



Condensed Interim Consolidated Financial Statements

For the
nine-month
period ended
September 30,
2020



Content

Board of Directors' Report

- 2 Key Financials
- 4 The Company
- 6 Key Achievements
- 10 Aroundtown's Quality Portfolio
- 21 Financing Structure and Capital Markets
- 24 Notes on Business Performance
- 42 Alternative Performance Measures
- 46 Responsibility Statement & Disclaimer

- 50 Interim consolidated statement of profit or loss
- 51 Interim consolidated statement of comprehensive income
- 52 Interim consolidated statement of financial position
- 54 Interim consolidated statement of changes in equity
- 56 Interim consolidated statement of cash flows
- 58 Notes to the interim consolidated financial statements



Key Financials

Key Financials

in € millions unless otherwise indicated

	1-9/2020 ³⁾	change	1-9/2019
Revenue	890.4	37%	650.7
Net rental income	758.4	37%	554.5
Adjusted EBITDA ¹⁾	722.5	30%	556.8
FFO I ¹⁾	437.8	18%	371.1
FFO I after perpetual ¹⁾	371.4	12%	331.4
FFO I after perpetual, Covid adjusted ²⁾	301.4	(9%)	331.4
FFO I per share (in €)	0.33	3%	0.32
FFO I per share after perpetual (in €)	0.28	(3%)	0.29
FFO I per share after perpetual, Covid adjusted (in € ²⁾	0.22	(24%)	0.29
FFO II	647.8	54%	421.1
ICR	4.4x	(0.2x)	4.6x
Profit for the period	811.8	(45%)	1,477.2
EPS (basic) (in €)	0.44	(53%)	0.94
EPS (diluted) (in €)	0.44	(53%)	0.93

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

2) including €70 million extraordinary general provisions relating to deferred rents due to the Covid pandemic

3) TLG is consolidated as of 19/02/2020

in € millions unless otherwise indicated

	30/09/2020	31/12/2019	31/12/2018
Total Assets	31,586.7	25,444.7	19,040.8
Total Equity	16,511.4	13,378.9	9,944.3
Investment property	21,768.8	18,127.0	14,174.0
Investment property of assets held for sale	1,625.9	202.4	203.7
Cash and liquid assets ¹⁾	2,507.1	3,043.8	1,600.6
Unencumbered assets ratio ²⁾	74%	81%	72%
Equity Ratio	52%	53%	52%
Loan-to-Value	34%	34%	35%

1) including cash and liquid assets under held for sale

2) by rent

Net Asset Value

in € millions unless otherwise indicated

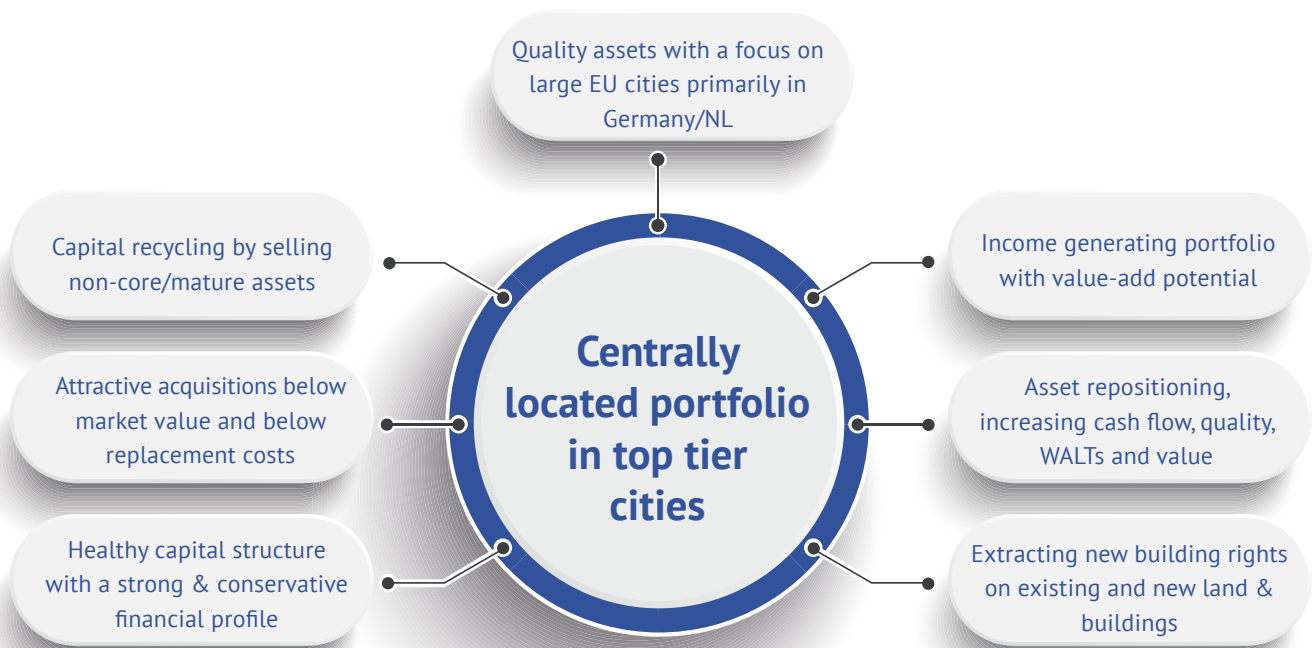
	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNNAV
Sep 2020	15,456.2	12,313.1	15,441.6	11,718.4
Sep 2020 per share (in €)	11.7	9.3	11.7	8.9
Per share growth	19%	7%	9%	7%
Number of shares (in millions, Sep 2020) *	1,321.5			
Dec 2019	11,942.8	10,633.4	13,117.4	10,139.3
Dec 2019 per share (in €)	9.8	8.7	10.7	8.3

* excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

The Company



Munich

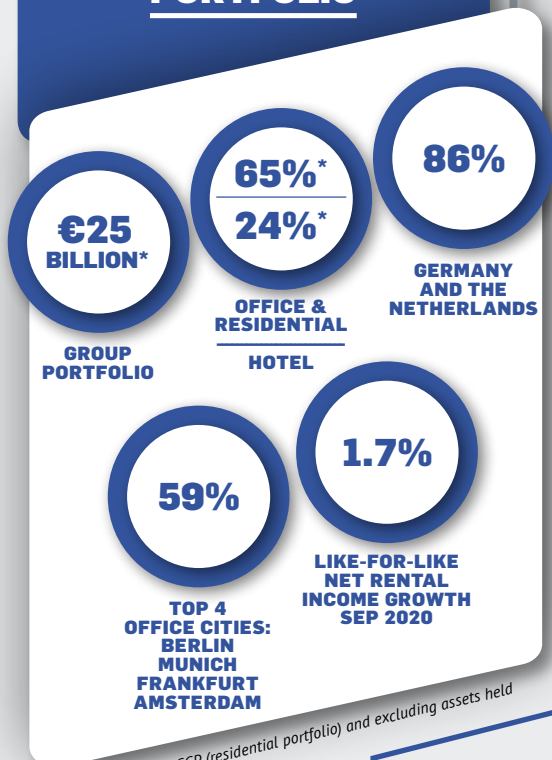


The Board of Directors of Aroundtown SA and its investees (the “Company”, “Aroundtown” or “AT”), including associates (the “Group”), hereby submits the interim report as of September 30, 2020. The figures presented are based on the condensed interim consolidated financial statements as of September 30, 2020, 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 and the Netherlands. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investment is held through a holding in Grand City Properties S.A. (“GCP”). GCP is a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As of September 2020, the Company’s holdings in GCP is 40%. In AT’s financials, GCP is accounted for as an equity-accounted investee. The Group’s unique business model and experienced management team led the Company to grow continuously since 2004.

