AROUNDTOWN SA

Consolidated Annual Report

For the year ended December 31,

2023

Rome

Berlin

Content

Drenthe (Netherlands, Center Parcs)

01 Board Of Directors' Report

Financial Position Highlights

in € millions unless otherwise indicated	Dec 2023	Dec 2022
Total Assets	33,559.3	37,347.1
Total Equity	15,149.7	17,823.4
Investment property	24,632.4	27,981.0
Investment property of assets held for sale	408.3	909.1
Cash and liquid assets (including those under held for sale)	3,026.1	2,718.7
Total financial debt (including those under held for sale)	14,242.1	14,805.8
Unencumbered assets ratio (by rent)	74%	82%
Equity Ratio	45%	48%
Loan-to-Value[1)]	43%	40%

1) Reclassified in Dec 2023 to include owner-occupied property

Key Financials

in € millions unless otherwise indicated	1–12/2023	Change	1–12/2022
Revenue	1,602.8	(0%)	1,609.9
Net rental income	1,192.8	(2%)	1,222.1
Adjusted EBITDA [1)]	1,002.9	0%	1,002.3
FFO I [1)]	332.0	(8%)	362.7
FFO I per share (in €) [1)]	0.30	(9%)	0.33
FFO II	449.1	(37%)	714.1
ICR	4.2x	(1.0x)	5.2x
Loss for the year	(2,426.4)	431%	(457.1)
Basic loss per share (in €)	(1.82)	214%	(0.58)

1) including AT's share in companies which AT has significant influence, excluding the contributions from assets held for sale

EPRA Performance Measures

In € millions unless otherwise indicated	2023	Change	2022
EPRA NRV	9,920.8	(19%)	12,289.1
EPRA NRV per share (in €)	9.1	(19%)	11.2
EPRA NTA	8,058.7	(20%)	10,135.2
EPRA NTA per share (in €)	7.4	(20%)	9.3
EPRA NDV	7,592.1	(28%)	10,515.2
EPRA NDV per share (in €)	6.9	(28%)	9.6
EPRA Earnings	438.8	0%	438.7
EPRA Earnings per share (in €)	0.40	0%	0.40
EPRA LTV	60.8%	5.4%	55.4%
EPRA Net initial yield (NIY)	4.0%	0.5%	3.5%
EPRA 'Topped-up' NIY	4.1%	0.6%	3.5%
EPRA Vacancy	7.9%	0.3%	7.6%
EPRA Vacancy including JV	8.1%	0.3%	7.8%
EPRA Cost Ratio (including direct vacancy costs)	23.0%	(4.8%)	27.8%
EPRA Cost Ratio (excluding direct vacancy costs)	20.8%	(4.9%)	25.7%
EPRA Cost Ratio (including direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	20.4%	(1.6%)	22.0%
EPRA Cost Ratio (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	18.3%	(1.6%)	19.9%

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, 2023. The figures presented are based on the consolidated financial statements as of December 31, 2023, 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 on the German as well as London residential real estate market. As of December 31, 2023, the Group's holding in GCP is 63% excluding shares GCP holds in treasury (61% including these shares). GCP is consolidated in AT's financials since 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.

Frakfurt HBF & CBD

Approx.

200,000 SQM

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

1

EXECUTING ON STRATEGIC PILLARS

€0.9 billion disposals signed in 2023

- Over €1.2 billion of disposals closed in 2023
- €0.2 billion of disposals signed but not closed
- Ability to dispose of during difficult market conditions

€1.0 billion new bank debt signed in 2023

- of which ca. €900 million was drawn during 2023
- Supported by €17.9 billion unencumbered assets and strong bank relationships

2

REINFORCING STRONG LIQUIDITY POSITION

€3.0 billion in cash & liquid assets

- Representing 21% of debt

3

SUPPORTING LIABILITY MANAGEMENT

€1.3 billion of bonds repurchased at a discount in 2023

- Generating profit, reducing leverage and supporting cash preservation
- 16% of debt maturing in 2024-2026 has been repurchased

Liquidity covers upcoming debt maturities until mid-2026

- Cash and liquid assets, expected proceeds of signed disposals (not closed) and vendor loans

Progress on ESG: Green Certifications

2020

2%

First analysis
and planning

2021

8%

Pilot project
started successfully
in the Netherlands

2022

15%

Transferring the
knowledge from the pilot
project across the portfolio

2023

36%

100% of Dutch offices have been certified.

First German offices have been certified.

Beyond

Aiming at gradual progress

- Ongoing certifications in German offices
- Analyzing certification options in hotels

Progress on ESG:

Green Installations & Refurbishments

Energy-improving investments

Green installations

- **Buildings fitted with solar panels and energy efficient heating (Combined Heat and Power) with a maximum capacity of over 6m kWh pa, translating to over 2,000 tons of avoided CO_2**
- **ca. 400 EV charging sockets installed across the portfolio**

Green refurbishments

- **Regular refurbishments such as roof, façade, window, and lighting upgrades can save 60%-95% of the energy loss from inefficient insulation/lighting**
- **Reduces energy consumption and CO_2 tax, benefitting both landlord and tenants**
- **Improving energy labels resulting in higher tenant demand & value.**

Potsdam/Berlin

Solar Panels

Combined Heat and Power

EV charging station

Progress on ESG:

Social, Governance, Awards & Indices

Social

SUPPORTING COMMUNITIES

Over 90 impactful projects supported

- Significant contributions to communities across diverse portfolio locations
- Focused on improving child and youth education and healthcare, fostering job readiness for disadvantaged young individuals, supporting initiatives for underprivileged youth, extending solidarity to ethnic minorities, and more

HIGH QUALITY TENANT SERVICES

24/7 Support & TÜV Certified

- Providing 24/7 support to both commercial and residential tenants.
- Both service centers are TÜV certified. Residential service center was also awarded fairest customer service hotline by Focus Money.
- Further digitalization measures in residential portfolio: improved tenant app and implemented AI to minimize call center waiting times

EMPLOYEE SATISFACTION

Recognized as top employer

- Awarded "Top Company 2024" by Kununu placing among the top 5% of companies as rated by employees
- GCP awarded "Most Wanted Start 2024" by ZEIT publishing group and Kununu for its in-house apprenticeship program
- Provided added training and development opportunities to foster in-house talent and establish AT as a top employer

Governance, Awards & Indices

(RE-)INCLUSION INTO INDICES

- Reintroduced into the MDAX and added to MDAX ESG+
- Included in the DJSI Europe and Bloomberg Gender Equality Index displaying the Group's visibility across key ESG indices and commitment to diversity

AWARDS & RATINGS

- Received the 7th consecutive EPRA BPR Gold award & 6th consecutive EPRA sBPR Gold award
- Strong Sustainalytics rating (6th percentile) and S&P Global CSA rating (6th percentile)

Letter From The CEO

Dear Stakeholders,

2023 has been a challenging year for the real estate sector, marked by a rapid hike in interest rates, increasing geopolitical tensions, and heightened economic uncertainty. Our pro-active management, diverse portfolio, conservative capital structure, and flexible business model enabled us to navigate these uncertain times and capitalize on some opportunities in this heightened market volatility. We executed strategic measures to strengthen our liquidity, balance sheet and operating platform and are ready to continue moving the company towards its long-term objectives. In this letter, we are pleased to highlight our achievements on these fronts and share our insights on the current market environment.

MARKET & PORTFOLIO PERFORMANCE

2023 was marked by the rapid increase in central bank policy rates aimed at tackling high inflation rates across the eurozone. While these higher rates have successfully curbed inflation, uncertainty remains whether these measures will push EU countries into a recession. This economic uncertainty impacted the entire real estate sector resulting in devaluation recorded across all asset types. This year, the biggest impact was felt in the office sector. In the office sectore, we have seen impacts on tenant demand as businesses exercise more caution, delaying letting space expansion and relocation decisions. Consequently, we observe a certain decreased demand and a lower level of new lettings, with the leasing process taking longer. Conversely, we see an uptick in lease extensions, as tenants defer decisions until risks subside. On the positive side, high inflation rates have resulted in large increases in rents as our commercial leases are mostly CPI-indexed or have step-up rents, which more than compensated for the negative trend in the market, enabling solid rent like-for-like growth. Furthermore, increasing construction costs have resulted in significant cancellations of projects, resulting in a reduction in new supply in the coming years, which we expect will provide tailwinds in the mid-to long-term.

Due to prevailing market conditions, our office occupancy has seen a small decline which was more than offset by increasing rents, resulting in a 3.3% like-for-like rental income growth for the office portfolio in 2023. Our lease expiry profile remains well-distributed, giving us a headroom to address challenges effectively. Approximately 75% of our office tenants are governments or multi-national and large domestic corporations which provides stability of cash flows. Furthermore, German and Dutch office markets remain better positioned than US and UK markets, maintaining a healthy vacancy rate even amidst economic uncertainty. German and Dutch office markets also showcase more efficient utilization of office space with higher attendance, fostering a sustainable hybrid model while US & UK office markets were oversupplied even before this period of economic uncertainty. Looking ahead, while we anticipate a further decrease in occupancy, we expect that rent increases will continue to offset this decline. As has always been the case, we will continue to proactively address challenges and capitalize on opportunities.

Our residential portfolio, our second largest asset type accounting for 33% of our total portfolio, held through our stake in GCP, continued to benefit from the widening supply-demand gap in Germany and London. From an operational perspective, 2023 was a very strong year, with increasing rents and declining vacancies. In both markets, the pace of new supply continues to substantially fail to keep up with strong demand and government targets, primarily due to higher material, labor, and financing costs, coupled with regulatory hurdles, making new construction economically less viable. Net migration remained high in 2023, and the impact of higher mortgage rates on home affordability which drives more people to rent collectively served as the primary catalysts for the heightened rental demand. Consequently, the residential portfolio vacancy reached an all-time low of 3.6%. Low vacancy and strong demand also pushed rents higher, particularly in London, where rent adjustments are not regulated, enabling to capture inflation faster than in Germany. As a result, our residential portfolio recorded a like-for-like rental growth of 3.4% in 2023. Throughout 2023 we slightly increased our holding rate in GCP to 63% currently as compared to 60% as of December 2022, utilizing the opportunity to strengthen our position in a stable and strong cash flow generating portfolio at an attractive share price. We expect the underlying market dynamics in our residential markets to persist in the coming years, allowing us to benefit from these stable operational tailwinds while limiting the downside risk.

Our hotel portfolio accounts for 21% of our total portfolio. The hospitality industry, also in 2023, continued its recovery after the pandemic effects, witnessing a steady increase in both the occupancy and average daily room rate among operators throughout the year. While leisure demand has recovered faster, business and international travel as well as conferences took longer to recover. This slower recovery particularly affected certain hotel markets in Germany which rely in part on business travelers. Despite this, corporate travel started to pick up towards the later part of 2023, especially with the return of trade fairs and conferences. International travel continued to recover as well. Leisure travel has bounced back to pre-pandemic levels and growth has stabilized. However, in 2023 hotel tenants' margins remained pressured due to cost inflation and widespread staffing shortages. However, we were able to increase our collection rate to 87%, up from 69% in 2022 and 48% in 2021. We believe that we have successfully navigated through the operational challenges we encountered during and after the pandemic, followed by the rapid increase in operational costs and operational disruptions. We expect to be back to pre-pandemic levels in 2024.

STRENGTHENED THE LIQUIDITY AND BALANCE SHEET THROUGH DISPOSALS, LIABILITY MANAGEMENT EXERCISES AND CASH RETENTION

During 2023, we reinforced our high liquidity position with disposals and new bank debt which supported our pro-active liability management activities. Our cash and liquid assets increased to €3 billion mainly from disposals and new debt funding, allowing for deleveraging activities. We closed over €1.2 billion of disposals during 2023 encompassing a variety of asset types, locations and deal sizes, including development rights. Our diversified portfolio and the extensive reach of our deal-sourcing network give us a competitive edge, allowing us to re-focus on markets that are relatively more active than others, while our strong liquidity position and clean debt maturity schedule provide us the time and flexibility to execute deals on terms we see as favorable. Signed disposals amounted to €0.9 billion in 2023, of which €0.2 billion was not closed as of 2023.

We accessed additional liquidity through bank financing where we utilized our strong banking relationships and large amount of unencumbered assets to sign ca. €1 billion in new bank debt, which has enabled us to increase our total liquidity and target bond buybacks. Our diversified asset mix and locations again gave us a competitive edge, especially in an environment with tightened lending standards. Our new bank debt, raised at an average maturity of over 7 years and an average interest rate margin of 1.4% plus Euribor, featured mostly capped rates, positioning us favorably for potential decreases in base rates. As of the end of December 2023, we retain ca. €18 billion in unencumbered assets, giving us to the flexibility to raise significant additional secured financing if needed.

Additionally, we have utilized several measures to retain our cash liquidity which include a more selective approach towards executing capex measures, suspending dividend payments in 2023 and not calling the perpetual notes which do not have any repayment obligations.

These measures substantially reinforced our liquidity position, enabling active liability management measures to support deleveraging and extend the debt maturity profile. Throughout 2023, we repurchased approx. €1.3 billion in primarily nearer term bonds at a discount thereby reducing leverage and strengthening the equity base. Buying back short-term bonds supports our cash preservation strategy as upcoming maturities are repurchased at a discount while also saving on coupon payments. As a result, 16% of total debt maturing in 2024-2026 has been repurchased. Thanks to all these strategic measures taken, we currently have a liquidity position of €3.0 billion, which including expected proceeds from signed disposals and vendor loans covers debt maturities until mid-2026.

VALUATIONS

In 2023, the fast increasing interest rates continued to negatively impact valuations across all asset types and locations. These elevated rates concurrently resulted in a muted transaction market marked by significantly lower volume than historical levels. The absence of robust transactional evidence introduced an additional layer of uncertainty, creating disparities among market participants' expectations. However, strong rental growth in the portfolio and market rents have partially counteracted the effects of yield expansion on the valuations. In total, we registered a like-for-like value decline of 11% as of December 2023. Accordingly, the average yield increased from 4.5% in 2022 to 5.0% in 2023. Office properties were significantly impacted, experiencing a value decline of 13%. Residential assets registered a smaller decline compared to offices with 8%. Hotel assets have recorded the least devaluations at 6%, with the post-pandemic recovery countering the impact of higher interest rates. Developments rights remain the most impacted, with 21% value decline, as larger discount and cap rates for future cash flows and higher capex costs impact development project valuations the most. Development rights constitute only a minimal portion of the overall portfolio. While the future trajectory of property valuations remains uncertain, a stable labor market and an economy that has defied gloomy expectations remain positive catalysts while any potential revival of the transaction markets due to lower rates would offer greater clarity moving forward.

Our deleveraging activities helped partially offset the negative valuation impacts. From June 2022 until year-end 2023, the property values declined by 14% while our LTV increased by 3 percentage points. As outlined above, deleveraging activities included disposals, bond buybacks at discount, suspension of dividends, not exercising the option to call perpetual notes, cash collection from financial assets, and operational profitability. We retain a significant headroom to our bond covenants which is one of the highest among listed European real estate sector, and our strong liquidity covers the debt maturities until mid-2026. Our high operational profitability and financial discipline resulted in an ICR of 4.2 in 2023 with further financial flexibility provided by €17.9 billion in unencumbered assets.

ESG PROGRESS

We are pleased to highlight some of our notable accomplishments throughout the year, signifying substantial strides across the three different ESG fronts. It is essential to recognize that this achievement is a direct outcome of the diligent efforts and commitment exhibited by our Sustainability team and various teams across the entire organization. Our approach to sustainability extends beyond a standalone initiative, as we have ingrained sustainability processes and accountability within every facet of our business operations. The progress made signifies our commitment to advancing ESG targets, and we remain dedicated to further enhancements to ensure the realization of these goals.

Environmental

In 2023, our commitment to sustainability was reinforced by ongoing efforts to secure green certifications for our office portfolio, complemented by targeted green investments and refurbishments aimed at reducing emissions. Notably, we achieved significant milestones in BREEAM certification, fully certifying our Dutch office portfolio. The successful certification of the Dutch office portfolio, initiated as a pilot project in 2021, served as a foundation for knowledge transfer across the entire portfolio, leading to the certification of our first German offices in 2023. Consequently, 36% of our office portfolio is now certified, a substantial increase from the 15% recorded last year. Looking ahead, we plan to gradually certify our German offices and are concurrently exploring certification options for our hotel portfolio.

Furthermore, we continued our renewable and energy efficiency investments in 2023. Leveraging green installations which target carbon reduction via installation of renewable energy systems, we equipped buildings with solar panels and energy efficient heating units (Combined Heat and Power) with a maximum capacity of over 6 million kWh pa, translating to over 2,000 tons of avoided CO_2. In addition, we installed approx. 400 EV charging sockets across our portfolio. These initiatives contribute to our society's shared CO_2 reduction path while also leading to improved green building certifications, heightened demand, and increased overall value. Parallel efforts focused on enhancing energy efficiency through regular refurbishments, including roof, facade, window, and lighting replacements. These measures save on energy loss resulting from inefficient insulation/lighting and thus contribute to reduced energy consumption and CO_2 tax, benefiting both us and our tenants. The resulting improvement in energy performance not only aligns with our sustainability goals but also enhances tenant demand and overall property value. Our dedication to these initiatives exemplifies our commitment to a sustainable future.

Social

On the social side, we dedicated our efforts to actively engage with and contribute to the well-being of our communities, enhance the quality of tenant services, and elevate our standing as an employer of choice. Through the Aroundtown and GCP foundations, we sustained meaningful partnerships with charities that delivered targeted assistance across our diverse portfolio locations, collaborating with local associations. Our projects were aimed at improving child and youth education and healthcare, fostering job readiness for disadvantaged young individuals, supporting initiatives for underprivileged youth, extending solidarity to ethnic minorities, and more. In 2023 alone, we made contributions to local partners through both the Aroundtown and GCP foundations spanning over 90 impactful projects.

Additionally, our focus on delivering high-quality tenant services persisted across both commercial and residential sectors. Offering 24/7 tenant support company-wide, we achieved TÜV re-certification for both service centers in 2023. Notably, GCP's residential tenant service center received the "Fairest Customer Service" award, while the migration of service requests to the GCP App enhanced efficiency and tenant satisfaction.

Moreover, our commitment to providing training and development opportunities and establishing ourselves as a top employer continued to make strides. Aroundtown earned the distinction of being awarded "Top Company 2024" by Kununu, a leading platform for employer reviews and feedback on corporate culture, placing us among the top 5% of companies on the platform as rated by employees. Furthermore, GCP received the "Most Wanted Start 2024" award for its in-house apprenticeship program, granted by the ZEIT publishing group and Kununu. Our focus on fostering in-house talent through workshops and opportunities for developing both soft and hard skills ensures that we remain a high-performing company poised for success in the future.

Governance, Indices and Awards

Throughout 2023, we remained dedicated to the enhancement of our processes, policies, and reporting standards. Notably, our 2023 annual report marks a significant milestone as it embraces an integrated format, presenting the non-financial reporting alongside our comprehensive financial report. Upholding rigorous standards for financial transparency and sustainability reporting, we are proud to have earned the EPRA BPR Gold award for the 7th consecutive time and the EPRA sBPR Gold award for the 6th consecutive year. Our steadfast commitment to diversity and anti-discrimination is acknowledged by our inclusion in the Bloomberg Gender Equity Index. We also maintained our strong rating with Sustainalytics in the low-risk category and are ranked among top 6th percentile globally across all industries. Our prominence in other ESG indices, such as the Dow Jones Sustainability Index and MDAX ESG + Index, further reinforces our commitment to sustainable practices.

I would like to once again express my deepest gratitude to our exceptional teams for their hands-on approach, unwavering commitment and tireless efforts throughout the past year. Looking into 2024, we are confident that our robust platform, well-diversified portfolio and high liquidity equip us not only to navigate current challenges but also to seize new opportunities that may unfold in the year ahead.

March 27, 2024

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 as well as capital recycling by selling non-core and mature assets. Disposals to be channeled into deleveraging*

5 *Additionally continuing to extract value and rights from the properties*

Berlin

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 acquiring 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 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.

Key stakeholder relationship management considering sustainability matters

Aroundtown's strategy and business model takes into account the diverse interests and perspectives of its stakeholders, including its valued employees, both residential and commercial tenants, municipalities and local communities in which the Group operates, suppliers and business partners, and investors, and forms an important part of the approach to sustainable growth. AT understands that without the support of its stakeholders that the Group would not be able to fully execute on its strategic goals. Understanding and addressing the needs and concerns of these stakeholders requires ongoing communication, active engagement, and a commitment to ethical business practices. Regular feedback mechanisms, community involvement, and a proactive approach to problem-solving contribute to building trust and long-lasting relationships with all stakeholders and have been embedded across AT's business functions to ensure that their interests are represented and addressed. Aroundtown's upstream value chain consists of its investors, its construction and development partners, and its suppliers. AT takes the next position in its value chain, with its employees and tenants making up its downstream value chain. Aroundtown's business strategy takes into account the sustainability matters identified as material during its Double Materiality Assessment. Whether these relate to its own workforce, its supply chain or the energy efficiency of its assets and other environmental matters, the Group adapts its strategy and underlying processes where necessary to reflect the impacts and importance of its material sustainability topics.

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 achieved 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.

Tuscany

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 since inception into one of the largest real estate companies in Europe 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 an LTV of 43% as of December 31, 2023, below the Board of Directors' guidance of 45%. 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 guidance below 45% on a sustainable basis
- 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 & bank loans
- Dividend distribution of 75% of FFO I per share*

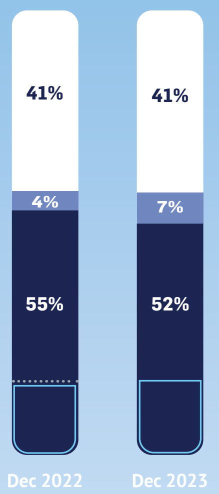
Aroundtown's conservative capital structure, strong track record in accessing capital markets and its strong relationships to mortgage banks enable the Group to finance its funding needs. The Group maintains a robust liquidity position through a mix of operational cash flow generation and balance of cash and liquid assets which as of December 31, 2023 amounted to €3.0 billion. Additionally, undrawn RCF's of €1 billion (no MAC) and a high ratio of unencumbered investment properties of 74% (by rent, €17.9 billion in total value) as of December 31, 2023 provide for additional financial flexibility.

*The decision is subject to market conditions and AGM approval

Berlin

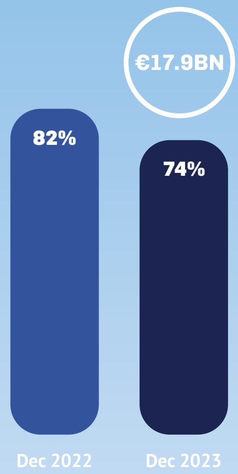
Frankfurt

Financing sources mix



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

High unencumbered assets ratio



4.4 YEARS

Average debt maturity

2.2%

Average cost of debt

Maintaining high interest cover ratio (ICR)

4.2x

FY 2023

5.2x

FY 2022

Loan-To-Value

Board of Directors' guidance of 45%

INVESTMENT GRADE CREDIT RATING

AT has a BBB+ (outlook negative) 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.

Frankfurt

Aroundtown's Quality Portfolio

Well-Diversified Group Portfolio with Focus on Strong Value Drivers

TOTAL PORTFOLIO: €25BN*

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

Asset Type

Strongly diversified portfolio with a focus in offices, residential and hotels.

Tenant

High tenant diversification with no material tenant or industry dependency.

Commercial portfolio with over 3,000 tenants and residential portfolio with very granular tenant base.

Location

The portfolio is focused on the strongest economies in Europe: 82% 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.

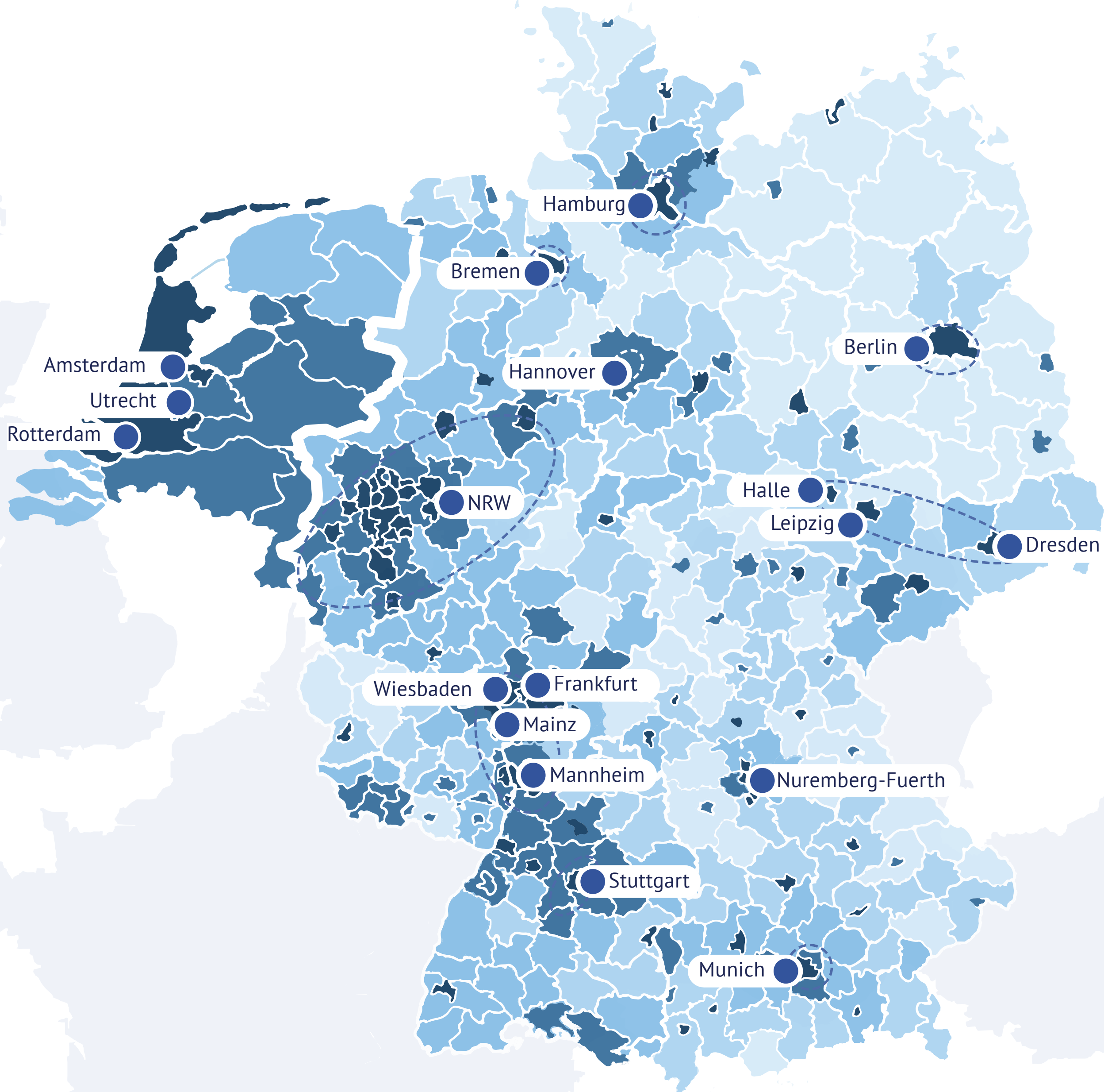
Industry

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.

Group Portfolio Overview

Germany & The Netherlands: 82% of the portfolio



POPULATION DENSITY IN GERMANY AND THE NETHERLANDS

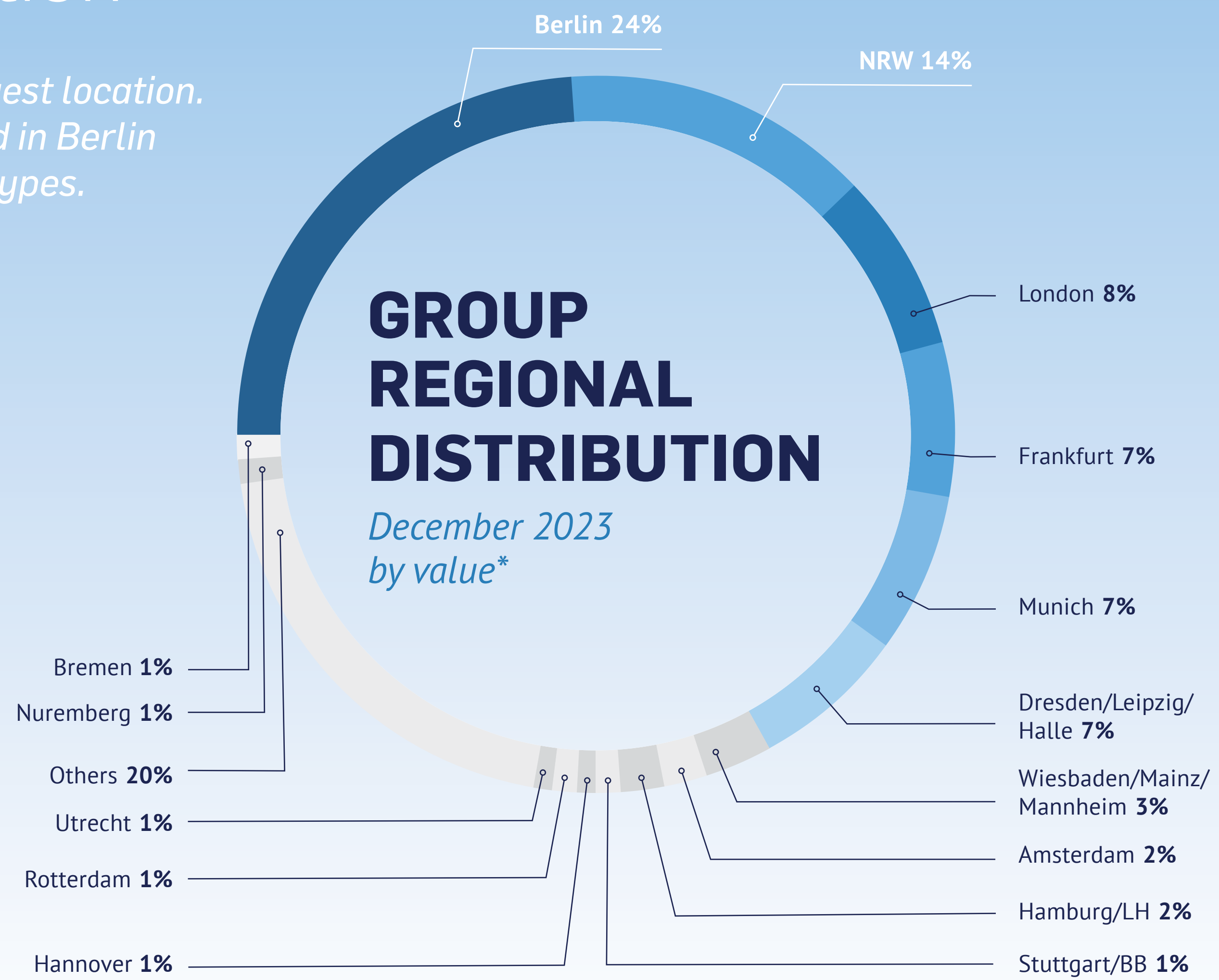
36 - 100
100 - 150
150 - 300
300 - 1,000
1,000 - 5,500

inhabitants per sqkm
(Destatis & CBS, 2021 & 2022)

- Two of the strongest economies in Europe with AAA credit rating
- Among the lowest unemployment levels in Europe
- Low debt/GDP levels compared to European average
- 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

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

Berlin

Leipzig

Meuse (Netherlands, Center Parcs)

Berlin Alexanderplatz

AT has over

140,000 SQM

lettable space in the prime commercial and tourist center Alexanderplatz

BEST-IN-CLASS BERLIN PORTFOLIO

Central locations within top tier cities:
A Berlin example

*Map representing approx. 95% of the portfolio

85%

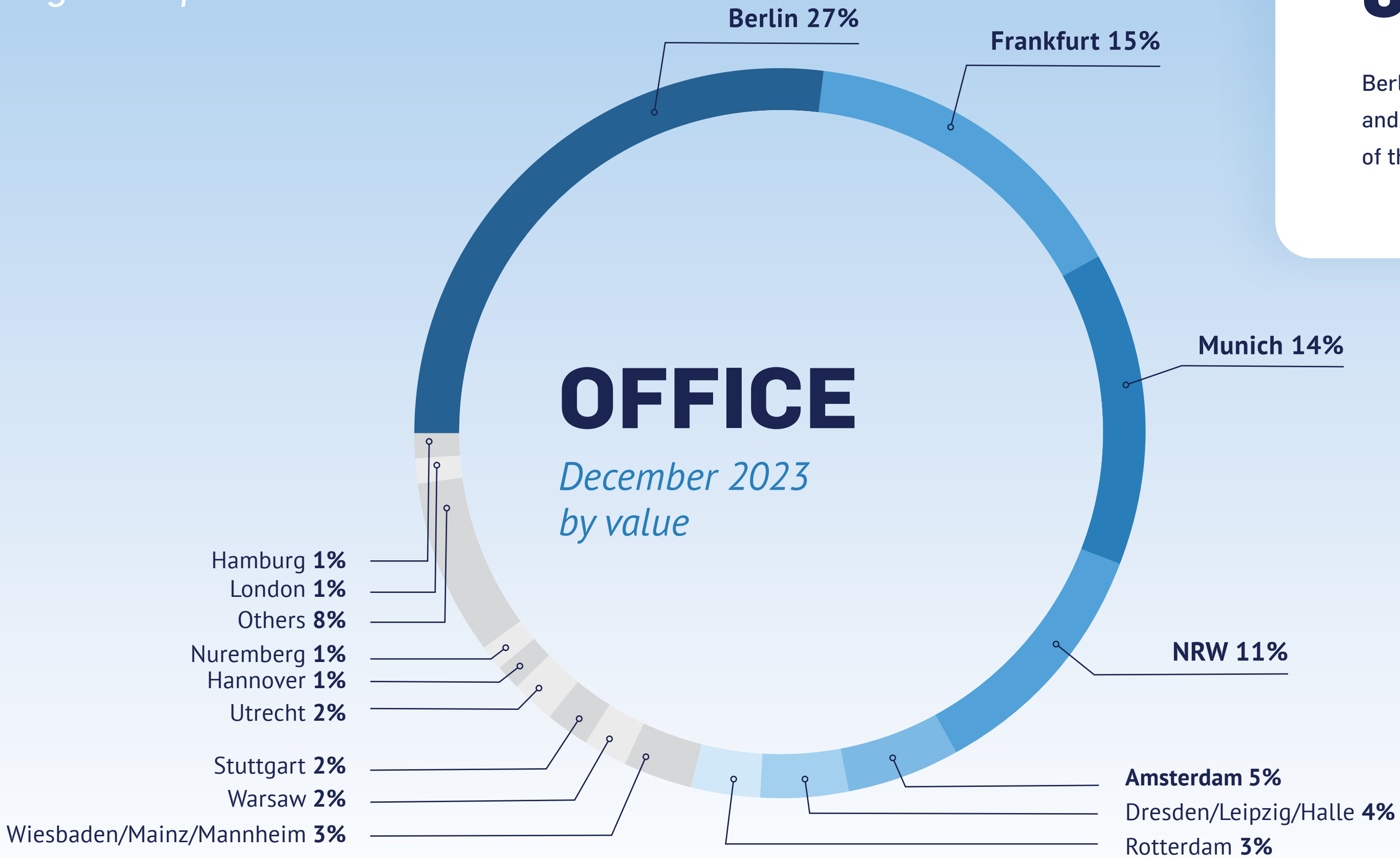
of the portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam

15%

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 leading office landlord in Berlin, Frankfurt and Munich among publicly listed peers



TOP 4 OFFICE CITIES:

Berlin, Munich, Frankfurt and Amsterdam make up **61%** of the office portfolio.

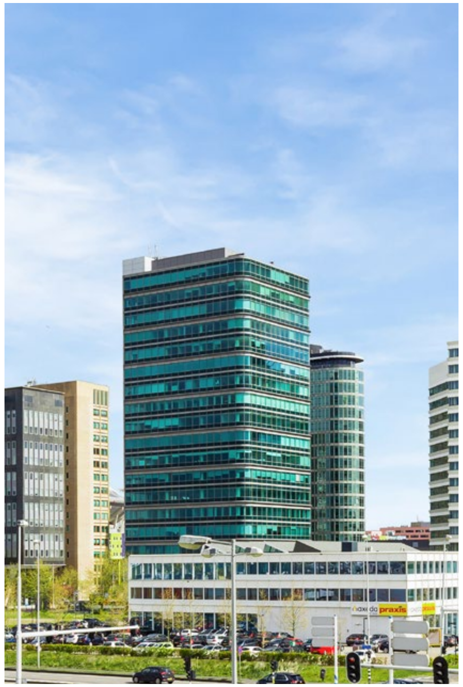

Leipzig


Utrecht


Stuttgart


Rotterdam


Berlin


Amsterdam

Munich


Dresden

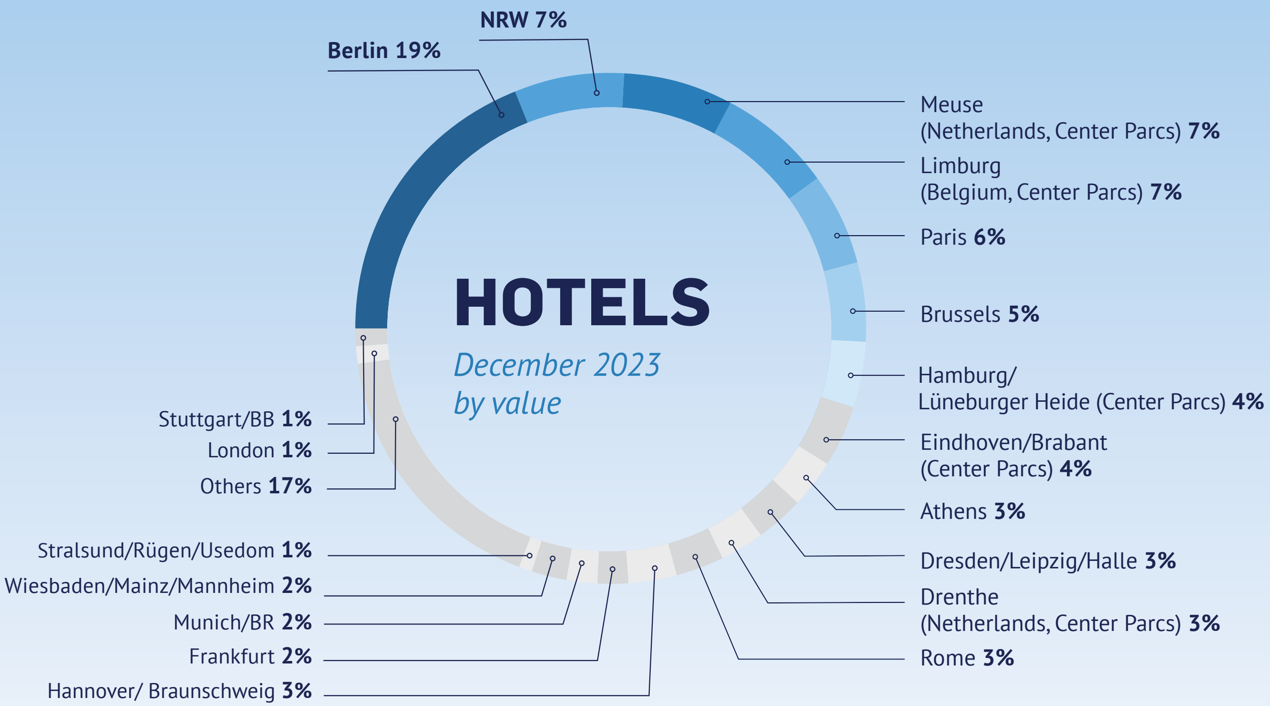

Cologne


Berlin


Frankfurt

HOTELS: Focus on Central Locations, Quality and Operators with Brand Recognition

Over 150 hotels across top locations with fixed long-term leases with third party hotel operators



AT's hotel portfolio, valued at €4.6 billion as of December 2023, is well diversified and covers a total of 1.6m 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. 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 and Brussels.

Cologne

Berlin

Rome

Hamburg/ Lüneburger Heide (Center Parcs)

Eindhoven/Brabant (Netherlands, Center Parcs)

Berlin

Brussels

Bad Saarow (Brandenburg/Berlin)

Davos

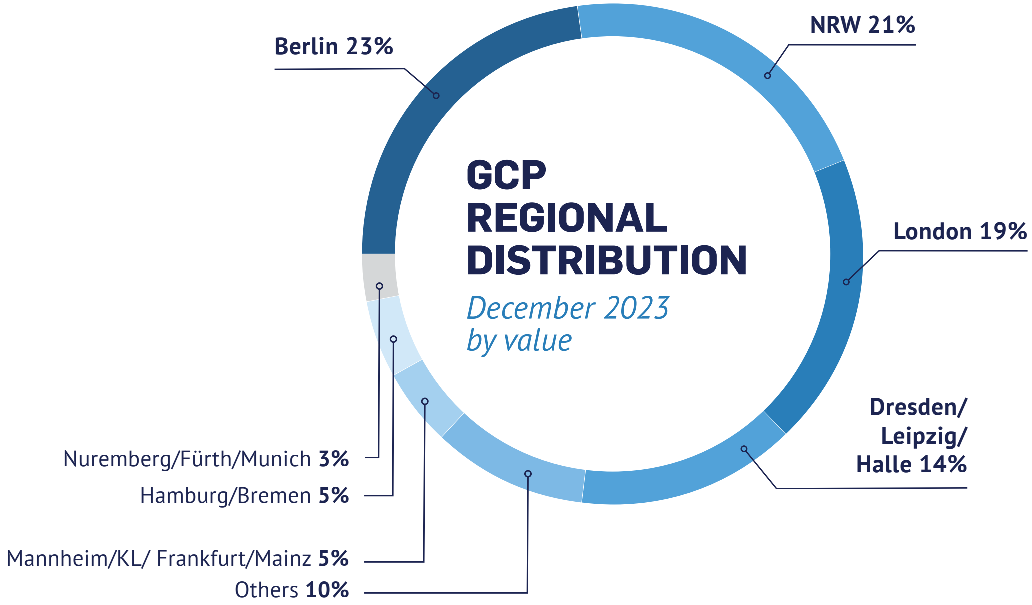
Cologne

Berlin

Grand City Properties

Residential portfolio

The residential portfolio is primarily held through a 63% stake in Grand City Properties ("GCP") excluding the shares GCP holds in treasury (61% including these shares) as of December 31, 2023. 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 holds 63k 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 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.



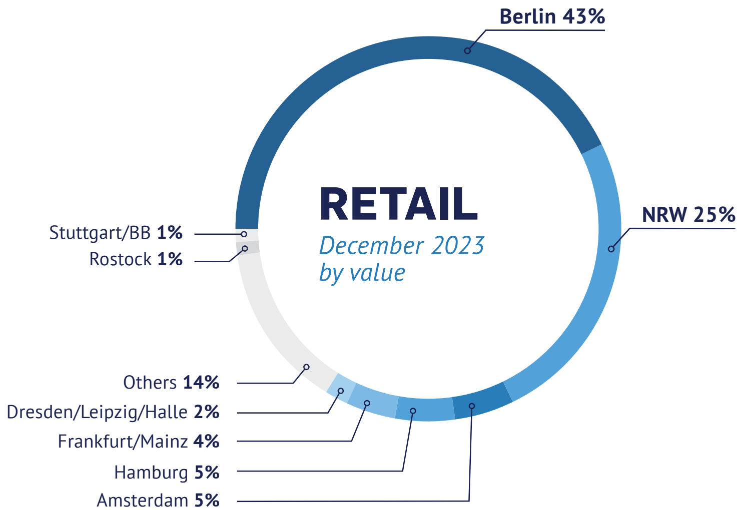
S&P Global
BBB+
OUTLOOK NEGATIVE

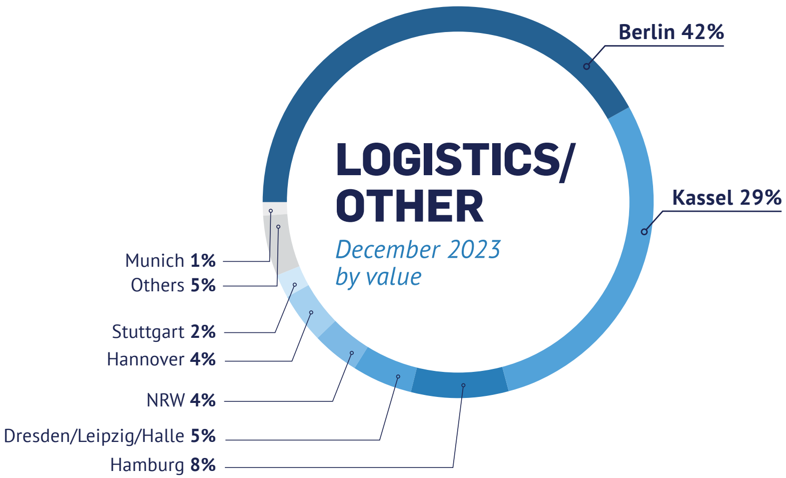
Berlin

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


Dresden






Berlin

Asset type overview

December 2023	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	8,961	3,221	12.8%	451	12.9	2,782	5.0%	4.2
Residential	7,715	3,653	3.6%	370	8.6	2,112	4.8%	NA
Hotel	4,584	1,567	3.2%	238	13.0	2,926	5.2%	14.5
Logistics/Other	399	434	9.2%	24	5.0	920	6.1%	5.1
Retail	1,081	516	12.3%	59	10.7	2,095	5.5%	4.3
Development rights & Invest	1,892							
Total	**24,632**	**9,391**	**7.9%**	**1,142**	**10.7**	**2,421**	**5.0%**	**7.4**
Total (GCP at relative consolidation)	**21,421**	**7,893**	**8.5%**	**991**	**11.1**	**2,481**	**5.1%**	**7.5**

Regional overview

December 2023	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	5,197	1,428	7.5%	208	12.7	3,638	4.0%
NRW	3,310	1,922	8.4%	186	8.4	1,722	5.6%
London	1,841	235	4.2%	92	35.6	7,852	5.0%
Dresden/Leipzig/Halle	1,625	1,071	4.2%	87	6.9	1,517	5.3%
Munich	1,573	524	9.9%	57	9.5	3,004	3.6%
Frankfurt	1,474	486	16.0%	71	14.4	3,036	4.8%
Wiesbaden/Mainz/Mannheim	650	264	7.4%	35	11.6	2,457	5.5%
Amsterdam	568	159	10.0%	28	15.4	3,575	4.9%
Hamburg/LH	451	180	4.7%	27	12.6	2,502	6.0%
Hannover	250	156	17.2%	14	9.1	1,603	5.5%
Stuttgart/BB	235	117	16.5%	13	11.1	2,014	5.4%
Rotterdam	211	84	1.7%	16	14.4	2,512	7.4%
Utrecht	185	70	7.7%	12	14.1	2,628	6.4%
Other	5,170	2,695	7.1%	296	9.7	1,918	5.7%
Development rights & Invest	1,892						
Total	**24,632**	**9,391**	**7.9%**	**1,142**	**10.7**	**2,421**	**5.0%**

Capital Markets

KEY INDEX INCLUSIONS

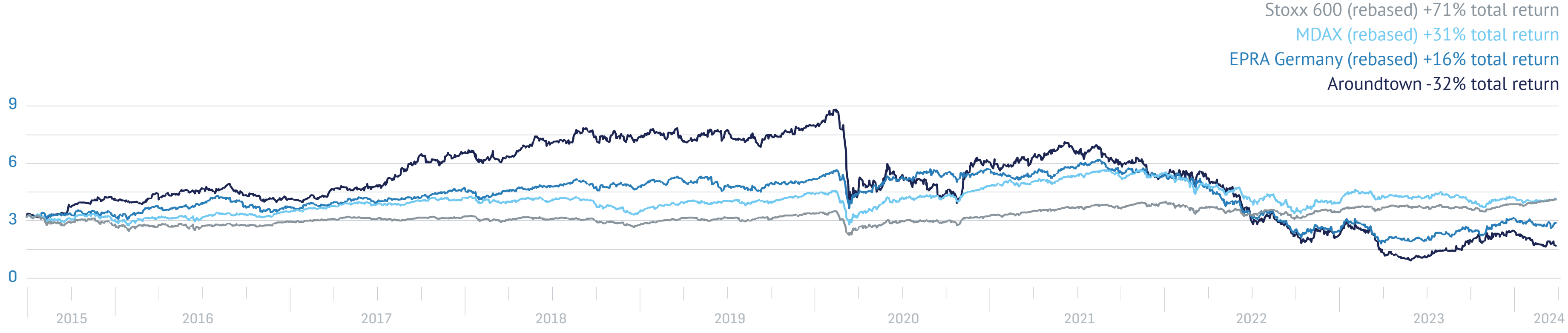
Aroundtown's share is a constituent of several major indices such as **MDAX, MDAX ESG+, FTSE EPRA/NAREIT Index Series, MSCI World Small Cap, DJSI Europe** as well as **GPR 100 & 250, GPR Global Top 100 ESG** and **DIMAX**.

INVESTOR RELATIONS ACTIVITIES

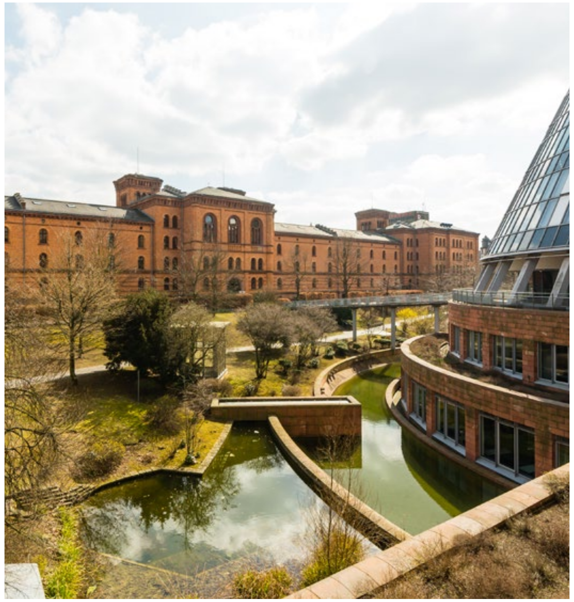
The Group is proactively approaching a large investor audience in order to present its business strategy, provide insight into its progress and create awareness of its overall activities to enhance its perception in the market. AT participates in a vast amount of various national and international conferences, 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 19 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	MDAX MDAX ESG+ FTSE EPRA / NAREIT: – Global – Developed Europe – Eurozone – Germany – Green Indexes DJSI Europe MSCI World Small Cap GPR 100 & 250 GPR Global Top 100 ESG DIMAX
AS OF DECEMBER 31, 2023	
Number of shares	1,537,025,609
Number of shares, base for share KPI calculations[1)]	1,093,138,396 [1)] excluding suspended voting rights
AS AT MARCH 26, 2024:	
Shareholder Structure	Freefloat: 46% Shares held in treasury [i)]: 29% Avisco Group/Vergepoint [ii)]: 15% Stumpf Capital GmbH [iii)]: 10% [i)] 12% are held held through TLG Immobilien AG, voting rights suspended [ii)] controlled by Yakir Gabay [iii)] controlled by Georg Stumpf
Market cap	€2.6 bn / €1.9 bn (excl. treasury shares)

Share price performance and total return since initial placement of capital (13.07.2015)



Frankfurt




ADAC
Autovermietung
Autovermietung
Autovermietung
ADAC

Berlin

BREEAM CERTIFIED

Amsterdam

Non-financial report

General Information

PREPARATION OF THE NON-FINANCIAL REPORT

The content of this report and selected metrics (described as reviewed with relevant data tables) have been reviewed with limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised). A statement from the auditors can be found on page 152.

