in the coming periods. Regarding the Energy Investment Program, our in-house energy department continued to successfully navigate us towards achieving our carbon reduction goals and reducing our footprint. We made further investments in energy efficient measures such as installation of Photovoltaics, Combined Heat and Power, EV charging stations and efficient windows, lighting, roofs, façades and heating systems. In addition, as part of our commitment to contribute to the biodiversity surrounding our properties, we continued to add green facilities in our portfolio and expanded our "Aroundtown buzzes" project. This project supports the survival of bees in urban areas by installing beehives on the rooftop of our properties.

Social

On the social front, our efforts were focused on making further commitments to the well-being of our communities and increasing the quality of our tenant service. With our Aroundtown Foundation, we engaged in numerous charities across our portfolio locations, working in close contact with local partners and authorities, such as HORIZONT e.V., Berliner Lebenshilfe, Mutzkidz, wünschdirwas and Joblinge. The local projects aimed at improving child and youth education & healthcare, eliminating child poverty, preparing disadvantaged young people for the job market, providing solidarity to the ethnic minorities, etc. An example of such projects is where we supported two students in their scientific journey who went on to become world champions in the RoboCup 2022 Bangkok competition. Our Social Days program continued in 2022 where our employees were given opportunities to volunteer in multiple projects with local communities. Furthermore, our People Development & Talent Management team has further ramped up training and development opportunities, covering a wide range of soft and hard skills. In addition, benefitting from the high quality of GCP's residential tenant service, we have integrated further support channels for our commercial tenant service. As a result, we now provide a 24/7 tenant support for the entire Group and both service centers are TÜV-certified, which places us in a unique position compared to our peers.

Governance, Indices and Awards

During 2022, we improved processes, policies and sustainability reporting. The increased level of recognition and awards that we received reflects years of continuous improvements in all ESG matters. In 2022, we achieved our near-term target of being included in the Dow Jones Sustainability Index. Recently, both Aroundtown and GCP were included in the Bloomberg Gender-Equality Index 2023, showing our serious commitment in promoting diversity and anti-discrimination. These inclusions added to our strong visibility in other ESG indices such as S&P Europe 350 ESG Index and DAX 50 ESG Index. We maintained our strong rating with Sustainalytics in the low risk category, ranked among top 5th percentile globally across all industries. In addition, we received the EPRA BPR Gold award for the 6th time and EPRA sBPR Gold award for the 5th time consecutively, reflecting our high standards of financial transparency and sustainability reporting. You can find our Non-Financial Report 2021 and other sustainability related materials on our website. We will update and publish our Non-Financial Report 2022, EPRA sBPR Report 2022, and Sustainability Insights on our website by the end of April 2023.

We would like to thank our talented workforce once again for their hard work, dedication, and commitment. With our strong and diverse portfolio, large cash liquidity and financial flexibility, we are well-positioned to address new challenges and explore new opportunities that are ahead of us in 2023.

March 29, 2023

Barak Bar-Hen

The Strategy and Business Model

Value creation

AT's value creation starts prior to acquisition

1. Sourcing and targeting acquisitions in central locations in top tier cities with growth and upside potential
2. Acquisition and takeover below market prices
3. Repositioning and operational improvements
4. Robust cash flows supported by strong tenant structure, while disposing non-core and mature properties. Disposals to be channeled into debt repayments
5. Additionally continuing to extract value and rights from the properties

1) SOURCING AND TARGETING ACQUISITIONS IN CENTRAL LOCATIONS IN TOP TIER CITIES WITH GROWTH AND UPSIDE POTENTIAL

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

The Group follows acquisition criteria which ensure that newly acquired properties align with its business model. These criteria include:

» Focus on central locations in top tier EU cities

» Value-add potential through operational improvements

» Cash flow generating assets

» Rent level per sqm below market level (under-rented properties)

» Purchase price below replacement cost and below market values

» Potential to reduce operational cost per sqm significantly

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

2) ACQUISITION AND TAKEOVER BELOW MARKET PRICES

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

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

3) REPOSITIONING AND OPERATIONAL IMPROVEMENTS

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

Operational and marketing initiatives

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

Rent increase and tenant restructuring, assessed during the due diligence process, are executed according to the property's business plan. Furthermore, the operational improvements the Group initiates improve the living quality or business environment for existing and future tenants, resulting in increased demand for these repositioned assets.

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

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

Smart capex investments when required

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

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

Relationship management

Aroundtown puts great emphasis on establishing strong relationships with its tenants to reduce churn rates, to predict as well as strengthen the tenant structure and thereby positively affect its cash flows in the future. The Group aims to offer high quality services for both potential and existing tenants. The Group pays great attention to the industry in which its commercial tenants operate and to their individual success factors. The Group also offers direct support to its tenants through add-on facilities at its rental properties such as space extensions to facilitate growth and smart space redesign to match modern office layouts. The Group supports its tenants through its TÜV- and ISO 9001:2015-certified commercial and residential Service Centers with 24/7 availability via various channels. Furthermore, the Group aims to establish personal relationships between its tenants and its asset and property managers, providing them with personal contact points, which allows the Group to react promptly to problems and proactively prolonging existing contracts in order to optimize and secure long-term revenues.

4) ROBUST CASH FLOWS SUPPORTED BY STRONG TENANT STRUCTURE

Aroundtown targets the generation of robust cash flows throughout its operations. This is supported by ongoing cost controls and long-term value creation through repositioning and operational improvements and by extracting the upside potential embedded in the portfolio, continuous optimization of the tenant structure and thereby generating robust internal growth and cash flows.

Capital recycling by selling non-core and mature assets

While the Group's main focus is on extracting the potential of its portfolio, the Group also pursues an accretive capital recycling of non-core and/or mature properties. AT continuously analyzes its portfolio in terms of upside potential to lift and focuses its resources on properties with higher upside. AT seeks to dispose properties where most of the potential has been lifted or which are not in the core locations of AT. The disposal of such properties enables capital recycling and provides firepower to pursue new opportunities with high upside potential on one hand and increases the quality of the portfolio on the other. Addionally, proceeds from disposals enable the Company to buy back debt, strengthen the balance sheet and reduce leverage.

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

As part of the value creation process, Aroundtown identifies and extracts building rights from unused or underutilized existing and new land and buildings and conversion rights, providing an additional internal growth driver. AT assesses internally the best use for the rights and advances on to maintain the discussion with authorities, engineers and architects in order to realize plans into permits. Once the planning and permit phases are completed, Aroundtown analyzes each project individually and decides the best way to realize the value into proceeds. Aroundtown does not intend to fully build and develop all of the rights and estimates that most of the rights will be disposed.

Key Strengths

EXPERIENCED BOARD AND MANAGEMENT

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

This knowledge is communicated and utilized across the Group and its business units which shapes its processes and operational improvements.

AT's management possesses the knowledge that makes up its main competitive advantage, the ability to extract the operational and value potential from its assets. This includes the ability to execute the business plan successfully, which includes executing vacancy reduction activities, establishing cost efficiency measures, setting rent increase processes, understanding tenant structures, and optimizing rental contracts in terms of lease maturity and income security. Cross-sector experience enables the extraction of the full value of the properties and operational experience improves the monitoring and reduction of costs.

DEAL SOURCING AND ABILITY TO CREATE ACCRETIVE GROWTH

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

The Group has a proven track record of acquiring properties with various value-add drivers and successfully extracting the upside potential. This activity is accompanied by a pipeline and acquisition of attractive properties and the successful transition of the existing properties into mature assets, generating secure long-term cash flows. This large network also enables Aroundtown to dispose properties.

QUALITY LOCATIONS IN TOP TIER CITIES

The Group's assets are primarily located in two of Europe's strongest economies with AAA sovereign ratings: Germany and the Netherlands. Within these countries, the Group focuses on central locations in top tier cities including Germany's capital Berlin, the financial center Frankfurt, the wealthiest cities Munich and Hamburg, the large metropolitan area of North Rhine-Westphalia, Netherlands' financial center and capital Amsterdam, Europe's biggest port Rotterdam and Germany's dynamic metropolitan regions in the east Dresden and Leipzig. The Group's assets are further diversified into other top cities with strong economic fundamentals, such as one of Europe's main financial centers and most popular touristic destination, London.

CONSERVATIVE FINANCING STRUCTURE

AT's conservative capital structure approach is reflected in a low LTV of 40% as of December 31, 2022, below the limit of 45% established by the Board of Directors. Aroundtown's management views the conservative debt metrics as vital to secure long-term financial strength. The Company continuously analyzes financing opportunities and aims to take advantage of the optimal source of capital in each market environment. In the current market environment the Company focuses on secured financing at relatively attractive rates.

FINANCIAL POLICY

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

» LTV limit at 45%

» Debt to debt-plus-equity ratio at 45% (or lower) on a sustainable basis

» Maintaining conservative financial ratios with a strong ICR

» Unencumbered assets above 50% of total assets

» Long debt maturity profile

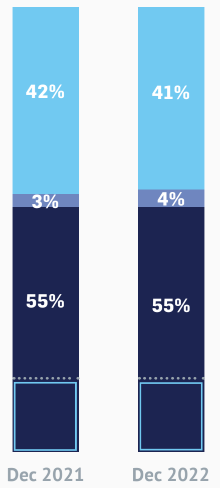
» Good mix of long-term unsecured bonds & non-recourse bank loans

» Dividend distribution of 75% of FFO I per share*

In addition to its conservative capital structure and strong track record in accessing capital markets that enables the Group to finance its future growth, the Group maintains a robust liquidity position through a mix of operational cash flow generation and balance of cash and liquid assets which as of December 31, 2022 amounted to €2.7 billion. Additionally, undrawn RCF's of €1 billion (no MAC) and a high ratio of unencumbered investment properties of 82% (by rent, €22.2 billion in total value) as of December 31, 2022 provide for additional financial flexibility.

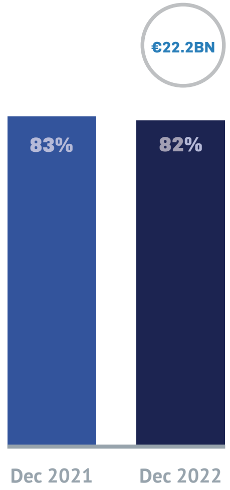
*The decision is subject to market conditions and AGM approval

Financing sources mix

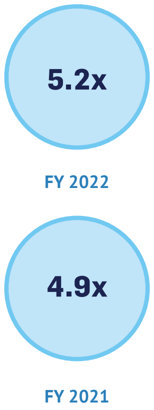


- Straight and convertible bonds and schuldscheins
- Loans & borrowings
- Total Equity
  - of which Perpetual Notes
  - of which Mandatory Convertible Notes

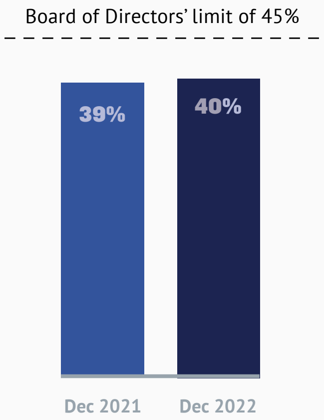
High unencumbered assets ratio



Maintaining high interest cover ratio (ICR)



Loan-To-Value



INVESTMENT GRADE CREDIT RATING

AT has a 'BBB+' rating by Standard & Poor's ratings services ("S&P"). S&P acknowledges AT's strong business profile and large portfolio with great scale and diversification, well balanced across multiple asset types and regions with no dependency on a single asset type or region, together with a large and diverse tenant base and long lease structures. Since the initial credit rating of 'BBB-' received from S&P in December 2015, AT's rating was upgraded twice to the 'BBB+' rating.


FEUERWEHRSTELLFLÄCHE

Aroundtown's Quality Portfolio

TOTAL PORTFOLIO: €28BN*

43%
Office

18%
Hotel

7%
Logistics/Other & Retail

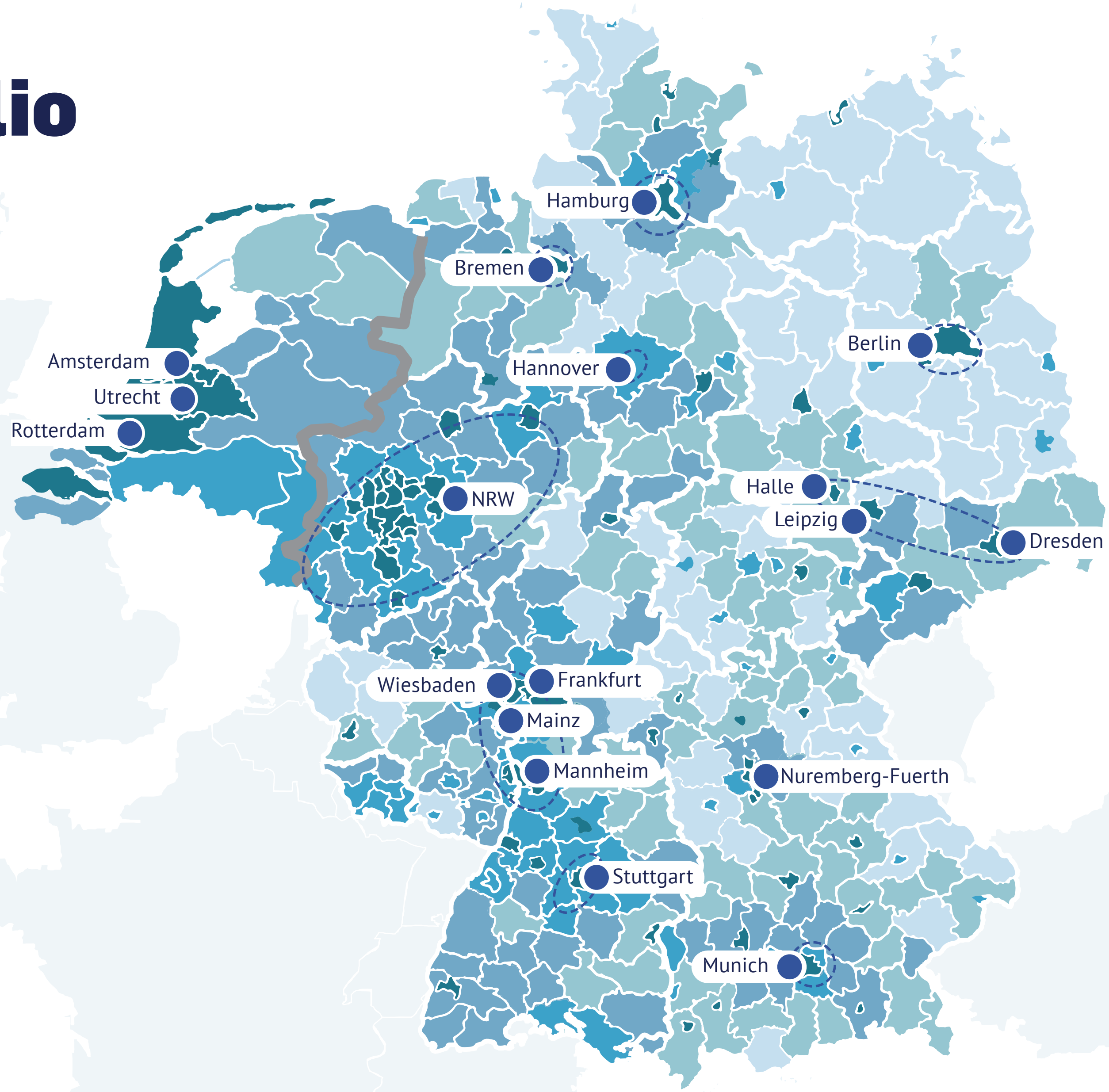
68%
Commercial portfolio

32%
Residential portfolio

*including development rights & invest and excluding properties held for sale

Group Portfolio Overview

Germany & The Netherlands: 85% of the portfolio



POPULATION DENSITY IN GERMANY AND THE NETHERLANDS

- 36 - 100
- 100 - 150
- 150 - 300
- 300 - 1,000
- 1,000 - 4,790

inhabitants per sqkm (Destatis & CBS, 2020)

Two of the strongest economies in Europe with AAA credit rating

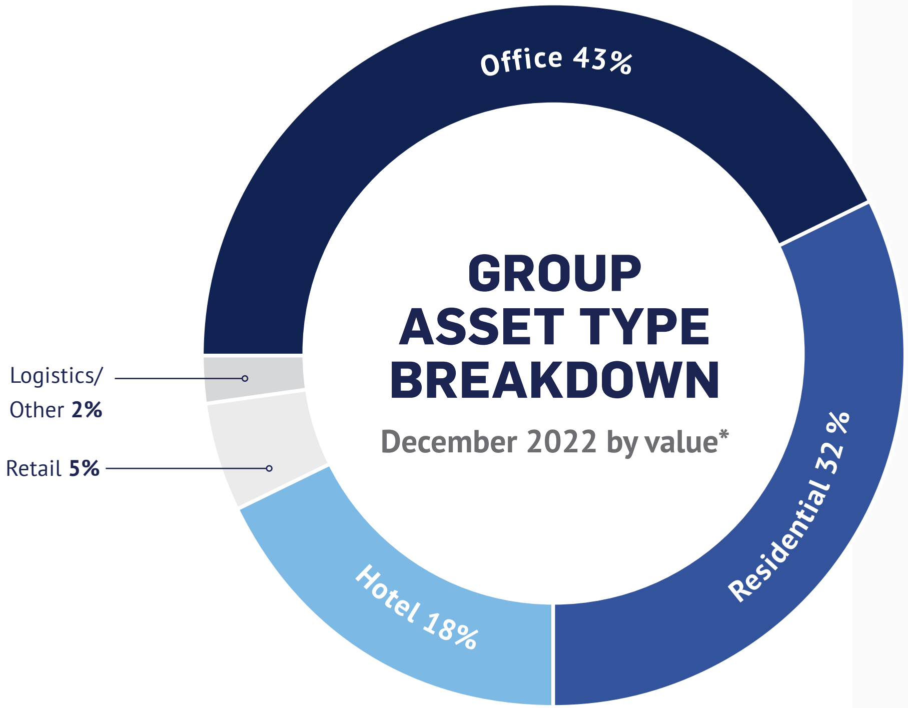
Among the lowest unemployment levels in Europe

Among the lowest debt/GDP levels in Europe

8 of the 15 largest metropolitans in the EU are in Germany & The NL

Together making up more than a quarter of the EU's economy

Well-Diversified Group Portfolio with Focus on Strong Value Drivers



*including development rights & invest
and excluding properties held for sale

ASSET TYPE

The largest asset type is Office (43%) and together with Residential and Hotels, they make up 93% of the portfolio.

TENANT

High tenant diversification with no material tenant or industry dependency.

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

LOCATION

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

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

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

INDUSTRY

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

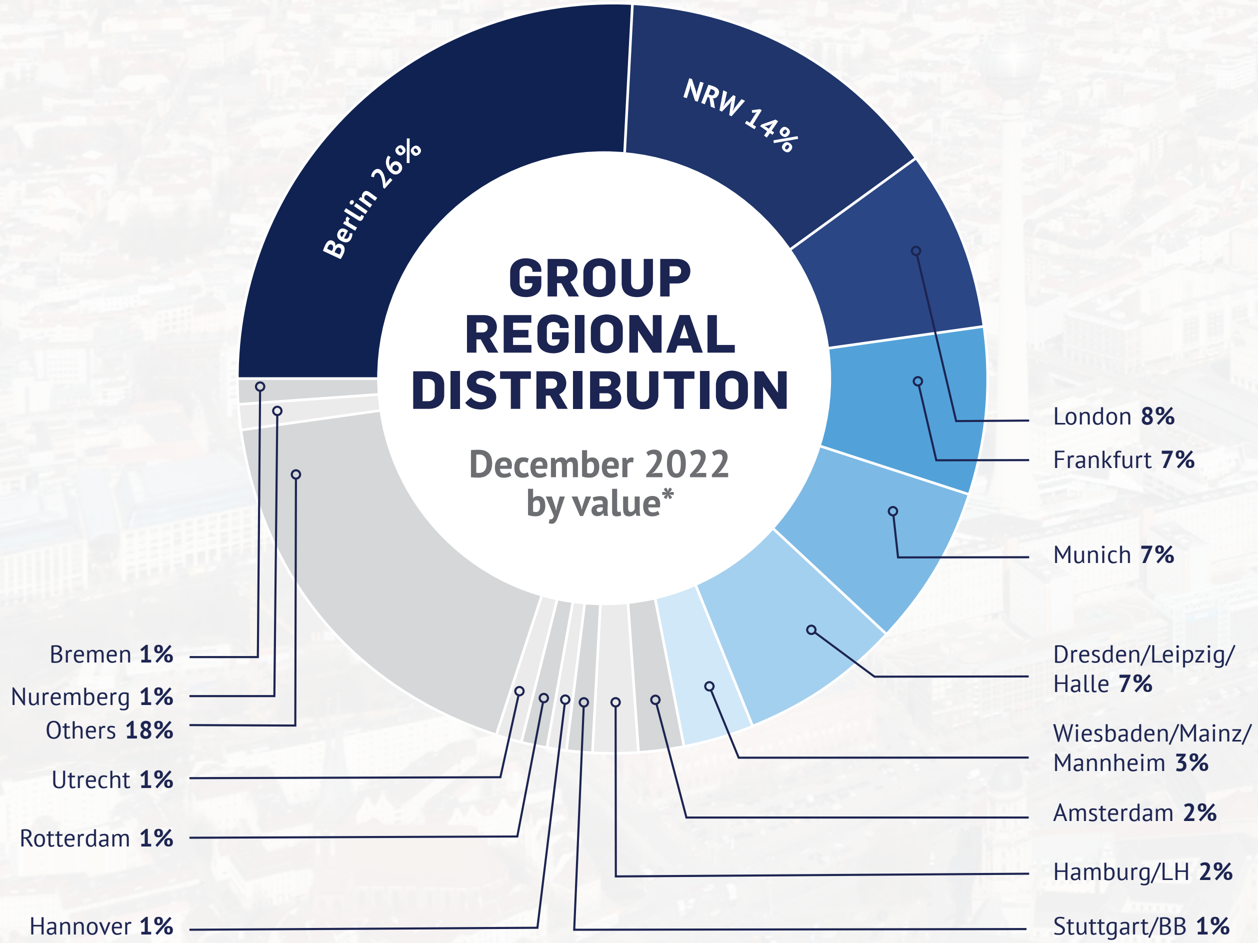
Therefore, the Group's tenants are diversified into distinct sectors, eliminating the dependency on a single industry.


BERLIN


COLOGNE

High Geographical Diversification

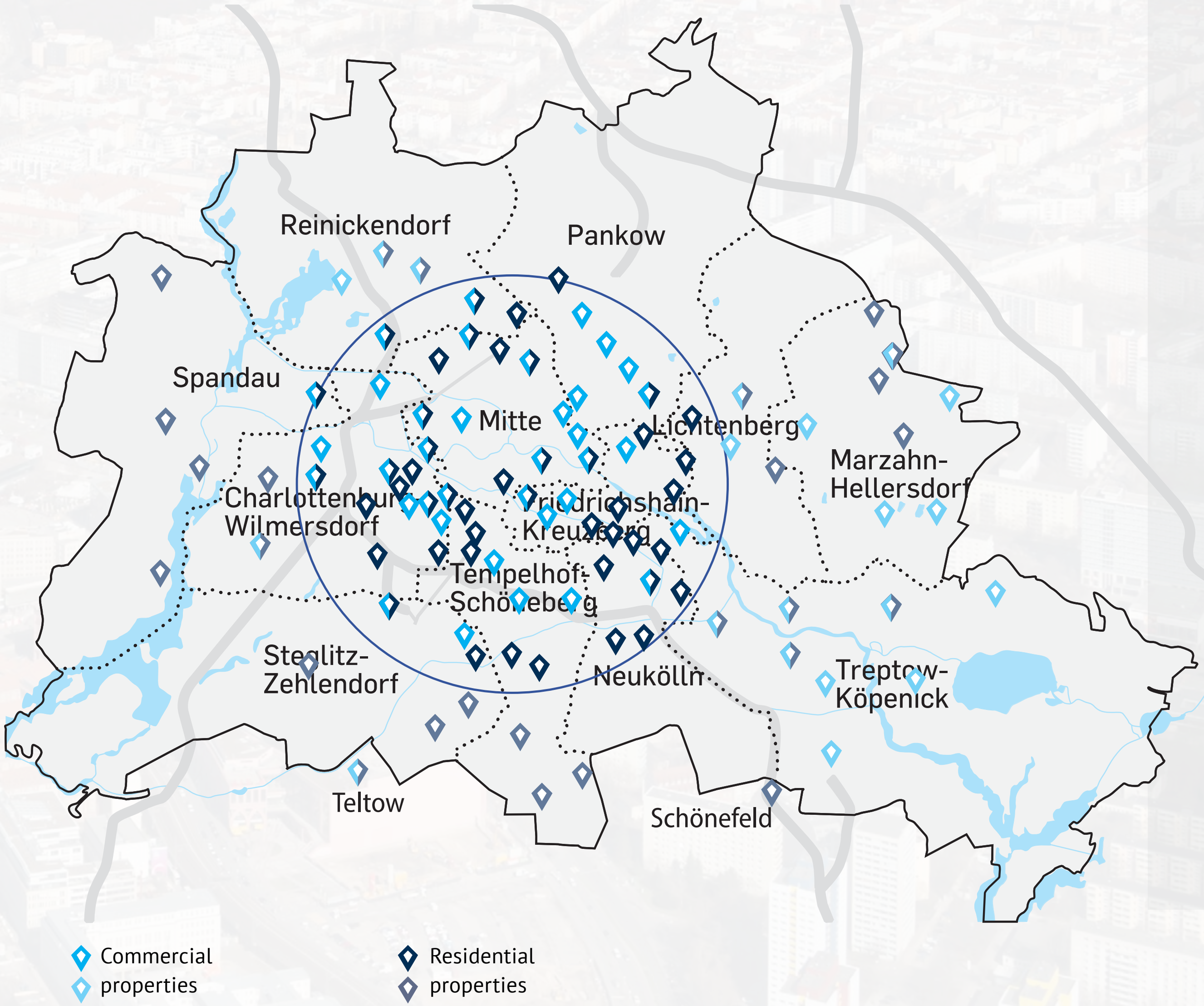
Berlin is the single largest location. AT is a leading landlord in Berlin across multiple asset types.



*including development rights & invest and excluding properties held for sale

BEST-IN-CLASS BERLIN PORTFOLIO

Central locations within top tier cities:
A Berlin example



*Map representing approx. 95% of the portfolio and 97% including central Potsdam

84%

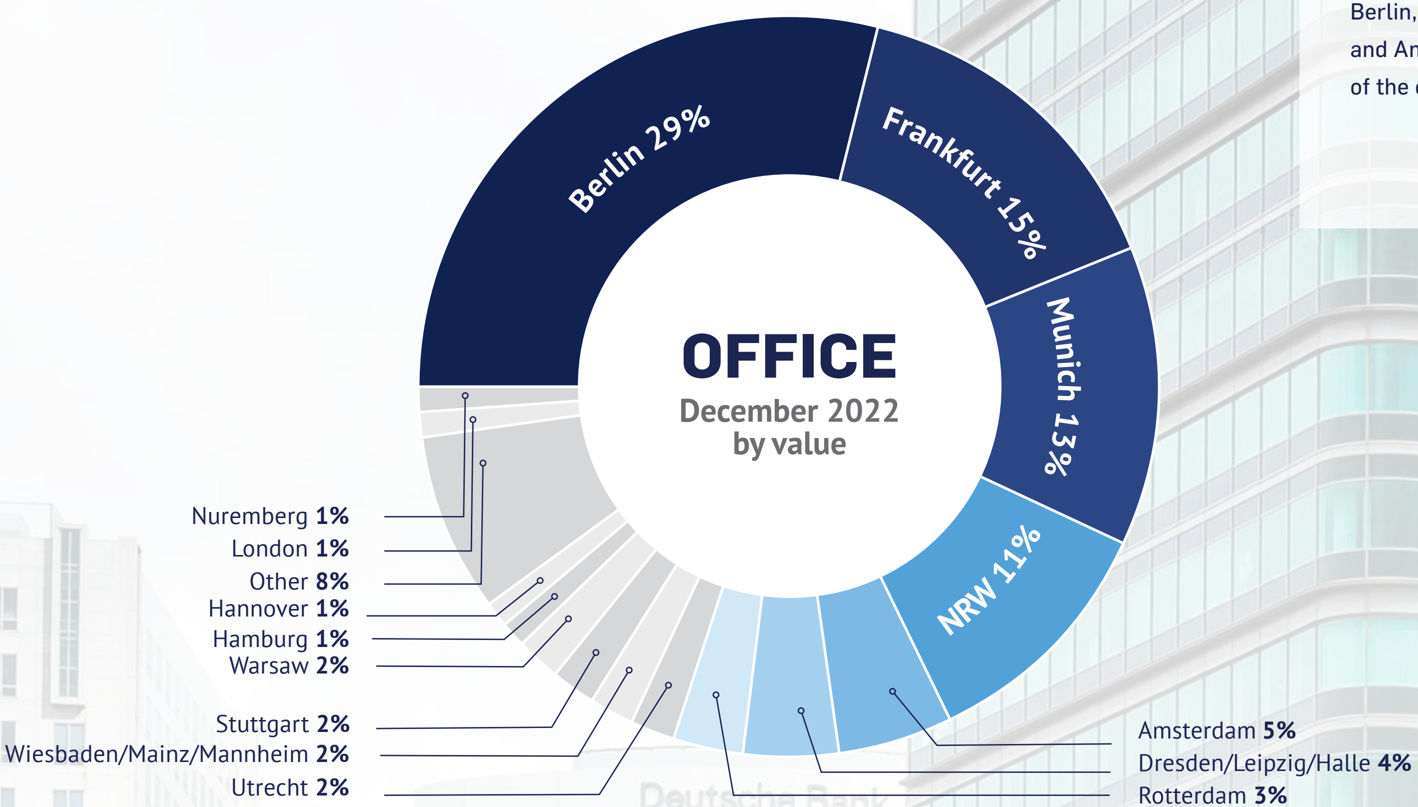
of the portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam

16%

of the portfolio is well located primarily in Reinickendorf, Spandau, Treptow, Köpenick and Marzahn-Hellersdorf

OFFICE: High Quality Offices in Top Tier Cities

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



TOP 4 OFFICE CITIES:

Berlin, Munich, Frankfurt and Amsterdam make up **62%** of the office portfolio.

Unique Key Industry Mix of Top Office Locations

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

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

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


BERLIN


LEIPZIG


MUNICH
SIEMENS


FRANKFURT


DRESDEN


ROTTERDAM
de Maas


STUTTGART


AMSTERDAM

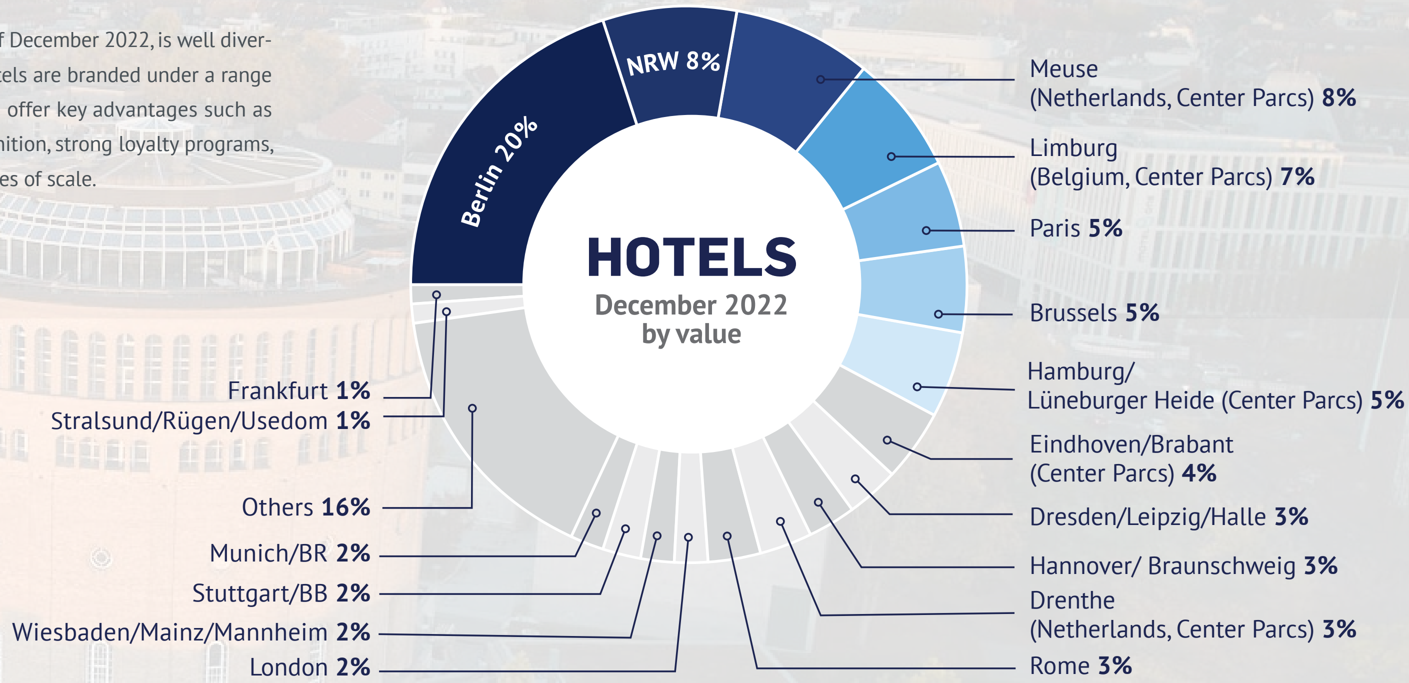

BERLIN


COLOGNE

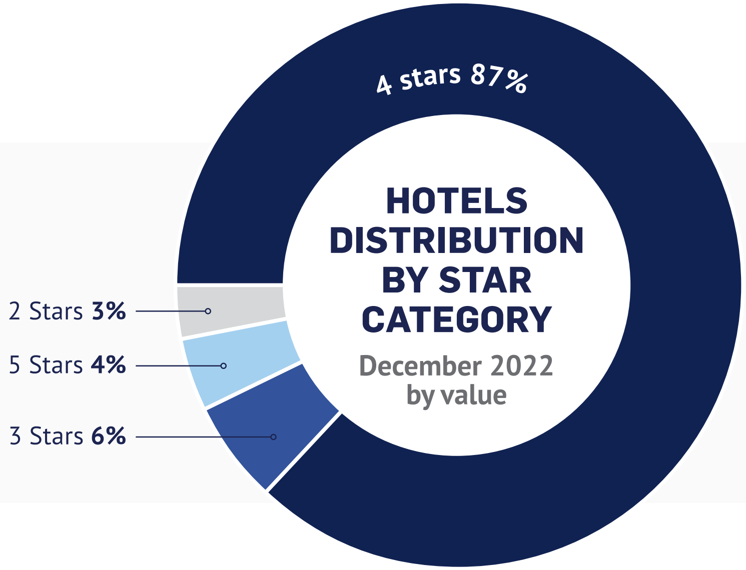
HOTELS: Focus on Central Locations

152 hotels across top locations with fixed long-term leases with third party hotel operators

AT's hotel portfolio, valued at €4.7 billion as of December 2022, is well diversified and covers a total of 1.5m sqm. The hotels are branded under a range of globally leading branding partners which offer key advantages such as worldwide reservation systems, global recognition, strong loyalty programs, quality perception and benefits from economies of scale.



Focus on Quality and Operators with Brand Recognition



The largest share of the hotel portfolio is 4-star hotels with 87%, catching the largest market share from tourism and business travel. The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. AT's management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand.