REITERATING THE DEFENSIVE BUSINESS MODEL

HIGH QUALITY PORTFOLIO

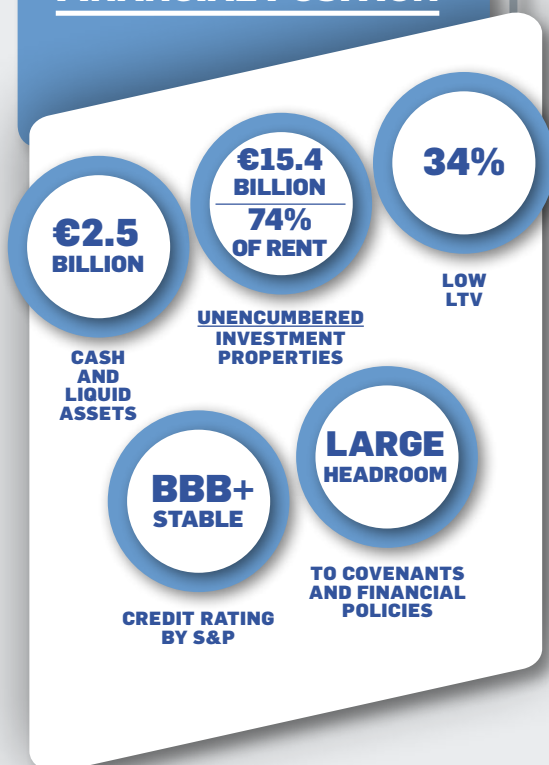


* including 40% of GCP (residential portfolio) and excluding assets held for sale

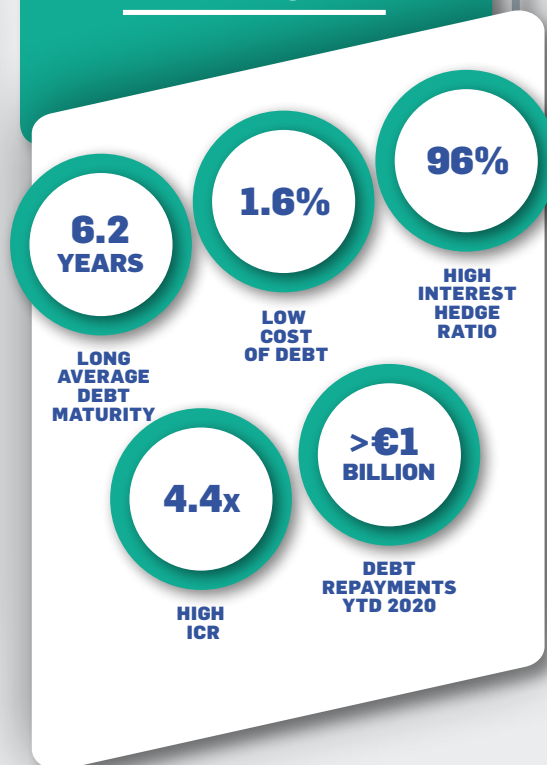
VALUE SUPPORTIVE DISPOSALS



STRONG FINANCIAL POSITION

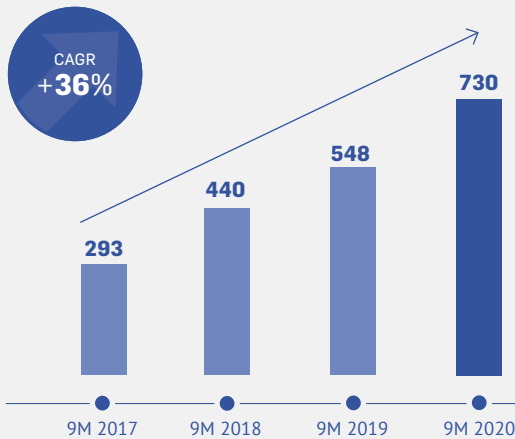


DEFENSIVE DEBT PROFILE



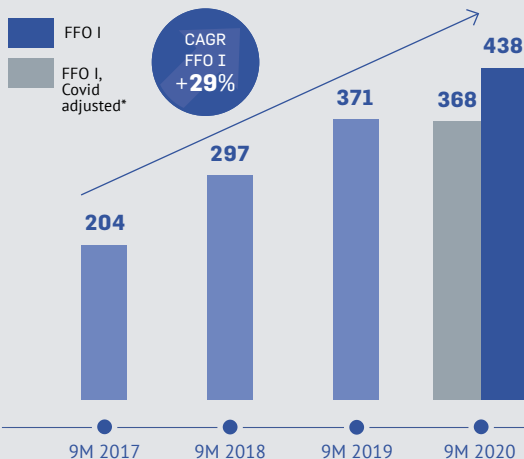
STRONG PORTFOLIO SUPPORTS SHAREHOLDER VALUE CREATION

Recurring long-term net rental income
(in € millions)



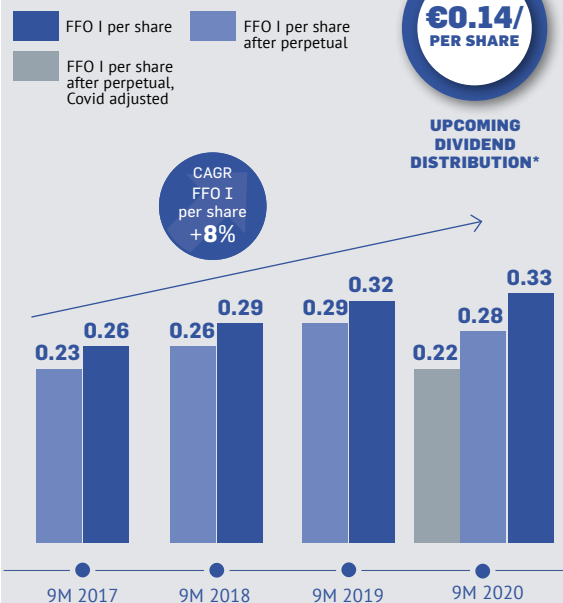
**HIGH QUALITY
PORTFOLIO
FOCUSED ON TOP
TIER LOCATIONS
MAINLY LOCATED IN
GERMANY AND THE
NETHERLANDS**