Aroundtown presents its performance measures in alignment with the European Public Real Estate Association (EPRA) sustainability Best Practice Recommendations (sBPR) standards throughout this report. Full estimation of value chain data, upstream and downstream, has not been conducted. Value chain data is only included for tenant-obtained energy consumption and water usage. Information regarding the preparation of the data throughout the report can be found in the **EPRA sBPR Data Preparation** section of this report. As well as EPRA sBPR, Aroundtown also reports in reference to the Global Reporting Initiative (GRI), and conducts Sustainability Accounting Standards Board (SASB) mapping, which are published in separate documents in our website.

In preparation for the first compliance window of the EU's Corporate Sustainability Reporting Directive (CSRD) in 2025, Aroundtown structured and prepared this report to be in alignment with the recommendations of the European Sustainability Reporting Standards (ESRS). This report also includes information published in compliance with the EU Taxonomy, Regulation (EU) 2020/852 of the European Parliament.

The methodology used to prepare the Sustainability Statement is as below:

1. Identification of Stakeholders

The process began by identifying the stakeholders relevant to Aroundtown, which involved defining the purpose and scope of the Non-Financial Report and identifying captured stakeholders. Subsequently, the identified stakeholders' perspectives were assessed, and relevant stakeholders were engaged further through a series of topical interviews.

Internal stakeholders include, but are not limited to, Aroundtown employees from the following departments: Human Resources, Occupational Health and Safety, Sustainability, Insurance, Data Protection, Real Estate Management, Risk Management, Energy, Water and Management, Rent Control and Increase, Finance, Advisory, and Compliance. Other stakeholders include value chain workers, business partners, investors and tenants.

2. Problem Mapping

Interviews with key stakeholders were conducted to identify and map financial and non-financial topics impacting Aroundtown. These interviews were categorized according to the ESRS standards and questions on these topics were addressed during the sessions.

3. Data Validation

The information obtained through the interviews was validated by cross-referencing with other data sources, ensuring accuracy and reliability. This step helped in building a comprehensive understanding of the materiality of issues. The outcome of the double materiality assessment (DMA) was then used to prepare this report as much as possible in accordance with the guidelines set out in the CSRD.

DOUBLE MATERIALITY ASSESSMENT

Aroundtown applies the principle of materiality as a guide to help identify the ESG risks, opportunities and significant issues presented by the Group's business model. ESG risks are evaluated as part of regular risk assessments and risk planning. Financial budgets are adjusted to account for material ESG risks. The DMA is a strategic framework designed to evaluate and understand the dual impact of a company. On one front, it assesses the impact on the company itself, delving into financial health, operational efficiency, and employee well-being. Simultaneously, the assessment extends its gaze to the broader horizon, examining the company's impact on people and the planet. This dual focus enables a comprehensive understanding of not only financial implications but also social responsibility, environmental impact, and the overall contribution to a sustainable and ethical future.

In 2023, Aroundtown undertook a review of its material topics as part of a comprehensive sustainability risk assessment under the direction of the Sustainability Department. As part of its ongoing commitment to sustainability and responsible business practices, it is critical to emphasize the importance of the DMA assessment for the development of the Group's business. This assessment is not just a procedural requirement, but a strategic imperative with far-reaching implications for the Group's success and relevance in an ever-evolving business landscape.

This DMA was performed in alignment with the GRI guidelines and best management practices. As the assessment process was finalized by mid-June 2023, and the official CSRD requirements were published at the end of August 2023, the methodology used for this DMA was not fully aligned with the CSRD requirements and should therefore be considered as a transitional assessment. Aroundtown thus plans to conduct another DMA in 2024, aligned to CSRD guidance and requirements. Nevertheless, the results of the assessment – a selection of material topics – serves the purpose of this report and the disclosure of all the material topics will be made accordingly.

The DMA was performed in four stages:

1. **Identification** of ESG topics through the review of a list of GRI material topics, as well as sector-specific material topics.
2. **Prioritization** of the topics in order to select a short list of material topics that were used for further investigation in the next steps of the process.
3. **Engagement** with a total of 59 internal stakeholders through both a digital survey (28 participants) as well as interview sessions (four interviews, 31 participants). Further engagement with seven external stakeholders through a series of seven interviews. External stakeholders extended to the upstream value chain with investors, and the downstream value chain with tenants.
4. **Scoring methodology** was developed and implemented in order to make a final list of material topics that would be used for the disclosure and reporting.

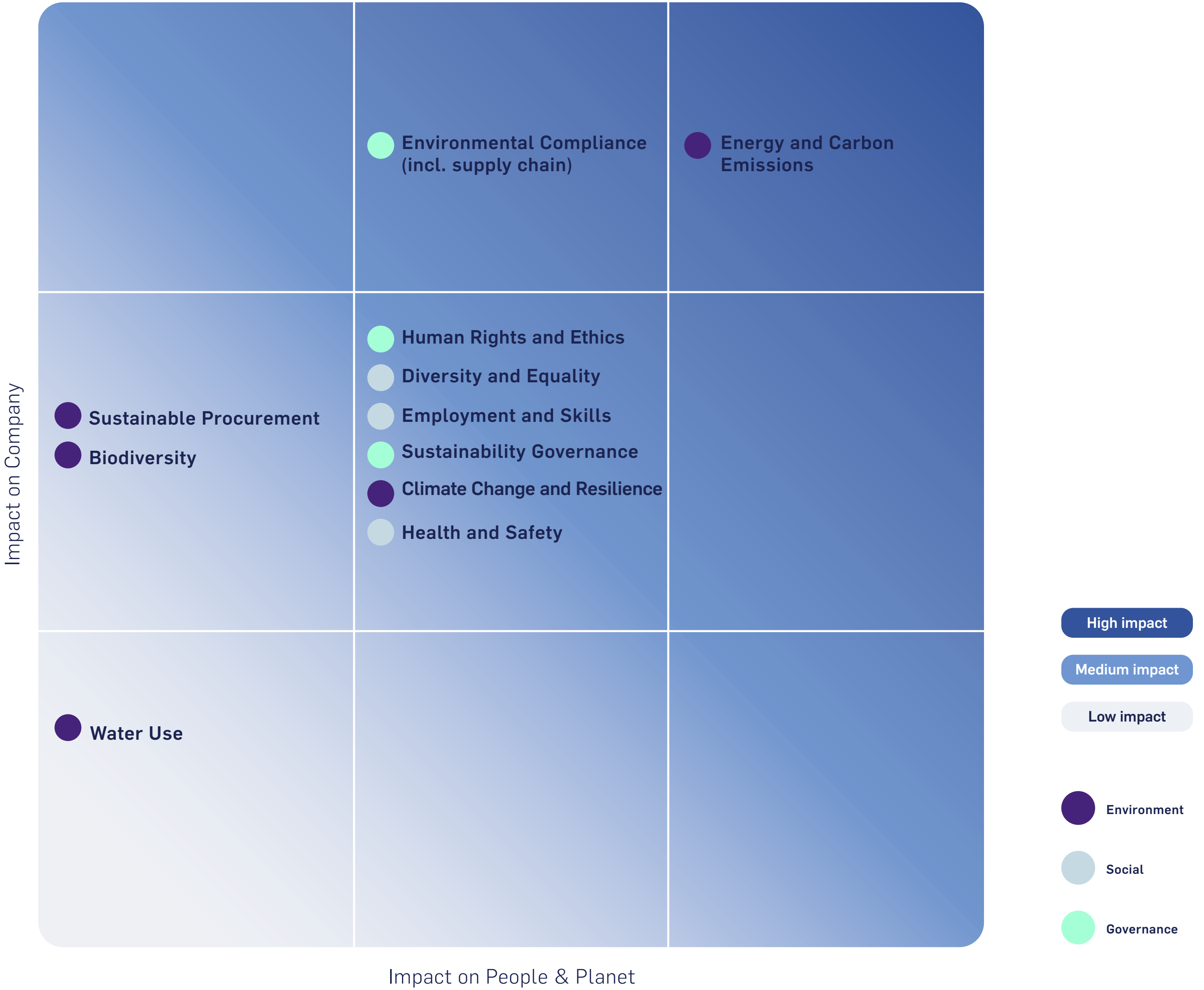
Interviews and a digital survey played a crucial role in the DMA process, providing both a qualitative and quantitative dimension to the analysis. This approach ensured a comprehensive exploration of relevant subjects, allowing for a more in-depth understanding of the stakeholders' perspectives and insights as well as their perspectives on ESG priorities and future areas of risk and opportunity for Aroundtown – all of which informs the Group's strategy.

The result of the DMA is represented the materiality chart below. An analysis of the focus areas for the organization and potential commitments/KPIs that can be considered follows.

Energy and carbon emissions (2.54, 2.82)[1] are the highest priority for all stakeholders. They believe this is where Aroundtown's activities have the greatest impact on the environment. They also believe that the transition to a low carbon economy is likely to have a high impact on the business. Environmental Compliance (1.27, 2.08) is the other issue that was considered to have a high impact on the business. General stakeholder consensus is that the subsequent priorities are as follows: climate change and resilience (1.20, 1.45), governance (1.25, 1.52) and people (i.e., diversity and equality (1.32, 1.54), human rights and ethics (1.40, 1.50) and employment and skills (1.50, 1.32).

1. Numeric results of the double materiality assessment: (2.54, 2.82) (Impact on people & planet, Impact on company)

DOUBLE MATERIALITY ASSESSMENT



After the official publication of the ESRS requirements, the DMA's material topics were assessed against the standards' topics, sub-topics and sub-sub-topics. The following table shows an overview of ESRS topics, sub-topics and sub-sub-topics, highlighting those that have been deemed material in the DMA. All the material topics will be addressed in more detail and according to the ESRS requirements in the relevant chapters of this report.

MATERIAL TOPICS

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS E1	Climate Change	Integration of sustainability-related performance in incentive schemes	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
		Description of the process to identify and assess material impacts, risks and opportunities	
		Climate change adaptation	
		Climate change mitigation	
		Energy	
ESRS E2	Pollution	Description of the processes to identify and assess material impacts, risks and opportunities	
ESRS E3	Water and Marine Resources	Description of the processes to identify and assess material impacts, risks and opportunities	
		Water	Water consumption
ESRS E4	Biodiversity and Ecosystems	Description of the processes to identify and assess material impacts, risks and opportunities	
		Impacts on the state of species	Species population size
ESRS E5	Circular Economy	Description of the processes to identify and assess material impacts, risks and opportunities	
		Waste	

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS S1	Own Workforce	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
		Working conditions	Secure employment
			Working time
			Adequate wages
			Health and safety
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value
			Training and skills development
			Employment and inclusion of persons with disabilities
			Measures against violence and harassment in the workplace
			Diversity
		Other work-related rights	Child labour
			Forced labour
			Privacy

Topical ESRS	Sustainability matters covered in topical ESRS		
	Topic	Sub-topic	Sub-sub-topics
ESRS S2	Workers in the Value Chain	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS S3	Affected Communities	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
ESRS S4	Consumers and End-Users	Interests and views of stakeholders	
		Material impacts, risks and opportunities and their interaction with strategy and business model	
		Personal safety of consumers and/or end-users	Health and safety
ESRS G1	Business Conduct	The role of the administrative, management and supervisory bodies	
		Description of the processes to identify and assess material impacts, risks and opportunities	
		Corporate culture	
		Protection of whistle-blowers	
		Political engagement and lobbying activities	
		Management of relationships with suppliers including payment practices	Prevention and detection including training
		Corruption and bribery	Incidents

YES CSRD mandatory- mandatory for everyone

YES Aroundtown mandatory- material topics scoring 1.41+ in DMA

YES Not mandatory- topics less than 1.41 in DMA, but Aroundtown will report on this year

OVERVIEW OF EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

Standard	Topic	Mandatory or subject to materiality?
ESRS 1	General Requirements	Mandatory - sets out the principles to be applied, no reporting requirements
ESRS 2	General Disclosures	Mandatory
ESRS E1	Climate Change	Subject to materiality - detailed explanation to be provided if this topic is deemed to be not material
ESRS E2	Pollution	Subject to materiality
ESRS E3	Water and Marine Resources	Subject to materiality
ESRS E4	Biodiversity and Ecosystems	Subject to materiality
ESRS E5	Resource Use and Circular Economy	Subject to materiality
ESRS S1	Own Workforce	Subject to materiality
ESRS S2	Workers in the Value Chain	Subject to materiality
ESRS S3	Affected Communities	Subject to materiality
ESRS S4	Consumers and End Users	Subject to materiality
ESRS G1	Business Conduct	Subject to materiality

The above table shows the individual ESRS standards and whether they are mandatory or subject to materiality

AROUNDTOWN'S ESG STRATEGY

Established by the Board of Directors and monitored by the ESG Committee, Aroundtown's ESG Strategy is guided by dedication to operating responsibly, creating value for the stakeholders, and improving the environmental and social performance of the Group's assets. The core of our business model – investing in value-add opportunities instead of demolition and new asset development – demonstrates our commitment to sustainable real estate. Overall, our approach and success are underpinned by a set of comprehensive long-term targets which aim to deliver tangible benefits for our stakeholders; our investors, tenants, building users, local communities, employees and the environment.

Our overarching ESG Strategy is detailed throughout this report and has been designed to focus on the ESG topics which have been identified as relevant to our business. As a result of our 2023 DMA, we have implemented several changes to ensure material impacts, risks and opportunities are effectively addressed. Our Strategy is constantly evolving to meet the needs of our stakeholders and to remain aligned with legislation and regulation that apply to us.

As described in our Strategy and Business Model section, we source and acquire assets that follow our selective acquisition criteria and benefit from internal growth potential, including assets that might be underperforming in terms of ESG aspects and can be refurbished and repositioned into quality assets. Our refurbishment-first approach underpins our ESG Strategy as we recognize the benefits of renovating existing building stock rather than demolishing and developing new assets. By using this approach, we minimize construction waste during the development process as well as the energy consumption, biodiversity impacts and noise pollution which would occur during a full construction project.

Raising assets' environmental performance is one of our main sustainability drivers, and we therefore invest also in buildings with development potential from a sustainability perspective, even if this might require more significant structural interventions. Fundamentally, the findings of the environmental assessments undertaken as part of our due diligence enable us to develop comprehensive asset environmental improvement plans, including a defined catalogue of measures which are factored into the budget for asset repositioning.

Another pillar of our ESG strategy is tenant satisfaction. Our tenants are pivotal to our success, so we are committed to exceptional customer service, tailored management approaches, and continuous improvement to foster long-term tenant relationships. Our tenants have access to a 24/7 hotline for emergency support, and our residential tenants also to a tenant app through which regular communication of events and relevant information is available. Environmental initiatives, such as BREEAM certification and energy-saving measures also align with tenants' sustainability preferences, as it has been reflected in previous tenant satisfaction surveys. Future plans include further digitalization, service enhancements, and a focus on tenant feedback to refine offerings, demonstrating a proactive, tenant-first approach that drives both operational excellence and tenant loyalty. Our Tenant Satisfaction Policy further details our commitments to our tenants and how we ensure high-quality customer service.

With regard to the satisfaction of its employees, Aroundtown continues to engage with them through various ways, providing training and professional development opportunities, as well as channeling their feedback to further shape Aroundtown as a welcoming and diverse company. We also closely monitor our gender pay gap in an effort to increase transparency and conform to widely accepted standards.

Furthermore, our Business Partner Code of Conduct and our Human Rights Policy set out our commitments to act in accordance with internationally recognized standards of human rights and includes our expectations of our suppliers to ensure our value chain workers are protected to the same standards we hold ourselves. Both policies were updated in 2023. In general, Aroundtown's corporate governance and compliance with the ever evolving regulatory and legal frameworks in the European Union have been of great importance to the Group and at the core of our business.

Frankfurt

Environmental Information

CLIMATE CHANGE

Long-Term Targets

- Achieve a 40% reduction in CO_2 intensity by 2030 against the 2019 baseline, measured in CO_2-equivalent emissions intensity (CO_2e/m^2)
- Achieve a 20% reduction in energy intensity by 2030 against the 2019 baseline, measured in kWh/m^2
- Switch electricity to Power Purchasing Agreements (PPAs) certified renewable electricity from wind, hydro-electric and solar PV sources by 2027
- Ensure our portfolio's increasing resilience to climate-related risks through the implementation of adaptation solutions and retrofitting of our assets
- Continue building climate risk assessment capacities and data collection to allow asset specific and forward-looking planning and actions
- Follow technological developments in the real estate sector, as well as products and services offered by prop-tech companies to adopt cutting-edge climate change adaptation solutions

2024 Goals

- Set up a new database for environmental data, allowing semi-automated data collection through a mobile app for facility managers
- Source 7% of our procured energy from PPA renewables
- Conduct 500 energy assessments and energy efficient retrofit plans
- Continue to assess the Group's portfolio stranding risk
- Begin to expand our portfolio-level physical climate risk assessment to an asset-level to further guide the implementation of asset-specific climate change adaptation solutions
- Continue to implement climate change adaptation plans determined in 2022 and 2023

Climate Change Mitigation

Over recent years, from a global community standpoint, we have truly recognized the crucial role we play in mitigating the negative effects of climate change- the Intergovernmental Panel on Climate Change (IPCC) has made it clear that the international community must limit global warming to +1.5°C in comparison to pre-industrial times. Without significant reductions in greenhouse gas (GHG) emissions worldwide, this will not be possible. We understand the gravity of the situation as demonstrated in the results of our DMA which identified energy and carbon emissions as the most material topic for our business. As emissions from buildings and construction make up around 40% of annual global emissions, we are undertaking significant mitigation efforts to drive this transition.

There is increasing pressure from investors, governments and regulators, and society for urgent action to reduce the adverse impact of the built environment on climate change. A key development which continues to drive change is the phased introduction of the EU Taxonomy. This legislation requires large, listed companies like Aroundtown to align their approach with strict criteria across fundamental environmental objectives on climate change, water, waste, pollution, and biodiversity. Our second full assessment against the EU Taxonomy Key Performance Indicators for the environmental objective Climate Change Mitigation can be found in the EU Taxonomy section of this report.

Aroundtown Group Carbon Reduction Strategy

Our fundamental commitment to climate change mitigation is our target of a 40% reduction in CO_2 emissions intensity by 2030, against our 2019 baseline. In order to achieve this ambitious goal, we developed our Group-wide Environmental and Energy Policy, to establish how efficiency and renewable energy projects will be targeted, identified, implemented and monitored.

Guiding our actions on this target is the Group's CO_2 Pathway, which monitors our progress towards achieving this 40% reduction target and forecasts the rate of reductions which must be made to reach it. Data on current energy performance and EPC ratings are combined with metrics on potential improvement measures to develop a model of the entire portfolio. The suite of possible measures is determined from onsite audits, desk-based energy simulations and EPC recommendations. Using this data, possible combinations of energy efficiency measures and renewable energy systems are considered, to assess how transition risks can be mitigated at each property. These insights are considered alongside broader market and regulatory factors, to develop an action plan for investments which aligns with the required carbon reduction.

The measures incorporated in the modeling of our CO_2 pathway include upgrades to current building fabric and systems and more sophisticated renewable energy measures such as air source heat pumps and CHP systems. Further advanced technologies, such as micro wind turbines, geothermal heat pumps, and hydrogen-based CHP systems will be investigated further in the future. The potential efficiency improvement, carbon reductions and associated costs of these measures are considered.

Rotterdam

Aroundtown Group Carbon Reduction Strategy

2019 Baseline
66.98 kg CO_2e/m^2/year Intensity

Annual reduction
Average of 4% reduction/year

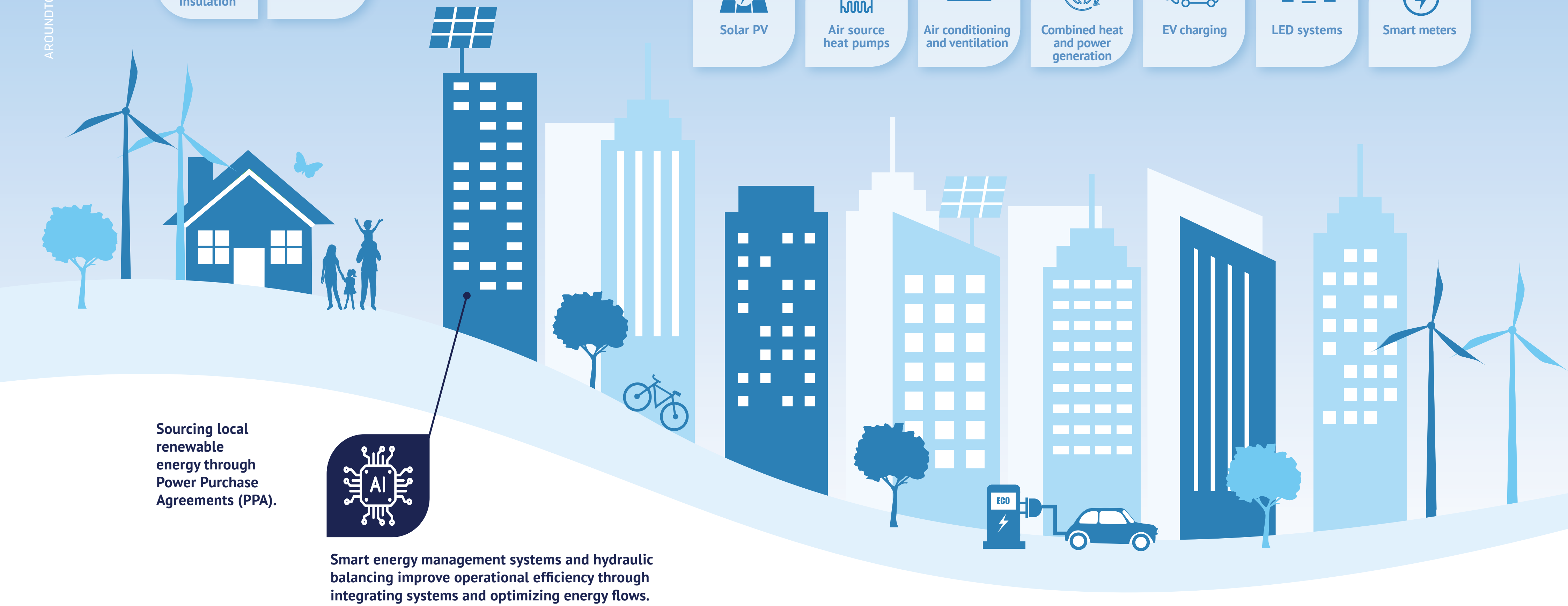
2030 Target
40% cumulative reduction

Improved energy efficiency through better building envelopes.

- Roof, façade, and basement insulation
- Window replacements

Renewable energy systems and technological upgrading.

- Solar PV
- Air source heat pumps
- Air conditioning and ventilation
- Combined heat and power generation
- EV charging
- LED systems
- Smart meters



Sourcing local renewable energy through Power Purchase Agreements (PPA).

Smart energy management systems and hydraulic balancing improve operational efficiency through integrating systems and optimizing energy flows.

Our Energy Strategy focuses on:

- Comprehensive due diligence at the acquisition stage including energy efficiency aspects, enabling us to develop asset improvement and refurbishment plans to achieve energy efficiency improvements
- Implementation of environmental management policies and procedures, including data collection, digitalization and reporting, preventative maintenance and ongoing operational improvement
- Sustainable energy measures encompassing investment in solar and wind power systems, combined heat and power (CHP), electric vehicle (EV) charging stations, smart meters and a total energy management system
- Progressively switching all electricity from Renewable Energy Certificates (RECs) to PPA certified renewable energy by 2027
- Collaborating with tenants with whom we seek to implement green elements into lease agreements

Monitoring and Management

At acquisition, our due diligence processes record the energy intensity and supply systems of the property, so that planning for efficiency improvements can begin as early in the asset lifecycle as possible. This includes examining the current structural fabric, technical systems, and management practices of the building. We are working to expand the energy auditing done alongside the formal due diligence process, so that projects can be implemented immediately upon acquisition.

Among our existing properties, to maximize the improvement opportunities, we aim to complete 500 energy audits each year. In 2023, we continued to conduct holistic site audits which assess the condition of the envelope and supply systems of the building from which we can identify appropriate energy efficiency actions and renewable energy system opportunities. We initiated a pilot project aimed at conducting energy audits, developing asset-specific retrofit/decarbonization plans, and evaluate their compatibility and performance. Within the scope of this initiative, we have executed pilot projects across 47 buildings in Germany and 25 buildings in the Netherlands. The energy savings, carbon reductions and investment costs of these projects are modelled and extrapolated to the full portfolio, to provide an integrated picture of our progress towards our reduction targets. The outcome of this project will guide our decision to proceed with a broader and more extensive implementation. In the future, we will enhance these assessments with further digital modelling to simulate the effect of efficiency interventions.

Whereas our initial energy management approach has been to invest in onsite renewable energy and efficient energy generating systems such as CHPs, we adjusted our approach to align with the three-stage hierarchy in the World Green Building Council's Net Zero Carbon Buildings Commitment for operational carbon. This means when identifying energy interventions, we first focus on ways to reduce and optimize the energy demand of our assets, then identify opportunities to generate the required energy renewably and onsite, and finally source the remaining energy demand through off-site renewable energy. Note that given the regulatory changes in the past year, particularly regarding the usage of gas or fuel-based systems, such as CHPs, we will likely phase out CHPs in the mid-term.

To ensure we prioritize these improvement plans correctly and monitor their effect to further inform our modelling, good data coverage and reliability is essential. We have a long-term goal of achieving full data coverage across our portfolio. We achieved 68% energy data coverage for our like-for-like portfolio in 2023. To maximize the utility of this data, we have initiated the development of a new database for environmental data, enabling semi-automated data collection through a mobile app for facility managers.

Investments into Renewable and Efficient Energy Systems

The gradual global transition to a low-carbon economy has highlighted the importance of investing in renewable and green energy infrastructure; in more recent years, we have seen the real estate sector furthering efforts towards this too during construction and use stages of buildings. Since 2019, Aroundtown has been investing in renewable energy to ensure that its properties remain competitive during the transition to electrification of properties and transport, and to a more decentralized energy market focused on renewables. The significant challenges to the European energy market in 2022 and 2023 have further underlined the urgency of this transition, and the foresight of our investments.

Over the years, our investments have focused on the following measures:

- The installation and operation of solar PV generation systems on rooftops and parking areas
- The installation of highly efficient energy generating systems based on CHP
- The installation of EVs, charging stations. This allows for conversion of both the tenants' vehicles and the Group's fleet to EVs, resulting in lower fleet cost and more reliable mobility as well as lower emissions

Together with a partner company, we implement efficient and renewable-based onsite energy systems at our properties. Our partner also undertakes site visits to identify the number of EV charging points that can be installed at each of our properties, for private or public use.

In terms of future additional activities, we are planning the installation of heat pumps, as well as the implementation of electricity storage to support solar, EV chargers and heat pumps. This will not only increase the energy efficiency of the asset but enable optimal management of energy consumption and production. Also, this will provide the necessary infrastructure for fast EV charging stations to serve Aroundtown and its tenants. In 2024, we will focus more closely on the implementation of smart meters combined with a total energy management system to optimize efficiencies in terms of resource use and cost.

Renewable Power Purchasing Agreements

Beyond our investments in renewables and energy efficiency systems, we have set a goal to switch all electricity from Renewable Energy Certificates (RECs) to PPA-certified renewable electricity generated from wind, hydroelectric and solar PV sources by 2027. This means that where it is not viable to generate energy onsite or not sufficient to meet building demand, additional renewable energy will be sourced to minimize asset and portfolio carbon emissions. In 2023, our purchased like-for-like electricity covered by RECs was 56% in comparison to 55% in 2022.

Green Leases

All aspects of our energy strategy ultimately impact the quality of our assets and the property management services we offer to our tenants. Since 2021 our tenant leases include green lease clauses which were introduced as an annex including obligations for both parties to agree on the sharing of utilities' consumption data and information; observance of energy conservation practices; selection of low energy-consuming equipment and preference to renewable-based energy.

Internal Carbon Pricing

We have applied an internal carbon price so we can identify the additional benefits of our actions towards energy consumption and emissions reductions. We have used the German pricing based on the Fuel Emissions Trading Act[2] as opposed to the wider market pricing. This pricing was €30/ton CO_2 through 2023, is set at €45/ton CO_2 for 2024, and will increase incrementally to a price corridor of €55-65/ton CO_2 by 2026. From 2027 onward, it will transition to a market-based system for which the rules are yet to be determined, for which the Group assumes a price cap of €120/ton CO_2.

Climate Change Adaptation

It is clear that climate change poses major risks across all countries and sectors arising from both the physical impacts of climate change itself, and the potential impacts of the social transition which will be required to mitigate it. This section of our report is structured according to the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the leading international standard for reporting on management of climate-related risks. Aroundtown is aware that in October 2023, it was announced that TCFD will be disbanded following the publication of the IFRS S1 and IFRS S2 standards, which include TCFD's recommendations, and will therefore be overseen by the IFRS Foundation from 2024. This will be considered in next year's report.

Governance

As with corporate governance, Aroundtown's Board of Directors and management team share overall responsibility for climate-related risks. We have therefore introduced the inclusion of our carbon emissions reduction target achievement into our executive remuneration. In 2023, the Group has committed to aligning the remuneration of its executive individuals with the requirements of the Remuneration Policy and the changes will become effective as of 2023 and 2024. The Board of Directors and management team are also responsible for regularly reviewing and updating our Environmental and Energy Policy, which was most recently updated in 2023 and will come into effect in 2024. The policy addresses and aims to manage the material impacts, risks and opportunities related to climate change mitigation and adaptation. The key objectives captured within the policy are around metering and monitoring systems, energy efficient systems, renewable energy systems, energy storage systems, and EV charging infrastructure.

2. Brennstoffemissionshandelgesetz (BEHG), https://www.gesetze-im-internet.de/behg/__10.html

Risk Committee
Oversees risk management, incl. climate risks

Management
Assessment and management of climate-related risks at corporate level

Sustainability Department & Risk Officer
Assessment of physical and transitional climate risks

Operations Department
Assessment and management of climate-related risks on a property level

Governance Structure on Climate Risks

The Management of Aroundtown is co-responsible for assessing and managing climate-related risks. A distinction is made between climate risks affecting the Group at the corporate level, for which Management is the risk owner, and climate risks which impact our properties, which are owned by the Operations Department. In addition, our Taskforce on Building Resilience works cross-departmentally to address climate risks across relevant business units, developing action plans and adaptation solutions as necessary.

Building Resilience Taskforce
Inter-departmental platform for the discussion and collaboration on climate risks

Develop KPI's for climate risk & action plans and adaptation solutions

Strategy

In order to effectively manage climate-related risks, we firstly conduct risk assessments to understand the impacts these risks could have. The Risk Committee oversees risk management for the Group, and the potential impacts of climate change are considered as part of this process. Assessment of physical and transitional climate risks is conducted by the Chief Risk Officer (CRO) in close collaboration with the Sustainability Department, and such assessments are presented to the Committee annually at a minimum, as well as upon urgency throughout the year. Following these assessments, we determine relevant and practicable measures to help reduce risks and maximize potential opportunities.

Transition Risk

In order to understand the exposure of the Group to transition risks, the Sustainability Department and Risk Committee have undertaken a comprehensive assessment of various transitional risk factors. A summary of the identified risks is provided in the following table, which also sets out the mitigation strategies being used to control these risks in our organization. In alignment with the recommendations of the TCFD, we also describe the potential opportunities which the Group has identified in each of these factors.

The timeframes short-, medium- and long-term in this table refer to expectations in the next 1-3 years, 4-10 years, and 10+ years respectively. We have started the process of financially quantifying climate-related physical and transition risk and will continue to bolster these processes and our sources of information through 2024.

Bonn

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Policy	Climate-related regulations and laws are changing rapidly, placing stricter requirements and expectations on the energy and emissions performance. Carbon pricing schemes and energy ratings such as the EU's energy performance certificates (EPCs) are increasingly being implemented, and requirements for minimum ratings that must be met to let units to tenants are coming into force. Over time, existing regulations may become more aggressive or new policy tools may be implemented posing restrictions on letting or preventing the sale of buildings that do not comply with such minimum standards, leaving them „stranded".	Carbon pricing and enhanced emissions-reporting obligations might result in higher operating and compliance costs. Stricter EPC requirements are already in place in Netherlands and are set to be implemented throughout EU member states with the recasting of the Energy Performance of Buildings Directive (EPBD) in 2023 - a trend expected to continue over the mid to long-term. These standards may require increased CapEx to bring properties up to the required standard in order to prevent their stranding. Market and investor pressure to disclose GHG emissions, as well as a carbon reduction pathway to net-zero has increased and will stay high in the mid to long-term. (S, M, L)	The Group's Carbon Reduction Pathway forms the strategy for reducing the carbon intensity of the portfolio. The Pathway explicitly considers potential carbon taxes and energy efficiency measures and will identify inefficient assets which are high priority for action to mitigate stranding risk. The Group has piloted the use of the science-based CRREM methodology across the Dutch portfolio to assess the medium-/long-term alignment of our assets to decarbonization expectations. The Group has also launched a broader CRREM analysis starting with a set of assets in the German portfolio. These results have been used to inform the overall strategy, although at this time, the Group has prioritized stranding definitions based on EPCs and the EU's climate commitments embodied in the EPBD recast, which provides a more straightforward guide for prioritizing inefficient assets for improvement and for the renovation planning process itself, although some uncertainty remains regarding implementation at the national level.	A move to more efficient buildings may result in lower operating costs, reduce stranding risks and decrease exposure to variations in the cost and availability of natural resources. More efficient buildings may also attract higher valuations influenced by improved energy performance and will be more attractive to investors, tenants and financial institutions due to compliance with their sustainable reporting requirements.
Legal	Companies may also become subject to lawsuits alleging failure to take sufficient actions to reduce greenhouse gas emissions or to account for or disclose known climate-related risks. Climate-related litigation may also result from erroneous non-financial reporting or misleading sustainability claims, in cases of „greenwashing," while companies in the EU found to have made misleading or false environmental claims could face fines if the proposed EU Green Claims Directive is approved.	With stricter EU regulation, including the EU Taxonomy and SFDR, the real estate sector has already felt the pressure of environmental legislation. The significant gaps between current regulations and the carbon budgets of the Paris Agreement make further regulatory tightening over the mid- to long-term likely. It is also possible that the scope of these regulations expands to take in more segments of the Group's value chain, increasing potential exposure and compliance costs. While climate-related litigation has primarily targeted governments and fossil fuel companies to date, it is possible that other sectors such as real estate may be targeted over the medium-to-long term. (M, L)	Our dedicated Sustainability Department works to ensure accurate and high-quality non-financial reporting, while constantly monitoring changes in regulations to identify gaps and facilitate compliance. This involves not only monitoring current legislative initiatives but also assessing the gaps between current policy and science-based climate targets to anticipate future changes.	

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Market	Tenant preferences for low or zero-carbon properties are likely to reduce demand for inefficient properties. Likewise, shifting investor preferences for sustainable and resilient assets could see valuations favor green buildings. Market conditions may shift from "green premiums" for low- or zero-carbon assets to "brown discounts" in rent or valuation for assets with high energy or carbon intensities.	The age of German building stock, where the Group primarily operates, combined with our business model of acquiring and managing existing buildings, poses significant challenges in offering low or zero-carbon properties through the level of investment that is required. Inability to meet tenant preferences may increase vacancies and reduce revenues while inability to meet market expectations may reduce access to capital. Shifting market demand may put downward pressure on the value of "brown" assets which are not in line with market expectations, thereby reducing the availability of capital and increasing the cost of debt. Increasing sustainable finance regulation is forcing tenants and investors to report on their sustainable actions, which will increase these demands on the Group. The existing market structure leaves landlords responsible for capital expenditures needed to improve energy efficiency of existing assets with limited ability to recover reduced utility expenses enjoyed by the tenant. (M, L)	The Group is working with tenants to reduce energy and utility consumption as part of specific green lease agreements and tenant awareness campaigns, as well as increasing engagement with our tenants on their green building expectations and needs. The Group is working on collaboration and cost-sharing arrangements with tenants in the area of energy-efficiency-improving renovations to mitigate risks posed by the current market structure. The carbon reduction pathway prioritizes the most inefficient assets in the portfolio for assessment of possible interventions to determine economic feasibility of investments that will protect or improve their value. This pathway will be subject to ongoing development to ensure alignment to market standards.	Aroundtown's scale provides economic benefits which result in competitive advantages in repositioning assets with development potential in terms of energy efficiency or climate resilience. This could result in growth opportunities through the acquisition of such assets from owners without such ability. Low and zero-carbon buildings will be better positioned to reflect shifting tenant preferences, as well as investor demands, positively impacting rents and access to capital. Green assets may strengthen business resilience by increasing revenue through new products and services that meet market demands and may improve access to capital and debt. Green bond issuance, sustainability-linked loans or energy efficiency-related subsidies for buildings can be used to improve the financial feasibility of making the needed investments.
Energy	Energy markets are more prone to price fluctuations driven by supply crunches or swings in energy demand. This leads to risks associated with high energy and utility consumption and over-reliance on fossil-fuel derived energy supplies.	Energy market risks associated with a dependence on fossil fuels were previously seen as being relevant in the medium-to-long term, but the Russian war in Ukraine and the ensuing rise in energy prices have brought these risks to the present day. This has caused many sectors, including the real estate sector to call for speeding up the transition to a low-carbon economy. Nonetheless, the current energy mix of most grids are still primarily reliant on fossil fuels, as renewable energy generation and energy storage capacities have not reached the required levels for decarbonization. (S, M, L)	The Group aims to reduce reliance on fossil fuels through its target to procure 100% of landlord-obtained electricity through power purchase agreements (PPAs), as well as through installation of onsite renewable energy systems. Investments in energy efficiency will also reduce energy costs, mitigating exposure to variations in price.	Increasing procurement of energy from renewable sources and a shift to decentralized energy generation can reduce operational costs, compliance costs and exposure to volatile fossil fuel markets. Green bond issuance or sustainability-linked loans can be used to improve the financial feasibility of making the needed investments.

Risk Category	Description	Impacts and Timeframe	Mitigation Strategy	Opportunity
Technology	Aroundtown recognizes that current technologies are insufficient to achieve the grid decarbonization needed to address climate change, and this is expected to increase the pace of technological development.	Insufficient monitoring of technological developments or regulatory requirements may lead to investment in technologies that become obsolete before the end of their use life. Buildings with obsolete technology systems may experience reduced demand and require higher maintenance costs/CapEx requirements to meet minimum efficiency standards and modern work, leisure and residential trends. (M, L)	The Energy and Operations Departments monitor regulations and available technologies on the market and their observed costs to maintain awareness of relevant and economical technologies that can improve the energy or carbon profiles of buildings. The energy-related procedures underlying the new environmental policy of the Group prescribe prioritization of investment towards proven and cost-effective technologies.	Opportunity to engage with and invest in proptech companies to ensure modern, forward-thinking and appropriate technological outfits of the Group's properties.
Reputation	Companies seen as taking insufficient climate action or delaying climate action face increasing scrutiny and criticism from tenants, investors, the media, and society at large. Additionally, current and future generations of employees hold greater expectations for companies to act to address climate change.	Any deficiencies in the climate strategy of the Group could expose the company to criticism from societal actors, diminishing the company's reputation. Errors in non-financial reporting may be seen as fraudulent or greenwashing. Reputational damage from inaction on climate change may also reduce the ability to recruit and retain talent in the medium- to long-term. (S, M, L)	The Sustainability Department monitors best practices and societal trends to identify and act on gaps in the Group's climate strategy and bringing them to the attention of relevant internal stakeholders while working to ensure high-quality sustainability disclosures. Clear communication on the Group's sustainability, climate risk actions and carbon reduction targets will reassure employees, potential candidates and investors of the Group's continued efforts with regard to climate change mitigation and adaptation.	Through meeting or exceeding requirements, expectations, or best practices, the Group may be able to positively improve its reputation. This can also improve the Group's ability to attract and retain critical talent.

Physical Climate Risk

To assess the materiality of various physical risks to our assets, in 2022 we conducted a city-level physical risk assessment through S&P Global Sustainable1 for each of our major strategic locations. This was done across eight physical risks, with modelling conducted under four warming scenarios (SSP1-2.6, SSP2-4.5, SSP3-7.0 and SSP5-8.5 from the CMIP6 consolidated climate models). From this analysis, exposure scores were produced for each decade from 2020 to 2100 in twenty cities of strategic focus to Aroundtown. These scores were weighted against the GDP of the areas assessed, and the cities analyzed cover around 71% of the value of our portfolio. This analysis informs the assessment of risk levels in various locations and scenarios provided below.

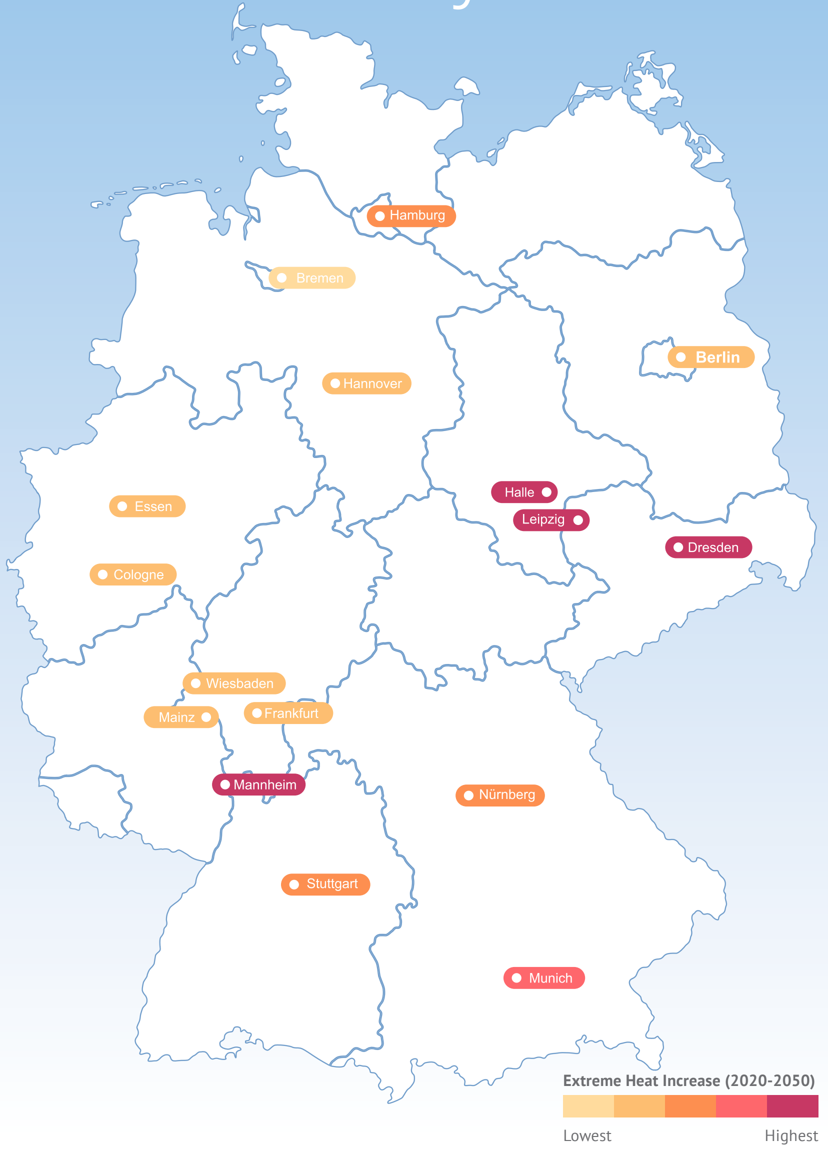
The following table presents the results of this risk analysis, describing the potential impacts and severity of each risk across the locations analyzed and under two warming scenarios.

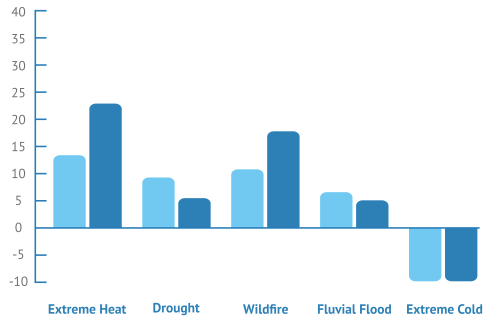
Risk	Potential Impacts	Potential Business Impacts	Variation under Climate Scenarios	Variation by Location
Extreme Heat	Deadly heat stress is a prominent risk across our countries of operation, particularly in urban areas with heat island effects. Other potential chronic impacts include worsening air quality due to wildfires, and the spread of disease vectors due to increased temperatures.	Under-adapted assets could become dangerous or unlivable in situations of extreme heat, with potential effects on occupancy or rent levels. Household energy demand is likely to increase to manage extreme temperatures. Increased CapEx demands will be incurred to adapt to these risks with measures such as green rooftops or use of water permeable material.	Divergence in degree of exposure between scenarios is only observed in the latter half of the century. With actual extreme heat observations outpacing modelled estimates of our current warming path, our analysis indicates this risk is highly likely to become material, regardless of scenario.	Likely to be experienced at similar levels throughout given urban geographies, indicating the need for systemic adaptation plans in high-risk locations. Munich has a high rate of increase of exposure, as well as high absolute risk, alongside other South German cities such as Stuttgart.
Drought	Decreased precipitation and increased temperatures, particularly during extreme heat events, could make water scarce across large geographic areas. This may have wider infrastructural effects, including to local agriculture.	Under-adapted assets could become dangerous or unlivable in drought conditions, with potential effects on occupancy or rent levels. CapEx requirements may be required to adapt high risk assets.	Divergence of risk level between the scenarios analyzed is comparatively lower than for other risks, with the level of exposure of the Group's regions of operation high across all warming paths assessed.	Drought risks are observed to be correlated by region, with the East German cities of Leipzig, Halle, and Dresden among the most exposed. Almost all cities have near-maximum exposure scores by the end of the century, indicating that the solutions adopted need to be systemic across locations.
Wildfire	Wildfire events can cause substantial damage to life and property in short periods of time, displacing communities and rendering wider areas dangerous or unlivable. The resulting smoke also severely worsens air quality, leading to potential chronic impacts.	Acute property damage could prove highly costly to the business and dangerous to our occupants. The potential chronic impacts on air quality may also impact occupancy. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Divergence of risk level between the scenarios analyzed is comparatively lower than for other risks, with the level of exposure of the Group's regions of operation high across all warming paths assessed.	Local geographical conditions drive wide variations in exposure levels between cities. Despite the connection to heat and precipitation levels, the results differ from the scores for extreme heat and drought, indicating a need to assess local risk drivers at asset-level.
Fluvial Flood	Spontaneous flooding due to extreme precipitation can cause substantial damage, with the impacts depending strongly on location due to ground conditions and structural stability. Such flooding can also have collateral impacts on infrastructure and transportation.	Acute property damage could prove highly costly to the business and dangerous to our occupants. Impacts are extremely dependent on asset-level conditions, making it difficult to assess the value at risk with any accuracy. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Some cities see considerable differences in risk scores between the SSP2-4.5 and SSP3-7.0 scenarios, with greater magnitude of increase between decades observed in the higher-warming scenario. The rate of increase of risk rating is most pronounced in the decades before 2050 in these more severe scenarios.	There are considerable differences in exposure scores at city level, indicating the very location-specific drivers of this risk. The cities with greatest exposure include London, Hamburg and Amsterdam. London also ranks among the cities with the greatest rate of increase in exposure through 2050, along with the cities of Frankfurt, Mannheim, Mainz, and Wiesbaden, which are located near the confluence of the Rhein and Main rivers. The highly location dependent findings demonstrate the need to conduct asset-level assessments of this risk.
Coastal Flood	Rising sea levels may render coastal areas or river flood basins unlivable. Impacts will be widespread in affected locations, potentially leading to displacement of communities or substantial adaptation costs.	Surface water or river flooding could lead to severe damage to real estate, potentially incurring substantial costs for repair and maintenance, and losses from assets being removed from operation. Heightened physical risk is also likely to impact insurance premiums and vacancy rates.	Differences between scenarios are significant by the end of the century, but are less pronounced through to 2050, suggesting this risk will be material regardless of actual warming.	Naturally, this risk can only be assessed in coastal cities, with the highest scores found in Bremen, Amsterdam and Hamburg. As the adaptation solutions required cannot be implemented at the scope of individual assets, in-depth consideration of the adaptation plans of local governments will be required to understand the value at risk of assets.

Three risks are excluded from the table above, as they were deemed less relevant to our portfolio following the analysis. Tropical cyclones are excluded, as our assets have no potential exposure to such risks. Extreme cold is discounted as the scores against this risk fall in all scenarios. This risk is part of the historical norm for the European areas in which we operate, and so is not relevant as a climate risk. Finally, water stress is excluded, as the analysis conducted indicated decreasing risk levels. However, we consider that this does not incorporate the potential interrelations with other risks and is not sufficiently clear as to the driving causes of the identified stress. While we consider our analysis conducted in 2022 still valid in 2023, we understand that this physical climate risk assessment was conducted on a portfolio-level so does not provide insight into specific assets at potential risk. With the ambition to expand this to the asset-level as much as possible, we have compared several physical climate risk assessment tools in the market and have selected an international service provider. In 2024, we will launch an asset-specific analysis of physical climate risks to obtain a more in-depth overview and to plan for the most relevant adaptation solutions.