Hotels leased to third party operators and franchised with various strong brands and a large scale of categories which provides high flexibility for the branding of its assets

High Geographical Diversification

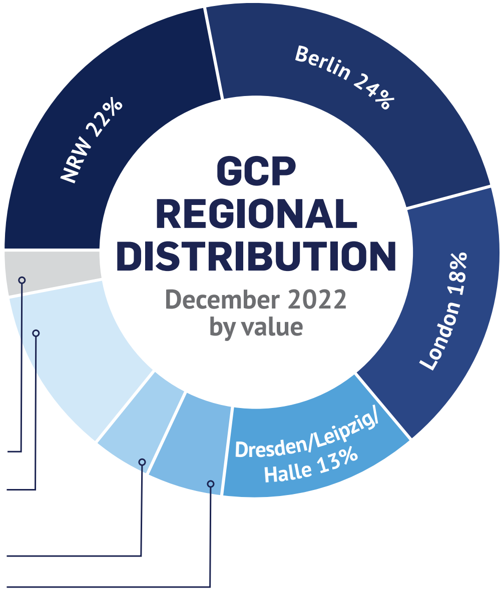
DIVERSE EUROPEAN METROPOLITAN FOOTPRINT

Fixed long term leases with third party hotel operators

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

Grand City Properties

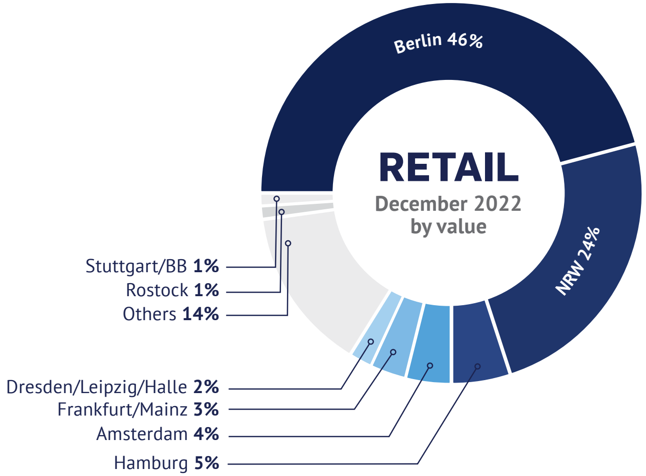
Residential portfolio

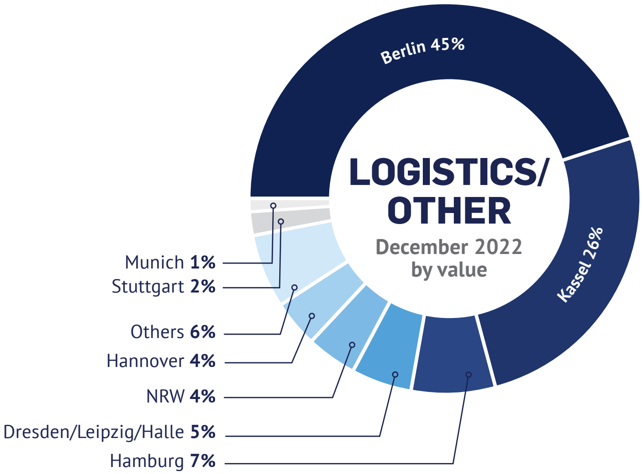


The residential portfolio is primarily held through a 60% stake in Grand City Properties ("GCP") excluding the shares GCP holds in treasury (59% including these shares) as of December 31, 2022. GCP is a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas, predominantly in Germany, as well as in London. GCP is a publicly listed real estate company, traded on the Frankfurt Stock Exchange. Since July 1, 2021, GCP is consolidated in AT's financial accounts, providing the Group with a well-balanced portfolio breakdown. GCP's portfolio has a value of €9.5 billion and operates at an in-place rent of €8.2/sqm and an EPRA vacancy of 4.2%. The portfolio generates an annualized net rental income of €393 million and includes a strong value-add potential. GCP holds 64k units in its portfolio with the properties spread across densely populated areas in Germany, with a focus on Berlin, North Rhine-Westphalia and the metropolitan regions of Dresden, Leipzig and Halle, as well as London. GCP's portfolio includes a relatively small share of commercial properties which AT reclassifies into their relevant asset class. GCP puts a strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting local community initiatives, GCP established industry-leading service standards and lasting relationships with its tenants. For more information, please visit GCP's website.

Further Portfolio Diversification through Logistics/Other and Retail

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





ASSET TYPE OVERVIEW

DECEMBER 2022	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield	WALT (in years)
Office	10,796	3,474	11.2%	466	12.1	3,107	4.3%	4.4
Residential	8,342	3,685	4.0%	356	8.3	2,264	4.3%	NA
Hotel	4,660	1,531	3.9%	237	13.3	3,044	5.1%	14.7
Logistics/Other	423	449	9.5%	24	4.8	942	5.6%	5.6
Retail	1,489	618	11.6%	68	10.1	2,407	4.6%	4.4
Development rights & Invest	2,271							
Total	**27,981**	**9,757**	**7.6%**	**1,151**	**10.3**	**2,635**	**4.5%**	**7.5**
Total (GCP at relative consolidation)	**24,188**	**8,136**	**8.2%**	**995**	**10.8**	**2,706**	**4.5%**	**7.6**

REGIONAL OVERVIEW

DECEMBER 2022	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Berlin	6,267	1,491	6.3%	211	12.1	4,204	3.4%
NRW	3,844	1,974	7.2%	186	8.1	1,947	4.8%
London	1,917	264	4.8%	89	30.4	7,258	4.6%
Dresden/Leipzig/Halle	1,890	1,129	4.1%	91	6.9	1,674	4.8%
Frankfurt	1,779	517	13.8%	76	13.8	3,439	4.3%
Munich	1,756	522	11.0%	52	8.7	3,363	3.0%
Wiesbaden/Mainz/Mannheim	716	262	5.5%	35	11.2	2,729	4.9%
Amsterdam	606	159	12.9%	25	14.4	3,810	4.1%
Hamburg/LH	528	189	4.2%	27	12.0	2,798	5.2%
Hannover	280	156	12.8%	14	8.4	1,794	4.9%
Stuttgart/BB	280	121	14.7%	13	10.7	2,311	4.6%
Rotterdam	262	99	1.9%	18	13.8	2,637	6.8%
Utrecht	219	84	5.6%	13	12.7	2,605	6.0%
Other	5,366	2,790	8.3%	301	9.6	1,924	5.6%
Development rights & Invest	2,271						
Total	**27,981**	**9,757**	**7.6%**	**1,151**	**10.3**	**2,635**	**4.5%**

Capital Markets

KEY INDEX INCLUSIONS

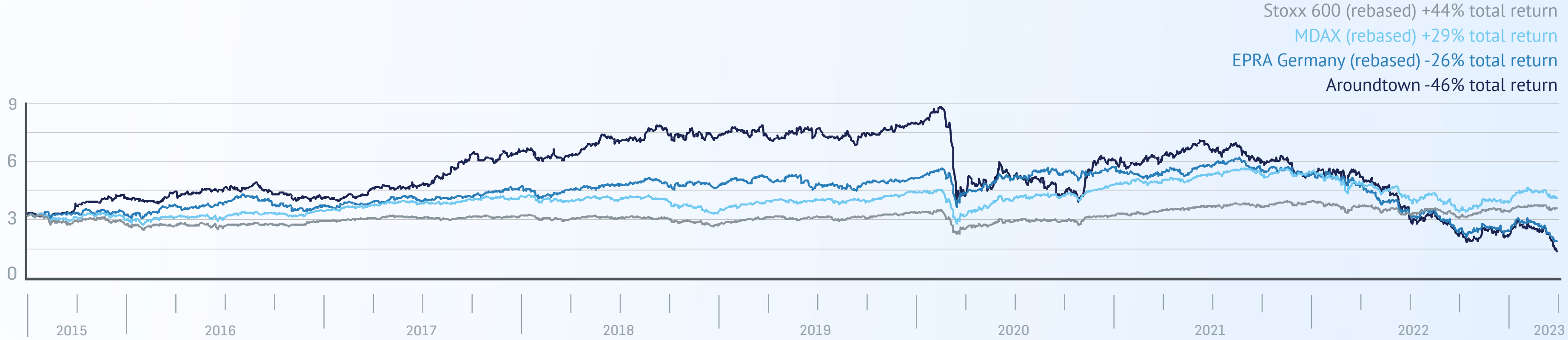
Aroundtown's share is a constituent of several major indices such as **MDAX, DAX 50 ESG, FTSE EPRA/NAREIT Index Series, MSCI Index Series, S&P EUROPE 350, S&P EUROPE 350 ESG, Dow Jones Sustainability Index, STOXX Europe 600** as well as **GPR 250, GPR Global Top 100 ESG** and **DIMAX**. These inclusions are the result of Aroundtown's large market cap and high trading volumes on the Prime Standard of the Frankfurt Stock Exchange (XETRA).

INVESTOR RELATIONS ACTIVITIES

The Group is proactively approaching a large investor audience in order to present its business strategy, provide insight into its progress and create awareness of its overall activities to enhance its perception in the market. AT participates in a vast amount of various national and international conferences, roadshows, one-on-one presentations and in virtual video conferences in order to present a platform for open dialogue. Explaining its unique business strategy in detail and presenting the daily operations allow investors to gain a full overview about the Group's successful business approach. The most recent information is provided on its website and open channels for communication are always provided. Currently, AT is covered by 18 different research analysts on an ongoing basis, with reports updated and published regularly.

TRADING DATA		
Placement	Frankfurt Stock Exchange	
Market segment	Prime Standard	
Trading ticker	AT1	
Initial placement of capital	13.07.2015	
Key index memberships	DAX 50 ESG MDAX FTSE EPRA / NAREIT: – Global – Developed Europe – Eurozone – Germany – Green Indexes MSCI Index Series S&P Europe 350 S&P Europe 350 ESG Dow Jones Sustainability Index STOXX Europe 600 GPR 250 GPR Global Top 100 ESG DIMAX	
AS OF DECEMBER 31, 2022		
Number of shares	1,537,025,609	
Number of shares, base for share KPI calculations[1]	1,092,735,576	[1] excluding suspended voting rights, including the conversion impact of mandatory convertible notes
AS AT MARCH 28, 2023:		
Shareholder Structure	Freefloat: 54% - of which Blackrock 8.4% Shares held in treasury [i]: 31% Avisco Group/Vergepoint [ii]: 15% [i] 12% are held held through TLG Immobilien AG, voting rights suspended [ii] controlled by Yakir Gabay	
Market cap	€2.1 bn / €1.5 bn (excl. treasury shares)	

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



ESG

Environmental,
social and governance

COMMITMENT TO HIGH ESG STANDARDS

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

With regard to **E**nvironmental, our efforts were focused on working towards achieving a higher share of green buildings and investing in measures to reduce emissions and waste. We made further headway after the successful initiation of the pilot program in our Dutch portfolio and certified 55% of the portfolio with BREEAM, from 30% in 2021. Experience and knowledge gained from this project is currently being implemented in our German portfolio with our first office assets being certified and we expect gradual progress in the coming periods. With regard to the Energy Investment Program, to achieve our carbon reduction goals and reduce our footprint, we made further investments in energy efficient measures such as installation of Photovoltaics, Combined Heat and Power, EV charging stations and efficient windows, lighting, roofs, façade and heating systems.

With regard to **S**ocial, our efforts were focused on making further commitments to the well-being of our communities and increasing the quality of our tenant service. With our Aroundtown Foundation, we engaged in numerous charities across our portfolio locations in order to support the development of our communities, working in close contact with local partners and authorities, such as HORIZONT e.V., Berliner Lebenshilfe, Mutzkidz, wünschdirwas and Joblinge. Our Social Days program continued in 2022 where our employees were given opportunities to volunteer in multiple projects with local communities. Furthermore, our People Development & Talent Management team has further ramped up training and development opportunities, covering a wide range of soft and hard skills. In addition, capitalizing on the high quality of our residential tenant Service Center, we have integrated further support channels in our commercial tenant Service Center and achieved 24/7 availability and TÜV and ISO certification.

With regard to **G**overnance, we continued to improve processes, policies and sustainability reporting. As a result of years of continuous improvements in all ESG matters, we have once again received a high level of recognition and numerous awards.

In December 2022, we achieved our near-term target of being included in the Dow Jones Sustainability Index. Recently, both Aroundtown and GCP were included in the Bloomberg Gender-Equality Index 2023, showing our serious commitment in promoting diversity and anti-discrimination. These inclusions added to our strong visibility in other ESG indices such as S&P Europe 350 ESG Index and DAX 50 ESG Index. We maintained our strong rating with Sustainalytics in the low risk category, ranked among top 5th percentile globally across all industries. In addition, we received the EPRA BPR Gold award for the 6th time and the EPRA sBPR Gold award for the 5th time consecutively, reflecting our high standards of financial transparency and sustainability reporting.

We have made updates to our sustainability reporting and all the materials can be found on our website. In our upcoming audited Non-Financial Report 2022, you can see our performance and impact with regard to the management of ESG matters. The non-financial report will also contain the required disclosures for its activities in accordance with the EU Taxonomy Regulation Article 8. Under the Sustainability Insights reports, you can find comprehensive accounts of about a dozen individual topics forming our Sustainable Business Strategy. Lastly, the EPRA sBPR report contains in-depth environmental disclosures with relevant methodological notes. All of Aroundtown's Non-Financial, EPRA sBPR, and Sustainability reports will be published on our website by the end of April 2023.

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

INCLUDED IN 2022, ADDING TO STRONG VISIBILITY IN ESG INDICES SUCH AS S&P EUROPE 350 ESG INDEX AND DAX 50 ESG INDEX

Bloomberg
Gender-Equality Index
2023 Member

INCLUDED IN JANUARY 2023, AS A RESULT OF ITS SERIOUS COMMITMENT IN PROMOTING DIVERSITY AND ANTI-DISCRIMINATION

EPRA BPR GOLD

EPRA sBPR GOLD

GOLD AWARDS FOR THE FINANCIAL AND SUSTAINABILITY REPORTING FOR THE 6TH AND 5TH CONSECUTIVE YEAR, RESPECTIVELY

SUSTAINALYTICS

S&P Global

MAINTAINED SUSTAINALYTICS RATING IN THE LOW RISK CATEGORY, RANKED AMONG THE TOP 5TH PERCENTILE GLOBALLY ACROSS ALL INDUSTRIES. IMPROVED S&P GLOBAL CSA RATING (TOP 11TH)

ENVIRONMENTAL RESPONSIBILITY

The Group considers environmental responsibility as an integral part of its integrated sustainable business strategy which is complemented by the Group's ESG and energy efficiency policies. The Group established a comprehensive environmental policy that reflects all aspects of energy management and environmental responsibility, with the aim to reduce environmental pollution by installing sustainable energy systems which improve energy and cost efficiency, while switching procured energy to renewable energy sources with the goal of reducing its carbon footprint. This Energy and Environmental Policy has undergone an update in late 2022 and early 2023 to improve underlying procedures and better coordinate action towards the Group's emissions target. The new policy promotes a greater emphasis on improving the heating energy efficiency of buildings to reduce the energy demand of the existing building stock. Environmental factors are integral to the Group's business and are included in the investment strategy, due diligence process and the business plan. Over the life cycle of the assets and as part of the repositioning process, the Group seeks to continuously reduce its environmental footprint. As part of this process, the Group conducts regular environmental risk assessments. Environmental due diligence and risk assessments include all aspects of environmental management, such as water and waste management, climate risk, energy efficiency and greenhouse gases (GHG) reduction potential. The Group's efforts to reduce carbon emissions and generate clean energy support the United Nations Sustainable Development Goals, particularly those relating to Affordable and Clean Energy (#7) and Climate Action (#13).

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

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

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

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

» The installation of EV charging stations

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

During 2022, the Group made further investments in energy efficient measures such as PV's, CHP's, EV charging stations and efficient windows, lighting, roofs, façade and heating systems. In 2022, the Group also executed further on its efforts to certify its portfolio with green building credentials. The goal is to increase number of green buildings within the portfolio to match AT's integrated sustainable business strategy. The pilot project was initiated in the Netherlands as there is a high demand from tenants for green buildings. As a result, higher rents and occupancy can be achieved and capex for upgrades yields positively immediately. As of the date of this report, 55% of the Dutch portfolio is certified with BREEAM, from 30% in 2021. Based on experiences gained through this pilot project, the strategy is being implemented in the German portfolio. Developments and major refurbishments are aimed at certification eligibility.

Energy, Carbon Emissions, Water and Waste Management

The objective of the Group is to reduce the consumption of energy with a high carbon footprint by increasing the use of renewable energy and setting periodic emission reduction targets. The Group has strategically decided on switching to higher efficiency systems. A substantial share of the fossil-operated heating plants have already been switched, and further units are being switched on an ongoing basis. Additionally, the Group employs strategic partnerships with energy suppliers (gas and electricity), who must possess relevant certifications. Stipulated by the contractual limits set by the Group's environmental policy, providers monitor their energy consumption and keep to a high standard. The Group has also set the goal to switch all electricity to Power Purchase Agreement (PPA) certified renewable electricity from wind, hydroelectric and solar PV sources by 2027.

Furthermore, the Group believes that sustainable water and waste management provides cost savings for tenants, and thus enhances the attractiveness of the assets for all stakeholders. The Group installs remote water meters not only to detect water leaks and unusual water usages more effectively but also to create awareness and influence tenant behavior. The Group also implements water-saving measures in its assets' sanitary facilities to reduce water consumption. Additional systems have been implemented in the Netherlands that communicate water consumption trends to tenants in real-time to encourage improved tenant behavior. With regards to waste management, the Group focuses its efforts on increasing recycling rates by providing facilities to support waste separation at its sites. The Group engages with tenants to promote better waste management practices to further optimize waste and operational costs through waste management systems. It is important to note that waste management measures are incentivized in Germany and other locations of the portfolio. An example of such an incentive is having no charges for recycled waste. The updated energy and environmental policy promotes further strengthening of the Group's water and waste strategy in coming periods.

Biodiversity

Protecting biological diversity is a key aspect of mitigating climate change and securing food production and also plays an important role in the purification of water and air. Therefore, the Group sees it as a part of its corporate responsibility to not only minimize the impacts it has on biodiversity but also to contribute positively. To minimize its impact, the Group has taken on several measures outlined in its Biodiversity Policy, such as avoiding operating in areas that are recognized to have important biodiversity or near areas with critical biodiversity, avoiding wood or wood products that have not been produced through sustainable methods and instructing facility management companies not to use herbicides or pesticides on its premises that could harm natural life. The Group contributes positively to biodiversity by integrating biodiversity assessment into its due diligence processes, working with external facility management companies to ensure the protection and promotion of biodiversity, consulting with local authorities on the topic and promoting awareness for its own employees and business partners. The Group is committed to regularly monitor and report on the implementation of its biodiversity achievements in its sustainability reporting. The Group carried on with its past achievements and continued to add green facilities in its portfolio and expanded its "Aroundtown buzzes" project. This project ensures the survival of bees in urban areas by installing beehives on the rooftop of AT's properties.

Environmental Programs for Business Partners

The Group's environmental and energy policy has been updated and will come into effect in 2023. This policy governs the environmental strategy and its implementation while the underlying procedures provide guidelines for the selection of technologies and vendors. Business partners must sign a Code of Conduct as a mandatory component of their contract, which requires them to comply with all relevant legal standards and to possess relevant external certifications that help in assessing the environmental impact of their activities and end products. As a result, Aroundtown is engaging its contracted business partners to take actions to improve their environmental impact, an example being certification in accordance with the environmental norm ISO 14001. Aroundtown also actively encourages business partners to innovate and present better systems, technologies and methods in order to improve the overall environmental performance of the supply chain.

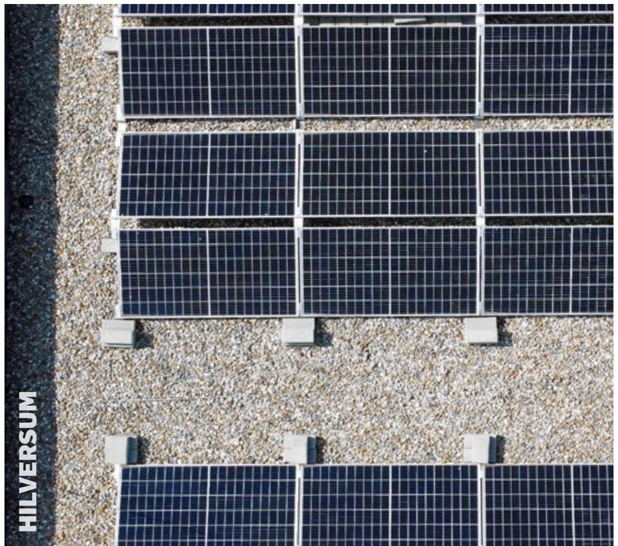
For further information on the Group's environmental responsibility, please see the 2021 Non-Financial Report, as well as relevant Sustainability Insights which are both available on AT's website. AT will update and publish its Non-Financial Report 2022, EPRA sBPR Report 2022, and Sustainability Insights on its website by the end of April 2023 which will give more details on the relevant ESG matters.

Contribution to biodiversity


ROTTERDAM


HILVERSUM


AMERSFOORT


HILVERSUM

SOCIAL RESPONSIBILITY

The Group strongly believes in the shared benefit of aligning its investment activities with creating a positive social impact in its business relationships. The Group does so by investing in the safety and well-being of its employees, tenants and communities, as well as partnering only with suppliers that hold responsible values. AT promotes transparency on its social responsibility measures and actions, which can be found in the sustainability reporting materials published on AT's website.

Responsible Employer

The Group is running high profile programs with regards to Human Capital Development which are outlined in its Commitment to Human Capital Development. A main part of the Group's success lies in its ability to attract, develop and retain qualified and motivated employees. The Group believes that a diverse workforce brings value to the team and therefore constantly guides its human capital to achieve maximum growth and performance by providing people with the means for success and keeping a focus on internal promotion. Furthermore, the Group puts additional emphasis on gender equality. The Group has implemented operating guidelines, monitoring systems and policies such as Diversity Policy and Anti-Discrimination Policy to further reinforce the high standards in the workplace that is governed by openness and respect. Being recognized in this aspect, both Aroundtown and GCP were included in the Bloomberg Gender-Equality Index 2023. In addition, the Group has significantly increased its efforts regarding employee training and development to support employees in their personal development and help improve their competencies. The People Development & Talent Management organized and offered multiple training and development opportunities, such as the leadership program and language courses in English and German. Additionally, an ESG training has been introduced for all new employees and other specialized courses are available on the Company's online training platform. Furthermore, the Group is committed to the health, safety and security of its employees. Beyond the topic of compliance, the Group sets its own standards to increase the well-being of its employees. The Group imparts training on a variety of safety measures and preventive behaviors, carries out periodic workstation ergonomic assessments and invites employees to participate in activities to improve their health. This includes a fitness center, available free of charge to employees at the Berlin headquarters, which offers a variety of classes.

Community Development

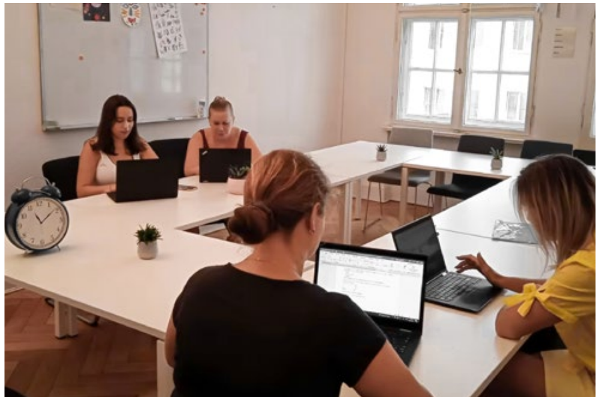
The Group seeks to contribute to the economic and social development of the communities in which it operates and therefore it focuses on supporting initiatives which benefit directly the well-being, health, safety and economic development of its tenants, employees and communities. The Community Involvement & Development Program includes strategic development of relationships with local stakeholders since the Group aims to conduct its operations while being a responsible corporate citizen. The Group engages in a number of activities that address regional needs and generate economic and social development in its portfolio locations. Policies and procedures contain social and environmental impact assessments as well as periodic reviews of existing operations and stakeholder engagement.

The Group believes that involvement with local communities and local authorities are vital to establishing long-term partnerships. On this front, the Group has taken further initiatives to increase its involvement. Building further on its previous relationships during 2022, the Aroundtown Foundation continued to engage with local communities and participated in numerous charitable activities across the portfolio locations. The foundation aims to support the development of communities, working in close contact with local partners. The Group's activities contribute towards the United Nation's Sustainable Developments Goals, particularly those relating to Good Health and Well-being (#3), Quality Education (#4), Gender Equality (#5), Reduced Inequality (#10), Sustainable Cities and Communities (#11) and Partnerships for the Goals (#17).

For further information on the Group's social responsibility, please see the 2021 Non-Financial Report, as well as relevant Sustainability Insights which are both available on AT's website. AT will update and publish its Non-Financial Report 2022, EPRA sBPR Report 2022, and Sustainability Insights on its website by the end of April 2023 which will give more details on the relevant ESG matters.

AT Foundation

Community involvement across the portfolio locations



CORPORATE GOVERNANCE

The Group places a strong emphasis on corporate governance, executed responsibly by the Board of Directors and the management teams. The Group is proud of the high confidence of its investors, which is reflected in the impressive placement of funds by major global investment banks. Among AT's shareholders and bondholders are the large international leading institutional investors and major global investment and sovereign funds.

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

Aroundtown is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions. In particular, Aroundtown is not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to the German Corporate Governance Code, which are only applicable to domestic issuers, save for recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9 and D.11 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex). Aroundown has therefore issued a declaration that it does not deviate from the aforementioned recommendations of the German Corporate Governance Code. In general, Aroundtown already complies with most of the principles and continues to take steps to implement environmental, social and corporate governance best practices throughout its business. The Group's efforts support the United Nations Sustainable Development Goals, particularly those relating to Peace, Justice and Strong Institutions (#16) and Partnerships for the Goals (#17).

The Group also became an active participant in the UN Global Compact in June 2022, one of the world's largest corporate sustainability initiatives, signaling the Group's commitment to strong corporate governance through adherence the UNGC Ten Principles.

Board of Directors

The Board of Directors makes decisions solely in the Group's best interests and independently of any conflict of interest. The Group is administered by a Board of Directors that is vested with the broadest powers to perform in the Group's interests. All powers not expressly reserved by the Luxembourg Companies Act or by the articles of association to the general meeting of the shareholders fall within the competence of the Board of Directors.

On a regular basis, the Board of Directors evaluates the effective fulfilment of their remit and compliance with corporate governance procedures implemented by the Group. This evaluation is also performed by the Audit and Risk Committees. The Board of Directors currently consists of a total of six members, of which three are independent and one is non-executive. The members are elected by the general meeting of shareholders and resolve on matters on the basis of a simple majority, in accordance with the articles of association. The number of directors, their term and their remuneration are determined by the general meeting of shareholders and the maximum term of directors' appointment per election is six years according to Luxembourg law, but directors may be re-appointed after such term.

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

Annual General Meeting

The next Annual General Meeting of the shareholders is intended to take place on June 28, 2023 in Luxembourg.

Members of the Board of Directors

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

The Annual General Meeting in 2022 approved the renewal of the mandates of all the directors until the Annual General Meeting 2025.

Senior and Key Management

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

Advisory Board

The Board of Directors established an Advisory Board to provide expert advice and assistance to the Board of Directors. The Board of Directors decides on the composition, tasks and term of the Advisory Board as well as the appointment and dismissal of its members. The Advisory Board has no statutory powers under the Luxembourg Companies Act or the articles of association of the Group, but applies rules adopted by the Board of Directors. The Advisory Board is an important source of guidance for the Board of Directors when making strategic decisions.

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

Audit Committee

The Board of Directors established an Audit Committee. The Board of Directors decides on the composition, tasks and term of the Audit Committee as well as the appointment and dismissal of its members. The responsibilities of the Audit Committee relate to the integrity of the financial statements, including reporting to the Board of Directors on its activities and the adequacy of internal systems controlling the financial reporting processes and monitoring the accounting processes, including reviewing accounting policies and updating them regularly. The Audit Committee recommends to the Board of Directors the appointment and replacement of the approved independent auditor and provides guidance to the Board of Directors on the auditing of the annual financial statements of the Group and, in particular, shall monitor the independence of the approved independent auditor, the additional services rendered by such auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement with the auditor. The Audit Committee consists of the independent directors Mr. Markus Kreuter (Chairman), Mr. Markus Leininger and Ms. Simone Runge-Brandner.

Risk Committee and Risk Officer

The Board of Directors established a Risk Committee tasked with assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommending a risk management structure including its organization and its process as well as assessing and monitoring the effectiveness of risk management systems. The Risk Committee is supported by the Risk Officer, who brings a systematic and disciplined approach to evaluate and improve the culture, capabilities, and practices integrated with strategy-setting and execution. The Risk Officer's responsibilities are determined and monitored by the Risk Committee, whose oversight is established pursuant to the Rules of Procedure of the Risk Committee. The Risk Committee provides advice on actions of compliance, in particular, by reviewing the Group's procedures for detecting risk, the effectiveness of the Group's risk management and internal control system and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks. The Board of Directors decides on the composition, tasks and term of the Risk Committee and the appointment and dismissal of its members. Members of the Risk Committee are Mr. Markus Kreuter (Chairman), Mr. Markus Leininger, Mr. Frank Roseen and Mr. Ran Laufer.

Internal Controls and Risk Management Systems

The Group closely monitors and manages any potential risk and sets appropriate measures in order to mitigate the occurrence of any possible failure to a minimum. The risk management is led by the Risk Committee, which constructs the risk management structure, organization and processes, and coordinates risk-related training. The Risk Committee monitors the effectiveness of risk management functions throughout the organization, ensures that infrastructure, resources and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline. The Group categorizes the risk management systems into two main categories: internal risk mitigation and external risk mitigation.

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

Internal Risk Mitigation

Internal controls are constructed from five main elements:

» Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies in the organization and executes on issues raised by internal audit impacting the risk management framework.

» Control discipline – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.

» Control features – the Group sets physical controls, compliance checks and verifications such as cross departmental checks. The Group puts strong emphasis on separation of duties as approval and payments are done by at least two separate parties. Payment verifications are cross checked and confirmed with budget and contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.

» Monitoring procedures – the Group monitors and tests unusual entries, mainly through a detailed monthly actual vs. budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.

» ESG-risk-related expenditures – the Group has included the identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Potential future expenditures on ESG matters and opportunities are included in the financial budget.

Compliance, Code of Conduct, Data Protection and Information & Cyber Security

Safeguarding the Group from any reputational damage due to error or misconduct is essential in maintaining the Group's reputation. Therefore, enforcing responsible behavior guided by integrity is a central tool for the management in terms of its dealings. For this reason, the compliance and risk management teams are structured accordingly and supplemented by internal audit procedures, covering all steps of real estate investment and management chain. In order to stipulate ethical behavior throughout its operations, Aroundtown implemented Code of Conducts for both its employment contracts and business partners contracts which include policies that prevent compliance violations and misconducts. These policies include Anti-Corruption, Diversity and Anti-Discrimination, Anti-Bribery, measures to prevent human right violations and Data Protection Declaration and User Policy as well as a Whistleblowing Policy.

The Group agreed on binding standards to achieve an ethical business conduct within its Group, its employees and other personnel to expressly distance from corrupt behaviors and unethical business and such principles shall be explicitly acknowledged by its business partners, too. The Code of Conduct which is mandatory for Aroundtown's business partners includes matters such as respecting and recognizing employees' rights pertaining to freedom of association and the exercise of collective bargaining, providing fair remuneration in wages, refraining from child, forced and compulsory labor, respecting the minimum age requirements within given countries and providing a workplace free of harassment and discrimination of any kind.

The Code of Conduct for employees is supplemented by topical guidelines, the Diversity Policy and Anti-Discrimination Policy. The diversity of perspectives from differences in nationality, ethnicity, race, culture, age, gender, religion, ideology, sexual identity, or physical ability are all respected. Discrimination on the basis of any of these characteristics constitutes an infringement of basic human rights and is explicitly prohibited throughout the Group. In addition to these general requirements, the Group also promotes diversity in many different areas, such as a professional and cultural background and talent pool. The commitment to diversity is guided by the Diversity Committee which implemented a diversity training program during the orientation period for employees. Additionally, Aroundtown is a signatory of the "Diversity Charter". The details about the Group's diversity management and key figures can be found in its sustainability reporting materials published on AT's website.

The Group, in its employee Code of Conduct, has instruments in-place to prevent and fight violations of law, such as human rights violation, corruption and bribery. The employees have reporting channels in case of a possible violation where the measures are dealt with in confidence to the full extent permitted by statutory law. Reported issues are investigated by the Chief Compliance Officer. Besides the reporting channels, there is also a Whistleblowing Service conducted by an external service provider, enabling for full anonymity. If any violation is to be found, certain disciplinary measures are taken if preconditions in that respect are met.

The Company´s Code of Conduct includes the prohibition of insider dealing. The Company is subject to several obligations under Regulation (EU) No. 596/2014 (Market Abuse Regulation, "MAR"). The Company notifies pursuant to Article 19 para. 5 sub-para. 1 sentence 1 of MAR, all person discharging managerial responsibilities of their obligations in the context of managers' transactions. Memorandums, notifications and information are distributed regularly.

The Group has established procedures to protect the confidentiality and integrity of management information and data across all business process. Furthermore, the Group had implemented a wide range of guidelines and provisions, with the ratification of the EU General Data Protection Regulation (GDPR), including enhanced mandatory awareness training on GDPR. The Group has implemented Standard Operating Procedures (SOPs) to ensure that all personal data stored and processed in the course of the Group's operations are safe from manipulation and misuse. Additionally, the Group adopted an information security and privacy strategy in order to maintain a high level of controls to help minimize the potential risks. The diligence of the Group with regards to all compliance issues presents itself in the pleasing level of zero compliance related violations. The Code of Conducts for employees as well as business partners can be found on AT's website.

External Risk Mitigation

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

For information regarding Aroundtown's risk management objectives and policies, see page 171 (Note 26.3. Risks management objectives and policies).

Nomination Committee

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

Remuneration Committee

The Board of Directors established a Remuneration Committee to determine and recommend to the Board the Remuneration policy for the Chairman of the Board, the Executive Directors and Senior Management including evaluation of short-term performance-related remuneration to senior executives. The Remuneration Committee consists of the Independent Directors, Mr. Markus Leininger, Mr. Markus Kreuter and Ms. Simone Runge-Brandner.

ESG Committee

The Board of Directors established an ESG Committee to supervise the company´s ESG processes. In addition, the Committee reviews and assesses the company's contribution to sustainable development. The ESG Committee consists of Mr. Frank Roseen and the Independent Directors, Mr. Markus Leininger (Chairman) and Mr. Markus Kreuter, and is assisted by the Sustainability Department.

Shareholders' Rights

The Group respects the rights of all shareholders and ensures that they receive equal treatment. All shareholders have equal voting rights and all corporate publications are transmitted through general publication channels as well as on a specific section on its website. The shareholders of Aroundtown SA exercise their voting rights at the general meeting of the shareholders, whereby each share is granted one vote. The voting rights attached to shares held by TLG Immobilien AG in Aroundtown SA are suspended. The suspension of the voting rights also applies to shares held and/ or acquired by Aroundtown SA, either directly or through subsidiaries, pursuant to its buy-back programme. The Annual General Meeting of the shareholders takes place at such place and time as specified in the notice of the meeting. At the Annual General Meeting of the shareholders the Board of Directors presents, among others, the directors report as well as consolidated financial statements to the shareholders. The Annual General Meeting resolves, among others, on the financial statements of Aroundtown, the appointment of the approved independent auditor of the Group and the discharge to and appointment or re-election of the members of the Board of Directors, in case their mandate is about the expire.

Compliance to the transparency law

The Company is committed to adhere to best practices in terms of corporate governance by applying, among others, rules arising from the Luxembourg law of 11 January 2008 on transparency requirements for issuers, as amended (the **"Transparency Law"**).

In particular, the Company continuously monitors the compliance with the disclosure requirements with respect to regulated information within the meaning of article 1 (10) (the **"Regulated Information"**) of the Transparency Law and therefore publishes, stores with the Luxembourg Stock Exchange as the officially appointed mechanism (OAM) and files with the Commission de Surveillance du Secteur Financier (the **"CSSF"**) the Regulated Information on an ongoing basis.

The quarterly, half-yearly and annual financial reports, investor presentations, press releases and ad-hoc notifications are available in the English language on the Company´s website. In addition, the Company provides on its website information about its organization, its management and upcoming and past shareholder meetings, such as its annual general meetings. The Company´s website further provides a financial calendar announcing the financial reporting dates as well as other important events. The financial calendar is published before the beginning of a calendar year and is regularly updated.

The individual Aroundtown SA financial statements are published annually in the same day of Aroundtown SA consolidated report.