FFO I (in € millions)



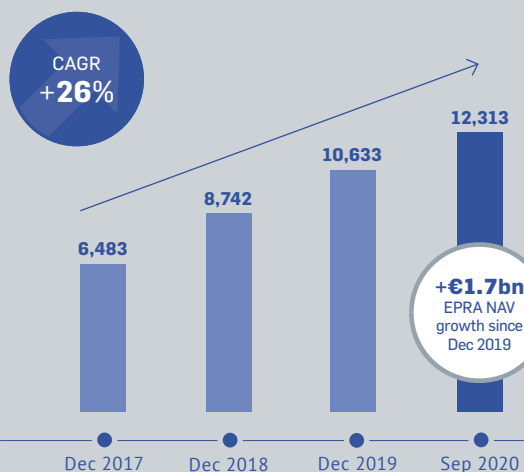
* including extraordinary general provisions relating to deferred rents due to the Covid pandemic

FFO I per share (in €)

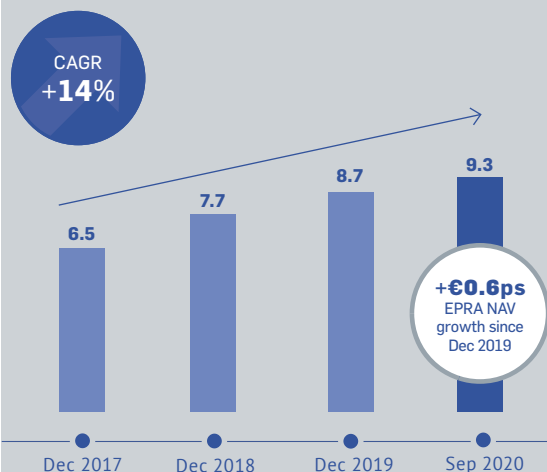


* 50% of the Company's dividend distribution policy. Dividend is proposed for the FY 2019 and subject to OGM approval in December 2020

EPRA NAV (in € millions)



EPRA NAV per share (in €)

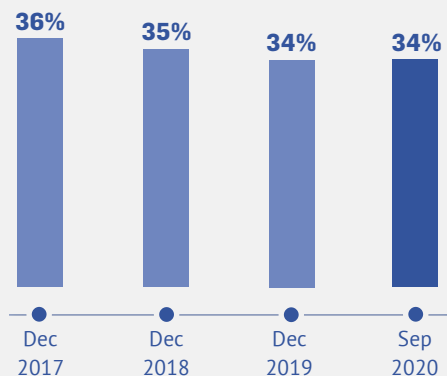


Consistently Maintaining a Conservative Financial Profile

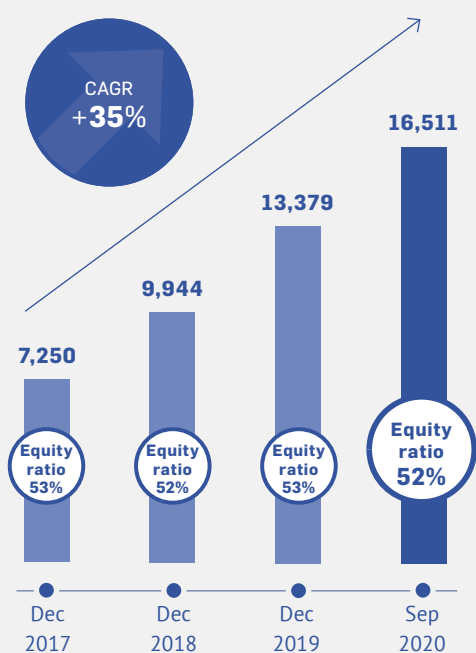
Keeping Leverage Low

LOAN-TO-VALUE

Board of Directors' limit of 45%

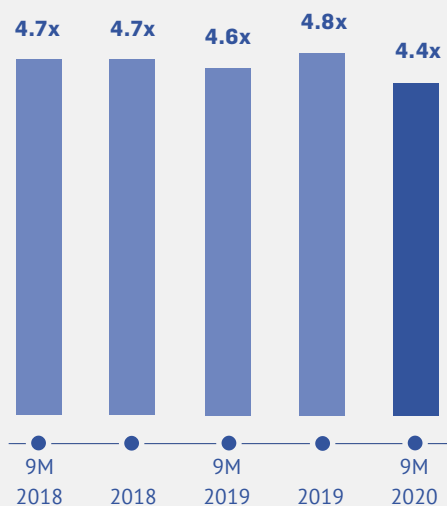


Strong equity base



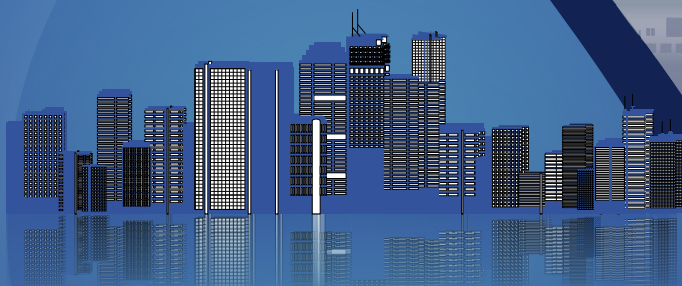
High profitability with high interest coverage