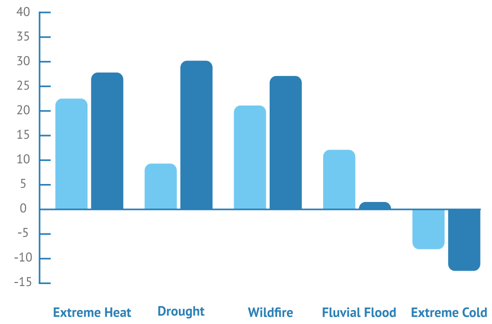
Frankfurt

City-level Physical Risks Analysis

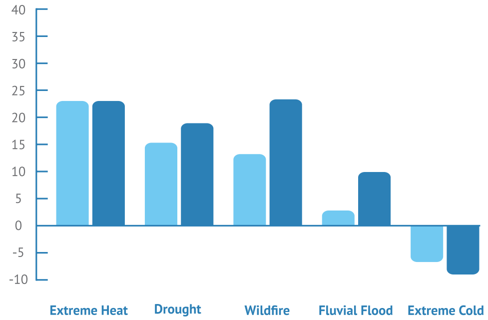




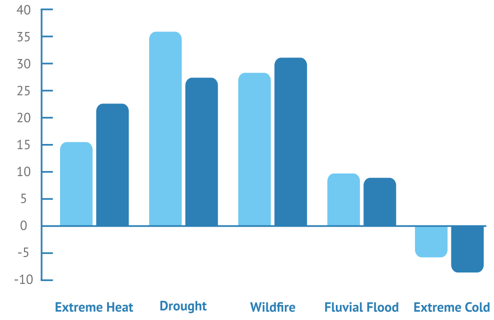
Berlin, Average Decadal Growth Rate (2020-2050)



Munich, Average Decadal Growth Rate (2020-2050)



Frankfurt, Average Decadal Growth Rate (2020-2050)



Cologne, Average Decadal Growth Rate (2020-2050)

Medium scenario (SSP2-4.5)

Medium-high scenario (SSP3-7.0)

The previous map shows the 16 cities from the German portfolio included in the physical risk assessment conducted through S&P Global Sustainable1. The color scale ranks the cities according to their increasing exposure to extreme heat risk up until 2050 providing an indication of which German cities should be prioritized when implementing adaptation solutions.

The four bar charts demonstrate the growth rates in risk exposure through 2050, comparing between the Medium (SSP2-4.5) and Medium-High (SSP3-7.0) scenarios, for the strategically important cities of Berlin, Cologne, Frankfurt, and Munich. The differences between the scenarios, as well as the local risk variations indicate the need for a carefully informed approach when developing adaptation plans at the city- and asset-level. Consideration of multiple scenarios is critical for ensuring any plans implemented are robust and will enhance the resilience of our buildings.

Risk Management

A key priority in our current risk management efforts is the implementation of adaptation solutions and action plans. The joint work of the CRO, the Sustainability Department and the Building Resilience taskforce on this objective is presented to the Risk and ESG Committees and reported to Management. These bodies are jointly responsible for approving and overseeing the implementation of the risk management approach taken forward.

With climate change being felt across our countries of operations, it is Aroundtown's goal to increase the long-term resilience of its portfolio against climate-related risks. Following the common practice of distinguishing climate-related risks into physical and transition risks, we further subdivide physical risks as being either chronic or acute, with regards to the timescale of their impacts, and as being temperature-, wind-, water- or solid mass-related, as laid out in the EU Taxonomy.

The Building Resilience Taskforce started the analysis on building resilience in 2022 and continued throughout 2023. With a number of physical climate risks identified for the portfolio (see section on Physical Climate Risk Assessment), the taskforce developed several adaptation solutions to counter these risks and to make AT's assets more resilient in the long run. In order to prioritize these measures, the Building Resilience Taskforce held a working session to assess the materiality and feasibility to the stakeholder departments within Aroundtown. The results of this exercise were collated to identify those measures which could deliver the greatest value for the required investment.

The outcome of this assessment process was a set of four adaptation programs which will be prioritized at our assets. The identified solutions are:

- *Refurbishments* – Review of materials chosen at sites which are at risk, and roof maintenance works.
- *Tenant guidebook for extreme conditions* – Creation of a behavioral guide for tenants to deal with extreme climatic conditions, including definition of the internal and external notification chain in such emergency circumstances.
- *Flood analysis and planning* – Asset-level analysis of flooding and drought to determine countermeasures. Development of flood scenario plans and emergency plans.
- *Tree planting program* – Planting and maintenance of trees in public areas where this leads to a positive effect, and unsealing spaces to create more green areas around buildings.

In line with the EU Taxonomy's prescribed climate risks and vulnerability assessment, it is the Group's goal to implement these adaptation solutions over the course of the next four years. These solutions will therefore guide our investment program to increase the resilience of our assets to physical climate risks. The Sustainability Department will continue to analyze the vulnerabilities of our assets to identify further opportunities for adaptation in the future.

With the selection of a climate risk assessment tool at the end of 2023, Aroundtown is well-equipped to expand its portfolio-level risk assessment to an in-depth, asset-specific analysis in 2024. This will allow the development of more tailored adaptation solutions for our individual assets, which will be implemented in subsequent years.

Metrics: Climate Change

In order to assess and monitor the progress towards our climate change-related goals and commitments, we regularly collect utility consumption data from our assets as shown in tables 1 and 2. This also allows us to calculate the greenhouse gas emissions associated with this activity as shown in tables 3 and 4. Due to restrictions around tenant data sharing, we are unable to monitor tenant-obtained energy which is from renewable sources, as well as that regarding fuels or district heating. The Group understands "energy generation from non-renewable sources" to be electricity generated from its CHP systems, for which no data was available for assets in the operational control portfolio. Additionally, energy consumption from nuclear sources is not reported as the Group's energy procurement is linked to the energy mix in its countries of operation. While nuclear-produced energy could be present in electricity not covered by REC or PPA contracts, the Group is not provided with the energy mix for procured energy in its invoices received for these contracts, and as such figures could not be reported.

TABLE 1

Absolute energy for managed assets											
Energy reported in kWh		TOTAL		OFFICE		RETAIL		OTHERS INCL. LOGISTICS		GCP	
EPRA Code	Metric	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Elec-Abs	Electricity consumed for landlord shared services	51,432,626	42,946,916	33,742,430	25,845,675	2,190,777	1,879,813	2,847,746	1,296,389	12,651,673	13,925,039
	Total landlord-obtained electricity consumed	51,432,626	42,946,916	33,742,430	25,845,675	2,190,777	1,879,813	2,847,746	1,296,389	12,651,673	13,925,039
	Total landlord-obtained electricity generated offsite from renewable sources	61%	55%	52%	36%	70%	99%	84%	52%	79%	84%
	Total landlord-obtained electricity generated and consumed onsite from renewable sources	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total landlord-obtained electricity generated onsite from renewable sources and exported	1,609,961	874,227	1,240,756	443,993	N/A	N/A	N/A	N/A	369,205	N/A
	Total tenant-obtained electricity consumed	369,771,025	377,180,534	204,220,788	161,158,593	29,816,089	26,444,067	16,473,795	12,504,955	119,260,354	155,876,902
	Total electricity consumed	421,203,651	420,127,450	237,963,217	187,004,267	32,006,765	28,323,880	19,321,541	13,801,344	131,912,027	169,801,942
	Total electricity consumption data coverage, by area (sqm)	5,612,591	5,200,022	2,127,300	1,242,135	176,427	101,191	253,482	79,334	3,055,382	3,653,672
	Proportion of landlord-obtained electricity consumption and associated GHG emissions that is estimated	24%	0%	17%	0%	18%	0%	65%	0%	35%	0%
	Proportion of tenant-obtained electricity consumption and associated GHG emissions that is estimated	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Proportion of total electricity consumption and associated GHG emissions that is estimated	66%	90%	88%	86%	94%	93%	95%	91%	94%	91%
Fuels-Abs	Fuels (natural gas) consumed for landlord shared services	66,812,069	58,530,701	22,114,258	7,813,861	1,953,266	1,220,926	614,432	87,448	42,130,114	49,408,466
	Fuels (oil) consumed for landlord shared services	3,690,886	6,087,432	786,107	3,156,073	0	0	117,578	0	2,787,201	2,931,359
	Fuels (natural gas) allocated for tenant consumption	228,381,803	184,675,423	66,342,774	23,441,582	10,648,449	6,656,017	19,866,623	2,827,493	131,523,958	156,067,780
	Fuels (oil) allocated for tenant consumption	14,844,393	18,776,082	2,358,320	9,468,219	0	0	3,801,700	0	8,684,373	9,307,863
	Total landlord shared services fuels consumed	70,502,954	64,322,490	22,900,365	10,674,290	1,953,266	1,220,926	732,010	87,448	44,917,314	52,339,825
	Total (landlord-obtained) fuels allocated for tenant consumption	243,226,196	206,882,025	68,701,094	32,022,871	10,648,449	6,656,017	23,668,322	2,827,493	140,208,331	165,375,643
	Total (landlord-obtained) fuels consumed	313,729,150	271,204,515	91,601,458	42,697,161	12,601,715	7,876,943	24,400,332	2,914,942	185,125,645	217,715.468
	Proportion of total (landlord-obtained) fuels from green sources	59%	63%	38%	36%	81%	85%	16%	5%	73%	0%
	Total (landlord-obtained) fuels consumption data coverage, by area (sqm)	2,680,520	2,245,508	1,007,358	598,881	127,215	76,309	236,700	62,899	1,309,246	1,431,792
	Proportion of total (landlord-obtained) fuel consumption and associated GHG emissions that is estimated	6%	6%	0%	0%	0%	0%	0%	0%	10%	8%
DH&C-Abs	Total district heating/cooling consumed for landlord-shared services	85,900,960	81,155,956	24,410,417	17,512,218	1,312,965	463,215	1,139,391	20,260	59,038,188	63,160,262
	Total (landlord-obtained) district heating/cooling allocated for tenant consumption	298,887,582	255,812,971	73,231,251	52,536,655	7,157,775	2,525,271	36,840,296	655,077	181,658,260	200,095,968
	Total (landlord-obtained) district heating/cooling consume	384,788,542	336,968,927	97,641,669	70,048,873	8,470,739	2,988,487	37,979,686	675,337	240,696,447	263,256,230
	Proportion of total (landlord-obtained) district heating and cooling from green sources	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total (landlord-obtained) district heating/cooling consumption data coverage, by area (sqm)	3,643,448	2,892,806	1,260,622	581,545	89,094	24,883	287,299	16,435	2,006,433	2,221,880
	Proportion of total (landlord-obtained) district heating/cooling consumption and associated GHG emissions that is estimated	9%	13%	5%	0%	0%	0%	0%	0%	12%	18%

2023 figures reviewed by auditor

Absolute energy for managed assets											
Energy reported in kWh		**TOTAL**		**OFFICE**		**RETAIL**		**OTHERS INCL. LOGISTICS**		**GCP**	
EPRA Code	**Metric**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Absolute Energy	Total landlord shared services energy consumed	207,836,540	188,425,362	81,053,212	54,032,183	5,457,007	3,563,955	4,719,147	1,404,097	71,689,861	129,425,127
	Total tenant-obtained/tenant-allocated energy consumed	911,884,803	476,620,034	346,153,133	84,559,526	47,622,312	9,181,288	76,982,413	3,482,570	300,918,614	379,396,650
	Total landlord-obtained energy consumed	749,950,318	651,120,357	222,985,557	138,591,709	23,263,231	12,745,243	65,227,765	4,886,667	438,473,766	494,896,738
	Total energy consumption	1,119,721,343	1,007,104,875	427,206,344	299,750,302	53,079,319	39,189,310	81,701,560	17,391,623	557,734,120	650,773,640
	Total energy consumption data coverage, by area (sqm)	6,337,823	5,598,246	2,533,326	1,654,624	216,309	151,390	532,806	138,561	3,055,382	3,653,672
	Proportion of landlord-obtained energy consumption and associated GHG emissions that is estimated	9%	10%	5%	0%	2%	0%	3%	0%	12%	13%
	Proportion of tenant-obtained energy consumption and associated GHG emissions that is estimated	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Proportion of total energy consumption and associated GHG emissions that is estimated	39%	43%	50%	54%	57%	67%	22%	72%	31%	34%
	Proportion of total energy generated offsite from renewable/green sources	28%	27%	24%	21%	51%	70%	10%	5%	33%	27%
	Proportion of total energy generated onsite from renewable/green sources (consumed onsite or exported)	1,609,961	874,227	1,240,756	443,993	N/A	N/A	N/A	N/A	369,205	N/A
	Total renewable/green energy consumption and generation	320,442,090	268,781,440	101,955,360	62,269,087	26,843,900	27,523,527	7,886,314	822,275	181,866,455	178,166,551
	Total energy consumption from fossil sources	800,889,214	739,197,662	326,491,740	237,925,208	26,235,419	11,665,783	73,815,246	16,569,347	376,236,869	473,037,324
Absolute energy intensity (kWh/sqm*year)											
Energy-Int (Abs)	Building energy intensity for heating energy consumed	110.64	120.62	83.44	95.51	97.42	107.38	119.05	45.26	128.57	131.64
	Building energy intensity for all energy consumed	185.50	203.04	195.30	246.06	278.84	387.28	195.27	219.22	171.60	178.11
Mandatory Certificates (Energy Performance Certificates)											
Cert-Tot	% of portfolio certified by floor area	86%	57%	82%	30%	85%	19%	91%	13%	88%	91%

2023 figures reviewed by auditor

TABLE 2

Like-for-like energy for managed assets											
Energy reported in kWh		TOTAL		OFFICE		RETAIL		OTHERS INCL. LOGISTICS		GCP	
EPRA Code	Metric	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Elec-LfL	Electricity consumed for landlord shared services	37,233,811	39,170,211	23,993,398	24,257,171	1,425,200	1,355,775	740,363	889,153	11,074,850	12,668,112
	Total landlord-obtained electricity consumed	37,233,811	39,170,211	23,993,398	24,257,171	1,425,200	1,355,775	740,363	889,153	11,074,850	12,668,112
	Proportion of landlord-obtained electricity generated offsite from renewable sources	56%	55%	39%	36%	88%	92%	62%	99%	90%	84%
	Total landlord-obtained electricity generated and consumed onsite from renewable sources	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Total landlord-obtained electricity generated onsite from renewable sources and exported	1,003,166	520,635	633,961	90,400	N/A	N/A	N/A	N/A	369,205	N/A
	Total tenant-obtained electricity consumed	279,026,059	279,026,059	149,726,101	149,726,101	18,279,532	18,279,532	5,555,800	5,555,800	105,464,625	105,464,625
	Total electricity consumed	316,259,870	318,196,270	173,719,499	173,983,273	19,704,732	19,635,306	6,296,163	6,444,953	116,539,475	118,132,738
	Total electricity consumption data coverage, by area (sqm)	4,466,450	4,466,450	1,559,647	1,559,647	108,163	108,163	85,487	85,487	2,713,154	2,713,154
	Proportion of landlord-obtained electricity consumption and associated GHG emissions that is estimated	27%	0%	22%	0%	28%	0%	38%	0%	36%	0%
	Proportion of tenant-obtained electricity consumption and associated GHG emissions that is estimated	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Proportion of total electricity consumption and associated GHG emissions that is estimated	91%	88%	86%	86%	95%	93%	93%	86%	94%	89%
Fuels-LfL	Fuels (natural gas) consumed for landlord shared services	55,468,926	60,245,116	12,094,034	8,602,557	1,113,802	1,244,632	254,459	432,660	42,006,631	49,965,267
	Fuels (oil) consumed for landlord shared services	3,249,848	2,966,671	409,139	361,513	0	0	53,508	4,025	2,787,201	2,601,134
	Fuels (natural gas) allocated for tenant consumption	181,710,981	201,155,859	36,282,102	25,807,672	6,072,018	6,785,251	8,227,513	13,989,330	131,129,347	154,573,606
	Fuels (oil) allocated for tenant consumption	11,641,897	9,252,056	1,227,418	1,084,538	0	0	1,730,106	130,134	8,684,373	8,037,384
	Total landlord shared services fuels consumed	58,718,774	63,211,787	12,503,173	8,964,070	1,113,802	1,244,632	307,968	436,684	44,793,831	52,566,401
	Total (landlord-obtained) fuels allocated for tenant consumption	193,352,878	210,407,916	37,509,520	26,892,210	6,072,018	6,785,251	9,957,619	14,119,464	139,813,720	162,610,990
	Total (landlord-obtained) fuels consumed	252,071,652	273,619,703	50,012,694	35,856,281	7,185,820	8,029,883	10,265,587	14,556,148	184,607,551	215,177,391
	Proportion of total (landlord-obtained) fuels from green sources	60%	63%	17%	36%	83%	85%	32%	5%	73%	71%
	Total (landlord-obtained) fuels consumption data coverage, by area (sqm)	2,045,124	2,045,124	554,154	554,154	65,655	65,655	120,998	120,998	1,304,317	1,304,317
	Proportion of total (landlord-obtained) fuel consumption and associated GHG emissions that is estimated	7%	5%	0%	0%	0%	0%	0%	0%	10%	6%
DH&C-LfL	Total district heating/cooling consumed for landlord-shared services	70,230,781	63,750,140	11,066,102	11,040,226	300,126	328,954	57,127	563,808	58,807,427	51,817,151
	Total (landlord-obtained) district heating/cooling allocated for tenant consumption	217,647,551	212,307,658	33,198,306	33,120,679	1,636,169	1,793,329	1,847,098	18,229,797	180,965,978	159,163,853
	Total (landlord-obtained) district heating/cooling consumed	287,878,332	276,057,798	44,264,408	44,160,906	1,936,295	2,122,283	1,904,225	18,793,605	239,773,405	210,981,004
	Proportion of total (landlord-obtained) district heating and cooling from green sources	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total (landlord-obtained) district heating/cooling consumption data coverage, by area (sqm)	2,587,720	2,587,720	540,616	540,616	28,133	28,133	19,082	19,082	1,999,890	1,999,890
	Proportion of total (landlord-obtained) district heating/cooling consumption and associated GHG emissions that is estimated	11%	10%	5%	0%	0%	0%	0%	0%	12%	13%

2023 figures reviewed by auditor

Like-for-like energy for managed assets											
Energy reported in kWh		**TOTAL**		**OFFICE**		**RETAIL**		**OTHERS INCL. LOGISTICS**		**GCP**	
EPRA Code	**Metric**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Like-for-Like Energy	Total landlord shared services energy consumed	166,183,367	166,132,138	47,562,673	44,261,468	2,839,128	2,929,360	1,105,457	1,889,645	69,882,277	64,485,264
	Total tenant-obtained/tenant-allocated energy consumed	690,026,487	701,741,632	220,433,928	209,738,991	25,987,719	26,858,112	17,360,517	37,905,060	286,430,603	264,628,478
	Total landlord-obtained energy consumed	577,183,796	588,847,712	118,270,500	104,274,358	10,547,315	11,507,941	12,910,174	34,238,906	435,455,806	438,826,508
	Total energy consumption	856,209,854	867,873,771	267,996,601	254,000,459	28,826,847	29,787,473	18,465,974	39,794,706	540,920,432	544,291,133
	Total energy consumption data coverage, by area (sqm)	4,940,898	4,940,898	1,628,800	1,628,800	108,163	108,163	154,852	154,852	3,049,084	3,049,084
	Proportion of landlord-obtained energy consumption and associated GHG emissions that is estimated	10%	7%	6%	0%	4%	0%	2%	0%	12%	9%
	Proportion of tenant-obtained energy consumption and associated GHG emissions that is estimated	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
	Proportion of total energy consumption and associated GHG emissions that is estimated	40%	37%	59%	59%	65%	61%	32%	14%	29%	27%
	Proportion of total energy generated offsite from renewable/ green sources	30%	33%	15%	21%	69%	70%	29%	5%	33%	37%
	Proportion of total energy generated onsite from renewable/green sources (consumed onsite or exported)	1,003,166	520,635	633,961	90,400	N/A	N/A	N/A	N/A	369,205	N/A
	Total renewable/green energy consumption and generation	254,811,276	285,602,907	41,029,754	52,479,346	19,757,451	20,920,407	5,346,734	1,881,492	176,929,689	201,360,982
	Total energy consumption from fossil sources	602,401,744	582,791,498	227,600,808	201,611,513	9,069,396	8,867,066	13,119,240	37,913,214	364,359,947	343,360,386
Like-for-like building energy intensity (kWh/sqm*year)											
Energy-Int (LfL)	Building energy intensity for heating energy consumed	116.75	118.82	86.12	73.09	97.26	108.25	86.88	238.08	128.58	129.09
	Building energy intensity for all energy consumed	187.36	189.89	197.50	184.64	279.44	289.78	160.53	313.47	171.39	172.52
Mandatory Certificates (Energy Performance Certificates)											
Cert-Tot	% of portfolio certified by floor area	95%	69%	99%	10%	77%	0%	100%	0%	94%	93%

2023 figures reviewed by auditor

- In 2023, like-for-like landlord-obtained electricity consumption decreased by 5% compared to 2022.
- Like-for-like landlord-obtained fuels decreased by 8%, compared to 2022.
- Total absolute energy intensity for 2023 decreased by 1% compared to 2022.

TABLE 3

Absolute GHG emissions for managed assets		TOTAL		OFFICE		RETAIL		OTHERS INCL. LOGISTICS		GCP	
GHG emissions reported in tons CO_2e		TOTAL		OFFICE		RETAIL		OTHERS INCL. LOGISTICS		GCP	
EPRA Code	Metric	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
GHG-Dir-Abs	Direct GHG emissions (GHG Protocol Scope 1)	14,456	13,534	4,671	2,484	395	246	155	18	9,235	10,787
GHG-Indir-Abs	Indirect GHG emissions (GHG Protocol Scope 2; Location-based)	42,134	28,525	18,448	5,350	1,164	131	1,361	6	21,161	23,039
	Indirect GHG emissions (GHG Protocol Scope 2; Market-based)	5,689	N/A	4,341	N/A	211	N/A	165	N/A	972	N/A
	Indirect GHG emissions (GHG Protocol Scope 3 from tenant-controlled energy; Location-based)	267,719	261,927	106,501	88,835	15,014	11,777	21,346	5,353	124,858	148,167
	Indirect GHG emissions (GHG Protocol Scope 3 from tenant-controlled energy; Market-based)	247,871	N/A	100,755	N/A	14,478	N/A	20,599	N/A	112,038	N/A
Absolute GHG Emissions	Total GHG emissions (GHG Protocol Scopes 1, 2 and 3; Location-based)	324,309	303,987	129,620	96,668	16,573	12,153	22,862	5,376	155,254	181,994
	Total GHG emissions (GHG Protocol Scopes 1, 2 and 3; Market-based)	268,015	N/A	109,767	N/A	15,084	N/A	20,919	N/A	122,245	N/A
	Total GHG emissions data coverage, by area (sqm)	6,337,823	5,138,314	2,533,326	1,180,427	216,309	101,191	532,806	79,334	3,055,382	3,653,672
Absolute building GHG intensity ($kgCO_2e$/sqm*year)											
GhG-Int (Abs)	Building GHG emissions intensity (GHG Protocol Scopes 1, 2 and 3; Location-based) ($kgCO_2e$/sqm*year)	51.28	59.16	57.15	81.89	76.62	120.10	43.63	67.76	46.82	49.81
	Building GHG emissions intensity (GHG Protocol Scopes 1, 2 and 3; Market-based) ($kgCO_2e$/sqm*year)	42.38	N/A	48.40	N/A	69.73	N/A	39.92	N/A	36.87	N/A

2023 figures reviewed by auditor

TABLE 4

Like-for-like GHG emissions for managed assets											
GHG emissions reported in tons CO_2e		**TOTAL**		**OFFICE**		**RETAIL**		**OTHERS INCL. LOGISTICS**		**GCP**	
EPRA Code	**Metric**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
GHG-Dir-LfL	Direct GHG emissions (GHG Protocol Scope 1)	12,050	12,941	2,549	1,832	225	251	65	88	9,210	10,769
GHG-Indir-LfL	Indirect GHG emissions (GHG Protocol Scope 2; Location-based)	32,970	31,809	11,564	11,597	600	584	287	483	20,519	19,145
	Indirect GHG emissions (GHG Protocol Scope 2; Market-based)	4,358	4,461	3,807	3,699	38	20	102	4	411	739
	Indirect GHG emissions (GHG Protocol Scope 3 from tenant-controlled energy; Location-based)	202,762	204,549	70,242	68,068	8,321	8,509	4,662	9,997	119,535	117,975
	Indirect GHG emissions (GHG Protocol Scope 3 from tenant-controlled energy; Market-based)	185,725	183,638	66,682	63,989	7,924	8,027	4,285	4,950	106,833	106,672
Like-for-Like GHG Emissions	Total GHG emissions (GHG Protocol Scopes 1, 2 and 3; Location-based)	247,782	249,299	84,356	81,496	9,147	9,345	5,015	10,569	149,265	147,889
	Total GHG emissions (GHG Protocol Scopes 1, 2 and 3; Market-based)	202,133	200,234	73,039	69,519	8,187	8,298	4,453	5,043	116,454	117,374
	Total GHG emissions data coverage, by area (sqm)	4,940,898	4,940,898	1,628,800	1,628,800	108,163	108,163	154,852	154,852	3,049,084	3,049,084
Building GHG intensity ($kgCO_2e$/sqm*year)											
GhG-Int (LfL)	Building GHG emissions intensity (GHG Protocol Scopes 1, 2 and 3; Location-based) ($kgCO_2e$/sqm*year)	53.48	53.81	77.05	74.44	97.52	99.64	35.80	75.45	45.17	44.76
	Building GHG emissions intensity (GHG Protocol Scopes 1, 2 and 3; Market-based) ($kgCO_2e$/sqm*year)	43.63	43.22	66.72	63.50	87.30	88.48	31.79	36.00	35.24	35.52

2023 figures reviewed by auditor

- Our like-for-like Scope 1 emissions associated with building energy consumption decreased by 7% in 2023 compared to 2022.
- Our like-for-like location-based Scope 2 emissions increased by 4%, and our like-for-like location-based Scope 3 emissions decreased by 1%.
- Our like-for-like market-based Scope 2 emissions decreased by 2%, and our like-for-like market-based Scope 3 emissions increased by 1%.
- Total like-for-like location-based Scope 1, 2 and 3 emissions decreased by 1% % from 2022 to 2023.
- Total like-for-like market-based Scope 1, 2 and 3 emissions increased by 1% from 2022 to 2023.
- Total like-for-like location-based GHG intensity decreased by 1% compared to that of 2022.
- Total like-for-like market-based GHG intensity increased by 1% compared to that of 2022.

ENVIRONMENTAL PROTECTION

Within Aroundtown's overarching goal of environmental protection, we include other closely associated topics that were raised in our 2023 DMA but were not deemed material: resource use and circular economy, water management, biodiversity and ecosystems, and pollution. All these matters align with our long-term commitment to tenants and society by ensuring that the resources we need to maintain a high quality of life are preserved and that we regard environmental impacts in providing them.

We take our responsibility to safeguard the natural environment and reduce the adverse impacts of our business activities very seriously.

Long-term Targets

- Focus on refurbishment over demolition and new construction
- Waste minimization and separation by professional and environmentally friendly waste disposal
- Stronger consideration of biodiversity topics in refurbishment projects and upgrading of assets
- Continue efforts towards sustainable water consumption, maintain a high level of water quality, and lower water- and wastewater-related operating costs
- Continue increasing green building certifications for the commercial portfolio

2024 Goals

- Engage more closely with our contractors regarding the recycling of demolition waste
- Improve data gathering on waste disposal and recycling rates by further rolling out our framework agreement with an established waste management company for most of our portfolio
- Conduct biodiversity projects across our assets to help understand improvement opportunities
- Expand smart water metering initiative into German assets

Circular Economy

While the circular economy topic was not deemed material during our DMA, we do address the transition to a circular economy in our EU Taxonomy analysis. In order to establish quantitative targets for waste reduction and improved recycling rates, we must first gather an accurate baseline of data across our assets. This will be a key focus for 2024 so we can then establish feasible and calculated targets. To achieve this, we have entered into an agreement for waste disposal with an established provider, streamlining our reporting capabilities and control over the process.

We have not yet established a specific circular economy policy aimed to reduce impacts, risks and opportunities, however, our goal is to reduce the total amount of waste produced at our properties, and to increase the proportion of this waste which is recycled or reused back into the circular economy. The above-mentioned agreement will also help increase recycling rates. As with other sustainability measures, reductions in waste output and landfill volume correspond to reductions in operating costs, alongside reducing our environmental impact.

At Aroundtown, there are two key ways in which waste is generated – waste linked to construction and renovation projects and waste linked to the operation of the asset and the tenants themselves.

Tenant Waste Management

To increase recycling rates, we are providing waste separation facilities on our sites, and engaging with our tenants on their waste management practices. As with other sustainable measures, reductions in waste output and landfill volume correspond to reductions in operating costs, alongside reducing our environmental impact.

Whereas some portfolio sectors have traditionally posed a greater challenge to influencing waste management practices, such as residential or hotels, others have been easier to influence, such as offices. However, as sustainability issues rise on everyone's agenda, we are beginning to see engagement on environmental issues from most of our tenants. Our local technical teams are always available to support tenants who seek our advice on these issues. This coordination and engagement between stakeholders will be a crucial part of building a more circular, resource-efficient economy.

We also try to use the indirect influence that our properties can have on their tenants to produce more sustainable outcomes. This is often done through awareness raising activities; for example, our subsidiary GCP publishes leaflets and has produced information videos for tenants with advice on more environmentally friendly behavior such as recycling. In 2023, GCP also continued the previously rolled-out pilots for pay-by-volume waste systems at the specific locations, which monitored the volume of waste disposed by tenants and billed them accordingly. These systems are yet to prove effective in inciting meaningful behavioral changes, for example by drawing tenants' attention to the cost-saving benefits of waste reduction. The pilot did not yield significant evidence of the system's impact on the actual volume of waste disposed, so extending this initiative to further assets is not to be expected.

Our green lease clauses for tenants also cover waste management and other environmental management aspects, as well as engagement obligations between tenant and landlord to ensure cooperation on sustainable practices with respect to maintenance, construction and modernization works.

As another key example of our waste reduction projects, in early 2023, Aroundtown started digitalizing its postal correspondence with tenants through the GOGREEN Plus service from Deutsche Post DHL. This means that now postal correspondence with residential tenants is digitally transmitted to Deutsche Post, who offer a climate-neutral hybrid mail dispatch, by email, SMS, fax or post. Communications with commercial tenants has been partially digitalized, and we aim to continue expanding this effort further, as it substantially reduces the waste generated in the production and delivery of the leaflets while also supporting our tenants in reducing their carbon footprint. We will continue to look for innovative partnerships and strategies to improve our resource efficiency in future.

Recycling of Construction Waste

When it comes to waste production and disposal from construction work, we are more in control of waste management and recycling. Whenever we undertake larger construction and refurbishment projects, we conduct reviews of the type and quantity of waste produced, to ensure lawful disposal of hazardous and non-recyclable waste streams and to recycle as much as possible. The topic of circular economy is becoming more important for the real estate and construction sector, not least due to the European Union's EU Taxonomy regulation, which has stipulated the goal of a 70% recycling rate for the sector. We therefore aim to engage even more closely with our contractors regarding the recycling of demolition waste and to improve data gathering on waste disposal and recycling rates. In general, our goal is to preserve existing structures and materials and not to demolish and build new. This is advantageous from an economic and ecological perspective.

In order to track the progress of our approach, we collect waste generation data from our assets and monitor this year on year, as will be presented in April. Due to restrictions around tenant data sharing, we include tenant waste generation within our landlord-managed figures. It is only possible, based on our waste collectors, to report recycled and non-recycled waste.

Water Management

Water and marine resources was not deemed to be a material topic during our DMA, however we recognize the importance of our water consumption and the negative environmental impacts associated with poor water management. We therefore aim to promote sustainable water use across our portfolio, and to comply with the high standards for water quality and wastewater disposal set at EU and national level. The importance of sustainable water usage has been highlighted by its inclusion as a core environmental objective in the EU Taxonomy.

We seek to positively influence tenants' water consumption, through engagement programs and advanced measurement technologies. We are prioritizing investment in smart water meters to provide tenants with accurate information about their water usage. This data is also used to identify inefficiencies and potential interventions from both a structural and management perspective. Based on these insights, we seek to implement technical improvements to reduce water consumption in our properties wherever feasible. So far, this initiative has been implemented in the Netherlands, and pilot projects in Germany are planned for 2024.

In 2023, we welcomed a Water Resource Specialist to our team, acknowledging that this topic is of increasing importance and needs to be addressed separately from the Energy Department who have previously managed water resources. A Water

Management Policy and Procedure were established to unite and improve water management efforts at operationally controlled and owned assets, outlining our current water strategy, water management, and water-related procedure principles. The Water Management Procedure also provides further information to Asset and Property Managers on improving sustainable water usage at assets in our portfolio.

Metrics: Water Management

Our water management strategy is described in the section above. In order to track the progress of our approach, we collect water consumption data from our assets and monitor this year on year as shown in tables 5 and 6. Due to restrictions on tenant data sharing, we include tenant submeters in our landlord-obtained water consumption figures.

TABLE 5

Absolute water consumption for managed assets											
Water reported in m^3		TOTAL		OFFICE		RETAIL		OTHERS INCL. LOGISTICS		GCP	
EPRA Code	Metric	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Water-Abs	Total landlord-obtained water consumed (including tenant submeters)	3,203,245	3,125,639	343,800	362,113	26,272	42,501	43,704	26,212	2,789,468	2,694,813
	Proportion of landlord-obtained water consumption data that is estimated (including tenant submeters)	29%	14%	26%	100%	2%	100%	20%	100%	29%	0%
	Total water consumption data coverage, by area (sqm)	3,670,113	2,548,011	1,502,344	999,057	56,449	163,776	158,541	108,068	1,952,779	1,277,110
Absolute building water intensity (m^3/m^2*year)											
Water-Int (Abs)	Building water intensity for all water consumed	0.87	1.23	0.23	0.36	0.47	0.26	0.28	0.24	1.43	2.11

TABLE 6

Like-for-like water consumption for managed assets											
Water reported in m^3		TOTAL		OFFICE		RETAIL		OTHERS INCL. LOGISTICS		GCP	
EPRA Code	Metric	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Water-LfL	Total landlord-obtained water consumed (including tenant submeters)	2,979,843	2,658,191	194,035	191,142	15,039	11,565	35,439	35,982	2,735,329	2,419,501
	Proportion of landlord-obtained water consumption data that is estimated (including tenant submeters)	30%	15%	37%	80%	3%	80%	24%	80%	30%	5%
	Total water consumption data coverage, by area (sqm)	2,919,577	2,915,869	871,423	871,423	25,094	25,094	116,953	116,953	1,906,107	1,902,399
Like-for-like building water intensity (m^3/m^2*year)											
Water-Int (LfL)	Building water intensity for all water consumed	1.02	0.91	0.22	0.22	0.60	0.46	0.30	0.31	1.44	1.27

Biodiversity and Ecosystems

While biodiversity and ecosystems was not identified as a material topic in our DMA, we remain cognizant of the need to and benefits of contributing positively to biodiversity at our sites. We have therefore established a clear, public Biodiversity Commitment which details our approach to biodiversity protection and enhancement, which is planned to be updated in 2024 to include a more specific strategy and related goals considering EU Taxonomy aspects.

In 2023, we continued to conduct biodiversity studies at our sites to assess the types and extent of species we have onsite and to identify opportunities for biodiversity enhancement on and around our assets. In Germany, as part of our employee engagement program, 'Activate the Base', some colleagues formed a biodiversity taskforce aiming to kick-off the biodiversity studies in Germany after they were piloted in the Netherlands in 2022. Four assets were assessed in Berlin in 2023, for which implementation projects of the identified improvement measures will be rolled out in 2024.

Meanwhile, our Dutch operations conducted 17 biodiversity studies across eight cities, compared to seven studies conducted in 2022. Following the results, and carefully considering both the urban landscape of the corresponding assets and the practical feasibility of the identified possible measures, three biodiversity enhancement projects took place in the Netherlands in 2023. These included the installation of bat, hedgehog, squirrel and bird houses, insect hotels, green roofs, and the planting of local flora and fauna. For 2024, further biodiversity studies have already been planned for the Netherlands.

Finally, we continued to expand our 'Aroundtown buzzes' program to protect urban bee populations in and around our assets. The program was initiated in 2020 with 15 rooftop beehives across our commercial properties. By 2023, we had 43 bee colonies across 11 roofs in our portfolio. These also include four roofs in our hotel portfolio which we added to this program, in collaboration with the hotel tenants. The bees are looked after by our very own registered beekeeper.

In addition, to further engage our staff with these biodiversity programs, our employees receive gifts produced by our bee colonies, including beeswax candles, and honey.

Pollution

While pollution was not deemed to be a material topic during our DMA conducted earlier this year, it is nevertheless a topic that we consider in our construction and refurbishment projects, as well as in the operation of our assets. As described in more detail in our EU Taxonomy section of this report, we for instance require our suppliers and contractors of Taxonomy-relevant projects to sign a questionnaire that confirms their non-usage of pollutants and prohibited chemical substances by the European Union.

Aroundtown's beekeeper at work

EU TAXONOMY

Introduction

The EU Taxonomy is a classification system for the identification of sustainable economic activities established by the European Commission. Its purpose is to offer companies, investors and policymakers a standard set of definitions for which economic activities can be considered environmentally sustainable in order to create security for investors, protect against greenwashing and encourage investment into more sustainable activities. The EU Taxonomy is currently comprised of six environmental objectives: Climate Change Mitigation; Climate Change Adaptation; Sustainable Use and Protection of Water and Marine Resources; Transition to Circular Economy; Pollution Prevention and Control; and the Protection and Restoration of Biodiversity and Ecosystems. The technical screening criteria for the six EU Taxonomy environmental objectives were scheduled for release over a multiyear timeframe. The Climate Delegated Act covering the technical screening criteria for a substantial contribution to Climate Change Mitigation and Climate Change Adaptation and the Do No Significant Harm (DNSH) criteria for the remaining environmental objectives was approved in 2021 and applied as of January 2022. The final Environmental Delegate Act adding the substantial contribution criteria for the remaining four environmental objectives was approved in 2023 and will apply as of January 2024.

In 2022, Aroundtown undertook for the first time an assessment of the Group's EU Taxonomy-aligned turnover (see Turnover KPI further below), capital expenditure (CapEx) and operating expenses (OpEx) relating to the EU Taxonomy environmental objectives Climate Change Mitigation and Climate Change Adaptation for the financial year ending 31st December 2022. Since then, Aroundtown has made further progress in implementing and adapting processes to gather critical data for EU Taxonomy reporting. For instance, in 2023, a mid-year EU Taxonomy alignment exercise was performed, covering eligible CapEx under the environmental objective Climate Change Mitigation. This allowed an earlier assessment of the status quo and provided an opportunity to enhance process-optimization for the final EU Taxonomy alignment assessment. This exercise was performed by the Sustainability Department, together with the Construction and Operation Departments, as well as the Business and Group Controlling teams.

Furthermore, to deepen the knowledge and understanding of the EU Taxonomy and its reporting requirements, several training sessions were conducted with the Construction and Operation Departments in Germany, as well as the Netherlands, Greece and Cyprus throughout 2023. At Aroundtown, the standard construction contract was also recently revised to ensure the accessibility of information necessary for EU Taxonomy compliance, incorporating provisions for contractors to deliver data pertinent to EU Taxonomy reporting. The updated contract includes the EU Taxonomy pollution prevention questionnaire (to be signed by contractors) which covers the DNSH criteria on Pollution Prevention and Control, and integrates explicit provisions for waste disposal and recycling data, covering the Circular Economy requirements under the DNSH criteria for Climate Change Mitigation. It also covers the DNSH technical specifications for water appliances so that in the future all refurbishment activities that affect water appliances must align – if economically possible – to the specifications of the EU Taxonomy. The new contract has taken effect from January 2024 for Aroundtown, while GCP is currently undertaking the contract update check, which is also expected to be rolled out during 2024.

As a long-term target, Aroundtown aims to optimize its Enterprise Resource Planning (ERP) system for the comprehensive collection of EU Taxonomy data. In 2024, ongoing training sessions will continue in conjunction with EU Taxonomy updates for the Construction and Operation Departments and the Business and Group Controlling teams.

Following strategies are in place to continuously improve the eligibility and/or alignment with the EU Taxonomy:

- Take substantial contribution and DNSH criteria of the EU Taxonomy into consideration when making decisions regarding renovations and new development projects.
- The emphasis is on Taxonomy-alignment of larger CapEx projects under 7.1 'Construction of New Buildings' and 7.2. 'Renovation of Existing Buildings' due to their materiality over smaller projects.
- Data collection improvements through better utilization of our ERP System and closer collaboration with our suppliers.

Methodology

Approach Taken to Determine Taxonomy-Eligible Activities

In order to determine EU Taxonomy eligibility, Aroundtown first identified all activities undertaken by the Group during an initial assessment conducted in 2021 involving multiple departments. Subsequently, the Sustainability Department has reviewed the activities to determine whether the list was still up to date. In 2022, we changed our reporting of photovoltaic systems, which were previously reported under activity 4.1 (electricity generation using solar photovoltaic technology) to reporting under activity 7.6 (installation, maintenance and repair of renewable energy systems) following further clarification published by the European Commission in December 2022. In 2023, Aroundtown continued to follow the established methodology.

Hence, the following seven EU Taxonomy-eligible activities were determined as relevant for Climate Change Mitigation and Climate Change Adaptation:

- Construction of new buildings (7.1)
- Renovation of existing buildings (7.2)
- Installation, maintenance and repair of energy efficient equipment (7.3)
- Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) (7.4)
- Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings (7.5)
- Installation, maintenance and repair of renewable energy systems (7.6)
- Acquisition and ownership of buildings (7.7).

Despite the activities' contribution to both objectives, Aroundtown considers itself as contributing more to Climate Change Mitigation than Climate Change Adaptation through the energy efficiency improving renovations of its assets. As a consequence, the EU Taxonomy Key Performance Indicators (KPIs) are reported with regard to Climate Change Mitigation only. Nevertheless, with the refurbishment of our properties, they also become more climate resilient. Aroundtown has also adopted several specific adaptation solutions which will increase the contribution to the second environmental objective in the upcoming years.

Furthermore, with the publication of the substantial contribution criteria for the four remaining environmental objectives - Sustainable Use and Protection of Water and Marine Resources; Transition to Circular Economy; Pollution Prevention and Control; and the Protection and Restoration of Biodiversity and Ecosystems – in June 2023, clarified that only Circular Economy provided additional economic activities for the real estate and construction sector. These new activities are:

- Construction of new buildings (3.1)
- Renovation of existing buildings (3.2)
- Demolition and wrecking of buildings and other structures (3.3)
- Maintenance of roads and motorways (3.4)
- Use of concrete in civil engineering (3.5)

Of these activities, only 3.1, 3.2 and 3.5 apply to Aroundtown and are considered as eligible in 2023. However, data availability of recycling data from waste disposal and management sites is still a challenge for reporting with regards to DNSH Circular Economy under Climate Change Mitigation. Aroundtown therefore chose to continue improving fulfilment of the DNSH criteria for Circular Economy under Climate Change Mitigation first before potentially reporting on the substantial contribution under Circular Economy in the future. In 2024, Aroundtown will continue to work with suppliers to provide better recycling data, which has already been added as a data delivery requirement to Aroundtown's construction contract template in 2023.

Attributing Data to Economic Activities

Although our Construction and Operations Departments started to put into place processes in 2022 that allow for the allocation of projects or activities to the relevant economic activities, the majority of invoices had to be analyzed and evaluated manually for eligibility and alignment. Using determined commodity codes relevant to each identified economic activity based on information provided in guidelines and resources by the European Commission, the invoices could be allocated to the correct eligible economic activity. This attribution process was necessary for CapEx mostly.

The majority of turnover is generated in relation to the activity 'Acquisition and Ownership of Buildings (7.7)', in the form of rental income. The Group also derives a comparatively small amount of other income that is not related to eligible economic activities. Additionally, OpEx is reported as relating to activity 7.7, since it corresponds to the maintenance measures at Aroundtown's properties.

Assessment of Aligned Activities

For an economic activity to be aligned with the EU Taxonomy, three requirements need to be fulfilled:

1. it must make a substantial contribution to the achievement of one or more EU environmental objectives ("substantial contribution")
2. it does not significantly harm any other EU environmental objective ("do no significant harm / DNSH")
3. it is in compliance with minimum social standards on topics such as Human Rights, Labor Standards and Anti-Corruption ("minimum social safeguards")

Based on these requirements, checks for EU Taxonomy alignment relate to different business levels at Aroundtown. Whereas substantial contribution to Climate Change Mitigation is assessed at the individual asset or project level, the DNSH criteria apply rather to the economic activity itself. The DNSH criteria for Climate Change Adaptation and Circular Economy was conducted for Aroundtown as a whole.

Compliance with minimum social safeguards was also evaluated for Aroundtown Group.

Substantial Contribution Assessments

This section outlines the checks conducted for substantial contribution to Climate Change Mitigation relevant to Aroundtown's eligible economic activities.

Starting with 'Acquisition and ownership of buildings' (7.7), this is the only activity for which Aroundtown reports turnover and OpEx. Turnover is only considered as making a substantial contribution to activity 7.7 if the relevant buildings – provided they were constructed before 31 December 2020 – have been assigned energy efficiency class A (or better) or are among the top 15% of regional or national housing stock in terms of primary energy demand. For buildings constructed after 31 December 2020, the same criteria for significant contribution to Climate Change Mitigation apply as for 'Construction of new buildings' (7.1).

As Aroundtown Group acquires existing buildings, they are mostly built before 31 December 2020. With regard to the energy class and building stock it has been recognized by the European Commission and several real estate associations, that the lack of an energy class labelling based on letters (A-G) for commercial assets in Germany has created an issue for reporting. Aroundtown closely follows the sector's debate on the topic and has reviewed and assessed several methodologies presented by industry organizations and an external service provider to the real estate sector.

After thorough review of the available methodologies, Aroundtown has adopted the 15% benchmark approach based on data published by a publicly available index, that has been endorsed by the German Sustainable Building Council (DGNB), a non-profit focused on making buildings more sustainable. The index uses average yearly primary energy consumption data per asset type from its vast database of European clients' consumption data to establish top 15% and top 30% benchmarks for Germany, the UK, Benelux and other countries. We note that this approach was adopted for the German portfolio only, whereas for the Dutch and London portfolios for which EPC ratings were readily available, the EPC rating approach was followed.

Hence, aligned turnover and OpEx was only calculated in relation to the properties that fall within the top 15% of building stock (German portfolio) or have an EPC rating A and above (Dutch and UK portfolio). However, due to issues with data availability on energy performance for our hotel portfolio, these are not fully captured in the turnover and OpEx calculations and it is therefore likely that our aligned percentages are actually higher than presented.

As for the substantial contribution criteria for the activity 'Construction of new buildings' (7.1), the relevant building has to show a primary energy demand that is at least ten percent below the national standard for nearly zero-energy buildings. In addition, for buildings larger than 5,000m² further criteria have to be fulfilled upon completion in order to be aligned: tests for airtightness and thermal integrity, as well as a life-cycle Global Warming Potential of the building. At Aroundtown Group, new constructions constitute a very small percentage of its business activities. The few development projects in 2023 are currently mostly in the planning phase and therefore not able to produce all necessary documentation for the fulfillment of substantial contribution criteria (Climate Change Mitigation) for 'Construction of new buildings' (7.1) or the various DNSH criteria. They are therefore reported as eligible only in this year's report.

The substantial contribution criteria to Climate Change Mitigation for 'Renovation of existing buildings' (7.2) dictate that refurbishment results in at least a 30% reduction in primary energy demand within three years or qualifies as a major renovation. Aroundtown checked compliance with these criteria by assessing whether the renovation project touches 25% of the building envelope or more and meets the cost-optimal minimum energy performance requirements as laid out in the German buildings energy act, Gebäudeenergiegesetz (GEG) or other national legislation, implementing the EU Directive 2010/31/EU[3]. If this was the case, the CapEx was considered as meeting the substantial contribution criteria. If this was not the case, the CapEx was assessed under for the business activity for individual energy efficiency measures as described in 7.3 (Installation, maintenance and repair of energy efficient equipment). Depending on the individual measure that was conducted, compliance with the relevant technical criteria laid out in the GEG or other national legislation is evaluated. Only if these were met, CapEx allocated to 7.3 (Installation, maintenance and repair of energy efficient equipment) is considered as meeting the substantial contribution criteria.

There are no additional technical screening criteria for activities 7.4 (Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)), 7.5 (Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings) and 7.6 (Installation, maintenance and repair of renewable energy systems) beyond the list of individual measures described for each activity.

Do No Significant Harm Assessments

As mentioned above, in order for an economic activity to be aligned, the EU Taxonomy employs the principle of 'do no significant harm'. As such, in addition to making a substantial contribution to one of the environmental objectives, it must be shown that each activity does not significantly harm any of the other objectives, as defined by the Technical Screening Criteria in the First Delegated Act to the EU Taxonomy.

Since all eligible activities were assessed for making a substantial contribution to Climate Change Mitigation, the DNSH assessments were performed only for those that met the technical criteria for substantial contribution. As data with regard to the fulfillment of substantial contribution criteria was not readily available for our 7.1 (Construction of new buildings) projects, most of which are currently in the planning phase, no further DNSH checks were conducted for this activity and is therefore reported as eligible only in this year's report.

Regarding activity 7.2 (Renovation of existing buildings), substantial contribution criteria to Climate Change Mitigation were met, however, not all DNSH could be fulfilled, in particular the criteria for Protection of Water and Marine Resources. This stems to a great degree from a lack of relevant data available for both areas – areas in which Aroundtown Group is highly dependent on information provided by contractors and suppliers. The Group mainly faced challenges regarding the lack of readily available technical information of bathroom and kitchen appliances, which is oftentimes not indicated in contracts or invoices by contractors.

Despite these challenges, Aroundtown has worked consistently on setting up processes and gathering the necessary data for relevant DNSH criteria, in particular those for the environmental objectives of Protection of Water and Marine Resources. Aroundtown is committed to improving access to data relevant for EU Taxonomy reporting through continued engagement with contractors and suppliers. We note that this DNSH criteria does not apply to residential properties and can therefore be omitted in alignment checks of our residential portfolio held by our subsidiary GCP.

The other DNSH criteria related to the environmental objectives of Climate Change Adaptation, Circular Economy, and Pollution Prevention were met for 7.2 (Renovation of existing buildings), the assessments of which are described further below. We note that the activity 7.2 (Renovation of existing buildings) can only be reported as aligned in 2023 for our residential properties held by GCP.

For activity 7.3 (Installation, maintenance and repair of energy efficient equipment), DNSH criteria exist for the environmental objectives of Climate Change Adaptation and Pollution Prevention, whereas for the activities 7.4 (Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)), 7.5 (Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings) and 7.6 (Installation, maintenance and repair of renewable energy systems) only Climate Change Adaptation applies.