Information according to article 11 (2) of the Luxembourg Takeover Law

The following disclosure is provided pursuant to article 11 of the Luxembourg law of 19 May 2006 transposing Directive 2004/25/ EC of the European Parliament and of the Council of 21 April 2004 on takeover bids, as amended (the **"Takeover Law"**):

a) With regard to article 11 (1) (a) and (c) of the Takeover Law (capital structure), the relevant information is available on page 154 (Note 20. Total equity) of this consolidated annual report. In addition, the Company's shareholding structure showing each shareholder owning 5% or more of the Company's share capital is available on page 41 of this consolidated annual report and on the Company's website, where the shareholding structure is updated as per shareholder notifications on a regular basis.

b) With regard to article 11 (1) (b) of the Takeover Law, the ordinary shares issued by the Company are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and are freely transferable according to the Company's articles of association (the **"Articles of Association"**).

c) In accordance with the requirements of Article 11 (1) c of the Takeover Law, the following significant shareholdings were reported to the Company until December 31, 2022:

Shareholder name	Amount of Shares [1]	Percentage of voting rights
Aroundtown SA and its wholly owned affiliate	288,045,215	18.74% [2]
Avisco Group PLC / Vergepoint Limited[3]	230,660,516	15.01%
TLG Immobilien AG	183,936,137	11.97% [2]
BlackRock, Inc.	128,547,671[4]	8.36%[4]

1) Total number of Aroundtown SA shares as of December 31, 2022: 1,537,025,609
2) Voting rights are suspended
3) Controlled by Yakir Gabay
4) Including 2.04% of total voting rights through financial instruments

d) With regard to article 11 (1) (d) of the Takeover Law, each ordinary share of the Company gives right to one vote according to article 8.1 of the Articles of Association. There are no special control rights attaching to the shares. The voting rights attached to shares held by TLG Immobilien AG in the Company are suspended. The suspension of the voting rights applies to any other shares acquired by the Company, either directly or through subsidiaries, pursuant to its buy-back programme.

e) With regard to article 11 (1) (e) of the Takeover Law, control rights related to the issue of shares are directly exercised by the relevant employees. The key terms and conditions in relation to the Company's incentive share plan are described on page 160 (Note 21. Share-based payment agreements) of this consolidated annual report.

f) With regard to article 11 (1) (f) of the Takeover Law, the Articles of Association impose no voting rights limitations. However, the sanction of suspension of voting rights automatically applies, subject to the Transparency Law to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in the Transparency Law but have not notified the Company accordingly. In this case, the exercise of voting rights relating to the shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

g) With regard to article 11 (1) (g) of the Takeover Law, as of December 31, 2022, the Company was not aware of any agreements between shareholders that would lead to a restriction on the transfer of shares or voting rights.

h) With regard to article 11 (1) (h) of the Takeover Law, according to article 15.1 of the Articles of Association, the members of the board of directors of the Company (the **"Board"**) shall be elected by the shareholders at their annual general meeting by a simple majority vote of the shares present or represented. The term of the office of the members of the Board shall not exceed six years, but they are eligible for re-election. Any member of the Board may be removed from office with or without specifying a reason at any time. In the event of a vacancy in the office of a member of the Board because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, by observing the applicable legal prescriptions. Further details on the rules governing the appointment and replacement of a member of the Board are set out in page 51 of this consolidated annual report. According to article 14 of the Articles of Association, any amendment to the Articles of Association made by the general meeting of shareholders shall be adopted if (i) more than one half of the share capital is present or represented and (ii) a majority of at least two-thirds of the votes validly cast are in favour of adopting the resolution. In case the first condition is not reached, a second meeting may be convened, which may deliberate regardless of the proportion of the share capital represented and at which resolutions are taken at a majority of at least two-thirds of votes validly cast.

i) With regard to article 11 (1) (i) of the Takeover Law, the Board of Directors is endowed with wide-ranging powers to exercise all administrative tasks in the interest of the Company including the establishment of an Advisory Board, an Audit Committee, a Risk Committee, a Remuneration Committee and a Nomination Committee. Further details on the powers of the Board are described on pages 51-55 and 100 of this consolidated annual report.

   Pursuant to article 7.2 of the Articles of Association, the Board is authorized to issue shares under the authorised share capital as detailed on page 154 (Note 20.1.1. Share capital) and page 160 (Note 21. Share-based payment agreements) of this consolidated annual report. According to article 8.7 of the Articles of Association, the Company may redeem its own shares to the extent and under the terms permitted by law. The Company concluded its previously announced share buyback program at the end of 2022. Further details on the Company's concluded share buyback program are described on pages 154-155 (Note 20.1.2. Treasury shares) of this consolidated annual report.

j) With regard to article 11 (1) (j) of the Takeover Law, the Company's listed straight bonds, perpetual notes and security issuances (listed on pages 154-157 and 161-165; and Note 20.1.1., Note 20.2. and Note 22.2.) under the EMTN programme contain change of control provisions that provide noteholders with the right to require the Company to repurchase their notes upon a change of control of the issuer. The Company's ISDA master agreement securing derivate transactions with regard to its listed debts contains a termination right if the Company is financially weaker after a takeover.

k) With regard to article 11 (1) (k) of the Takeover Law, there are no agreements between the Company and members of the Board or employees according to which, in the event of a take-over bid, the Company may be held liable for compensation arrangements if the employment relationship is terminated without good reason or due to a takeover bid.

Notes on Business Performance

SELECTED CONSOLIDATED INCOME STATEMENTS DATA

	Year ended December 31,	
	2022	2021
	in € millions	
Revenue	1,609.9	1,323.2
Net rental income	**1,222.1**	**1,085.7**
Property revaluations and capital gains	(497.3)	809.7
Share of profit from investment in equity-accounted investees	5.9	193.4
Property operating expenses	(694.9)	(533.0)
of which Extraordinary expenses for uncollected rent [1]	*(75.0)*	*(125.0)*
Administrative and other expenses	(62.5)	(56.6)
Operating profit	361.1	1,736.7
Adjusted EBITDA [2] [3]	**1,002.3**	**974.9**
Finance expenses	(184.8)	(180.4)
Current tax expenses	(117.4)	(100.3)
FFO I [4]	**362.7**	**353.2**
FFO I per share (in €) [4]	**0.33**	**0.30**
FFO II [4]	**714.1**	**968.6**
Impairment of goodwill	(404.3)	-
Other financial results	(194.1)	(162.1)
Deferred tax income (expenses)	82.4	(215.8)
(Loss) profit for the year	**(457.1)**	**1,078.1**

1) extraordinary expenses for uncollected rent due to the Covid pandemic
2) excluding extraordinary expenses for uncollected rent due to the Covid pandemic
3) including AT's share in the adjusted EBITDA of companies in which AT has significant influence, excluding the contributions from commercial assets held for sale. For more details regarding the methodology, please see pages 88-96
4) including AT's share in the FFO I of companies in which AT has significant influence, excluding FFO I relating to minorities and contributions from commercial assets held for sale. For more details regarding the methodology, please see pages 88-96

REVENUE

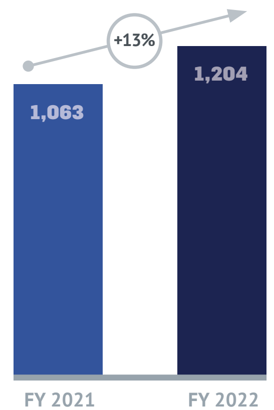
	Year ended December 31,	
	2022	2021
	in € millions	
Recurring long-term net rental income	**1,204.1**	**1,063.2**
Net rental income related to properties marked for disposal	18.0	22.5
Net rental income	**1,222.1**	**1,085.7**
Operating and other income	387.8	237.5
Revenue	**1,609.9**	**1,323.2**

AT generated €1,610 million of revenues in 2022 ("FY 2022"), up by 22% compared to €1,323 million generated in 2021 ("FY 2021"). Net rental income is the largest portion of revenues which amounted to €1,222 million in 2022, up by 13% compared to €1,086 million in 2021. This growth is mainly driven by the consolidation of GCP as of July 1, 2021 and like-for-like net rental income growth which was partially offset by disposals. As a result, GCP has contributed to the full 12 months period in 2022 while only contributing the second half of the year in 2021. Excluding GCP's contribution, net rental income amounted to €827 million in 2022, reflecting a decrease of 8% compared to €894 million in 2021. This decrease is mainly driven by €1.6 billion of disposals closed in 2022, as well as the full year impact of €2.3 billion disposals closed in 2021. Total like-for-like amounted to 3.5% which is comprised of positive 3.7% in-place rent like-for-like and negative 0.2% occupancy like-for-like. The office portfolio had a like-for-like net rental income growth of 5.2%, supported by CPI indexation adjustments. The hotel portfolio's like-for-like rent was flat. The majority of the commercial leases are CPI-indexed or have step-up rents, which supported the rent increase in 2022. Regarding GCP, the residential real estate's stable operations were supported by tailwinds from the persistent supply-demand imbalance, resulting in a 2.9% like-for-like rental growth as of December 2022. In addition, net rental income increased further due to acquisition in the amount of approx. €470 million in 2022. The majority of these were executed by GCP which were mainly completed towards the end of the second half of 2022, primarily located in London and Berlin and had only a partial impact on the current period.

AT generated €388 million of operating and other income in 2022, up by 63% compared to €238 million generated in 2021, mainly due to the consolidation of GCP, additionally impacted by cost inflation. Operating income is mainly linked to ancillary expenses that are reimbursed by tenants such as utility costs (heating, energy, water, insurance, etc.) and charges for services provided to tenants (cleaning, security, etc.). The leases in residential real estate have a higher share of ancillary expenses compared to commercial real estate where net lease structures are more prevalent (e.g. hotels) and more of these costs are directly incurred by the tenants. As a result, the increase in operating and other income was higher than the increase in net rental income following the consolidation of GCP and cost inflation. The increase in operating and other income is correlated with the increase in purchased services as explained below in property operating expenses.

AT further breaks down its net rental income into the recurring long-term net rental income and net rental income generated by properties marked for disposal. Since AT intends to dispose the held-for-sale properties, AT views their contribution as non-recurring and therefore presents this in a separate line item. The net rental income from held-for-sale properties and disposed properties amounted to €18 million in 2022, lower compared to €23 million in 2021, mainly due to lower amount of held for sale properties. AT completed €1.6 billion of disposals in 2022. Correspondingly, the recurring net rental income amounted to €1,204 million in 2022, up by 13% compared to €1,063 million in 2021. The recurring net rental income also includes immaterial rental income from properties classified as development rights & invest which is excluded in the run rate.

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



PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2022	2021
	in € millions	
Property revaluations	(539.9)	744.1
Capital gains	42.6	65.6
Property revaluations and capital gains	**(497.3)**	**809.7**

Property revaluations and capital gains amounted to a loss of €497 million in 2022, compared to a gain of €810 million in 2021. Property revaluations amounted to a loss of €540 million in 2022, compared to a gain of €744 million in 2021. Interest rate increases adversely affect valuations whose impact is partially offset by rent increase mainly from indexation and increasing replacement costs which combined resulted in a negative 0.4% like-for-like as of December 2022 and negative 1.8% accounting for capex. Although values were stable for most of 2022, this trend was reversed in Q4 2022, with yield expansion outpacing rental growth. Thus, AT got all of its portfolio revalued and audited during Q4 2022 as part of the annual audit of 2022 by independent and qualified valuers and auditors. In Q4 2022, the value decrease was 3%.

AT completed €1.6 billion of disposals in 2022 around book value resulting in €43 million capital gains. The disposal margin over total costs including capex was 29%. 38% of the disposals were offices, 13% were hotels, 26% were development projects and 23% were retail, logistics and other. Over one third of the disposals were located in Berlin while the remaining were located in Dresden, Hamburg, Leipzig, Munich, Stuttgart, Amsterdam, Wiesbaden and non-core locations across the UK, Netherlands and Germany.

As of December 2022, the portfolio reflects an average value of €2,635 per sqm and net rental yield of 4.5%, compared to €2,614 per sqm and 4.4% as of December 2021, which has a significant headroom to replacement costs.

SHARE OF PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	Year ended December 31,	
	2022	2021
	in € millions	
Share of profit from investment in equity-accounted investees	**5.9**	**193.4**

Share of profit from investment in equity-accounted investees amounted to €6 million in 2022, compared to €193 million in 2021. This item represents AT's share of profits from investments which are not consolidated in AT's financial statements, but over which AT has significant influence. Prior to the consolidation of GCP as of July 1, 2021, GCP was the main contributor to this line item and thus the result in 2021 included GCP's profit for the first half of the year, as well as a one-time revaluation gain of €76 million recorded as part of the initial consolidation of GCP. The main equity-accounted investee as of December 2022 is the investment in Globalworth Real Estate Investments Limited ("Globalworth" or "GWI"), a leading publicly listed office landlord in Central Eastern European markets, mainly in Warsaw and Bucharest. Due to the change in market environment and negative revaluations in investees, AT recorded an impairment of €31 million in 2022 mainly over its investment in GWI.

Nevertheless, the recurring contribution of the investees to the adjusted EBITDA and FFO I were €59 million and €46 million in 2022, compared to €104 million and €69 million in 2021.

PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2022	2021
	in € millions	
Ancillary expenses and purchased services	(390.8)	(238.1)
Maintenance and refurbishment	(51.1)	(37.8)
Personnel expenses	(58.6)	(46.8)
Depreciation and amortization	(21.1)	(15.9)
Other operating costs	(173.3)	(194.4)
of which Extraordinary expenses for uncollected rent [1)]	*(75.0)*	*(125.0)*
Property operating expenses	**(694.9)**	**(533.0)**

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

Property operating expenses amounted to €695 million in 2022, higher compared to €533 million in 2021, mainly driven by the consolidation of GCP, mirroring the growth of the operating and other income, and additional provisions made in relation to higher energy prices. Excluding GCP's contribution, property operating expenses decreased as a result of disposals and lower amount of extraordinary expenses for uncollected rent, partially offset by cost inflation. The main portion of property operating expenses are ancillary expenses and purchased services which are mainly recoverable from tenants such as utility costs (heating, energy, water, insurance, etc.), charges for services provided to tenants (cleaning, security, etc.) and other services contracted in relation to the operations of properties. Operating personnel expenses amounted to €59 million in 2022, higher compared to €47 million in 2021, mainly due to the consolidation of GCP and cost inflation. Other operating costs excluding the extraordinary expenses for uncollected rent increased from €69 million in 2021 to €98 million in 2022. These costs include various expenses such as marketing, letting and legal fees, transportation, travel, communications, insurance, IT and VAT. AT has seen cost inflation across these items. Additionally, these costs include a provision in relation to the significant increase in utility expenses which might not be fully recovered from tenants. The Company will examine and update this balance from period to period. Profitability of commercial tenants and household income of residential tenants may have been harmed due to the inflationary pressures, which could potentially impact the collection rates. Property operating expenses further include non-recurring extraordinary expenses for uncollected rent mainly in relation to the hotel sector, which amounted to €75 million in 2022 compared to €125 million in 2021. AT created extraordinary expenses for uncollected rent in response to the impact and aftereffects of the Coronavirus pandemic, especially affecting the hotel industry. The extraordinary expenses recorded during 2022 were lower compared to 2021 as lockdowns and other restrictions were less frequent and less strict in 2022, as well as due to disposal of hotels. The rent collection in Q1 2022 was still heavily impacted by restrictions and increasing infection rates. Recovery began end of Q2 2022 after restrictions were lifted and further progress in recovery in H2 2022 was especially driven by higher demand during summer. However, profitability in the hotel industry remains adversely impacted by cost inflation in utilities (particularly in energy costs) and staff, as well as staff shortages and supply chain disruptions, which are delaying the full recovery in the hotel portfolio. Excluding the extraordinary expenses for uncollected rent, property operating expenses amounted to €620 million in 2022, 52% higher compared to €408 million in 2021, mainly due to the consolidation of GCP.

MAINTENANCE AND CAPEX

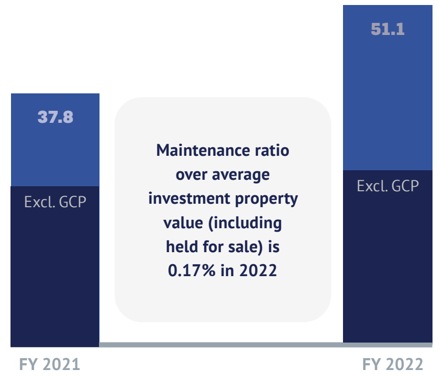
Maintenance and refurbishment expenses amounted to €51 million in 2022, higher by 35% compared to €38 million in 2021, mainly due to the consolidation of GCP and cost inflation. Excluding GCP, the increase was 6%. Residential real estate has a higher share of maintenance expenses compared to commercial real estate where net lease structures are more prevalent and some of these costs are directly incurred by the tenants. As a result, the maintenance expense ratio over the average investment property value (including properties held for sale) increased slightly to 0.17% in 2022 from 0.15% in 2021.

AT analyzes its portfolio for its capex needs in order to maintain the high quality of the portfolio, increase its attractiveness and address the requirements of its existing and prospective tenants. During 2022, AT invested €408 million in capex, reflecting a ratio of 1.4% over average investment property value (including properties held for sale), lower in comparison to €433 million and 1.7% in 2021. Due to the current market environment, cash preservation has become an important objective for AT and capex projects are carried out more selectively, resulting in a comparatively lower capex in 2022.

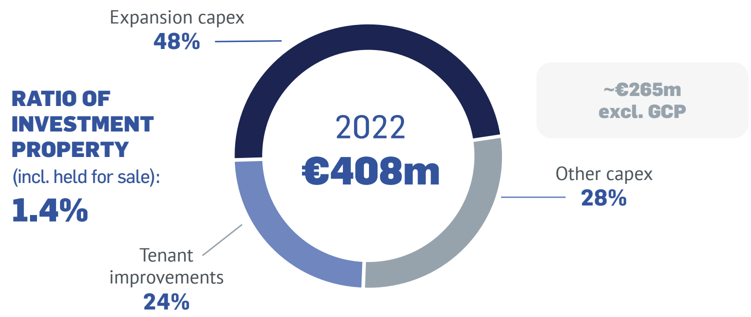
Since each capex project targets different goals, AT classifies its capex into three main categories: Expansion capex, Tenant improvements and Other capex. Expansion capex includes activities that are targeted at creating additional income drivers or value generation potential which may result in additional lettable space or significant enhancement of the existing space. These selective projects are typically new build, conversion or major refurbishments and they are mainly done at high pre-let ratios. Expansion capex additionally includes GCP's pre-letting modifications and modernization capex. Expansion capex accounted for 48% of the capex in 2022. Tenant improvements include capex for fit-out works that are targeted at retaining existing tenants or attracting new tenants, supporting the quality of the tenant structure and extending the average lease term. This item accounted for 24% of the capex in 2022. Other capex includes ongoing capital expenditures that are targeted at sustaining the high quality of the portfolio as well as improving sustainability standards that can result in a reduction of CO_2 emissions. This item also includes GCP's repositioning capex. Other capex accounted for 28% of the capex in 2022. The Group's capex initiatives result in higher asset quality and rental income as well as a stronger tenant structure which creates long-term cash flows and value.

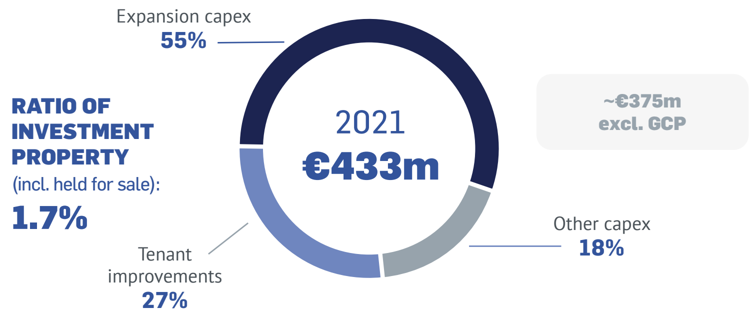
Excluding GCP, total capex was approx. €265 million in 2022, lower compared to approx. €375 million in 2021. Due to the current market environment, Aroundtown was more selective in its commercial portfolio and spent less capex.

MAINTENANCE *(in € millions)*



CAPEX





ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2022	2021
	in € millions	
Personnel expenses	(28.8)	(26.2)
Legal and professional fees	(12.1)	(9.7)
Audit and accounting expenses	(7.2)	(6.2)
Marketing and other administrative expenses	(14.4)	(14.5)
Administrative and other expenses	**(62.5)**	**(56.6)**

AT recorded €63 million of administrative and other expenses in 2022, higher compared to €57 million in 2021, mainly as a result of the consolidation of GCP. Excluding GCP's contribution, administrative and other expenses increased due to general cost inflation, offsetting the impact of higher efficiency. These expenses consist mainly of administrative personnel expenses which amounted to €29 million in 2022, higher compared to €26 million in 2021, mainly as a result of the larger platform. Administrative and other expenses also include expenses such as fees for legal, professional, consultancy, accounting and audit services, as well as sales, marketing, IT and other administrative expenses. These expenses increased mainly as a result of cost inflation, partially offset by a higher level of efficiency.

FINANCE EXPENSES

	Year ended December 31,	
	2022	2021
	in € millions	
Finance expenses	**(184.8)**	**(180.4)**

Finance expenses amounted to €185 million in 2022, 2% higher compared to €180 million in 2021, mainly due to the consolidation of GCP. Excluding GCP's contribution, finance expenses decreased due to debt repayments in 2021 and 2022. Finance expenses mainly include net interest on bonds and bank debt. During 2022, AT has repaid approx. €1.1 billion of debt and raised approx. €480 million of new debt. The repayments included repayments of bank loans, bonds and schuldscheins and redemption of straight and convertible bond, with an average maturity of 1 year, enabling to extend the average debt maturity. As of year-end 2022, AT has a cost of debt of 1.4% with an average debt maturity of 5 years compared to 1.2% cost of debt and 5.7 years debt maturity as of year-end 2021. The cost of debt increased due to higher interest rates seen in new financing and in the variable portion of the existing debt, as well as repayment of low cost but near-term debt. AT has a high hedging ratio of 96% at year-end 2022. However, given that some of the interest hedging instruments mature in 2023, the hedging ratio in 2023 will be around 85% if not re-hedged. AT continues to maintain a high level of unencumbered assets (€22.2 billion at year-end 2022) which provides good access to the secured debt market.

OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2022	2021
	in € millions	
Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net	(168.6)	(115.4)
Finance-related costs	(25.5)	(46.7)
Other financial results	**(194.1)**	**(162.1)**

Other financial results amounted to an expense of €194 million in 2022, higher compared to an expense of €162 million in 2021, mainly due to the consolidation of GCP. Other financial results are composed mainly of items that are non-recurring and/or non-cash with fluctuating values and thus the result varies from one period to another. Other financial results in 2022 were mostly attributable to changes in fair value of financial assets and liabilities including traded securities and derivative financial instruments which were negatively impacted by the volatility in financial markets and changes in yields and foreign exchange rates. The increase in yields and volatility negatively impacted the net fair value of interest hedging instruments while the hedged debt is booked at amortized costs. Additionally, decreases in the value of long-term financial assets are also included in this line item. If AT's bonds would be booked at mark-to-market, the effect on the other financial results would be an income of several hundreds of millions of euros which would more than offset these expenses. The results also include changes in contingent liabilities relating to the takeover of TLG. Furthermore, derivatives were impacted by inflation indexation hedging instruments on two of AT's bonds. As the inflation increased in 2022 more than the pre-determined hedged level, an expense was recorded in the other financial results line, partially offset by an increase on the revenues line coming from inflation-indexed leases.

Additionally, other financial results included costs incurred as a result of debt repayment activities to optimize the debt profile, expenses related to new financing, currency hedging and others.

IMPAIRMENT OF GOODWILL

	Year ended December 31,	
	2022	2021
	in € millions	
Impairment of goodwill	**(404.3)**	-

The impairment amount reflects the amount by which the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

During 2022, AT recorded €404 million of goodwill impairment as a result of the annual goodwill impairment test on TLG and GCP. €141 million is attributed to the goodwill on TLG and the remaining €263 million is attributed to the goodwill on GCP. The goodwill is mainly attributed to deferred taxes and reduced due to revaluation losses, as well as due to the reduced portfolio following disposal activity. Note that all EPRA NAV KPI's exclude the goodwill, therefore any change is neutral.

TAXATION

	Year ended December 31,	
	2022	2021
	in € millions	
Current tax expenses	(117.4)	(100.3)
Deferred tax income (expenses)	82.4	(215.8)
Total current and deferred tax expenses	**(35.0)**	**(316.1)**

Current tax expenses amounted to €117 million in 2022, higher compared to €100 million in 2021, mainly due to the consolidation of GCP, partially offset by the lower portfolio size from disposals. Current tax expenses are comprised of corporate income taxes and property taxes. Deferred taxes amounted to an income of €82 million in 2022, compared to an expense of €216 million in 2021. The income in 2022 was mainly due to the positive tax impact relating to revaluation loss and changes in the fair value of financial derivatives.

NET (LOSS) PROFIT & (LOSS) EARNINGS PER SHARE

	Year ended December 31,	
	2022	2021
	in € millions	
(Loss) profit for the year	**(457.1)**	**1,078.1**
(Loss) profit attributable to:		
Owners of the Company	(645.1)	642.2
Perpetual notes investors	118.1	105.9
Non-controlling interests	69.9	330.0
Basic (loss) earnings per share (in €)	**(0.58)**	**0.55**
Diluted (loss) earnings per share (in €)	**(0.58)**	**0.53**
Weighted average basic shares (in millions)	1,109.9	1,168.2
Weighted average diluted shares (in millions)	1,111.3	1,169.4
(Loss) profit for the year	**(457.1)**	**1,078.1**
Total other comprehensive income for the year, net of tax	15.8	107.7
Total comprehensive (loss) income for the year	**(441.3)**	**1,185.8**

AT generated a net loss of €457 million in 2022, compared to an income of €1,078 million in 2021, mainly due to non-cash negative fair value changes in the portfolio and in financial assets and liabilities, as well as impairment of goodwill. Correspondingly, a net loss of €645 million was attributed to shareholders in 2022, compared to a net profit of €642 million in 2021. The profit attributable to non-controlling interests decreased from €330 million in 2021 to €70 million in 2022, mainly due to lower profits generated in companies with minority stake, such as GCP. Profit attributable to perpetual notes investors increased from €106 million in 2021 to €118 million in 2022, mainly due to the consolidation of GCP.

AT generated basic and diluted loss per share of €0.58 in 2022, compared to earnings per share of €0.55 and €0.53 recorded in 2021, respectively. The average share count decreased by 5% between the periods, driven by the share buyback program, partially offset by the impact of scrip dividends.

AT generated a total comprehensive loss of €441 million in 2022, compared to an income of €1,186 million in 2021, also impacted by a decrease in total other comprehensive income from €108 million in 2021 to €16 million in 2022 as a result of the foreign currency translation effects of foreign operations offsetting the impact of cash flow hedges and the positive revaluation of owner-occupied property.

ADJUSTED EBITDA

	Year ended December 31,	
	2022	2021
	in € millions	
Operating profit	361.1	1,736.7
Total depreciation and amortization	21.1	15.9
EBITDA	**382.2**	**1,752.6**
Property revaluations and capital gains	497.3	(809.7)
Share of profit from investment in equity-accounted investees	(5.9)	(193.4)
Other adjustments incl. one-off expenses related to TLG merger [1]	7.4	8.1
Contribution of assets held for sale	(12.4)	(11.6)
Add back: Extraordinary expenses for uncollected rent [2]	75.0	125.0
Adjusted EBITDA before JV contribution	**943.6**	**871.0**
Contribution of joint ventures' adjusted EBITDA [3]	58.7	103.9
Adjusted EBITDA	**1,002.3**	**974.9**

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

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

AT generated an adjusted EBITDA before JV contribution of €944 million in 2022, up by 8% compared to €871 million generated in 2021, mainly due to the full period impact of GCP's consolidation, supported by like-for-like net rental income growth of 3.5%, overall offsetting partially the impact of disposals, cost inflation and provisions made in relation to higher energy prices. Higher rents from CPI indexation adjustments offset the higher costs due to inflation. Excluding GCP, adjusted EBITDA before JV contribution decreased 12% year-over-year mainly due to disposals. Including joint venture positions' adjusted EBITDA contribution, the Group generated an EBITDA of €1,002 million in 2022, up by 3% compared to €975 million, mainly driven by the full contribution of GCP in 2022 whereas in 2021 GCP had a relative contribution in the first half and full contribution in the second half, offsetting the disposal impact.

Adjusted EBITDA excludes the effect of extraordinary expenses for uncollected rent due to the Covid pandemic. Including this effect, adjusted EBITDA, Covid adjusted amounted to €927 million in 2022, higher by 9% compared to €850 million in 2021.

Adjusted EBITDA accounts for other adjustments in the amount of €7.4 million in 2022, related to non-cash expenses for employees' share incentive plans and other one-off costs related to the integration process with TLG from the merger. Furthermore, AT conservatively does not include the contributions from commercial properties marked for disposals since they are intended to be sold and therefore, their contributions are non-recurring. The adjustment amounted to €12.4 million in 2022, compared to €11.6 million in 2021.

FUNDS FROM OPERATIONS (FFO I, FFO II)

	Year ended December 31,	
	2022	2021
	in € millions	
Adjusted EBITDA before JV contribution	**943.6**	**871.0**
Finance expenses	(184.8)	(180.4)
Current tax expenses	(117.4)	(100.3)
Contribution to minorities [1]	(136.3)	(82.3)
Adjustments related to assets held for sale [2]	4.6	6.8
Perpetual notes attribution	(118.1)	(105.9)
FFO I before JV contribution	**391.6**	**408.9**
Contribution of joint ventures' FFO I [3]	46.1	69.3
Extraordinary expenses for uncollected rent [4]	(75.0)	(125.0)
FFO I	**362.7**	**353.2**
FFO I per share (in €)	**0.33**	**0.30**
Weighted average basic shares (in millions) [5]	1,109.9	1,168.2
FFO I	**362.7**	**353.2**
Result from the disposal of properties [6]	351.4	615.4
FFO II	**714.1**	**968.6**

1) including the minority share in TLG's and GCP's FFO
2) the net contribution which is excluded from the FFO amounts to €7.8 million in 2022 and €4.8 million in 2021
3) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
4) extraordinary expenses for uncollected rent due to the Covid pandemic
5) weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations
6) the excess amount of the sale price, net of transaction costs and total costs (cost price and capex of the disposed properties)

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

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

FFO I amounted to €363 million in 2022, 3% higher than €353 million in 2021. The like-for-like net rental income growth and the increased stake in GCP's and TLG's recurring operational profits were offset by the impact of disposals, cost inflation and additional provisions made in relation to higher energy prices. The consolidation of GCP has no material impact on FFO I as this figure already previously included AT's share in GCP's FFO I. However, the increased holding rate in GCP from 44% at consolidation to 60% at year-end 2022 reduced the minorities.

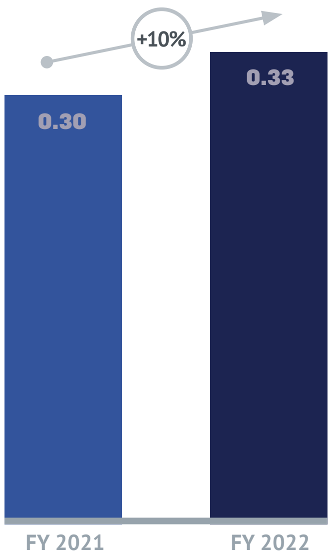
The contribution from commercial properties held for sale, which is excluded from the FFO I, amounted to €7.8 million in 2022, higher compared to €4.8 million in 2021. Since the properties marked for disposal in 2021 had lower operational profits, the adjustment in 2022 is higher in comparison to 2021.

Since the pandemic, AT utilized disposal proceeds to repay debt and buy back shares with a discount to NTA. This capital recycling strategy contributed towards a relatively higher growth in the per share amount, partially offset by the impact of scrip dividends. As a result, FFO I per share amounted to €0.33 in 2022, 10% higher compared to €0.30 per share in 2021.

AT recorded an FFO II of €714 million in 2022, 26% lower than €969 million in 2021. AT completed €1.6 billion of disposals in 2022 with a 29% margin over their cost values in comparison to €2.3 billion of disposals in 2021 with a 37% margin over their cost values. High gains over cost value demonstrates AT's strong track record in value creation across its portfolio.

FFO I (in € millions)

FFO I PER SHARE (in €)



CASH FLOW

	Year ended December 31,	
	2022	2021
	in € millions	
Net cash from operating activities	788.0	625.8
Net cash from investing activities	408.5	1,077.6
Net cash used in financing activities	(1,763.5)	(2,606.5)
Net changes in cash and cash equivalents	**(567.0)**	**(903.1)**
Cash and cash equivalents as at the beginning of the year	2,873.0	2,692.1
Cash and cash equivalents from business combinations	-	1,069.7
Other changes*	(0.6)	14.3
Cash and cash equivalents as at the end of the year	**2,305.4**	**2,873.0**

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

€788 million of net cash was provided by operating activities in 2022, 26% higher than €626 million in 2021. The growth was mainly due to the consolidation of GCP, supported by growth in operational profits and like-for-like rents, as well as higher rent collection in hotel properties and higher amount of cash dividends from joint venture positions. The growth was partially offset by the impact of disposals.

€409 million of net cash was received from investing activities in 2022, 62% lower compared to €1,078 million in 2021. In 2022, €1.3 billion of net cash was received from disposals, including deposits and net of vendor loans granted. On the other hand, approx. €850 million of net cash was used for capex, acquisition of assets, investment in associates and others, net of repayments. Cash proceeds in 2021 were higher mainly due to larger disposal activity.

€1.8 billion of net cash was used in financing activities in 2022, 32% lower compared to €2.6 billion in 2021. The main cash uses during 2022 were the repayment and redemption of approx. €1.1 billion debt (ca. €0.6 billion net of ca. €0.5 billion of new bank debt), approx. €255 million of dividend paid by the Group, share buyback of €255 million and acquisition of GCP shares in the amount of over €280 million.

As a result, AT utilized its large cash balance from year-end 2021 and used €0.6 billion of net cash during 2022 to strengthen its balance sheet. Including other liquid assets, AT's liquidity position amounts to €2.7 billion at year-end 2022, which is 18% of the total debt position.

ASSETS

	Dec 2022	Dec 2021
	in € millions	
Total Assets	**37,347.1**	**39,383.1**
Non-current assets	**32,491.5**	**33,854.2**
Investment property	27,981.0	29,115.9
Goodwill and intangible assets	1,308.1	1,717.3
Investment in equity-accounted investees	1,291.9	1,222.5
Other non-current assets	1,303.8	1,189.1

(a) Total assets

Total assets amounted to €37.3 billion at year-end 2022, 5% lower compared to €39.4 billion at year-end 2021, mainly due to negative revaluations, utilizing the high cash balance for debt repayments, and impairment of goodwill. Non-current assets amounted to €32.5 billion at year-end 2022, 4% lower compared to €33.9 billion at year-end 2021, mainly due to net disposals, negative revaluations and impairment of goodwill.

(b) Investment property

Investment property is the largest item under non-current assets and amounted to €28.0 billion at year-end 2022, 4% lower compared €29.1 billion at year-end 2021, mainly due to net disposals and like-for-like value decline of 0.4%. During 2022, AT completed €1.6 billion of disposals, of which €0.8 billion were sold from investment property balance at the beginning of the period, and re-classified €0.7 billion into held for sale balance – large majority of which are signed –, resulting in a lower investment property balance. Since the war in Ukraine broke out and until 2023 year-to-date, the Group has signed €1.7 billion of disposals, of which €0.8 billion was signed in Q4 2022 and Q1 2023-to-date, showing AT's ability to sell during difficult market conditions. On the other hand, AT acquired approx. €470 million of properties in 2022 which were mainly residential properties in Berlin and London through GCP. In 2022, AT recorded property revaluations and capital gains of negative €497 million which reflects a value decline of 1.8% on a like-for-like basis year-over-year, accounting for capex. Although the values were stable for most of the year, this trend was reversed in Q4 2022 due to higher yield expansion, partially offset by rent increase mainly from indexation and increasing replacement costs. As a result, in Q4 2022, the portfolio value decreased by 3%.

(c) Goodwill and intangible assets

Goodwill and intangible assets amounted to €1.3 billion at year-end 2022, lower compared to €1.7 billon at year-end 2021. €600 million of goodwill is related to the consolidation of GCP and €681 million is related to the TLG takeover. The impairment amount reflects the amount by which the carrying amount of an asset or cash generating unit exceeds its recoverable amount. During 2022, AT recorded €404 million of goodwill impairment as a result of the annual goodwill impairment test on TLG and GCP. The goodwill is mainly attributed to deferred taxes and reduced due to revaluation losses, as well as due to the reduced portfolio following disposal activity. Note that all EPRA NAV KPI's exclude the goodwill, therefore any change is neutral.

(d) Investment in equity-accounted investees

Investment in equity-accounted investees amounted to €1.3 billion at year-end 2022, slightly higher compared to €1.2 billion at year-end 2021. This line item represents the Group's long-term investment in joint ventures in which the Group has a significant influence, but which are not consolidated. The largest investment in this item as at year-end 2022, which represents approx. 40% of the total balance of this item, is AT's stake in Globalworth, a leading publicly listed office landlord in Central Eastern European markets, mainly in Warsaw and Bucharest. The holding rate in Globalworth is slightly above 30%, indirectly held through a joint venture with CPI Property Group S.A. Due to the change in market environment and negative revaluations in investees, AT recorded an impairment of €31 million in 2022 mainly over its investment in GWI. The remaining balance of equity-accounted investees mainly include several positions in real estate properties and investment in real estate related funds specialized among others in Proptech, digitalization and technology in the real estate sector, as well as yielding real estate loan funds, which work in a similar profile to the Group's loans-to-own investments and may provide future access to attractive deals, and additional investments in co-working and renewable energy projects. The balance increased in 2022 mainly due to several investments, net from dividends distributed and a certain level of devaluations resulting from the recent macro environment changes.

(e) Other non-current assets

Other non-current assets are mainly comprised of vendor loans that are related to disposals, long-term financial investments and loans-to-own assets.

Loans-to-own assets are asset-backed and yielding loans where, under certain conditions, the default of the loan will enable the Group to take over the underlying asset at a material discount. Loans-to-own assets are provided to a diverse number of property owners and sourced through the Group's wide deal sourcing network established over the years. At year-end 2022, the loans-to-own balance amounted to approx. €550 million, of which approx. 60% is presented under the non-current assets and the remaining is presented under current assets. This item comprises of approx. 20 loans given to a variety of property owners, with maturities primarily within the years 2023-2025, with an average LTV of 65%, bearing interest rates of 3%-10% and secured by the underlying property. The loans-to-own assets are expected to be repaid or converted into properties and will reduce the Group's leverage. After the reporting date, over €50 million of loans-to-own assets were repaid. Although the loans-to-own balance is a relatively small part of the Group's balance sheet, it is extending the Group's deal sourcing opportunities, which under certain circumstances may provide attractive options for alternative acquisition opportunities.