CONSISTENTLY KEPT AT HIGH LEVELS





Aroundtown's Quality Portfolio



Commercial
portfolio
€21.8 BN

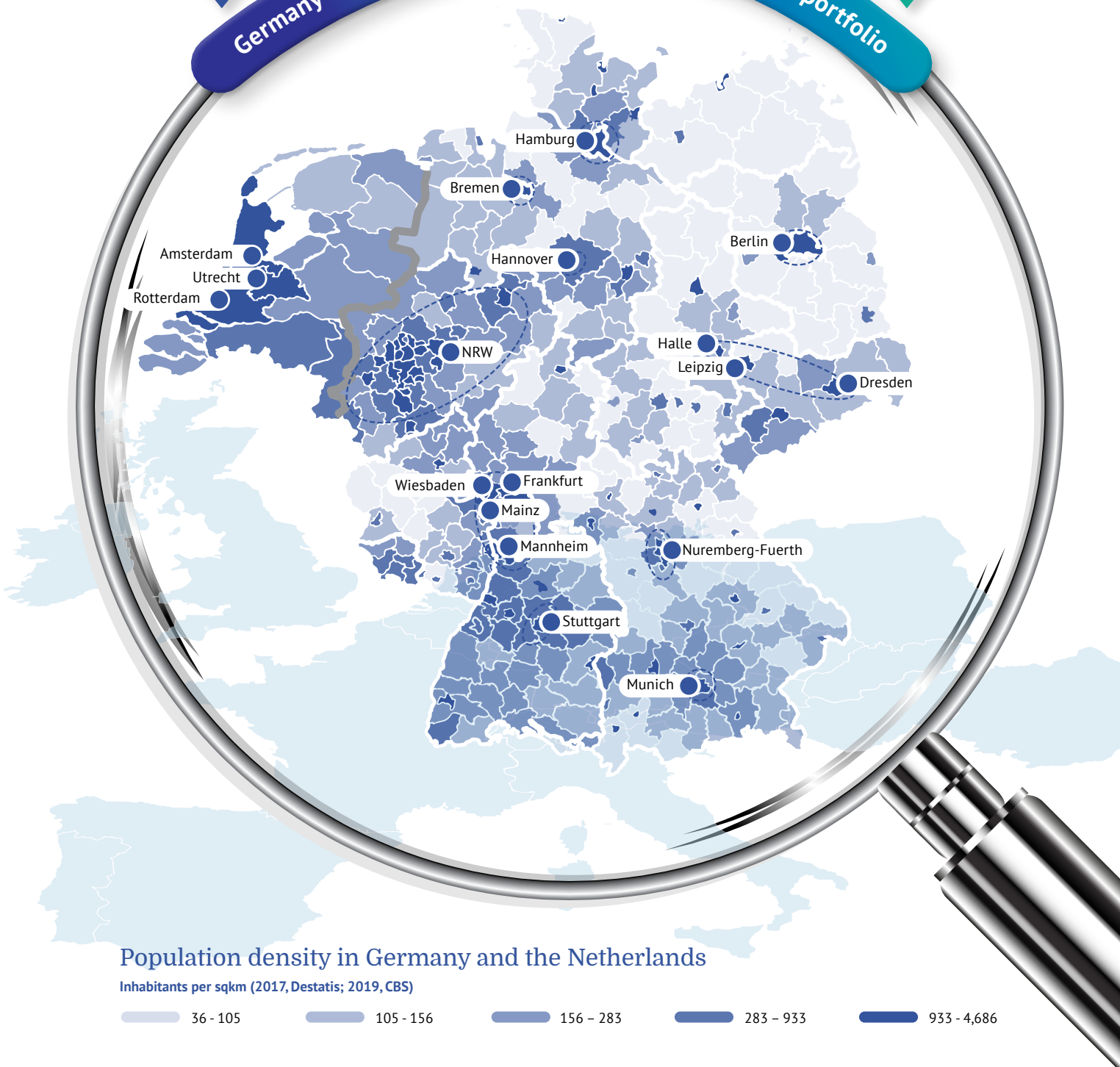
Residential
portfolio
40%
in GCP
€7.9 BN*

*representing GCP at 100%

Group Portfolio Overview

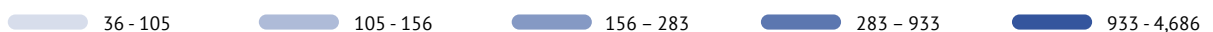


Germany & The Netherlands: 86% of the commercial portfolio



Population density in Germany and the Netherlands

Inhabitants per sqkm (2017, Destatis; 2019, CBS)



Well-Diversified Group Portfolio with Focus on Strong Value Drivers



ASSET TYPE

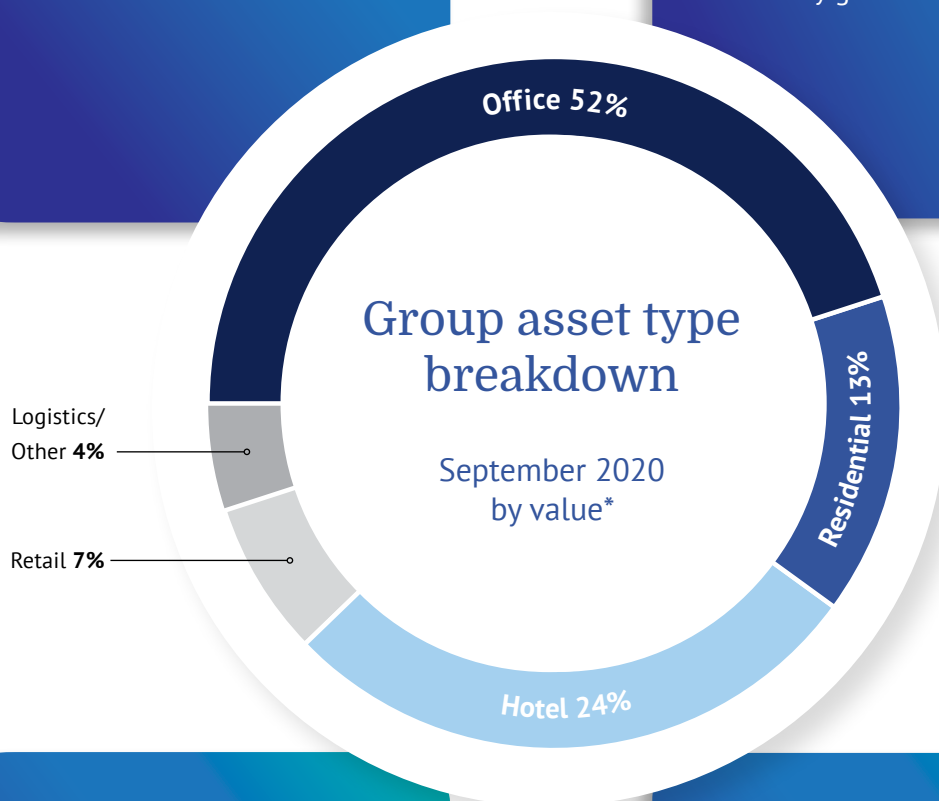
The largest asset type is Office (52%) and together with Residential, it makes up **65%** of the portfolio. Hotels make up 24%



TENANT

High tenant diversification with no material tenant or industry dependency

Commercial portfolio with over 4,000 tenants and residential portfolio with very granular tenant base



LOCATION

The portfolio is focused on the strongest economies in Europe: **86%** of the commercial portfolio is in Germany and the Netherlands, both AAA rated countries