The assessments performed against these different DNSH criteria are discussed in turn below.

3. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32010L0031

- **Climate Change Adaptation:** All economic activities in category 7 (construction and real estate), require that a robust climate risk and vulnerability assessment is conducted following the steps laid out in Appendix A of the Delegated Act.[4] Please refer to the section on Climate Change Adaptation in this report for further information on this assessment and the adoption of relevant adaptation solutions.
- **Protection of Water and Marine Resources:** Water appliances for bathrooms and kitchens need to follow specifications on maximum water flow and flush volume outlined in Appendix E of the EU Taxonomy Regulation[5]. As this DNSH is not fulfilled for 7.2 (Renovation of existing buildings) for AT in 2023 due to lack of data on installed appliances, the activity is only reported as aligned for our residential portfolio GCP, for which this DNSH does not apply.
- **Transition to a Circular Economy:** At least 70% by weight of non-hazardous construction and demolition waste generated on the construction site are prepared for reuse, recycling and other material recovery. Aroundtown complies with national legislation on recycling requirements, and so do its renovation projects in Germany. The German Circular Economy Act *Kreislaufwirtschaftsgesetz (KrWG)*, which implements EU Directive 2008/98/EC on waste, as well as its amending Directive 2018/851/EU[6] stipulates a recycling rate of 70% by weight for construction and demolition waste.
- **Pollution Prevention and Control:** In order to prevent pollution through toxic and environmentally harming chemicals, non-financial undertakings are required to confirm that a number of chemical substances mentioned in Appendix C of the EU Taxonomy Regulation[7] are not manufactured, placed on the market or being used in any economic activity. As this DNSH criteria is relevant for three of our economic activities – 7.1 (Construction of new buildings), 7.2 (Renovation of existing buildings) and 7.3 (Installation, maintenance and repair of energy efficient equipment) – the Group has created a questionnaire outlining the specifications of Appendix C which has been sent to our largest contractors to confirm non-usage of these chemicals in our building materials and at our construction sites. It has been made clear in the European Commission's FAQ document from December 2022[8] that such proof must come from the supplier itself.

4. https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20A.pdf
5. https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20E.pdf
6. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018L0851
7. https://ec.europa.eu/sustainable-finance-taxonomy/assets/documents/CCM%20Appendix%20C.pdf
8. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202300267
9. https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

Minimum Social Safeguards

The EU Taxonomy states that activities may not qualify as environmentally sustainable unless they comply with minimum social safeguards. This requires alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as the fundamental conventions of the International Labor Organization (ILO) and the International Bill of Human Rights.

Aroundtown has several corporate policies in place that refer to these international standards and frameworks to ensure alignment with these social minimum safeguards. These policies include our Human Rights Policy, the Business Partner Code of Conduct and Employee Code of Conduct, as well as the Anti-Corruption Policy. Further, the Group's compliance trainings for employees include topics of corruption and fair business.

To assess the alignment of this framework to the required minimum safeguards, in particular on the topic of human rights, the Group has made reference to the report of the Platform on Sustainable Finance[9] of October 2022, in which two criteria to determine compliance with the safeguards were established. These are:

1. That the company has established adequate human rights due diligence (HRDD) processes, as outlined in the UNGPs and OECD Guidelines for Multi-national Enterprises (MNE).
2. That there are no indications that the company does not adequately implement HRDD, resulting in human rights abuses.

Demonstrating adequate HRDD for the purposes of the first criterion requires that the following six key steps have been implemented:

Six-Steps of Human Rights Due Diligence	
1.	Adopting and embedding a commitment to Human Rights Due Diligence into policies and procedures
2.	Identification and assessment of adverse impacts, including through stakeholder engagement
3.	Taking actions to cease, prevent, mitigate and remediate adverse impacts
4.	Tracking the implementation of these actions and its results
5.	Communicating publicly on the approach of HRDD and actions taken to avoid and address adverse impacts
6.	Providing or cooperating in remediation, incl. establishing or participating in grievance mechanisms where individuals and groups can raise concerns about adverse impacts

Aroundtown has addressed and implemented these six steps through embedding the topic of Human Rights in its policies, including the Human Rights Policy, as well as Employee and Business Partner Codes of Conduct and by conducting annual human rights online trainings with its employees.

Taking into account adverse impacts on human rights in the Group's materiality assessments and risk management, Aroundtown has identified and addressed potential risks in the areas of construction and refurbishment/maintenance of the business through a number of measures and processes. For instance, based on their contract volume with Aroundtown, their region of business operation and other criteria, suppliers are categorized as low, medium or high-risk. Depending on their risk level, an adequate due diligence process is conducted utilizing different sources of information. Besides our desk-based due diligence checks, our construction and operation managers are fulfilling their legal monitoring obligation during the execution of the project according to the national law of the project location. Finally, through Aroundtown's whistle-blowing system that is accessible to employees and externals, potential human rights violations may be reported.

Any reports are tracked and investigated by our Compliance Department. Following an internal investigation procedure as documented in our Investigation Policy for handling potential violations, employees or business partners receive a warning, are fined, or banned from doing further business with the Group, should the claim be confirmed. Aroundtown may also decide to consult with authorities if necessary.

Please also see the section 'Fair Business and Compliance' and the subsection 'Management of Supplier Relationships' in the Governance part of this report, which provide further information on compliance with social minimum safeguards on corruption and fair business.

None of the negative indicators described by the Platform on Sustainable Finance report with regard to human rights, corruption, fair business and taxation for the second criterion are applicable to AT. We therefore assess that this criterion is also met for Aroundtown, and thus that the required minimum safeguards are implemented as required by Article 18 of the EU Taxonomy.

Calculation of Key Performance Indicators

Based on the determination above of EU Taxonomy-eligible activities, Aroundtown calculated the proportions of eligible and non-eligible activities, and the proportion of these eligible activities which is aligned, in accordance with the calculation methodologies defined in the Commission Delegated Regulation 2021/2178 published on 6 July 2021 and updated by Commission Delegated Regulation 2023/2486 of 27 June 2023. In general, all three Key Performance Indicators (KPIs) are calculated in accordance with IFRS in line with our consolidated annual report.

Double accounting is avoided by direct allocation of eligible and aligned KPIs to a specific economic activity, as well as a clear separation in our accounting system of CapEx and OpEx accounts. This division is further aggravated through separate bookkeeping systems at Aroundtown's various business entities.

The Turnover, OpEx and CapEx KPIs for aligned activities are determined according to the following calculations:

Turnover KPI

The definition of the Turnover KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of turnover derived from products and services associated with EU Taxonomy-aligned activities.
Denominator	Total net turnover, calculated in accordance with "IAS 1.82 a) Revenue" and consistent with the accounting principles applied to the preparation of the Group's financial statement. Please see the consolidated financial statements starting page 158 of this report.

The only activity from which revenue is derived that is deemed to be EU Taxonomy-eligible is activity 7.7 (Acquisition and ownership of buildings). Aroundtown's turnover consists to a great degree of revenue generated from rental income and operating income. The Group also derives a comparatively small amount of other income that is not related to eligible economic activities, which is not counted in the numerator but is included in the denominator. Other revenue includes mainly management fee, consulting fees as well as income from loans in connection with real estate transactions.

Aroundtown's denominator is taken from "revenue" from the Consolidated Statement of Profit or Loss.

Aligned turnover is calculated as the sum of turnover generated firstly, from Aroundtown Group's properties that fall within the 15% top building stock in Germany based on the previously described method and index and secondly, from Dutch and UK assets that have an EPC label A or higher.

OpEx KPI

The definition of the OpEx KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of operating expenditure that is: 1. Related to assets or processes associated with EU Taxonomy-aligned economic activities, including: • training and other human resources adaptation needs • direct non-capitalized costs that represent research and development 2. Part of the CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from EU Taxonomy-aligned economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions and individual building renovation measures 5. Part of OpEx for the adaptation of economic activities to climate change
Denominator	Total operating expenditure, as the sum of direct non-capitalized costs, including: 1. Research and development 2. Building renovation measures 3. Short-term lease 4. Maintenance and repair 5. Any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party. Please see the consolidated financial statements starting page 158 of this report.

As such the denominator of the OpEx KPI is defined differently and is comprised of specific expenses summarized in "property operating expenses" disclosed in the Consolidated Statement of Profit or Loss of this report. The OpEx denominator amount is therefore not mentioned as such in the financial statement.

OpEx is considered as overall operating expenses that is linked to activitiy 7.7 (Acquisition and ownership of buildings) and therefore to the overall maintenance and day-to-day servicing of properties.

Hence, the calculation of the aligned OpEx is linked, to the extent possible, to the properties that fall within the 15% top building stock in Germany or are labeled with an EPC A or higher in the Netherlands and the UK.

OpEx linked to research and development cannot be allocated to individual properties as would be required for alignment.

CapEx KPI

The definition of the CapEx KPI pursuant to the EU Taxonomy Regulation:

Numerator	Share of capital expenditure that is: 1. Related to assets or processes that are associated with EU Taxonomy-aligned economic activities 2. Part of a CapEx plan (expand / upgrade of activities) 3. Related to the purchase of output from EU Taxonomy-aligned economic activities 4. Related to measures allowing activities to be carried out in a low-carbon manner or with reduced greenhouse gas emissions 5. Part of the CapEx for adaptation of economic activities to climate change
Denominator	Total capital expenditure, as the sum of: 1. Additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any re-measurements, including: • IAS 16.73 e) i) and iii) Property, Plant and Equipment • IAS 38.118 e) i) Intangible Assets • IAS 40.76 a) and b) Investment Property (for the fair value model) • IAS 40.79 d) i) and ii) Investment Property (for the cost model) • IAS 41.50 b) and e) Agriculture • IFRS 16.53 h) Leases (leases that do not lead to the recognition of a right-of-use over the asset shall not be counted as CapEx) 2. Revaluations and impairments, additions resulting from business combinations and excluding fair value change Please see the consolidated financial statements starting page 158 of this report.

The CapEx denominator is composed of "net additions" from note 15 (property and equipment) as well as capital expenditure on investment property and acquisition on investment property both from note 13 (investment property).

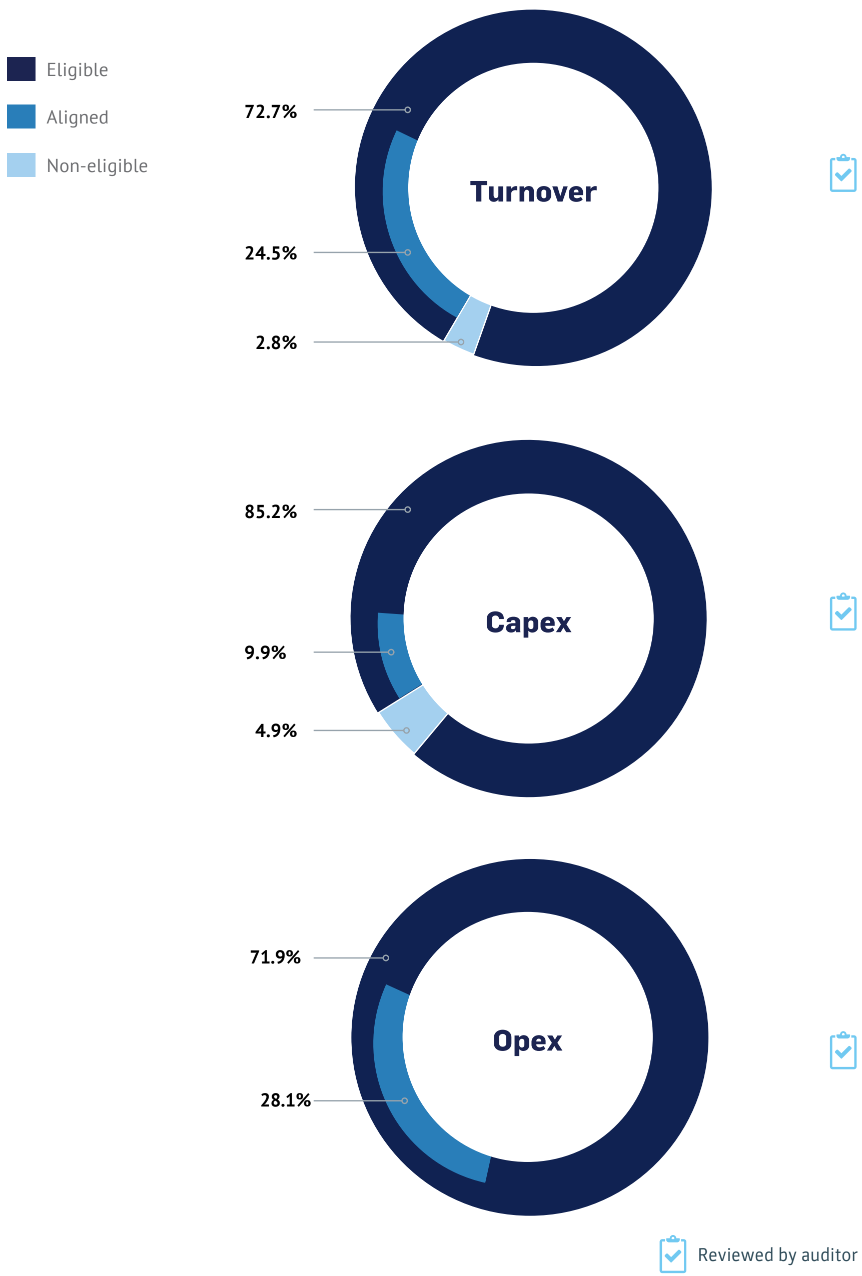
The EU Taxonomy-aligned CapEx comprises costs incurred from economic activities 7.2, 7.3, 7.4, 7.5 and 7.6. Where refurbishment, energy efficiency projects or renewable energy projects last for several years, only those expenses that were capitalized in the relevant reporting year are calculated as EU Taxonomy-eligible or aligned CapEx.

CapEx linked to activities 7.4 and 7.6 mostly relates to infrastructure costs of necessary modernization, upgrades or technical equipment of the properties prior to the installation of EV charging stations or PV systems respectively. The majority of CapEx is currently invested by our partner company. CapEx linked to activity 7.7 represents acquisitions of new assets in 2023. The CapEx numerator did not include CapEx as part of a CapEx plan.

Presentation of the Performance Indicators Relating to EU Taxonomy-Aligned and EU Taxonomy-Eligible Economic Activities

In line with the regulatory requirements for EU Taxonomy reporting in 2023, Aroundtown is disclosing the performance indicators in the table template provided by the European Commission.

Taxonomy-aligned, eligible and non-eligible percentages of Aroundtown's KPIs



Metrics: EU Taxonomy

Proportion of **Turnover** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code(s)	Absolute turnover	Proportion of turnover 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) turnover, 2022	Category enabling activity	Category transi-tional activity
		€ millions	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	392.6	24.5%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	16.7%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		392.6	24.5%	24.5%	0.0%	0.0%	0.0%	0.0%	0.0%								16.7%		
Of which enabling		-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	0.0%	E	
Of which transitional		-	0.0%	0.0%						N	N	N	N	N	N	N	0.0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	1,164.8	72.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								80.6%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,164.8	72.7%	72.7%	0.0%	0.0%	0.0%	0.0%	0.0%								80.6%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)16.7		1,557.4	97.2%	97.2%	0.0%	0.0%	0.0%	0.0%	0.0%								97.3%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		45.3	2.8%																
TOTAL (A + B)		1,602.8	100.0%																

2023 figures reviewed by auditor

Proportion of **OpEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm") (h)									
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) OpEx, 2022	Category enabling activity	Category transi-tional activity
		€ millions	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Acquisition and ownership of buildings	CCM 7.7	144.1	28.1%	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	N/EL	N/EL	N/EL	N/EL	Y	19.0%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		144.1	28.1%	28.1%	0.0%	0.0%	0.0%	0.0%	0.0%								19.0%		
Of which enabling		-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	N	N	N	N	N	N	N	0.0%	E	
Of which transitional		-	0.0%	0.0%						N	N	N	N	N	N	N	0.0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Acquisition and ownership of buildings	CCM 7.7	369.4	71.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								81.0%		
OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		369.4	71.9%	71.9%	0.0%	0.0%	0.0%	0.0%	0.0%								81.0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		513.5	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%								100.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy- non-eligible activities		-	0.0%																
TOTAL(A + B)		513.5	100.0%																

2023 figures reviewed by auditor

Proportion of **CapEx** from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change migration	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category enabling activity	Category transi-tional activity
		€ millions	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Renovation of existing buildings	CCM 7.2	2.7	0.48%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	Y	Y	Y	N/EL	Y	1.3%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3.0	0.52%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	Y	N/EL	Y	0.5%	E	
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0.4	0.07%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	0.0%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	1.4	0.24%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	0.1%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1.3	0.23%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	0.2%	E	
Acquisition and ownership of buildings	CCM 7.7	48.1	8.38%	Y	N	N/EL	N	N/EL	N/EL	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	8.7%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		56.9	9.92%	9.92%	0.0%	0.0%	0.0%	0.0%	0.0%								10.8%		
Of which enabling		5.7	0.99%	0.99%	0.0%	0.0%	0.0%	0.0%	0.0%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	0.8%	E	
Of which transitional		2.7	0.48%	0.48%						N/EL	Y	Y	Y	Y	N/EL	Y	1.3%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Construction of new buildings	CCM 7.1	11.8	2.06%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.25%		
Renovation of existing buildings	CCM 7.2	12.4	2.16%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.89%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	9.4	1.63%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.35%		
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Acquisition and ownership of buildings	CCM 7.7	455.6	79.35%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								82.89%		
CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		489.2	85.21%	85.2%	0	0	0	0	0								86.37%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		546.1	95.12%	95.12%	0.0%	0.0%	0.0%	0.0%	0.0%								97.18%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non-eligible activities		28.0	4.88%																
TOTAL(A + B)		574	100.0%																

2023 figures reviewed by auditor

Frankfurt

Social Information

OUR WORKFORCE: LABOR STANDARDS AND EMPLOYEE TOPICS

Long-term Targets

- Be among the top ten most attractive employers in the commercial real estate sector by 2030
- Maintain zero incidents of discrimination
- Offer a minimum of 12hrs of training and development opportunities per FTE per year

2024 Goals

- Continue to offer volunteering program organized as a company-wide Social Day for employees
- Implement a second round of our 'Activate the Base' program, encouraging employees to implement their own sustainability projects while receiving guidance from an external coach
- Introduce and conduct 180-degree surveys to encourage self-development among employees
- Implement our newly developed staff career path to create more transparency on development opportunities

It is fundamental for a responsible business that everyone should feel safe and protected, and we take significant steps to ensure that our work environment has a positive impact on the health and well-being of our people. Beyond this foundation, we seek to excel in factors such as career development, education, work-life balance, well-being, and diversity and inclusion, which are required to attract and retain today's top talent. The interests, views and rights of our own employees primarily relate to human rights and health and safety. Our approach to the protection of our workforce is explained in the following section.

Our suite of social policies including our Employee Code of Conduct, Diversity Policy, Anti-Discrimination Policy, Human Rights Policy, Anti-Corruption Policy and Whistleblowing Policy – all allow us to manage impacts, risks and opportunities relating to our workforce. These policies cover all of our own employees and were developed with the interests of our employees in mind. Our social policies detail our commitments to the protection of our employees' human rights, health and safety, and protection against discrimination and harassment. They also detail how our employees should keep us safe in relation to corruption and bribery prevention. The centralization of our HR Department ensures that processes and policies are standardized across the Group, meaning that knowledge and talents are effectively used across the board.

Following the request from our employees, in 2023, we developed staff career paths, including specific KPIs, which intend to create a clear structure and more transparency regarding career and development opportunities at Aroundtown. These career paths are expected to be communicated and applied from spring 2024. We also ensure all our employees are paid adequate wages in line with applicable benchmarks.

Employee Satisfaction

We engage with our employees in a number of ways, primarily through our annual employee engagement survey which allows us to obtain direct feedback from all employees. We also conduct regular HR Roundtables during which our employees and managers have the opportunity to ask questions and engage directly with our HR Department. Our Group Head of HR is responsible for overseeing our annual employee satisfaction survey, as well as our HR Roundtables and we use the results of both to inform decisions or activities that will help manage actual and potential impacts.

To ensure straightforward communication with staff across the Group, we have implemented an HR software as an employee engagement tool. Through this platform, employees can manage personal data, holiday and home office requests, sick leave, and book training and participation at other company events. We are continuing to roll out new features to make the system more user-friendly. Our goal is for this software to serve as a centralized HR system across all our locations of operation, so that all our employees have easy and consistent access to the information they need, and to make the employees and the HR Department more agile.

In 2023, we conducted a survey with our employees, the results of which will guide our strategy to improve workplace satisfaction. The results were a clear indication of the engagement of our employees, with a 63% response rate across the Group. From this, we have identified priority areas for improvement in our HR policies, and we formulated an action plan for 2023 and 2024 to act on this feedback. This included further employee surveys to provide more opportunities for feedback and communication, furthering information about career progression, and increased communication about Aroundtown's overall strategy and vision, and the promotion path opportunities which employees can pursue within our organization.

This year, our commitment to a positive work environment was reflected by two key milestones. Aroundtown was awarded 'Top Company 2024' by Kununu, a leading platform for employer reviews and feedback on corporate culture, compensation schemes, and overall employee satisfaction. This placed us among the top 5% of all employer profiles in the platform in 2023 – a confirmation of our strong engagement for a great working environment and the satisfaction of our employees. Our subsidiary, GCP, was chosen as 'Most Wanted Start 2024' by the newspaper, Die Zeit, and Kununu, demonstrating GCP's position as a leading apprenticeship company in Germany, highlighting our commitment to employee development.

As part of our ongoing efforts to enhance workforce satisfaction and well-being, our collaboration with a work-life platform in Germany continued throughout 2023. The platform extends comprehensive support to our employees, which includes family-oriented services like childcare for holidays, emergencies, daily needs, and elderly care. The platform further enriches the employee experience by offering programs for expecting parents, promoting a healthy work-life balance through virtual sports courses and mental health prevention programs, and providing access to diverse consultations and talks on leading a healthy life, diversity and inclusion, and addressing discrimination concerns. These offerings align with our commitment to fostering a positive and supportive work culture.

Training and Development

We place great importance on delivering a broad learning and development program to our staff to provide them with the skills required to prosper in today's business environment and further their careers. Our training is targeted to individual needs and delivered flexibly to meet the needs of all our employees. We utilize our in-house expertise, as well as external specialists, to deliver training ranging from construction and property management to business skills and leadership training. Training is delivered in person, through online webinars, or via our self-directed learning portal, the Contemporary Real Estate Academy (CREA). This platform enables a unified presentation of our mandatory training content and learning and development material, which is accessible to all staff across our business. In 2023, additional features were added that allow for better communication with employees on training opportunities and advanced tracking of training data and the creation of reports for content owners and admin users from our HR Department.

We have also continued to implement performance reviews digitally through our HR software. Managers receive training on using the tool to provide performance feedback and can then provide ratings and reviews digitally. In 2024, we plan to relaunch the performance review tool across the Aroundtown departments in Germany, with a new career development plan, aiming to deliver 60% of performance reviews using this method. Streamlining this review process will allow our employees to receive personal feedback more simply and regularly, helping them to improve and progress towards their own goals.

In 2023, we also continued to expand our leadership training program, delivering 2,430 hours of training for upcoming leaders within our organization. In addition, we maintained our mentoring scheme, enabling our employees to receive professional coaching support from more senior team members. These programs sought to boost individual employee performance while securing our long-term viability. The leadership program is designed to equip the company's current and potential leaders with the fundamental critical thinking and problem-solving skills essential for making sound decisions. It aims to improve communication and team management skills, conflict resolution, as well as innovativeness and productivity. Employees who participate in this program are provided with the skills necessary to effectively manage change, ensuring the company remains resilient and adaptable.

In 2023, we also saw through the first round of our 'Activate the Base' program, which offered employees the opportunity to develop a project idea related to several topics ranging from resource reduction and biodiversity to neighborhood engagement. Together with an external consultancy, which guided the participants throughout the project period, the employees also reflected on their values and personal development.

As an international company representing more than 60 nationalities, headquartered in Germany, we also support our employees with language classes in English and German. In 2023, we continued to pursue our intensive focus on language learning, partnering with a well-known language school to offer advanced German courses for non-native speakers and English for German speakers, with 3,557 hours of training provided. The language program is targeted at promoting effective communication and collaboration amongst employees and other stakeholders. It enhances operational efficiency, tears down cultural barriers, reduces misunderstandings, builds trust, and fosters a more inclusive workplace environment.

Occupational Health and Safety

We take our responsibility to provide a safe work environment seriously and ensure that tasks do not pose undue health risks. Our Occupational Health and Safety Policy ensures strict compliance with all workplace health and safety regulations at national and EU level. We are jointly responsible for occupational health and safety through the avoidance of risks to ourselves and our employees by identifying and reporting any unsafe working conditions, violations of safety requirements, and accidents in the workplace. The implementation of this policy is overseen by our dedicated internal Office Health and Safety Manager and by the internal inspections of the occupational safety standards in our workplaces. We also undergo ad hoc external audits by state officers, but none have taken place in 2023.

In order to manage material risks, impacts and opportunities to our workforce, we set targets to help mitigate these risks and maximize opportunities. In 2023, we increased our internal budget for employee training, including for occupational health and safety, with some employees being identified as knowledge owners who then delivered training sessions themselves. The 169 certified first-aiders in the Group have been trained, within the scope of first aid assistance, to respond effectively to emergency occupational health and safety situations. Work-related injuries, ill-health and incidents are investigated according to our Occupational Health and Safety policy. Furthermore, we are in the process of expanding our mentoring and coaching program in collaboration with one employee who will transition to the roll of our full-time internal Business Coach starting in 2024. This employee has received training in the matter and began offering coaching in the last quarter of 2023 already.

To contribute further to the well-being of our employees, we offer a flexible package of benefits and working provisions, such as hybrid working arrangements to support working from home, and flexible working hours. Part-time working options also grant greater flexibility for our employees to balance their work around their lives and families. Such part-time arrangements are specific to the employee's needs.

The wider health and well-being benefits provided include eye examinations and health checks carried by our company physician, access to our company gym for employees at our Berlin headquarters with courses and personalized training, and mental health appointments available for all employees with our in-house consultant.

Furthermore, our collaboration with a work-life platform mentioned under the Employee Satisfaction section also contributes to fostering a secure and supportive workplace environment. Offerings underpinning our commitment to occupational health and safety include hundreds of virtual sports and mental health prevention courses covering topics from mindfulness to resilience, and numerous talks and consultation offers promoting a healthy lifestyle. Additionally, the platform provides access to a 24/7 emergency hotline staffed by qualified psychologists and coaches, ensuring prompt psychological support during critical situations. To help manage stress, specific trainings, coaching and other methods such as Open Space are also available.

Equal Treatment and Opportunities for All

We are committed to promoting equal treatment and opportunities for all within our workforce. Our Anti-Discrimination Policy specifically addresses the following grounds for discrimination: race or ethnic origin, gender, religion or ideology, disability, age, sexual identity. Discrimination on the basis of any of these characteristics constitutes an infringement of basic human rights and is explicitly prohibited by us. The Anti-discrimination Policy explains our employees' obligation and right to lodge a complaint should they believe they have been subject to any kind of discrimination. These complaints are taken seriously and are duly investigated. Further, our Diversity Policy details the diversity initiatives that we implement, including the promotion of talent development, the recognition of life experience, and the offering of cultural support.

In 2023, as a result of the 'Activate the Base' initiative, a Diversity Committee comprising employee representatives from different organizational levels was established with the aim of overseeing our commitments to diversity, inclusion and anti-discrimination. A dedicated site is now available in our intranet containing up-to-date topics and information, and comprehensive diversity training is now provided to all employees upon joining the organization. To strengthen our commitment, the position of Chief Diversity Officer was also established during 2023, and is currently held by the Group Head of HR.

Work-Related Rights

We respect and promote human rights throughout our organization with the help of stringent policies and procedures. Should we operate in areas at risk of human rights violations, we have committed to undertake human rights due diligence and risk assessments. We regard every person as unique, and recognize people's individual differences such as ethnic origin, gender, religion or belief, experience, physical and mental abilities, age, and sexual identity. In this way, we ensure our employees, tenants, and business partners, including our suppliers, respect the shared human rights of all people, in line with international regulations such as the International Labor Organization's Core Labor Standards, and the UN Guiding Principles on Business and Human Rights. Our policies concerning our employee's work-related rights refer to forced or compulsory labor, and child labor. However, they currently do not explicitly refer to trafficking in human beings. We commit to duly consider this aspect during our policy reviews.

Metrics: Our Workforce

As part of our commitment to improving employee satisfaction, maintaining high standards of health and safety, and ensuring all employees receive equal treatment and opportunities, we monitor and measure a series of metrics to help understand our progress in areas relating to our workforce. Employee data disclosed below is representative of the figures at the end of the reporting period and are reported in full-time equivalent.

We monitor our employee numbers by both geographical area and contract type as seen in tables 7 and 8 below which allows us to monitor further information and understand trends in employee-related data. These figures include employees who are subject to the material impacts identified during our DMA.

TABLE 7

Employee headcount by geographical area						
EPRA Code	**Units of Measure**	**Metric**	**2023**		**2022**	
			Number	**Percentage**	**Number**	**Percentage**
N/A	Total numbers and percentages	Total	1706	100%	1705	100%
		Germany	1356	79.5%	1414	82.9%
		Cyprus	149	8.7%	147	8.6%
		Netherlands	70	4.1%	79	4.6%
		United Kingdom	65	3.8%	40	2.4%
		Other	66	3.9%	25	1.5%
Employee breakdown by nationality						
			Share in total workforce (as % of total workforce)	**Share in all managerial positions (as % of total managerial workforce)**	**Share in total workforce (as % of total workforce)**	**Share in all managerial positions (as % of total managerial workforce)**
N/A	Percentages	Germany	61.9%	54.2%	64.2%	56.9%
		Cyprus	8.2%	13.9%	8.0%	14.1%
		Netherlands	3.7%	5.9%	3.8%	4.6%
		Romania	3.7%	0.4%	4.8%	0.7%
		United Kingdom	3.4%	5.1%	1.7%	2.8%
		Israel	3.2%	9.2%	3.6%	9.9%
		Others	15.9%	11.3%	13.9%	11%
No. of nationalities (incl. Germany)		#	67		63	

TABLE 8

Employee head count by contract type						
EPRA Code	**Units of Measure**	**Metric**	**2023**		**2022**	
			Number	**Percentage**	**Number**	**Percentage**
N/A	Total numbers and percentages	Permanent employees who identify as female	677	50%	656	49%
		Permanent employees who identify as male	670	50%	670	51%
		Permanent employees who identify as 'other'	0	0%	N/A	N/A
		Temporary employees who identify as female	156	43%	148	39%
		Temporary employees who identify as male	203	57%	231	61%
		Temporary employees which identify as 'other'	0	0%	N/A	N/A
		Non-guaranteed hours employees who identify as female	9	53%	N/A	N/A
		Non-guaranteed hours employees who identify as male	8	47%	N/A	N/A
		Non-guaranteed hours employees who identify as 'other'	0	0%	N/A	N/A

Due to our efforts to enhance and maintain employee satisfaction, we monitor turnover and retention rates of our employees as well as track key hiring KPIs as shown in table 9.

TABLE 9

Hiring and Turnover						
EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Rate	Number	Rate
Emp-Turnover	Total number and rate of new employee hires	New employee hires	397	23.3%	486	29%
		Female	194	48.9%	196	40%
		Male	203	51.1%	290	60%
		Age group <30	154	38.8%	155	31.9%
		Age group ≥ 30 - < 50	189	47.6%	264	54.3%
		Age group >50	54	13.6%	67	13.8%
		Open positions filled by internal candidates (internal hires)	165	29.4%	189	28.0%
	Average amount (€)	Average hiring cost/ FTE	536.9	N/A	1068.7	N/A
	Total number and rate of employee turnover	Employee turnover	380	18.3%	422	19.9%
		Female	161	42.4%	190	45.0%
		Male	219	57.6%	232	55.0%
		Age group <30	89	23.4%	98	23.2%
		Age group ≥ 30 - < 50	212	55.8%	233	55.2%
		Age group ≥ 50	79	20.8%	91	21.6%
		Employee initiated turnover	264	12.7%	288	13.6%
		Female	115	43.6%	135	46.9%
		Male	149	56.4%	153	53.1%
		Age group <30	60	22.7%	72	25.0%
		Age group ≥ 30 - < 50	158	59.8%	165	57.3%
		Age group ≥ 50	46	17.4%	51	17.7%

2023 figures reviewed by auditor

Training metrics are monitored as shown in table 10, including the percentage of our employees who receive performance and career development reviews.

TABLE 10

Training and Development				
EPRA Code	Units of Measure	Metric	2023	2022
Emp-Dev	% of total workforce	% of total employees who received regular performance and career development reviews during the reporting period	26.6	28.5
Emp-Training	Average number of training hours	**All employees**	**16.0**	**12.5**
		Female	18.7	13.2
		Male	13.6	11.9
		Management	26.6	19.8
		Female	38.3	25.2
		Male	20.3	17.2
		Non-management	18.1	14.7
		Female	20.2	15.3
		Male	15.9	14.2
		Part-time employees	19.3	N/A
		FTE employees	20.6	17.0
N/A	Average amount (€)	Average investment in training per FTE	696.3	539.7
	Percentage (%)	Percentage of FTEs that participated in leadership development program	1.9%	N/A
		Percentage of FTEs that participated in language program	18.1%	N/A

2023 figures reviewed by auditor

Our commitment to the health, safety and well-being of our employees is measured using health and safety metrics, shown in table 11.

TABLE 11

Employee Health and Safety				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
H&S-Emp	Number of injuries/ accidents per total time worked	Injury / accident rate[10]	0.000004	0.000005[11]
H&S-Emp	Number of injuries per million hours worked	Lost-Time Injury Frequency Rate (LTIFR)	4.0	4.6
H&S-Emp	Number of days lost per total time worked	Lost day rate	0.0006	0.0003
H&S-Emp	Number of days lost per total days scheduled to be worked by employees	Absentee rate	7.4	8.0
H&S-Emp	Number of fatalities	Work-related fatalities	0	0
N/A	Number of injuries/ accidents	Recordable work-related injuries/ accidents for own workforce	12	13

10. 2022 figure for Injury Rate has been restated due to an error in last year's reporting, where an internal metric using number of Full-Time Employees (FTEs) as the denominator was reported. In 2023, we updated the methodology as prescribed by the EPRA sBPR guidelines, which uses total number of working hours as the denominator.

11. Accidents and injuries are tracked as the same metric internally, therefore accident rate is considered as the same metric as injury rate.

We monitor and measure the diversity of our employees in table 12, where we collect data regarding the representation of male/female/other employees, and employee with disabilities.

TABLE 12

Diversity				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
Diversity-Emp	Number % of total employees who identify	Female	49%	50%
Diversity-Emp	Number % of total employees who identify	Male	51%	50%
Diversity-Emp	Number % of total employees who identify	Other	0%	0%
Diversity-Emp	% of employees who identify	Female (Board of Directors)	29%	33%
Diversity-Emp	% of employees who identify	Male (Board of Directors)	71%	67%
Diversity-Emp	% of employees who identify	Female (top management)	22%	12%
Diversity-Emp	% of employees who identify	Male (top management)	78%	88%
Diversity-Emp	% of employees who identify	Female (senior management)	34%	25%
Diversity-Emp	% of employees who identify	Male (senior management)	66%	75%
Diversity-Emp	% of employees who identify	Female (junior management)	39%	41%
Diversity-Emp	% of employees who identify	Male (junior management)	61%	59%
N/A	% of employees who identify	Female (all management)	35%	32%
N/A	% of employees who identify	Male (all management)	65%	68%
N/A	% of employees who identify	Female (revenue generating management functions)	32%	29%
N/A	% of employees who identify	Male (revenue generating management functions)	68%	71%
N/A	% of employees who identify	Female (STEM-related positions)	23%	18%
N/A	% of employees who identify	Male (STEM-related positions)	77%	82%
N/A	Number	Employees with disabilities	37	31

2023 figures reviewed by auditor

Table 13 presents the gender pay gap within our employees. This indicator measures the disparity in earnings between women and men, calculated as the average gross hourly earnings of female employees divided in the average gross hourly earnings of male employees. We closely monitor and report this difference based on various levels of aggregation in an effort to increase transparency and conform to widely accepted standards. The data is split based on employee remuneration (salary and bonus) and basic salary in relation to employee level.

TABLE 13

Gender Pay Gap

EPRA Code	Units of Measure	Metric	2023	2022
Diversity-Pay	Executive	Ratio of remuneration (salary and bonus) of women to men	0.46	0.41
	Management		0.69	0.80[12]
	Non-management		0.82	0.86
	All employees		0.67	0.68
	Executive	Ratio of salary of women to men	0.47	0.47
	Management		0.71	0.78
	Non-management		0.83	0.85
	All employees		0.70	0.71
N/A	Total compensation ratio	Ratio of the highest paid individual to the median annual total compensation for all employees (excluding the highest paid individual)	33.27	N/A

2023 figures reviewed by auditor

The Work-Related Rights section of this report describes our approach to our employees' human rights. Part of this approach entails the monitoring of issues and incidents relating to these rights, as shown in table 14.

TABLE 14

Issues and Incidents

EPRA Code	Units of Measure	Metric	2023	2022
N/A	Total number	Incidents of discrimination (including harassment)	0[13]	0
		Complaints filed through channels for people in own workforce to raise concerns	0[14]	N/A
		Complaints filed to National Contact Points for OECD Multinational Enterprises	0	N/A
		Severe human rights issues and incidents connected to own workforce	0	0
		Severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0	0
	Amount (€)	Material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	0	0
		Material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	0	0

12. The Management remuneration ratio for 2022 has been restated, as the ratio disclosed in 2022 was calculated based on employees in Germany only. The updated figure reflects all locations.

13. Only those discrimination cases that resulted in sanctions or actions towards the accused person are reported.
14. Only if a complaint led to a confirmed compliance case, it is reported here.

WORKERS IN THE VALUE CHAIN

Long-term Targets

- Maintain zero human rights violations in the supply chain
- Maintain our high standard of business partner scrutiny

2024 Goals

- Continuing the distribution of our new Business Partner Questionnaire relating to our Business Partner Code of Conduct
- Ensure the voluntary alignment of our Group policies to the new Supply Chain Act in Germany (LkSG) and initiate possible changes accordingly

While the topic of workers in the value chain was not identified as material during our DMA, AT believes that respect for human rights is a non-negotiable foundation for any business. As such, AT's commitment to maintaining stringent standards of ethical behavior extends throughout our value chain as well as to our own operations, and we operate in accordance with the UN Guiding Principles on Business and Human Rights. We do this through the expectations and requirements outlined in our Business Partners Code of Conduct which includes expectations and requirements around human rights protection. This document contains matters such as respecting and recognizing employees' rights pertaining to freedom of association and the exercise of collective bargaining, providing fair remuneration, refraining from child, forced and compulsory labor, respecting minimum age requirements and providing a workplace free of harassment and discrimination of any kind. We identified the need to engage with the workers in our value chain and will do so by using the Business Partner Questionnaire developed in 2023 which assesses compliance with our Code of Conduct.

The principal interests, views and rights of our value chain workers relate to human rights protection and fair labor standards. We believe respect for, and protection of human rights is a non-negotiable for any business, so our commitment to maintaining effective, diligent standards of ethical behavior extend from not only our own operations, but across our value chain. We have ensured the interests, views and rights of our value chain workers are taken into account in our updated Business Partner Code of Conduct which reduces risk to ourselves as well as our value chain workers. Furthermore, our Human Rights Policy sets out our commitments to act in accordance with internationally recognized standards of human rights and includes our expectations of our suppliers to ensure our value chain workers are protected to the same standards we hold ourselves. Any and all reported violations of human rights are reported directly to our CEO and a member of the Board of Directors. These are also recorded by our Compliance Department. We are committed to reporting human rights violations and include this risk within our risk management process.

In our regions of operation, human rights are protected by the strict legal framework of the European Union and the United Kingdom, meaning that concrete human rights violations are not a substantial risk. This means that the most material business impact of this topic is as a compliance issue, so our comprehensive controls on human rights throughout our value chain are managed through our compliance framework.

Since our business model includes the refurbishment of properties, much of our supply chain consists of building work carried out by construction companies and their subcontractors. Since these sub-contractors do not operate under our direct oversight, this introduces a risk area for human rights violations, for which specific controls are in place. Prior to contracting our business partners, we conduct checks regarding their reputation, ability to provide the proposed work and their compliance with the respective local laws. The signing of Aroundtown's Code of Conduct for Business Partners is a binding requirement for our business partners with an annual contractual volume above €5,000 with the exception of large corporations which have their own code of conduct – provided it is in line with our standards – and with the exception of organizations that operate in heavily-regulated sectors. To ensure that our requirements are both practical and thorough, we worked closely with leading experts to develop a robust system for reporting and monitoring which can also be integrated into their operations smoothly. The code requires a commitment to the core principles of the agreement of the governing body of the ILO, the Ten Principles of the UN Global Compact, and the OECD Guidelines for Multi-national Enterprises on Responsible Business Conduct.

Each construction undertaking is managed by a dedicated AT project manager, who engages directly with the onsite contractors and sub-contractors. These project managers evaluate compliance with the Code of Conduct during their site visits, such as inspections and acceptance of partial deliveries. We also conduct spot checks of business partners' compliance through our operational departments. This supplements our standard systems for auditing the activities of our business partners to control for the different risk potential.

Our property management business also outsources facilities management services. These companies are required to have their own human rights guidelines in place and are also subject to the Code of Conduct for Business Partners. Our facilities managers are required to complete questionnaires regarding their compliance practices, in which they must confirm that they have conducted their own human rights checks on any sub-contractors and that they comply with all relevant human rights laws.

Urban gardening project Cologne

CONSUMERS AND END-USERS

Long-term Targets

- Retain strong performance in tenant orientated customer service
- Continually increase tenant satisfaction
- Guarantee relevant health and safety standards and ensure compliance with all statutory norms and safety requirements in Aroundtown's countries of operation
- Ensure the highest health and safety standards following national laws
- Improve the monitoring of compliance with safety measures through the ongoing centralization and standardization of management processes

2024 Goals

- Conduct our annual tenant satisfaction survey
- Continue the installation of renewable energy projects and electric vehicle charging facilities
- Further rollout the Tenant Retention project that started in 2023 aimed at expanding the services at our properties e.g., through the creation of coworking spaces
- Create opportunity for our tenants to source green electricity produced onsite
- Further implementation of framework agreements across the portfolio to create uniformly high standards
- Digitalize the template for our mandatory property inspections, which starting in 2024 will be conducted twice a year per property
- Centralization of internal processes and structures in our Quality and Projects team to ensure compliance with the necessary safety standards at all levels

Tenant Satisfaction

Our business has been built on the premise of exceptional customer service, emphasizing responsiveness, diligence, and reliability. We aim to build long-term tenant relationships by striving for high standards in our properties and customizing our management approach to cater for each tenant's needs. When considering our consumers and end-users, we include all tenants who can be materially impacted by our activities.

Long-term tenant relationships are the cornerstone of our business model. In order to deliver long-term cash flows, which are central to our business model, it is crucial that we build positive, long-term tenant relationships. This drives our objectives for this area: to continually increase the satisfaction of our tenants with their experience of our properties; and to offer industry-leading, tenant-oriented customer service.

Our tenant base is very diverse, comprising mainly governments, multi-national and large domestic corporations, granular residential tenants and strong third-party hotel operators. Additionally, Aroundtown has a small share of small to medium enterprises as tenants. This diverse range of tenants brings a different set of needs, which we aim to identify and support from the first site visit.

Our tenants are supported by a three-tier management approach. At the regional level, our asset managers work to enhance asset value by delivering excellent customer service and targeted asset re-positioning. They serve as the first point of contact for our prospective tenants and engage with them on longer-term aspects of the assets, the lease agreements, and tenant satisfaction. Our property managers are responsible for ongoing customer care. They make regular site visits, prepare budgets, plan technical improvements and maintenance works, and ensure that refurbishment and management activities are aligned to tenants' needs. At site level, facility managers provide day-to-day technical support and maintenance, accommodating the needs of our tenants with an accessible, flexible approach. Whenever facility managers are unavailable, tenants can also report issues directly to property managers, who can then raise them with facility managers for action.

The process of establishing a professional customer relationship management (CRM) system was initiated in 2021. The CRM system assists the efficiency of our customer engagement process including letting, tracking leads, response times, and the status of customer requests. Digitizing these internal workflows improves the pace of our communications with tenants, providing vital and accessible customer care in a competitive and continuously changing market. Both our commercial and residential tenant service centers were also certified with TÜV and ISO 9001:2015 in 2022, which put us in a unique position compared to our peers.

Our focus in 2024 will be on continue to harness opportunities for further digitalization through our SAP management system, for example by integrating the CRM solution and a letting support tool to improve accessibility for tenants, potential tenants and service providers. We have trialed solutions to provide tailored experiences for our tenants, including booking systems, services and amenities, and to track satisfaction and support resolution time. The ability to customize these systems will allow us to respond more efficiently to our tenants' needs. Additionally, by examining the facility management costs and concepts of our properties, we aim to identify optimization potential to buffer the current price increases of operational costs.

In 2023, we launched several projects to improve tenant satisfaction, including a fitness studio installed at a discounted price for tenants, which is an offer we plan to continue expanding in 2024. A tenant lounge at one of our properties, a discounted co-working space, and discounts on hotel accommodation for tenants are other examples of projects aimed to improve the overall tenant satisfaction that we plan to continue implementing in the coming years.

In order to align our investments with our tenants' needs, we tailor ongoing analysis into each tenant's industry segment and individual success factors. Investments in environmental efficiency measures are an integral part of this strategy. Larger corporate tenants often have sustainability policies which give preference to buildings with higher environmental standards, as well as buildings which offer additional benefits to employee health and well-being. To evidence the green credentials of our assets, we continue to pursue BREEAM certification across our commercial portfolio as shown in table 15. During 2023, we successfully certified 100% of our Dutch office portfolio. In addition, we certified the first German offices during 2023, utilizing the knowledge transferred from our Dutch office certifications. Further certifications in German offices are ongoing and we are analyzing certification options in the hotel portfolio.

TABLE 15

Type and number of ESG-certified owned assets[15]				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
Cert-Tot	Percentage of certified assets with BREEAM-In-Use	Office Portfolio	36%	15%
		Commercial Portfolio	21%	9%

15. Group portfolio, excluding GCP.

Environmental measures also benefit tenants through reduced service charge costs, through energy and water efficiency improvements. This trend was reflected in the results of our 2022 commercial tenant survey which showed a clear desire for improvement in the environmentally friendly services available and the energy efficiency of our buildings. Consequently, our plans for 2024 include the development of scooter and bicycle rental programs for our tenants as well as an improved parking scheme, and the installation of solar panels onsite. The renewable electricity generated with these panels will be made available for sale to our tenants, aiding them in reducing their individual carbon impact. Within our residential portfolio, awareness raising initiatives such as information videos or leaflets advice tenants on sustainable practices including efficient heating and ventilation.

Tenant Survey

At the end of 2022, we carried out a tenant satisfaction survey for the commercial portfolio in which we asked tenants to rate their satisfaction across several areas such as rental property features including parking and safety, sustainability-related features including green space and energy efficiency, fit-outs, cost, property management, and onsite service. The survey showed high overall satisfaction, with 64% of those who consented and took part answering that they were partially or completely satisfied with Aroundtown's service. This rate was even higher among our larger tenants (those with over 400m² rented) and tenants with longer-term contracts (those with 7+ years' contract duration). The results also demonstrated good satisfaction with our external service providers, with the average ratings for friendliness, accessibility, competence, responsiveness and service orientation all indicating positive satisfaction. However, in our pursuit of conducting a tenant survey in compliance with GDPR regulations, the scope of participation was limited, as we needed to acquire signed consent from each tenant to use their data.

To address this challenge and enhance participation, we took proactive measures in 2023, for which we paused the survey and focused on establishing a streamlined process for including consent forms in new lease contracts and amendments of existing ones. Simultaneously, we initiated the integration of consent data into our SAP System for a more efficient and secure approach. In parallel to this, as the survey highlighted some areas for improvement, we rolled-out action plans informed by the results, which will also guide much of our work in 2024. For example, there was higher dissatisfaction with the accessibility, response time and service orientation of our property management teams. To act on this, Aroundtown now offers a 24/7 hotline for our commercial tenants through the Service Center to provide a point of contact outside normal service hours. We also started the process of developing an online service portal, in which tenants will be able to send requests directly into our CRM system, which speeds up the service process. This will be implemented in 2024 alongside a website for tenant services containing relevant information and features. Furthermore, we have been developing a Tenant Retention program in the form of a modular set of measures for expanding the service offerings in our properties, for example by creating coworking spaces, conference areas or gym facilities. Our efforts align with our dedication to providing a more dynamic tenant-centric experience, which we hope will be reflected in the results of future surveys.

For our properties in the Netherlands, we sent out the annual satisfaction survey by email in August, in cooperation with an external agency. The survey covered various aspects, including the service provided by the Service Desk, the condition of the building and its surroundings, general sustainability matters, and overall satisfaction. In 2023, the sustainability satisfaction score showed a significant improvement of 9.5% compared to 2022, while tenant involvement in sustainability continued to increase, evidenced through and facilitated by discussions during tenant meetings.

The overall service satisfaction has also seen a positive increase of 7.1%. To enhance performance further, KPIs for this department have been adjusted for the upcoming year, with the aim of achieving a yearly improvement of at least 3%. Across all measured areas, scores have surpassed those of 2022 and it is our overall goal to continue to improve performance.

Tenant Health and Safety

Guaranteeing high standards of health and safety within our buildings is a fundamental obligation to our tenants, and a prerequisite to ensuring their satisfaction with our service. Through the dedication of our property management teams, we work continually to instill a positive health and safety culture across our operations. Our ultimate goal is to protect tenants and third parties from health and safety risks, and to deliver an environment which is healthy, safe and motivating, with which our tenants are satisfied. When considering our consumers and end-users, we include all tenants who can be materially impacted by our activities.

Health and safety are central to our asset management approach at every stage of a property's life cycle. At acquisition, we conduct a comprehensive due diligence risk assessment which enables us to identify risks and implement preventative maintenance solutions. We assess the building's structural characteristics and establish which refurbishment activities should be targeted, looking for opportunities to improve the quality and accessibility of the property. Various measures are then implemented to support tenants' well-being, easier movement around the building, and additional communal space and services.