Vendor loans support the facilitation of the transaction and were given to several selected buyers of assets that were sold. The loans generally have a maturity of 1-3 years and are expected to be paid in installments from 2023-2025. The loans are secured against the property sold at an LTV in the range of 50%-60% and in case of default gives AT the ability to get the asset back with a significant penalty to the defaulted buyer (through a process involving a receiver). The balance as of year-end 2022 is €0.5 billion, compared to €0.3 billion at year-end 2021. The change results from granting new vendor loans in connection with disposals in 2022. As of December 2022, the average interest rate of the vendor loans is ca. 3.4% due to the low risk. The average interest rate is higher compared to year-end 2021 due to new vendor loans granted at higher rates, as well as extensions at higher rates. The future liquidity coming from the repayments of the vendor loans will reduce the Group's leverage.

The financial investments amounted to €330 million which comprise about 20 investments mainly in real estate funds and secured financial assets with the expectation for long-term yield and potentially co-investments in their attractive deals.

The other non-current assets also include long-term deposits of €70 million, €61 million of tenant deposits which are used as a security for rent payments, €53 million of receivables due to revenue straight-lining effect arising from rent-free periods granted to tenants and long-term minority positions in real estate properties and other receivables.

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

	Dec 2022	Dec 2021
	in € millions	
Current assets	**4,855.6**	**5,528.9**
Assets held for sale [1]	922.0	1,029.2
Cash and liquid assets [2]	2,718.7	3,244.1
Trade and other receivables	1,168.1	1,131.3

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

Current assets amounted to €4.9 billion at year-end 2022, lower than €5.5 billion at year-end 2021, mainly due to the cash utilization for debt repayments, cash dividend distribution, portfolio investments, share buyback, and increasing holding rate in GCP.

Assets held for sale balance decreased from €1.0 billion and year-end 2021 to €0.9 billion at year-end 2022, due to disposals, partially offset by additional reclassification of properties into held for sale. This balance consists of non-core and/or mature assets that are intended to be sold within the next 12 months, of which approx. two thirds are already signed as of the date of this report. The cash and liquid assets balance amounted to €2.7 billion at year-end 2022. The cash inflow from operations and disposals reinforced the high cash balance from year-end 2021 which was utilized mostly for debt repayments in the amount of approx. €1.1 billion and an amount of €255 million for share buybacks, with the remaining strengthening the balance sheet. AT was able to increase its cash balance further by drawing new bank debt, capitalizing on its high amount of unencumbered assets and strong banking relationship. AT has drawn approx. €480 million of bank debt, primarily in the second half of 2022, which provides additional liquidity and enables to prolong the debt maturity profile. Current assets also include €1.2 billion of trade and other receivables at year-end 2022, increasing compared to €1.1 billion at year-end 2021. This item includes approx. €660 million of operating costs and operational rent receivables, pre-paid expenses and tax assets. Operating cost receivables relate to ancillary services and other charges billed to tenants. These services include utility and service costs such as heating, water, insurance, cleaning, waste, etc.. These operating cost receivables are mainly settled once per year against the advance payments received from the tenants and, thus, is correlated to pre-payments for ancillary services received from tenants presented under short-term liabilities. Due to the sharp increase in energy and heating costs in 2022, the Group provided tenants, where relevant, with the option to voluntarily increase ancillary payments to cover these expenses. In addition, current assets include other short-term financial assets with a maturity of less than 1 year, made up of loans-to-own assets, vendor loans and other receivables in the amount of approx. €410 million which is explained above as part of the non-current assets.

AVERAGE VALUATION PARAMETERS	2022	2021
Rental multiple	22.3	23.0x
Value per sqm	€ 2,635	€ 2,614

VALUATION ASSUMPTIONS SET BY INDEPENDENT VALUERS		2022	2021
DCF method	Market rental growth p.a.	2.1%	1.8%
	Average discount rate	5.6%	5.3%
	Average cap rate	4.7%	4.5%

DECEMBER 2022	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield	WALT (in years)
Office	10,796	3,474	11.2%	466	12.1	3,107	4.3%	4.4
Residential	8,342	3,685	4.0%	356	8.3	2,264	4.3%	NA
Hotel	4,660	1,531	3.9%	237	13.3	3,044	5.1%	14.7
Logistics/Other	423	449	9.5%	24	4.8	942	5.6%	5.6
Retail	1,489	618	11.6%	68	10.1	2,407	4.6%	4.4
Development rights & Invest	2,271							
Total	**27,981**	**9,757**	**7.6%**	**1,151**	**10.3**	**2,635**	**4.5%**	**7.5**
Total (GCP at relative consolidation)	**24,188**	**8,136**	**8.2%**	**995**	**10.8**	**2,706**	**4.5%**	**7.6**

LIABILITIES

	Dec 2022	Dec 2021
	in € millions	
Short- and long-term loans and borrowings from financial institutions [1]	1,398.4	1,166.2
Short- and long-term straight bonds, convertible bond and schuldscheins	13,407.4	14,422.0
Deferred tax liabilities (including those under held for sale)	2,693.7	2,796.5
Short- and long-term derivative financial instruments and other long-term liabilities	1,011.8	858.4
Other current liabilities [2]	1,012.4	983.6
Total Liabilities	**19,523.7**	**20,226.7**

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

Total liabilities amounted to €19.5 billion at year-end 2022, 3% lower compared to €20.2 billion at year-end 2021, mainly due to debt repayments, net of new financing. Total debt from bank loans, bonds and schuldscheins amounted to €14.8 billion at year-end 2022, 5% lower compared to €15.6 billion at year-end 2021. This was mainly due to approx. €1.1 billion of debt repayments during 2022, offset by approx. €480 million of new bank financing. The new bank debt was given at an average margin of 1.2% plus Euribor and an average maturity of 6 years. The repayments included repayment of bank loans, bonds and schuldscheins and redemption of straight and convertible bond. The repaid and redeemed debt had a maturity of 1 year, enabling to extend the average debt maturity schedule. AT has a long average debt maturity of 5 years with no significant maturities until 2025. After the reporting period, AT repurchased €115 million (nominal value) of 2025 bonds (Series K and 32) at a discount. In addition, the Group has additional liquidity potential from undrawn credit facilities of €1 billion (no MAC clause) with maturities mostly in 2025 and unencumbered investment properties of €22.2 billion. Given the fact that in the current environment bank financing is more attractive than the unsecured bond market, a high balance of unencumbered assets provides the Group with additional financial flexibility. Capitalizing on this and on its long-standing bank relationships, AT was able to raise secured financing.

Deferred tax liabilities amounted to €2.7 billion at year-end 2022, lower compared to €2.8 billion at year-end 2021, mainly due to negative revaluations. Deferred tax liabilities make up 14% of total liabilities and are non-cash items that are predominantly tied to revaluation gains, calculated conservatively by assuming theoretical future property disposals in the form of asset deals and such the full corporate tax rate is applied in relevant jurisdictions.

Short- and long-term derivative financial instruments and other long-term liabilities were higher compared to year-end 2021. Other long-term liabilities include tenancy deposits, lease liabilities mainly in relation to right-of-use assets and non-current payables to third parties. The derivative financial instruments include a contingent liability created as part of the takeover of TLG.

Other current liabilities amounted to €1,012 million at year-end 2022, slightly higher compared to €984 million at year-end 2021, mainly due to classification of liabilities into held for sale, also impacted by higher pre-payments for ancillary services received from tenants, increasing in correlation with the operating cost receivables under the current assets. Nevertheless, current assets cover current liabilities comfortably by approx. 4 times which is a testament to AT's disciplined working capital management


Sana
International Office

DEBT METRICS

LOAN-TO-VALUE (LTV)	Dec 2022	Dec 2021
	in € millions	
Investment property [1]	27,934.1	29,206.3
Investment property of assets held for sale	909.1	1,009.3
Investment in equity-accounted investees [2]	1,053.8	1,222.5
Total value (a)	**29,897.0**	**31,438.1**
Total financial debt [3]	14,805.8	15,588.2
Less: Cash and liquid assets [3]	(2,718.7)	(3,244.1)
Net financial debt (b)	**12,087.1**	**12,344.1**
LTV (b/a)	**40%**	**39%**

UNENCUMBERED ASSETS	Dec 2022	Dec 2021
	in € millions	
Rent generated by unencumbered assets [4]	959.0	998.0
Rent generated by the total Group [4]	1,166.9	1,197.4
Unencumbered assets ratio	**82%**	**83%**

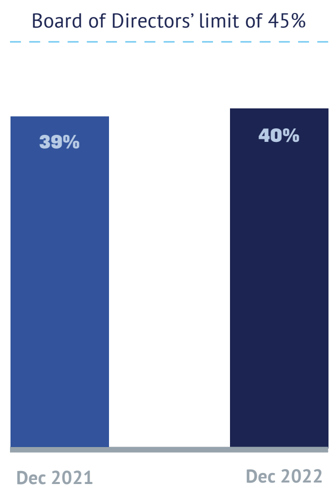
INTEREST COVER RATIO (ICR)	Year ended December 31, 2022	2021
	in € millions	
Finance expenses	184.8	180.4
Adjusted EBITDA [5]	956.0	882.6
ICR [6]	**5.2x**	**4.9x**

1) including advance payments and deposits and inventory - trading property, excluding right-of-use assets
2) including only property related JV's starting from Dec 2022
3) including balances under held for sale
4) annualized net rent including the contribution from joint venture positions and excluding the net rent from assets held for sale
5) including the contributions from assets held for sale, excluding extraordinary expenses for uncollected rent due to the Covid pandemic
6) including the extraordinary expenses for uncollected rent due to the Covid pandemic, the ICR, Covid adjusted amounted to 4.8x in 2022 and 4.2x in 2021

AT's disciplined debt management approach, strong credit profile and high financial strength are reflected in the solid debt metrics. The LTV amounted to 40% at year-end 2022, slightly higher than 39% at year-end 2021, mainly due to share buybacks of €255 million, approx. €255 million of dividend paid by the Group, the acquisition of GCP shares in the amount of over €280 million, negative revaluations and partially granting disposal proceeds as vendor loans which will be collected in the next periods and are not included in the LTV calculation. The LTV remains well-below the internal limit of 45% set by the Board of Directors and has a significant headroom to bond covenants. For the EPRA LTV calculation, please refer to the EPRA performance measures section later in this report.

The Group's high operational profitability and financial discipline resulted in a high ICR of 5.2x in 2022. An unencumbered investment property ratio of 82% (by rent) with a total value of €22.2 billion (excluding held for sale assets) as at year-end 2022 highlights the Group's financial flexibility and provides additional liquidity potential, along with undrawn revolving credit facilities of €1 billion (no MAC clause).

CONSERVATIVE LEVERAGE (LTV)



Reaffirmed
in Dec 2022

S&P Global
BBB+
STABLE

EQUITY

	Dec 2022	Dec 2021
	in € millions	
Total equity	**17,823.4**	**19,156.4**
of which equity attributable to the owners of the Company	9,585.3	10,533.6
of which equity attributable to perpetual notes investors	4,747.7	4,747.7
of which non-controlling interests	3,490.4	3,875.1
Equity ratio	**48%**	**49%**

Total equity amounted to €17.8 billion at year-end 2022, 7% lower compared to €19.2 billion at year-end 2021, mainly due to negative revaluations, impairment of goodwill, share buyback, dividends and lower non-controlling interest. Correspondingly, shareholders' equity decreased from €10.5 billion at year-end 2021 to €9.6 billion at year-end 2022 and non-controlling interests decreased from €3.9 billion at year-end 2021 to €3.5 billion at year-end 2022. Since over one third of the shareholders opted for scrip dividend, AT distributed €169 million of cash dividend in July 2022 and the remaining was issued as company shares on the form of scrip dividend, contributing to the equity base. Shareholders' equity also includes mandatory convertible notes which following IFRS accounting treatment are classified as equity attributable to the owners of the Company. These mandatory convertible notes were converted into shares in March 2023. There will be no impact from the conversion of the mandatory convertible notes on the average number of shares used to calculate the Company's KPIs, as the impact has been included in the respective share counts since the issuance of the notes. The non-controlling interest decreased mainly due to increase in effective holding rate in GCP from 49% as at year-end 2021 to 60% as at year-end 2022 via participation in GCP's scrip dividend in July 2022 and acquisition of shares.

The perpetual notes balance remained stable at €4.7 billion at year-end 2022. Following IFRS accounting treatment, perpetual notes are classified as equity as they do not have a repayment date, coupon payments are deferrable at the Company's discretion, they are subordinated to debt and do not have default rights nor covenants. The perpetual notes are equity to perpetuity under IFRS accounting treatment regardless to the definition of rating agencies and therefore are considered as equity for bond covenants in any scenario. At the end of 2022, the Board decided not to use the voluntary option to call the perpetual notes with a call date in January 2023. The decision came after taking into consideration all relevant options and was made mainly since the rates of a potential new issuance were significantly above the reset rates of the notes. The decisions to preserve cash by not exercising the option to call and not using the rating agency's allowance to repay 10% without incurring a rating penalty were also taken in consideration with the fact that the prevailing high uncertainty in the capital markets might result in a deteriorating access to capital. The reset coupons were adjusted at the respective call date to 7.08% for AT's perpetual note and 6.33% for GCP's perpetual note which will result in approx. €19.5 million higher coupon for these two series on an annualized basis. These perpetuals can be called at every interest payment date and the Company will continue to assess all the options for its perpetual notes. Perpetual notes remain to be an important part of the capital structure especially as they provide a security cushion in volatile times.

EPRA Performance Measures

The European Public Real Estate Association (EPRA) is the widely-recognized market standard guidance and benchmark provider for the European real estate industry. EPRA's best practices recommendations dictate the ongoing reporting of a set of performance metrics intended to enhance the quality of reporting by bridging the gap between the regulated IFRS reporting presented and specific analysis relevant to the European real estate industry. These standardized EPRA performance measures provide additional relevant earnings, balance sheet and operating metrics, and facilitate for the simple and effective comparison of performance-related information across the industry. The information presented below is based on the Best Practice Recommendations by EPRA and on the materiality and importance of information.

in € millions unless otherwise indicated	**2022**	Change	2021
EPRA NRV	12,289.1	(6%)	13,057.5
EPRA NRV per share (in €)	11.2	(3%)	11.5
EPRA NTA [1]	10,135.2	(6%)	10,807.9
EPRA NTA per share (in €) [1]	9.3	(2%)	9.5
EPRA NTA with RETT [2]	10,775.3	(7%)	11,564.0
EPRA NTA with RETT per share (in €) [2]	9.8	(4%)	10.2
EPRA NDV	10,515.2	24%	8,462.5
EPRA NDV per share (in €)	9.6	28%	7.5
EPRA Earnings	438.7	11%	393.7
EPRA Earnings per share (in €)	0.40	18%	0.34
EPRA LTV	55.4%	0.8%	54.6%
EPRA Net initial yield (NIY)	3.5%	0.1%	3.4%
EPRA 'Topped-up' NIY	3.5%	-	3.5%
EPRA Vacancy	7.6%	(0.1%)	7.7%
EPRA Vacancy including JV	7.8%	-	7.8%
EPRA Cost Ratio (including direct vacancy costs)	27.8%	(1.9%)	29.7%
EPRA Cost Ratio (excluding direct vacancy costs)	25.7%	(1.9%)	27.6%
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	22.0%	2.4%	19.6%
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	19.9%	2.4%	17.5%

1) Newly defined to exclude RETT
2) Previously defined as EPRA NTA and EPRA NTA per share

EPRA NAV KPI'S

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

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

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

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

	Dec 2022				Dec 2021			
	in € millions				in € millions			
	EPRA NRV	EPRA NTA [1]	EPRA NTA with RETT [2]	EPRA NDV	EPRA NRV	EPRA NTA [1]	EPRA NTA with RETT [2]	EPRA NDV
Equity attributable to the owners of the Company	**9,585.3**	**9,585.3**	**9,585.3**	**9,585.3**	**10,533.6**	**10,533.6**	**10,533.6**	**10,533.6**
Deferred tax liabilities [3]	2,281.2	1,882.6	1,882.6	-	2,274.3	1,870.1	1,870.1	-
Fair value measurement of derivative financial instruments [4]	(29.0)	(29.0)	(29.0)	-	113.8	113.8	113.8	-
Goodwill in relation to TLG [5]	(680.6)	(680.6)	(680.6)	(680.6)	(822.0)	(822.0)	(822.0)	(822.0)
Goodwill in relation to GCP [6]	(600.0)	(600.0)	(600.0)	(600.0)	(862.9)	(862.9)	(862.9)	(862.9)
Intangibles as per the IFRS balance sheet [7]	-	(23.1)	(23.1)	-	-	(24.7)	(24.7)	-
Net fair value of debt	-	-	-	2,210.5	-	-	-	(386.2)
Real estate transfer tax [8]	1,732.2	-	640.1	-	1,820.7	-	756.1	-
NAV	**12,289.1**	**10,135.2**	**10,775.3**	**10,515.2**	**13,057.5**	**10,807.9**	**11,564.0**	**8,462.5**
Number of shares (in millions) [9]	1,094.2				1,132.7			
NAV per share (in €)	**11.2**	**9.3**	**9.8**	**9.6**	**11.5**	**9.5**	**10.2**	**7.5**

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

The EPRA NAV KPI's were impacted by the negative revaluations, cash dividends and share buyback, offsetting operational profits and reduction of minorities in GCP. The reduction in goodwill had no impact on these KPI's as they already excluded the goodwill from the equity, thus any change is neutral. As the shares were bought back at prices below the NAV, the EPRA per share KPI's decreased at a lower rate than in absolute amounts (or increased at a higher rate in the case of EPRA NDV). The decrease in number of shares was partially offset by additional shares created by the scrip dividend distribution in July 2022.

EPRA NRV

Accordingly, the EPRA NRV amounted to €12.3 billion at year-end 2022, 6% lower compared to €13.1 billion at year-end 2021. The EPRA NRV per share decreased by 3% from €11.5 at year-end 2021 to €11.2 at year-end 2022 or by 1% adjusted for dividends.

EPRA NTA

The EPRA NTA amounted to €10.1 billion at year-end 2022, lower by 6% compared to €10.8 billion at year-end 2021. The EPRA NTA per share decreased by 2% from €9.5 at year-end 2021 to €9.3 at year-end 2022, or remained stable adjusted for dividends.

The EPRA NTA was reclassified in Dec 2022 to exclude RETT in order to align with market standards. Former EPRA NTA was renamed as "EPRA NTA with RETT".

As EPRA NTA aims to reflect the tangible value of a company's net assets assuming entities buy and sell assets, certain levels of deferred tax liabilities are assumed to be crystallized. In this regard, AT adds back only the deferred tax liabilities with regards to its long-term portfolio and this item is net of significant minority share in deferred tax liabilities, as well as deferred tax assets on certain financial instruments in line with EPRA recommendations. The remaining portfolio is treated as follows:

Investment property of assets held for sale:

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

Retail portfolio:

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

GCP's portfolio cities classified as "Others":

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

Development rights & Invest portfolio:

As an additional value creation driver, Aroundtown pursues a selective development program which is designed to unlock further potential through identifying and selling development rights at high gains or developing at high pre-let ratios. Since in the current market environment the preference is to dispose those rights, Aroundtown conservatively does not add back deferred tax liabilities related to these assets.

PORTFOLIO ITEMS	Dec 2022		
in € millions unless otherwise indicated	Fair value 1)	as % of total portfolio	as % of deferred tax added back to EPRA NTA per classification
Portfolio to be held long-term	24,196.6	84%	76%2)
Investment property of assets held for sale	909.1	3%	0%
Retail portfolio	1,114.7	4%	0%
GCP's portfolio cities classified as "Others"	981.2	3%	0%
Development rights & Invest portfolio	1,688.5	6%	0%
Total	**28,890.1**	**100%**	

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

EPRA NTA with RETT

The EPRA NTA with RETT amounted to €10.8 billion at year-end 2022, lower by 7% compared to €11.6 billion at year-end 2021. The EPRA NTA with RETT per share decreased by 4% from €10.2 at year-end 2021 to €9.8 at year-end 2022 or by 2% adjusted for dividends.

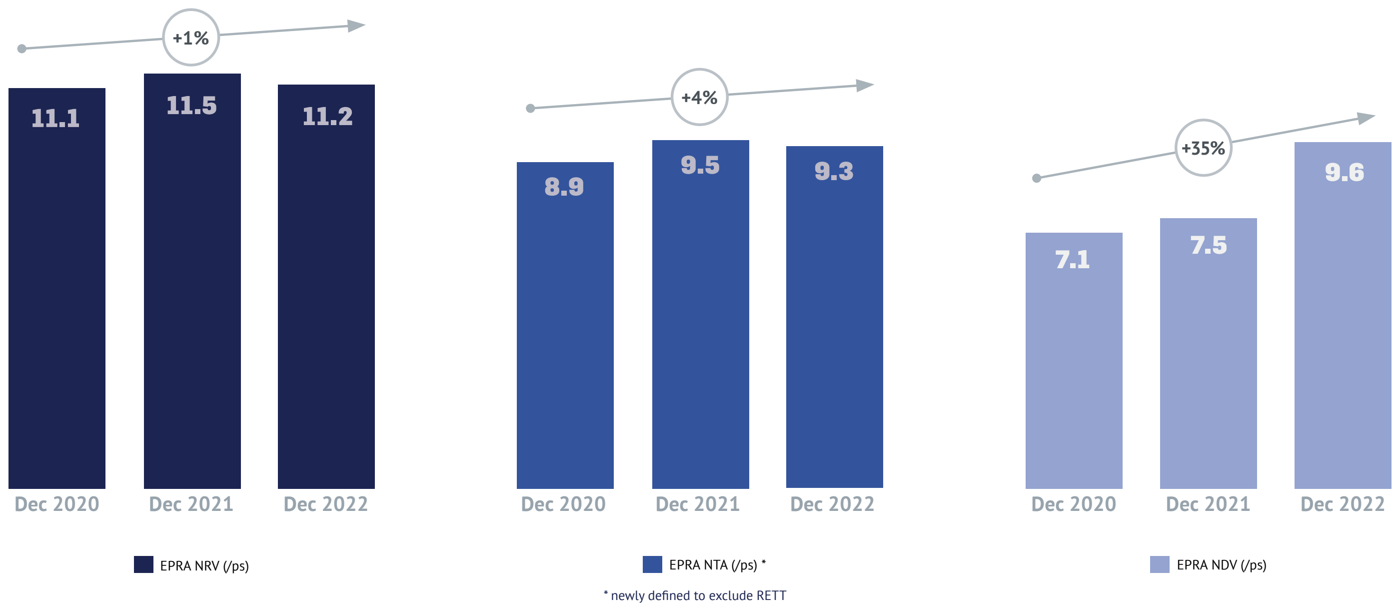
With regards to the gross purchasers' costs, Aroundtown adds back the costs related to properties which enable a RETT optimization at disposal. The corporate structure enables Aroundtown to sell properties through share deals and therefore RETT and purchasers' costs are optimized. Aroundtown has a clear track record of optimizing RETT through disposals in share deals. IFRS valuations conservatively deduct the RETT and purchasers' costs, regardless of Aroundtown's corporate structure or its intention to dispose properties. Therefore, in properties which enable RETT optimization, the EPRA NTA with RETT adds back the purchasers' costs. These are mainly properties in Germany that can be sold through share deals without the need of restructuring. They account to 33% of all investment properties including held for sale.

	Dec 2022	
PORTFOLIO BREAKDOWN	Portion of the portfolio	Adding RETT
Properties for which RETT optimization at disposal can be achieved	33%	Yes
Properties which require restructuring or for which RETT optimization at disposal is not possible	67%	No

EPRA NDV

The EPRA NDV amounted to €10.5 billion at year-end 2022, 24% higher compared to €8.5 billion at year-end 2021. Due to increased capital market volatility, the net fair value of debt was lower than the book value of debt at year-end 2022 and the difference, net of tax impact, is added back to the equity, resulting in an increase of EPRA NDV. The EPRA NDV per share increased 28% from €7.5 at year-end 2021 to €9.6 at year-end 2022 or by 31% adjusted for dividends.

EPRA NAV PER SHARE KPI'S (in €)



EPRA EARNINGS

	Year ended December 31, 2022	2021
	in € millions	
Earnings per IFRS income statement	**(457.1)**	**1,078.1**
Property revaluations and capital gains	497.3	(809.7)
Impairment of goodwill	404.3	-
Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net	168.6	115.4
Deferred tax income (expenses)	(82.4)	215.8
Share of profit from investment in equity-accounted investees	(5.9)	(193.4)
Adjustment for investment in equity-accounted investees [1]	46.1	66.6
EPRA Earnings contribution to minorities [2]	(132.2)	(79.1)
EPRA Earnings	**438.7**	**393.7**
Weighted average basic shares (in millions) [3]	1,109.9	1,168.2
EPRA Earnings per share (in €)	**0.40**	**0.34**
Bridge to FFO I		
Add back: Total depreciation and amortization	21.1	15.9
Add back: Finance-related costs	25.5	46.7
Add back: Other adjustments incl. one-off expenses related to TLG merger	7.4	8.1
Less: FFO items mainly related to investments in equity-accounted investees [1] [2]	(4.1)	(0.5)
Less: FFO contribution from asset held for sale	(7.8)	(4.8)
Less: Perpetual notes attribution	(118.1)	(105.9)
FFO I	**362.7**	**353.2**
FFO I per share (in €)	**0.33**	**0.30**

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

EPRA Earnings is intended to serve as a key indicator of the Group's underlying operational profits for the year in the context of a European real estate company. Given AT's strategic joint venture investments, the proportional share in these joint venture investments' EPRA Earnings for the year is included in accordance with the average holding rate for the period. Prior to the third quarter of 2021, these contributions were mostly attributed to GCP. Starting from July 1, 2021, GCP is consolidated in AT's financial accounts and the minority share in GCP's EPRA Earnings is deducted instead. As the Funds from Operations (FFO I) is the widely-recognized industry standard KPI for operational performance, an additional reconciliation from the EPRA Earnings to the FFO I is provided below.

EPRA Earnings amounted to €439 million in 2022, 11% higher compared to €394 million in 2021. The increase is mainly due to growth in operational profits – driven by the consolidation of GCP, increased stake in GCP, like-for-like rental growth, and acquisitions –, lower extraordinary expenses for uncollected rent due to the Covid pandemic, higher JV contribution (excl. GCP in H1 2021), reduction in finance expenses due to debt repayments and lower finance-related costs due to relatively lower debt repayments. These were partially offset by disposals, cost inflation and additional provisions made in relation to higher energy prices. EPRA Earnings per share amounted to €0.40 in 2022, 18% higher compared to €0.34 per share in 2021, which increased at a higher rate than EPRA Earnings due to the share buyback program, partially offset by scrip dividends.

EPRA LTV

EPRA LTV	Dec 2022				
in € millions	Consolidated (as reported)	Share of joint ventures	Share of material associates	Material non-controlling interests	Proportionate consolidation
Total financial debt [1]	14,805.8	657.3	-	(1,753.2)	13,709.9
Foreign currency derivatives	(121.5)	-	-	17.7	(103.8)
Equity attributable to perpetual notes investors	4,747.7	-	-	(489.9)	4,257.8
Net payables	-	-	-	-	-
EPRA Gross debt	**19,432.0**	**657.3**	**-**	**(2,225.4)**	**17,863.9**
Less:					
Cash and liquid assets [1]	(2,718.7)	(62.3)	-	188.0	(2,593.0)
EPRA Net debt	**16,713.3**	**595.0**	**-**	**(2,037.4)**	**15,270.9**
Investment property [2]	27,934.1	1,262.2	-	(4,192.9)	25,003.4
Investment property of assets held for sale	909.1	38.2	-	(154.3)	793.0
Owner-occupied property	80.5	-	-	(21.8)	58.7
Intangibles as per the IFRS balance sheet	27.6	-	-	(4.5)	23.1
Net receivables [1]	115.2	82.6	-	(93.7)	104.1
Financial assets	1,048.6	549.2	-	(36.4)	1,561.4
EPRA Total property value	**30,115.1**	**1,932.2**	**-**	**(4,503.6)**	**27,543.7**
EPRA LTV	**55.5%**				**55.4%**

1) including balances under held for sale
2) including advance payments and deposits and inventory - trading property, excluding right-of-use assets

EPRA LTV	Dec 2021				
in € millions	**Consolidated (as reported)**	**Share of joint ventures**	**Share of material associates**	**Material non-controlling interests**	**Proportionate consolidation**
Total financial debt [1]	15,588.2	682.1	-	(2,501.1)	13,769.2
Foreign currency derivatives	(76.9)	-	-	14.3	(62.6)
Equity attributable to perpetual notes investors	4,747.7	-	-	(628.6)	4,119.1
Net payables	-	-	-	-	-
EPRA Gross debt	**20,259.0**	**682.1**	**-**	**(3,115.4)**	**17,825.7**
Less:					
Cash and liquid assets [1]	(3,244.1)	(139.0)	-	604.0	(2,779.1)
EPRA Net debt	**17,014.9**	**543.1**	**-**	**(2,511.4)**	**15,046.6**
Investment property [2]	29,206.3	1,229.0	-	(5,265.8)	25,169.5
Investment property of assets held for sale	1,009.3	39.6	-	(95.3)	953.6
Owner-occupied property	66.0	-	-	(22.0)	44.0
Intangibles as per the IFRS balance sheet	32.4	-	-	(7.7)	24.7
Net receivables [1]	123.7	75.9	-	(101.0)	98.6
Financial assets	966.1	437.0	-	(152.7)	1,250.4
EPRA Total property value	**31,403.8**	**1,781.5**	**-**	**(5,644.5)**	**27,540.8**
EPRA LTV	**54.2%**				**54.6%**

1) including balances under held for sale
2) including advance payments and deposits and inventory - trading property, excluding right-of-use assets

The EPRA LTV is a metric that aims to assess the leverage of shareholder equity within a real estate company. The main difference between EPRA LTV and the Group's calculated LTV is the wider categorization of liabilities and assets with the largest impact coming from the inclusion of perpetual notes as debt, inclusion of financial assets in the property value and proportionate consolidation adjustments. Under IFRS, the Group's perpetual notes are considered as equity as they do not have a maturity date, are subordinated to all debt types and do not carry covenants. As a result, the Group views its LTV metric as a better measure of leverage, as it more closely matches the LTV under its debt covenants. Nevertheless, for enhanced transparency the Group will continue to present both metrics going forward.

Aroundtown recorded an EPRA LTV of 55.4% at year-end 2022, slightly higher compared to 54.6% at year-end 2021 mainly due to share buybacks of €255 million, approx. €255 million dividend paid by the Group, the acquisition of GCP shares in the amount of over €280 million and negative revaluations.

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

	Dec 2022	Dec 2021
	in € millions	
Investment property	27,981.0	29,115.9
Investment property of assets held for sale	909.1	1,009.3
Share of JV investment property [1)]	1,195.3	1,194.1
Less: Classified as Development rights & Invest	(2,271.3)	(2,073.1)
Complete property portfolio	**27,814.1**	**29,246.2**
Allowance for estimated purchasers' costs [1)]	1,959.3	2,112.7
Grossed up complete property portfolio value	**29,773.4**	**31,358.9**
End of period annualized net rental income [1)]	1,255.7	1,267.6
Operating costs [2)]	(216.6)	(187.8)
Annualized net rent, after non-recoverable costs	**1,039.1**	**1,079.8**
Notional rent expiration of rent-free periods or other lease incentives	15.1	15.9
Topped-up net annualized rent	**1,054.2**	**1,095.7**
EPRA NIY	**3.5%**	**3.4%**
EPRA 'TOPPED-UP' NIY	**3.5%**	**3.5%**

1) including AT's share in joint venture positions
2) to reach annualized operating costs, cost margins were used for each respective periods

The EPRA Net Initial Yield (NIY) is calculated by subtracting the non-recoverable operating costs from the net rental income as of the end of the period and dividing the result by the fair value of the full property portfolio plus an allowance for estimated purchasers' costs. EPRA 'Topped-up' NIY is an additional calculation that factors into consideration the effects of rent-free period and other lease incentives. Given the strategic investment in joint venture positions, they are proportionately consolidated in accordance with the holding rate at the end of the period.

The EPRA NIY amounted to 3.5% at year-end 2022, higher compared to 3.4% at year-end 2021. While like-for-like rental income grew at 3.5% year-over-year, yield expansion due to increase in interest rates outpaced the rental growth towards the end of the year and resulted in a like-for-like value decline of 1.8% accounting for capex, thus resulting in an increase of EPRA NIY year-over-year. The EPRA 'Topped-up' NIY remained stable at 3.5% at year-end 2022.

EPRA VACANCY

EPRA VACANCY	Dec 2022	Dec 2021
	in € millions	
Estimated Rental Value (ERV) of the vacant space	95.2	97.8
Dec annualized net rent including vacancy rented at ERV	1,246.1	1,274.6
EPRA VACANCY	**7.6%**	**7.7%**

EPRA VACANCY INCLUDING JV	Dec 2022	Dec 2021
	in € millions	
Estimated Rental Value (ERV) of the vacant space including JV [1]	103.6	106.0
Dec annualized net rent including vacancy rented at ERV including JV [1]	1,324.4	1,353.3
EPRA VACANCY INCLUDING JV	**7.8%**	**7.8%**

1) including AT's share in joint venture positions

EPRA Vacancy is an operational measure that calculates a real estate company's economic vacancy rate as based on the prevailing market rental rates. It is calculated by dividing the market rental value of the vacant space in the portfolio by the annualized rental value of the portfolio, including vacancy at market rents. The EPRA Vacancy including JV further includes AT's share in joint venture investments, including its holding rate in Globalworth, the leading publicly listed office landlord in Central Eastern European markets, mainly in Warsaw and Bucharest.

EPRA Vacancy decreased from 7.7% at year-end 2021 to 7.6% at year-end 2022. The disposal of assets with higher-than-average vacancy offset the negative 0.2% like-for-like occupancy. EPRA Vacancy including JV remained stable at 7.8% as of year-end 2022. Aroundtown has observed an increase in market ERV's due to inflation driven indexations.

EPRA COST RATIOS

	Year ended December 31, 2022	2021
	in € millions	
Administrative and other expenses	62.5	56.6
Maintenance and refurbishment	51.1	37.8
Ancillary expenses and purchased services, net	3.0	0.6
Personnel expenses	58.6	46.8
Other operating costs	173.3	194.4
Depreciation and amortization	21.1	15.9
Share of equity-accounted investees [1]	13.4	30.8
Exclude:		
Depreciation and amortization	(21.1)	(15.9)
EPRA Costs (including direct vacancy costs)	**361.9**	**367.0**
Direct vacancy costs [1]	(27.6)	(25.9)
EPRA Costs (excluding direct vacancy costs)	**334.3**	**341.1**
Extraordinary expenses for uncollected rent [2]	(75.0)	(125.0)
EPRA Costs (including direct vacancy costs, excluding Covid-19 adjustment)	**286.9**	**242.0**
EPRA Costs (excluding direct vacancy costs, excluding Covid-19 adjustment)	**259.3**	**216.1**
Revenue	1,609.9	1,323.2
Less: Operating and other income	(387.8)	(237.5)
Add: Share of net rental income from equity-accounted investees [1]	79.1	149.9
Net rental income	**1,301.2**	**1,235.6**
EPRA Cost Ratio (including direct vacancy costs)	**27.8%**	**29.7%**
EPRA Cost Ratio (excluding direct vacancy costs)	**25.7%**	**27.6%**
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	**22.0%**	**19.6%**
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	**19.9%**	**17.5%**

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

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

The EPRA Cost ratios in 2022 amounted to 27.8% including direct vacancy costs and 25.7% excluding direct vacancy costs, lower compared to 29.7% and 27.6% in 2021, respectively. The decrease is driven by lower extraordinary expenses for uncollected rent, disposal of assets with higher cost margins and like-for-like net rental income growth, offsetting the cost inflation and provisions made in relation to higher energy prices. Excluding the extraordinary expenses for uncollected rent, cost ratios were 22.0% and 19.9% in 2022, higher compared to 19.6% and 17.5%, due to cost inflation which outpaced the growth in net rental income.

Alternative Performance Measures

Aroundtown follows the real estate reporting criteria and provides Alternative Performance Measures. These measures provide more clarity on the business and enables benchmarking and comparability to market levels. In the following section, Aroundtown presents a detailed reconciliation for the calculations of its Alternative Performance Measures.