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

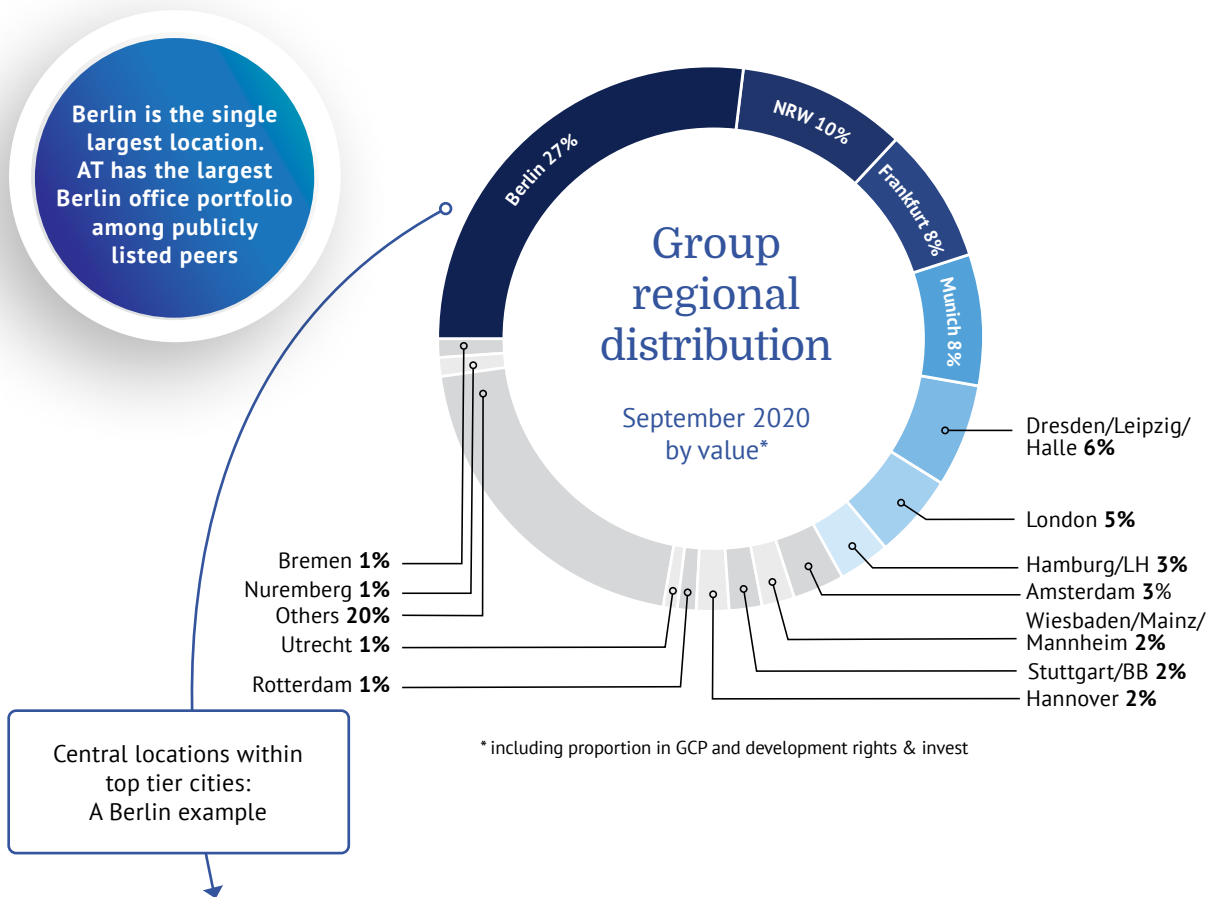


INDUSTRY

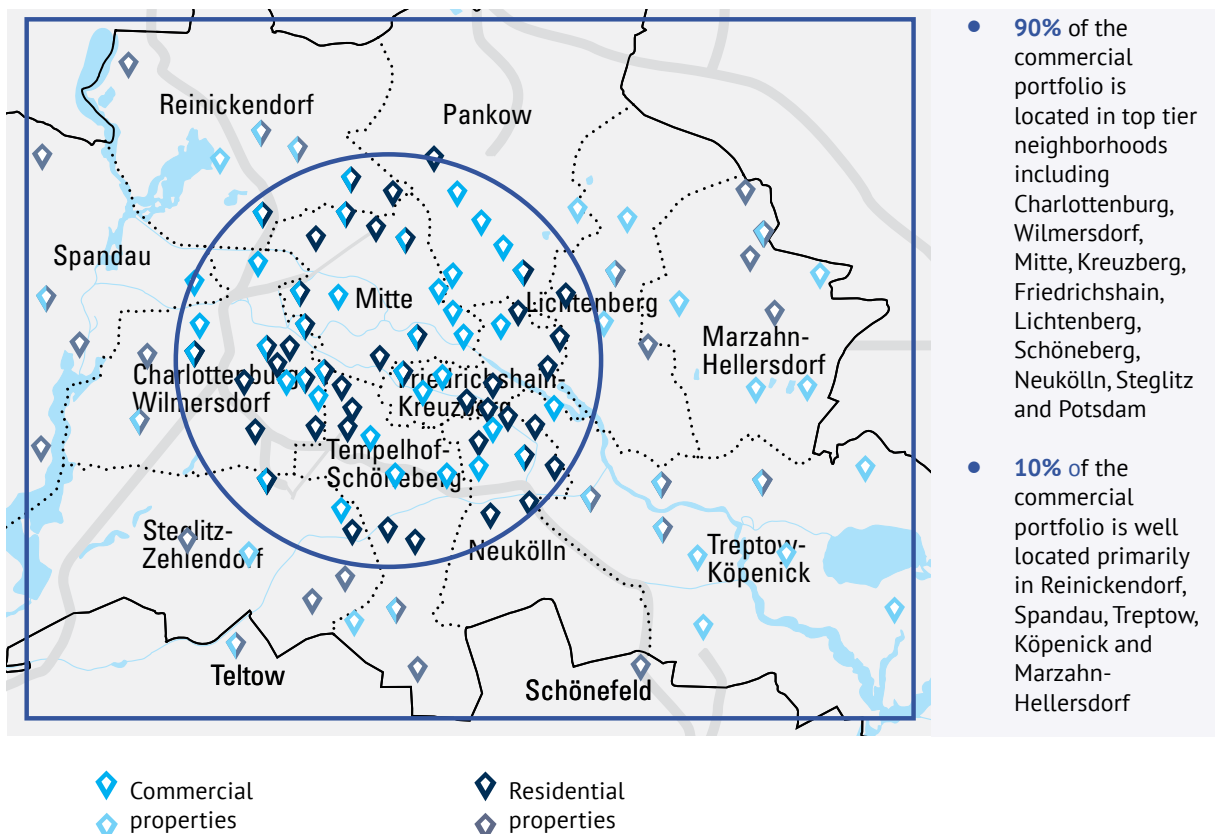
Each location has different key industries and fundamentals driving the demand. Therefore, the Group's tenants are diversified into distinct sectors, eliminating the dependency on a single industry