The Aroundtown Tenant Health and Safety Policy sets out our commitment to protecting the well-being of our tenants and the processes we apply through the asset lifecycle, including hazard assessment, training, fire safety, and reporting. The policy details a three-tier management approach, with distinct roles and responsibilities assigned to our facility, property and asset management teams, and is in compliance with all statutory norms and safety requirements in the countries where we are operational.

During the operational phase, we conduct technical reviews of our properties on an ongoing basis, to ensure alignment with regulations and to guide future investment planning. Our external facility managers are tasked with operational responsibility for providing the information and carrying out the necessary tasks to maintain the technical condition of our assets. This encompasses documenting all checks performed on technical installations and building structures. Reports are forwarded to Aroundtown, and any identified remedial works are incorporated into our annual budget planning for each property or addressed promptly if required. In 2023, we advanced in this domain by strategically aligning with two contractors that are required to adhere to stringent health and safety reporting standards.

Our standard operating procedures for all assets guarantee complete compliance with fire and safety regulations. This involves investigating and documenting safety incidents. We regularly commission the legally required assessments from external fire safety specialists as well as conduct statutory checks with the regional fire brigade. If deficits are identified, these are documented and reported to the Head of Technical Property Management, who is then responsible for seeing that the required work is carried out. The proper implementation of these corrections is confirmed by appropriate follow-up processes, which include an onsite inspection and subsequent clearance report to the authorities after the deficits have been processed. Our objective is to safeguard tenants and third parties from health and safety hazards while providing a healthy, secure, and inspiring work environment that satisfies our tenants.

Besides the Tenant Health and Safety Policy, our Human Rights Policy also details our commitment to protecting the human rights of our tenants. Although this policy is currently confidential, it has been written in accordance with the UN Guiding Principles on Business and Human Rights and in particular respects the privacy of our tenants through data protection measures. Any and all reported violations of human rights are recorded by our Compliance Department and reported directly to our CEO and a member of the board of Directors. We are committed to reporting human rights violations and include this risk within our risk management process.

Metrics: Consumers and End-Users

Our diligent approach to maintaining the highest standard of tenant health and safety is described above, and the metrics we use to monitor the success of our approach are shown below in table 16.

TABLE 16

Asset Health and Safety [16]				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
H&S-Asset	Percentage of assets for which health and safety impacts are assessed or reviewed for compliance/improvement	Percentage of assets	95%	100%
H&S-Comp	Number of incidents of non-compliance with regulations and/or voluntary standards	Number of incidents	6	0

16. This metric is reported regarding the German portfolio only.

SOS-Kinderdorf e.V. - Program 'Education for All in Germany'

AFFECTED COMMUNITIES AND NEIGHBORHOOD DEVELOPMENT

Investors in the built environment are expected to think beyond their commercial interest, to create long-term socio-economic benefit in the communities they operate in. By building productive relationships with the local community, we can contribute to the development of prosperous neighborhoods, which in turn will benefit our properties and their tenants. The principal interests, views and rights of our local communities relate to affordability, engagement and human rights. We actively engage with the wider communities surrounding and within our properties to promote neighborliness and connection. Our approach to meeting the needs of our communities is underpinned by our Community Involvement and Development Policy.

Long-Term Targets

- Invest up to €1 million p.a. in community projects via the Aroundtown and GCP Foundations
- Build partnerships with local stakeholders to achieve targeted impact with communities around Group assets
- Support measures that aim to achieve several of the United Nations Sustainable Development Goals (UN SDGs)

2024 Goals

- Achieve a level of community investment through the Aroundtown and GCP Foundations of at least €500 thousand p.a.
- Continue supporting employee volunteering through the company-wide 'Social Day', extending this to further regions to engage more employees
- Organization of our annual blood drive and donation day at the Berlin office

While affected communities was not identified as a material topic in our DMA, we are aware of the important role we play in our local communities and take this responsibility very seriously. Our approach is underpinned by our Community Involvement and Development Policy, which sets out our commitment to positively impact the local communities where we operate and to improve the well-being of our tenants and local stakeholders. In addition to outlining reporting, responsibility, and planning requirements for active community relationship management, the policy highlights the importance of key activities for addressing local communities' needs. This includes the projects sponsored by the Aroundtown and GCP Foundations, and open and meaningful engagement and consultation opportunities with external stakeholders. Thus, active community contributions are one of our key priorities moving into 2024.

Our investment approach of targeting properties with value-add potential sees us invest in properties in need of retrofitting with broader opportunities for ESG improvements. These types of assets provide significant potential to deliver improvements for the properties' tenants and nearby residents through investment in building systems and facilities, shared services, aesthetics of external facades and improved maintenance. We strive to create spaces for dialogue with existing tenants and local authorities as soon as an asset is acquired, to determine how the needs and concerns of the community can be addressed through the long-term asset strategy. These community consultations are usually in the form of meetings and workshops.

Neighborhood Development and Community Engagement

The opportunities for community engagement programs differ greatly across the sectors represented by our assets. Shopping centers, which represents a small part of the portfolio, for instance, hold regular community events, host liaison activities with schools, and provide support to local charities, for example by providing spaces free of charge to promote and raise funds for their cause. Our subsidiary, GCP, takes a proactive approach to engagement in the communities surrounding the residential properties they invest in. This year their activities/events have included:

- Neighborhood gardening: Kick-off of two urban gardening projects in a high-rise quartier in Cologne and a property in Braunschweig
- Easter Week: Digital Easter week campaign with daily interactive activities (1,972 participants)
- Cinema Summer: Live open-air cinema at 8 locations, plus additional 700 cinema boxes for a home movie night (2,052 participants)
- Halloween World: Digital Halloween craft activity with daily interactive tasks on the GCP website and app (1,321 participants)

- Advent Calendar: Interactive calendar from December 1st to 24th with games, quizzes and surprises (16,583 participants).

Some of these events have been a tradition for many years and always include a call for participation through multiple channels to foster engagement. The high participation numbers and the high tenant satisfaction rate on the initiatives of 97% reflect the great reception from the tenants, and we are proud to continue building up our efforts for community engagement in 2024.

Charitable Contributions

The Aroundtown Foundation exists to channel funding into projects which enrich the communities in which the Group operates. This includes charitable organizations and initiatives which support youth and elderly welfare, education, poverty relief, national and vocational training including student aid, development coordination, sports, art and culture. In autumn 2023, the purpose of the foundation was expanded to include welfare and the assistance of people in special need linked to disasters, war, and prosecution on the grounds of discrimination related to political, racial, religious and gender reasons. The Foundation is run by a Committee of Aroundtown managers and overseen by the Foundation Board, and all employees are encouraged to propose projects for consideration.

In 2023, the Aroundtown and Grand City Properties Foundations supported a total of 93 projects and donated approx. €1 million to charitable organizations. One such donation went to the non-profit association SOS-Kinderdorf e.V., which works to provide children and young people a safe home. With our donation, we supported the program 'Education for All in Germany', which rolled-out various educational measures aimed at building equitable opportunities for disadvantaged young people in different phases of life, reducing discrimination and strengthening social inclusion. Also, with our donation to ShelterBox e.V., an organization helping and supporting the world's most vulnerable people to regain their strength and rebuild their homes after a disaster, we contributed to providing humanitarian aid to affected countries after disasters, or in complex emergencies such as wars and conflicts. Further, with the support of the Aroundtown Foundation, 20 young people (15 to 16 years old) were able to attend a summer camp from the apropolis e.V., an association with the aim to encourage young people to form their own political values and opinions.

The projects funded by the Grand City Properties Foundation included the support of a women's advice center in the city of Kiel offering counseling options for women in vulnerable situations such as in cases of domestic violence or for migrant women. Our donation funded an artistic redesign of the passageway leading to the counseling center with the aim of creating a space that feels safe and friendly for the women visiting the center, but that also enhances the neighborhood aesthetics and helps break spatial barriers. The foundation also supported lebensnah e.V., an association providing support for people with disabilities, in developing a new individualized German sign language course and an urban gardening project by the Caritas Association of Cologne.

Social Day

In 2023, we continued to deliver our Social Days to our employees. We delivered three in total which involve volunteering for an organization during a paid working day. These were a combination of self-organized, and organized through Lebenshilfe e.V., which sees itself as a self-help and support association for people with intellectual disabilities and their families, helping people with disabilities to participate in society on an equal footing.

We hope to continue these successful Social Days into 2024 and aim to expand this engagement opportunity to employees in other regions. In addition to organizing the Social Day, our annual employee blood drive and donation day took place in October 2023 in Berlin.

Affordable Housing

Much of our community impact comes from our residential properties, owned through our subsidiary, GCP. GCP's tenants represent a wide range of social, economic and cultural backgrounds. To provide properties which serve these communities, we are committed to providing affordable housing, so to monitor our performance in this regard, the Group has developed a "rental cost portion" metric modeled on Eurostat's housing cost overburden rate. This metric compares GCP's median rent for residential units against the net minimum wage, reflecting salary after taxes and social security contributions, which we believe is a conservative benchmark focusing on those most sensitive to rent affordability.

The housing cost portion based on the median warm rent of GCP's residential properties in Germany in 2023 was 39% of this benchmark, up from 38% in 2022. The warm rent incorporates various costs of living including energy costs, and housing services, which GCP has no control over. The rental cost portion based on median cold rent in 2023 for our German residential properties, excluding these factors, remained at 24% of the net minimum wage salary in 2023. These figures show that increased housing costs in 2023 were driven by utility and service cost inflation rather than increasing rental costs, along with observations that wage growth lagged in the current inflationary environment. Germany has already acted to increase the minimum wage as of January 1st, 2024, along with another increase set for 2025, which should improve housing affordability if the trend of a decreasing rate of inflation continues. These results are testament to the Group's commitment to ensuring that our high-quality residential properties are priced affordably for all our tenants.

Modernization Rent Increases

Our subsidiary GCP launched its modernization program for its residential properties and is carrying a relatively small program, targeted to where it can make a significant impact. As part of our commitment to providing affordable housing, GCP works to ensure that modernization cost allocation to tenants is done in a way that keeps housing affordable. To determine these cost allocations, the Rent Control and Increase Department analyses the current market situation and relevant regulations on cost allocations, to decide whether to enact rental increase waivers on the modernization costs. The average modernization cost allocation for our German residential properties in 2023 was €0.53/sqm, which is 16% lower than the legally possible cost allocation set out in German law.

In cases of significant rent increases, tenants can object to the cost allocation in what is known as a financial hardship case. These can be resolved through a complete or partial waiver of the entitled rent increase for a given number of years. In 2023, however, zero hardship cases were received out of the 1,349 units modernized. We believe this low number of hardship case applications reflects the targeted approach to conducting modernization projects, and the careful consideration that is put into rent increases which in many cases is partially waived based on the company's understanding of the local market situation. Recognizing the importance of not placing pressure on our tenants in cases of financial hardship, we ensure that any and all changes are discussed with our tenants beforehand. This transparent and open approach allows security and trusted relationships with our tenants.

Metrics: Affected Communities

Our dedication to maintaining strong community connections and developing longstanding relationships is demonstrated by our Community Involvement and Development Policy, which guides our efforts towards tenant engagement. Particularly for our residential portfolio, a range of community events are organized such as seasonal tenant festivals and campaigns throughout the year, on site and/or digitally. By organizing various tenant events also digitally, our residential tenants at all locations have the opportunity to participate. This is enhanced by complementary tenant benefits, such as an additional incentive for the residential tenants loyalty program or embedding the digital campaigns in the GCP app. These initiatives impact the wider community and are considered stakeholder engagement programs.

For 2024, we strive to set up an effective tracking system that allows us to better measure the reach of the initiatives in terms of actual impact generated in the communities - such as actual participation rates and satisfaction levels with the various programs.

TABLE 17

Community Engagement				
EPRA Code	**Units of Measure**	**Metric**	**2023**	**2022**
Comty-Eng	% of assets under operational control that have implemented local community engagement, impact assessments, and/or development programs	Percentage of assets	75%[17]	N/A

17. This metric is reported regarding the GCP portfolio only.

Governance Information

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 our shareholders and bondholders are 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 listed companies incorporated in Germany, apart for recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.8 and D.9 of the German Corporate Governance Code (Deutscher Corporate Governance Kodex). Aroundtown 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 ESG best practices throughout the business. The Group's efforts support the United Nations Sustainable Development Goals (UN SDGs), particularly those relating to Peace, Justice and Strong Institutions (#16) and Partnerships for the Goals (#17).

The Group is a founding member of the United Nations Global Compact (UNGC) Network Germany, one of the largest corporate sustainability initiatives, signaling the Group's commitment to strong corporate governance through adherence to the UNGC Ten Principles. In 2023 we submitted our first disclosure to the UN Global Compact.

Board of Directors

The Board of Directors makes decisions solely in the Group's best interest, independently of any conflict of interest. The Group is administered by a Board of Directors 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 seven members, of which four are independent and one is non-executive. The members are elected by the general meeting of shareholders and resolve matters on the basis of a simple majority, in accordance with the articles of association. The number of directors, their terms and the principles of 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, however directors may be re-appointed after such term.

The Board of Directors is supported by five committees of the Board, these being the ESG, Audit, Risk, Remuneration and Nomination Committees. Additional support is provided by the Advisory Board. The Board of Directors is also 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 (AGM) of the shareholders is intended to take place on June 26th, 2024, 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
Mr Daniel Malkin	Independent Director

The Annual General Meeting in 2023 approved the renewal of the mandates of all the directors until the Annual General Meeting 2027 and newly appointed Daniel Malkin to the Board of Directors until the Annual General Meeting 2027.

In 2023, the Board of Directors conducted 31 meetings. The below table shows the attendance of board members, as well as the average attendance rate:

Name	Meetings attended	Percentage attended
Mr Frank Roseen	30/31	97%
Ms Jelena Afxentiou	29/31	94%
Mr Ran Laufer	30/31	97%
Mr Markus Leininger	28/31	90%
Ms Simone Runge-Brandner	28/31	90%
Mr Markus Kreuter	30/31	97%
Mr Daniel Malkin (elected June 28th, 2023)	12 (/12)[18]	100%
Board average	29/31	95%

18. Since Mr. Daniel Malkin was elected in June, his attendance is assessed solely based on the meetings held after his appointment to the Board by the Annual General Meeting. In calculating averages, his attendance is recorded as 100%, reflecting his full participation in all meetings following his appointment.

The composition of our highest governance body is summarized in table 18.

TABLE 18

Composition of the Highest Governance Body

EPRA Code	Units of Measure	Metric	2023		2022	
			Number	Percentage	Number	Percentage
Gov-Board	Total numbers and percentages	Executive board members	2	29%	2	33%
		Independent board members	4	57%	3	50%
		Non-executive board members	1	14%	1	17%
		Independent / non-executive board members with competencies relating to environmental and social topics	5	100%	4	100%
		Average tenure (years) on the Board of Directors	6.2	N/A	5.2	N/A

Senior and Key Management

Name	Position
Mr Barak Bar-Hen	Co-CEO and COO
My 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 law or the articles of association with 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 has established an Audit Committee and 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 (Chairperson), Mr. Markus Leininger, Ms. Simone Runge-Brandner, and Mr. Daniel Malkin.

ESG Committee and ESG Management

The Group's governance incorporates consideration of sustainability issues at both the Board of Directors and management levels. The operational ESG strategy has been established and is managed by the Board of Directors, which has ultimate oversight of the overall ESG performance. The Board of Directors established an ESG Committee to supervise the company´s ESG processes and to review and assess the Group's contribution to sustainable development.

The ESG Committee is chaired by Mr. Markus Leininger, an independent member of the Board of Directors, and includes as voting members independent director Mr. Markus Kreuter and executive director Mr. Frank Roseen, as well as advisory members including the Group's Head of the Sustainability Department, Head of the Energy Department and Head of Human Resources Department as well as the Chief Operating Officer of a key Group company. The ESG Committee oversees strategic guidance on ESG topics and is responsible for reviewing and assessing Aroundtown's responsible business strategy, policies and practices with respect to ESG. The Committee meets at least quarterly, with additional meetings called as required, and sets the direction for the work of the Sustainability Department.

The Sustainability Department acts as a cross-departmental interface, working across the Group to implement and monitor sustainability programs and initiatives at an operational level. It is led by the Head of Sustainability and reports directly to the CEO and to the Chairperson of the Board of Directors. The Department also prepares the Group's materiality analysis and ESG reporting, as well as responds to enquiries by investors and rating agencies on ESG topics. It collaborates closely with the Energy Department, which applies its engineering expertise to implement the technical elements of our sustainability strategy. There are constant exchanges of information between departments around ESG-related aspects.

Risk Committee and Chief Risk Officer

The Board of Directors has 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 on a risk management structure and its processes, as well as assessing and monitoring the effectiveness of the risk management system. The Risk Committee is supported by the Chief Risk Officer (CRO) who brings a systematic and disciplined approach to evaluate and improve the risk management culture, capabilities and practices integrated within the strategy-setting and execution. The CRO'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 risk management, in particular by reviewing the Group's risk management procedures established by the management and their effectiveness for risk detection, assessment, prioritization, mitigation and monitoring, as well as its internal control system. The Board of Directors decides on the composition, tasks and terms of the Risk Committee members and the appointment and dismissal of its members, and of the CRO. Members of the Risk Committee are Mr. Markus Kreuter (Chairperson), Mr. Markus Leininger, Ms. Simone Runge Brandner, Mr. Daniel Malkin, Mr. Frank Roseen and Mr. Ran Laufer.

Internal Controls and Risk Management Systems

The Group closely monitors and manages any potential risks and sets appropriate measures to mitigate the occurrence and/or impact of any possible failure to an acceptable level. The risk management supervision is led by the Risk Committee, which reviews the risk management structure, organization, processes and coordinates risk-related training. The Group categorizes the risk management systems into two main categories: internal risk mitigation and external risk mitigation. The internal controls system and compliance of the Group is monitored by the Compliance Department.

Internal Risk Mitigation

Internal controls are constructed from five main elements:

- Risk management – 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 impacting the risk management framework in the organization, supported by CCO and CRO.
- 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 payment are completed by at least two separate parties. Payment verification is cross checked and confirmed with budget and contract. A payment exceeding a certain set threshold amount requires an additional approval as a condition for payment.
- Monitoring procedures – the Group monitors and tests unusual entries, mainly through a detailed monthly Actual vs. Budget analysis and additional checks. Strong and sustainable internal control system significantly reduces the probability and materiality of errors. 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 enterprise risk management. Potential future expenditures on ESG matters and opportunities are included in the financial budget.

The Group has established procedures to protect the confidentiality and integrity of management information and data across all business processes. Furthermore, we 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 (SOP) to ensure that all personal data stored and processed in the course of the Group's operations is 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 level of zero compliance-related tolerance. Both our Business Partners Code of Conduct and Employee Code of Conduct can be found on our website.

External Risk Mitigation

Through its ordinary course of business, the Group is exposed to various external risks. The Risk Committee is therefore constantly determining whether the appropriate infrastructure, resources and systems are in place and are adequate to maintain an acceptable level of risk. The potential risks and exposure are related, inter alia, to volatility of interest rate risk, inflation risk, liquidity risk, credit risk, regulatory and legal risk, collection and tenant deficiencies, the need to unexpected capital investments, property damage risk, physical climate risks, market downturn risk and geopolitical risk. The Group sets direct, specific guidelines and boundaries to mitigate and address each risk of failure or potential default, by hedging and/or reducing it to an acceptable level of impact and/or occurrence.

For information regarding Aroundtown's risk management objectives and policies, see pages 224-231 (Note 25.3 Risk management objectives and policies).

ESG Risk Management

The assessment of physical and transitional risks linked to climate change are primarily external. The Risk Committee commissions the CRO and the Sustainability Department to conduct physical risk assessments of Aroundtown's portfolio in Germany, the Netherlands and the UK. Other departments, including insurance, energy and technical due diligence provide additional support and expertise where necessary. Under current procedures, the Group assesses climate-related risk at the portfolio level; however, it is the Group's long-term ambition to conduct an asset-level analysis. The Group's focus is to prioritize information which provides the most accurate image of regional and local climate risks, as well as opportunities arising from the necessary transition.

Climate-related risks are taken into account throughout the process described above. A comprehensive risk matrix catalogue for each risk group has been compiled for the Group, including physical and transitional climate-related risks. Each risk is rated based on a combination of impact and likelihood resulting in four rating definitions: Inherent Risk, Target Residual Risk, Target Risk Reduction and Actual Residual Risk.

The ability to quantify climate related risks depends, inter alia, on the availability of data and methodologies. The Carbon Risk Real Estate Monitor (CRREM) tool is an emerging best practice for stranding risk assessment in the real estate sector and is a methodology taken into consideration by the Group. While CRREM was found to be the most advanced tool for assessing alignment with Paris Agreement targets, its current methodology poses challenges limiting its practical usability for landlords to focus on renovation planning to address energy and carbon intensity under their own sphere of influence. The Group has thus prioritized applying stranding definitions based on EPCs and the EU's climate commitments embodied in the EPBD recast, which grants a better understanding of investment actions needed and the expected results of those actions specific to each asset class, both in terms of their sustainability and financial impacts.

In order to further engage stakeholders, including the value chain and workers in our value chain, the Group intends to develop a methodology in 2024 which assesses potential risks allowing the Group to develop even further its mitigation strategy. This process will include department heads and team leaders. This new approach will promote an enhanced risk management structure, ensuring amplified understanding and cooperation across our stakeholders.

Nomination Committee

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

Remuneration Committee

The Board of Directors established a Remuneration Committee to determine and recommend to the Board the Company's Remuneration Policy and prepares and recommends to the Board remuneration proposals for members of the Board, the Executive Directors and Senior Management including evaluation of short- and long-term performance-related remuneration to senior executives. The Remuneration Committee consists of the Independent Directors Mr. Markus Leininger, Mr. Markus Kreuter, Ms. Simone Runge-Brandner, and Mr. Daniel Malkin.

ESG-Linked Remuneration

The Remuneration Policy is recommended to the Board by the Remuneration Committee. It applies to the Company's executive individuals and independent and non-executive directors, and ties Short-Term and Long-Term Incentive Programs to specific ESG targets, such as the annual progress towards Scope 1 and 2 emissions reductions, the annual increase of the proportion of buildings with green certifications, the Group's ESG rating, and gender equality. In 2023, the Group has committed to aligning the remuneration of its executive individuals with the requirements of the Remuneration Policy and the changes will become effective as of 2023 and 2024.

ESG Governance Structure

BOARD OF DIRECTORS

Markus Leininger
Independent Director
Chairman of the ESG Committee

Markus Kreuter
Independent Director

Frank Roseen
Executive Director

ESG Sponsors at Board level

ESG Committee

Markus Leininger, Frank Roseen, Markus Kreuter, Head of Sustainability, Head of Energy, Chief Operating Officer, Head of HR

- Meets at least quarterly
- Strategic guidance on ESG
- Responsible for reviewing ESG strategy

Sustainability Department

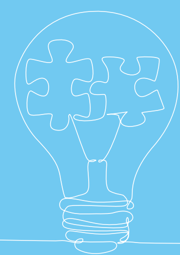
- Cross-departmental interface
- Implements and monitors sustainability programs

Energy Department

- Develops energy and carbon reduction strategy
- Implements and tracks energy projects and progress

HR Department
Compliance Department
Operations & Construction Departments

Responsible for defining, implementing and tracking departments' ESG targets



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 AGM, 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 previously announced 2021/2022 buy-back program. The AGM of shareholders takes place at such place and time as specified in the notice of the meeting. At the AGM, the Board of Directors presents, among others, the directors' report as well as consolidated financial statements to the shareholders. The AGM resolves, among others, on the financial statements of the Group, 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 to expire.

Compliance with the Transparency Law

Aroundtown 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, Aroundtown 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 Suerveillance 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 our website. In addition, Aroundtown provides on its website information about the organization, its management and upcoming and past shareholder meetings such as its AGMs. 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 on the same day as the 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 207 (Note 19. Total equity) of this Consolidated Annual Report. In addition, Aroundtown's shareholding structure showing each shareholder owning 5% or more of the Aroundtown's share capital is available on page 37 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 Aroundtown are admitted to trading on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and are freely transferable according to Aroundtown'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 Aroundtown until December 31, 2023:

Shareholder name	Amount of Shares [1]	Percentage of voting rights
Aroundtown SA and its wholly owned affiliate	259,951,076	16.91% [2]
Avisco Group PLC / Vergepoint Limited[3]	230,660,516	15.01%
TLG Immobilien AG	183,936,137	11.97% [2]
Stumpf Capital GmbH[4]	154,351,365	10.04%

1) Total number of Aroundtown SA shares as of December 31, 2023: 1,537,025,609
2) Voting rights are suspended
3) Controlled by Yakir Gabay
4) Controlled by Georg Stumpf

d) With regard to article 11 (1) (d) of the Takeover Law, each ordinary share of Aroundtown 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 Aroundtown are suspended. The suspension of the voting rights applies to any other shares acquired by Aroundtown, either directly or through subsidiaries, pursuant to its previously announced 2021/2022 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 Aroundtown's incentive share plan are described on page 213 (Note 20. 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 Aroundtown 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, 2023, Aroundtown 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 Aroundtown (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 101 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 Aroundtown 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 101-106 and 242 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 207 (Note 19.1.1. Share capital) and page 213 (Note 20. Share-based payment agreements) of this Consolidated Annual Report. According to article 8.7 of the Articles of Association, Aroundtown may redeem its own shares to the extent and under the terms permitted by law. The shareholders' meeting held on 6 May 2020 authorised the Board, with the option to delegate, to buy-back, either directly or through a subsidiary of Aroundtown, shares of Aroundtown for a period of five (5) years not exceeding 20% of the aggregate nominal amount of Aroundtown's issued share capital. The annual general meeting of the shareholders of Aroundtown held on 30 June 2021 approved to increase the maximum aggregate nominal amount of the shares of Aroundtown which may be acquired under the buy-back programme by 10% of the aggregate nominal amount of the issued share capital of Aroundtown from time to time and an ordinary general meeting of the shareholders of Aroundtown held on 11 January 2022 further increased the maximum aggregate nominal amount of the shares of Aroundtown which may be acquired under Aroundtown's buy-back programme from 30% to 50% of the aggregate nominal amount of the issued share capital of Aroundtown from time to time. Aroundtown concluded its previously announced share buyback program at the end of 2022. Further details on Aroundtown's concluded share buyback program are described on page 208 (Note 19.1.2. Treasury shares) of this consolidated annual report.

j) With regard to article 11 (1) (j) of the Takeover Law, Aroundtown's listed straight bonds, perpetual notes and security issuances (listed on pages 207-210 and 214-218; and Note 19.1.1., Note 19.2. and Note 21.2.) under the EMTN programme contain change of control provisions that provide noteholders with the right to require Aroundtown to repurchase their notes upon a change of control of the issuer. Aroundtown's ISDA master agreement securing derivate transactions with regard to its listed debts contains a termination right if Aroundtown is financially weaker after a takeover.

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

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FAIR BUSINESS AND COMPLIANCE

Our business strategy is underpinned by our fundamental commitment to ethical conduct, robust corporate governance, and high levels of transparency. 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 review 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, Data Protection Declaration and User Policy, as well as a Whistleblowing Policy.

This framework seeks to embed our principles of integrity, respect, performance, accountability, and sustainability into all of our business activities. We ensure our Board of Directors and senior executives hold vast experience and skillsets in relevant business areas in order to help maintain our high governance standards.

Long-term Targets

- Keep our level of fair business relationships with our customers and suppliers
- Maintain zero tolerance towards compliance violations

2024 Goals

- Maintain high-level awareness and engagement with our Group policies
- Review and implement actions to comply with new European regulations (e.g., CSRD) during 2024
- Adherence to the Group risk management strategy by performing compliance risk assessment
- Ensure the voluntary alignment of our Group policies to the new Supply Chain Act in Germany (LkSG)

To ensure our high ethical standards are embedded in our business, we have developed a comprehensive compliance framework. This system is designed to adapt to increasingly complex legal frameworks, and to protect our business from the risks associated with unethical conduct. The expectations and requirements of this framework are clearly set out through our Group-level policies and standards. Alignment with these standards is monitored by internal control mechanisms, and in case of deviations we have a clear reporting and response process. All Group-wide policies mentioned in this section are aligned with and approved by the Board of Directors. This ensures and justifies the clear statement of Aroundtown's top management that these policies are a crucial part of the Group and binding for each and every one working for and with Aroundtown.

Our compliance and risk management teams are structured accordingly to ensure responsible behavior guides us, and they are supplemented by internal monitoring procedures, covering all steps of real estate investment and management.

Employee Code of Conduct

At the heart of the internal policies for compliance is our Employee Code of Conduct. This sets out the principles of our commitment to ethical behaviour and is a contractual requirement for our staff at every level. The Employee Code of Conduct covers our standards on topics including bribery, corruption, fair competition and anti-trust, conflict of interest, and discrimination. It is supplemented by topical guidelines and specific policies, such as the Anti-Corruption Policy, the Global Information Security Policy, the Diversity Policy, and the Anti-Discrimination Policy. Aroundtown is also a signatory of the Charta der Vielfalt (German Diversity Charter). For more information on our anti-discrimination efforts, please refer to the subsection Equal Treatment and Opportunities for All. Another crucial subject in our compliance program is the management of ethical standards in our supply chain as described in the section Workers in the Value Chain.

In its Employee Code of Conduct, the Group has also 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 Compliance Department. Besides the reporting channels, there is also a Whistleblowing Platform conducted by an external service provider, enabling full anonymity. If any violation is to be found, certain disciplinary measures are taken if preconditions in that respect are met. Please refer to the subsection Our Intranet Compliance Site below.

Aroundtown's Code of Conduct includes the prohibition of insider dealing. Aroundtown is subject to several obligations under Regulation (EU) No. 596/2014 (Market Abuse Regulation (MAR)), as amended. Aroundtown notifies (including by way of training sessions) pursuant to applicable provisions under MAR, all persons discharging managerial responsibilities of their obligations in the context of managers' transactions. Memorandums, notifications, training and information are distributed regularly.

Outstanding leadership is crucial in this regard. Our managers are expected to be examples of our core values of mutual respect and clear communication. This standard of behavior usually shows positive effects on our commercial success, as well as on staff performance. We maintain a horizontal organizational structure, with a widespread culture of transparent and regular feedback between employees and managers. Furthermore, our Employee Code of Conduct establishes expectations for all staff to abide by the values of openness, trust, teamwork, and acceptance of diversity in all their dealings with one another and with our tenants and other stakeholders. Adherence to the Code of Conduct is a mandatory requirement of all employee contracts.

Our Intranet Compliance Site

Since 2022, we have a compliance site on our Group intranet, where the above policies are available to all our employees. This is a major step towards our overarching goal of unifying our internal policies across all our operating regions. Through the intranet platform, we can now also ensure that policies are available in a standard form to the whole organization, and that updates to these policies are rolled out immediately.

Our intranet page and our publicly available website also support the measures that ensure ongoing alignment with our compliance standards. Firstly, it contains a dedicated page on our breach reporting and whistleblowing processes and provides access to our whistleblowing platform. We are aware that ensuring continued alignment to our high ethical standards requires a frictionless method for employees' concerns to be registered, and this is the spirit of our "Speak Up" approach. Through it, employees and external service providers are encouraged to voice any concerns they may have about breaches of the law or contradiction of our Code of Conduct without any fear of repercussions, as dictated by the Whistleblower Protection Act. Issues can also be reported in person, but to guarantee total anonymity when preferred, we work with a third-party web application to allow stakeholders to register any suspected misconduct in good faith to ensure whistleblowing protection in line with our Whistleblowing Policy. Our intranet page ensures availability and awareness of this platform for our employees and the whistleblowing system can also be accessed via our website by external stakeholders. This whistleblowing process is key to the effectiveness of the compliance framework. Should a report be submitted through our whistleblowing platform, an investigation is launched by a responsible user of the system, or a member of Group Compliance to ensure objectivity of the investigation.

Additionally, the intranet platform provides links to our Contemporary Real Estate Academy (CREA), our e-learning tool providing training on anti-corruption, bribery, and data protection topics. This continual training and communication ensure that understanding of our standards is always being reinforced. Compliance trainings through CREA are included in our Welcome Days for new employees, as well as training on the use of our whistleblowing platform. Furthermore, employees are required to undergo annual refresher training on these policies, to reaffirm their commitment to these standards.

Compliance Monitoring

In addition to unifying our compliance approach across our operating locations, we want awareness and consideration of compliance issues to be straightforward and commonplace for our employees. To this end, in 2022 we introduced compliance ambassadors in our regional offices, to serve as first contact points for staff on compliance subjects. These have currently been embedded in our UK and Cyprus offices, as well as some regional offices in Germany. In order to enable an open culture around compliance, these ambassadors are not officers of the Compliance Department, but are empowered to serve as sources of information and guidance for staff across the organization. In 2023, we intensified our collaboration with our local compliance ambassadors, which we aim to continue also in 2024.

We monitor the effectiveness of our compliance framework by tracking the number of compliance violations. We continue to carefully analyze the evolving market and regulatory environment in conjunction with further appropriate development of internal structures. This process considers a range of compliance issues including but not limited to corruption or bribery, conflicts of interest, insider trading, and money laundering. In 2023, zero relevant compliance cases were reported within the Group.

For the purpose of this report, Aroundtown considers a compliance case to be relevant either when it has the potential to materially harm the reputation of Aroundtown, will have a significant impact on an investor's decision to invest in AT or if it may lead to a significant financial damage (of > €500 thousand). Any cases reported to the Compliance Department in 2023 were treated with the highest attention and considered carefully based on the provided definition of relevance. It was determined that none of the cases could be considered relevant.

Transparency and Reporting

We are committed to transparently reporting on our ESG progress, as such this is the 7th year in a row for which we have been awarded the Gold Award for EPRA BPR and the 6th year in a row for EPRA sBPR, showcasing our continual commitment to the highest standards of transparency and reporting. We also received recognition by Sustainalytics, a sustainability rating agency, which ranked the Group as "Low Risk," placed in the top 6th percentile of the global universe of rated companies.[19] Our S&P Global Corporate Sustainability Assessment (CSA) was ranked in the top 6th percentile of real estate companies globally, leading the Group to be placed in the Dow Jones Sustainability Index (DJSI) Europe for the second consecutive year.

Corporate Culture

In 2023, we asked some of our employees who sit within key ESG-related roles to tell us how they felt about our corporate culture, as we wanted to understand how our employees view our company, and if, and how, we need to make improvements. The feedback we received during this exercise is reflective of our employee engagement programs and demonstrates the values we uphold at the Aroundtown Group. In the upcoming year, we aim to maintain this positive corporate culture.

Here's what they had to say:

Political Engagement and Lobbying

Aroundtown does not engage in direct lobbying activities or make donations to political parties. However, as a member of bodies such as the German Sustainable Building Council (DGNB), the German Property Federation (ZIA) and the European Public Real Estate Association (EPRA), we participate in consultations on public policy. For example, we have been involved through EPRA in consultation with the EU on the real estate applications of their Sustainable Finance and Taxonomy Regulations. However, we do not make any political contributions and have measures in place when working with former politicians to check that there are no connections remaining with their previous political activities.

19. Copyright © 2024 Morningstar Sustainalytics. All rights reserved. This report contains information developed by Sustainalytics (www.sustainalytics.com). Such information and data are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data) and are provided for informational purposes only. They do not constitute an endorsement of any product or project, nor an investment advice and are not warranted to be complete, timely, accurate or suitable for a particular purpose. Their use is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers

Management of Supplier Relationships

Prior to contracting our Business Partners, we conduct checks regarding their reputation, ability to provide the proposed work and their compliance with the respective local laws. We recognize the significance of our suppliers and the importance of the type of relationships we build with them, as well as the influence we can have on them in terms of ESG performance. We therefore have developed a Business Partner Code of Conduct, which details our expectations and requirements from our suppliers in order to extend our reach of responsible and sustainable practices. The signing of Aroundtown's Business Partner Code of Conduct is a binding requirement for our business partners with an annual contractual volume above €5,000, with the exception of large corporations which have their own code of conduct – provided it is in line with our standards – and with the exception of organizations that operate in heavily-regulated sectors. With the signing of our Business Partner Code of Conduct, these business partners demonstrate their commitment to adhering to the Code of Conduct. Furthermore, in 2023 we enhanced this process by developing a Business Partner Questionnaire which assesses compliance with our Code of Conduct.

To fulfill our commitment and effectively manage the risks associated with our business partners, we conduct regular onsite checks, particularly focusing on health and safety. Regarding payment terms, although we do not have a specific policy in place that addresses cases of late payments to our suppliers, we do define the payment terms at the beginning of our contracts to ensure we are on the same page with suppliers, and we do adhere to this agreement.

Taking into account adverse impacts on human rights identified in the Group's materiality assessment and risk management process, which involves consideration of the risks associated with our suppliers according to their economic sectors and countries of operation, Aroundtown has identified and addressed potential risks in the areas of construction and refurbishment/maintenance of the business through a number of measures and processes. For instance, Aroundtown's critical suppliers (those with a contract volume of > €250 thousand per annum) are required to sign the Group's HR questionnaire and during project implementation, site visits are conducted by the Construction or Operation Departments on a quarterly basis to ensure compliance with our ESG Strategy.

Corruption and Bribery

Our Anti-Corruption Policy details the procedures and processes in place to prevent, detect and address allegations or incidents of corruption or bribery, including varying levels of contracts for different supplier types involving checks of company structure and finance functions. The Policy, alongside our Code of Conduct, is available to all employees to ensure they understand their responsibilities in preventing and reporting incidents of corruption or bribery. While the policy is not yet explicitly aligned with the United Nations Convention on Corruption, we will be updating it in 2024, and will consider this convention.

During 2023, we were not subject to any convictions or fines resulting from the violation of anti-corruption or anti-bribery laws. We also did not experience any incidents of corruption or bribery, or any public legal cases in this regard.

DATA PROTECTION

We have a deep commitment to protecting the privacy of our stakeholders' data, which goes beyond what is required of us by regulation. We believe data protection is a key aspect sitting within our governance responsibilities, and every organization should have strong data protection governance in place. The volume of data handled in our business relationships increases every year, and we take the trust placed in us to protect the confidentiality of this data seriously.

Long-term Targets

- Identify risks proactively, to detect and eliminate weaknesses before they can become threats
- Embed a culture of awareness and vigilance throughout our staff, through consistent and regular training
- Pursue continual improvement of the security of our digital systems

2024 Goals

- Pass our recertification audits for ISO 27001
- Introduce a new "on the job" learning format aimed at making information security more accessible by e.g., rolling out awareness campaigns across our offices

The development of our Information Security and Privacy Strategy is continual, and is spearheaded by our in-house cybersecurity leads, who sit in on the board's Risk Committee meetings to reflect data security considerations in our top-level risk management processes. Our ISO 27001 certification for our Information Security Management System (ISMS) at our headquarters in Berlin was maintained for a third consecutive year in 2023. The scope of the certification applies to our head office, while the scope of the implementation applies to all local and international offices where all relevant policies and procedures apply in the same way. For operational reasons, all digital information flows through Berlin, making this the most material location to focus our certification effects.

The core principles of our Information Security Management System are:

- Confidentiality: encryption wherever data is stored or accessed
- Integrity: establishing procedures to prohibit unauthorized personnel to alter information
- Availability: designing systems to minimize downtime
- Security: securing business information pertaining to Group operations
- PII: enforcing the security and confidentiality of processed personal information
- Regulations: satisfying regulatory (such as GDPR) and other information security requirements
- Awareness: training employees on how to identify threats and act according to Group guidelines
- Resilience: protecting our systems and networks as well as the data contained therein from malicious activities
- Information Assets: ensuring that all networks, systems and applications comply with confidentiality, integrity and availability

As part of our proactive approach to risk management, we have conducted 28 internal reviews at our office branches (local and international) over 2022 and 2023, and further reviews are already planned for 2024. These were designed to compare the effectiveness of measures at these offices to the implementation at our operational HQ, to ensure that the application of our procedures is unified across our business locations. The results demonstrated good levels of compliance across the organization, and opportunities to further improve practice at these sites were identified. Our goal is to continue to conduct more audits, so we can pinpoint potential weaknesses before they become threats.

In 2023, as planned, we restarted our in-person welcome days, including data protection as a key part of the agenda. We also conducted extensive technical crisis penetration tests alongside risk assessments. To further strengthen our security posture, an extensive Data Loss Prevention Strategy was kicked-off in 2023, which will continuously roll out over the course of 2024.

Also, this year, a core member of our data protection team was invited to speak at a Federal Office for Information Security (BSI) event, explaining our approach to cybersecurity and its successes. BSI is a German government agency addressing cybersecurity, so this invitation demonstrated the success and strength of our approach.

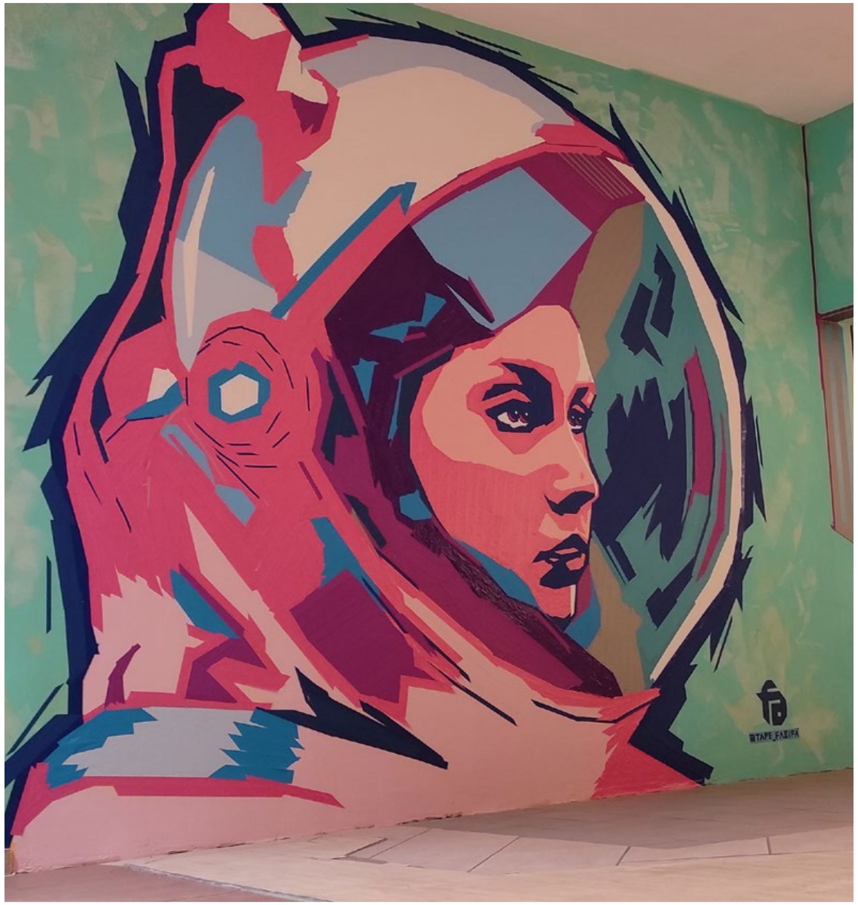
One key channel of risk to our systems and networks identified is mobile devices.

In light of the shift in recent years to remote working spurred by the COVID-19 pandemic, we have introduced new controls to ensure that all external connections are secure. Through a Privileged Access Management (PAM) System, we have added a supplementary security layer for external IT service providers which enforces MFA (multi-factor-authentication), session recording, least privileges and requires approval before each session. For our external business service providers, we have implemented a tool which checks the compliance of the operating systems that connect to ensure that they are well protected with a recent operating system, a malware solution and encryption capabilities. External service providers can only connect if all these standards are fulfilled.

To ensure adequate security in our processes for saving and sharing information, all documents are labelled with an information security classification, from Public to Restricted, which requires password protection for the document, where applicable. To embed our data protection system across the Group, we place great importance on training and awareness for our staff, with all personnel being required to sign a company statement of their commitment to data protection. Furthermore, all our employees are required to complete video-based training modules on data protection, which are regularly developed to keep the training provided up to date. In 2022, we developed and filmed new awareness videos starring our employees to make the training more relatable and understandable, and we implemented a photo-based project portraying colleagues in fun poses edited to be used as "landing pages" for phishing campaigns. In 2024, we intend to continue creating highly personalized awareness campaigns covering further topics.

Beyond initial training on our data protection procedures, we emphasize continued learning and awareness efforts. Furthermore, Aroundtown's Standard Operating Procedures (SOPs) set out expected courses of action for day-to-day activities, such as saving and storing information or handling requests for data. Permanent employees must complete mandatory refresher training every 18 months to reinforce their knowledge of these procedures and awareness of data protection risks.

Furthermore, we monitor potential security incidents and data protection breaches as an indicator of the effectiveness of our operational procedures. In 2023, no such confirmed breaches or incidents were reported. In the event of any confirmed incident, a response team is formed to immediately investigate the matter and recommend remedial actions to prevent a similar occurrence.



Graffiti artistic intervention in shopping center. Source: Frameless-studio UG – Artist Tape_Fabifa.

EPRA sBPR Data Preparation

As members of the European Public Real Estate Association (EPRA), we choose to report on our ESG impacts in accordance with the 3rd edition (2017) of the EPRA Sustainability Best Practice Recommendations (sBPR). In 2023, we received the EPRA sBPR Gold award for our disclosure for the seventh time consecutively. This year, in preparation for the first compliance window of the CSRD, we have reported in alignment where possible with ESRS disclosure requirements according to our DMA.

Organizational Boundaries

The information and data in this report covers the operations of Aroundtown SA, spanning our direct employees and commercial portfolio. As of 31 December 2023, our Group portfolio (including Grand City Properties S.A.) held €25 billion of investment property comprising offices (40%); residential (33%); hotels (21%); logistics/other and retail (6%).

Information on our residential portfolio, which is owned by Grand City Properties S.A. ("GCP") in which we hold a 63% stake (excluding the shares GCP holds in treasury), has been consolidated and the data is included in the scope of this report. However, GCP's' performance is also reported separately, and this information is published on the sustainability section of GCP's website.

Landlord and Tenant Boundaries

We have followed the methodology followed in last year's report for allocating energy consumption between landlord-controlled areas and tenant-controlled areas. In our 2019 baseline, we use a common area/total area ratio to apportion shared-service heating consumption between landlord and tenant spaces, based on the floor area distribution found with the property types classification appendix (3a) of the GRESB Real Estate Assessment reference guide[12]. Thus, the whole building consumption is attributed to landlord or tenant control in proportion to the ratio of shared spaces to tenant areas expected for the property. Correspondingly, emissions from this heating are attributed to Scope 1 and 2 or to Scope 3 in the same proportion. For electricity, the consumption for tenant-controlled areas is estimated based on industry standard energy benchmarks, namely those of CIBSE. At present, we collect and/or estimate Scope 3 emissions data relating to tenant energy consumption. We look to expand this emissions data boundary in future years.

Therefore, the energy consumption and the corresponding CO_2 emissions will now represent the entire building area i.e., of both landlord and tenant-controlled area. We recognize that under an operational control approach, the allocation of CO_2 emissions between Scope 1 or 2 and Scope 3 is dependent on the metering and sub-metering arrangement in place between tenants and landlords. However, to create an accurate representation of the entire building, we have classified indirect emissions by area apportioned between landlord and tenant spaces, as described in the methods above.

Coverage

Absolute and like-for-like portfolio environmental data relates to the assets in the operational control portfolio, which is a subset of the Organizational Boundaries discussed above, defined as assets the company directly manages building operations such as choice of energy provider. The like-for-like subset contains all the properties for which we received environmental reporting data for the full two-year period from January 1st, 2022 to December 31st, 2023.

Actual environmental performance data is only reported on assets for which we have operational control and for which we can collect utilities data. On an absolute basis, this included a net lettable area of 6,337,823 m² out of a total operational control portfolio covering a net lettable area of 7,265,365 m² (excluding assets held for sale and properties under development) at the end of December 31st, 2023. A breakdown of the portfolio net lettable area based on asset types are as follows: office – 2,770,258 m², retail – 183,760 m², others including logistics – 686,791 m². During 2023, we continued to improve the quality of our environmental data collection and are now able to report like-for-like data from approximately 68% of our total managed assets portfolio.

Further information relating to maximum coverage on an absolute and like-for-like basis per utility type is provided within our data tables.

12. 2023 Real Estate Standard and Reference Guide, https://documents.gresb.com/generated_files/real_estate/2023/real_estate/reference_guide/complete.html#property_types_classification

Data relating to our employees covers all direct employees employed by Aroundtown in Germany (who represent 80% of our European workforce), including part time and temporary workers, as well as our international employees. Following the consolidation with GCP in 2021, our employee data also includes GCP data, but excludes contractors and those not directly employed by us.

Voluntary green building certifications (Cert-Tot) are discussed in absolute terms. 100% of the Dutch office portfolio is certified, 36% of the total office portfolio is certified and 21% of the commercial portfolio is certified with BREEAM. In our German portfolio, with the first office assets certified, we expect gradual progress in the coming periods. We are also analyzing certification options in our hotel portfolio.

Reporting Period

All data relates to our financial year, which coincides with the calendar year, and consequently runs from January 1st to December 31st of the year under review.

Estimation of Landlord-Obtained Utility Consumption

1. Measured data for the reporting year were not fully available in time for publication. In instances where the available heating data is not representative, estimations were calculated based on known consumption from other periods, following the ratio-based heating-degree-days normalization method. In the case of electricity, the consumption was extrapolated based on the weighted arithmetic mean of other known periods. In some instances, this was not possible for heating. Here we calculated an estimation by extrapolating expected heating consumption according to the EPC rating of the building and weather normalization was not performed.
2. Data is only available for a proportion of units under our management control, for example regarding recycled waste. In this instance we have extrapolated data for the units where we are able to collect complete data given the similarities between our units and those which are tenanted.

We have reported the percentage of estimation that this represents per utility type in our data tables.

Furthermore, we have disclosed the proportion of overall consumption that our estimation of tenant consumption represents, according to our methodology described in the section 'Landlord and Tenant Boundaries'.

Regarding only landlord-obtained utility consumption, as per the EPRA sBPR requirements, we have detailed the extent of estimations below:

- Electricity: 76% of landlord-obtained consumption is based on available utility consumption data, with 24% estimated.
- Heating: 92% of landlord-obtained consumption is based on available utility consumption data, with the remaining 8% estimated.

The total volume of waste is based on the contracted waste volumes at properties where this information was available. No additional estimation occurred. The total proportion of recycled waste is based on household averages published by the German environmental protection authority which represents the highest authority in the country.

Our own office utilities consumption is estimated based on the proportion of the total rental floor area occupied by Aroundtown as we do not occupy the whole building and no sub-meters exist.

Units of Measurement and Normalization

Utilities data are reported based on absolute consumption measured in kWh (energy), t CO_2e (GHG emissions), m^3 (water) and m^3 and tons (waste).