ADJUSTED EBITDA

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

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

Adjusted EBITDA Calculation
Operating Profit
(+) Total depreciation and amortization
(=) EBITDA
(-) Property revaluations and capital gains [1]
(-) Share of profit from investment in equity-accounted investees [2]
(+) Other adjustments incl. one-off expenses related to TLG merger [3]
(-) Contribution of assets held for sale [4]
(+) Add back: Extraordinary expenses for uncollected rent [5]
(=) Adjusted EBITDA before JV contribution [6]
(+) Contribution of joint ventures' adjusted EBITDA [7]
(=) Adjusted EBITDA

1) Named as „Fair value adjustments, capital gains and other income" in FY 2017
2) Named as „Share in profit from investment in equity-accounted investees" in FY 2017, 2018, 2019 and 2020
3) Including expenses related to employees' share incentives plans and one-off expenses related to TLG merger. Prior to the takover of TLG, it was named as „Other adjustments" in FY 2017 and only related to share incentive plans. In FY 2018 and 2019, it was shown together with contribution of assets held for sale under an item called „Other adjustments"
4) Named as „Adjusted EBITDA relating to properties marked for disposal" in FY 2017. In FY 2018 and 2019, it was shown together with expenses related to employees' share incentive plans under an item called „Other adjustments". Named as „Contribution from assets held for sale" in FY 2020
5) Extraordinary expenses for uncollected rent due to the Covid pandemic. The adjustment started in 2020 after the Covid pandemic in order to reflect the recurring adjusted EBITDA excluding these extraordinary expenses
6) Named as „Adjusted EBITDA commercial, recurring long-term" in FY 2017 and „Adjusted EBITDA commercial portfolio, recurring long-term" in FY 2018, 2019 and 2020
7) The adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021, GCP is consolidated. Named as „Adjustment for GCP adjusted EBITDA contribution" in FY 2017, „Adjustment for GCP and other joint venture positions adjusted EBITDA contribution" in FY 2018 and 2019, „Adjustment for GCP's and other investments' adjusted EBITDA contribution" in FY 2020

FUNDS FROM OPERATIONS I (FFO I)

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

Due to the deduction of the *Share of profit from investment in equity-accounted investees* in the adjusted EBITDA calculation which includes the operational profits from those investments, Aroundtown adds back its relative share in the FFO I of joint venture positions in accordance with the holding rate over the period to reflect the recurring operational profits generated by those investments. This item is labelled as *Contribution of joint ventures' FFO I*. Prior to the third quarter of 2021, this item was mostly attributed to Aroundtown's share in GCP's FFO I, however, starting from July 1, 2021, GCP is consolidated in Aroundtown's financial accounts. Aroundtown created *Extraordinary expenses for uncollected rent* due to the Covid pandemic in response to the impact of Coronavirus on the hotel industry. Therefore, Aroundtown's *FFO I* includes these expenses.

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

In FY 2020 and FY 2021, Aroundtown additionally showed *FFO I before extraordinary Covid adjustment* and *FFO I per share before extraordinary Covid adjustment* (named as *FFO I before Covid* and *FFO I per share before Covid* in FY 2020), which excluded the *Extraordinary expenses for uncollected rent*. Starting from FY 2022, this line item is not shown in the table to maintain the focus on the main FFO I KPI.

Funds From Operations (FFO I) Calculation
Adjusted EBITDA before JV contribution
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities [1]
(+) Adjustments related to assets held for sale [2]
(-) Perpetual notes attribution [3]
(=) FFO I before JV contribution [4]
(+) Contribution of joint ventures' FFO I [5]
(-) Extraordinary expenses for uncollected rent [6]
(=) FFO I [7]

1) Including minority share in GCP's FFO I (since the consolidation in Q3 2021) and TLG's FFO (since the takeover in Q1 2020). Named as „Contribution from minorities" in FY 2017
2) Named as „FFO relating to properties marked for disposal" in FY 2017, „Other adjustments" in FY 2018 and 2019.
3) Named as „Adjustment for accrued perpetual notes attribution" in FY 2017, 2018 and 2019
4) Named as „FFO I commercial portfolio, recurring long-term" in FY 2017, 2018, 2019 and 2020. In order to align FFO I better with the market standards, Aroundtown started deducting perpetual notes attribution from its main FFO I KPI in 2020 and from this line item in 2021
5) The adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence and that are not consolidated. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated. Named as „Adjustment for GCP FFO I contribution" in FY 2017, „Adjustment for GCP's and other joint ventures' FFO I contribution" in FY 2018 and 2019, „Adjustment for GCP's and other investments' FFO I contribution" in FY 2020
6) Extraordinary expenses for uncollected rent due to the Covid pandemic
7) In order to align this KPI better with market standards, in 2020, Aroundtown started deducting the perpetual notes attribution from this KPI. Named as „FFO I after perpetual notes attribution" in FY 2017, 2018 and 2019

FFO I Per Share Calculation
(c) FFO I
(b) Weighted average basic shares [1]
(=) (c/b) FFO I per share [2]

1) Weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations
2) In order to align this KPI better with market standards, in 2020, Aroundtown started deducting the perpetual notes attribution from FFO I. Named as „FFO I per share after perpetual notes attribution" in FY 2017, 2018 and 2019

FUNDS FROM OPERATIONS II (FFO II)

Funds from Operations II (FFO II) is an additional measurement used in the real estate industry to evaluate operational recurring profits including the impact from disposal activities. To derive the *FFO II*, the *Results from disposal of properties* are added to the *FFO I*. The results from disposals reflect the profit driven from the excess amount of the sale price, net of transactions costs, to cost price plus capex of the disposed properties.

Funds From Operations II (FFO II) Calculation
FFO I
(+) Result from the disposal of properties [1]
(=) FFO II [2]

1) The excess amount of the sale price, net of transaction costs and total costs (cost price and capex of the disposed properties)
2) Prior to 2020, since the main FFO I KPI did not deduct perpetual notes attribution, FFO II included these attributions. In order to align FFO I better with market standards, in 2020, Aroundtown started deducting the perpetual notes attribution

LOAN-TO-VALUE (LTV)

The Loan-to-Value (LTV) is a measurement aimed at reflecting the leverage of a company. The purpose of this metric is to assess the degree to which the total value of the real estate properties can cover financial debt and the headroom against a potential market downturn. With regards to Aroundtown's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which Aroundtown can comfortably raise further debt to finance additional growth. *Total value* is calculated by adding together the *Investment property* which includes *Advance payments and deposit* and *Inventories – trading property* but excludes the right-of-use assets, *Investment property of assets held for sale* and *Investment in equity-accounted investees* which starting from Dec 2022 include only property related JV's. *Net financial debt* is calculated by deducting the *Cash and liquid assets* from the *Total financial debt* which is a sum of *Short- and long-term loans and borrowings from financial institutions* and *Short- and long-term straight bonds, convertible bond and schuldscheins*. *Cash and liquid assets* are the sum of *Cash and cash equivalents, Short-term deposits* and *Financial assets at fair value through profit or loss,* as well as cash balances of assets held for sale. Aroundtown calculates the LTV ratio through dividing the *Net financial debt* by the *Total value*.

LTV Calculation
(+) Investment property [1]
(+) Investment property of assets held for sale [2]
(+) Investment in equity-accounted investees [3]
(=) (a) Total value
(+) Total financial debt [4] [5]
(-) Cash and liquid assets [5]
(=) (b) Net financial debt
(=) (b/a) LTV

1) Including advance payments and deposits and inventories – trading property, excluding the right-of-use assets
2) Named as „Assets held for sale" in FY 2019 and FY 2018 and „Investment properties classified as held for sale" in FY 2017
3) Including only property related JV's starting from Dec 2022
4) Total of bank loans, straight bonds, schuldscheins and convertible bond and exluding lease liabilities
5) Including balances under held for sale

EQUITY RATIO

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

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

UNENCUMBERED ASSETS RATIO

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

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

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

INTEREST COVER RATIO (ICR) AND DEBT SERVICE COVER RATIO (DSCR)

The Interest Cover Ratio (ICR) is widely used in the real estate industry to assess the strength of a firm's credit profile. The multiple indicates the degree to which Aroundtown's operational results are able to cover its debt servicing. *ICR* is calculated by dividing the *Adjusted EBITDA* including the contributions from assets held for sale by the *Finance expenses*. ICR previously included the contribution from joint venture positions in both the finance expenses and adjusted EBITDA but it was reclassified during 2021 to exclude these contributions in order to reflect the interest cover ratio of the Group's standalone operations excluding its joint venture investments, as well as to simplify this KPI. Aroundtown additionally provides the *ICR, Covid adjusted* which is calculated by dividing the *Adjusted EBITDA* including extraordinary expenses for uncollected rent due to the Covid pandemic and the contributions from assets held for sale by the *Finance expenses*.

Aroundtown discontinued presenting DSCR as it is not part of its bond covenants. The DSCR is calculated by dividing the *Adjusted EBITDA* including the contributions from assets held for sale by the sum of *Finance expenses* and *Amortizations of loans from financial institutions and others*. When it was reported in FY 2018 and FY 2019, DSCR included the contribution from joint venture positions but following the reclassification of ICR, these contributions are excluded.

ICR Calculation
(a) Finance expenses [1]
(b) Adjusted EBITDA [2]
(=) (b/a) ICR

1) Previously included contributions from joint venture positions and named as „Group finance expenses" in FY 2018, 2019 and 2020
2) Including the contributions from assets held for sale and previously included contributions from joint venture positions

ICR, Covid Adjusted Calculation
(a) Finance expenses
(c) Adjusted EBITDA [2] [3]
(=) (c/a) ICR, Covid adjusted

DSCR Calculation
(a) Finance expenses [1]
(d) Amortization of loans from financial institutions and others [4]
(=) (e=a+d) Total finance expenses and amortizations of loans [5]
(b) Adjusted EBITDA [2]
(=) (b/e) DSCR

1) Previously included contributions from joint venture positions and named as „Group finance expenses" in FY 2018, 2019 and 2020
2) Including the contributions from assets held for sale and previously included contributions from joint venture positions
3) Including extraordinary expenses for uncollected rent due to the Covid pandemic
4) Previously included contributions from joint venture positions and named as „Group amortization of loans from financial institutions" in FY 2018 and 2019. Named as „Amortizations of loans from financial institutions" in FY 2017
5) Named as „Total Group finance expenses and amortizations of loans" in FY 2018 and 2019

NET DEBT-TO-EBITDA AND NET DEBT-TO-EBITDA INCLUDING PERPETUAL NOTES

The *Net debt-to-EBITDA* is used in the real estate industry to measure the leverage position of a company. This KPI highlights the ratio of financial liabilities to the Company's recurring operational profits and thereby indicates how much of the recurring operational profits are available to debt holders. Aroundtown calculates its *Net debt-to-EBITDA* ratio by dividing the *Net financial debt* as at the balance sheet date by the *adjusted EBITDA (annualized)*. The *Net financial debt* is defined above under *Loan- to-Value* ratio. The *adjusted EBITDA (annualized)* includes contributions from assets held for sale and joint venture positions and excludes extraordinary expenses for uncollected rent due to the Covid pandemic. The *adjusted EBITDA (annualized)* is calculated by adjusting the adjusted EBITDA to reflect a theoretical full year figure. This is done by multiplying the adjusted EBITDA of the period by 4 if it is the three-month period result, by 2 if it is the six-month period result and by 4/3 if it is the nine-month period result. For the full year, there is no adjustment made.

Aroundtown additionally provides the *Net debt-to-EBITDA including perpetual notes* ratio by adding its *Equity attributable to perpetual notes investors* as at the balance sheet date to the *Net financial debt*. Although AT's perpetual notes are 100% equity instruments under IFRS, credit rating agencies, including S&P, can apply an adjustment to such instruments and consider AT's perpetuals as 50% equity and 50% debt. Additionally, some equity investors may find an adjustment that adds the full balance of perpetual notes to the net debt as relevant. For enhanced transparency, AT additionally provides this KPI including the full balance sheet amount of *Equity attributable to perpetual notes investors*.

Net Debt-to-EBITDA Calculation
(a) Net financial debt [1]
(b) Adjusted EBITDA (annualized) [2]
(=) (a/b) Net debt-to-EBITDA

Net Debt-to-EBITDA Including Perpetual Notes Calculation
(a) Net financial debt [1]
(b) Equity attributable to perpetual notes investors
(c) Adjusted EBITDA (annualized) [2]
(=) [(a+b)/c] Net debt-to-EBITDA including perpetual notes

1) See LTV calculation for the breakdown
2) Including the contributions from assets held for sale and joint venture positions, excluding extraordinary expenses for uncollected rent due to the Covid pandemic. See the explanation above for the annualization adjustment

EPRA NAV KPI'S

EPRA NET REINSTATEMENT VALUE (EPRA NRV)

The EPRA NRV is defined by the European Public Real Estate Association (EPRA) as a measure to highlight the value of a company's net assets on a long-term basis, assuming entities never sell assets. This KPI aims to represent the value required to rebuild the company. Aroundtown's *EPRA NRV* calculation begins by adding to the *Equity attributable to the owners of the Company* the *Deferred tax liabilities* which includes balances in assets held for sale and excludes significant minority share in deferred tax liabilities, as well as excluding deferred tax assets on certain financial instruments in line with EPRA recommendations. Aroundtown also adds/deducts *Fair value measurement of derivative financial instruments* which includes the derivative financial instruments related to interest hedging and excludes significant minority share in derivative financial instruments. These items are added back in line with EPRA's standards as they are not expected to materialize on an ongoing and long-term basis. Aroundtown then deducts the *Goodwill in relation to TLG, Goodwill in relation to GCP* and adds *Real estate transfer tax* which is the gross purchasers' costs in line with EPRA's standards which includes Aroundtown's share in TLG's and GCP's relevant real estate transfer taxes (RETT). Following the consolidation of GCP, the goodwill recognized in relation to GCP became relevant for EPRA NRV calculations. *EPRA NRV per share* is calculated by dividing the *EPRA NRV* by the *Number of shares* which excludes the treasury shares and includes the conversion impact of mandatory convertible notes.

The EPRA NAV was discontinued by EPRA starting from FY 2020. Following EPRA guidelines, Aroundtown provided the bridge between the former EPRA NAV and the new EPRA NRV in its FY 2020 report and discontinued reporting EPRA NAV thereafter. The main difference between the former EPRA NAV and the EPRA NRV is the addition of real estate transfer taxes in the EPRA NRV.

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

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

EPRA NET TANGIBLE ASSETS (EPRA NTA) AND EPRA NTA with RETT

The EPRA NTA is defined by the European Public Real Estate Association (EPRA) as a measure to highlight the value of a company's net tangible assets assuming entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred taxes. Aroundtown's *EPRA NTA* calculation begins by adding to the *Equity attributable* to *the owners of the Company* the *Deferred tax liabilities* which excludes the deferred tax liabilities of properties held for sale, retail portfolio, development rights & invest portfolio, GCP's portfolio cities classified as "Others" and significant minority share in deferred tax liabilities, as well as excluding deferred tax assets on certain financial instruments in line with EPRA recommendations. Aroundtown also adds/deducts *Fair value measurement of derivative financial instruments* which includes the derivative financial instruments related to interest hedging and excludes significant minority share in derivative financial instruments. Furthermore, Aroundtown deducts the *Goodwill in relation to TLG, Goodwill in relation to GCP* and *Intangibles as per the IFRS balance sheet* which excludes significant minority share in intangibles. The *EPRA NTA* was reclassified in Dec 2022 to exclude *RETT* in order to align better with market standards. The *EPRA NTA per share* is calculated by dividing the *EPRA NTA* by the *Number of shares* which excludes the treasury shares and includes the conversion impact of mandatory convertible notes. The *EPRA NTA with RETT* adds gross purchasers' cost of properties which enable RETT optimization at disposal based on track record, including the relative share in GCP's relevant RETT. The *EPRA NTA with RETT per share* is calculated by dividing the *EPRA NTA with RETT* by *Number of shares*.

EPRA NTA (& per share) and EPRA NTA with RETT (& per share) Calculation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities [1]
(+/-) Fair value measurement of derivative financial instruments [2]
(-) Goodwill in relation to TLG [3]
(-) Goodwill in relation to GCP [4]
(-) Intangibles as per the IFRS balance sheet [5]
(=) (a) EPRA NTA [6]
(+) (b) Real estate transfer tax [7]
(=) (c=a+b) EPRA NTA with RETT [8]
(a) EPRA NTA [6]
(d) Number of shares (in millions) [9]
(=) (a/d) EPRA NTA per share [6]
(c) EPRA NTA with RETT [8]
(d) Number of shares (in millions) [9]
(=) (c/d) EPRA NTA with RETT per share [8]

1) Excluding significant minority share in deferred tax liabilities (DTL), as well as deferred tax assets on certain financial instruments in line with EPRA recommendations
2) Excluding significant minority share in derivatives
3) Deducting the goodwill resulting from the business combination with TLG
4) Deducting the goodwill resulting from the consolidation of GCP. Prior to the consolidation of GCP as of July 1, 2021, there was an adjustment related to surplus on investment in GCP, named as „Goodwill as per the IFRS balance sheet (related to GCP surplus)"
5) Excluding significant minority share in intangibles
6) Newly defined in Dec 2022 to exclude RETT
7) Including only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved. Additionally including relative share in GCP's relevant RETT
8) Previously defined as „EPRA NTA" or „EPRA NTA per share" in FY 2020 and FY 2021
9) Excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NET DISPOSAL VALUE (EPRA NDV)

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

The EPRA NNNAV was discontinued by EPRA starting from FY 2020. Following EPRA guidelines, Aroundtown provided the bridge between the former EPRA NNNAV and the new EPRA NDV in its FY 2020 report and discontinued reporting EPRA NNNAV thereafter. The main difference between the former EPRA NNNAV and the EPRA NDV is the exclusion of deferred tax liabilities in the EPRA NDV and goodwill related to GCP surplus prior to the consolidation of GCP as of July 1, 2021.

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

1) Deducting the goodwill resulting from the business combination with TLG
2) Deducting the goodwill resulting from the consolidation of GCP. Prior to the consolidation of GCP as of July 1, 2021, there was an adjustment related to surplus on investment in GCP, named as „Goodwill as per the IFRS balance sheet (related to GCP surplus)"
3) Excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA EARNINGS

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

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

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

EPRA Earnings and EPRA Earnings Per Share Calculation
Earnings per IFRS income statement
(-) Property revaluations and capital gains [1]
(-) Impairment of goodwill
(-) Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net [2]
(+) Deferred tax income (expenses)
(-) Share of profit from investment in equity-accounted investees [3] [4]
(+) Adjustment for investment in equity-accounted investees [4] [5]
(-) EPRA Earnings contribution to minorities [6]
(=) (a) EPRA Earnings
(b) Weighted average basic shares [7]
(=) (a/b) EPRA Earnings per share

1) Named as „Fair value adjustments, capital gains and other income" in FY 2017
2) Named as „Changes in fair value of financial assets and liabilities, net" in FY 2017, 2018, 2019, 2020 and 2021
3) Named as „Share in profit from investment in equity-accounted investees" in FY 2017, 2018, 2019 and 2020
4) In FY 2017, 2018 and 2019, share of profit from investment in equity-accounted investees and adjustment for investment in equity-accounted investees were summed up and presented in a single line item called „Adjustments for investment in equity-accounted investees"
5) Including AT's share in joint venture positions. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
6) Additionally adjusting for the minority share in GCP's FFO to EPRA Earnings bridge. Named as „Contribution from minorities" in FY 2017 and „Contribution to minorities" in FY 2018, 2019 and 2020
7) Weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations

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

The EPRA Net Initial Yield (NIY) and EPRA 'Topped-up' NIY are comparable yield measures provided by EPRA for portfolio valuations. The *EPRA NIY* calculation begins by subtracting the non-recoverable *Operating costs* from *End of period annualized net rental income* which includes Aroundtown's share in joint venture positions' net rental income and net rental income from assets held for sale. In order to reach annualized operating costs, Aroundtown uses cost margins for each respective periods. This *Annualized net rent, after non-recoverable costs* is divided by the *Grossed up complete property portfolio value* which is the sum of *Complete property portfolio* and *Allowance for estimated purchasers' costs*. The *Complete property portfolio* is the sum of *Investment property, Investment property of assets held for sale* and *Share of JV investment property*, excluding the part of the portfolio that is *Classified as Development rights & Invest*. On the other hand, *EPRA 'Topped-up' NIY* divides the *Topped-up net annualized rent* which includes additionally *Notional rent expiration of rent-free periods or other lease incentives* by the *Grossed up complete property portfolio value*.

EPRA NIY and ´TOPPED-UP´ NIY Calculation
(+) Investment property
(+) Investment properties of assets held for sale [1]
(+) Share of JV investment property [2]
(-) Classified as Development rights & Invest [3]
(=) Complete property portfolio
(+) Allowance for estimated purchasers' costs [4]
(=) (a) Grossed up complete property portfolio value
(+) End of period annualized net rental income [4] [5]
(-) Operating costs [6]
(=) (b) Annualized net rent, after non-recoverable costs
(+) Notional rent expiration of rent-free periods or other lease incentives
(=) (c) Topped-up net annualized rent
(=) (b/a) EPRA NIY
(=) (c/a) EPRA 'TOPPED-UP' NIY

1) Named as „Investment properties of assets held for sale" in FY 2017, 2018 and 2019
2) Named as „Share of GCP investment property" in FY 2017
3) Named as „Classified as development rights and new buildings" in FY 2018 and 2019. Prior to that, such classification did not exist
4) Including AT's share in joint venture positions
5) Including the net rent contribution of assets held for sale
6) To reach annualized operating costs, cost margins were used for each respective periods

EPRA VACANCY

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

EPRA Vacancy Including JV Calculation
(a) Estimated Rental Value (ERV) of the vacant space including JV [1]
(b) Dec annualized net rent including vacancy rented at ERV including JV [2]
(=) (a/b) EPRA Vacancy including JV [3]

EPRA Vacancy Calculation
(c) Estimated Rental Value (ERV) of the vacant space [4]
(d) Dec annualized net rent including vacancy rented at ERV [5]
(=) (c/d) EPRA Vacancy [6]

1) Named as „Estimated Rental Value (ERV) of the vacant space - Group portfolio" in FY 2020. The breakdown of the calculation wasn't provided prior to that
2) Named as „Dec annualized net rent including vacancy rented at ERV - Group portfolio" in FY 2020. The breakdown of the calculation wasn't provided prior to that
3) Named as „EPRA Vacancy - Group portfolio" in FY 2017, 2018, 2019 and 2020
4) Named as „Estimated Rental Value (ERV) of the vacant space - Commercial portfolio" in FY 2020. The breakdown of the calculation wasn't provided prior to that
5) Named as „Dec annualized net rent including vacancy rented at ERV - Commercial portfolio" in FY 2020. The breakdown of the calculation wasn't provided prior to that
6) Named as „EPRA Vacancy - Commercial portfolio" in FY 2017, 2018, 2019 and 2020

EPRA COST RATIOS

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

EPRA Cost Ratios Calculation
(+) Administrative and other expenses
(+) Maintenance and refurbishment
(+) Ancillary expenses and purchased services, net [1) 2)]
(+) Personnel expenses [2)]
(+) Other operating costs [2)]
(+) Depreciation and amortization [2)]
(+) Share of equity-accounted investees [3)]
Exclude: [4)]
(-) Depreciation and amortization
(=) (a) EPRA Costs (including direct vacancy costs)
(-) (b) Direct vacancy costs [3)]
(=) (c=a-b) EPRA Costs (excluding direct vacancy costs)
(-) (d) Extraordinary expenses for uncollected rent [5)]
(=) (e=a-d) EPRA Costs (including direct vacancy costs, excluding Covid-19 adjustment)
(=) (f=c-d) EPRA Costs (excluding direct vacancy costs, excluding Covid-19 adjustment)
(+) Revenue
(-) Operating and other income
(+) Share of net rental income from equity-accounted investees [3)]
(=) (g) Net rental income [4)]
(=) (h=a/g) EPRA Cost Ratio (including direct vacancy costs)
(=) (i=a/g) EPRA Cost Ratio (excluding direct vacancy costs)
(=) (j=a/g) EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)
(=) (k=a/g) EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)

1) Named as „Net Ancillary expenses and purchased services" in FY 2019 and FY 2020
2) These items were summed up and presented together as „Operational expenses" in FY 2017 and FY 2018
3) Including AT's share in joint venture positions. GCP contributed to this line item until June 30, 2021. Starting from July 1, 2021 GCP is consolidated
4) Prior to IFRS 16 reclassification, ground rents were excluded from EPRA Costs in FY 2017 and 2018. Following the reclassification, ground rents are no longer part of operating expenses
5) Extraordinary expenses for uncollected rent due to the Covid pandemic. The adjustment started in 2020 after the Covid pandemic in order to reflect the recurring costs excluding these extraordinary expenses

EPRA LOAN-TO-VALUE (EPRA LTV)

The EPRA LTV is a metric that aims to assess the leverage of shareholder equity within a real estate company. The main difference between EPRA LTV and the Company's calculated LTV is the wider categorization of liabilities and assets with the largest impact coming from the inclusion of perpetual notes as debt, inclusion of financial assets in the net assets and proportionate consolidation adjustments. *EPRA LTV* is calculated by dividing the *EPRA Net debt* by *EPRA Total property value*. *EPRA Net debt* is derived by deducting *Cash and liquid assets* from *EPRA Gross debt*. *Cash and liquid assets* are defined under LTV section above. *EPRA Gross debt* is the sum of *Total financial debt* described under LTV section above, an adjustment related to *Foreign currency derivatives*, *Equity attributable to perpetual notes investors* and *Net payables*. *EPRA Total property value* is the sum of *Investment property* described under the LTV section, *Investment property of assets held for sale*, *Owner-occupied property*, *Intangibles as per the IFRS balance sheet*, *Net receivables* and *Financial assets*. *Net payables* or *Net receivables* is the sum of *Trade and other receivables* and *Other non-current assets* (both of which excluding loans-to-own assets and vendor loans), net of *Trade and other payables, Other non-current liabilities* (excluding lease liabilities), *Tax payable* and *Provisions for other liabilities and accrued expenses*, including balances in held for sale. If *Net receivables* are larger than *Net payables* in absolute values, the netted sum is shown in *EPRA Total property value*, otherwise in *EPRA Net debt*. *Financial assets* are the sum of loans-to-own assets and vendor loans. The calculation above reaches at *EPRA LTV – Consolidated (as reported)*. Following EPRA guideline, Aroundtown adds its *Share of joint ventures* and deducts *Material non-controlling interests* relating to GCP and TLG for all respective items where relevant which results in *EPRA LTV – Proportionate consolidation* also named as *EPRA LTV*.

EPRA LTV Calculation
(+) Total financial debt [1]
(+/-) Foreign currency derivatives
(+) Equity attributable to perpetual notes investors
(+) Net payables [2]
(=) EPRA Gross debt
(-) Cash and liquid assets [1]
(=) (a) EPRA Net debt
(+) Investment property [1]
(+) Investment property of assets held for sale
(+) Owner-occupied property
(+) Intangibles as per the IFRS balance sheet
(+) Net receivables [2]
(+) Financial assets
(=) (b) EPRA Total property value
(=) (a/b) EPRA LTV [3]

1) The components are described under the LTV section
2) If Net receivables are larger than Net payables in absolute values, the netted sum is shown in EPRA Total property value, otherwise in EPRA Net debt
3) Following EPRA guidelines, Aroundtown adds its share of joint ventures and deducts material non-controlling interests relating to GCP and TLG for all items where relevant

Responsibility statement

To the best of our knowledge, the consolidated financial statements of Aroundtown SA, prepared in accordance with the applicable reporting principles for financials statements, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development of the business, and describes the main opportunities, risks, and uncertainties associates with the Group.

Disclaimer

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

By order of the Board of Directors, March 29, 2023

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

To the Shareholders of
Aroundtown SA
37, Boulevard Joseph II
L-1840 Luxembourg
Grand Duchy of Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Aroundtown SA and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Valuation of Investment Properties

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements for the year ended 31 December 2022?

We refer to the accounting policies at note 2.3 "Significant accounting judgments, estimates and assumptions", note 3.13 "Investment Property", note 3.15 "Non-current assets held for sale" and note 16 "Investment Property" in the consolidated financial statements of Aroundtown SA.

As at 31 December 2022 the Group held a portfolio of investment property with a fair value of MEUR 27,981.0 (31 December 2021: MEUR 29,115.9) and investment property within assets held for sale with a fair value of MEUR 1,009.3 (31 December 2021: MEUR 909.1).

The valuation of investment property is a significant judgement area and is underpinned by a number of assumptions.

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

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

The external valuers were engaged by management and performed their work in compliance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards, TEGoVA European Valuations Standards and IVSC International Valuation Standard.

The Valuers used by the Group have considerable experience of the markets in which the Group operates. In determining a property's valuation, the valuers take into account property-specific characteristics and information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.

The significance of the estimates and judgments involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement in the consolidated statement of profit or loss and consolidated statement of financial position, warrants specific audit focus in this area.

b) How the matter was addressed during the audit?

Our procedures over valuation of investment properties include but are not limited to the following:

- We tested the design and implementation of the key controls around the determination and monitoring of the fair value measurement of the investment properties;
- We assessed the competence, capabilities, qualifications, independence and integrity of the external valuers and read their terms of engagement by Aroundtown SA to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- Through the involvement of our internal property valuation specialist, on a sample basis, we tested the accuracy and completeness of inputs used by the external valuers, as well as appropriateness of valuation parameters used, such as discount capitalisation rates, market rents per square meter and capital expenditure, vacancy rates, comparable price per square meter and development cost;
- In case a valuation was performed considering the highest and best use, we assessed, on a sample basis, the appropriateness of the special assumptions considered, and whether these assumptions were technically possible, legally permissible and financially feasible;
- Through the involvement of our internal property valuation specialist, on a sample basis, we assessed the valuation process and significant assumptions and critical judgement areas by benchmarking the key assumptions to external industry data and comparable property transactions, in particular the yields applied;
- We considered the adequacy of the disclosures in the consolidated financial statements, and the Group's descriptions regarding the inherent degree of subjectivity and the key assumptions in estimates.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the Board of Directors' Report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Shareholders on 18 November 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is six years.

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

The Corporate Governance Statement is included in the Board of Directors' Report. The information required by Article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

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

In our opinion, the consolidated financial statements of Aroundtown SA as at 31 December 2022, identified as 529900H4DWG3KWMBMQ39-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Aroundtown SA as at 31 December 2022, identified as 529900H4DWG3KWMBMQ39-2022-12-31-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 29 March 2023

KPMG Audit S.à r.l.
Cabinet de révision agréé

Muhammad Azeem
Partner


denns BioMarkt
Mitte Meer

02

consolidated financial statements

Consolidated statement of profit or loss

	Note	Year ended December 31, 2022	2021
		in € millions	
Revenue	7	1,609.9	1,323.2
Property revaluations and capital gains	8	(497.3)	809.7
Share of profit from investment in equity-accounted investees	17	5.9	193.4
Property operating expenses	9	(694.9)	(533.0)
Administrative and other expenses	10	(62.5)	(56.6)
Operating profit		**361.1**	**1,736.7**
Impairment of goodwill	15.1	(404.3)	-
Finance expenses	11	(184.8)	(180.4)
Other financial results	11	(194.1)	(162.1)
(Loss) profit before tax		**(422.1)**	**1,394.2**
Current tax expenses	12.2	(117.4)	(100.3)
Deferred tax income (expenses)	12.3	82.4	(215.8)
(Loss) profit for the year		**(457.1)**	**1,078.1**
(Loss) profit attributable to:			
Owners of the Company		(645.1)	642.2
Perpetual notes investors		118.1	105.9
Non-controlling interests		69.9	330.0
(Loss) profit for the year		**(457.1)**	**1,078.1**
Net (loss) earnings per share attributable to the owners of the Company (in €)			
Basic (loss) earnings per share	13.1	(0.58)	0.55
Diluted (loss) earnings per share	13.2	(0.58)	0.53

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

Consolidated statement of other comprehensive income

	Note	Year ended December 31, 2022	2021
		in € millions	
(Loss) profit for the year		**(457.1)**	**1,078.1**
Other comprehensive income (loss):			
Items that are or may be reclassified subsequently to profit or loss, net of tax:			
Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations		(33.3)	21.5
Cash flow hedges and cost of hedging		33.8	65.4
Equity-accounted investees – share of other comprehensive income		-	20.8
Items that will not be reclassified to profit or loss, net of tax:			
Revaluation of property, plant and equipment	14	15.3	-
Total comprehensive (loss) income for the year		**(441.3)**	**1,185.8**
Total comprehensive (loss) income attributable to:			
Owners of the Company		(626.1)	741.8
Perpetual notes investors		118.1	105.9
Non-controlling interests		66.7	338.1
Total comprehensive (loss) income for the year		**(441.3)**	**1,185.8**

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

Consolidated statement of financial position

		As at December 31,	
		2022	2021
	Note	in € millions	
ASSETS			
Property and equipment	14	199.7	132.0
Goodwill and intangible assets	15	1,308.1	1,717.3
Investment property	16	27,981.0	29,115.9
Advance payments and deposits		136.1	155.8
Investment in equity-accounted investees	17	1,291.9	1,222.5
Derivative financial assets	26.1	205.8	236.1
Other non-current assets	18	1,303.8	1,189.1
Deferred tax assets	12.3	65.1	85.5
Non-current assets		**32,491.5**	**33,854.2**
Cash and cash equivalents	26.3.2	2,305.4	2,873.0
Short-term deposits		137.5	27.5
Financial assets at fair value through profit or loss	26.1	266.5	339.8
Inventories – trading property		-	88.0
Trade and other receivables	19	1,168.1	1,131.3
Derivative financial assets	26.1	46.8	36.3
Assets held for sale	16.2.2	931.3	1,033.0
Current assets		**4,855.6**	**5,528.9**
Total assets		**37,347.1**	**39,383.1**

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

Consolidated statement of financial position (continued)

	Note	As at December 31, 2022	2021
		in € millions	
EQUITY			
Share capital	20.1.1	15.4	15.4
Treasury shares	20.1.2	(3,033.7)	(2,937.3)
Retained earnings and other reserves		12,603.6	13,455.5
Equity attributable to the owners of the Company		**9,585.3**	**10,533.6**
Equity attributable to perpetual notes investors	20.2	4,747.7	4,747.7
Equity attributable to the owners of the Company and perpetual notes investors		**14,333.0**	**15,281.3**
Non-controlling interests	20.3	3,490.4	3,875.1
Total equity		**17,823.4**	**19,156.4**
LIABILITIES			
Loans and borrowings	22.1	1,266.0	1,091.8
Straight bonds and schuldscheins	22.2	13,307.4	13,934.6
Derivative financial liabilities	26.2	431.7	394.7
Other non-current liabilities	23	567.2	433.0
Deferred tax liabilities	12.3	2,662.3	2,766.0
Non-current liabilities		**18,234.6**	**18,620.1**
Current portion of long-term loans and loan redemptions	22.1	22.9	56.2
Straight and convertible bonds	22.2	100.0	487.4
Trade and other payables	25	666.0	620.9
Tax payable		93.6	112.6
Provisions for other liabilities and accrued expenses		201.0	235.3
Derivative financial liabilities	26.2	12.9	30.7
Liabilities associated with assets classified as held for sale	16.2.2	192.7	63.5
Current liabilities		**1,289.1**	**1,606.6**
Total liabilities		**19,523.7**	**20,226.7**
Total equity and liabilities		**37,347.1**	**39,383.1**

The Board of Directors of Aroundtown SA authorized these consolidated financial statements for issuance on March 29, 2023

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

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

Consolidated statement of changes in equity

	Note	Attributable to the owners of the Company: Share capital	Share premium and capital reserves	Cash flow hedge and cost of hedge reserves	Treasury shares	Retained earnings	Equity attributable to the owners of the Company	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
		in € millions									
Balance as at January 1, 2022		**15.4**	**5,529.8**	**24.2**	**(2,937.3)**	**7,901.5**	**10,533.6**	**4,747.7**	**15,281.3**	**3,875.1**	**19,156.4**
(Loss) profit for the year		-	-	-	-	(645.1)	(645.1)	118.1	(527.0)	69.9	(457.1)
Other comprehensive (loss) income for the year, net of tax		-	(16.4)	35.4	-	-	19.0	-	19.0	(3.2)	15.8
Total comprehensive (loss) income for the year		**-**	**(16.4)**	**35.4**	**-**	**(645.1)**	**(626.1)**	**118.1**	**(508.0)**	**66.7**	**(441.3)**
Transactions with owners of the Company											
Contributions and distributions											
Share buy-back program	20.1.2	-	-	-	(254.6)	-	(254.6)	-	(254.6)	-	(254.6)
Equity settled share-based payment		-	(2.2)	-	2.3	-	0.1	-	0.1	-	0.1
Dividend distributions to the owners of the Company	20.1.3	-	(325.2)	-	155.9	-	(169.3)	-	(169.3)	-	(169.3)
Total contributions and distributions		**-**	**(327.4)**	**-**	**(96.4)**	**-**	**(423.8)**	**-**	**(423.8)**	**-**	**(423.8)**
Changes in ownership interests											
Initial consolidations and deconsolidations	20.3.1	-	-	-	-	-	-	-	-	26.3	26.3
Transactions with non-controlling interests (NCI), dividends distributed to NCI and others	20.3.1	-	-	-	-	101.6	101.6	-	101.6	(477.7)	(376.1)
Total changes in ownership interests		**-**	**-**	**-**	**-**	**101.6**	**101.6**	**-**	**101.6**	**(451.4)**	**(349.8)**
Transactions with perpetual notes investors											
Payment to perpetual notes investors		-	-	-	-	-	-	(118.1)	(118.1)	-	(118.1)
Total transactions with perpetual notes investors		**-**	**-**	**-**	**-**	**-**	**-**	**(118.1)**	**(118.1)**	**-**	**(118.1)**
Balance as at December 31, 2022		**15.4**	**5,186.0**	**59.6**	**(3,033.7)**	**7,358.0**	**9,585.3**	**4,747.7**	**14,333.0**	**3,490.4**	**17,823.4**

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

Consolidated statement of changes in equity (continued)

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

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

Consolidated statement of cash flows

		Year ended December 31,	
		2022	2021
	Note	in € millions	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit for the year		(457.1)	1,078.1
Adjustments for the profit:			
Depreciation and amortization	14, 15	21.1	15.9
Property revaluations and capital gains	8	497.3	(809.7)
Share of profit from investment in equity-accounted investees	17	(5.9)	(193.4)
Impairment of goodwill	15.1	404.3	-
Finance expenses and other financial results	11	378.9	342.5
Current and deferred tax expenses	12	35.0	316.1
Share-based payment	21.2	5.4	5.9
Change in working capital		(29.1)	(61.3)
Dividend received	17	34.8	24.3
Tax paid		(96.7)	(92.6)
Net cash from operating activities		**788.0**	**625.8**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from (payments for) disposals (acquisitions) of property, equipment and intangible assets, net		(26.4)	22.9
Proceeds from disposals of investment property and proceeds from associates		1,286.5	1,994.0
Acquisitions of investment property and associates, investment in capex and advances paid		(730.3)	(815.0)
Investments in traded securities and other financial assets, net		(121.3)	(124.3)
Net cash from investing activities		**408.5**	**1,077.6**

Consolidated statement of cash flows (continued)

		Year ended December 31,	
		2022	2021
	Note	in € millions	
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back program	20.1.2	(254.6)	(444.1)
Share buy-back in subsidiaries	20.3.1	-	(269.6)
Payments to mandatory convertible notes investors and proceeds from issuance, net		(11.9)	(10.5)
Proceeds (payments) from (to) perpetual notes investors, net of buy-back		(118.1)	235.2
Buy-back and redemption of bonds	22.3	(829.2)	(699.7)
Proceeds (repayments) from (of) loans from financial institutions and others, net	22.3	225.0	(595.1)
Amortization of loans from financial institutions and others	22.3	(13.3)	(14.9)
Transactions with non-controlling interests	20.3.1	(340.8)	(277.4)
Dividend paid to the owners of the Company	20.1.3	(169.3)	(252.0)
Dividend paid to non-controlling interests	20.3.1	(86.6)	(77.4)
Proceeds from hedge derivative relations and others		39.2	-
Interest and other financial expenses paid, net	22.3	(203.9)	(201.0)
Net cash used in financing activities		**(1,763.5)**	**(2,606.5)**
Net changes in cash and cash equivalents		**(567.0)**	**(903.1)**
Cash and cash equivalents as at January 1		2,873.0	2,692.1
Assets held for sale – change in cash	16.2.2	(5.5)	(1.8)
Cash and cash equivalents from initial consolidation of GCP	5	-	1,069.7
Effect of movements in exchange rates on cash held		4.9	16.1
Cash and cash equivalents as at December 31		**2,305.4**	**2,873.0**

Notes to the consolidated financial statements

1. GENERAL

1.1 Incorporation and principal activities

Aroundtown SA (the "Company" or "Aroundtown"), a public limited liability company (Société Anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 37, Boulevard Joseph II, L-1840 Luxembourg (formerly: 40, Rue du Curé, L-1368, Luxembourg). Aroundtown's ordinary shares are listed on the Prime Standard of the Frankfurt Stock Exchange and included in the MDAX index of the Deutsche Börse (symbol: AT1).