* including proportion in GCP and development rights & invest

High Geographical Diversification



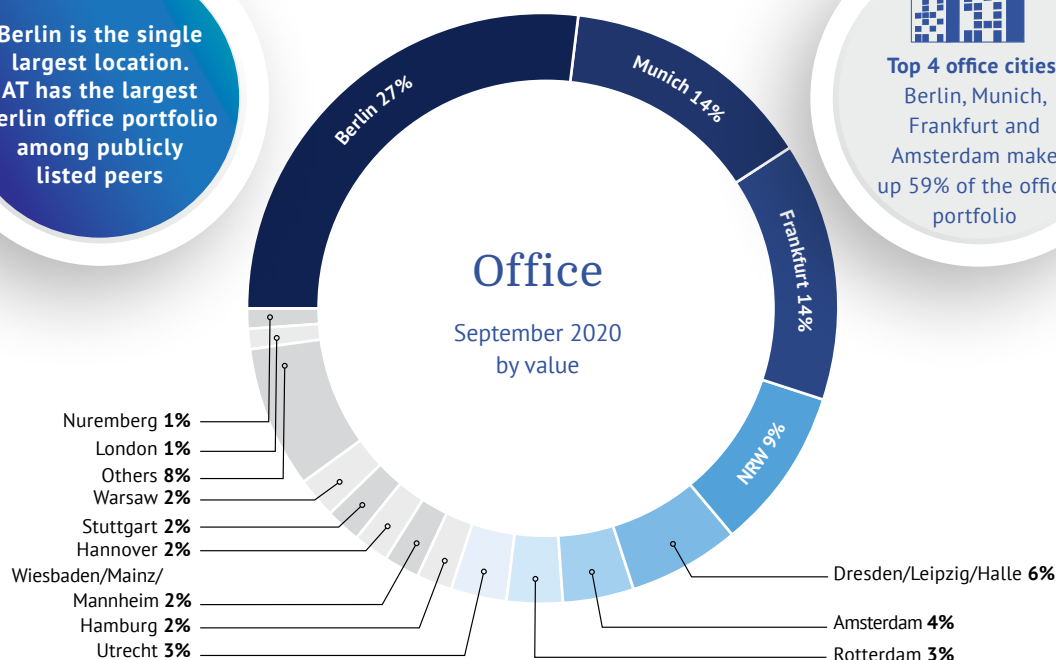
Best-in-class Berlin portfolio



*Map representing approx. 95% of the portfolio and 98% including central Potsdam

Office: High Quality Offices In Top Tier Cities

Berlin is the single largest location. AT has the largest Berlin office portfolio among publicly listed peers



Top 4 office cities:
Berlin, Munich, Frankfurt and Amsterdam make up 59% of the office portfolio

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

Top office locations

Key Industries driving the business demand

BERLIN



Government



Start-up, Fintech, IT



Healthcare



Biotech

MUNICH



Insurance & Finance



Advanced manufacturing



Info. & Comm. Tech



Media

FRANKFURT



Finance



Chemicals/pharma



Aviation/Transportation



Exhibition & trade fair

AMSTERDAM



Info. & Comm. Tech



Finance & trade



Start-up, Fintech, Agtech



Infrastructure & transportation

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



Berlin



Frankfurt



Amsterdam



Munich



Stuttgart



Hamburg



Cologne



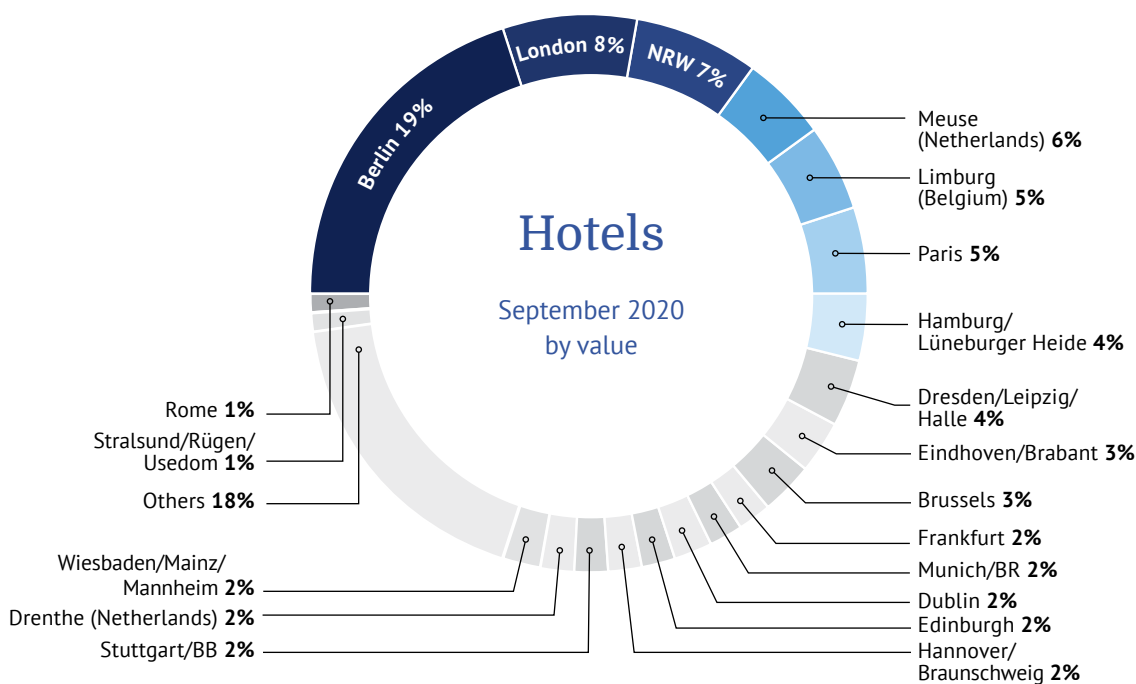
Rotterdam



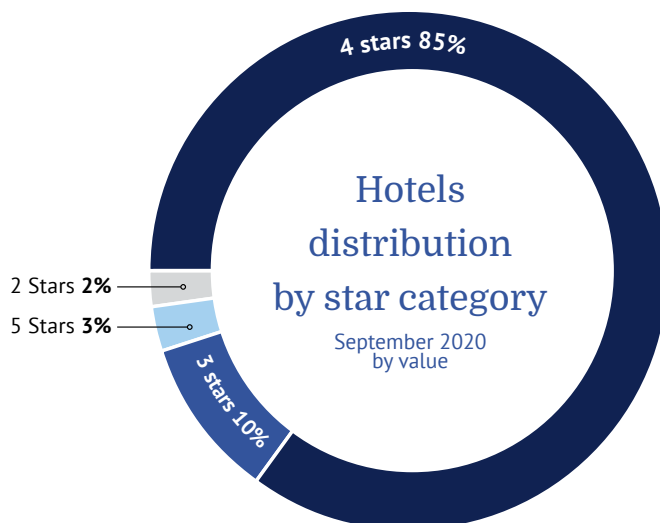
Düsseldorf

Hotels: Focus on central locations

176 HOTELS ACROSS TOP LOCATIONS WITH FIXED LONG-TERM LEASES WITH THIRD PARTY HOTEL OPERATORS



AT's hotel portfolio, valued at €5.6 billion as of September 2020, is well diversified and covers a total of over 1.8m sqm. The largest share of the hotel portfolio is 4-star hotels with 85%, catching the largest market share from tourism and business travel. The hotels are branded under a range of globally leading branding partners which offer key advantages such as worldwide reservation systems, global recognition, strong loyalty programs, quality perception and benefits from economies of scale.