GHG emissions are reported using location-based conversion factors published by the German Environmental Protection Association.

Where consumption is normalized, we calculate intensity indicators using floor area (m^2) for whole buildings, including tenant areas. Since we are now estimating the tenant consumption, we believe that our numerator and denominator provide a representative intensity figure.

Employee coverage rates are expressed as a percentage of AT's total direct employees at year end.

- Accident/Injury Rate = Number of reportable injuries / Total hours worked
- Lost-Time Injury Frequency Rate (LTIFR) = Number of injuries / Million hours worked
- Lost Day Rate = Number of days lost due to workplace injuries / Number of working hours
- Absentee Rate = Number of days absent due to illness / Total number of working days
- Work-related Fatalities = Total number of work-related fatalities
- Number of Accidents = Number of Injuries
- Rate of Accidents = Injury rate

Accidents and injuries are tracked as the same metric, and therefore accident rate is classified as the same metric as injury rate.

Segmental Analysis (By Property Type, Geography)

Segmental analysis by geography is not relevant for our portfolio. Our assets are primarily located within Germany, the Netherlands and London, and therefore in the same climatic zone. Segmental analysis is instead provided by asset type and is consistent with our financial reporting.

Disclosure on Own Offices

Our own occupied office consumption is excluded from our portfolio data as we are a tenant in the building.

Restatements of Information

- In 2023, the Group updated its definition of the Operational Control portfolio to include all assets it directly manages in its German and Dutch portfolios, and to exclude hotels. This has resulted in a restatement of the EPC coverage figures with the denominator now being calculated according to the new operational control portfolio definition.
- Renewable share of energy: a technical error was identified for 2022 figures, where an existing contract for renewable energy for one energy type was incorrectly applied to all energy contracts for that asset. This has now been corrected to tagging renewable contracts more granularly to contracts for each specific energy type.
- Injury rate: 2022 figures for Injury Rate have been restated due to an error in last year's reporting, where an internal metric using number of Full-Time Employees (FTEs) as the denominator was reported. In 2023, we updated the methodology as prescribed by the EPRA sBPR guidelines, which uses total number of working hours as the denominator.
- Gender Pay Gap: The Management remuneration ratio for 2022 has been restated, as the ratio disclosed in 2022 was calculated based on employees in Germany only. The updated figure reflects all locations.

Narrative on Performance

Explanation and analysis of our performance in relation to the Performance Measures reported on are found with the respective data tables throughout this report.

Berlin

EPRA sBPR Index

Key Factors	EPRA Code	Indicator	Units of Measure	Location in Report
Environmental				
Energy Consumption	Elec-Abs	Total electricity consumption	kWh	Table 1, Page 62
	Elec-LfL	Like-for-like total electricity consumption	kWh	Table 2, Page 64
	DH&C-Abs	Total district heating and cooling consumption	kWh	Table 1, Page 62
	DH&C-LfL	Like-for-like total district heating and cooling consumption	kWh	Table 2, Page 64
	Fuels-Abs	Total fuel consumption	kWh	Table 1, Page 62
	Fuels-LfL	Like-for-like total fuel consumption	kWh	Table 2, Page 64
	Energy-Int	Building energy intensity	$kWh/m^2/year$	Table 1, Page 63 Table 2, Page 65
GHG Emissions	GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	tons CO_2e	Table 3, Page 66
	GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	tons CO_2e	Table 3, Page 66
	GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	$kgCO_2e/m^2/year$	Table 3, Page 66 Table 4, Page 67
Water Consumption	Water-Abs	Total water consumption	m^3	Table 5, Page 70
	Water-LfL	Like-for-like total water consumption	m^3	Table 6, Page 70
	Water-Int	Building water intensity	$m^3/m^2/year$	Table 5, Page 70 Table 6, Page 70
Waste Management	Waste-Abs	Total weight of waste by disposal and diversion routes	tons by disposal/diversion route	To be published in April
	Waste-LfL	Like-for-like total weight of waste by disposal and diversion routes	tons by disposal/diversion route	
GBCs	Cert-Tot	Type and number of sustainably certified assets	Total number by certification/rating/labelling scheme	Table 1, Page 63 Table 2, Page 65 Table 15, Page 95
Social				
DE&I	Diversity-Emp	Employee gender diversity	Percentage of male and female employees	Table 12, Page 90
	Diversity-Pay	Gender pay ratio	Pay ratio	Table 13, Page 91
Health, Safety and Wellbeing	H&S-Emp	Employee health and safety	Injury rate	Table 11, Page 90
			Lost day rate	Table 11, Page 90
			Absentee rate	Table 11, Page 90
			Work-related fatalities	Table 11, Page 90
	H&S-Asset	Asset health and safety assessments	Percentage of assets	Table 16, Page 97
	H&S-Comp	Asset health and safety compliance	Number of incidents	Table 16, Page 97
Employee Development	Emp-Training	Training and development	Average number of hours	Table 10, Page 89
	Emp-Dev	Employee performance appraisals	Percentage of total workforce	Table 10, Page 89
	Emp-Turnover	Employee turnover and retention	Total number and rate of new employee hires and turnover	Table 9, Page 89
Community Engagement	Comty-Eng	Community engagement, impact assessments and development programs	Percentage of assets	Table 17, Page 100
Governance				
Governance Body	Gov-Board	Composition of the highest governance body	Total number of executive board members	Table 18, Page 102
			Total number of independent board members	Table 18, Page 102
			Total number of non-executive board members	Table 18, Page 102
			Average tenure on the governance body	Table 18, Page 102
			Number of independent/non-executive board members with competencies relating to environmental and social topics	Table 18, Page 102
	Gov-Select	Nominating and selecting the highest governance body	Narrative description	Page 101
	Gov-Col	Process for managing conflicts of interest	Narrative description	Page 101

London


ART HOUSE


Berlin

Notes on Business Performance

SELECTED CONSOLIDATED INCOME STATEMENTS DATA

	Year ended December 31,	
	2023	2022
	in € millions	
Revenue	1,602.8	1,609.9
Net rental income	**1,192.8**	**1,222.1**
Property revaluations and capital (losses) / gains	(3,217.5)	(497.3)
Share of (loss) / profit from investment in equity accounted investees	(149.8)	5.9
Property operating expenses	(638.4)	(694.9)
of which Extraordinary expenses for uncollected hotel rents	*(33.0)*	*(75.0)*
Administrative and other expenses	(64.7)	(62.5)
Operating (loss) / profit	(2,467.6)	361.1
Adjusted EBITDA 1) 2)	**1,002.9**	**1,002.3**
Finance expenses	(230.1)	(184.8)
Current tax expenses	(120.4)	(117.4)
FFO I 3)	**332.0**	**362.7**
FFO I per share (in €) 3)	**0.30**	**0.33**
FFO II 3)	**449.1**	**714.1**
Impairment of goodwill	(137.0)	(404.3)
Other financial results	(14.4)	(194.1)
Deferred tax income	543.1	82.4
Loss for the year	**(2,426.4)**	**(457.1)**

1) excluding extraordinary expenses for uncollected hotel rents
2) 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 142-150
3) 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 142-150

REVENUE

	Year ended December 31,	
	2023	2022
	in € millions	
Recurring long-term net rental income	**1,179.7**	**1,204.1**
Net rental income related to properties marked for disposal	13.1	18.0
Net rental income	**1,192.8**	**1,222.1**
Operating and other income	410.0	387.8
Revenue	**1,602.8**	**1,609.9**

AT recorded revenues of €1,603 million in 2023 ("FY 2023"), flat compared to €1,610 million generated in 2022 ("FY 2022"). Net rental income represents the largest portion of revenues and totaled €1,193 million in 2023, 2% lower compared to €1,222 million in 2022. The decline in net rental income due to €2.1 billion of net disposals closed since the start of 2022 was partially offset by the like-for-like rental growth of 3.2% in 2023, of which 3.6% is from in-place rent like-for-like and more than offset the negative 0.4% from occupancy like-for-like. The commercial portfolio continued to benefit from significant CPI adjustments and step-up rents and recorded like-for-like rental growth of 3.0%. The residential portfolio continued to benefit from a significant supply and demand imbalance resulting in a further reduction of vacancy to a historic new low level and a like-for-like net rental income growth of 3.4%.

AT generated operating and other income of €410 million in 2023, higher by 6% compared to €388 million in 2022. Operating income is mostly related 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 increase in operating and other income was mainly due to cost inflation which accordingly also resulted in an increase of recoverable property operating expenses. Other income also includes €39 million income from vendor loans and loans-to-own investments. Reimbursable utility costs including heating, energy and water and external service expenses were the largest drivers of growth. However, in line with the slowdown in inflation, the increase in these expenses slowed down throughout 2023. The increase was partially offset by the smaller portfolio size due to disposals.

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. As AT intends to dispose the held-for-sale properties, AT views their contribution as non-recurring and therefore presents their contributions in a separate line item. The net rental income from held-for-sale and disposed properties amounted to €13 million in 2023, decreasing compared to €18 million in 2022 mostly due to the smaller disposals volume and held-for-sale balance. As a result, the recurring net rental income in 2023 totaled €1,180 million, compared to €1,204 million in 2022. Recurring net rental income also includes immaterial rental income from properties classified as development rights & invest which is excluded in the run rate.

Dresden

PROPERTY REVALUATIONS AND CAPITAL (LOSSES) / GAINS

	Year ended December 31,	
	2023	2022
	in € millions	
Property revaluations	(3,174.8)	(539.9)
Capital (losses) / gains	(42.7)	42.6
Property revaluations and capital (losses) / gains	**(3,217.5)**	**(497.3)**

Property revaluations and capital (losses) / gains amounted to a loss of €3,218 million in 2023, compared to a loss of €497 million in 2022. Property revaluations amounted to a loss of €3,175 million in 2023, compared to a loss of €540 million in 2022. The full portfolio was revalued by independent and certified third-party appraisers for the 2023 annual report. In 2023, AT recorded a like-for-like value decline of 11%, of which 5% were recorded in H2 of 2023. This decline was primarily due to the large increase in interest rates in the period which resulted in increased discount rates, cap rates and yield expansion. More information on the increase in discount and cap rates can be found in note *Measurement of fair value* of the audited consolidated financial statements.

Capital gains or losses represent the sale of properties disposed compared to their book values. AT completed over €1.2 billion of disposals in 2023 at an average discount of 3% to book values and resulting in a capital loss of €43 million. AT benefitted from its diverse asset mix and closed disposals across all asset types, including 65% in offices, residential and hotels, 21% in retail and logistics/other and 14% in development & invest properties. Disposals consisted of 39% in non-core locations, 18% in London, 15% in Dresden and Leipzig, 12% in Berlin, 11% in Hamburg, and 5% in Frankfurt and NRW.

As of December 2023, the portfolio had an average value of €2,421 per sqm and net rental yield of 5.0%, compared to €2,635 per sqm and 4.5% respectively as of December 2022.

SHARE OF (LOSS) / PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	Year ended December 31,	
	2023	2022
	in € millions	
Share of (loss) / profit from investment in equity accounted investees	**(149.8)**	**5.9**

The share of (loss) / profit from investment in equity accounted investees amounted to a loss of €150 million in 2023, compared to a profit of €6 million in 2022. This item represents AT's share of profits (loss) from investments which are not consolidated in AT's financial statements, but over which AT has significant influence. The loss was mostly due to valuation losses in investees' assets. As of December 2023, the largest equity-accounted investee remains the investment in Globalworth Real Estate Investments Limited ("Globalworth" or "GWI") which is a leading publicly listed office landlord in Central and Eastern European markets, mainly focused on Warsaw and Bucharest. The equity-accounted investee balance also includes stakes in assets where AT does not have control.

The recurring operational contribution of investees to adjusted EBITDA and FFO I were €57 million and €47 million in 2023, compared to €59 million and €46 million in 2022.

PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2023	2022
	in € millions	
Ancillary expenses and purchased services	(409.8)	(390.8)
Maintenance and refurbishment	(49.3)	(51.1)
Personnel expenses	(62.7)	(58.6)
Depreciation and amortization	(17.9)	(21.1)
Other operating costs	(98.7)	(173.3)
of which Extraordinary expenses for uncollected hotel rents	*(33.0)*	*(75.0)*
Property operating expenses	**(638.4)**	**(694.9)**

Property operating expenses amounted to €638 million in 2023, lower by 8% compared to €695 million in 2022. The decline in property operating expenses was mainly due to the lower extraordinary expenses for uncollected hotel rents and the overall smaller portfolio size, partially offset by cost inflation in ancillary expenses and purchased services that correlated with the increase in operating income. However, the cost inflation has softened in H2 2023. Excluding the impact from lower extraordinary expenses for uncollected hotel rents, property operating expenses were €605 million in 2023 and decreased by 2% year-over-year. The largest component of property operating expenses are ancillary expenses and purchased services which are mainly recoverable from tenants and include utility costs (heating, energy, water, insurance, etc.), charges for services provided to tenants (cleaning, security, etc.) and other services contracted in relation to operations of properties. Operating personnel expenses amounted to €63 million in 2023, higher compared to €59 million in 2022 as headcount remained stable, but wage inflation resulted in an overall increase. Other operating costs include various expenses such as marketing, letting and legal fees, transportation, travel, communications, insurance, IT and VAT. These costs have decreased mainly as a result of lower provisions for uncollected hotel rents, the smaller portfolio and greater efficiency in these items, offsetting the impacts of cost inflation.

Property operating expenses also include non-recurring extraordinary expenses for uncollected hotel rents totaling €33 million in 2023, lower than the €75 million in 2022. These extraordinary expenses reduced during 2023 as the hospitality industry continued its recovery, witnessing a steady increase in the occupancy and average daily room rate throughout the year.

Mainz

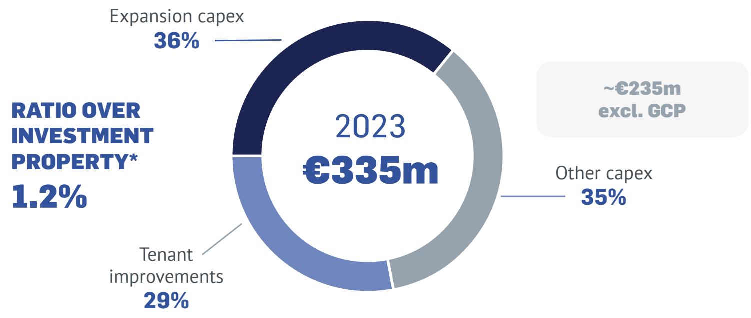
MAINTENANCE AND CAPEX

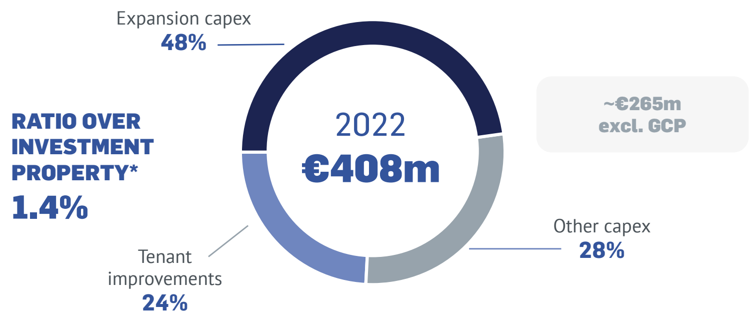
AT recorded maintenance and refurbishment expenses in the amount of €49 million in 2023, lower by 4% compared to €51 million in 2022. The decline was mostly a result of the smaller portfolio size due to disposals, partially offset by cost inflation. The maintenance expense ratio over the average investment property value (including the properties held for sale) remained relatively stable at 0.18% in 2023.

AT continuously reviews its portfolio to assess its capex needs to maintain the high quality of its assets, increase the attractiveness of its portfolio to support the letting process and address the requirements of both existing and prospective tenants. In 2023, AT invested €335 million in capex, reflecting a ratio of 1.2% over average investment property value (including properties held for sale), compared to €408 million and 1.4% in 2022. Due to the prevailing market conditions, strengthening the liquidity and balance sheet has been an important objective for AT and thus, AT carried out projects more selectively, resulting in the lower capex spent in 2023. A lower volume of projects was partially offset by an increase in construction costs.

AT divides its capex into three different main categories. These include Expansion capex, Tenant improvements and Other capex. Expansion capex includes activities that are targeted at creating additional income drivers or significant value creation potential which may result in additional lettable space or significant enhancement of the existing space. These selective projects are mostly major refurbishments but also conversions and new-builds and they are mainly done at low risk with high pre-let ratios. Expansion capex additionally includes GCP's pre-letting modifications and development capex. Expansion capex projects represented €122 million or 36% of total capex in 2023, compared to €197 million or 48% in 2022, reducing in absolute and percentage terms mainly because of greater selectiveness in undertaking large projects with substantial investment requirements. Tenant improvements include capex for fit-out works that are targeted at retaining existing tenants and/or attracting new tenants, supporting the quality of the tenant structure and extending the average lease term. This category represented €96 million or 29% of capex in 2023, compared to €96 million or 24% in 2022, stable in absolute terms but higher in percentage terms due to lower capex in 2023. Other capex includes ongoing capital expenditures that are targeted at sustaining the high quality of assets as well as improving sustainability standards to reduce the energy and CO_2 consumption and CO_2 tax, benefitting AT and its tenants. These can be green installations such as solar panels, combined heat and power engines and electric vehicle charging stations as well as green refurbishments such as roof and lighting replacements. This item also includes GCP's repositioning capex. Other capex accounted for €117 million or 35% of total capex in 2023, compared to €114 million or 28% in 2022, increasing mostly due to GCP's higher repositioning capex. The absolute amount remained stable year-over-year excluding GCP's repositioning capex, at €41 million in 2023 compared to €40 million in 2022 as cost inflation offset the smaller portfolio size.

CAPEX





* including properties held for sale. Portfolio value is average of the beginning and end of the period

ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2023	2022
	in € millions	
Personnel expenses	(30.9)	(28.8)
Legal and professional fees	(13.4)	(12.1)
Audit and accounting expenses	(7.1)	(7.2)
Marketing and other administrative expenses	(13.3)	(14.4)
Administrative and other expenses	**(64.7)**	**(62.5)**

AT recorded administrative and other expenses in the amount of €65 million in 2023, higher compared to €63 million in 2022 mainly due to cost inflation partially offset by higher efficiency across the period. Administrative personnel expenses were the largest component and totaled €31 million in 2023, higher compared to €29 million in 2022. 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 were flat as cost inflation was offset by higher efficiencies.

FINANCE EXPENSES

	Year ended December 31,	
	2023	2022
	in € millions	
Finance expenses	**(230.1)**	**(184.8)**

AT recorded net finance expenses totaling €230 million in 2023, increasing by 25% compared to €185 million in 2022. Finance expenses are mainly composed of net interest on bonds and bank debt. The increase was due to new debt being raised, the expiry of certain hedging instruments which resulted in 13% amount of debt to become variable at current rates, and the higher rates within the capped portion of the debt. These factors were partially offset by a lower total debt balance due to bond buybacks at discount and a small amount of loan repayments and higher interest income received from cash deposits. In 2023, AT repaid approx. €1.5 billion in shorter term debt from bond buybacks at discount and scheduled redemptions while raising approx. €0.9 billion in new longer-term bank debt, resulting in a net nominal debt reduction of around €0.6 billion. Since the beginning of 2022, the Group has repaid approx. €2.5 billion in debt and raised €1.4 billion of bank debt. As a result, AT has a cost of debt of 2.2% with an average debt maturity of 4.4 years as of December 2023 compared to a cost of debt of 1.4% and 5-year debt maturity as of December 2022. AT maintains a hedging ratio of 83% as of December 2023 with no material upcoming hedging expiries. Finance expenses also include finance expenses on lease liabilities which increased to €17 million in 2023 from €11 million in 2022, mainly due to new ground leases and a commencement of a finance lease agreement.

OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2023	2022
	in € millions	
Other financial results	**(14.4)**	**(194.1)**

AT recorded other financial results amounting to an expense of €14 million in 2023, compared to €194 million in 2022. 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. The lower expense in 2023 was primarily due to the positive impact from the bond buybacks at discount. This gain was offset by negative adjustments in the net fair value of both financial assets and liabilities, which were impacted by volatility in financial markets, changes in yields and movements in foreign exchange rates. Other financial results was also impacted by changes in investments in financial assets mainly related to real estate funds which were also impacted by negative valuation adjustments. The net fair value of hedging instruments was negatively impacted by the higher interest rates and derivatives were impacted by inflation indexation hedging instruments on two of AT's bonds. Since inflation remained elevated in 2023 above the pre-determined hedged level, an expense was recorded in other financial results line albeit at a lower amount than in 2022. This expense is economically partially offset by an increase on the revenues line coming from inflation-indexed leases. Other financial results also include negative changes in the value of contingent liabilities relating to the takeover of TLG, finance related costs incurred to optimize the debt profile like those associated with debt repayments and expenses related to new financing, currency hedging and others.

IMPAIRMENT OF GOODWILL

	Year ended December 31,	
	2023	2022
	in € millions	
Impairment of goodwill	**(137.0)**	**(404.3)**

Aroundtown conducts an impairment test once a year or when there is an indication of impairment of an asset. The impairment amount reflects the amount by which the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

In 2023, AT recorded impairment of goodwill in the amount of €137 million, compared to €404 million in 2022. €604 million is attributed to the goodwill on TLG and €540 million is attributed to the goodwill on GCP. The goodwill is mainly attributed to deferred taxes and the balance was reduced due to revaluation losses and the reduced portfolio size following disposal activity. All EPRA NAV KPI's exclude the goodwill so any change in the goodwill balance has no impact on these KPI's.


Leipzig

TAXATION

	Year ended December 31,	
	2023	2022
	in € millions	
Current tax expenses	(120.4)	(117.4)
Deferred tax income	543.1	82.4
Current and deferred tax income / (expenses)	**422.7**	**(35.0)**

AT recorded in 2023 current tax expenses in the amount of €120 million, higher compared to €117 million in 2022. Current tax expenses are comprised of corporate income taxes and property taxes. Deferred tax expenses amounted to an income of €543 million in 2023, higher than an income of €82 million in 2022 mainly due the greater negative property revaluations in 2023 which had a positive deferred tax impact.

LOSS FOR THE YEAR & LOSS PER SHARE

	Year ended December 31,	
	2023	2022
	in € millions	
Loss for the year	**(2,426.4)**	**(457.1)**
(Loss) / profit attributable to:		
Owners of the Company	(1,987.6)	(645.1)
Perpetual notes investors	153.4	118.1
Non-controlling interests	(592.2)	69.9
Basic loss per share (in €)	**(1.82)**	**(0.58)**
Diluted loss per share (in €)	**(1.82)**	**(0.58)**
Weighted average basic shares (in millions)	1,093.0	1,109.9
Weighted average diluted shares (in millions)	1,094.5	1,111.3
Loss for the year	**(2,426.4)**	**(457.1)**
Other comprehensive (loss) / income	(24.4)	15.8
Total comprehensive loss for the year	**(2,450.8)**	**(441.3)**

AT recorded a net loss of €2,426 million in 2023, compared to a net loss of €457 million in 2022. The larger loss was primarily due to higher non-cash negative property revaluations, net of the resulting deferred tax income, and the higher finance expenses, offsetting the operational results and the lower other financial expenses. Correspondingly, a net loss of €1,988 million was attributed to shareholders in 2023, compared to a net loss of €645 million in 2022. The loss attributable to non-controlling interests totaled €592 million in 2023, compared to a profit of €70 million in 2022, mainly due to negative property revaluations in companies with a minority stake, mostly GCP. The profit attributable to perpetual notes investors amounted to €153 million in 2023, higher compared to €118 million in 2022. The increase was due to the coupon rate resetting for the four perpetual notes which had a first call date in 2023. Due to the non-call decisions, coupon payments increased to 7.08% for AT's January perpetual note, 6.33% for GCP's January perpetual note, 7.75% for AT's July USD perpetual note, and 5.90% for GCP's October perpetual note. The higher coupon payments did not have any impact on cashflow as the reset coupons will only apply to the 2024 payments. The higher coupon payments also only had a partial impact on profit attributable to perpetual notes investors as the call dates took place after the start of the period, but will have a full impact in 2024. Under IFRS accounting standards and AT's bond covenants, perpetual notes are fully classified as 100% equity whether they are called or not called.

The basic and diluted loss per share amounted to of €1.82 in 2023, lower compared to a basic and diluted loss per share of €0.58 in 2022.

AT recorded a total comprehensive loss of €2,451 million in 2023, compared to a loss of €441 million in 2022, mainly due to the larger net loss for the year. It was also impacted by a total other comprehensive loss of €24 million in 2023, compared to an income of €16 million in 2022 due to the impact from cash flow hedges and cost of hedging and the negative revaluation of property, plant and equipment.

ADJUSTED EBITDA

	Year ended December 31,	
	2023	2022
	in € millions	
Operating (loss) / profit	(2,467.6)	361.1
Total depreciation and amortization	17.9	21.1
EBITDA	**(2,449.7)**	**382.2**
Property revaluations and capital (losses) / gains	3,217.5	497.3
Share of (loss) / profit from investment in equity accounted investees	149.8	(5.9)
Other adjustments [1)]	5.3	7.4
Contribution of assets held for sale	(10.0)	(12.4)
Add back: Extraordinary expenses for uncollected hotel rents	33.0	75.0
Adjusted EBITDA before JV contribution	**945.9**	**943.6**
Contribution of joint ventures' adjusted EBITDA [2)]	57.0	58.7
Adjusted EBITDA	**1,002.9**	**1,002.3**

1) including expenses related to employees' share incentive plans
2) 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

Adjusted EBITDA is a key performance measure used to evaluate the operational results of the Group, derived by deducting from the EBITDA non-operational and/or non-recurring 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 investments in equity-accounted investees is subtracted as this also include 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.

In 2023, AT generated an adjusted EBITDA before JV contribution of €946 million, slightly higher compared to €944 million. The like-for-like rental growth of 3.2% and lower operating expenses were partially offset by the impact of disposals. Including joint venture positions' adjusted EBITDA contribution, AT recorded an adjusted EBITDA of €1,003 million in 2023, flat compared to €1,002 million in 2022.

Adjusted EBITDA excludes the impact from extraordinary expenses for uncollected hotel rents. Including these expenses, adjusted EBITDA would have amounted to €970 million in 2023, increasing by 5% compared to €927 million in 2022 due to the higher collection rate in hotels.

AT's adjusted EBITDA accounts for other adjustments in the amount of €5.3 million in 2023 compared to €7.4 million in 2022 related mainly to non-cash expenses for employees' share incentive plans. AT conservatively does not include the contributions from commercial properties marked for disposal as they are intended to be sold and therefore, their contributions are non-recurring. This adjustment amounted to €10.0 million in 2023, lower compared to €12.4 million in 2022.

FUNDS FROM OPERATIONS (FFO I, FFO II)

	Year ended December 31,	
	2023	2022
	in € millions	
Adjusted EBITDA before JV contribution	**945.9**	**943.6**
Finance expenses	(230.1)	(184.8)
Current tax expenses	(120.4)	(117.4)
Contribution to minorities [1]	(127.0)	(136.3)
Adjustments related to assets held for sale [2]	2.9	4.6
Perpetual notes attribution	(153.4)	(118.1)
FFO I before JV contribution	**317.9**	**391.6**
Contribution of joint ventures' FFO I [3]	47.1	46.1
Extraordinary expenses for uncollected hotel rents	(33.0)	(75.0)
FFO I	**332.0**	**362.7**
FFO I per share (in €)	**0.30**	**0.33**
Weighted average basic shares (in millions) [4]	1,093.0	1,109.9
FFO I	**332.0**	**362.7**
Result from the disposal of properties [5]	117.1	351.4
FFO II	**449.1**	**714.1**

1) including the minority share in TLG's and GCP's FFO
2) the net contribution which is excluded from the FFO amounts to €7.1 million in 2023 and €7.8 million in 2022
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
4) weighted average number of shares excludes shares held in treasury; base for share KPI calculations
5) 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 perpetual notes attribution 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. Furthermore, AT includes the extraordinary expenses for uncollected hotel rents and 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 recurring operational profits including the disposal gains during the relevant period.

AT generated an FFO I amounting to €332 million in 2023, lower by 8% compared to €363 million in 2022. The decline was mostly due to the impact from disposals and cost inflation, higher perpetual notes attribution due to the partial impact from the coupon step-ups for notes with a first call date in 2023, and higher finance expenses from new debt and the impact of the higher interest rates. These factors were partially offset by the lower provision for uncollected hotel rents, like-for-like rental growth of 3.2% and a reduction in contribution to minorities mainly due to the higher holding rate in GCP. As of December 2023, AT's stake in GCP was 63%, excluding the treasury shares, from 60% as of December 2022. The contribution from commercial properties held for sale, which is excluded from the FFO, amounted to €7.1 million in 2023 compared to €7.8 million in 2022. FFO I per share amounted to €0.30 in 2023, 9% lower compared to €0.33 in 2022.

AT recorded an FFO II of €449 million in 2023, declining by 37% compared to €714 million in 2022 mainly due to the lower volume of disposals at a lower margin in the period. In 2023, AT closed over €1.2 billion of disposals at an 11% margin over cost compared to €1.6 billion at a 29% margin over cost values in 2022.

CASH FLOW

	Year ended December 31,	
	2023	2022
	in € millions	
Net cash from operating activities	772.1	788.0
Net cash from investing activities	608.2	408.5
Net cash used in financing activities	(1,051.6)	(1,763.5)
Net changes in cash and cash equivalents	**328.7**	**(567.0)**
Cash and cash equivalents as at the beginning of the year	2,305.4	2,873.0
Other changes [1]	7.1	(0.6)
Cash and cash equivalents as at the end of the year	**2,641.2**	**2,305.4**

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

€772 million of net cash was provided from operating activities in 2023, lower by 2% compared to €788 million. The like-for-like rental growth and higher rent collection was offset by the impact of disposals and cost inflation, as well as a lower amount of cash dividends received from joint venture positions and a higher working capital as a result of timing differences between the consumption and settlement of recoverable costs.

€608 million of net cash was received from investing activities in 2023, higher compared to €409 million in 2022, as a lower volume of disposals was offset by a lower volume of acquisitions and capex and repayment from loans-to-own and vendor loans. €970 million of cash was received from disposals and repayment of vendor loans – net of new vendor loans granted, transaction costs, and tax – partially offset by ca. €360 million of net cash used mainly for capex and investment in associates and others, net of repayment from loans-to-own.

€1,052 million of net cash was used in financing activities in 2023, lower compared to €1,764 million that was used in 2022. The main uses of cash in 2023 were the €1.3 billion in bond buybacks at discount which helped reduce leverage, redemption of the €100 million Series S schuldschein and repayment of approx. €85 million in bank debt mainly tied to assets that were disposed. Further uses of cash included the coupon payments to perpetual notes holders, higher net finance expenses due to the higher level of interest rates but partially offset by higher interest income and the acquisition of some GCP shares. The higher reset coupons of the non-called perpetual notes did not have an impact on the cash flow as the coupons were paid according to the coupon rates at issuance but will have an impact in the 2024 payments. €214 million was paid as net cash interest and other financial expenses and €126 million was paid to perpetual notes holders. The main cash source in 2023 was ca. €900 million of new bank debt raised in 2023.

All combined, €329 million of net cash was generated during 2023. Including other liquid assets, AT's liquidity position reached €3.0 billion at the end of December 2023, representing 21% of the total debt position.

ASSETS

		Dec 2023	Dec 2022
	Note	in € millions	
Total Assets	**(a)**	**33,559.3**	**37,347.1**
Non-current assets	**(a)**	**28,867.5**	**32,491.5**
Investment property	(b)	24,632.4	27,981.0
Goodwill and intangible assets	(c)	1,165.7	1,308.1
Investment in equity-accounted investees	(d)	1,086.5	1,291.9
Other non-current assets	(e)	1,458.1	1,303.8

(a) Total assets

Total assets amounted to €33.6 billion at year-end 2023, lower by 10% compared to €37.3 billion at year-end 2022. The decline was mainly due to the negative property revaluations, impairment of goodwill and utilization of the large cash balance for deleveraging activities, partially offset by new bank debt raised and operational profits. Non-current assets totaled €28.9 billion as of December 2023, down by 11% compared to €32.5 billion as of December 2022.

(b) Investment property

Investment property represents the largest item under non-current assets and amounted to €24.6 billion at year-end 2023, 12% lower as compared to €28.0 billion at year-end 2022. The decline was mainly due to negative property revaluations, movement of investment property into assets held for sale, and disposals of investment property. As of December 2023, AT got its full portfolio revalued by independent and qualified third-party appraisers in order to reflect the most updated market environment. This resulted in a like-for-like value decline for the full year of 11%, or 10% after adding back capex, due to higher cap rates and discount rates which were impacted by the higher interest rates, partially offset by the like-for-like rent growth supported by the indexation-driven increases on commercial leases and strong demand in the residential sector. Since the end of June 2022, AT recorded a total valuation decline of 14%.

Throughout 2023, AT closed over €1.2 billion in disposals, of which €0.7 billion was signed in 2023 and €0.5 billion was signed in 2022. AT signed disposals in the amount of €0.9 billion in 2023 including the signed disposals that are not closed yet at year-end 2023. The disposals were across all asset types and multiple locations, highlighting AT's ability to sell despite the difficult market conditions. Signed and not closed disposals will further improve the strong liquidity position. In addition, over €200 million of new investment properties were added during the year. These were previously held through a joint venture structure and loans-to-own and during the year AT increased its stake and obtained control. These investment properties are composed mainly of attractive leisure hotels with additional upside potential.

(c) Goodwill and intangible assets

Goodwill and intangible assets amounted to €1.2 billion at year-end 2023, lower compared to €1.3 billion at year-end 2022, due to an impairment as explained under *Impairment of goodwill* above. As of December 2023, goodwill in the amount of €604 million is related to the TLG takeover and €540 million is related to the consolidation of GCP. All EPRA NAV KPI's exclude the goodwill so any change in the goodwill balance has no impact on these KPI's.

(d) Investment in equity-accounted investees

Investment in equity-accounted investees amounted to €1.1 billion at year-end 2023, lower compared to €1.3 billion at year-end 2022. 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 2023, which represents approx. 45% 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% as of December 2023, indirectly held through a joint venture with CPI Property Group S.A. 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 decline was mainly due the negative valuation results of these investees and consolidation of some previously held investment property through joint venture structures.

(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.

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 2024-2026. The loans are secured against the property sold at an initial LTV in the range of 40%-70% at the time of disposal and in case of default gives AT the ability to get the asset back with a penalty to the defaulted buyer (through a process involving a receiver). The balance as of December 2023 is €0.65 billion, compared to €0.5 billion at year-end 2022. The increase is due to granting new vendor loans in connection with disposals closed in 2023, net of repayments during 2023. As of December 2023, the average interest rate of the vendor loans is ca. 5%. The interest rate increased from 3.4% at year-end 2022 due to scheduled step-ups, variable components as well as due to contractual extensions at higher rates. The future liquidity coming from the repayments of the vendor loans will reduce the Group's leverage as they are conservatively not included in the leverage calculation.

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 were provided to a diverse number of property owners and sourced through the Group's wide deal sourcing network established over the years. As of December 2023, the loans-to-own balance amounted to €0.4 billion. This item comprises of around 15 loans, with maturities primarily by 2027, and were given at an average LTV of 65%, bearing interest rates of 3%-10% and secured by the underlying asset.

The loans-to-own assets are expected to be repaid or converted into properties and will reduce the Group's leverage. 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.
Financial investments amounted to ca. €0.35 billion which comprise over 20 investments mainly in real estate funds and potentially co-investments in their attractive deals and financial assets with the expectation for long-term yield.

The other non-current assets also include ca. €65 million of tenant deposits which are used as a security for rent payments, ca. €50 million of receivables due to revenue straight-lining effect arising from rent-free periods granted to tenants, 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.

Current assets totaled €4.7 billion at year-end 2023, lower compared to €4.9 billion at year-end 2022 mainly due to disposals of assets held for sale and utilizing part of the cash proceeds for debt repayment, partially offset by cash inflow from new bank debt and operational profits.

	Dec 2023	Dec 2022
	in € millions	
Current assets	**4,691.8**	**4,855.6**
Cash and liquid assets [1]	3,026.1	2,718.7
Assets held for sale [2]	409.4	922.0
Trade and other receivables	1,008.3	1,168.1

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

The cash and liquid assets balance amounted to €3.0 billion at year-end 2023, higher by 11% compared to €2.7 billion at year-end 2022. Cash was generated mainly from disposals, new bank debt drawn and FFO generation which all together offset cash usage from the liability management exercises. AT's strong liquidity position represents 21% of total debt.

The assets held for sale balance amounted to €409 million at year-end 2023, lower than €922 million at year-end 2022. The decline was mostly due to net disposals from the held for sale balance. The assets in the held for sale balance are marked to be sold within the next 12 months. Over 40% have already been signed for disposal as of the publication date of this report.

Current assets also include trade and other receivables totaling €1.0 billion at year-end 2023, lower compared to €1.2 billion at year-end 2022. This item includes approx. €775 million of operating costs and operational rent receivables, pre-paid expenses, and tax assets and was higher compared to approx. €660 million in 2022 mainly due to cost inflation and tax receivables. Operating cost receivables relate to ancillary services and other charges billed to tenants. These services include utility and service costs which include heating, water, insurance, cleaning, waste, etc. These operating cost receivables are mainly settled once per year against the advance payments received from tenants and are therefore correlated to pre-payments for ancillary services received from tenants presented under short-term liabilities. Current assets also include 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. €230 million at year-end 2023, lower compared to year-end 2022, and explained above as part of the non-current assets.

AVERAGE VALUATION PARAMETERS	2023	2022
Rental multiple	19.9	22.3
Value per sqm	€2,421	€ 2,635

VALUATION ASSUMPTIONS SET BY INDEPENDENT VALUERS		2023	2022
DCF method	Market rental growth p.a.	2.0%	2.1%
	Average discount rate	6.1%	5.6%
	Average cap rate	5.1%	4.7%

DECEMBER 2023	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	8,961	3,221	12.8%	451	12.9	2,782	5.0%	4.2
Residential	7,715	3,653	3.6%	370	8.6	2,112	4.8%	NA
Hotel	4,584	1,567	3.2%	238	13.0	2,926	5.2%	14.5
Logistics/Other	399	434	9.2%	24	5.0	920	6.1%	5.1
Retail	1,081	516	12.3%	59	10.7	2,095	5.5%	4.3
Development rights & Invest	1,892							
Total	**24,632**	**9,391**	**7.9%**	**1,142**	**10.7**	**2,421**	**5.0%**	**7.4**
Total (GCP at relative consolidation)	**21,421**	**7,893**	**8.5%**	**991**	**11.1**	**2,481**	**5.1%**	**7.5**

LIABILITIES

	Dec 2023	Dec 2022
	in € millions	
Short- and long-term loans and borrowings [1]	2,204.1	1,398.4
Short- and long-term straight bonds and schuldscheins	12,038.0	13,407.4
Deferred tax liabilities (including those under held for sale)	2,125.1	2,693.7
Short- and long-term derivative financial instruments and other long-term liabilities	1,076.1	1,011.8
Other current liabilities [2]	966.3	1,012.4
Total Liabilities	**18,409.6**	**19,523.7**

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 €18.4 billion at year-end 2023, lower by 6% compared to €19.5 billion at year-end 2022. The reduction was mainly due to debt repayments, mostly from bond buybacks at discount, and lower deferred tax liabilities due to the property devaluations, partially offset by new bank debt raised. Total debt from bank loans and bonds amounted to €14.2 billion at year-end 2023, 4% lower compared to €14.8 billion at year-end 2022. The decline was mainly due to the repurchase of €1.3 billion in nominal value, mostly near-term bonds at an average discount of 20%, reducing leverage and refinancing risk. AT also redeemed the €100 million Series S schuldschein and repaid approx. €85 million in bank debt mainly tied to assets that were disposed. These measures were partially offset by ca. €900 million in new bank debt drawn at an average margin of 1.4% and an average maturity of over 7 years. As a result of these pro-active liability management exercises and large liquidity position, debt maturities until mid-2026 are covered, up from end-of-2025 in Dec 2022, by the current liquidity and expected proceeds from signed disposals that are not closed and vendor loans. AT has additional liquidity sources from undrawn credit facilities that mature mostly in 2025 and unencumbered investment properties of €17.9 billion which allow it to raise further secured financing.

Deferred tax liabilities amounted to €2.1 billion at year-end 2023, lower by 21% compared to €2.7 billion at year-end 2022. The decrease was mainly due to negative revaluations and disposals. Deferred tax liabilities 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 as such the full corporate tax rate is applied in the relevant jurisdictions. Deferred tax liabilities represented 12% of total liabilities as of December 2023.

Short- and long-term derivative financial instruments and other long-term liabilities were higher at year-end 2023 compared to year-end 2022 mainly due to the commencement of a finance lease agreement on a residential property in London which increased the financial lease liabilities and the cash balance by approx. €50 million. Other long-term liabilities also include tenancy deposits 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 were €1.0 billion at year-end 2023, lower compared to over €1.0 billion at year-end 2022, mainly due to disposals. The largest item in other current liabilities is trade and other payables, which mainly comprise of pre-payments for ancillary services received from tenants that are correlated with the operating costs receivables under current assets. Other current liabilities also include tax payables, provisions for other liabilities and accrued expenses and other liabilities in properties held for sale which are not included above. Current assets cover current liabilities by 3 times.

DEBT METRICS

LOAN-TO-VALUE (LTV)	Dec 2023	Dec 2022
	in € millions	
Investment property (incl. advance payments and deposits and owner-occupied property and excl. right-of-use assets) 1)	24,580.1	28,014.6
Investment property of assets held for sale	408.3	909.1
Investment in equity-accounted investees 2)	857.1	1,053.8
Total value (a)	**25,845.5**	**29,977.5**
Total financial debt 3)	14,242.1	14,805.8
Less: Cash and liquid assets 3)	(3,026.1)	(2,718.7)
Net financial debt (b)	**11,216.0**	**12,087.1**
LTV (b/a)	**43%**	**40%**

UNENCUMBERED ASSETS	Dec 2023	Dec 2022
	in € millions	
Rent generated by unencumbered assets 4)	855.8	959.0
Rent generated by the total Group 4)	1,158.7	1,166.9
Unencumbered assets ratio	**74%**	**82%**

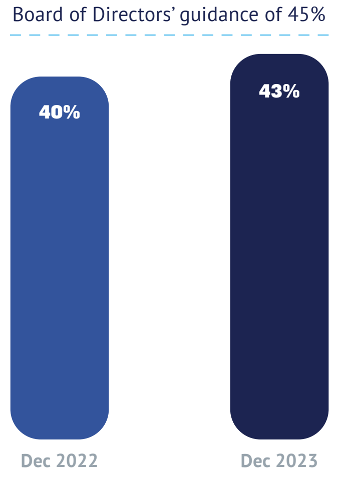
INTEREST COVER RATIO (ICR)	Year ended December 31, 2023	2022
	in € millions	
Finance expenses	230.1	184.8
Adjusted EBITDA 5)	955.9	956.0
ICR 6)	**4.2x**	**5.2x**

1) Reclassified in Dec 2023 to include owner-occupied property
2) including property related JV's
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 hotel rents
6) including the extraordinary expenses for uncollected hotel rents, the ICR, including extraordinary expenses for uncollected hotel rents would have amounted to 4.0x in 2023 and 4.8x in 2022

AT's disciplined debt management approach, strong credit profile and high financial strength are reflected in the solid debt metrics. AT had an LTV of 43% at year-end 2023, higher compared to 40% at year-end 2022. The increase was mainly due to the property devaluations, partially mitigated by pro-active deleveraging activities. Since the end of June 2022, property valuations fell by 14% while LTV only increased by 3% as deleveraging measures partially offset the impact of negative revaluations. These measures mainly included disposals, bond buybacks at discount, suspension of dividends and operational profitability. Aroundtown's leverage and financial metrics retain a very significant headroom to bond covenants.

The Group's high operational profitability and financial discipline resulted in a high ICR of 4.2x in 2023, lower compared to 5.2x in 2022, mainly due to higher finance expenses. An unencumbered investment property ratio of 74% (by rent) with a total value of €17.9 billion (excluding held for sale assets) as of year-end 2023 highlights the Group's financial flexibility and provides additional liquidity potential, along with undrawn revolving credit facilities.

CONSERVATIVE LEVERAGE (LTV)



Dec 2023

EQUITY

	Dec 2023	Dec 2022
	in € millions	
Total equity	**15,149.7**	**17,823.4**
of which equity attributable to the owners of the Company	7,643.3	9,585.3
of which equity attributable to perpetual notes investors	4,756.9	4,747.7
of which non-controlling interests	2,749.5	3,490.4
Equity ratio	**45%**	**48%**

Total equity amounted to €15.1 billion at year-end 2023, lower by 15% compared to €17.8 billion at year-end 2022. The decline was mainly due to the negative property revaluations, net of the resulting deferred tax income, and impairment of goodwill, partially offset by the operational profits and lower other financial expenses mainly due to the bond buybacks at discount. Correspondingly, shareholders' equity declined by 20% to €7.6 billion at year-end 2023 from €9.6 billion at year-end 2022. In March 2023, the USD mandatory convertible notes were fully converted into 27.7 million shares but did not impact the share count used in the KPI's as the notes were already considered as shareholders' equity under IFRS accounting rules and had already been included in the share count upon issuance. Given the macro-economic uncertainty and volatility in the first half of 2023, the Board of Directors of both Aroundtown and GCP decided not to recommend a dividend payment for 2022 to be distributed in 2023 at the respective annual general meetings of both companies. Non-controlling interests declined to €2.7 billion at year-end 2023 from €3.5 billion at year-end 2023 mostly due to the loss attributable to non-controlling interests mainly from property devaluations and the increased stake in GCP to 63% (excluding treasury shares) at year-end 2023 from 60% as at year-end 2022 via acquisition of shares.

The perpetual notes balance amounted to €4.8 billion at year-end 2023, stable compared to €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, are subordinated to debt, do not have default rights nor covenants and coupon payments are deferrable at the Company's discretion. The perpetual notes are 100% equity under IFRS regardless of whether they are called or not and therefore have no impact on the bond covenants. The Board of Directors of both Aroundtown and GCP decided not to exercise the voluntary option to call the perpetual notes with first call dates in 2023 given the elevated volatility in financial markets and economic uncertainty. Furthermore, after the reporting period, the Board of Directors of Aroundtown decided not to call the AT perpetual note with a first call date in January 2024. All these decisions were taken after having considered all available options and were mainly made because the rates of a potential new issuance were significantly above the reset rates of the notes. The reset coupons were adjusted at the respective call dates to 7.08% for AT's January 2023 perpetual note, 6.33% for GCP's January 2023 perpetual note, 7.75% for AT's July 2023 USD perpetual note, and 5.90% for GCP's October 2023 perpetual note. After the reporting period, the coupon rate for AT's January 2024 perpetual note was reset to 4.54%. The higher reset coupon rates on all the non-called perpetual notes will result in approx. €75 million higher coupon payments on an annualized basis. Non-called perpetuals can be called at every interest payment date and the Company will continue to assess all options regarding its perpetual notes. Perpetual notes remain an important part of the Company's capital structure as they provide a security cushion during volatile times by allowing issuers to manage the timing of any refinancing and conserve cash despite the higher coupon payments.

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	**2023**	Change	2022
EPRA NRV	9,920.8	(19%)	12,289.1
EPRA NRV per share (in €)	9.1	(19%)	11.2
EPRA NTA	8,058.7	(20%)	10,135.2
EPRA NTA per share (in €)	7.4	(20%)	9.3
EPRA NDV	7,592.1	(28%)	10,515.2
EPRA NDV per share (in €)	6.9	(28%)	9.6
EPRA Earnings	438.8	0%	438.7
EPRA Earnings per share (in €)	0.40	0%	0.40
EPRA LTV	60.8%	5.4%	55.4%
EPRA Net initial yield (NIY)	4.0%	0.5%	3.5%
EPRA 'Topped-up' NIY	4.1%	0.6%	3.5%
EPRA Vacancy	7.9%	0.3%	7.6%
EPRA Vacancy including JV	8.1%	0.3%	7.8%
EPRA Cost Ratio (including direct vacancy costs)	23.0%	(4.8%)	27.8%
EPRA Cost Ratio (excluding direct vacancy costs)	20.8%	(4.9%)	25.7%
EPRA Cost Ratio (including direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	20.4%	(1.6%)	22.0%
EPRA Cost Ratio (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	18.3%	(1.6%)	19.9%

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 2023			Dec 2022		
	in € millions			in € millions		
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NRV	EPRA NTA	EPRA NDV
Equity attributable to the owners of the Company	**7,643.3**	**7,643.3**	**7,643.3**	**9,585.3**	**9,585.3**	**9,585.3**
Deferred tax liabilities 1)	1,841.2	1,564.8	-	2,281.2	1,882.6	-
Fair value measurement of derivative financial instruments 2)	14.2	14.2	-	(29.0)	(29.0)	-
Goodwill in relation to TLG 3)	(604.0)	(604.0)	(604.0)	(680.6)	(680.6)	(680.6)
Goodwill in relation to GCP 4)	(539.8)	(539.8)	(539.8)	(600.0)	(600.0)	(600.0)
Intangibles as per the IFRS balance sheet 5)	-	(19.8)	-	-	(23.1)	-
Net fair value of debt	-	-	1,092.6	-	-	2,210.5
Real estate transfer tax 6)	1,565.9	-	-	1,732.2	-	-
NAV	**9,920.8**	**8,058.7**	**7,592.1**	**12,289.1**	**10,135.2**	**10,515.2**
Number of shares (in millions) 7)	1,094.4			1,094.2		
NAV per share (in €)	**9.1**	**7.4**	**6.9**	**11.2**	**9.3**	**9.6**

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. EPRA NRV additionally includes 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) excluding significant minority share in intangibles
6) including the gross purchasers' costs of assets held for sale and relative share in GCP's relevant RETT
7) excluding shares in treasury, base for share KPI calculations

The EPRA NAV KPI's were negatively impacted by the negative property devaluations, net of the associated deferred tax income, partially offset by the positive operational result, the lower other financial expenses mainly due to bond buybacks at discount, and the reduction of minorities in GCP. The reduction in goodwill had no impact on these KPI's as goodwill is excluded from the equity, thus any change is neutral.

EPRA NRV

The EPRA NRV amounted to €9.9 billion or €9.1 per share as of year-end 2023, both declining by 19% compared to €12.3 billion or €11.2 per share as of year-end 2022.

EPRA NTA

The EPRA NTA amounted to €8.1 billion or €7.4 per share at year-end 2023, decreasing both by 20%, compared to €10.1 billion or €9.3 per share at year-end 2022.