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

These consolidated financial statements for the year ended December 31, 2022 consist of the financial statements of the Company and its investees (the "Group").

1.2 Group rating

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

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

Aroundtown's and GCP's credit ratings were reaffirmed by the rating agencies in December 2022.

1.3 Definitions

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

The Company	Aroundtown SA
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
GCP	Grand City Properties S.A. (subsidiary of the Company; listed for trade in the Prime Standard of the Frankfurt Stock Exchange)
TLG	TLG Immobilien AG (subsidiary of the Company)
Related parties	As defined in IAS 24, additionally see note 24
The reporting period	The financial year ended on December 31, 2022

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Certain consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2021 have been reclassified to enhance comparability with 2022 figures and are marked as "reclassified".

The consolidated financial statements were authorized for issuance by the Company's board of directors on March 29, 2023.

2.2 Basis of measurement

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

» Financial assets at fair value through profit or loss;
» Investment property is measured at fair value;
» Owner-occupied properties are measured at fair value;
» Investment in equity-accounted investees – measured using the equity method;
» Derivative financial assets and liabilities – measured at fair value;
» Assets and liabilities classified as held for sale – measured at fair value less costs to sell;
» Deferred tax assets and liabilities – measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

2.3 Significant accounting judgments, estimates and assumptions

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

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

Judgments

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

- **Leases**

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

- **Revenue from contracts with customers**

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

Principal versus agent considerations (services to tenants)

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

Determining the timing of revenue recognition on the sale of property

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

- **Business combinations**

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

- **Interest rate benchmark reform ("IBOR reform")**

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

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

Estimates and assumptions

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

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

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

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

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

» *Impairment of financial assets measured at amortized cost* - When measuring expected credit loss (ECL) the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

» *Impairment of investments in associates* - The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of the investment is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the recoverable amount associated with this investment (being the higher of fair value less costs of disposal and value in use, that is the present value of the future cash flows expected to be derived from the investment) would be compared to its carrying amounts to determine if a write down to fair value is necessary.

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

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

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

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

2.4 Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

As at December 31, 2022, the Group's main foreign exchange rates versus the euro were as follows:

	EUR/GBP ("British Pound")	EUR/USD ("US Dollar")
December 31, 2022	**0.887**	**1.067**
December 31, 2021	0.840	1.133
Average rate during the year 2022	0.853	1.053
Average rate during the year 2021	0.860	1.183
Changes (in %):		
Year ended December 31, 2022	5.6%	(5.8%)
Year ended December 31, 2021	(6.5%)	(7.7%)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

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

There were several new and amendments to standards and interpretations which are applicable for the first time in 2022, but either not relevant or do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. See note 3.31.

These amendments did not have any significant impact on the consolidated financial statements of the Group.

The following amendments were adopted and effective by the EU during 2022:

With effective date of 1, January 2022:

- **Amendments to IFRS 3 Business Combinations**

  The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  These amendments had no impact on the consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

- **Amendments to IAS 16 Property, Plant and Equipment**

  The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  These amendments had no impact on the consolidated financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets**

  An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

  The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

- **Annual Improvements to IFRSs 2018-2020 Cycle**

  » **IFRS 1 First-time Adoption of International Financial Reporting Standards**
  The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

  These amendments had no impact on the consolidated financial statements of the Group as it is not a first-time adopter.

  » **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**
  The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

  These amendments had no impact on the consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

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

  » **IAS 41 Agriculture – Taxation in fair value measurements**
  The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

  These amendments had no impact on the consolidated financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

» Power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee)
» Exposure, or rights, to variable returns from its involvement with the investee
» The ability to use its power over the investee to affect its returns

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

» The contractual arrangement(s) with the other vote holders of the investee
» Rights arising from other contractual arrangements
» The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date it ceases to control the subsidiary.

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

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributed to owners of the Company.

When the Group loses control over a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests and other components of equity, and is recognized in the consolidated statement of profit or loss under 'Property revaluations and capital gains'.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e., reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or IAS 28 Investments in Associates and Joint Ventures.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied by all entities in the Group.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

3.3 Property acquisitions not part of business combination

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

3.4 Business combinations and goodwill

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

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

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

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

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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

» Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;

» Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

» Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non- current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

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

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

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

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

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

3.5 Investments in associates and equity-accounted investees

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A jointly controlled entity is an entity in which two or more parties have interest.

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

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

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

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

3.6 Revenue recognition

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers - services to tenants including management charges and other expenses recoverable from tenants
- Other revenue

The accounting for each of these elements is discussed below:

Rental income

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

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

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

Revenue from services to tenants

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

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

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

Other revenue

Other revenue includes mainly management fee, consulting fees as well as income from loans in connection with real estate transactions. This income is included in revenue in the consolidated statement of profit or loss.

3.7 Finance income and expenses and other financial results

Finance income comprises interest income on funds invested.

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

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

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

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

3.8 Current tax and property taxes

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

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

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

3.9 Deferred tax

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

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

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

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

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

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

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

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

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

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

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

3.10 Property and equipment

Owner-occupied properties are measured at fair value less accumulated depreciation and impairment losses recognized after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in profit and loss. A revaluation deficit is recognized in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation surplus.

The rest property and equipment items are measured at cost less accumulated depreciation and impairment losses.

Equipment includes furniture, fixtures and office equipment and 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	7-50
Buildings	2-3

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

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

Expenditure for repairs and maintenance of equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

3.11 Goodwill and intangible assets

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 and the applied accounting policy is elaborated in the business combinations and goodwill section.

Expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have definite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives for current and comparative periods are as follows:

	%
Software	20 - 33

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.12 Deferred income

Deferred income represents income which relates to future periods

- **Prepayments**

  The Group receives prepayments from tenants for ancillary services and other charges (heating, water, insurance, cleaning etc.) on a monthly basis. These prepayments received from tenants are mainly settled once a year against the operating cost receivables. By the time of settlement, the prepayment and operating costs receivable balances are presented gross in the consolidated statement of financial position.

- **Tenancy deposits**

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

3.13 Investment property

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

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

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

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

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

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

Refer to the note 3.15 "Non-current assets held for sale" on the accounting for investment property classified by held for sale.

3.14 Trading property (Inventories)

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

Property that has been initially defined as investment property and is subsequently intended for sale in the ordinary course of business or in the process of construction or development for such sale, is transferred to trading property (inventories) when there is evidence of a change intention. The deemed cost for subsequent accounting is the fair value at the date of change in use.

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

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

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

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

For presenting of the disposal results of a trading property, the Group identifies whether the sale of a trading property forms part of its ordinary activities or not. In case it does, recognition of the revenue and expense will be as described above. Otherwise, the resulting gain or loss will be presented in net, outside of the Group's revenue, under the line item property revaluation, capital gains and other income in the consolidated statement of profit or loss.

3.15 Non-current assets held for sale

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

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

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

3.16 Financial instruments

A financial instrument is any contract that gives right to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(1) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. See note 3.6.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(2) Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

1. Financial assets at amortized cost (debt instruments)
2. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
3. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
4. Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains or losses are recognized in profit or loss when the asset is de-recognized, modified or impaired refer to expected credit loss model in determined impairment.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon de-recognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other financial results in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidate statement of profit or loss.

Dividends on equity instruments are recognized as revenue in the consolidated statement of profit or loss when the right of payment has established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the term of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified entirely as a financial asset at fair value through profit or loss.

(3) De-recognition

Financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily de-recognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(4) Impairment of financial assets

The Group recognizes an allowance for expected credit loss for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from defaults events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or when there is a breach of financial covenants by the debtor. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

(1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs and are subsequently expensed via EIR.

(2) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortized cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

(3) De-recognition

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

(c) Interbank Offered Rates (IBOR) Reform

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

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

3.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3.18 Mandatory convertible notes

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

3.19 Convertible bonds

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

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

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

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

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

3.20 Treasury shares

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

3.21 Perpetual notes

Perpetual notes have no maturity date and may only be redeemed by the Group, at its sole discretion, on certain dates. The perpetual notes are recognized as equity attributable to its holders, which forms part of the total equity of the Group. The Company may, at its sole discretion, elect to defer the payment of interest on the notes (referred to as Arrears of Interest). Arrears of Interest must be paid by the Company upon the occurrence of certain events, including but not limited to, dividends, distributions or other payments made to instruments such as the Company's ordinary shares, which rank junior to the perpetual notes. Upon occurrence of such an event, any Arrears of Interest would be re-classified as a liability in the Group's consolidated financial statements. The deferred amounts shall not bear interest.

3.22 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swap and cross-currency swap contracts, to hedge its foreign currency risks, interest rate risks and fair value risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized commitment.
- Cash flow hedges when hedging the exposures to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Hedges of a net investment in foreign operations.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ration is determined). A hedging relationship qualifies for hedge accounting if it meets all the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group hedges and the quantity of the hedging instrument that the Group uses to hedge that quantity of hedge item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for and further described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in

OCI and accumulated in the hedge reserves, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The forward element is recognized in OCI and accumulated in a separate component of equity under other reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently become a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the cash flows hedge occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the consolidated statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of profit or loss.

In cases that the Group designates only the spot element of swap contracts as a hedging instrument, the forward element is recognized in OCI and accumulated in a component of equity under hedge reserves as time period related element and amortized to the consolidated statement of profit or loss over the hedged period.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

Hedge of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of monetary item that is accounted for as part of the net investment, are accounted for as follows:

- The Group designates the spot element of a non-derivative financial liability and forward contracts as the hedging instrument.
- The forward element is recognized as cost of hedging and accumulated in a separate component of equity under hedge reserves.
- Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of profit or loss.
- On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

Interbank offered rates (IBOR) reform

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

3.23 Cash and cash equivalents

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

3.24 Property operating expenses

This item includes operating costs that can be recharged to the tenants and direct management costs of the properties. Maintenance expenses for the upkeep of the property in its current condition, as well as expenditure for repairs are charged to the consolidated statement of profit or loss. Refurbishment that takes place subsequent to the property valuation, thus excluded in its additional value, will also be stated in this account, until the next property valuation.

3.25 Operating segments

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

- are engaged in business activities from which they may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and
- for which separate financial information is available.

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

3.26 Comparatives

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

3.27 Earnings per share

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

3.28 Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

3.29 Provisions for other liabilities and accrued expenses

Provisions are recognized when there is a present obligation, either legal or constructive, vis-à-vis third parties as a result of a past event, if it is probable that a claim will be asserted, and the probable amount of the required provision can be reliably estimated. Provisions are reviewed regularly and adjusted to reflect new information or changed circumstances. Provisions include provisions for operating and administrative liabilities, as well as accruals of interest on straight and convertible bonds which have not become payable as at the reporting date.

3.30 Leased assets

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

Group as a lessee

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

(a) Right-of-use assets

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

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

(b) Lease liabilities

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

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

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

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

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

Group as a lessor

Refer to accounting policies on rental income in note 3.6.

3.31 Standards issued but not yet effective

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

The following amendments were adopted by the EU, but not yet effective in 2022:

- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

  The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

  Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

  Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

» A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset

» The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date

- **Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates**

- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies**

- **Amendments to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information**

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted, and are not expected to have a material impact on the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

4.1 Fair value hierarchy

The following tables present the Group's financial assets and liabilities measured and presented at fair value as at December 31, 2022, and as at December 31, 2021, on a recurring basis under the relevant fair value hierarchy, and for those measured and presented at amortized cost which their carrying amount significantly differs from the fair value. For all other financial instruments, the carrying amount is an approximation of their fair value.

	As at December 31, 2022					As at December 31, 2021				
		Fair value measurement using					Fair value measurement using			
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	in € millions					in € millions				
FINANCIAL ASSETS										
Financial assets at fair value through profit or loss (1)	466.4	466.4	196.7	231.7	38.0	605.6	605.6	300.4	282.9	22.3
Derivative financial assets	252.6	252.6	-	252.6	-	272.4	272.4	-	272.4	-
Total financial assets	**719.0**	**719.0**	**196.7**	**484.3**	**38.0**	**878.0**	**878.0**	**300.4**	**555.3**	**22.3**
FINANCIAL LIABILITIES										
Straight and convertible bonds and schuldscheins (2)	13,407.4	10,110.6	9,820.1	290.5	-	14,422.0	14,886.6	14,314.5	572.1	-
Loans and borrowings	1,288.9	1,242.6	-	1,242.6	-	1,148.0	1,168.3	-	1,168.3	-
Derivative financial liabilities	444.6	444.6	-	444.6	-	425.4	425.4	-	425.4	-
Total financial liabilities	**15,140.9**	**11,797.8**	**9,820.1**	**1,977.7**	**-**	**15,995.4**	**16,480.3**	**14,314.5**	**2,165.8**	**-**

(1) includes current and non-current
(2) the carrying amount excludes accrued interest

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

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

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

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

When the fair value of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of input such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments and is discussed further below.

4.2 Valuation techniques used to determine fair values

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

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

5. BUSINESS COMBINATIONS WITH GRAND CITY PROPERTIES S.A. IN JULY 2021

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

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

The fair value of the equity interest in GCP held by the Group prior to the initial consolidation, including direct minority interests in subsidiaries of GCP, amounted to €2,665.9 million and was reviewed by a professional advisor. The remeasurement to fair value of the equity interest in GCP, previously accounted for as equity-accounted investee, resulted in a gain of €75.7 million on initial consolidation. The amount has been included in share of profit from investment in equity-accounted investees in the consolidated statement of profit or loss in 2021. The Group did not incur significant acquisition-related costs.

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

	in € millions
Total identifiable assets	10,918.3
Total identifiable liabilities	(5,789.9)
Net identifiable assets and liabilities acquired	**5,128.4**

Measurement of fair values

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

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

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

Goodwill arose from the acquisition has been recognized as follows:

	in € millions
Total consideration	2,665.9
GCP's identifiable net assets	5,128.4
Non-controlling interests	(2,075.4)
Perpetual notes from GCP	(1,250.0)
GCP's net assets attributable to the Company	1,803.0
Goodwill recognized	**862.9**

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

For additional information about the impairment of the goodwill see note 15.1.

Post obtaining control over GCP, the Group has been continuously increasing its holding in GCP with both active acquisition of shares and opting for scrip dividend in July 2022. The effective holding rate (reflecting the voting rights in GCP) as at December 31, 2022 reached to 60.11%.

6. OPERATING SEGMENTS

6.1 Reportable segments

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

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

Commercial portfolio

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

GCP portfolio

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas predominantly in Germany and London. GCP's portfolio, excluding assets held for sale and properties under development, as of December 31, 2022, consists of 64 thousand units, located in densely populated areas with a focus on Berlin, North Rhine-Westphalia (Germany's most populous federal state), the metropolitan regions of Dresden, Leipzig and Halle and other densely populated areas as well as London.

6.2 Segment revenues and net operating income

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

	Note	Commercial portfolio	GCP portfolio	Total segments	Adjust-ments	Total
		Year ended December 31, 2022				
		in € millions				
Segment revenue	7	1,029.1	582.5	**1,611.6**	(1.7)	**1,609.9**
Net operating income		621.6	316.2	**937.8**	(1.7)	**936.1**
Property revaluations and capital gains	8	(615.1)	117.8	**(497.3)**	-	**(497.3)**
Impairment of goodwill	15	(141.4)	(262.9)	**(404.3)**	-	**(404.3)**
Share of profit from equity-accounted investees	17					5.9
Administrative and other expenses	10					(62.5)
Depreciation and amortization	14,15					(21.1)
Finance expenses	11					(184.8)
Other financial results	11					(194.1)
Loss before tax						**(422.1)**
Current tax expenses	12					(117.4)
Deferred tax income	12					82.4
Loss for the year						**(457.1)**

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

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

The comparative figures represent GCP portfolio's contribution since the initial consolidation with GCP that took place in July 2021.

7. REVENUE

	Year ended December 31, 2022	2021
	in € millions	
Net rental income	1,222.1	1,085.7
Operating and other income	387.8	237.5
	1,609.9	**1,323.2**

Geographical distribution of revenue

Country	Year ended December 31, 2022	2021
	in € millions	
Germany	1,195.2	944.5
The Netherlands	159.1	155.4
United Kingdom	173.9	146.2
Belgium	26.0	26.0
Others	55.7	51.1
	1,609.9	**1,323.2**

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

8. PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2022	2021
	in € millions	
Property revaluations	(539.9)	744.1
Capital gains	42.6	65.6
	(497.3)	**809.7**

9. PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2022	2021
	in € millions	
Ancillary expenses and purchased services	(390.8)	(238.1)
Maintenance and refurbishment	(51.1)	(37.8)
Personnel expenses	(58.6)	(46.8)
Depreciation and amortization	(21.1)	(15.9)
Other operating costs (*)	(173.3)	(194.4)
	(694.9)	**(533.0)**

(*) the Group recognized an allowance for expected credit loss and other impairment on trade and other receivables in the total amount of €104.5million (2021: €156.4 million), also containing an allowance for impairment due to the Covid pandemic impact

As at December 31, 2022, the Group had 1,705 employees (2021: 1,631 employees). On average, the Group had 1,688 employees (2021: 1,202 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 €690.5 million (2021: €529.5 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 €4.4 million (2021: €3.5 million).

10. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2022	2021
	in € millions	
Personnel expenses	(28.8)	(26.2)
Legal and professional fees	(12.1)	(9.7)
Audit and accounting expenses	(7.2)	(6.2)
Marketing and other administrative expenses	(14.4)	(14.5)
	(62.5)	**(56.6)**

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

	Year ended December 31,			
	2022		2021	
	in € millions			
	KPMG Network	**Other audit firms**	**KPMG Network**	**Other audit firms**
Audit services	4.3	2.7	3.5	2.3
Audit-related services	0.1	0.1	0.3	0.1
Tax and other services	0.1	0.4	0.1	0.4
	4.5	**3.2**	**3.9**	**2.8**

11. FINANCE EXPENSES AND OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2022	2021
	in € millions	
Finance expenses		
Interest to financial institutions, bonds and third parties, net	(173.9)	(166.9)
Finance expenses on lease liabilities	(10.9)	(13.5)
	(184.8)	**(180.4)**
Other financial results		
Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net	(168.6)	(115.4)
Finance-related costs	(25.5)	(46.7)
	(194.1)	**(162.1)**

12. TAXATION

12.1 Tax rates applicable to the Group

The Company is subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 24.94% (2021: 24.94%).

The German subsidiaries containing real estate property are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2022 (2021: 15.0%), plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). When applicable, an additional effective rate of approximately 14.5% is imposed as German trade tax (Gewerbesteuer). German property taxation includes taxes on the holding of real estate property based on the location and size of the property.

The Cypriot subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cypriot companies is 12.5% (2021: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to special defense contribution at the rate of 30.0% (2021: 30.0%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to special defense contribution at the rate of 17.0% (2021: 17.0%). In such case, this dividend income will be exempt from Cyprus income (corporation) tax. Under certain conditions, dividend income earned from Cyprus tax resident companies is exempt from special defense contribution and Cyprus income (corporation) tax.

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

The UK subsidiaries containing real estate property, are subject to taxation under the laws of the United Kingdom. Income taxes are calculated using a federal corporate tax (also for capital gains) of 19.0% for December 31, 2022 (2021: 19.0%). From April 1, 2023, the UK corporation tax rate will increase from 19.0% to 25.0% on profits of over GBP 250 thousand. Where there are UK group subsidiaries this threshold is divided by the number of UK group entities.

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 27.9% (2021: 28.2%).

12.2 Current tax expenses

	Year ended December 31,	
	2022	2021
	in € millions	
Corporate income tax	(69.0)	(56.3)
Property tax	(48.4)	(44.0)
	(117.4)	**(100.3)**

12.3 Movements in the deferred tax assets and liabilities

Deferred tax liabilities	Derivative financial instruments and other deferred tax liabilities	Fair value gains on investment property	Total
	in € millions		
Balance as at December 31, 2020	**23.0**	**1,861.5**	**1,884.5**
Charged to:			
Consolidated statement of profit or loss	9.3	215.5	224.8
Other comprehensive income	(0.3)	14.1	13.8
Initially consolidated in business combinations (see note 5)	(0.1)	717.5	717.4
Disposed of through deconsolidations and others	-	(43.4)	(43.4)
Transfer to liabilities held for sale	-	(1.9)	(1.9)
Netting of deferred taxes (*)	-	(29.2)	(29.2)
Balance as at December 31, 2021	**31.9**	**2,734.1**	**2,766.0**
Charged to:			
Consolidated statement of profit or loss	(18.1)	(58.6)	(76.7)
Other comprehensive income	28.2	(1.1)	27.1
Disposed of through deconsolidations and others	-	(24.4)	(24.4)
Transfer to liabilities held for sale and others	-	(33.0)	(33.0)
Netting of deferred taxes (*)	-	3.3	3.3
Balance as at December 31, 2022	**42.0**	**2,620.3**	**2,662.3**

	As at December 31,	
	2022	2021
	in € millions	
Excess of deferred tax liabilities	**2,597.2**	**2,680.5**

As at December 31, 2022, the Group did not recognize cumulative deferred tax liabilities on fair value gains on investment property amounting to €529.4 million (2021: €535.7 million) due to the initial recognition exception on acquisitions that did not meet the definition of business combination.

Deferred tax assets	Derivative financial instruments and other deferred tax assets	loss carried forward, net	Total
	in € millions		
Balance as at December 31, 2020	**37.8**	**11.4**	**49.2**
Charged to:			
Consolidated statement of profit or loss	15.1	(6.1)	9.0
Other comprehensive income	6.7	-	6.7
Initially consolidated in business combination (see note 5)	0.6	49.4	50.0
Disposed of through deconsolidations and others	-	(1.1)	(1.1)
Transfer (to) from assets held for sale	(0.4)	1.3	0.9
Netting of deferred taxes (*)	-	(29.2)	(29.2)
Balance as at December 31, 2021	**59.8**	**25.7**	**85.5**
Charged to:			
Consolidated statement of profit or loss	2.3	3.4	5.7
Other comprehensive income	(30.4)	-	(30.4)
Disposed of through deconsolidations and others	-	(2.0)	(2.0)
Transfer from assets held for sale and others	-	3.0	3.0
Netting of deferred taxes (*)	-	3.3	3.3
Balance as at December 31, 2022	**31.7**	**33.4**	**65.1**

(*) deferred tax assets and liabilities are netted against each other when the same taxable entity and the same taxation authority are involved, as well as the realization period and tax nature legally allow to set off current tax assets against current tax liabilities. As a result, as at December 31, 2022, a cumulative amount of €167.2 million was netted (2021: €170.5 million)

As at December 31, 2022, the Group had not recognized cumulative deferred tax assets on carried forward losses amounting to €210.7 million (2021: €83.6 million), as it was not considered probable that there would be future taxable profits available in the relevant entities.

12.4 Reconciliation of effective tax rate

	Year ended December 31,	
	2022	2021
	in € millions	
(Loss) profit before tax	(422.1)	1,394.2
Tax using domestic rate	24.94%	24.94%
Tax computed at the statutory tax rate	(105.3)	347.7
Decrease in taxes on income resulting from the following factors:		
Group's share in earnings from companies accounted for as equity-accounted investees	(1.5)	(48.2)
Effect of different tax rates of subsidiaries operating in other jurisdictions	80.7	(45.1)
Effect of change in tax rates	-	32.3
Income and expenses on which the Group did not recognize deferred tax and others	61.1	29.4
Total current and deferred tax expenses	**35.0**	**316.1**
Effective tax rate (in %)	**(8.3)**	**22.7**

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

13.1 Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2022, is based on the loss attributable to the owners of €645.1 million (2021: profit of €642.2 million), and a weighted average number of ordinary shares outstanding of 1,109.9 million (2021: 1,168.2 million), calculated as follows:

(Loss) profit attributed to the shareholders (basic)

	Year ended December 31,	
	2022	2021
	in € millions	
(Loss) profit for the year, attributable to the owners of the Company	(645.1)	642.2

Weighted average number of ordinary shares (basic)

	Year ended December 31,	
	2022	2021
	in millions of shares	
Issued ordinary shares on January 1, net of treasury shares	1,103.6	1,148.4
Scrip dividend and share incentive effect (*)	14.0	18.7
Mandatory convertible notes effect	27.7	27.7
Shares buy-back effect (*)	(35.4)	(26.6)
Weighted average number of ordinary shares	**1,109.9**	**1,168.2**
Basic (loss) earnings per share (in €)	**(0.58)**	**0.55**

(*) weighted average amount

13.2 Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2022, is based on loss attributable to the shareholders of €645.2 million (2021: profit of €620.0 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,111.3 million (2021: 1,169.4 million), calculated as follows:

(Loss) profit attributed to the shareholders (diluted)

	Year ended December 31,	
	2022	2021
	in € millions	
(Loss) profit for the year, attributable to the owners of the Company (basic)	(645.1)	642.2
Dilutive effect of the Company's share of loss in investees	(0.1)	(22.2)
(Loss) profit for the year, attributable to the owners of the Company (diluted)	**(645.2)**	**620.0**

Weighted average number of ordinary shares (diluted)

	Year ended December 31,	
	2022	2021
	in millions of shares	
Issued ordinary shares on January 1, net of treasury shares	1,103.6	1,148.4
Scrip dividend and share incentive effect (*)	15.4	19.9
Mandatory convertible notes effect	27.7	27.7
Shares buy-back effect (*)	(35.4)	(26.6)
Weighted average number of ordinary shares	**1,111.3**	**1,169.4**
Diluted (loss) earnings per share (in €)	**(0.58)**	**0.53**

(*) weighted average amount

14. PROPERTY AND EQUIPMENT

	Owner-occupied properties (a)	Furniture, fixtures and office equipment	Total
		in € millions	
COST			
Balance as at December 31, 2020	1.6	46.4	48.0
Additions, net	3.8	26.2	30.0
Initially consolidated in business combination (see note 5)	61.8	13.0	74.8
Balance as at December 31, 2021	67.2	85.6	152.8
Additions, net	-	63.1	63.1
Revaluations	18.2	-	18.2
Held for sale	-	(0.2)	(0.2)
Balance as at December 31, 2022	85.4	148.5	233.9
DEPRECIATION			
Balance as at December 31, 2020	-	10.8	10.8
Depreciation for the year	1.2	8.8	10.0
Balance as at December 31, 2021	1.2	19.6	20.8
Depreciation for the year	3.7	9.7	13.4
Balance as at December 31, 2022	4.9	29.3	34.2
CARRYING AMOUNT			
Balance as at December 31, 2021	**66.0**	**66.0**	**132.0**
Balance as at December 31, 2022	**80.5**	**119.2**	**199.7**

(a) owner-occupied properties are measured at fair value less accumulated depreciation and impairment losses and are classified in accordance with the fair value hierarchy (see note 4). Since one or more of the significant input parameters is not based on observable market data, the fair value measurement is included in level 3. The revaluation amount presented is before tax

15. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Computer software and other intangible assets	Total
		in € millions	
COST			
Balance as at December 31, 2020	836.1	10.8	846.9
Additions, net	-	5.7	5.7
Initially consolidated combination (see note 5)	862.9	14.6	877.5
Balance as at December 31, 2021	1,699.0	31.1	1,730.1
Additions, net	-	2.8	2.8
Balance as at December 31, 2022	1,699.0	33.9	1,732.9
IMPAIRMENT / DEPRECIATION			
Balance as at December 31, 2020	4.5	2.4	6.9
Depreciation for the year	-	5.9	5.9
Balance as at December 31, 2021	4.5	8.3	12.8
Depreciation for the year	-	7.7	7.7
Impairment for the year (see note 15.1)	404.3	-	404.3
Balance as at December 31, 2022	408.8	16.0	424.8
CARRYING AMOUNT			
Balance as at December 31, 2021	**1,694.5**	**22.8**	**1,717.3**
Balance as at December 31, 2022	**1,290.2**	**17.9**	**1,308.1**

15.1 Annual impairment test of goodwill

In July 2021, following the business combination with GCP, goodwill in the amount of €862.9 million was recognized (see note 5). This followed the recognition of €822.0 million in 2020 arising from the business combination with TLG. The goodwill initially recognized in both business combination transactions is attributable mainly to deferred tax liabilities initially consolidated therein; while most of the identifiable assets and assumed liabilities were initially recognized at their fair value, the deferred tax liabilities were calculated pursuant to IAS 12 principles and reflected the nominal tax values of the variance between the real estate portfolios' carrying amount for tax purposes and their fair value.

The Group considers the operational real estate portfolios under TLG and GCP as each one being a single CGU for internal management purposes to which the full amount of goodwill is allocated. For GCP, there are some additional assets allocated to the CGU that are expected to benefit from the business combination. The Company assesses on an annual basis the impairment of each of the goodwill items by comparing the carrying amount of the CGU (together with the attributed goodwill and adjusted for the amount of the deferred tax liability based on temporary differences initially recognized in the business combination but not reversed at the date of the impairment test) to their recoverable amount. The recoverable amount of a CGU is calculated as the higher of (a) fair value less costs of disposal and (b) value in use.

For testing of the goodwill on TLG, the carrying CGU amount as at December 31, 2022, amounted to €3,736.1 million (2021: €4,207.4 million) (being the investment property, goodwill and deferred tax liabilities recognized during the business combination but not reversed). The carrying amount was compared to the recoverable amount being the fair value of the CGU less assumed costs of disposal that amounted to €3,594.7 million (2021: recoverable amount of €4,266.0 million, being the fair value less costs of disposal) and therefore concluded with an impairment of €141.4 million for 2022 (2021: no impairment). The Company assumed the fair value less costs of disposal as of December 31, 2022, was higher than the value in use, mainly due to the expected increasing cost of capital that would affect the discounted cash flows model on which the value in use is based.

For testing of the goodwill on GCP, the examination had to include all the business units and activities within the group of GCP to which the goodwill relates (i.e., the CGU assets being the investment property and specific additional financial assets) and amounted to €10,221.0 million as at December 31, 2022 (2021: €9,814.6 million). The carrying amount was compared to the recoverable amount being the fair value of the CGU less assumed costs of disposal that amounted to €9,958.1 million (in 2021: recoverable amount of €9,875.4 million was calculated, being the value in use of the CGU – based on DCF calculation using the main unobservable input parameters of: projected cashflows of three years pursuant to the Group's anticipation and communicated guidance; WACC – 3.25%; growth rate – 1.00%; per sensitivity analysis that assumed increase of up to 20 basis points in both the WACC and the growth rate, the impairment test result of 2021 would still conclude on no impairment) and therefore concluded an impairment of €262.9 million for 2022 (2021: no impairment).

The fair value of the investment property used in the impairment tests of TLG and GCP are included in the investment property valuations of the Company and whose key parameters are elaborated in note 16.3. The assumed costs of disposal parameter utilized in the impairment assessments was 75 basis points. Any change of +/- 5 basis points in the assumed costs of disposal would lead to a further / less impairment of €6.7 million.

16. INVESTMENT PROPERTY

16.1. Reconciliation of investment property

	Note	2022 (*) Level 3	2021 (*) Level 3
		Year ended December 31, in € millions	
Balance as at January 1		**29,115.9**	**21,172.4**
Plus: investment property classified as held for sale		1,009.3	830.2
Total investment property		**30,125.2**	**22,002.6**
Initially consolidated from business combinations	5	-	8,420.3
Acquisitions		469.2	669.4
Modernizations, pre-letting modifications and capital expenditures		407.5	432.8
Disposals	16.2.1	(1,431.3)	(2,193.5)
Transfer to trading property		-	(86.1)
Effect of foreign currency exchange differences		(140.6)	135.6
Fair value adjustments		(539.9)	744.1
Total investment property		**28,890.1**	**30,125.2**
Less: investment property classified as held for sale	16.2.2	(909.1)	(1,009.3)
Balance as at December 31		**27,981.0**	**29,115.9**

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

Geographical distribution of investment property (*)

	As at December 31, 2022	2021
	in € millions	
Germany	21,313.5	22,258.0
The Netherlands	2,379.5	2,394.4
United Kingdom	2,392.8	2,618.8
Belgium	615.5	600.0
Other locations	1,279.7	1,244.7
	27,981.0	**29,115.9**

(*) excluding investment property classified as held for sale

16.2 Disposals and assets / liabilities held for sale

16.2.1 Disposals of investment property and trading property

The following table describes the amounts of assets and liabilities disposed as part of deconsolidation of companies and asset deals took place during 2022 and 2021:

	As at December 31, 2022	2021
	in € millions	
Investment property	1,431.3	2,193.5
Trading property (*)	103.2	-
Other assets, net	10.4	1.5
Deferred tax liabilities, net	(22.4)	(43.5)
Total net assets disposed of	**1,522.5**	**2,151.5**
Non-controlling interests deconsolidated	(3.2)	(21.7)
Total consideration (**)	(1,561.9)	(2,195.4)
Capital gains	42.6	65.6

(*) the Group disposed of trading property with a carrying amount of €88.6 million, including costs of sale, for a consideration of €103.2 million. The total outcome of €14.6 million gain has been presented as part of the property revaluations and capital gains in the consolidated statement of profit or loss, of which €3.5 million capital loss was recognized in the reporting period

(**) the sales consideration in 2022 includes vendor loans granted by the Group as a seller in the volume of €243.1 million (2021: €220.7 million), presented as part of other non-current assets or trade and other receivables (for the current portion thereof) in the consolidated statement of financial position. For further information about the vendor loans' terms, see note 18 (3)

16.2.2 Disposal group classified as held for sale

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

Some properties are expected to be disposed through sale of subsidiaries. Accordingly, assets and liabilities relating to these subsidiaries ("Disposal Group") and some properties which are expected to be disposed through asset deals are presented as assets held for sale and as liabilities held for sale in the consolidated statement of financial position. As at December 31, 2022, efforts to sell the properties have started and the sales are expected to be completed within twelve months.