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. AT maintains close relations with the operators and monitors their performance on an ongoing basis, making use of its tailor-made IT/software system.



Berlin



Frankfurt



Meuse (Netherlands)

Diverse European Footprint

Fixed long term leases with third party hotel operators

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



Cologne



Paris



Munich



Dublin



Edinburgh



London



Berlin

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

Pierre & Vacances-Center Parcs Group



Hilton Group



Marriott Group



Accor Group



Radisson Brands



WYNDHAM
Hotels and Resorts

WYNDHAM
GARDEN

Days Inn

TRYP
BY WYNDHAM

RAMADA

AMARIS
HOTELS

INTERCONTINENTAL
HOTELS & RESORTS

STEIGENBERGER
HOTELS AND RESORTS

HYATT
REGENCY

BW Best Western

MOTEL ONE

CROWNE PLAZA
HOTELS & RESORTS

SEMINARIS

PENTA
HOTELS

MELIÀ
HOTELS INTERNATIONAL

GCH HOTEL GROUP

ARABELLA HOSPITALITY

PLACE
VALUE

Holiday Inn

NOVUM
HOSPITALITY

H-Hotels.com

NH
HOTELS

Dorint
Hotel

PRECISE
Hotel Collection

Everland

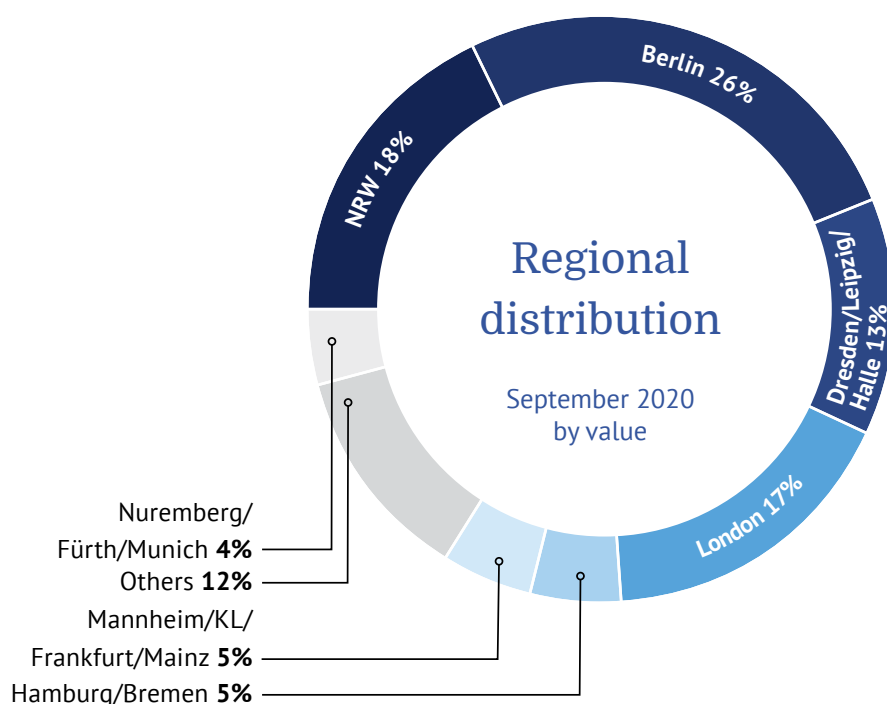
ZECH HOTELS

Residential Portfolio

(Grand City Properties)

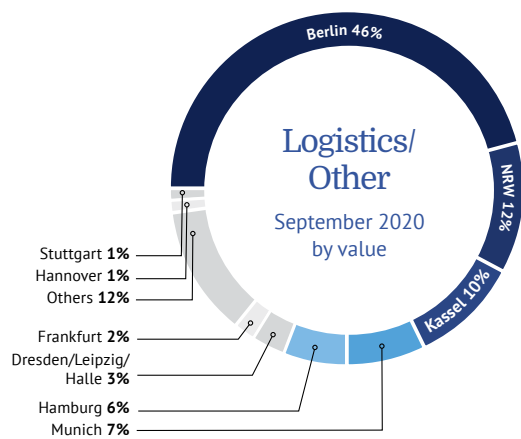
The residential portfolio is mainly held through a 40% stake in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas predominantly in Germany. AT is the largest shareholder in GCP, with the remaining 60% widely distributed and held mainly by many international leading institutional investors. For an additional increase of AT's position in the residential real estate, AT holds minority positions in several subsidiaries of GCP. As of September 2020, GCP's residential portfolio with a value of €7.9 billion operates at an in-place rent of €7.3/sqm and an EPRA vacancy of 6.2%. The residential portfolio generates an annualized

net rental income of €331 million and includes strong value-add potential. GCP holds 63k units in its portfolio with the properties spread across densely populated areas in Germany, with a focus on North Rhine-Westphalia, Berlin and the metropolitan regions of Dresden, Leipzig and Halle as well as London. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting local community initiatives, GCP established industry-leading service standards and lasting relationships with its tenants.

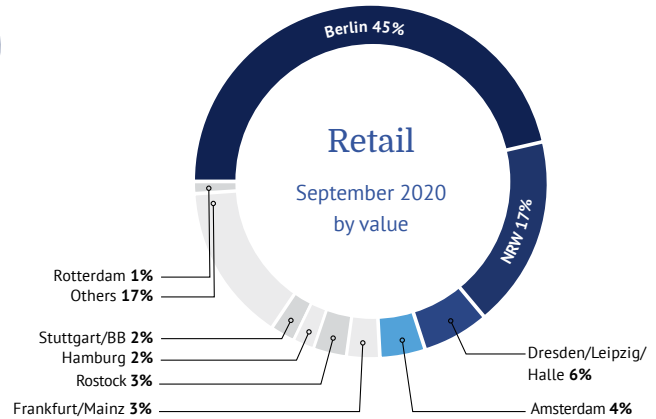


Logistics/Other and Retail:

Further portfolio diversification through logistics/other and retail



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



Asset type overview - Commercial portfolio

SEPTEMBER 2020	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	12,175	3,969	10.2%	495	10.9	3,068	4.1%	4.6
Hotel	5,571	1,847	4.2%	302	14.0	3,017	5.4%	17.1
Retail	1,693	767	10.0%	87	10.1	2,207	5.1%	5.0
Logistics/Other	644	862	11.8%	34	3.6	747	5.3%	5.7
Development rights & Invest	1,686							
Total	21,769	7,445	8.3%	918	10.8	2,698	4.6%	8.8