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. As a result, AT only adds back 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 on these properties 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 the share of retail assets in its 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 low risks with high pre-let ratios. Since the decision is based on an opportunistic basis, Aroundtown conservatively does not add back deferred tax liabilities related to these assets.

PORTFOLIO ITEMS	Dec 2023		
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	21,440.1	86%	77% [2]
Investment property of assets held for sale	408.3	2%	0%
Retail portfolio	772.3	3%	0%
GCP's Portfolio cities classified as "Others"	880.7	3%	0%
Development rights & Invest portfolio	1,539.3	6%	0%
Total	**25,040.7**	**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 NDV

The EPRA NDV amounted to €7.6 billion or €6.9 per share as of year-end 2023, both lower by 28% compared to €10.5 or €9.6 per share at year-end 2022. The decline was further impacted by a lower difference between the higher net fair value of debt and the book value of debt amount as a result of net debt repayments and lower market volatility in 2023.

EPRA EARNINGS

	Year ended December 31,	
	2023	2022
	in € millions	
Earnings per IFRS income statement	**(2,426.4)**	**(457.1)**
Property revaluations and capital (losses) / gains	3,217.5	497.3
Impairment of goodwill	137.0	404.3
Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net	(14.8)	168.6
Deferred tax income	(543.1)	(82.4)
Share of (loss) / profit from investment in equity accounted investees	149.8	(5.9)
Adjustment for investment in equity-accounted investees [1]	47.1	46.1
EPRA Earnings contribution to minorities [2]	(128.3)	(132.2)
EPRA Earnings	**438.8**	**438.7**
Weighted average basic shares (in millions) [3]	1,093.0	1,109.9
EPRA Earnings per share (in €)	**0.40**	**0.40**
Bridge to FFO I		
Add back: Total depreciation and amortization	17.9	21.1
Add back: Finance-related costs	29.2	25.5
Add back: Other adjustments	5.3	7.4
Less: FFO items related to minorities [2]	1.3	(4.1)
Less: FFO contribution from asset held for sale	(7.1)	(7.8)
Less: Perpetual notes attribution	(153.4)	(118.1)
FFO I	**332.0**	**362.7**
FFO I per share (in €)	**0.30**	**0.33**

1) including AT's share in joint venture positions.
2) adjusting for the minority share in GCP's FFO adjustments
3) weighted average number of shares excludes shares held in treasury; 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. As 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 above.

EPRA Earnings amounted to €439 million in 2023, flat compared to €439 million in 2022. Higher finance expenses and finance-related costs, the impact from disposals and cost inflation were offset by the like-for-like rental growth, lower extraordinary expenses for uncollected hotel rents, lower operating costs and reduced minorities. EPRA Earnings per share totaled €0.40 in 2023, also flat compared to €0.40 per share in 2022.

EPRA LTV

EPRA LTV	Dec 2023				
in € millions	**Consolidated (as reported)**	**Share of joint ventures**	**Share of material associates**	**Material non-controlling interests**	**Proportionate consolidation**
Total financial debt [1]	14,242.1	686.9	-	(1,801.4)	13,127.6
Foreign currency derivatives	(84.2)	-	-	18.7	(65.5)
Equity attributable to perpetual notes investors	4,756.9	-	-	(461.6)	4,295.3
EPRA Gross debt	**18,914.8**	**686.9**	**-**	**(2,244.3)**	**17,357.4**
Less:					
Cash and liquid assets [1]	(3,026.1)	(129.7)	-	512.3	(2,643.5)
EPRA Net debt	**15,888.7**	**557.2**	**-**	**(1,732.0)**	**14,713.9**
Investment property (incl. advance payments and excl. right-of-use assets)	24,506.1	1,161.5	-	(3,499.7)	22,167.9
Investment property of assets held for sale	408.3	15.3	-	(78.2)	345.4
Owner-occupied property	74.0	-	-	(17.8)	56.2
Intangibles as per the IFRS balance sheet	21.9	-	-	(2.1)	19.8
Net receivables [1]	155.6	75.1	-	(63.0)	167.7
Financial assets	1,027.2	444.8	-	(48.2)	1,423.8
EPRA Total property value	**26,193.1**	**1,696.7**	**-**	**(3,709.0)**	**24,180.8**
EPRA LTV	**60.7%**				**60.8%**

1) including balances under held for sale

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
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 (incl. advance payments and excl. right-of-use assets)	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

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 net assets 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.

EPRA LTV was 60.8% at year-end 2023, higher compared to 55.4% at year-end 2022. The increase was primarily due to the negative property revaluations, partially offset by the operational profits and deleveraging activities such as disposals, bond buybacks at discount, suspension of dividends and repayments from loans-to-own and vendor loans.

Berlin

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

	Dec 2023	Dec 2022
	in € millions	
Investment property	24,632.4	27,981.0
Investment property of assets held for sale	408.3	909.1
Share of JV investment property [1]	1,103.3	1,195.3
Less: Classified as Development rights & Invest	(1,891.8)	(2,271.3)
Complete property portfolio	**24,252.2**	**27,814.1**
Allowance for estimated purchasers' costs [1]	1,784.5	1,959.3
Grossed up complete property portfolio value	**26,036.7**	**29,773.4**
End of period annualized net rental income [1]	1,233.9	1,255.7
Operating costs [2]	(189.9)	(216.6)
Annualized net rent, after non-recoverable costs	**1,044.0**	**1,039.1**
Notional rent expiration of rent-free periods or other lease incentives	12.6	15.1
Topped-up net annualized rent	**1,056.6**	**1,054.2**
EPRA NIY	**4.0%**	**3.5%**
EPRA 'TOPPED-UP' NIY	**4.1%**	**3.5%**

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

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 was 4.0% at year-end 2023, higher compared to 3.5% at year-end 2022, mainly due to lower portfolio values driven by negative revaluations, partially offset by disposal of assets with higher-than-average yields. The increase in in-place and market rents and a lower cost margin, reflected in a lower EPRA cost ratio, supported the increase in the EPRA NIY. Accordingly, the EPRA 'Topped-up' NIY increased to 4.1% at year-end 2023, compared to 3.5% at year-end 2022.

Frankfurt

EPRA VACANCY

EPRA VACANCY	Dec 2023	Dec 2022
	in € millions	
Estimated Rental Value (ERV) of the vacant space	98.4	95.2
Dec annualized net rent including vacancy rented at ERV	1,240.7	1,246.1
EPRA VACANCY	**7.9%**	**7.6%**

EPRA VACANCY INCLUDING JV	Dec 2023	Dec 2022
	in € millions	
Estimated Rental Value (ERV) of the vacant space including JV [1)]	106.9	103.6
Dec annualized net rent including vacancy rented at ERV including JV [1)]	1,322.7	1,324.4
EPRA VACANCY INCLUDING JV	**8.1%**	**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 in Globalworth, the leading publicly listed office landlord in Central and Eastern European markets, mainly in Warsaw and Bucharest.

EPRA Vacancy was 7.9% at year-end 2023, higher compared to 7.6% at year-end 2022. The small increase was mainly due to negative like-for-like occupancy, partially offset by disposal of assets with higher-than-average vacancy. Correspondingly, EPRA Vacancy including JV increased to 8.1% at year-end 2023, up from 7.8% at year-end 2022. Aroundtown has observed an increase in market ERV's due to inflation driven indexations.

Amsterdam

EPRA COST RATIOS

	Year ended December 31, 2023	2022
	in € millions	
Administrative and other expenses	64.7	62.5
Maintenance and refurbishment	49.3	51.1
Ancillary expenses and purchased services, net	(0.2)	3.0
Personnel expenses	62.7	58.6
Other operating costs	98.7	173.3
Depreciation and amortization	17.9	21.1
Share of equity-accounted investees [1]	19.5	13.4
Exclude:		
Depreciation and amortization	(17.9)	(21.1)
EPRA Costs (including direct vacancy costs)	**294.7**	**361.9**
Direct vacancy costs [1]	(27.9)	(27.6)
EPRA Costs (excluding direct vacancy costs)	**266.8**	**334.3**
Extraordinary expenses for uncollected hotel rents	(33.0)	(75.0)
EPRA Costs (including direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	**261.7**	**286.9**
EPRA Costs (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	**233.8**	**259.3**
Revenue	1,602.8	1,609.9
Less: Operating and other income	(410.0)	(387.8)
Add: Share of net rental income from equity-accounted investees [1]	87.0	79.1
Net rental income	**1,279.8**	**1,301.2**
EPRA Cost Ratio (including direct vacancy costs)	**23.0%**	**27.8%**
EPRA Cost Ratio (excluding direct vacancy costs)	**20.8%**	**25.7%**
EPRA Cost Ratio (including direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	**20.4%**	**22.0%**
EPRA Cost Ratio (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)	**18.3%**	**19.9%**

1) including AT's share in joint venture positions

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.

The EPRA cost ratios amounted to 23.0% including direct vacancy costs and 20.8% excluding direct vacancy costs in 2023, lower compared to 27.8% and 25.7% in 2022 respectively. The lower cost ratio is the result of efficiency gains, like-for-like net rental growth, lower extraordinary expenses for uncollected hotel rents, and disposal of assets with a higher-than-average cost structure. Correspondingly, cost ratios excluding the extraordinary expenses for uncollected hotel rents amounted to 20.4% including direct vacancy costs and 18.3% excluding direct vacancy costs in 2023, both lower compared to 22.0% and 19.9% in 2022, respectively.

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 (loss) / profit*, non-operational items such as the *Property revaluations and capital (losses) / gains* and *Share of (loss) / 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* which is mainly the expenses for employees' share incentive plans. In order to reflect only the recurring operational profits, Aroundtown deducts the *Share of (loss) / 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 hotel rents. Adjusted EBITDA excludes (adds back) these expenses which are called *Extraordinary expenses for uncollected hotel rents.*

Adjusted EBITDA Calculation
Operating (loss) / profit [1]
(+) Total depreciation and amortization
(=) EBITDA
(-) Property revaluations and capital (losses) / gains [2]
(-) Share of (loss) / profit from investment in equity accounted investees [3]
(+) Other adjustments [4]
(-) Contribution of assets held for sale [5]
(+) Add back: Extraordinary expenses for uncollected hotel rents [6]
(=) Adjusted EBITDA before JV contribution [7]
(+) Contribution of joint ventures' adjusted EBITDA [8]
(=) Adjusted EBITDA

1) Named as „Operating profit" in FY 2017, 2018, 2019, 2020, 2021 and 2022
2) Named as „Fair value adjustments, capital gains and other income" in FY 2017, and „Property revaluations and capital gains" in FY 2018, 2019, 2020, 2021 and 2022
3) Named as „Share in profit from investment in equity-accounted investees" in FY 2017, 2018, 2019 and 2020, and „Share of profit from investment in equity-accounted investees" in FY 2021 and 2022.
4) Including expenses related to employees' share incentives plans. Named as „Other adjustments" in FY 2023 as no one-off expenses related to TLG merger were recorded in FY 2023. Named as „Other adjustments incl. one-off expenses related to TLG merger" after the takeover of TLG in FY 2020, 2021 and 2022. Prior to the takeover 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"
5) 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
6) Named as "Extraordinary expenses for uncollected hotel rents" in FY 2023. Named as „Extraordinary expenses for uncollected rent" in FY 2020, 2021 and 2022. The adjustment started in 2020 after the Covid pandemic in order to reflect the recurring adjusted EBITDA excluding these extraordinary expenses
7) 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
8) 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 (loss) / 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 hotel rents*. 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.

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 hotel rents [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) Named as „Extraordinary expenses for uncollected rent" in FY 2020, 2021 and 2022
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, base for share KPI calculations. Prior to their conversion, it included the conversion impact of mandatory convertible notes.
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

RENTAL YIELD AND RENT MULTIPLE

The rental yield and rent multiple are industry standard indicators to measure the rent generation of a property portfolio relative to its value and are generally used as key valuation indicators.

The *Rental yield* is derived by dividing the *End of period annualized net rental income*, by the *Investment property*. The *End of period annualized net rental income* is the annualized monthly in-place rent of the related *Investment property* as at the end of the period. The *Rent multiple* is the inverse of *Rental yield* and is derived by dividing the *Investment property* by the *End of period annualized net rental income*. As the assets that classified as *Development rights & invest* do not generate material rental income, these are excluded from the calculation.

AT additionally reports rental yield and/or rent multiple on a more granular basis, such as in its portfolio breakdown or in relation to specific transactions, to provide enhanced transparency and comparability on its property portfolio in specific locations and/or in relation to transaction activity.

Rental Yield and Rent Multiple Calculation
(a) End of period annualized net rental income [1]
(b) Investment property [1]
(=) (a/b) Rental yield
(=) (b/a) Rent multiple

1) Excluding properties classified as Development rights & Invest

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 guidance 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 deposits* and starting from FY 2023 *Owner-occupied 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* and *Short- and long-term straight bonds 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 (incl. advance payments and deposits and owner-occupied property and excl. right-of-use assets) [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) It included inventories - trading property before the item was disposed and starting in Dec 2023 includes Owner-occupied property
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 property related JV's starting from Dec 2022
4) Total of bank loans, straight bonds, schuldscheins and exluding lease liabilities. It included convertible bonds prior to their repayment.
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 costs. *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, including extraordinary expenses for uncollected hotel rents* and which was previously reported as *ICR, Covid adjusted* and which is calculated by dividing the *Adjusted EBITDA* including extraordinary expenses for uncollected hotel rents 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, Including Extraordinary Expenses for Uncollected Hotel Rents Calculation
(a) Finance expenses
(c) Adjusted EBITDA [2) 4)]
(=) (c/a) ICR, including extraordinary expenses for uncollected hotel rents [3)]

DSCR Calculation
(a) Finance expenses [1)]
(d) Amortization of loans from financial institutions and others [5)]
(=) (e=a+d) Total finance expenses and amortizations of loans [6)]
(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) Named as ICR, Covid adjusted in FY 2022
4) Including extraordinary expenses for uncollected hotel rents
5) 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
6) 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 hotel rents. 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 hotel rents. 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.

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, base for share KPI calculations. Prior to their conversion, it included the conversion impact of mandatory convertible notes.

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. 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) Changed 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, base for share KPI calculations. Prior to their conversion, it included the conversion impact of mandatory convertible notes.

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.

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, base for share KPI calculations. Prior to their conversion, it included the conversion impact of mandatory convertible notes.

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* which includes *Advance payments and deposits* but excludes the right-of-use assets, *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 [3]
(=) EPRA Gross debt
(-) Cash and liquid assets [1]
(=) (a) EPRA Net debt
(+) Investment property [2]
(+) Investment property of assets held for sale
(+) Owner-occupied property
(+) Intangibles as per the IFRS balance sheet
(+) Net receivables [3]
(+) Financial assets
(=) (b) EPRA Total property value
(=) (a/b) EPRA LTV [4]

1) The components are described under the LTV section
2) Starting in Dec 2023, Investment property under the LTV section was changed to include Owner-occupied property which is added separately below in EPRA LTV
3) 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
4) 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

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 (losses) / 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, taking out *Deferred tax income* deducting the *Share of (loss) / 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.

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* are added back. *Other adjustments* are made up of share-based payments and previously included 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 (losses) / 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 [3]
(-) Share of (loss) / profit from investment in equity accounted investees [4] [5]
(+) Adjustment for investment in equity-accounted investees [5] [6]
(-) EPRA Earnings contribution to minorities [7]
(=) (a) EPRA Earnings
(b) Weighted average basic shares [8]
(=) (a/b) EPRA Earnings per share

1) Named as „Fair value adjustments, capital gains and other income" in FY 2017, and „Property revaluations and capital gains" in FY 2018, 2019, 2020, 2021 and 2022
2) Named as „Changes in fair value of financial assets and liabilities, net" in FY 2017, 2018, 2019, 2020 and 2021
3) Named as „Deferred tax expense" in FY 2017, 2018, 2019, 2020 and 2021. Named as „Deferred tax income (expenses)" in FY 2022
4) Named as „Share in profit from investment in equity-accounted investees" in FY 2017, 2018, 2019 and 2020, and „Share of profit from investment in equity accounted investees" in FY 2021 and 2022
5) 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"
6) 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.
7) 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
8) Weighted average number of shares excludes shares held in treasury, base for share KPI calculations. Prior to their conversion, it included the conversion impact of mandatory convertible notes

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 property 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 hotel rents*. 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 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 Extraordinary expenses for uncollected hotel rents adjustments. The *EPRA Cost Ratio (including direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)* is derived by dividing the *EPRA Costs (including* *direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)*, which adds back the *Extraordinary expenses for uncollected hotel rents* to the *EPRA Costs (including direct vacancy costs)*, by *Net rental income*. The EPRA *Cost Ratio (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)* is derived by dividing the *EPRA Costs (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)*, which adds back the *Extraordinary expenses for uncollected hotel rents* 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 hotel rents [5)]
(=) (e=a-d) EPRA Costs (including direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)[6)]
(=) (f=c-d) EPRA Costs (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)[6)]
(+) 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 extraordinary expenses for uncollected hotel rents)[6)]
(=) (k=a/g) EPRA Cost Ratio (excluding direct vacancy costs, excluding extraordinary expenses for uncollected hotel rents)[6)]

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) Named as "Extraordinary expenses for uncollected hotel rents" in FY 2023. Named as „Extraordinary expenses for uncollected rent" in FY 2020, 2021 and 2022. The adjustment started in 2020 after the Covid pandemic in order to reflect the recurring costs excluding these extraordinary expenses
6) Changed to „excluding extraordinary expenses for uncollected hotel rents" from „excluding Covid-19 adjustment" in FY 2023

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 27, 2024

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

To the Board of Directors of
Aroundtown SA
37, boulevard Joseph II
L-1840 Luxembourg
Grand Duchy of Luxembourg

Independent Limited Assurance Report on the Non-Financial Report (Independent Auditor)

Independent Limited Assurance Report

We were engaged by the Board of Directors (the "Management") of Aroundtown SA ("the Company") to report on the Company's statements and indicators (the "sustainability disclosures information") that are disclosed in the Company's Non-Financial Report 2023 (the "Report"), for the selected ESG topics and KPIs related to the year 2023, as listed in Appendix I:

- Energy and Carbon Emissions
- Environmental Compliance
- Diversity and Equality
- Employment and Skills

in the form of an independent limited assurance conclusion as to whether the sustainability disclosures information is prepared and presented in all material respects in accordance with EPRA Sustainability Best Practices Recommendations ("EPRA SBPR") Guidelines dated September 2017, and the EU Regulation 2020/852 on EU Taxonomy for Sustainable activities (Article 8) (the "Criteria").

Responsibilities of the Management of the Company

Management of the Company is responsible for the preparation and presentation of the sustainability disclosures information as reported in the Report in accordance with the Criteria. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the sustainability disclosures information.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the sustainability disclosures information as reported in the Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our Responsibilities

Our responsibility is to examine the sustainability disclosures information as described in the Report and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Boards as adopted for Luxembourg by the Institut des Réviseurs d'Entreprises (hereafter "IRE").

That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the sustainability disclosures information as reported in the Report is properly prepared and presented in all material respects in accordance with the Criteria and is free from material misstatement.

Our firm applies International Standard on Quality Management 1, "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance and Related Services Engagements" ("ISQM 1"), as adopted for

Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF) and accordingly, maintains a comprehensive system of quality control including the design, implementation and operation of a system of quality management of audits or reviews of financial statements, or other assurance and related services engagements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as adopted for Luxembourg by the CSSF, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Summary of work performed

A limited assurance engagement on the sustainability disclosures information as described in the Report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate, with relation to the sustainability disclosures information as described in the Report.

- Conducting media search for references to the Company during the reporting period;
- Obtaining and reading the Company's policies and processes to address sustainability matters and reporting;
- Inquiries and inspection of the processes for determining the Report content and related controls implemented;
- Interviews with relevant staff responsible for providing and preparing the information in the Report, inquiries and inspection of the related controls implemented and methodologies used;
- Confirmation of alignment of the content and structure of the sustainability statement with the Criteria.

The assurance procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. A limited assurance engagement involves performing procedures to obtain sufficient appropriate evidence to give assurance over the matters identified for our report. The assurance procedures selected depend on our judgment, the suitable criteria including our assessment of the risk of material misstatement in the sustainability disclosures information as reported in the Report, whether due to fraud or error.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the sustainability disclosures information nor of the underlying records or other sources from which the information was extracted.

The limited assurance opinion expressed in this report has been formed on the above basis.

Inherent limitations

Our assurance work was limited to examining the relevant documents that were made available by Management. Other than as described in the assurance procedures above, we were not required to, nor have we, verified the accuracy or completeness of the underlying data from which the Report, provided by the client, has been prepared.

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Report may occur and not be detected. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Report, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a sample basis.

Our assurance work did not include:

- Procedures to verify the sustainability disclosures information related to another period than for the year ended 31 December 2023.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

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

Based on the assurance procedures performed and evidence obtained, as described above, nothing has come to our attention that causes us to believe that the sustainability disclosures information as reported in the Report are not prepared and presented in all material respects, in accordance with the Criteria.

Restriction of Use of Our Report

Our report is solely for the purpose set forth in the above objective and is not to be used for any other purpose. Our report is solely for the use of the Management and, through the Company's website, the investors of the Company ("the Investors"). The Investors can rely upon the Report at their own risks. We do not owe any duty to the Investors, whether in contract or in tort or under statute or otherwise (including in negligence) with respect to or in relation to the Report. Investors will not bring any actions, proceedings or claims against KPMG Audit S.à r.l. where the action, proceeding or claim in any way relates to or concerns the use of or reliance on the Report. We cannot be held liable to Investors for any direct nor indirect loss or damage suffered or costs incurred by them, arising out of or in connection with the use or the Report, however such loss or damage is caused.

It might not be translated, summarised, disclosed, published or transmitted electronically for any other purposes, without our prior consent.

We will agree with you the basis and timing of communications in order to communicate any matters raised during our assignment that we believe to be both important and relevant.

Luxembourg, 27 March 2024

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

Muhammad Azeem
Réviseur d'entreprises agréé

Berlin

Berlin

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Consolidated Financial Statements

Consolidated statement of profit or loss

	Note	Year ended December 31, 2023	2022
		in € millions	
Revenue	6	1,602.8	1,609.9
Property revaluations and capital (losses) / gains	7	(3,217.5)	(497.3)
Share of (loss) / profit from investment in equity-accounted investees	16	(149.8)	5.9
Property operating expenses	8	(638.4)	(694.9)
Administrative and other expenses	9	(64.7)	(62.5)
Operating (loss) / profit		**(2,467.6)**	**361.1**
Impairment of goodwill	14	(137.0)	(404.3)
Finance expenses	10	(230.1)	(184.8)
Other financial results	10	(14.4)	(194.1)
Loss before tax		**(2,849.1)**	**(422.1)**
Current tax expenses	11.2	(120.4)	(117.4)
Deferred tax income	11.4	543.1	82.4
Loss for the year		**(2,426.4)**	**(457.1)**
(Loss) / profit attributable to:			
Owners of the Company		(1,987.6)	(645.1)
Perpetual notes investors		153.4	118.1
Non-controlling interests		(592.2)	69.9
Loss for the year		**(2,426.4)**	**(457.1)**
Net loss per share attributable to the owners of the Company (in €)			
Basic loss per share	12.1	(1.82)	(0.58)
Diluted loss per share	12.2	(1.82)	(0.58)

Consolidated statement of other comprehensive income

	Note	Year ended December 31,	
		2023	2022
		in € millions	
Loss for the year		**(2,426.4)**	**(457.1)**
Other comprehensive (loss) / income:			
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		12.1	(33.3)
Cash flow hedges and cost of hedging		(33.6)	33.8
Items that will not be reclassified to profit or loss, net of tax:			
Revaluation of property and equipment	15	(2.9)	15.3
Total comprehensive loss for the year		**(2,450.8)**	**(441.3)**
Total comprehensive (loss) / income attributable to:			
Owners of the Company		(2,013.2)	(626.1)
Perpetual notes investors		153.4	118.1
Non-controlling interests		(591.0)	66.7
Total comprehensive loss for the year		**(2,450.8)**	**(441.3)**

Consolidated statement of financial position

	Note	As at December 31, 2023	2022
		in € millions	
ASSETS			
Investment property	13	24,632.4	27,981.0
Goodwill and intangible assets	14	1,165.7	1,308.1
Property and equipment	15	213.5	199.7
Investment in equity-accounted investees	16	1,086.5	1,291.9
Advance payments and deposits		107.4	136.1
Derivative financial assets	25.4.1	138.1	205.8
Other non-current assets	17	1,458.1	1,303.8
Deferred tax assets	11.4	65.8	65.1
Non-current assets		**28,867.5**	**32,491.5**
Cash and cash equivalents	25.3.2	2,641.2	2,305.4
Short-term deposits		127.1	137.5
Financial assets at fair value through profit or loss	25.1	257.7	266.5
Trade and other receivables	18	1,008.3	1,168.1
Derivative financial assets	25.4.1	248.0	46.8
Assets held for sale	13.2.2	409.5	931.3
Current assets		**4,691.8**	**4,855.6**
Total assets		**33,559.3**	**37,347.1**

Consolidated statement of financial position (continued)

	Note	As at December 31, 2023	2022
		in € millions	
EQUITY			
Share capital	19.1.1	15.4	15.4
Treasury shares	19.1.2	(2,893.3)	(3,033.7)
Retained earnings and other reserves		10,521.2	12,603.6
Equity attributable to the owners of the Company		**7,643.3**	**9,585.3**
Equity attributable to perpetual notes investors	19.2	4,756.9	4,747.7
Equity attributable to the owners of the Company and perpetual notes investors		**12,400.2**	**14,333.0**
Non-controlling interests	19.3	2,749.5	3,490.4
Total equity		**15,149.7**	**17,823.4**
LIABILITIES			
Loans and borrowings	21.1	2,124.2	1,266.0
Straight bonds	21.2	11,698.0	13,307.4
Derivative financial liabilities	25.4.1	306.4	431.7
Other non-current liabilities	22	635.1	567.2
Deferred tax liabilities	11.4	2,106.5	2,662.3
Non-current liabilities		**16,870.2**	**18,234.6**
Current portion of long-term loans and loan redemptions	21.1	79.9	22.9
Bonds and schuldscheins	21.2	340.0	100.0
Trade and other payables	24	671.5	666.0
Tax payable		72.5	93.6
Provisions for other liabilities and accrued expenses		215.3	201.0
Derivative financial liabilities	25.4.1	134.6	12.9
Liabilities associated with assets classified as held for sale	13.2.2	25.6	192.7
Current liabilities		**1,539.4**	**1,289.1**
Total liabilities		**18,409.6**	**19,523.7**
Total equity and liabilities		**33,559.3**	**37,347.1**

The Board of Directors of Aroundtown SA authorized these consolidated financial statements for issuance on March 27, 2024

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

Consolidated statement of changes in equity

	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, 2023		**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**
(Loss) / profit for the year		-	-	-	-	(1,987.6)	(1,987.6)	153.4	(1,834.2)	(592.2)	(2,426.4)
Other comprehensive (loss) / income for the year, net of tax		-	13.8	(39.4)	-	-	(25.6)	-	(25.6)	1.2	(24.4)
Total comprehensive (loss) / income for the year		**-**	**13.8**	**(39.4)**	**-**	**(1,987.6)**	**(2,013.2)**	**153.4**	**(1,859.8)**	**(591.0)**	**(2,450.8)**
Transactions with owners of the Company											
Contributions and distributions											
Settlement of mandatory convertible notes	19.1.5	-	(138.5)	-	138.5	-	-	-	-	-	-
Equity settled share-based payment	19.1.2	-	(1.7)	-	1.9	-	0.2	-	0.2	-	0.2
Total contributions and distributions		**-**	**(140.2)**	**-**	**140.4**	**-**	**0.2**	**-**	**0.2**	**-**	**0.2**
Changes in ownership interests											
Initial consolidations and deconsolidations	19.3.1	-	-	-	-	-	-	-	-	0.2	0.2
Transactions with non-controlling interests (NCI), dividends distributed to NCI	19.3.1	-	-	-	-	56.9	56.9	-	56.9	(150.1)	(93.2)
Total changes in ownership interests		**-**	**-**	**-**	**-**	**56.9**	**56.9**	**-**	**56.9**	**(149.9)**	**(93.0)**
Transactions with perpetual notes investors											
Payment to perpetual notes investors		-	-	-	-	-	-	(118.2)	(118.2)	-	(118.2)
Buy-back of perpetual notes		-	14.1	-	-	-	14.1	(26.0)	(11.9)	-	(11.9)
Total transactions with perpetual notes investors		**-**	**14.1**	**-**	**-**	**-**	**14.1**	**(144.2)**	**(130.1)**	**-**	**(130.1)**
Balance as at December 31, 2023		**15.4**	**5,073.7**	**20.2**	**(2,893.3)**	**5,427.3**	**7,643.3**	**4,756.9**	**12,400.2**	**2,749.5**	**15,149.7**

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, 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	19.1.2	-	-	-	(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	19.1.3	-	(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	19.3.1	-	-	-	-	-	-	-	-	26.3	26.3
Transactions with non-controlling interests (NCI), dividends distributed to NCI and others	19.3.1	-	-	-	-	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**

Consolidated statement of cash flows

	Note	Year ended December 31, 2023	2022
		in € millions	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(2,426.4)	(457.1)
Adjustments for the loss:			
Depreciation and amortization	14, 15	17.9	21.1
Property revaluations and capital gains	7	3,217.5	497.3
Share of loss / (profit) from investment in equity-accounted investees	16.4	149.8	(5.9)
Impairment of goodwill	14	137.0	404.3
Finance expenses and other financial results	10	244.5	378.9
Current and deferred tax (income) / expenses	11	(422.7)	35.0
Share-based payment	20.2	5.3	5.4
Change in working capital		(58.5)	(29.1)
Dividend received	16	19.1	34.8
Tax paid		(111.4)	(96.7)
Net cash from operating activities		**772.1**	**788.0**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisitions of property, equipment and intangible assets		(16.2)	(26.4)
Proceeds from disposals of investment property and proceeds from investees		970.4	1,286.5
Acquisitions of investment property and associates, investment in capex and advances paid		(395.6)	(730.3)
Proceeds from / (investments in) traded securities and other financial assets, net		49.6	(121.3)
Net cash from investing activities		**608.2**	**408.5**

Consolidated statement of cash flows (continued)

	Note	Year ended December 31, **2023**	2022
		in € millions	
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back program	19.1.2	-	(254.6)
Payments to mandatory convertible notes investors		(5.9)	(11.9)
Payments to perpetual notes investors, net of buy-back		(126.2)	(118.1)
Buy-back and redemption of bonds	21.3	(1,128.6)	(829.2)
Proceeds of loans from financial institutions and others, net of repayments made	21.3	812.9	225.0
Amortization of loans from financial institutions and others	21.3	(16.6)	(13.3)
Transactions with non-controlling interests	19.3.1	(84.4)	(*) (427.4)
Dividend paid to the owners of the Company		-	(169.3)
(Payments to) / proceeds from hedge relations, derivatives and others		(288.6)	39.2
Interest and other financial expenses paid, net	21.3	(214.2)	(203.9)
Net cash used in financing activities		**(1,051.6)**	**(1,763.5)**
Net changes in cash and cash equivalents		**328.7**	**(567.0)**
Cash and cash equivalents as at January 1		2,305.4	2,873.0
Assets held for sale – change in cash	13.2.2	9.1	(5.5)
Effect of movements in exchange rates on cash held		(2.0)	4.9
Cash and cash equivalents as at December 31		**2,641.2**	**2,305.4**

(*) reclassified

Notes to the consolidated financial statements

For the year ended December 31, 2023

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 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, the 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, 2023, 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 negative outlook given by Standard and Poor's (S&P). The rating of 'BBB+' also applies to the Company's senior unsecured debt. The Group`s subordinated perpetual notes' rating is 'BBB-' with a negative outlook.

Grand City Properties S.A.'s (a subsidiary of the Company, "GCP") corporate credit rating is 'BBB+' with a negative outlook given by S&P, and 'Baa1' with a negative outlook given by Moody's Investors Service (Moody's), who maintains its public rating on GCP on an unsolicited basis since 2021. The 'BBB+' and 'Baa1' ratings also apply to the GCP's senior unsecured debt. GCP`s subordinated perpetual notes are rated 'BBB-' with a negative outlook and 'Baa3' with a negative outlook, by S&P and Moody's, respectively.

Aroundtown's and GCP's credit ratings were reaffirmed by S&P in December 2023.

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 the 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 23
The reporting period	The financial year ended on December 31, 2023

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, 2022 have been reclassified to enhance comparability with 2023 figures and are marked as "reclassified".

The consolidated financial statements were authorized for issuance by the Company's Board of Directors on March 27, 2024.

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, when applicable;

» 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.

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.

Deferred tax liabilities related to the investment property. Deferred tax liabilities consider the theoretical disposal of investment properties in the form of asset deals with a tax rate applied based on the nominal rate in the jurisdiction of the property.

» *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. For each investee, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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, 2023, the Group's main foreign exchange rates versus the euro were as follows:

	EUR/GBP ("British Pound")	**EUR/USD** ("US Dollar")
December 31, 2023	**0.869**	**1.105**
December 31, 2022	0.887	1.067
Average rate during the year 2023	0.870	1.081
Average rate during the year 2022	0.853	1.053
Changes (in %):		
Year ended December 31, 2023	(2.0%)	3.6%
Year ended December 31, 2022	5.6%	(5.8%)

3. MATERIAL ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

In the current year, the Group has applied a number of new and amended IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reports in these financial statements.

- **IFRS 17 *Insurance Contracts* (including the June 2020 Amendments to IFRS 17)**

  IFRS 17 establishes the principals for the recognition, measurement, presentation and disclosure of insurance contacts and supersedes IFRS 4 *Insurance Contacts*.

  IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

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

  The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

  The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

  The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

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

  The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

  » A change in accounting estimate that results from new information or new developments is not the correction of an error

  » The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

  The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

- **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 12 Income Taxes: International Tax Reform - Pillar Two Model Rules**

The Group has adopted the amendments to IAS 12 upon their release in May 2023. The amendments introduce a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately and require new disclosures about the Pillar Two exposure.

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted in any jurisdiction in which the Group operates and no related deferred tax was recognized at that date, the retrospective application has no impact on the Group's consolidated statement of financial position.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023. 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.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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 of 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 a 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 applied judgement to assess whether the transition had taken place on an economically equivalent basis. In making this assessment, the Group considered the extent of any changes to the contractual cash flows as a result of the transition and the factors that had 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. The transition has been completed as of December 31, 2023.

(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, if they are expected to have an impact on the Group's financial statements. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

With effective date of January 1, 2024:

- **Amendments to IFRS 16 *Leases* – Lease Liability in a Sale and Leaseback**

  The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

  The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

  As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

  A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

- **Amendments to IAS 1 *Presentation of Financial Statements* – Classification of Liabilities as Current or Non-Current**

  The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

  The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024, with early application permitted.

- **Amendments to IAS 1 *Presentation of Financial Statements* – Non-current Liabilities with Covenants**

  The amendments to IAS 1 issued in August 2022 specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

  The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

  The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted.

  The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

London

4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

4.1 Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured and presented at fair value as at December 31, 2023, and as at December 31, 2022, on a recurring basis under the relevant fair value hierarchy. Also presented are the Group's financial assets and liabilities measured at amortized cost for which the carrying amount materially differs from the fair value.

	As at December 31, 2023					As at December 31, 2022				
		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)	418.7	418.7	240.6	135.2	42.9	466.4	466.4	196.7	231.7	38.0
Derivative financial assets	386.1	386.1	-	386.1	-	252.6	252.6	-	252.6	-
Total financial assets	**804.8**	**804.8**	**240.6**	**521.3**	**42.9**	**719.0**	**719.0**	**196.7**	**484.3**	**38.0**
FINANCIAL LIABILITIES										
Loans and borrowings	2,204.1	2,221.3	-	2,221.3	-	1,288.9	1,242.6	-	1,242.6	-
Bonds and schuldscheins (2)	12,038.0	10,373.8	10,157.2	216.6	-	13,407.4	10,110.6	9,820.1	290.5	-
Derivative financial liabilities	441.0	441.0	-	441.0	-	444.6	444.6	-	444.6	-
Total financial liabilities	**14,683.1**	**13,036.1**	**10,157.2**	**2,878.9**	**-**	**15,140.9**	**11,797.8**	**9,820.1**	**1,977.7**	**-**

(1) including non-current financial assets at fair value through profit or loss
(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 Group'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. OPERATING SEGMENTS

5.1 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, 2023, consists of 63 thousand units (2022: 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.

5.2 Segment revenues and net operating income

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

		Year ended December 31, 2023				
		in € millions				
	Note	Commercial portfolio	GCP portfolio	Total reportable segments	Adjustments	Total
Segment revenue	6	996.8	607.7	**1,604.5**	(1.7)	**1,602.8**
Net operating income		655.3	328.7	**984.0**	(1.7)	**982.3**
Property revaluations and capital (losses) / gains	7	(2,327.5)	(890.0)	**(3,217.5)**	-	**(3,217.5)**
Impairment of goodwill	14	(76.7)	(60.3)	**(137.0)**	-	**(137.0)**
Share of loss from equity-accounted investees	16					(149.8)
Administrative and other expenses	9					(64.7)
Depreciation and amortization	14,15					(17.9)
Finance expenses	10					(230.1)
Other financial results	10					(14.4)
Loss before tax						**(2,849.1)**
Current tax expenses	11					(120.4)
Deferred tax income	11					543.1
Loss for the year						**(2,426.4)**

		Year ended December 31, 2022				
		in € millions				
	Note	Commercial portfolio	GCP portfolio	Total segments	Adjustments	Total
Segment revenue	6	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 (losses) / gains	7	(615.1)	117.8	**(497.3)**	-	**(497.3)**
Impairment of goodwill	14	(141.4)	(262.9)	**(404.3)**	-	**(404.3)**
Share of profit from equity-accounted investees	16					5.9
Administrative and other expenses	9					(62.5)
Depreciation and amortization	14,15					(21.1)
Finance expenses	10					(184.8)
Other financial results	10					(194.1)
Loss before tax						**(422.1)**
Current tax expenses	11					(117.4)
Deferred tax income	11					82.4
Loss for the year						**(457.1)**

Segment revenue, net operating income and revaluation and capital gains / (losses) as well as impairment of goodwill 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 6 and 13, respectively.

6. REVENUE

	Year ended December 31,	
	2023	2022
	in € millions	
Net rental income	1,192.8	1,222.1
Operating and other income	410.0	387.8
	1,602.8	**1,609.9**

Geographical distribution of revenue

	Year ended December 31,	
Country	**2023**	2022
	in € millions	
Germany	1,198.0	1,195.2
The Netherlands	176.6	159.1
United Kingdom	148.7	173.9
Belgium	27.3	26.0
Others	52.2	55.7
	1,602.8	**1,609.9**

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

7. PROPERTY REVALUATIONS AND CAPITAL (LOSSES) / GAINS

	Year ended December 31,	
	2023	2022
	in € millions	
Property revaluations	(3,174.8)	(539.9)
Capital (losses) / gains	(42.7)	42.6
	(3,217.5)	**(497.3)**

8. PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2023	2022
	in € millions	
Ancillary expenses and purchased services	(409.8)	(390.8)
Maintenance and refurbishment	(49.3)	(51.1)
Personnel expenses	(62.7)	(58.6)
Depreciation and amortization	(17.9)	(21.1)
Other operating costs (*)	(98.7)	(173.3)
	(638.4)	**(694.9)**

(*) the Group recognized an allowance for expected credit loss and other impairment on trade and other receivables in the total amount of €65.9 million (2022: €133.2 million), also containing an allowance for uncollected hotel rents

As at December 31, 2023, the Group had 1,706 employees (2022: 1,705 employees). On average, the Group had 1,745 employees (2022: 1,688 employees) for which the personnel expenses are presented in the property operating expenses and the administrative and other expenses.

The amount of direct operating expenses (including maintenance and refurbishment) arising from investment property that generates net rental income during the year amounted to €628.3 million (2022: €690.5 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 €10.1 million (2022: €4.4 million).

9. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2023	2022
	in € millions	
Personnel expenses	(30.9)	(28.8)
Legal and professional fees	(13.4)	(12.1)
Audit and accounting expenses	(7.1)	(7.2)
Marketing and other administrative expenses	(13.3)	(14.4)
	(64.7)	**(62.5)**

The following table shows the breakdown of audit and audit-related services that are presented in the audit and accounting expenses above, as well as tax and other services rendered by KPMG audit firm network and by other audit firms:

	Year ended December 31,			
	2023		2022	
	in € millions			
	KPMG Network	**Other audit firms**	**KPMG Network**	**Other audit firms**
Audit services	3.4	3.1	(*)3.9	(*)2.4
Audit-related services	0.3	0.3	(*)0.5	(*)0.4
Tax and other services	0.2	0.7	0.1	0.4
	3.9	**4.1**	**4.5**	**3.2**

(*) reclassified

10. FINANCE EXPENSES AND OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2023	2022
	in € millions	
Finance expenses		
Interest to financial institutions, bonds and third parties, net	(213.3)	(173.9)
Finance expenses on lease liabilities	(16.8)	(10.9)
	(230.1)	**(184.8)**
Other financial results		
Changes in fair value of financial assets and liabilities, buy-backs and early repayment costs, net (*)	14.8	(168.6)
Finance-related costs	(29.2)	(25.5)
	(14.4)	**(194.1)**

(*) for the gain resulted in the bond buybacks, see note 21.2.1

11. TAXATION

11.1 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% (2022: 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, 2023 (2022: 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% (2022: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to special defense contribution at the rate of 30.0% (2022: 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% (2022: 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 2023 is 25.8% (reduced rate of 15% applies to taxable income up to €395 thousand) (2022: 25.8% 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 25.0% (reduced rate of 19% applies to taxable income up to GBP 250 thousand) for December 31, 2023 (2022: 19.0%). 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% (2022: 27.9%).

11.2 Current tax expenses

	Year ended December 31,	
	2023	2022
	in € millions	
Corporate income tax	(72.1)	(69.0)
Property tax	(48.3)	(48.4)
	(120.4)	**(117.4)**

11.3 Global minimum top-up tax

Pillar Two legislation was enacted in several jurisdictions in which the Group operates. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between their Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and a 15% minimum rate.

The Group is in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist them with applying the legislation.

11.4 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, 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 / (loss)	28.2	(1.1)	27.1
Disposed of through deconsolidations and others	-	(24.4)	(24.4)
Transfer to liabilities held for sale	-	(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**
Charged to:			
Consolidated statement of profit or loss	(3.7)	(542.5)	(546.2)
Other comprehensive loss	(17.7)	(2.0)	(19.7)
Disposed of through deconsolidations and others	-	(10.3)	(10.3)
Transfer from liabilities held for sale and others	-	18.7	18.7
Netting of deferred taxes (*)	-	1.7	1.7
Balance as at December 31, 2023	**20.6**	**2,085.9**	**2,106.5**
Excess of deferred tax liabilities as at December 31, 2022			**2,597.2**
Excess of deferred tax liabilities as at December 31, 2023			**2,040.7**

As at December 31, 2023, the Group did not recognize cumulative deferred tax liabilities amounting to €555.8 million (2022: €529.4 million) on fair value gains on investment property 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, 2021	**59.8**	**25.7**	**85.5**
Charged to:			
Consolidated statement of profit or loss	2.3	3.4	5.7
Other comprehensive loss	(30.4)	-	(30.4)
Disposed of through deconsolidations and others	-	(2.0)	(2.0)
Transfer (to) from assets held for sale	-	3.0	3.0
Netting of deferred taxes (*)	-	3.3	3.3
Balance as at December 31, 2022	**31.7**	**33.4**	**65.1**
Charged to:			
Consolidated statement of profit or loss	3.0	(6.1)	(3.1)
Disposed of through deconsolidations and others	-	(1.8)	(1.8)
Transfer from assets held for sale and others	-	3.9	3.9
Netting of deferred taxes (*)	-	1.7	1.7
Balance as at December 31, 2023	**34.7**	**31.1**	**65.8**

(*) 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, 2023, a cumulative amount of €165.5 million was netted (2022: €167.2 million)

As at December 31, 2023, the Group had not recognized cumulative deferred tax assets amounting to €385.2 million (2022: €210.7 million) on carried forward losses, carried forward interest amounts and other tax attributes, as it was not considered probable that there would be taxable profits available in the relevant entities in the foreseeable future.

11.5 Reconciliation of effective tax rate

	Year ended December 31,	
	2023	2022
	in € millions	
Loss before tax	(2,849.1)	(422.1)
Tax using domestic rate	24.94%	24.94%
Tax computed at the statutory tax rate	(710.6)	(105.3)
Decrease in taxes on income resulting from the following factors:		
Group's share in earnings from companies accounted for as equity-accounted investees	37.4	(1.5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	225.1	80.7
Income and expenses on which the Group did not recognize deferred tax and others	25.4	61.1
Total current and deferred tax (income) expenses	**(422.7)**	**35.0**
Effective tax rate (in %)	**14.8**	**(8.3)**

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

12.1 Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2023, is based on the loss attributable to the owners of €1,987.6 million (2022: loss of €645.1 million), and a weighted average number of ordinary shares outstanding of 1,093.0 million (2022: 1,109.9 million), calculated as follows:

Loss attributed to the shareholders (basic)

	Year ended December 31,	
	2023	2022
	in € millions	
Loss for the year, attributable to the owners of the Company	(1,987.6)	(645.1)

Weighted average number of ordinary shares (basic)

	Year ended December 31,	
	2023	2022
	in millions of shares	
Issued ordinary shares on January 1, net of treasury shares	1,065.0	1,103.6
Scrip dividend and share incentive effect (*)	0.3	14.0
Mandatory convertible notes effect	27.7	27.7
Shares buy-back effect (*)	-	(35.4)
Weighted average number of ordinary shares	**1,093.0**	**1,109.9**
Basic loss per share (in €)	**(1.82)**	**(0.58)**

(*) weighted average amount

12.2 Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2023, is based on diluted loss attributable to the owners of €1,985.5 million (2022: loss of €645.2 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,094.5 million (2022: 1,111.3 million), calculated as follows:

Loss attributed to the shareholders (diluted)

	Year ended December 31,	
	2023	2022
	in € millions	
Loss for the year, attributable to the owners of the Company (basic)	(1,987.6)	(645.1)
Dilutive effect of the Company's share of profit in investees	2.1	(0.1)
Loss for the year, attributable to the owners of the Company (diluted)	**(1,985.5)**	**(645.2)**

Weighted average number of ordinary shares (diluted)

	Year ended December 31,	
	2023	2022
	in millions of shares	
Issued ordinary shares on January 1, net of treasury shares	1,065.0	1,103.6
Scrip dividend and share incentive effect (*)	1.8	15.4
Mandatory convertible notes effect	27.7	27.7
Shares buy-back effect (*)	-	(35.4)
Weighted average number of ordinary shares	**1,094.5**	**1,111.3**
Diluted loss per share (in €)	**(1.82)**	**(0.58)**

(*) weighted average amount

Hannover

13. INVESTMENT PROPERTY

13.1. Reconciliation of investment property

	Year ended December 31,	
	2023	2022
	(*) Level 3	(*) Level 3
	in € millions	
Balance as at January 1	**27,981.0**	**29,115.9**
Plus: investment property classified as held for sale	909.1	1,009.3
Total investment property	**28,890.1**	**30,125.2**
Additions	211.5	469.2
Modernization, pre letting modification and capital expenditures	334.6	407.5
Disposals (see note 13.2.1)	(1,273.1)	(1,431.3)
Effect of foreign currency exchange differences	52.4	(140.6)
Fair value adjustments	(3,174.8)	(539.9)
Total investment property	**25,040.7**	**28,890.1**
Less: investment property classified as held for sale (see note 13.2.2)	(408.3)	(909.1)
Balance as at December 31	**24,632.4**	**27,981.0**

(*) 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,	
	2023	2022
	in € millions	
Germany	18,079.7	21,313.5
The Netherlands	2,101.4	2,379.5
United Kingdom	2,299.5	2,392.8
Belgium	609.9	615.5
Other locations	1,541.9	1,279.7
	24,632.4	**27,981.0**

(*) excluding investment property classified as held for sale

13.2 Disposals and assets / liabilities held for sale

13.2.1 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 2023 and 2022:

	As at December 31,	
	2023	2022
	in € millions	
Investment property	1,273.1	1,431.3
Trading property	-	103.2
Other assets, net	11.5	10.4
Deferred tax liabilities, net	(18.0)	(22.4)
Total net assets disposed of	**1,266.6**	**1,522.5**
Non-controlling interests deconsolidated	(2.9)	(3.2)
Total consideration (*)	(1,221.0)	(1,561.9)
Capital (loss) / gain	(42.7)	42.6

(*) the sales consideration in 2023 included vendor loans granted by the Group as a seller in the volume of €228.1 million (2022: €243.1 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

13.2.2 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 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, 2023, 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,	
	2023	2022
	in € millions	
Investment property	408.3	909.1
Cash and cash equivalents	0.2	9.3
Other assets	1.0	12.9
Total assets classified as held for sale	**409.5**	**931.3**
Loans and borrowings	-	109.5
Deferred tax liabilities	18.6	31.4
Other liabilities	7.0	51.8
Total liabilities associated with assets classified as held for sale	**25.6**	**192.7**

13.3 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, PwC 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 square meter 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, 2023, 91% (2022: 95%) of investment property have been valued using the discounted cash flows method, 6% using the comparable approach (2022: less than 1%) and 3% using the residual value approach (2022: nearly 5%).

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The key assumptions used to determine the fair value of the investment property are further discussed below:

		As at December 31,	
		2023	2022
Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	
DCF method	Rent growth p.a. (%)	0.1 – 3.0 (2.0)	0.2 – 3.0 (2.1)
	Long-term vacancy rate (%)	0.0 – 7.2 (0.8)	0.0 – 4.1 (1.0)
	Discount rate (%)	3.3 – 13.3 (6.1)	2.5 – 12.8 (5.6)
	Capitalization rate (%)	2.1 – 16.3 (5.1)	1.7 – 15.1 (4.7)
Market comparable approach	Price per sqm (in €)	2,000 – 13,200 (4,100)	1,200 – 16,800 (4,800)
Residual value approach	Rent price per sqm (in €)	7.7 – 59.3 (25.8)	10.0 – 41.1 (21.5)
	Sales price per sqm (in €)	1,550 – 14,000 (7,100)	3,000 – 9,700 (8,000)
	Development cost per sqm (in €)	800 – 7,200 (3,700)	1,000 – 5,500 (3,600)
	Developer margin (%)	7.5 – 20.0 (13.0)	9.0 – 20.0 (12.8)

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,			
		2023		2022	
Asset type	**Parameter**	**Discount rate**	**Capitalization rate**	**Discount rate**	**Capitalization rate**
Office	Range	4.0% - 11.8%	3.6% - 11.5%	2.5% - 9.5%	3.3% - 12.0%
	Average	6.3%	5.4%	5.4%	4.9%
Hotel	Range	3.8% - 13.3%	3.5% - 11.1%	3.3% - 12.8%	3.1% - 10.6%
	Average	7.4%	5.9%	6.8%	5.3%
Residential	Range	4.0% - 8.4%	2.1% - 7.8%	2.5% - 7.0%	1.7% - 7.3%
	Average	5.2%	4.0%	4.6%	3.6%
Retail	Range	4.3% - 9.8%	3.6% - 10.4%	3.5% - 11.0%	3.4% - 9.0%
	Average	6.7%	6.1%	6.2%	5.5%
Logistics/ wholesale/ other	Range	3.3% - 9.9%	3.0% - 16.3%	3.0% - 10.3%	2.2% - 15.1%
	Average	5.7%	5.1%	5.1%	4.3%

- **Highest and best use**

  As at December 31, 2023, the current use of all investment property is considered the highest and best use, except for 5.3% (2022: 11.1%) 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.

14. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Computer software and other intangible assets	Total
		in € millions	
COST			
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
Additions, net	-	1.4	1.4
Balance as at December 31, 2023	1,699.0	35.3	1,734.3
IMPAIRMENT / AMORTIZATION			
Balance as at December 31, 2021	4.5	8.3	12.8
Amortization for the year	-	7.7	7.7
Impairment for the year	404.3	-	404.3
Balance as at December 31, 2022	408.8	16.0	424.8
Amortization for the year	-	6.8	6.8
Impairment for the year	137.0	-	137.0
Balance as at December 31, 2023	545.8	22.8	568.6
CARRYING AMOUNTS			
Balance as at December 31, 2022	**1,290.2**	**17.9**	**1,308.1**
Balance as at December 31, 2023	**1,153.2**	**12.5**	**1,165.7**

14.1 Annual impairment test of goodwill

In July 2021, following the business combination with GCP, goodwill in the amount of €862.9 million was recognized. 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.

During the year 2022, goodwill on GCP and TLG was impaired in a total amount of €404.3 million, and as of December 31, 2022 amounted to €600.1 million and €680.7 million, respectively.

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, goodwill, specific additional financial assets and deferred tax liabilities recognized during the business combination but not yet reversed) and amounted to €8,921.8 million as at December 31, 2023 (2022: €10,221.0 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 €8,861.5 million (2022: recoverable amount of €9,958.1 million, being the fair value less costs of disposal) and therefore concluded an impairment of €60.3 million on the goodwill on GCP for 2023 (2022: €262.9 million) to a residual amount of €539.8 million. The Company assumed the fair value less costs of disposal as of December 31, 2023, was higher than the value in use, mainly due to the increased 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 TLG, the carrying CGU amount as at December 31, 2023, amounted to €2,725.2 million (2022: €3,736.1 million) (being the investment property, goodwill and deferred tax liabilities recognized during the business combination but not yet 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 €2,648.5 million (2022: recoverable amount of €3,594.7 million, being the fair value less costs of disposal) and therefore concluded with an impairment of €76.7 million on the goodwill on TLG for 2023 (2022: €141.4 million) to a residual amount of €604.0 million. The Company assumed the fair value less costs of disposal as of December 31, 2023, was higher than the value in use, mainly due to the increased cost of capital that would affect the discounted cash flows model on which the value in use is based.

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 13.3. The assumed costs of disposal parameter utilized in the impairment assessments was 75 basis points. Any change of +/- 10 basis points in the assumed costs of disposal would lead to a further / less impairment of €11.4 million.

15. PROPERTY AND EQUIPMENT

	Owner-occupied properties (*)	Furniture, fixtures and office equipment	Total
		in € millions	
COST			
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
Additions, net	-	28.0	28.0
Revaluations	(4.8)	2.0	(2.8)
Held for sale	-	(0.3)	(0.3)
Balance as at December 31, 2023	80.6	178.2	258.8
DEPRECIATION			
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
Depreciation for the year	1.7	9.4	11.1
Balance as at December 31, 2023	6.6	38.7	45.3
CARRYING AMOUNT			
Balance as at December 31, 2022	**80.5**	**119.2**	**199.7**
Balance as at December 31, 2023	**74.0**	**139.5**	**213.5**

(*) 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

16. INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

16.1 Reconciliation of investment in equity-accounted investees

	Year ended December 31,	
	2023	2022
	in € millions	
Balance as at January 1	**1,291.9**	**1,222.5**
Additions, net	117.4	109.6
Dividends received	(39.2)	(34.8)
Share of (loss) / profit from investees	(149.8)	5.9
Changes through OCI and other equity reserves	1.3	(11.3)
Initial consolidations (*)	(135.1)	-
Balance as at December 31	**1,086.5**	**1,291.9**

(*) in May 2023, the Group obtained control over real estate portfolio and initially consolidated investment property with value of €196 million

16.2 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, 2023 and 2022 are as follow:

Name of investee	Principal activity	Place of incorporation	Main place of principal activities	Rate of effective ownership interest by the Group as at December 31,	
				2023	2022
				in %	
Globalworth Real Estate Investments Limited (through 50% in Tevat Limited)	Real estate	Guernsey	Poland and Romania	30.38	30.31

Utrecht

16.3 Summarized financial information in respect of the Group's material equity-accounted investees is set out below:

Globalworth Real Estate Investments Limited ("GWI")	As at and for the year ended December 31	
	2023	2022
	in € millions	
Current assets	480.1	329.0
Of which cash and cash equivalents	396.3	163.8
Non-current assets	2,965.1	3,039.9
Of which investment property	2,843.1	2,945.5
Current liabilities	101.3	82.3
Non-current liabilities	1,741.3	1,615.3
Of which loans, borrowings and bonds	1,574.8	1,433.6
Equity attributable to the owners	1,601.1	1,656.5
Revenue	240.4	239.3
Finance expenses, net	33.9	49.8
Current and deferred tax income (expenses)	7.7	(4.9)
Net loss attributed to the owners	(54.2)	(16.1)
Total comprehensive loss attributed to the owners	**(54.2)**	**(21.5)**
Quoted market price per share (in €)	2.6	4.1
Group's share of loss in the investee	(13.6)	(1.7)
Dividends received in the Group from the investee (*)	20.1	19.2
Impairment of investment	(26.2)	(23.2)

(*) for both of the interim dividends announced in March 2023 and August 2023, GWI offered a scrip dividend alternative to its shareholders, so instead of cash dividend, the shareholder would get new shares in GWI at the price of €2.28 and €2.00 for each interim dividend, respectively). The Group accepted the scrip option for dividends and hence received new 9.4 million shares in GWI that increased its proportional stake to 30.38%

Reconciliation of the above summarized financial information to the carrying amount:		
Equity attributable to the owners	1,601.1	1,656.5
Group's interest	30.38%	30.31%
Group's share	486.4	502.1
Surplus on investment	0.2	24.3
Total carrying amount of equity-accounted investee	**486.6**	**526.4**

16.4 Aggregate information of investment in equity-accounted investees that are not individually material

	As at and for the year ended December 31,	
	2023	2022
	in € millions	
The Group's share of (loss) / profit	(110.0)	30.8
The Group's share of other comprehensive income / (loss)	1.3	(11.3)
The Group's share of total comprehensive (loss) / income	**(108.7)**	**19.5**
Dividends received in the Group from the investees	19.1	15.6
Aggregate carrying amount of the Group's interests and loans in these investments	599.9	765.5

17. OTHER NON-CURRENT ASSETS

	Note	As at December 31, 2023	2022
		in € millions	
Tenancy deposits	1	65.3	61.2
Trade receivables	2	50.5	53.1
Investment in non-current financial assets	3	1,325.9	(*) 1,172.1
Other balances		16.4	17.4
		1,458.1	**1,303.8**

(*) reclassified

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 primarily by 2027 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). The vendor loans have maturities between 2024 and 2026, carrying weighted average interest rates of ca. 5% p.a. and are secured against the properties sold at an initial LTV in the range of 40%-70% at the time of disposal. An amount of €161.0 million (2022: €199.9 million) is accounted for at fair value through profit or loss and includes mainly investment in various real estate funds

18. TRADE AND OTHER RECEIVABLES

	Note	As at December 31, 2023	2022
		in € millions	
Rent and other receivables		114.6	91.8
Operating costs receivables	1	499.0	454.7
Prepaid expenses		28.8	23.9
Tax receivable from authorities		132.8	91.0
Other short-term financial assets	2	233.1	506.7
		1,008.3	**1,168.1**

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 mainly includes the current portion of vendor loans granted by the Group as part of the sale transactions and of loans in connection with future real estate transactions.

The Group recognized an allowance for expected credit losses and other impairments on trade and other receivables in the total amount of €65.9 million (2022: €133.2 million) through the property operating expenses in the consolidated statement of profit or loss.

19. TOTAL EQUITY

19.1 Equity attributable to the owners of the Company

19.1.1 Share capital

	As at December 31, 2023		2022	
	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 2023 and 2022.

19.1.2 Treasury shares

	2023	2022
	Number of shares	
Balance at January 1	**471,981,352**	**433,459,625**
Acquired during the year	-	70,123,968
Delivered as part of scrip dividend distributions (see note 19.1.3)	-	(31,134,933)
Delivered as part of mandatory convertible notes settlement (see note 19.1.5)	(27,691,319)	-
Delivered as part of share-based payment	(402,820)	(467,308)
Balance at December 31	**443,887,213**	**471,981,352**
Rate from the total share capital of the Company (in %)	**28.88**	**30.71**

The treasury shares were acquired by the Group via tender offers and buyback programs (pursuant to resolutions taken by the Company's Board of Directors that followed the authorization received by the ordinary general meeting held in May 2020 to buying back of own shares) and have been serving the Company in settling of scrip dividends and other share-based transactions.

The treasury shares are accounted for at their original purchase price and are not subsequently revaluated. Upon sale or delivery, 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.

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.

19.1.3 Dividend distributions

On June 29, 2022, the shareholders' annual general meeting 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 and cash payment of €212.5 million.

On March 28, 2023, the Board of Directors of the Company has decided not to recommend a dividend payment for 2022 financial year at the Company's annual general meeting, following the increase in macro-economic and capital markets uncertainty and volatility. The decision not to pay was resolved by the shareholders' annual general meeting that took place on June 28, 2023.

19.1.4 Share premium and other reserves

The capital reserves include share premium derived directly from the capital increases that took place since the date of incorporation (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, which temporarily cannot be distributed.

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, 2023, the legal reserve amounted to €1.1 million.

19.1.5 Mandatory convertible notes

In March 2023, the Company delivered to the mandatory convertible notes investors 27,691,319 of its own shares from the Company's treasury shares to settle the mandatory convertible notes originally issued in March 2020, according to which the notes shall be mandatorily converted into shares of the Company in the following three years after issuance, using a preset conversion price (dividend adjusted). The delivered treasury shares amounted to €138.5 million which was the historical cost upon their buyback by the Company.

19.2 Perpetual notes

19.2.1 Overview of the Group's perpetual notes

As described in the material 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 (or GCP'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 a perpetual note, the annual coupon rates for following periods are updated according to the "Next Reset Margin" (updated every 5 years from the time when the perpetual note is not called by the Group, presented as the "Next Reset Date"), and the next possible call date shall be in each subsequent year.

Set below are the outstanding nominal values as of December 31, 2023:

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 Date	Next Reset Margin
			in € millions	in € millions	%			%
ATF Netherlands B.V.	19.2.2	EUR	368.9	368.9	7.078	01/2024	01/2028	4.625 + 5Y Mid-Swap
Grand City Properties S.A.	19.2.2	EUR	200.0	200.0	6.332	01/2024	01/2028	3.887 + 5Y Mid-Swap
AT Securities B.V.	(a), 19.2.2	USD	641.5	561.1	7.747	07/2024	07/2028	3.796 + 5Y Mid-Swap
Grand City Properties S.A.	19.2.2	EUR	350.0	350.0	5.901	10/2024	10/2028	2.682 + 5Y Mid-Swap
Aroundtown SA	(c), 19.2.2	EUR	394.5	394.5	2.125	01/2024	01/2024	2.000 + 5Y Mid-Swap
Aroundtown SA	(a), (b)	GBP	400.0	447.9	3.000	06/2024	06/2024	4.377 + 5Y Mid-Swap
Aroundtown SA		EUR	600.0	600.0	3.375	09/2024	12/2024	3.980 + 5Y Mid-Swap
Aroundtown SA		EUR	500.0	500.0	2.875	01/2025	01/2025	3.460 + 5Y Mid-Swap
Grand City Properties S.A.		EUR	700.0	700.0	1.500	06/2026	06/2026	2.184 + 5Y Mid-Swap
Aroundtown SA	(c)	EUR	578.8	578.8	1.625	07/2026	07/2026	2.419 + 5Y Mid-Swap

(a) the euro amount is based on the historical rate as of placement of the notes
(b) effective euro coupon rate using cross-currency swap
(c) an aggregate amount of €26.7 million nominal value has been bought back by the Group during 2023

19.2.2 Decision not to exercise options to call

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 the €368.9 million and €200.0 million nominal value perpetual notes with first call date in January 2023 issued by ATF Netherlands B.V. (a fully owned subsidiary of the Company) and GCP, respectively. As stipulated in the terms and conditions of the perpetual notes, the coupon for the period starting from January 2023 was set to be the 5-year Mid-Swap rate plus a margin of 4.375% p.a. (7.08% p.a.) (for the notes issued by ATF Netherlands B.V.), and 5-year Mid-Swap rate plus a margin of 3.637% p.a. (6.33% p.a.) (for the notes issued by GCP).

During 2023, similar decision was taken on the $641.5 million perpetual notes with first call date in July 2023 issued by AT Securities B.V. (a fully owned subsidiary of the Company) and the €350 million perpetual notes with first call date in October 2023 issued by GCP. Consequently, to the decisions not to use the option to redeem, the coupons on these perpetual notes starting from July 2023 and October 2023 were set to be 5-year Mid-Swap rate plus a margin of 3.546% p.a. (7.75% p.a.), and 5-year Mid-Swap rate plus a margin of 2.432% p.a. (5.9% p.a.).

In December 2023, the Company announced its Board of Directors' decision not to exercise its option to voluntarily redeem its €400 million perpetual notes on their first call date being January 2024. The annual coupon rate starting from January 2024 was amended to 5-year Mid-Swap rate plus a margin of 2.0% p.a. (4.54% p.a.).

The Company and GCP have the option to call the uncalled perpetuals at every future coupon payment date, and the uncalled perpetuals have been and will continue being accounted for as equity in the consolidated statement of financial position.

19.3 Non-controlling interests

19.3.1 Reconciliation of non-controlling interest:

	Note	in € millions
Balance 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	(1)	(451.4)
Balance at December 31, 2022		**3,490.4**
Share of loss for the year		(592.2)
Share of OCI for the year		1.2
Transactions and dividend with/to NCI, and deconsolidations	(2)	(149.9)
Balance as at December 31, 2023		**2,749.5**

(1) 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.

(2) Transactions in 2023

An amount of €0.2 million of NCI increased due to initial consolidations of €3.1 million that took place during 2023, offset by €2.9 million of deconsolidated NCI.

During 2023, the Company changed its holding rate in subsidiaries within the Group, thereof mainly an increase in GCP (increase in holding rate from 60.11% to 62.68% as at December 31, 2023), that led to a total decrease of €90.1 million in the NCI amount (the negative cash effect of these acquisitions amounted to €33.8 million). The effect on the shareholders' equity was increase of €56.9 million that reflected the variance between the NCI book value and acquisition price). Furthermore, the Group subsidiaries distributed dividends to the NCI in the amount of €60.0 million, thereof €50.6 million paid in cash.

The following are subsidiaries that have material NCI reflected in the consolidated financial statements of the Group:

19.3.2 TLG Immobilien AG

TLG Immobilien AG is an Aktiengesellschaft (stock corporation) incorporated in Germany with its registered office at 1, Alexanderstraße, 10178 Berlin, Germany. 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,	
	2023	2022
NCI percentage (also reflects the voting rights) as at the year-end	**11.89%**	**11.84%**
	in € millions	
Accumulated amount of NCI presented in the Group	352.1	400.7
(Loss) / profit allocated to NCI presented in the Group	(39.4)	23.6
Dividend paid to NCI	11.7	11.9
Financial Information of TLG:		
Current assets	672.1	501.0
Of which cash and cash equivalents	389.6	141.1
Non-current assets	4,239.5	5,065.7
Of which investment property	2,613.2	3,422.7
Current liabilities	173.0	231.9
Non-current liabilities	1,992.9	2,161.1
Of which loans, borrowings and bonds	1,189.5	1,185.6
Total equity	2,745.7	3,173.7
Net asset attributable to NCI	326.5	375.9
Revenue	173.9	201.7
Net (loss) / profit	(329.1)	200.2
Cash flows from operating activities	60.6	181.0
Cash flows from investing activities	411.3	662.1
Cash flows used in financing activities	(223.3)	(1,008.4)
Net change in cash and cash equivalents	**248.6**	**(165.3)**

19.3.3. 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.

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 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,	
	2023	2022
NCI percentage (also reflects the voting rights) as at the year-end	**37.32%**	**39.89%**
	in € millions	
Accumulated amount of NCI presented in the Group	1,405.2	1,800.0
(Loss) / profit allocated to NCI presented in the Group	(279.4)	108.5
OCI allocated to NCI presented in the Group	1.2	(3.3)
Dividend paid to NCI	17.0	44.4
Financial Information of GCP:		
Current assets	1,838.1	1,134.0
Of which cash and cash equivalents	1,129.2	324.9
Non-current assets	9,077.9	10,008.7
Of which investment property	8,498.6	9,447.6
Current liabilities	655.0	308.7
Non-current liabilities	5,205.3	5,134.0
Of which loans, borrowings and bonds	4,262.4	4,096.3
Total equity	5,055.7	5,700.0
Net asset attributable to Perpetual notes investors	1,262.7	1,253.8
Net asset attributable to NCI	1,415.7	1,773.8
Revenue	607.2	577.0
Net (loss) / profit	(587.0)	225.0
Total OCI	3.6	(8.5)
Total comprehensive (loss) / income	**(583.4)**	**216.5**
Cash flows from operating activities	249.4	216.1
Cash flows from (used) in investing activities	147.8	(150.6)
Cash flows from (used) in financing activities	405.3	(633.9)
Net change in cash and cash equivalents	**802.5**	**(568.4)**

20. SHARE-BASED PAYMENT AGREEMENTS

20.1 Description of share-based payment arrangements

As at December 31, 2023, 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 2020 – December 2026	3,636	Up to 4 years

20.2 Reconciliation of outstanding share options

The number and weighted average number of shares under the share incentive program and replacement awards were as follows:

	2023	2022
	Number of shares	Number of shares
	in thousands	
Outstanding on January 1	2,552	2,924
Granted during the year, net	2,620	433
Exercised during the year (*)	(1,536)	(805)
Outstanding on December 31	**3,636**	**2,552**

(*) in accordance with the terms and conditions of the incentive share plan, 403 thousand shares (2022: 467 thousand) were delivered from the Group's treasury shares to employees across the Group, and the rest amounts were either settled in cash or withheld at source to reflect the tax impact

During the year, the total amount recognized as share-based payment was €5.3 million (2022: €5.4 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.

21. LOANS, BORROWINGS, BONDS AND SCHULDSCHEINS

21.1 Composition

			As at December 31,	
			2023	2022
	Weighted average interest rate as at December 31, 2023	**Maturity**	**in € millions**	
Non-current				
Bank loans (1) - (3)	3.7%	2025-2082	2,124.2	1,266.0
Straight bonds and schuldscheins	1.9%	2025-2039	11,698.0	13,307.4
Total non-current			**13,822.2**	**14,573.4**
Current				
Bank loans (4)	3.7%	2024	26.2	11.2
Loan redemptions (4)	2.6%	2024	53.7	11.7
Straight bonds	1.2%	2024	340.0	100.0
Total current			**419.9**	**122.9**

(1) the bank loans have the serving assets as their main security (as at December 31, 2023 and 2022, €200 million and €140 million, respectively, are unsecured). The Group is in compliance with its obligations (including loan covenants) to the financing banks under the existing loan agreements that include, inter alia, ranges for minimum debt service coverage ratio (DSCR) of 105%-225% and loan to value minimal ratio (LTV) of 50%-75%

(2) as at December 31, 2023, approximately €6.7 billion of the investment property is encumbered (2022: approximately €5.8 billion)

(3) in 2023, the Group raised from financial institutions a net amount of ca. €900 million. The debt drawn down had an average maturity and margin of over 7 years and 1.4%, respectively. Moreover, the Group signed a secured bank facility to enable further drawdowns of €41.8 million on demand (no drawdowns took place in the reporting period). The Group repaid bank loans of ca. €85 million during the year

(4) including accrued interest

21.2 Bonds and schuldscheins composition

Set out below, is an overview of the Group's bonds and schuldscheins as at December 31, 2023, and December 31, 2022:

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, 2023		%		**2023**	2022
			in millions	in € millions			in € millions	
Non-current portion								
Series H	(a) (b) (c)	USD	400.0	372.4	1.365	03/2032	349.4	361.0
Series NOK	(a) (b) (c)	NOK	750.0	79.3	0.818	07/2027	66.2	70.6
Series I	21.2.1	EUR	206.9	206.9	1.88	01/2026	205.0	247.6
Series J	21.2.1	GBP	483.5	556.3	3.00	10/2029	545.6	551.2
Series K	21.2.1	EUR	478.9	478.9	1.00	01/2025	476.7	684.1
Series L	(b) (c) (f)	USD	150.0	125.2	1.78 + Euribor (6M)	02/2038	115.4	123.4
Series M	(c), 21.2.1	CHF	239.8	214.4	0.73	01/2025	258.7	253.5
Series N		EUR	800.0	800.0	1.63	01/2028	788.4	785.7
Series O	21.2.1	EUR	296.8	296.8	2.00	11/2026	294.5	301.9
Series P	(b) (c) (g), 21.2.1	AUD	202.0	127.3	1.24 + Euribor (6M)	05/2025	118.6	151.9
Series R	(b) (c) (h), 21.2.1	CAD	181.8	119.5	2.72 + Euribor (6M)	09/2025	116.8	167.7
Series T	(b) (i)	EUR	150.0	150.0	2.27 + Euribor (6M)	09/2030	149.9	149.9
Series U		EUR	75.0	75.0	2.97	09/2033	73.7	73.6
Series V		EUR	50.0	50.0	2.70	10/2028	49.7	49.7
Series W		EUR	76.0	76.0	3.25	11/2032	74.9	74.8
Series X	(c), 21.2.1	CHF	99.8	91.3	1.72	03/2026	107.6	101.4
Series 27	(b) (c)	HKD	430.0	48.3	1.62	03/2024	-	51.7
Series 28	(b) (c) (j), 21.2.1	USD	540.8	478.5	2.64 + Euribor (6M)	03/2029	453.2	527.7
Series 29	(b) (c) (k)	NOK	1,735.0	179.0	2.52 + Euribor (6M)	03/2029	132.2	148.8
Series 30	(b) (c) (l), 21.2.1	GBP	388.7	455.3	2.11 + Euribor (6M)	04/2031	382.9	369.0
Series 31	(c)	JPY	7,000.0	61.3	1.42	05/2029	44.6	49.6
Series 32	21.2.1	EUR	603.8	603.8	0.63	07/2025	599.9	775.8
Series 33		EUR	600.0	600.0	1.45	07/2028	593.4	592.1
Series 34	(b) (c)	NOK	500.0	45.9	1.055	07/2025	44.4	47.5
Series 36	21.2.1	EUR	519.5	519.5	1.50	05/2026	528.3	614.0

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, 2023		%		**2023**	2022
			in millions	in € millions			in € millions	
Non-current portion (continued)								
Series 38	21.2.1	EUR	727.8	727.8	0.00	07/2026	720.1	985.1
Series 39	21.2.1	EUR	1,027.9	1,027.9	0.375	04/2027	1,011.6	1,224.3
GCP series E	21.2.1	EUR	194.4	194.4	1.50	04/2025	198.0	211.4
GCP series G	21.2.1	EUR	577.4	577.4	1.38	08/2026	594.0	624.0
GCP series H	21.2.1	EUR	255.0	255.0	2.00	10/2032	276.8	279.2
GCP series I	(b) (c) (m)	HKD	900.0	104.3	1.17 + Euribor (6M)	02/2028	100.3	102.0
GCP series J		EUR	667.6	667.6	1.50	02/2027	690.4	697.7
GCP series K	(c)	CHF	125.0	135.0	0.96	09/2026	137.2	130.0
GCP series L	(c)	JPY	7,500.0	48.0	1.20	06/2038	46.6	53.1
GCP series M	(b) (n)	EUR	47.0	47.0	1.39 + Euribor (6M)	07/2033	48.0	45.3
GCP series N	(b)	EUR	88.0	88.0	1.71 + Euribor (3M)	02/2039	79.8	75.8
GCP series O	(b)	EUR	15.0	15.0	1.68 + Euribor (3M)	02/2034	13.8	13.2
GCP series P	(b) (c)	HKD	290.0	33.6	1.38 + Euribor (3M)	03/2029	32.1	31.9
GCP series Q	(c)	CHF	130.0	140.4	0.57	06/2024	-	132.9
GCP series R		EUR	40.0	40.0	2.50	06/2039	46.0	46.3
GCP series U		EUR	80.0	80.0	0.75	07/2025	80.8	81.3
GCP series V	(b) (o)	EUR	70.0	70.0	1.50	08/2034	69.6	63.8
GCP series W	21.2.1	EUR	148.8	148.8	1.70	04/2024	-	207.2
GCP series X		EUR	1,000.0	1,000.0	0.13	01/2028	982.9	978.7
Total non-current portion							**11,698.0**	**13,307.4**
Series S	(e), 21.2.1	EUR	100.0	100.0	0.75 + Euribor (6M)	08/2023	-	100.0
Series 27	(b), (c)	HKD	430.0	48.3	1.62	03/2024	49.8	-
GCP series Q	(c)	CHF	130.0	140.4	0.57	06/2024	140.7	-
GCP series W	21.2.1	EUR	148.8	148.8	1.70	04/2024	149.5	-
Total current portion							**340.0**	**100.0**
Total accrued interest on bonds and schuldscheins	(d)						**116.3**	**123.7**

(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 1.78% 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

Berlin

21.2.1 Buy-back and redemption of bonds

During 2022 and 2023, the Company and its subsidiaries bought back some of the Group's straight bonds through tenders as well as in the secondary market. 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. The bonds buybacks in 2023 were in average price of 80% of the nominal value (2022: around nominal value), and resulted in recognizing a gain of €243.6 million that is presented as other financial results in the consolidated statement of profit or loss (2022: gain of €0.9 million).

Set forth are the amounts bought back and redeemed upon maturity during the year 2023:

Straight bond / schuldschein	Currency	Contractual maturity	Nominal value bought-back		Outstanding nominal value as at December 31, 2023
			in millions (original currency)	in € millions	in millions (original currency)
Series I	EUR	01/2026	44.1	44.1	206.9
Series J	GBP	10/2029	16.5	19.3	483.5
Series K	EUR	01/2025	211.2	211.2	478.9
Series M	CHF	01/2025	10.3	10.5	239.8
Series O	EUR	11/2026	8.4	8.4	296.8
Series P	AUD	05/2025	48.0	29.3	202.0
Series R	CAD	09/2025	68.2	46.8	181.8
Series S	EUR	08/2023	100.0	100.0	Fully redeemed
Series X	CHF	03/2026	0.2	0.2	99.8
Series 28	USD	03/2029	59.2	53.3	540.8
Series 30	GBP	04/2031	11.3	13.3	388.7
Series 32	EUR	07/2025	180.2	180.2	603.8
Series 36	EUR	05/2026	80.5	80.5	519.5
Series 38	EUR	07/2026	272.2	272.2	727.8
Series 39	EUR	04/2027	222.1	222.1	1027.9
GCP Series E	EUR	04/2025	11.2	11.2	194.4
GCP Series G	EUR	08/2026	22.6	22.6	577.4
GCP Series W	EUR	04/2024	55.9	55.9	148.8
Total nominal value bought-back / redeemed				**1,381.1**	

Set forth are the amounts bought back and redeemed upon maturity during the year 2022:

Bond / schuldschein	Currency	Original maturity	Nominal value bought-back / redeemed		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

21.3 Reconciliation of movement of liabilities to cash flow arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows, or future cash flows will be classified in the Group's consolidated statement of cash flows from financing activities.

		Financing cash flows		Non-cash changes					
	31.12.2022	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)	31.12.2023
	in € millions								
Straight bonds and schuldscheins (3)	**13,531.1**	(203.1)	(1,128.6)	-	(20.7)	-	4.1	(28.5)	**12,154.3**
Loans, borrowings and others (4)	**1,288.9**	(54.1)	798.0	1.8	-	109.5	(0.5)	60.5	**2,204.1**
Lease liability	**248.0**	(10.8)	(1.7)	51.3	1.5	5.3	5.6	12.6	**311.8**
Net derivative financial liabilities and others	**192.0**	-	(249.0)	-	121.3	-	(9.4)	-	**54.9**
	15,260.0	**(268.0)**	**(581.3)**	**53.1**	**102.1**	**114.8**	**(0.2)**	**44.6**	**14,725.1**

		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 and borrowings (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 (assets) 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**

(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

21.4 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) which are outstanding as at 31 December 2023. 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 exposure of the Company to interest rate risk in relation to financial instruments is reported in note 25.3.1.1 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.

22. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2023	2022
	in € millions	
Tenancy deposits	73.4	67.8
Lease liability (see note 22.1)	311.8	248.0
Non-current payables	249.9	251.4
	635.1	**567.2**

22.1 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,	
	2023	2022
	in € millions	
As at January 1	248.0	167.9
Additions (disposals), net	54.2	86.9
Interest expenses	16.8	10.9
Payments (*)	(12.5)	(11.7)
Transferred to liabilities held for sale	5.3	(6.0)
Balance at December 31	**311.8**	**248.0**

(*) 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 21.3)

Amsterdam

23. 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.

23.1 Key Management Personnel remuneration

The Company has undertaken since the financial year 2022 to align the Board of Directors' and senior management's remuneration with the provisions of the Remuneration Policy. During the financial year 2023, the Company has conformed the total remuneration package (consisting of base salary, allowances as well as short-term and long-term incentive remuneration) of its executive directors and senior management with the requirements of the Remuneration Policy. In particular, the variable remuneration (consisting of short-term cash incentives and long-term share incentives) granted to the Company's executive directors and senior management is tied to the achievement of certain pre-defined performance measures as provided for in the Company's Remuneration Policy. The changes agreed are scheduled to take effect as of financial year 2023 (in the case of three (3) executive directors and members of the senior management) and 2024 respectively (in the case of two (2) members of the senior management).

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 €1,525 thousand, of which €750 thousand was in bonus.

Mr. Eyal Ben David, the Company's Chief Financial Officer, was entitled to a total remuneration of €2,310 thousand, of which €1,540 thousand was in the form of long-term share incentives.

Mr. Oschrie Massatschi, the Company's Chief Capital Markets Officer, was entitled to a total remuneration of €610 thousand, of which €87 thousand was in the form of long-term share incentives.

Balances with Executive Directors and Chief officer

As at December 2023, the Company had outstanding loans of €4 million to Executive Directors and Chief officers. The loans are payable from 2024 and until 2027 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 20.

	Year ended December 31, 2023							
	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**	**Mr. Daniel Malkin [5]**	**Total**
Salary, fees and supplementary payments [1]	360,000	336,601	170,000	150,616	187,000	125,000	104,589	1,433,806
Share incentive program [2]	124,000	55,800	-	-	-	-	-	179,800
Total Remuneration	**484,000**	**392.401**	**170,000**	**150,616**	**187,000**	**125,000**	**104,589**	**1,613,606**

(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
(5) appointed in June 2023

23.2 Other related party transactions

The transactions and balances with related parties are as follows:

	Year ended December 31,	
	2023	2022
	in € millions	
Interest income on loans to associates	22.1	18.1

	As at December 31,	
	2023	2022
	in € millions	
Loans to associates (*)	316.1	349.1

(*) the loans given to associates carry interest rate in the range between 4% and 15% p.a. (2022: range between 4% and 13% p.a.), measured at amortized cost and presented as part of the investment in equity-accounted investees balance

24. TRADE AND OTHER PAYABLES

	As at December 31,	
	2023	2022
	in € millions	
Trade and other payables	176.2	158.5
Prepayments received from tenants on operating costs	407.6	366.7
Deferred income	59.9	60.1
Other current liabilities	27.8	80.7
	671.5	**666.0**

London

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

25.1 Financial assets

Set out below, is an overview of financial assets, held by the Group as at December 31, 2023, and December 31, 2022:

		As at December 31,	
		2023	2022
	Note	in € millions	
Financial assets at amortized cost:			
Trade and other receivables	1	1,009.6	1,179.0
Cash and cash equivalents	1	2,641.3	2,314.6
Short-term deposits		127.1	137.5
Loans to associates	23.2	316.1	349.1
Other non-current assets	1	1,458.1	1,304.4
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	2	257.7	266.5
Derivative financial assets	3, 25.4.1	259.9	60.3
Total financial assets		**6,069.8**	**5,611.4**

(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 €126.2 million (2022: €192.3 million).

25.2 Financial liabilities

Set out below, is an overview of financial liabilities, held by the Group as at December 31, 2023, and as at December 31, 2022:

		As at December 31,	
		2023	2022
	Note	in € millions	
Financial liabilities at amortized cost:			
Trade and other payables	1	672.3	670.8
Tax payable	1	72.5	94.2
Loans and borrowings	2	2,204.1	1,398.4
Bonds and schuldscheins		12,038.0	13,407.4
Accrued interest on bonds and schuldscheins		116.3	123.7
Other long-term liabilities	1	640.1	569.5
Financial liabilities at fair value through profit or loss:			
Derivative financial liabilities	3, 25.4.1	193.2	240.7
Total financial liabilities		**15,936.5**	**16,504.7**

(1) Including liabilities held for sale.
(2) Including liabilities held for sale, loan redemptions and accrued interest.
(3) Excluding derivative financial liabilities designated as hedging instruments in hedge relationships in the amount of €247.8 million (2022: €203.9 million).

25.3 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.

25.3.1 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.

25.3.1.1 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, 2023, after considering the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

	As at December 31,	
	2023	2022
	in € millions	
Fixed rate	10,980.4	13,855.7
Capped rate	1,055.8	304.6
Floating rate	2,205.9	536.0
	14,242.1	**14,696.3**

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
2023	+100	(26.1)
	-100	29.0
2022	+100	(6.8)
	-100	8.2

The Group had no long-term debt for which the benchmark rate had been replaced with an alternative benchmark rate as at December 31, 2023.

25.3.1.2. 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 25.4.2.1 and 25.4.2.2.

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 25.4.2.3

25.3.1.3. 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.

25.3.2. 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 25.1).

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,	
	2023	2022
	in € million	
Not past due and past due 1–30 days	46.2	32.6
Past due 31–90 days	28.3	25.9
Past due above 90 days	11.6	8.8
	86.1	**67.3**

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 highly-rated (mostly between A- to A+ by the leading global rating agencies) banks and financial institutions located mainly in Switzerland, Germany, Luxembourg and the Netherlands. Concentration risk is mitigated by not limiting the exposure to a single counter party. The Company has performed an expected credit loss ("ECL") calculation on the cash and cash equivalents accounts and presented the current balance net of the ECL provision that amounted to €3.3 million as at December 31, 2023 (2022: €3.5 million).

The composition of cash and cash equivalents was as follows:

	As at December 31,	
	2023	2022
	in € million	
Cash at banks	1,186.7	1,562.8
Cash deposits of up to three months	1,454.5	742.6
Total cash and cash equivalents	**2,641.2**	**2,305.4**

None of the cash and cash equivalents items are restricted. Most of the cash at banks includes overnight deposits that bear interest.

Credit line

The Group ensures accessible additional liquidity by maintaining active revolving credit facilities ("RCF") from various financial institutions. As at December 31, 2023, the Group had approximately €1 billion RCF with maturity of more than one year, 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 21.4, with relevant adjustments.

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25.3.3. 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, 2023, and as at December 31, 2022:

As at December 31, 2023		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)	2,204.1	2,664.8	3.9	148.2	256.6	203.4	2,052.7
Straight bonds (2)	12,154.3	13,422.9	44.0	495.2	2,080.1	2,738.4	8,065.2
Lease liability	311.8	3,330.3	2.4	11.9	14.5	14.6	3,286.9
Trade and other payables	176.2	176.2	29.4	146.8	-	-	-
Total	**14,846.4**	**19,594.2**	**79.7**	**802.1**	**2,351.2**	**2,956.4**	**13,404.8**

(1) includes current portion of long-term loans, loan redemptions and accrued interest
(2) includes accrued interest

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) include current portion of long-term loans and loan redemptions and excludes loans classified as held for sale
(2) includes accrued interest

25.3.4. 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.

25.3.5. 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, Russia initiated a full-scale invasion of Ukraine and escalating the Russo-Ukraine War (the "War") and hostilities have continued since then. The War 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. The Group is not directly impacted by the War, 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 War. As a result of the War, 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, the increased energy costs have led to a wider inflationary pressure. 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. While much of the volatility has reduced and price levels have reduced to some extent in recent periods, risk of renewed price volatility remains, which could have negative financial impacts on the Company.

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 War. This 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 or market intervention. 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 War 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, among others, have resulted in a high inflationary environment. Inflationary pressure has been particularly strong in energy prices, in particular for oil and gas, caused by the War, and material prices. While in recent periods pressures have eased to a certain extent, inflation remains above central bank targets. Furthermore, risks remain that may result in inflationary pressures increasing once more. This may also result in tenant's inability to bear the costs that are passed through to them as part of the lease agreements. While in the recent period of high inflation no material losses in regard to collection from tenants has been recorded, 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. In order to mitigate the risk, the Company is proactively informing tenants on their consumption of energy and provides information on how to reduce consumption.

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 resulted in rapid and significant increases in interest rates and consequently resulted in significant volatility in capital markets, which has a negative impact on the cost and availability 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.

The ability of landlords to increase rents under existing tenancy agreements is limited under German law, especially in residential properties in Germany where rent increases may be limited as a result of tenant protection. In the commercial portfolio, the majority of the leases are indexed or have stepped rent which enables the Company to capture inflation faster. However, it may take the Company to capture the full impact of inflation and the inflation rate may exceed the Company's ability to increase rents for certain properties. In addition, even if rent increases are contractually agreed, or legally permissible, enforcement may not be feasible in certain cases due to solvency issues of tenants that cannot afford such rent increases.

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 maintain high interest levels at least 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 led to a decrease in real estate valuations and investments, resulting in lower transaction level and lower demand for real estate, among other effects. 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 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 seek to reduce their exposure to the real estate sector and also might be subject to increased equity requirements and balance sheet regulations resulting in restraints to lend out money to customers which could make it more diffcult 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 refinancing, 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 interest rates, 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, July and October 2023.

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. Consequently, 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 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 and severe, 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, for example through insurance. To better understand the Company's exposure to physical risks, the company has adopted a tool for asset-level assessment of physical risk develop. This analysis will serve the Company in determining which risks are material in order to develop adaptation solutions. However, it cannot be guaranteed that the Company correctly identifies all risks and therefore may be underinsured against such risks. 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 as potential 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 January 1, 2023 the Carbon Dioxide Cost Sharing Act came into effect, according to which the landlord will be obliged to bear part of the costs (previously carried in full by tenants). 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 of 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, whereas the UK Government announced in September 2023 several coming changes to the Heat and Buildings Strategy, one notable point being delaying the banning the installation of gas boilers from 2026 now until 2035. At the EU level, the EU Council and EU Parliament reached an agreement in December 2023 on the recast of the Energy Performance of Buildings Directive (EPBD) to include new minimum energy performance requirements for buildings that progressively increase over time, although the specific requirements can only be known once national-level implementation commences among member states who will define their own target pathways. Noncompliance with the energy requirements under the new EPBD would result in an inability to let the assets and requires increased capital expenditures to become compliant. In the UK the Domestic Minimum Energy Efficiency Standard limits letting of properties with EPC ratings F or G, and although a bill for more aggressive requirements had been in the works it has since been scrapped by the government and it remains unclear whether any further requirements will be set. The Company continuously monitors changes in regulations and aims to minimize the financial risk through pro-active carbon reduction and energy efficiency policies and programs.

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 divesting from 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, the introduction of the CO_2 levy, minimum energy performance standards or further tightening of regulatory requirements 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 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 2022, the Company began the process of aligning to the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations framework. Although the TCFD has been disbanded and integrated into the International Sustainability Standards Board (ISSB), the framework's core principles for corporate climate-related risk disclosures have also been adopted by the European Sustainability Reporting Standards (ESRS) E1 Standard, with which the Company must be fully compliant in its reporting beginning for the year 2024. The early decision to align to best practices on climate-related risk disclosures leaves the Company in a good position for ensuring compliance, although it is a process requiring continuous effort. As part of this process, the Company continuously updates its climate-related risk assessment each year, with the most prominent and emerging climate-related risks already integrated into the enterprise risk management system. The Building Resilience Task Force, an interdepartmental team dedicated to this effort, continues to further develop control mechanisms and risk mitigation measures for climate-related risks.

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25.4 Hedging activities and derivatives

25.4.1. Derivative financial instruments

	Note	As at December 31, 2023	2022
		in € millions	
Derivative financial assets			
Derivatives that are designated as hedging instruments in cash flow hedge	25.4.2.1	22.6	43.5
Derivatives that are designated as hedging instruments in fair value hedge	25.4.2.2	103.2	144.2
Derivatives that are designated as hedging instruments in net investment hedge	25.4.2.3	0.4	4.6
Derivatives that are not designated as hedge accounting relationships		60.9	60.3
Other derivative financial instruments	25.4.3	199.0	-
		386.1	**252.6**
Derivative financial liabilities			
Derivatives that are designated as hedging instruments in cash flow hedge	25.4.2.1	21.3	4.9
Derivatives that are designated as hedging instruments in fair value hedge	25.4.2.2	189.2	185.7
Derivatives that are designated as hedging instruments in net investment hedge	25.4.2.3	37.3	13.3
Derivatives that are not designated as hedge accounting relationships		78.3	(*) 113.7
Other derivative financial instruments	25.4.3	114.9	(*) 127.0
		441.0	**444.6**

(*) reclassified

25.4.2. Hedge accounting relationships

25.4.2.1. Cash flow hedges

As at December 31, 2023, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

Hedged item	Hedging instrument(*)	Notional currency	Company receives (in notional currency millions)	Company pays – in € millions
Bond series H	FX-Swap	United States Dollar	400.0	372.4
Bond series NOK	FX-Swap	Norwegian Krone	750.0	79.3
Bond series 27	FX-Swap	Hong Kong Dollar	430.0	48.3
Bond 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.

As at December 31, 2023, the Company had interest rate cap agreements in place, as follows:

Hedged item	Hedging instrument(*)	Carrying amount of hedged item (in € million)
Loans and borrowings	Cap derivatives	375.3

(*) all instruments are linked to loans' maturity

The caps are being used to hedge the exposure to variability in cash outflows of the Group's bank loans which arise from interest rate risks.

There is an economic relationship between the hedged items and the hedging instruments.

The Group designated the intrinsic value of the cap contracts as the hedging instrument. The terms of the hedging instruments match the terms of the hedged items, as described. The Group has established a hedge ratio of 1:1 for the hedge relationships, as the underlying risk being the interest rate and the cap derivatives are designed to mitigate the exposure.

To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk. The hedge ineffectiveness can arise from:

- Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

The impact of the hedging instruments (FX-Swap and Cap derivatives) 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, 2023				
Foreign exchange rate and interest rate swaps and caps	22.6	21.3	Derivative financial assets / liabilities	(93.5)
As at December 31, 2022				
Foreign exchange rate and interest rate swaps and caps	43.5	4.9	Derivative financial assets / liabilities	72.9

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, 2023			
Straight bonds	509.8	Straight bonds	93.9
Loans and borrowings	375.3	Loans and borrowings	(0.3)
As at December 31, 2022			
Straight bonds	530.8	Straight bonds	(74.0)
Loans and borrowings	-	Loans and borrowings	-

The ineffectiveness recognized in the consolidated statement of profit or loss was a profit of €0.1 million (2022: loss of €1.1 million).

25.4.2.2. Fair value hedges

As at December 31, 2023, 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	239.8	204.1
Series P	FX-Swap	Australian Dollar	202.0	127.3
Series R	FX-Swap	Canadian Dollar	181.8	119.5
Series X	FX-Swap	Swiss Franc	99.8	87.7
Series 28	FX-Swap	United States Dollar	540.8	478.5
Series 29	FX-Swap	Norwegian Krone	1,735.0	179.0
Series 30	FX-Swap	British Pound	388.7	455.3
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 21.2.

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, 2023				
Foreign exchange rate and interest rate swaps	103.2	189.2	Derivative financial assets/ liabilities	19.4
As at December 31, 2022				
Foreign exchange rate and interest rate swaps	144.2	185.7	Derivative financial assets/ liabilities	(213.5)

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, 2023			
Straight bonds	2,186.9	Straight bonds	(22.2)
As at December 31, 2022			
Straight bonds	2,342.9	Straight bonds	218.3

The ineffectiveness recognized in the consolidated statement of profit or loss was a loss of €2.8 million (2022: profit of €4.8 million).

25.4.2.3. 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:

		Carrying amount			
Risk Category	**Notional amount outstanding**	**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, 2023					
Foreign currency forward contracts	GBP 1,615.0	0.4	37.3	Derivative financial assets	(38.2)
As at December 31, 2022					
Foreign currency forward contracts	GBP 1,965.0	4.6	13.3	Derivative financial assets	122.7

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	
Year ended December 31, 2023		
Net investment in foreign subsidiaries	54.4	38.2
Year ended December 31, 2022		
Net investment in foreign subsidiaries	(288.3)	(122.7)

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):

Financial instrument	Notional currency	Notional amount as at December 31,	
		2023	2022
		in notional currency millions	
Bond series J	British Pound	483.5	500.0

The net change in the above non-derivative hedging financial instruments resulted in expense of €12.2 million (2022: income of €30.4 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 gain of €4.0 million (2022: €10.8 million) and a post-tax loss of €12.1 million (2022: loss of €33.4 million).

25.4.3. 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 loan maturities (see note 21.1). Furthermore, in certain bond series, the Group implemented interest rate swap and cross-currency swap derivative instruments as described in note 21.2).

25.4.4. Other derivatives

As part of the share-to-share voluntary takeover offer the Company has made to the shareholders of TLG in February 2020, the Company and an existing shareholder of TLG (the "Investor") entered into an agreement (the "Agreement"), pursuant to which the Investor had agreed to refrain from tendering ca. 12 million of TLG shares (the "Custody Shares") in the offer or to dispose of them in the absence of the Company's consent in a due time and no sooner than 34 months after entering the Agreement ("Minimum Period"). As a consideration for such undertaking, the Investor has been entitled to receive for the period it held the Custody Shares an agreed minimum gross return on the Custody Shares ("Custody Interest") and a preset share price for the Custody Shares. Following the Minimum Period, the Investor has the right to dispose of the Custody Shares. By doing so, the Company committed to indemnify the Investor for any difference between the consideration of such disposal and the preset share price ("PPM Instrument"). To postpone such disposal decision for up to 10 years, the Company has the option to provide an interest-bearing loan, secured by the Custody Shares, in the amount of the preset share price multiple by the Custody Shares. In accordance with IFRS, the Company accounted for the Custody Interest as a financial liability in its consolidated statement of financial position and the PPM Instrument as a derivative financial liability measured at fair value through profit or loss, derived by the share price of TLG being the underlying asset. During the year, the Company made available €350 million, backed with the Custody Shares, of which €199 million in the form of short-term credit default swap which is presented as a derivative financial asset and accounted for at fair value. As at December 31, 2023, the PPM Instrument amounted to €114.9 million (2022: €127.0 million).

25.5 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 below the Board of Directors' guidance of 45%. As at December 31, 2023, the LTV ratio was at 43% (2022: 40%), 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.

26. 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,	
	2023	2022
	in € millions	
First year	816.9	849.6
Between one to two years	774.7	817.7
Between two to three years	698.3	746.4
Between three to four years	605.1	640.5
Between four to five years	511.3	525.7
More than five years	3,176.6	3,616.0
	6,582.9	**7,195.9**

27. COMMITMENTS

As at December 31, 2023, 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 €0.2 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.

28. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2023.

Düsseldorf

29. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings under the Group are as follows:

				Holding rate as at December 31,	
Name	**Place of incorporation**	**Principal activities**	**Main place of principal activity**	**2023**	**2022**
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	62.68	60.11
Edolaxia Group Limited	Cyprus	Holdings	Cyprus	100	100
TLG Immobilien AG	Germany	Holdings and real estate	Germany	88.11	88.16
WCM Beteiligungs- und Grundbesitz- AG	Germany	Holdings and real estate	Germany	86.39	86.12
Primecity Investment PLC	Cyprus	Holdings and real estate	Germany	99.97	99.97
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, Switzerland	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	30.38	30.31
Tevat Limited	Cyprus	Holdings	Cyprus	50	50
Capitals Property S.à r.l.	Luxembourg	Real estate	Germany	30	30

30. SIGNIFICANT SUBSEQUENT EVENTS

1. After the reporting period, the Group signed over €110 million of new secured bank debt with an average maturities and margins of over 5 years and 1.9%, respectively.
2. After the reporting period, outstanding deals to sell investment property in value of over €80 million were successfully completed.
3. On March 26, 2024, the Company's Board of Directors has decided not to recommend a dividend payment for 2023 at the Company's Annual General Meeting scheduled for June 26, 2024.

Amsterdam

To the Shareholders of
Aroundtown SA
37, Boulevard Joseph II
L-1840 Luxembourg
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 S.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards 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 2023?

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 15 “Investment Property” in the consolidated financial statements of Aroundtown SA.

As at 31 December 2023 the Group held a portfolio of investment property with a fair value of MEUR 24,632.4 (31 December 2022: MEUR 27,981.0) and investment property within assets held for sale with a fair value of MEUR 909.1 (31 December 2022: MEUR 1,009.3).

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 report including the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the “réviseur d’enStreprises 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 IFRS Accounting Standards 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 15 December 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is seven years.

The consolidated management 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 management 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 2023 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 2023, identified as 529900H4DWG3KWMBMQ39-2023-12-31-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 2023, identified as 529900H4DWG3KWMBMQ39-2023-12-31-en.zip, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 27 March 2024

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

Muhammad Azeem
Partner

Berlin

Berlin