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

	As at December 31,	
	2022	2021
	in € millions	
Assets classified as held for sale		
Investment property	909.1	1,009.3
Cash and cash equivalents	9.3	3.8
Other assets	12.9	19.9
Total assets classified as held for sale	**931.3**	**1,033.0**
Liabilities classified as held for sale		
Loans and borrowings	109.5	18.2
Deferred tax liabilities	31.4	30.5
Other liabilities	51.8	14.8
Total liabilities classified as held for sale	**192.7**	**63.5**

16.3 Measurement of fair value

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

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

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

- **Discounted cash flow method**

  Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

  The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, and refurbishment. The appropriate durations are typically driven by market behavior that is a characteristic of the class of real property.

Periodic cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses on future rents, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

- **Comparable approach**

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

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

- **Residual value approach**

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

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

As at December 31, 2022, 95% (2021: 93%) of investment property have been valued using the discounted cash flows method, nearly 5% using the residual value approach (2021: 5%) and less than 1% using the comparable approach (2021: 2%).

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

Valuation technique	Significant unobservable inputs	As at December 31, 2022	As at December 31, 2021
		Range (weighted average)	
DCF method	Rent growth p.a. (%)	0.2 – 3.0 (2.1)	0.2 – 2.5 (1.8)
	Long-term vacancy rate (%)	0.0 – 4.1 (1.0)	0.0 – 13.0 (1.1)
	Discount rate (%)	2.5 – 12.8 (5.6)	2.3 – 11.8 (5.3)
	Capitalization rate (%)	1.7 – 15.1 (4.7)	1.7 – 16.8 (4.5)
Market comparable approach	Price per sqm (in €)	1,200 – 16,800 (4,800)	1,670 – 17,700 (6,570)
Residual value approach	Rent price per sqm (in €)	10.0 – 41.1 (21.5)	8.5 – 45.0 (18.0)
	Sales price per sqm (in €)	3,000 – 9,700 (8,000)	3,300 – 17,700 (9,750)
	Development cost per sqm (in €)	1,000 – 5,500 (3,600)	740 – 5,520 (3,330)
	Developer margin (%)	9.0 – 20.0 (12.8)	7.5 - 18.0 (12.1)

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

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

		As at December 31, 2022		As at December 31, 2021	
Asset type	Parameter	Discount rate	Capitalization rate	Discount rate	Capitalization rate
Office	Range	2.5% - 9.5%	3.3% - 12.0%	2.5% - 10.0%	2.5% - 12.3%
	Average	5.4%	4.9%	5.0%	4.5%
Hotel	Range	3.3% - 12.8%	3.1% - 10.6%	3.0% - 11.8%	2.8% - 10.3%
	Average	6.8%	5.3%	6.3%	4.9%
Residential	Range	2.5% - 7.0%	1.7% - 7.3%	2.3% - 8.0%	1.7% - 7.4%
	Average	4.6%	3.6%	4.8%	3.9%
Retail	Range	3.5% - 11.0%	3.4% - 9.0%	3.3% - 9.9%	2.8% - 10.4%
	Average	6.2%	5.5%	5.7%	5.4%
Logistics/ wholesale/ other	Range	3.0% - 10.3%	2.2% - 15.1%	3.1% - 10.5%	2.2% - 16.8%
	Average	5.1%	4.3%	5.1%	4.3%

- **Highest and best use**

As at December 31, 2022, the current use of all investment property is considered the highest and best use, except for 11.1% (2021: 10.8%) of the investment property, for which the Group determined that fair value based on the development and sale of such properties is the highest and best use. These properties are currently being used to earn rental income, in line with the Group's business model of buying and holding investment property to earn rental income. By achieving increased rental value and implementing development projects, the value of these properties is maximized and reflect the value expected for realization of the investments.

17. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

17.1 Reconciliation of investment in equity-accounted investees

	Year ended December 31,	
	2022	2021
	in € millions	
Balance as at January 1	**1,222.5**	**3,177.4**
Additions, net	109.6	587.8
Dividends received (cash and scrip)	(34.8)	(84.1)
Share of profit from investees	5.9	193.4
Changes through OCI and other equity reserves	(11.3)	13.9
Initial consolidation	-	(2,665.9)
Balance as at December 31	**1,291.9**	**1,222.5**

The carrying amount as of December 31, 2022, includes 349.1 million (2021: €150.5 million) of loans given to associate companies.

17.2 Details of material equity-accounted investees

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

Details of each of the Group's material equity-accounted investees as at December 31, 2022 are as follow:

Name of investee	Note	Principal activity	Place of incorporation	Main place of principal activities	Rate of effective ownership interest held by the Group as at December 31,	
					2022	2021
					in %	
Globalworth Real Estate Investments Limited (through 50% in Tevat Limited)	(1)	Real estate	Guernsey	Poland and Romania	30.31	30.31

(1) during 2021, the Group transferred its holdings in Globalworth (22.02%) to a subsidiary of a newly established joint arrangement entity named Tevat Limited, incorporated in Cyprus ("the JV"), held 50/50 with a third party. The third party transferred their holdings in Globalworth to the JV as well, alongside a tender offer mutually submitted by the two JV partners to the remaining shareholders of Globalworth. The tender resulted with the JV acquiring an additional stake of 9.24% (20.5 million shares) for a cash settlement of €7.0 per share. Following the tender offer and the restructuring of the shares as described above, the Group holds 50% in the JV which as at December 31, 2022, held 60.63% in Globalworth (2021: 60.63%). The joint arrangement's principles are that decisions about the relevant activities require the unanimous consent of the two 50/50 JV partners (that led to the conclusion pursuant to which the Group has joint control over the JV), and the accounting treatment of it follows the same approach taken so far as an equity-accounted investee

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

Globalworth Real Estate Investments Limited	As at and for the year ended December 31	
	2022	2021
	in € millions	
Current assets	329.0	582.0
Of which cash and cash equivalents	163.8	418.7
Non-current assets	3,039.9	3,045.5
Of which investment property	2,945.5	2,966.1
Current liabilities	82.3	426.3
Non-current liabilities	1,615.3	1,462.6
Of which loans, borrowings and bonds	1,433.6	1,285.6
Equity attributable to the owners	1,656.5	1,738.6
Revenue	239.3	219.4
Finance expenses, net	49.8	53.8
Current and deferred tax expenses	(4.9)	14.6
Net (loss) profit attributed to the owners	(16.1)	47.5
Total comprehensive income (loss) attributed to the owners	**(21.5)**	**47.5**
Quoted market price per share (in €)	4.1	5.9
Group's share of (loss) profit in the investee	(1.7)	21.5
Dividends received in the Group from the investee	19.2	15.7
Impairment of investment	(23.2)	-
Reconciliation of the above summarized financial information to the carrying amount:		
Equity attributable to the owners	1,656.5	1,738.6
Group's interest	30.31%	30.31%
Group's share	502.1	527.0
Surplus on investment	24.3	43.5
Total carrying amount of equity-accounted investee	**526.4**	**570.5**

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

	As at and for the year ended December 31,	
	2022	2021
	in € millions	
The Group's share of profit	30.8	44.1
The Group's share of other comprehensive (loss) income	(11.3)	3.7
The Group's share of total comprehensive income	**19.5**	**47.8**
Dividends received in the Group from the investees	15.6	8.6
Aggregate carrying amount of the Group's interests and loans in these investments	765.5	652.0

18. OTHER NON-CURRENT ASSETS

		As at December 31,	
		2022	2021
	Note	in € millions	
Tenancy deposits	1	61.2	60.1
Trade receivables	2	53.1	61.0
Investment in non-current financial assets	3	972.2	779.0
Financial assets at fair value through profit or loss	4	199.9	265.8
Others		17.4	23.2
		1,303.8	**1,189.1**

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

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

(3) consists of mainly non-current investments in loans connected with future real-estate transactions (with maturities between 2024-2031 and an annual interest rate of up to 10% p.a.), long-term deposits and the non-current portion of the loans provided by the Group as a seller (vendor loans). These vendor loans have maturities between 2023 and 2025, carrying weighted average interest rates of 3.4% p.a. and are secured against the properties sold at an LTV in the range of 50%-60%

(4) includes mainly investment in various real estate funds

19. TRADE AND OTHER RECEIVABLES

	Note	As at December 31, 2022	2021
		in € millions	
Rent and other receivables		91.8	125.3
Operating costs receivables	1	454.7	397.5
Prepaid expenses		23.9	67.3
Tax receivable from authorities		91.0	11.4
Other short-term financial assets	2	506.7	529.8
		1,168.1	**1,131.3**

(1) operating costs receivables represent an unconditional right to consideration in exchange for services that the Group has transferred to tenants. The Group recognizes an operating income based on contractual rights for providing ancillary services and for other charges billed to tenants, as the performance obligations are satisfied, that is, as services are rendered. Mainly once a year, the operating cost receivables are settled against prepayments received from tenants on operating costs

(2) the balance includes the current portion of vendor loans granted by the Group as part of the sale transactions (see note 18 (3) for the vendor loans' terms), other loans in connection with future real estate transactions and other short-term receivables

The Group recognized an allowance for expected credit losses and other impairments on trade and other receivables in the total amount of €133.2 million (2021: €156.4 million) through the property operating expenses in the consolidated statement of profit or loss.

20. TOTAL EQUITY

20.1 Equity attributable to the owners of the Company

20.1.1 Share capital

	As at December 31, 2022		2021	
	Number of shares	in € millions	Number of shares	in € millions
Authorized				
Ordinary shares of €0.01 each	3,000,000,000	30.0	3,000,000,000	30.0
Issued and fully paid				
Balance as at January 1	1,537,025,609	15.4	1,537,025,609	15.4
Balance at the end of the year	**1,537,025,609**	**15.4**	**1,537,025,609**	**15.4**

Issued capital

There were no movements in the share capital during the years 2021 and 2022.

20.1.2 Treasury shares

	2022	2021
	Number of shares	
Balance at January 1	**433,459,625**	**388,629,499**
Treasury shares initially consolidated	-	3,000,000
Acquired during the year	70,123,968	71,478,246
Delivered as part of scrip dividend distributions (see note 20.1.3)	(31,134,933)	(29,280,757)
Delivered as part of share-based payment	(467,308)	(367,363)
Balance at December 31	**471,981,352**	**433,459,625**
Rate from the total share capital of the Company (in %)	**30.71**	**28.20**

In March 2021, the Company's Board of Directors resolved on a buy-back program (the "Program") to acquire the Company's own shares, following authorization received by the Ordinary General Meeting (OGM) held in May 2020. The Program was initially planned to reach volume of €500 million and maximum of 100 million shares and expected to be finalized by June 30, 2022. In February 2022, the Company's Board of Directors resolved on increasing the volume of the Program by additional €500 million (to a total amount of €1 billion), up to a maximum of additional 100 million shares (and in total to 200 million shares) and extended it to run until December 31, 2022.

Since commencement of the Program and by December 31, 2022 (the end date), the Group has acquired 141.6 million of its own shares. During the year 2022, 70.1 million shares were acquired for a total amount of €254.6 million (during 2021: 71.5 million shares for a total amount of €444.1 million).

As part of the business combinations with GCP that took place in July 2021, the Company initially consolidated its own shares at their fair value upon takeover.

The shares bought back and which are held in treasury by the Company and the Company's wholly owned affiliates are suspended from voting and dividend rights. In other cases, shares held in treasury are also suspended from voting rights but entitled to dividends.

20.1.3 Dividend distributions

On June 29, 2022, the shareholders' Annual General Meeting (AGM) resolved upon the distribution of the dividend attributed to 2021 financial year in the amount of €0.23 per share from the share premium, in accordance with the proposal of the Company's Board of Directors. The Company provided the shareholders with the option receive their net dividend in the form of Aroundtown shares ("Scrip Dividend"). The results and payment took place in July 2022 and concluded in delivering 31,134,933 shares from the Company's treasury shares (€155.9 million, based on the shares' original cost), and a cash payment of €169.3 million.

During 2021 there was the settlement of the dividend distributed in December 2020 and the one distributed in June 2021 – both together resulted in delivering 29,280,757 shares from the Company's treasury shares (€147.0 million, based on the shares' original cost), and a cash payment of €252.0 million.

20.1.4 Share premium and other reserves

The capital reserves include share premium derived directly from the capital increases that took place since the date of incorporation (including the proceeds received by placing the mandatory convertible note) and from conversions of convertible bonds into ordinary shares and can be distributed at any time. The account also consists of the share-based payment reserve, and the other comprehensive income components arising from the hedge accounting and the foreign currency translations.

Legal reserve

The Company is required to allocate a minimum of 5% of its annual net increase to a legal reserve after deduction of any losses brought forward, until this reserve equals 10% of the subscribed share capital. The appropriation to legal reserve is affected after approval of the annual general meeting of the shareholders. This reserve is presented under Share premium and capital reserves in the consolidated statement of changes in shareholders equity and cannot be distributed. As of December 31, 2022, the legal reserve amounted to €1.1 million.

20.2 Perpetual notes

20.2.1 Overview of the Group's perpetual notes

As described in the significant accounting policies, these notes are accounted for as equity instruments – the issuer may, at its sole discretion, elect to defer the payment of coupons on the notes. These unpaid coupon arrears must be paid by the issuer 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. Any such deferred amounts shall not be compounded. The principal value of the notes may be redeemed at the issuer's sole discretion and on certain dates as detailed below under "Next possible Call Date". If the Group decides not to redeem the perpetual note, the annual coupons rates for following periods are updated according to the "Next Reset Margin".

Set below are the outstanding nominal values as of December 31, 2022:

Issuer	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Annual coupon rate until next reset date	Next possible Call Date	Next Reset Margin
			in € millions	in € millions	%		%
ATF Netherlands B.V.	20.2.3, 20.2.5	EUR	368.9	368.9	3.75	01/2023	4.375 + 5Y Mid-Swap
Grand City Properties S.A.	20.2.4, 20.2.5	EUR	200.0	200.0	2.75	01/2023	3.637 + 5Y Mid-Swap
AT Securities B.V.	(a), (b)	USD	641.5	561.1	2.34	07/2023	3.546 + 5Y Mid-Swap
Grand City Properties S.A.	20.2.4	EUR	350.0	350.0	2.5	10/2023	2.432 + 5Y Mid-Swap
Aroundtown SA		EUR	400.0	400.0	2.125	01/2024	2.0 + 5Y Mid-Swap
Aroundtown SA	(a), (b)	GBP	400.0	447.9	3.0	06/2024	4.377 + 5Y Mid-Swap
Aroundtown SA		EUR	600.0	600.0	3.375	09/2024	3.98 + 5Y Mid-Swap
Aroundtown SA		EUR	500.0	500.0	2.875	01/2025	3.46 + 5Y Mid-Swap
Grand City Properties S.A.	20.2.4	EUR	700.0	700.0	1.5	06/2026	2.184 + 5Y Mid-Swap
Aroundtown SA	20.2.2	EUR	600.0	600.0	1.625	07/2026	2.419 + 5Y Mid-Swap

(a) effective euro coupon rate using cross-currency swap
(b) the euro amount is based on the historical rate as of placement of the notes

20.2.2 Issuance of perpetual notes

On January 15, 2021, the Company issued €600 million nominal value of perpetual notes with a first reset date on July 15, 2026 ("First Reset Date"). The notes carry 1.625% coupon p.a. from and including interest commencement date up to but excluding the First Reset Date. The notes will carry 5-year Mid-Swap plus a margin of 2.419% from the First Reset Date ending on but excluding July 15, 2031. A margin of 2.669% for each reset period which falls in the period commencing on and including July 15, 2031, and ending on (but excluding) July 15, 2046, and a margin of 3.419% for each reset period which falls on or after July 15, 2046.

20.2.3 Buy-back of perpetual notes

In January 2021, the Company launched a buy-back tender offer for its wholly owned subsidiary's 3.75% €600 million outstanding perpetual notes that resulted in a nominal value of €231.1 million that was bought-back for a total amount of €243.6 million. The nominal value left outstanding after settling the tender offer was €368.9 million.

20.2.4 Perpetual notes initially consolidated

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

» €200 million nominal value initially consolidated at a price of 102.69% of the principal amount. These perpetual notes are of unlimited duration and can be called back by the Group only on certain contractually fixed dates or occasions. Up until the first call date in January 2023, the perpetual notes shall bear a coupon rate of 2.75% p.a. In case the Group does not exercise its call right at that point, the coupon rate applied until the next call date (January 2028) shall correspond to the 5-year Mid-Swap rate plus a margin of 3.637% p.a. The mark-up will increase by 0.25% as of January 2028 and by another 0.75% as of January 2043.

» €350 million nominal value initially consolidated at a price of 102.64% of the principal amount. These perpetual notes are of unlimited duration and can be called back by the Group only on certain contractually fixed dates or occasions. Up until the first call date in October 2023, the perpetual notes shall bear a coupon rate of 2.5% p.a. In case the Group does not exercise its call right at that point, the coupon rate applied until the next call date (October 2028) shall correspond to the 5-year Mid-Swap rate plus a margin of 2.432% p.a. The mark-up will increase by 0.25% as of October 2028 and by another 0.75% as of October 2043.

» €700 million nominal value initially consolidated at a price of 97.92% of the principal amount. These perpetual notes are of unlimited duration and can be called back by the Group only on certain contractually fixed dates or occasions. Up until the first call date in June 2026, the perpetual notes shall bear a coupon rate of 1.5% p.a. In case the Group does not exercise its call right at that point, the coupon rate applied until the next call date (June 2031) shall correspond to the 5-year Mid-Swap rate plus a margin of 2.184% p.a. The mark-up will increase by 0.25% as of June 2031 and by another 0.75% as of June 2046.

20.2.5. Decision not to exercise redeem options

In November 2022, following a decision made by the board of directors of the Company and of GCP, the companies announced on their decision not to exercise their option to voluntarily redeem their perpetual notes with first call date in January 2023 ("the Perpetuals"). The decision was an economic decision and reflected the prevailing market conditions. The increased financing rates of new perpetual notes to be potentially used as a replacement of the Perpetuals, are significantly higher than the step-up rate provided for in the terms and conditions of the Perpetuals, making a redemption at this point uneconomical. The Company and GCP have the option to call the Perpetuals at every future coupon payment date. As stipulated in the terms and conditions of the Perpetuals, the coupon for the period starting from January 2023 will be the 5-year Mid-Swap rate plus a margin of 4.375% per annum (for the notes issued by ATF Netherlands B.V.) – 7.078% p.a., and 5-year Mid-Swap rate plus a margin of 3.637% per annum (for the notes issued by GCP) – 6.332% p.a.

20.3 Non-controlling interests

20.3.1 Reconciliation of non-controlling interests

	Note	in € millions
Balance at December 31, 2020		**2,025.3**
Share of profit for the year		330.0
Share of OCI for the year		8.1
Share buy-back in subsidiaries	(1)	(260.6)
Transactions and dividend with/to NCI, and deconsolidations	(2)	(303.1)
Business combination with GCP	(3)	2,075.4
Balance as at December 31, 2021		**3,875.1**
Share of profit for the year		69.9
Share of OCI for the year		(3.2)
Transactions and dividend with/to NCI and deconsolidations	(2)	(451.4)
Balance as at December 31, 2022		**3,490.4**

(1) During 2021, TLG has conducted two tender offers to buy-back its own shares. Both tender offers that were announced in December 2020 and February 2021, concluded in January 2021 and in March 2021, and resulted in buying-back 6.4 million of TLG shares for a total amount of €155.3 million. The impact on the Company's consolidated financial statements was reduction of non-controlling interests in the amount of €154.2 million.

From the date of initial consolidation (July 2021) until December 31, 2021, GCP has executed buybacks of 5.1 million of its own shares for an amount of €114.3 million. The impact on the Company's consolidated financial statements was reduction of non-controlling interests in the amount of €106.4 million.

(2) Transactions in 2021
During 2021, the Company increased its holding rate in subsidiaries within the Group, mainly in TLG (increase in holding rate of approximately 8.6% to 88.02% as at December 31, 2021) and GCP (increase in holding rate of approximately 4.5% since initial consolidation to 48.8% as at December 31, 2021), that led to a total decrease of €247.7 million in the NCI amount (the negative cash effect of these acquisitions amounted to €277.4 million).

An amount of €21.7 million of NCI decreased due to deconsolidations that took place during the period following the disposal transactions of investment property. Additionally, the Group subsidiaries distributed dividends to the NCI in the amount of €32.6 million (the negative cash effect of the dividends amounted to €77.4 million since it also included the €44.8 million dividend paid to the NCI in GCP that has been initially consolidated in July 2021 as "dividend payable" hence was not part of the movement of €32.6 million presented above).

Transactions in 2022

An amount of €26.3 million of NCI increased due to initial consolidations of €29.5 million that took place during 2022, offset by €3.2 million of deconsolidated NCI.

During 2022, the Company increased its holding rate in subsidiaries within the Group, mainly in GCP (increase in holding rate of approximately 11.3% to 60.11% as at December 31, 2022), that led to a total decrease of €427.1 million in the NCI amount (the negative cash effect of these acquisitions amounted to €376.8 million). The effect on the shareholders' equity was increase of €101.6 million that reflected the variance between the NCI book value and acquisition price). Furthermore, the Group subsidiaries distributed dividends to the NCI in the cash amount of €86.6 million. In addition, the NCI increase due to cash injection of €36.0 million made by JV partner.

(3) Refer to note 5

The following are subsidiaries that have material NCI:

20.3.2 TLG Immobilien AG

TLG Immobilien AG is an Aktiengesellschaft (stock corporation) incorporated in Germany with its registered office at 1 Alexanderstraße, 10178 Berlin, Germany (formerly: 12 Hausvogteiplatz, 10117 Berlin, Germany). It holds and operates commercial real estate in Germany. The main activities consist of the operation of real estate businesses, such as the letting, management, acquisition, disposal and development of office, retail and hotel properties.

Summary of the financial information of the subsidiary, including business combination adjustments (together: "Financial Information"), and holding rate from the Group's point of view:

	As at and for the year ended December 31,	
	2022	2021
NCI percentage (also reflects the voting rights) as at the year-end	**11.84%**	**11.98%**
	in € millions	
Accumulated amount of NCI presented in the Group	400.7	394.2
Profit allocated to NCI presented in the Group	23.6	34.2
Dividend paid to NCI	11.9	16.4
Financial Information of TLG:		
Current assets	501.0	830.1
Of which cash and cash equivalents	141.1	306.4
Non-current assets	5,065.7	5,604.9
Of which investment property	3,422.7	3,928.3
Current liabilities	231.9	489.8
Non-current liabilities	2,161.1	2,872.8
Of which loans, borrowings and bonds	1,185.6	1,824.6
Total equity	3,173.7	3,072.4
Net asset attributable to NCI	375.9	368.2
Revenue	201.7	215.3
Net profit	200.2	213.0
Cash flows from operating activities	181.0	156.5
Cash flows from investing activities	662.1	585.6
Cash flows used in financing activities	(1,008.4)	(959.7)
Net change in cash and cash equivalents	**(165.3)**	**(217.6)**

On December 9, 2021, TLG was delisted from trading in the Frankfurt Stock Exchange, after a public tender offer that the Company announced to the minority shareholders of TLG, whereby 3.7 million shares have been tendered for a cash consideration of €31.67 for each TLG share. The offer was designed to satisfy the criteria for a revocation of the TLG shares' admission to trading on the regulated market of the Frankfurt Stock Exchange.

20.3.3. Grand City Properties S.A.

Grand City Properties S.A. was incorporated in Grand Duchy of Luxembourg as a Société anonyme (public limited liability company). Its registered office is at 37, Boulevard Joseph II, L-1840 Luxembourg (formerly: 1 Avenue du Bois, L-1251 Luxembourg).

GCP is a specialist in residential real estate, investing in value-add opportunities in densely populated areas, predominantly in Germany as well as London. GCP's strategy is to improve its properties through targeted modernization and intensive tenant management and create value by subsequently raising occupancy and rental levels. GCP's shares are listed on the Prime Standard of the Frankfurt Stock Exchange.

Summary of the financial information of the subsidiary, including business combination adjustments (together: "Financial Information"), and holding rate from the Group's point of view:

	As at and for the year ended December 31,	
	2022	(*)2021
NCI percentage (also reflects the voting rights) as at the year-end	**39.89%**	**51.20%**
	in € millions	
Accumulated amount of NCI presented in the Group	1,800.0	2,112.4
Profit allocated to NCI presented in the Group	108.5	239.7
OCI allocated to NCI presented in the Group	(3.3)	8.1
Dividend paid to NCI	44.4	44.8
Financial Information of GCP:		
Current assets	1,134.0	1,679.2
Of which cash and cash equivalents	324.9	895.5
Non-current assets	10,008.7	9,883.2
Of which investment property	9,447.6	9,321.6
Current liabilities	308.7	775.9
Non-current liabilities	5,134.0	5,251.6
Of which loans, borrowings and bonds	4,096.3	4,200.3
Total equity	5,700.0	5,534.9
Net asset attributable to Perpetual notes investors	1,253.8	1,253.8
Net asset attributable to NCI	1,773.8	2,191.9
Revenue	577.0	264.9
Net profit	225.0	493.8
Total OCI	(8.5)	15.2
Total comprehensive income	**216.5**	**509.0**
Cash flows from operating activities	216.1	112.1
Cash flows from investing activities	(150.6)	(83.0)
Cash flows used in financing activities	(633.9)	(204.4)
Net change in cash and cash equivalents	**(568.4)**	**(175.3)**

(*) the comprehensive income and cash flow amounts from 2021 refer to the period from July 2021, whereby business combination took place

In July 2021, the Group obtained effective control over GCP (see note 5), and gradually increased its holdings up to 48.80% by December 31, 2021. By December 31, 2022, the Group continued with actively acquiring participations in GCP as well as opting for shares in the GCP scrip dividend and reached the effective holding rate of 60.11%.

21. SHARE-BASED PAYMENT AGREEMENTS

21.1 Description of share-based payment arrangements

As at December 31, 2022, the Group has the following share-based payment arrangements:

Share incentive plan

The annual general meeting has approved to authorize the board of Directors to issue up to 8.5 million shares for an incentive plan for the board of directors, key management and senior employees. The incentive plan has a vesting period of up to 4 years with specific milestones to enhance management's long-term commitment to Aroundtown's strategic targets.

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

Grant date	Number of shares (in thousands)	Contractual life of the incentive
January 2019 – July 2026	2,552	Up to 4 years

21.2 Reconciliation of outstanding share options

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

	2022	2021
	Number of shares	Number of shares
	in thousands	
Outstanding on January 1	2,924	2,433
Granted during the year, net	433	1,138
Exercised during the year (*)	(805)	(647)
Outstanding on December 31	**2,552**	**2,924**

(*) in accordance with the terms and conditions of the incentive share plan, the Group withheld 338 thousand (2021: 280 thousand) shares equal to the monetary value of the employees' tax obligation from the total number of shares exercised. As a result, only 467 thousand (2021: 367 thousand issued by the Company) shares were delivered from the Company's treasury shares to employees across the Group

During the year, the total amount recognized as share-based payment was €5.4 million (2021: €5.9 million). The amount was presented as administrative and other expenses and property operating expenses in the consolidated statement of profit or loss and as creation of other reserve in the consolidated statement of changes in equity.

22. LOANS, BORROWINGS, BONDS AND SCHULDSCHEINS

22.1 Composition

	Weighted average interest rate as at December 31, 2022	Maturity	As at December 31, 2022	2021
			in € millions	
Non-current				
Bank loans (1) - (5)	2.4%	2024-2082	1,266.0	1,091.8
Straight bonds and schuldscheins	1.3%	2024-2039	13,307.4	13,934.6
Total non-current			**14,573.4**	**15,026.4**
Current				
Bank loans (6)	2.4%	2023	11.2	15.0
Loan redemptions (6)	2.0%	2023	11.7	41.2
Straight bond	0.75% + Euribor (6M)	2023	100.0	221.7
Convertible bond			-	265.7
Total current			**122.9**	**543.6**

(1) most of the bank loans have the serving assets as their main security (as at December 31, 2022, €140 million are unsecured). The Group is in compliance with its obligations (including loan covenants) to the financing banks under the existing loan agreements

(2) as at December 31, 2022, approximately €5.8 billion of the investment property is encumbered (2021: approximately €5.3 billion)

(3) during 2021, the Group initially consolidated €368.0 million of bank loans and repaid a net amount of nearly €0.6 billion utilizing the proceeds from sale of investment property

(4) during 2022, the Group raised from financial institutions a net amount of €244.9 million

(5) non-current bank loans amounting to €109.5 million are presented as liabilities associated with assets classified as held for sale and are expected to be repaid alongside with the sales

(6) including accrued interest

22.2 Bonds and schuldscheins composition

Set out below, is an overview of the Group's bonds and schuldscheins as at December 31, 2022, and December 31, 2021:

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Contractual maturity	Carrying amount as at December 31,	Carrying amount as at December 31,
			as at December 31, 2022				**2022**	2021
			in millions	in € millions	%		in € millions	
Non-current portion								
Series H	(a) (b) (c)	USD	400.0	372.4	1.365	03/2032	361.0	337.7
Series NOK	(a) (b) (c)	NOK	750.0	79.3	0.818	07/2027	70.6	74.2
Series I		EUR	251.0	251.0	1.88	01/2026	247.6	246.5
Series J		GBP	500.0	563.7	3.00	10/2029	551.2	580.1
Series K	22.2.3	EUR	690.1	690.1	1.00	01/2025	684.1	691.0
Series L	(b) (c) (f)	USD	150.0	125.2	1.75	02/2038	123.4	131.6
Series M	(c)	CHF	250.0	223.6	0.73	01/2025	253.5	241.5
Series N		EUR	800.0	800.0	1.63	01/2028	785.7	783.1
Series O		EUR	305.2	305.2	2.00	11/2026	301.9	301.0
Series P	(b) (c) (g)	AUD	250.0	157.6	1.605	05/2025	151.9	158.8
Series Q	22.2.3	GBP	-	-	3.25	07/2027	-	94.3
Series R	(b) (c) (h)	CAD	250.0	164.3	1.70	09/2025	167.7	172.4
Series S	(e)	EUR	100.0	100.0	0.75 + Euribor (6M)	08/2023	-	99.9
Series T	(b) (i)	EUR	150.0	150.0	2.00	09/2030	149.9	149.9
Series U		EUR	75.0	75.0	2.97	09/2033	73.6	73.4
Series V		EUR	50.0	50.0	2.70	10/2028	49.7	49.6
Series W		EUR	76.0	76.0	3.25	11/2032	74.8	74.7
Series X	(c)	CHF	100.0	91.5	1.72	03/2026	101.4	96.6
Series Y	22.2.3 (e)	EUR	-	-	1.35 + Euribor (6M)	02/2026	-	99.0
Series Z	22.2.3 (e)	EUR	-	-	0.9 + Euribor (6M)	02/2024	-	124.4
Series 27	(b) (c)	HKD	430.0	48.3	1.62	03/2024	51.7	48.6
Series 28	(b) (c) (j)	USD	600.0	530.9	1.75	03/2029	527.7	524.0
Series 29	(b) (c) (k)	NOK	1,735.0	179.0	1.75	03/2029	148.8	173.2
Series 30	(b) (c) (l)	GBP	400.0	468.6	1.75	04/2031	369.0	465.3
Series 31	(c)	JPY	7,000.0	61.3	1.42	05/2029	49.6	53.5

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Contractual maturity	Carrying amount as at December 31,	Carrying amount as at December 31,
			as at December 31, 2022		%		**2022**	2021
			in millions	in € millions			in € millions	
Non-current portion (continued)								
Series 32	22.2.3	EUR	784.0	784.0	0.63	07/2025	775.8	788.4
Series 33		EUR	600.0	600.0	1.45	07/2028	592.1	590.8
Series 34	(b) (c)	NOK	500.0	45.9	1.055	07/2025	47.5	50.0
Series 36		EUR	600.0	600.0	1.50	05/2026	614.0	618.2
Series 38		EUR	1,000.0	1,000.0	0.00	07/2026	985.1	981.0
Series 39		EUR	1,250.0	1,250.0	0.375	04/2027	1,224.3	1,218.8
GCP series E	22.2.2	EUR	205.6	205.6	1.50	04/2025	211.4	215.3
GCP series G	22.2.2	EUR	600.0	600.0	1.38	08/2026	624.0	630.8
GCP series H	22.2.2	EUR	255.0	255.0	2.00	10/2032	279.2	281.7
GCP series I	(b) (c) (m) 22.2.2	HKD	900.0	92.6	1.00	02/2028	102.0	108.6
GCP series J	22.2.2	EUR	667.6	667.6	1.50	02/2027	697.7	704.9
GCP series K	22.2.2 (c)	CHF	125.0	116.2	0.96	09/2026	130.0	124.8
GCP series L	22.2.2 (c)	JPY	7,500.0	75.5	1.40	06/2038	53.1	57.2
GCP series M	22.2.2 (b) (n)	EUR	47.0	47.0	1.70	07/2033	45.3	44.2
GCP series N	(b) 22.2.2	EUR	88.0	88.0	1.71 + Euribor (3M)	02/2039	75.8	107.2
GCP series O	(b) 22.2.2	EUR	15.0	15.0	1.68 + Euribor (3M)	02/2034	13.2	17.2
GCP series P	(b) (c) 22.2.2	HKD	290.0	32.8	1.38 + Euribor (3M)	03/2029	31.9	36.0
GCP series Q	22.2.2 (c)	CHF	130.0	119.4	0.57	06/2024	132.9	127.4
GCP series R	22.2.2	EUR	40.0	40.0	2.50	06/2039	46.3	46.7
GCP series U	22.2.2	EUR	80.0	80.0	0.75	07/2025	81.3	81.8
GCP series V	22.2.2 (b) (o)	EUR	70.0	70.0	1.50	08/2034	63.8	72.1
GCP series W	22.2.2	EUR	204.7	204.7	1.70	04/2024	207.2	212.7
GCP series X	22.2.2	EUR	1,000.0	1,000.0	0.13	01/2028	978.7	974.5
Total non-current portion							**13,307.4**	**13,934.6**

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Contractual maturity	Carrying amount as at December 31,	Carrying amount as at December 31,
			as at December 31, 2022		%		2022	2021
			in millions	in € millions			in € millions	
Series S	(e)	EUR	100.0	100.0	0.75 + Euribor (6M)	08/2023	100.0	-
Series 37	22.2.3	EUR	221.7	221.7	0.38	09/2022	-	221.7
GCP – convertible bond series F	22.2.2 22.2.3	EUR	263.3	263.3	0.25	03/2022	-	265.7
Total current portion							**100.0**	**487.4**
Total accrued interest on bonds and schuldscheins	(d)						**123.7**	**123.3**

(a) coupon and principal are linked to Consumer Price Index (CPI) through derivative instruments

(b) effective coupon in euro

(c) the Company / GCP hedged the currency risk of the principal amount until maturity

(d) presented as part of the provisions and current liabilities in the consolidated statement of financial position

(e) schuldschein

(f) the Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.75% p.a., semi-annually until Q1-2023, and 1.780% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(g) the Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.605% p.a., semi-annually until Q2-2023, and 1.244% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(h) the Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.7% p.a., semi-annually until Q3-2023, and 2.72% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(i) the Company hedged the interest rate risk, the effective annual euro coupon is 2.0% until Q3-2023, and a semi-annual coupon of 2.266% p.a. plus Euribor (6M) for the following years until maturity

(j) the Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.75% p.a., semi-annually until Q1-2023, and 2.636% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(k) the Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.75% p.a. until Q1-2023, and 2.52% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(l) the Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.75% p.a. until Q2-2023, and 2.11% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(m) GCP hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.00% p.a. until Q1-2023, and 1.1725% p.a. plus Euribor (6M), semi-annually for the following years until maturity

(n) GCP hedged the interest rate risk, the effective annual euro coupon is 1.7% until Q3-2023, and a semi-annual coupon of 1.39% p.a. plus Euribor (6M) for the following years until maturity

(o) GCP hedged the interest rate risk, the effective annual euro coupon is 1.5% until Q3-2024, and a semi-annual coupon of 1.472% p.a. plus Euribor (6M) for the following years until maturity

22.2.1 Issuance of bond in 2021

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

22.2.2 Bonds in GCP initially consolidated in July 2021

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

Additionally, the Company initially consolidated €290.2 million of convertible bond series (having nominal value of €280.8 million), convertible into shares of GCP, that matured in March 2022 (see note 22.2.3) and carried annual interest rate of 0.25%.

22.2.3 Buy-back and redemption of bonds

During 2021 and 2022, the Company completed the early repayments and redemptions of some of its bonds and schuldscheins. The purpose of the early repayments follows the utilization of the real estate disposal proceeds and is part of the Group's pro-active debt optimization strategy with the aim to extend the average debt maturity and reduce the cost of debt.

Set forth are the amounts early repaid and redeemed upon maturity during the year 2022:

Bond / schuldschein	Currency	Original maturity	Nominal value bought-back		Outstanding nominal value as at December 31, 2022
			in millions (original currency)	in € millions	in millions (original currency)
Series F of GCP (convertible bond) (a)	EUR	03/2022	263.3	263.3	Fully redeemed
Series K	EUR	01/2025	9.9	9.9	690.1
Series Q	GBP	07/2027	81.1	97.3	Fully redeemed
Series Y	EUR	02/2026	100.0	100.0	Fully redeemed
Series Z	EUR	02/2024	125.0	125.0	Fully redeemed
Series 32	EUR	07/2025	16.0	16.0	784.0
Series 37	EUR	09/2022	221.7	221.7	Fully redeemed
Total nominal value bought-back / redeemed				**833.2**	

(a) the convertible bond series F of GCP matured in March 2022 and the outstanding €263.3 million nominal value was repaid to the bondholders, where no conversion to shares of GCP has occurred. Upon maturity, an amount of €186.7 million nominal value of convertible bond series F of GCP was held by the Group affiliates and has been repaid to them accordingly

Set forth are the amounts early repaid and redeemed upon maturity during the year 2021:

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

HANNOVER

22.3 Reconciliation of movement of liabilities to cash flow arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

		Financing cash flows		Non-cash changes					
	31.12.2021	Finance expenses paid	Other cash flows	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Other (1)	Other changes (2)	31.12.2022
	in € millions								
Straight bonds and schuldscheins (3)	**14,279.4**	(169.8)	(565.9)	-	(175.8)	-	(2.9)	166.1	**13,531.1**
Convertible bond (3)	**265.9**	(0.3)	(263.3)	-	-	-	(2.5)	0.2	**-**
Loans, borrowings and others (4)	**1,148.0**	(24.3)	213.9	-	-	(91.3)	-	42.6	**1,288.9**
Lease liability	**167.9**	(9.5)	(2.2)	85.0	(1.7)	(6.0)	0.9	13.6	**248.0**
Net derivative financial liabilities and others	**153.0**	-	-	-	(156.6)	-	195.6	-	**192.0**
	16,014.2	**(203.9)**	**(617.5)**	**85.0**	**(334.1)**	**(97.3)**	**191.1**	**222.5**	**15,260.0**

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

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

22.4 Covenants and negative pledge as defined in the bonds and schuldscheins' Terms and Conditions

This note provides an overview of certain covenants of the Company under its series of bonds (other than the perpetual notes, which do not contain financial covenants, and the mandatory convertible bonds) which are outstanding as at 31 December 2022. 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 bonds.

Save for one of the Company's outstanding series of bonds (Series 36), which contains a similar provision, the Company undertakes that it will not, and will procure that none of its Subsidiaries will, up to (and including) the Final Discharge Date, incur any Indebtedness (other than any Refinancing 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:

(a) (i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 60 per cent. (depending on the relevant series of bonds) of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the value of all assets acquired or contracted for acquisition by the Group as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Company in the latest Financial Statements as certified by the auditors of the Company since the Last Reporting Date (or, as the case may be, 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

(b) (i) the Consolidated Secured Indebtedness (excluding the GCP Series E Bonds, as the case may be, and in each case less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (excluding the GCP Series E Bonds, as the case may be, and in each case 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 value of all assets acquired or contracted for acquisition by the Group as determined at the relevant time in accordance with IFRS and the accounting principles applied by the Company in the latest Financial Statements as certified by the auditors of the Company since the Last Reporting Date (or, as the case may be, 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).

In most of the Company's outstanding series of bonds (excluding Series 36), the Company undertakes 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 undertakes that, on each Reporting Date, the Interest Coverage Ratio will be at least 1.8 (excluding one series of standalone bonds, for which the Consolidated Coverage Ratio will be at least 2.0).

Save for two of the Company's series of bonds, which contains similar provisions, the Company's outstanding series of bonds contain a customary negative pledge clause that prohibits the Company, so long as any of the Senior Notes remain outstanding, from creating or having outstanding any Security Interest (other than a Permitted Security Interest) upon any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Capital Markets Indebtedness, unless the Company promptly takes any and all action necessary to ensure that:

(i) all amounts payable by it under the Senior Notes and the Trust Deed are secured by the Security Interest equally and rateably with the Capital Markets Indebtedness to the satisfaction of the Trustee; or

(ii) such other Security Interest or other arrangement is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Senior Noteholders or (ii) as is approved by an Extraordinary Resolution of the Senior Noteholders

The Company's Schuldscheins have similar provisions relating to covenants and a negative pledge.

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

23. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2022	2021
	in € millions	
Tenancy deposits	67.8	62.4
Lease liability (see note 23.1)	248.0	167.9
Non-current payables	251.4	202.7
	567.2	**433.0**

23.1 Lease liability

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

	As at December 31,	
	2022	2021
	in € millions	
As at 1 January	167.9	105.9
Additions (disposals), net	86.9	0.4
Interest expenses	10.9	13.5
Payments (*)	(11.7)	(8.4)
Initially consolidated in business combination with GCP	-	59.7
Transferred to liabilities held for sale	(6.0)	(3.2)
Balance at December 31	**248.0**	**167.9**

(*) the cash payments for interest portion are presented under "interest and other financial expenses paid, net" and the cash payments for principal portion under "Amortizations of loans from financial institutions and others" in the consolidated statement of cash flows (see also note 22.3)

24. RELATED PARTY TRANSACTIONS

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

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

24.1 Key Management remuneration

The members of the board of directors and the chief officers of the Company ("Key Management") are considered as related parties to the Company pursuant to IAS 24. The remuneration to and transactions with Key Management are set out below:

Members of the Board of Directors

	Year ended December 31, 2022						
	Executive directors		**Non-executive director**	**Independent directors**			
	in € thousands						
Fixed and variable incentive	**Mr. Frank Roseen(3)**	**Ms. Jelena Afxentiou**	**Mr. Ran Laufer(3)**	**Mr. Markus Leininger**	**Ms. Simone Runge-Brandner(4)**	**Mr. Markus Kreuter**	**Total**
Salary, fees and supplementary payments (1)	440	266	190	100	162	100	1,258
Share incentive program (2)	200	135	-	-	-	-	335
Total Remuneration	**640**	**401**	**190**	**100**	**162**	**100**	**1,593**

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

Chief officers

Mr. Barak Bar-Hen, the Company's Chief Executive Officer (Co-CEO) and Chief Operating Officer, was entitled to a total remuneration of €1,585 thousand, of which €1 million was in bonus for former period.

Mr. Eyal Ben David, the Company's Chief Financial Officer, was entitled to a total remuneration of €2,151 thousand, of which €1,632 thousand was in the form of share incentives.

Mr. Oschrie Massatschi, the Company's Chief Capital Markets Officer, was entitled to a total remuneration of €573 thousand, of which €81 thousand was in the form of share incentives.

Mr. Klaus Krägel stepped down from his position as the Company's Chief Development Officer in July 2022. His remuneration in 2022 amounted to €126 thousand.

The Company granted loans of up to €4.5m to Key Management. The loans are payable from 2023 and until 2025 and bear annual interest rate of between 1.6% and 3%.

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

24.2 Other related party transactions

The transactions and balances with related parties are as follows:

	Year ended December 31,	
	2022	2021
	in € millions	
Consulting services income	-	1.9
Interest income on loans to associates	18.1	3.0
Consulting services expenses	-	(0.2)
Rental and operating expenses	-	(0.6)

	As at December 31,	
	2022	2021
	in € millions	
Loans to associates (*)	349.1	151.5

(*) the loans given to associates carry interest rate in the range between 4% and 13% p.a. (2021: range between 3% and 8% p.a.) and measured at amortized cost. An expected credit loss allowance of €2.7 million was recognized and presented as part of the carrying amount

Since the business combination with GCP, Aroundtown group companies acquired €186.7 million nominal value of convertible bond series F (issued by GCP, see note 22.2) for its fair value as of that date. During March 2022, GCP fully repaid this bond as the maturity date arrived.

25. TRADE AND OTHER PAYABLES

	As at December 31,	
	2022	2021
	in € millions	
Trade and other payables	158.5	144.0
Prepayments received from tenants on operating costs	366.7	354.9
Deferred income	60.1	43.3
Other current liabilities	80.7	78.7
	666.0	**620.9**

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, 2022 and December 31, 2021:

		As at December 31,	
		2022	2021
	Note	in € millions	
Financial assets at amortized cost:			
Trade and other receivables	1	1,179.0	1,145.3
Cash and cash equivalents	1	2,314.6	2,876.8
Short-term deposits		137.5	27.5
Loans to associates	24.2	349.1	151.5
Other non-current assets	1	1,304.4	1,190.1
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	2	266.5	339.8
Derivative financial assets	3	60.3	62.9
Total financial assets		**5,611.4**	**5,793.9**

(1) including assets held for sale

(2) those financial assets consist of bonds, shares, alternative investments and other trade debt securities

(3) excluding derivative financial assets designated as hedging instruments in hedge relationships in the amount of €192.3 million (2021: €209.5 million)

26.2 Financial liabilities

Set out below, is an overview of financial liabilities, held by the Group as at December 31, 2022 and as at December 31, 2021:

		As at December 31,	
		2022	2021
	Note	in € millions	
Financial liabilities at amortized cost:			
Trade and other payables	1	670.8	628.0
Tax payable	1	94.2	112.7
Loans and borrowings	2	1,398.4	1,166.2
Straight bonds and schuldscheins		13,407.4	14,156.3
Convertible bond		-	265.7
Accrued interest on straight bonds, convertible bond and schuldscheins	22.2	123.7	123.3
Other long-term liabilities	1	569.5	434.8
Financial liabilities at fair value through profit or loss:			
Derivative financial liabilities	3	240.7	255.7
Total financial liabilities		**16,504.7**	**17,142.7**

(1) including liabilities held for sale

(2) including liabilities held for sale and loan redemptions

(3) excluding derivative financial liabilities designated as hedging instruments in hedge relationships in the amount of €203.9 million (2021: €169.7 million)

26.3 Risks management objectives and polices

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, convertible, straight bonds and schuldscheins, 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 (mainly to EURIBOR rates). The Group manages its interest rate risk by hedging long-term debt with floating rate using swap, collar and cap contracts.

As at December 31, 2022, after considering the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

	As at December 31,	
	2022	2021
	in € millions	
Fixed rate (*)	13,855.7	14,760.1
Capped rate	304.6	269.1
Floating rate	536.0	540.8
	14,696.3	**15,570.0**

(*) of which €1.8 billion (book value) is expected to be shifted from fixed into floating rate throughout 2023 financial year

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:

As at December 31,	**Increase / decrease in basis points**	**Effect on profit before tax and pre-tax equity**
		in € millions
2022	+100	(6.8)
	-100	8.2
2021	+100	(3.4)
	-100	(1.0)

The Group had no long-term debt for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2022.

As elaborated in note 22, starting 2023 financial year, certain hedging financial instruments will be linked to the Euribor and therefore, subsequent to December 31, 2022, such linkages are expected to affect respectively the aforementioned amounts.

26.3.1.2. Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investment in foreign subsidiaries and to several straight bonds issued in a foreign currency.

The Company used cross-currency swap contracts to hedge the fair value and cash flow risk derived from the changes in exchange rates and interest rates as explained in note 26.4.2.1 and 26.4.2.2.

Due to the hedging above there is no material residual foreign currency risk.

In addition, the Company used forward contracts to hedge the currency risk of its net investment in foreign operation which is denominated in GBP as explained in note 26.4.2.3.

26.3.1.3. Equity price risk

The Group's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

26.3.2. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables, loans as a seller and loans connected with future real-estate transactions) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments. The Group's maximum credit risk is represented by the financial assets' carrying amount (see note 26.1).

Trade and other receivables

Customer credit risk is managed by the property managers subject to the Group's established policy and control procedures relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision to measure expected credit loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic condition may also not be representative of customer's actual default in the future.

The Group has no significant concentration of credit risk.

The aging of rent receivables at the end of the year that were not impaired was as follows:

	As at December 31,	
	2022	2021
	in € million	
Not past due and past due 1–30 days	32.6	46.5
Past due 31–90 days	25.9	31.8
Past due above 90 days	8.8	22.1
	67.3	**100.4**

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

The Group holds its cash and cash equivalents and its derivative instruments with high-rated banks and financial institutions. Concentration risk is mitigated by not limiting the exposure to a single counter party. The Company has performed an expected credit loss calculation on the cash and cash equivalents accounts and presented the current balance net of the ECL provision that amounted to €3.5 million as at December 31, 2022 (2021: €2.1 million).

The composition of cash and cash equivalents was as follows:

	As at December 31,	
	2022	2021
	in € million	
Cash at banks	1,562.8	2,748.0
Cash deposits of up to three months	742.6	125.0
Total cash and cash equivalents	**2,305.4**	**2,873.0**

None of the cash and cash equivalents items are restricted.

Credit line

The Group ensures accessible additional liquidity by maintaining active revolving credit facilities (RCF) from various financial institutions. As at December 31, 2022, the Group had RCF with weighted maturity of 2 years, all undrawn.

The main terms and conditions including covenants, pledge and negative pledge of the RCF are similar to those of the bonds' detailed in note 22.4, with relevant adjustments.

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 available committed credit facilities as described above in the credit line section.

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements as at December 31, 2022 and as at December 31, 2021:

As at December 31, 2022		Contractual cash flows including interest					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-3 years**	**More than 3 years**
	in € millions						
Non-derivative financial liabilities							
Loans and borrowings [1]	1,288.9	1,490.0	2.8	45.1	101.1	194.8	1,146.2
Straight bonds and schuldscheins [2]	13,531.1	14,932.8	45.1	245.5	591.1	2,565.4	11,485.7
Lease liability	248.0	1,774.9	2.6	9.2	11.8	11.9	1,739.4
Trade and other payables	158.5	158.5	26.5	132.0	-	-	-
Total	**15,226.5**	**18,356.2**	**77.0**	**431.8**	**704.0**	**2,772.1**	**14,371.3**

[1] including current portion of long-term loans and loan redemptions and excluding loans classified as held for sale
[2] the carrying amount includes accrued interest

As at December 31, 2021		Contractual cash flows including interest					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-3 years**	**More than 3 years**
	in € millions						
Non-derivative financial liabilities							
Loans and borrowings [1]	1,148.0	1,252.1	2.0	69.8	188.1	102.3	889.9
Straight bonds and schuldscheins [2]	14,279.4	14,982.2	43.0	125.4	163.3	661.9	13,988.6
Convertible bond [2]	265.7	263.6	-	263.6	-	-	-
Lease liability	167.9	1,537.7	1.5	8.1	9.3	9.2	1,509.6
Trade and other payables	144.0	144.0	24.0	120.0	-	-	-
Total	**16,005.0**	**18,179.6**	**70.5**	**586.9**	**360.7**	**773.4**	**16,388.1**

[1] including current portion of long-term loans and loan redemptions and excluding loans classified as held for sale
[2] the carrying amount includes accrued interest

26.3.4. Operating risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

26.3.5. Other risks

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

The Group's portfolio is located in major cities and strong markets throughout Germany, The Netherlands, United Kingdom and others. The current regional distribution structure enables the Group on one hand to benefit of economic scale, and on the other provides a diverse, well allocated and risk-averse portfolio.

Geopolitical situation around Russia-Ukraine war

On February 24, 2022, following several months of increasing escalation, Russia announced the beginning of a "special military operation" in Ukraine. Following the announcement, Russia started moving military forces into Ukraine and launched missile strikes and air-strikes at targets across Ukraine, initiating a full-scale invasion of Ukraine (the Invasion) and hostilities have continued since then. The Invasion has received widespread international condemnation and in reaction to Russian hostilities many nations and organizations, including Germany and the European Union, have announced sanctions against Russia, Russian companies, and individuals in and from Russia. These sanctions, as well as increased uncertainty resulting from the Invasion, have so far resulted in increased volatility in financial markets and increases in prices for a range of commodities, particularly in energy prices, among others.

The Group is not directly impacted by the Invasion, as neither its portfolio nor its operations have direct exposure to Ukraine or Russia. However, the Group is impacted by the indirect consequences of the Invasion. As a result of the Invasion, inflationary pressures have increased, specifically heating and energy costs, which have an impact on the operating costs of the Group. Such pressures may also have an impact on the ability of the Group's tenants to pay rent and/or for the Group to recover expenses related to recoverable expenses from tenants. Furthermore, higher levels of inflation have impacted interest rates and borrowing costs, while increased volatility in the capital markets have reduced the Group's ability to raise capital at attractive prices, resulting in an increase in its cost of capital and potentially limiting its growth opportunities. As a result of the large number of refugees that have entered and are expected to continue enter the European Union and Germany following the Invasion. This is has resulted in an increased strain on the residential real estate market in Germany. This further exacerbates the supply and demand mismatch, increase political pressure for home construction and lead to higher utilization of already limited construction capacity, which may result in increased construction costs and delays, particularly in the event that the crisis is prolonged. The full effects are currently still unclear and will depend significantly on the duration and final outcome of the Invasion as well as the distribution of refugees across the European Union.

While the Invasion is currently limited to Ukraine on one side and Russia and several of its allies on the other, continued escalation may result in other countries joining the conflict and at this stage the Group is unable to assess the full impact of such a scenario on the Company, and the likelihood of its occurrence.

Inflationary environment

The COVID-19 pandemic, supply chain disruptions, the high amount of cash injected into the market as a monetary response and the geopolitical situation around Russia and Ukraine, have further resulted in a high inflationary environment. Inflationary pressure has been particularly strong in energy prices, in particular for oil and gas, caused by the Invasion, and material prices, and there is much uncertainty as to the development of prices in the near future. This may also result in tenant's inability to bear the costs that are passed through to them as part of the lease agreements. It cannot be ruled out that losses of rent will occur in the future or that the Group will be unable to collect operating costs from tenants and that the Group will lose considerable rental income.

Higher levels of inflation particularly for energy and materials may have an impact on the Group's ability to acquire materials for capex measures at a reasonable price and increase utility costs or result in delays across the Group's operations. Furthermore, higher levels of inflation across the economy may result in higher personnel expenses and expenses related to external services, which could have a negative impact on the Group's profitability. In addition, higher levels of inflation have already resulted in increases in interest rates and volatility in capital markets, which has a negative impact on the cost of new financing for the Group on one hand and may put further upward pressure on discount rates and cap rates if prolonged, which could consequently have a further adverse impact on the fair value of the Group's assets and share price performance.

An increase in interest rates

In order to battle the increased inflation levels, the European Central Bank has raised interest rate levels rapidly and has declared that it would continue to do so until inflation slows down and it reached the desired level. This has led to a significant rise in interest rates in Germany and throughout the Eurozone and could result in 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. This could lead to an increased default on loan repayments, which also could cause banks to increase their interest rates. An increase in interest rates could adversely impact the Group's business in a number of ways, including:

The discount and cap rates used to calculate the value of the Group's properties recorded on the Company's balance sheet in accordance with International Accounting Standard ("IAS") IAS 40 tends to increase in an environment of rising interest rates, which in turn could result in the Group's properties having a lower fair value. Although the Group'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, the increase in interest rates may have a negative impact on the Group's ability to refinance existing debt or incur additional debt on favorable terms. Financial institutions such as banks may also be subject to increased equity requirements and balance sheet regulations resulting in restraints to lend out money to customers which could make it more difficult for the Group to obtain bank financing at desired terms. In general, rising interest rates (or market expectations regarding future increases in interest rates) would make financing required by the Group for its acquisition, capital expenditure and/or other real estate activities more expensive, which could reduce the Group's profits.

When negotiating financing agreements or extending such agreements, the Group 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 amortization schedules that do not restrict its ability to pay intended dividends. Further, the Group 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 environment in which high rates prevail will remain for a prolonged period, the Group's financing costs, including costs for hedging instruments, may increase, which would likely reduce the Group's profits.

The Group's equity includes a material amount of perpetual notes. Such notes include in their terms a reset of their respective interest rates every five years (reset date), starting from the first call date, based on a specified margin plus a 5-year swap rate (reset rate). If a reset date falls in a period of high interest rates it is likely that such notes will carry a materially higher interest going forward, thereby reducing the profits available to shareholders. Furthermore, the Company generally aims to replace its perpetual notes issues on their first voluntary call date by a new issue. In times of high market uncertainty, the rates that the Company would pay on a new issuance may differ materially from the reset rate, it may therefore be uneconomical for the Company to call the respective notes and issue new notes, as has been the case with its notes with the first call date in January 2023, which may impact market expectations and the Company's access to capital.

The willingness of purchasers to acquire real estate in an environment of rising interest rates may be negatively affected, thereby restricting the Group's ability to dispose of its properties on favorable 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 the Group's business, net assets, financial condition, cash flows and results of operations.

Climate-related risks

The significant impact of human activity on ecosystems and the climate have become apparent in recent years, with temperatures rising, severe weather events such as drought, floods and wildfires occurring more frequently, changes in rainfall patterns and mean global sea levels rising, as well as increased pressures on biodiversity, among others. As a result, climate risks have increased and environmental impacts have become more important in the decision making of investors, lenders, regulators and consumers. As a result, the Company does not only face changing physical climate risks but also transitional climate-related risks resulting from changes in investor and consumer demand, from regulatory changes as well as from other societal factors.

The Company faces several physical climate-related risks. As a result of changing climate patterns, severe weather events in the Group's regions become more likely, which may result in more frequent flooding or other weather-related damages. The Company actively attempts to identify these risks and implement measures to mitigate the impact of such risks to the Company, historically through insurance and now with the addition of developing an amended approach to CapEx planning. However, it cannot be guaranteed that the Company correctly identifies all risks and therefore may under- or over insure against such risk. Furthermore, increased occurrence of severe weather events will likely result in higher insurance premiums. In addition, increased flood risk as well as increasing sea levels put increased stress on dikes, levees and related infrastructure which will likely result in higher costs for such infrastructure which in turn may lead to higher fees and taxes to fund the increased costs, particularly impacting the Group's assets situated in regions affected by increased flood risk and/or rising sea levels. While the above-mentioned insurance costs, taxes and fees can generally be passed on to tenants through the service charges, in case of vacancies such costs are carried by the Company.

In addition to physical climate-related risks the Company also faces transitional risks. As a result of the more apparent impact of climate changes in recent years regulators have increased their efforts to mitigate current as well es expected future impacts of climate change through a wide range of regulations. As part of its Climate Action Programme 2030, the German federal government has introduced a fixed price for carbon dioxide emissions in the transport and real estate sectors as from January 2021. The price per metric ton of carbon dioxide emitted as heating or fuel emissions (CO_2 and CO_2 levy) was set at an initial price of euro 25.00 per metric ton of carbon dioxide and will, based on the current regime, gradually increase to euro 45.00 per metric ton until 2025 and increase further thereafter. On 1 January 2023 the Carbon Dioxide Cost Sharing Act came into effect, according to which the landlord will be obliged to bear part of the CO_2 levy (previously carried in full by tenants). For residential buildings, a 10-step tiered model is introduced that splits the CO_2 costs based on the emissions of the building. For residential buildings with a particularly poor energy balance (>=52 kg $CO_2/m^2/a$), landlords shall bear 95 percent and tenants five percent of the CO_2 costs. However, if the building meets at least the high efficiency standard (EH 55; <12 kg $CO_2/m^2/a$), landlords do not have to bear any CO_2 costs. For non-residential buildings, a 50-50 solution is regulated. The CO_2 costs will be divided equally between tenant and landlord, unless another split is negotiated in the lease agreement. From 2025 a similar tiered model is planned also for non-residential buildings. The shifting of some or all the relevant costs to landlords will have a negative effect on the Company's operating margins and financial results.

Emerging regulations in the Group's regions pursuing a phase-out of fossil fuels and improved energy efficiency present technological risks to the company which requires careful attention when planning maintenance and capex measures. Some examples are Germany's Building Energy Act (GEG), which bans the installation of new oil heating systems in 2026 and the UK's Heat and Buildings Strategy banning gas boilers from new builds in 2026 and then entirely banning installation of gas boilers starting in 2035. At the EU level, the Energy Performance of Buildings Directive (EPBD) was updated in 2021, and national-level iterations are rolling out. The European Parliament has passed a further updated EPBD bill which will require renovation of non-residential buildings to an E grade by 2027, and D by 2030, with later deadlines for residential buildings of E by 2030 and D by 2033. This recast of the EPBD must be approved by member states before becoming law. In the UK the Domestic Minimum Energy Efficiency Standard limits letting of properties with EPC ratings F or G, with a bill proposal under review which would prohibit lettings in buildings with EPC ratings D or lower from 2025 for new lettings and 2028 for existing leases. The increased focus of regulators and market participants has additionally resulted in increased reporting and transparency requirements for companies. Higher reporting and transparency requirements result in increased administrative hurdles and costs for the Group, negatively impacting its efficiency and financial results. Furthermore, the Group's sustainability strategy incorporates self-set targets for material environmental, social and corporate governance matters (ESG). If any of these self-set ESG goals are not met, this could damage the Group's reputation. Considering the increasing focus of market participants and lenders on sustainability and "green financing", this could have a negative impact on the Group's refinancing and access to further financing, for example, via the capital market or by taking out loans, at all or on attractive terms. If the Group fails to meet expectations and trends related to sustainability aspects in a timely manner or at all, there could be a decline in demand from tenants. Furthermore, this could also lead to investors not investing or no longer investing in the Group's bonds or shares, as they also expect ESG goals to be met. From a regulatory perspective, failure to achieve the sustainability goals may also have a negative impact on the Group. For example, further regulatory tightening in the form of the CO_2 levy, minimum energy performance standards or other measures to achieve alignment with the targets of the Paris Agreement could directly or indirectly increase the Group's costs or decrease rental income. To take on a proactive approach, the Company has developed a CO_2 pathway to guide the investment in on-site renewable energy and building energy efficiency improvements needed to achieve it's 2030 emission reduction target while enabling further emission reductions down the line.

In order to mitigate risks related to CO_2 emissions, and in order to reach the Company's environmental targets, the Group is developing an investment program, which covers a wide variety of activities involving both energy efficiency improvements and renewable energy projects. The size and scope of the investment program depends on the availability of governmental subsidies and grants, as is also subject to increasing cost of material. Furthermore, potential new requirements set by the regulators or set as a market standard, could increase the amount the Company would need to invest and potentially accelerate the execution time of the investment program.

In order to align with best practices on assessing, responding to, and reporting on climate-related risks, the Company has committed to begin the process of aligning to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations framework. As part of this process, the Company launched a climate-related risk assessment in 2022, with the most prominent climate-related risks already integrated into the enterprise risk management system. The Building Resilience Task Force was also launched to further develop control mechanisms and risk mitigation measures for climate-related risks. To better understand the Company's exposure to physical risks, an analysis was commissioned involving the development of physical risk trends in four climate change scenarios through 2100. This analysis has informed the Company in determining which risks are material in order to begin developing adaptation solutions. Further details on ESG related issues can be found in the Group's Non-Financial Report and Sustainability Insights.

HAMBURG/
LÜNEBURGER HEIDE (CENTER PARCS)

26.4 Hedging activities and derivatives

26.4.1. Derivative financial instruments

	Note	As at December 31, 2022	2021
		in € millions	
Derivative financial assets			
Derivatives that are designated as hedging instruments in cash flow hedge	26.4.2.1	43.5	16.1
Derivatives that are designated as hedging instruments in fair value hedge	26.4.2.2	144.2	193.4
Derivatives that are designated as hedging instruments in net investment hedge	26.4.2.3	4.6	-
Derivatives that are not designated as hedge accounting relationships		60.3	62.9
		252.6	**272.4**
Derivative financial liabilities			
Derivatives that are designated as hedging instruments in cash flow hedge	26.4.2.1	4.9	31.8
Derivatives that are designated as hedging instruments in fair value hedge	26.4.2.2	185.7	36.8
Derivatives that are designated as hedging instruments in net investment hedge	26.4.2.3	13.3	101.1
Derivatives that are not designated as hedge accounting relationships		240.7	255.7
		444.6	**425.4**

26.4.2. Hedge accounting relationships

26.4.2.1. Cash flow hedges

As at December 31, 2022, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

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

(*) all swaps are linked to bonds' maturity

Under cross-currency contracts, the Group agrees to exchange cash flows in different currencies calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing foreign exchange rates on its cash flows.

The fair value of cross-currency swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below.

As the critical terms of the cross-currency swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the cross-currency swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main sources of hedge ineffectiveness in these hedge relationships are minor initial fair values of the hedging instruments and the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in foreign exchange rates.

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

Risk Category	Carrying amount Assets	Carrying amount Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	in € millions			in € millions
As at December 31, 2022				
Foreign exchange rate and interest rate swaps	43.5	4.9	Derivative financial assets / liabilities	72.9
As at December 31, 2021				
Foreign exchange rate and interest rate swaps	16.1	31.8	Derivative financial assets / liabilities	90.2

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

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	in € millions		in € millions
As at December 31, 2022			
Straight bonds	530.8	Straight bonds	(74.0)
As at December 31, 2021			
Straight bonds	510.6	Straight bonds	(90.2)

The ineffectiveness recognized in the consolidated statement of profit or loss was a loss of €1.1 million (2021: €0.0 million).

26.4.2.2. Fair value hedges

As at December 31, 2022, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

Bond	Hedging instrument (*)	Notional currency	Company receives – in notional currency millions	Company pays – in € millions
Series L	FX-Swap	United States Dollar	150.0	125.2
Series M	FX-Swap	Swiss Franc	250.0	223.6
Series P	FX-Swap	Australian Dollar	250.0	157.6
Series R	FX-Swap	Canadian Dollar	250.0	164.3
Series X	FX-Swap	Swiss Franc	100.0	91.6
Series 28	FX-Swap	United States Dollar	600.0	530.9
Series 29	FX-Swap	Norwegian Krone	1,735.0	179.0
Series 30	FX-Swap	British Pound	400.0	468.6
Series 31	FX-Swap	Japanese Yen	7,000.0	61.3
GCP series I	FX-Swap	Hong Kong Dollar	900.0	92.6
GCP series K	FX-Swap	Swiss Franc	125.0	116.2
GCP series L	FX-Swap	Japanese Yen	7,500.0	75.5
GCP series P	FX-Swap	Hong Kong Dollar	290.0	32.8
GCP series Q	FX-Swap	Swiss Franc	130.0	119.4

(*) all swaps are linked to bonds' maturity

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

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

There is an economic relationship between the hedged items and the hedging instruments as the terms of foreign exchange rate swaps match the terms of the hedged items. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange rate swaps is identical to hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

The hedge ineffectiveness may arise from:

- Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

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

	Carrying amount			
Risk Category	**Assets**	**Liabilities**	**Line item in the consolidated financial statements**	**Net change in fair value used for measuring ineffectiveness for the year**
	in € millions			in € millions
As at December 31, 2022				
Foreign exchange rate and interest rate swaps	144.2	185.7	Derivative financial assets/ liabilities	(213.5)
As at December 31, 2021				
Foreign exchange rate and interest rate swaps	193.4	36.8	Derivative financial assets/ liabilities	54.6

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

	Carrying amount	**Line item in the consolidated financial statements**	**Net change in fair value used for measuring ineffectiveness for the year**
	in € millions		in € millions
As at December 31, 2022			
Straight bonds	2,342.9	Straight bonds	218.3
As at December 31, 2021			
Straight bonds	2,667.4	Straight bonds	(52.2)

The ineffectiveness recognized in the consolidated statement of profit or loss was a profit of €4.8 million (2021: €2.4 million).

26.4.2.3. Hedge of net investments in foreign operations

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

The foreign exchange forward contracts are being used to hedge the Group's exposure to the GBP foreign exchange risk on these investments. Gains or losses on the retranslation of the forward contracts are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on the hedging instruments. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiaries becomes lower than the amount of the notional amount of the hedging instruments.

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

Risk Category	Notional amount outstanding	Carrying amount Assets	Carrying amount Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
		in € millions			in € millions
As at December 31, 2022					
Foreign currency forward contracts	GBP 1,965.0	4.6	13.3	Derivative financial assets	122.7
As at December 31, 2021					
Foreign currency forward contracts	GBP 1,999.6	-	101.1	Derivative financial assets	(152.9)

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

	Foreign currency *translation reserve*	**Change in fair value used for measuring ineffectiveness for the year**
	in € million	
As at December 31, 2022		
Net investment in foreign subsidiaries	(288.3)	(122.7)
As at December 31, 2021		
Net investment in foreign subsidiaries	218.3	152.9

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

Non-derivative hedging financial instruments

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

Bond	Notional currency	Notional amount as at December 31, 2022	Notional amount as at December 31, 2021
		in notional currency millions	
Series J	British Pound	500.0	500.0
Series Q	British Pound	-	81.1

The net change in the above non-derivative hedging financial instruments resulted in income of €30.4 million (2021: expense of €66.3 million) presented as an OCI impact on the NIFO. Consequently, together with designated derivative hedging instruments, the net result of the OCI item foreign currency – translation difference and NIFO amounted to a positive effect of €10.8 million (2021: gain of €1.3 million) and a post-tax loss effect of €33.4 million (2021: gain of €21.5 million).

26.4.2.4. Derivatives not designated as hedging instruments

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

26.5 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio (LTV), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with an LTV to remain at a target below 45%. As at December 31, 2022 the LTV ratio was at 40% (2021: 39%), and the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg and local regulations regarding restrictions on minimum capital. During the years covered by these consolidated financial statements, the Company complied with all externally imposed capital requirements.

27. LEASES

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

	As at December 31,	
	2022	2021
	in € millions	
Less than a year	849.6	911.8
Between one to two years	817.7	861.2
Between two to three years	746.4	789.4
Between three to four years	640.5	672.4
Between four to five years	525.7	558.1
More than five years	3,616.0	3,976.9
	7,195.9	**7,769.8**

28. COMMITMENTS

As at December 31, 2022, the Group had commitments for future capital expenditures on the real estate properties and guarantees of approximately €0.4 billion. Furthermore, the Group had signed deals to sell real estate in a volume of approximately €0.5 billion, which were not yet completed and are subject to conditions precedent. The Company estimates the completion of the transactions to take place within the next twelve months.

29. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2022.

30. SIGNIFICANT SUBSEQUENT EVENTS

a) In January 2023, the Company announced on tender offers ("the Tender Offers") to buy back some of its outstanding straight bonds series K (carrying 1.0% annual coupon and contractually maturing in January 2025) and series 32 (carrying 0.625% annual coupon and contractually maturing in July 2025). Consequently, the Tender Offers completed later in January 2023 and resulted in acceptance by the Company to buy back €82.7 million nominal value of straight bond series K and €27.8 million nominal value of straight bond series 32.

b) In March 2023, the Company delivered 27,691,319 of its own shares to the Mandatory Convertible Notes ("MCN") investor pursuant to the terms of the MCN issued in March 2020, according to which it shall be mandatorily converted into shares of the Company in the course of the following three years after issuance, using a preset conversion price (dividend adjusted). The shares were delivered from the Company's treasury shares.

c) After the reporting period, the Group signed new bank loans of €160 million.

d) After the reporting period, the Group completed the sales of investment property with value of above €330 million that were presented as assets held for sale.

e) On March 28, 2023, the Company's Board of Directors has decided not to recommend a dividend payment for 2022 at the Company's Annual General Meeting scheduled for June 28, 2023, following the increase in macro-economic uncertainty and volatility, with currently limited visibility on the full impact of the current market environment on valuations, increasing financing costs and limited access to capital markets.

31. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings under the Group are as follows:

Name	Place of incorporation	Principal activities	Main place of principal activity	Holding rate as at December 31, 2022	Holding rate as at December 31, 2021
Subsidiaries held directly and indirectly by the Company				in %	
ATF Netherlands B.V.	Netherlands	Financing	Netherlands	100	100
AT Securities B.V.	Netherlands	Financing	Netherlands	100	100
Aroundtown Limited	Cyprus	Holdings	Germany, Netherlands, United Kingdom	100	100
Aroundtown Real Estate Limited	Cyprus	Holdings	Germany, Netherlands, United Kingdom	100	100
Grand City Properties S.A.	Luxembourg	Holdings and real estate	Germany, United Kingdom	60.11	48.80
Edolaxia Group Limited	Cyprus	Holdings	Cyprus	100	100
TLG Immobilien AG	Germany	Holdings and real estate	Germany	88.16	88.02
WCM Beteiligungs- und Grundbesitz- AG	Germany	Holdings and real estate	Germany	86.12	83.04
Primecity Investment PLC	Cyprus	Holdings and real estate	Germany	99.97	99.96
Aroundtown Holdings B.V.	Netherlands	Holdings and real estate	Germany, United Kingdom	100	100
Aroundtown Holdings S.à r.l.	Luxembourg	Holdings and real estate	United Kingdom	100	100
BSC München Grundstücks GmbH & Co. KG	Germany	Real estate	Germany	49.09	49.09
Associates and joint arrangements held indirectly by the Company					
Globalworth Real Estate Investment Limited	Guernsey	Real estate	Poland, Romania	30.31	30.31
Tevat Limited	Cyprus	Holdings	Cyprus	50	50
Capitals Property S.à r.l.	Luxembourg	Real estate	Germany	30	30


GALERIA


Linienstraße
Gesundes Training mit Physiotherapeuten


BONN