Regional overview - Commercial portfolio

SEPTEMBER 2020	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	5,105	1,287	4.6%	177	11.9	3,968	3.5%
NRW	2,018	1,077	8.7%	102	8.2	1,873	5.1%
Munich	1,932	609	11.6%	57	8.0	3,173	2.9%
Frankfurt	1,833	521	15.2%	70	12.5	3,517	3.8%
Dresden/Leipzig/Halle	1,033	482	5.1%	55	9.7	2,143	5.4%
London	631	105	9.9%	30	27.1	6,004	4.8%
Amsterdam	614	159	9.1%	26	14.1	3,873	4.2%
Hamburg/LH	556	244	5.7%	30	10.9	2,279	5.5%
Wiesbaden/Mainz/Mannheim	403	154	9.0%	21	11.9	2,616	5.2%
Stuttgart/BB	372	149	8.1%	20	11.5	2,487	5.3%
Hannover	364	190	12.9%	16	8.1	1,922	4.3%
Utrecht	349	136	12.8%	18	11.4	2,569	5.3%
Rotterdam	267	104	3.3%	18	13.5	2,561	6.7%
Other	4,606	2,228	8.2%	278	11.1	2,067	6.0%
Development rights & Invest	1,686						
Total	21,769	7,445	8.3%	918	10.8	2,698	4.6%

WALT
8.8
YEARS

Financing Structure and Capital Markets

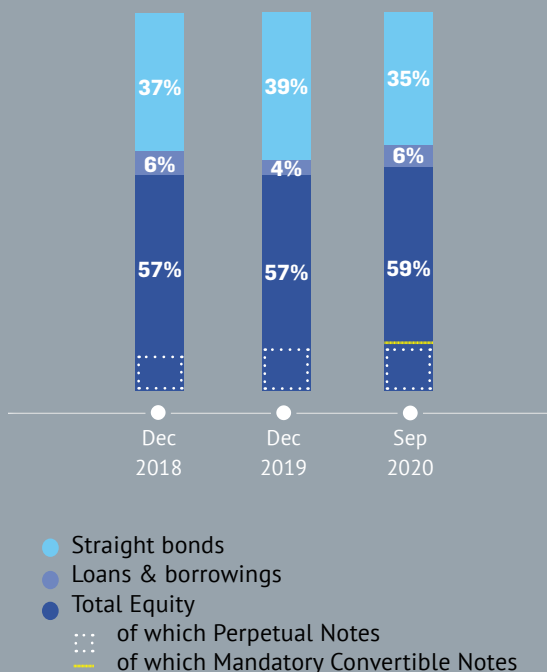


Financial policy

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

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

Financing sources mix



Investment grade credit rating

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



Trading data

Placement	Frankfurt Stock Exchange
Market segment	Prime Standard
Trading ticker	AT1
Initial placement of capital	13.07.2015 (€3.2 per share)
Key index memberships	DAX 50 ESG MDAX FTSE EPRA/NAREIT: – Global – Developed Europe – Eurozone – Germany – Green Indexes MSCI Index Series S&P Europe 350 STOXX Europe 600 GPR 250 GPR ESG DIMAX

As of September 30, 2020

Number of shares	1,537,025,609
Number of shares, excluding suspended voting rights, base for share KPI calculations	1,293,272,083
As of the day of this report:	
Number of shares, excluding suspended voting rights, base for share KPI calculations	1,149,315,592
Shareholder Structure	Freefloat: 65% - of which Blackrock Inc. 5.1% Shares held in treasury*: 25% Avisco Group: 10% * 12% are held through TLG Immobilien AG, voting rights suspended
Market cap	€9.0 bn

Key index inclusions

Aroundtown's share is a constituent of several major indices such as **MDAX**, **DAX 50 ESG**, **FTSE EPRA/NAREIT Index Series**, **FTSE Eurofirst 300**, **MSCI Index Series**, **S&P EUROPE 350**, **STOXX Europe 600** as well as **GPR 250**, **GPR ESG** and **DIMAX**. These inclusions are the result of Aroundtown's large market cap and high trading volumes on the Prime Standard of the Frankfurt Stock Exchange (XETRA).

DAX[®] 50 ESG

MSCI

FTSE Russell EPRA

MDAX

EURONEXT

S&P Dow Jones Indices

A Division of S&P Global

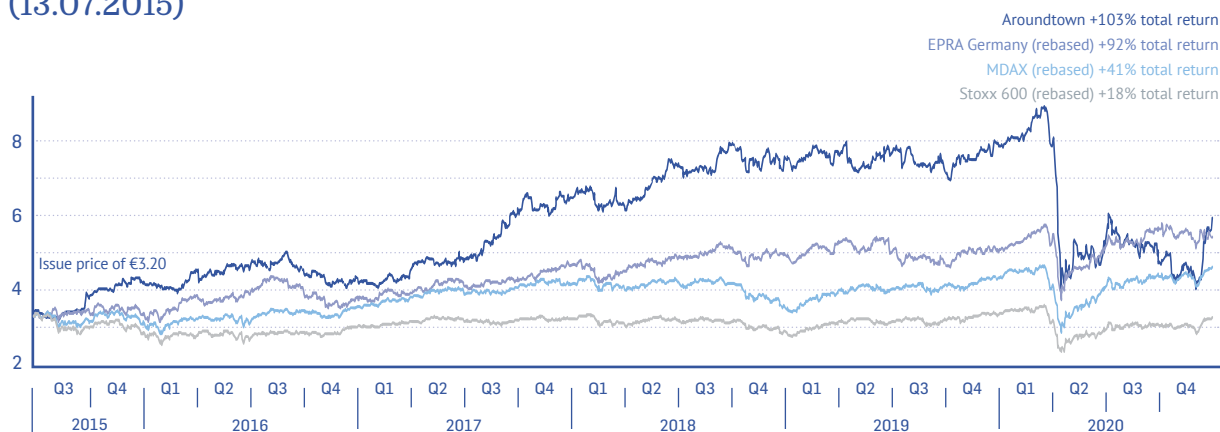
STOXX

Global property research
Solutions for customized property indices

Investor relations activities

The Group is proactively approaching a large investor audience in order to present its business strategy, provide insight into its progression and create awareness of its overall activities 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 20 different research analysts on an ongoing basis, with reports updated and published regularly.

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



Notes on Business Performance



Selected consolidated income statements data

	Nine months ended September 30,	
	2020	2019
	in € millions	
Revenue	890.4	650.7
Net rental income	758.4	554.5
Property revaluations and capital gains	735.5	1,066.0
Share in profit from investment in equity-accounted investees	146.5	241.6
Recurring property operating expenses ¹⁾	(233.1)	(172.7)
Administrative and other expenses	(39.1)	(19.3)
Operating profit	1,430.2	1,766.3
EBITDA	1,433.1	1,767.6
Adjusted EBITDA ^{1) 2)}	722.5	556.8
Finance expenses	(151.2)	(106.2)
Other financial results	(133.0)	92.4
Current tax expenses	(66.9)	(41.9)
Deferred tax expenses	(267.3)	(233.4)
Profit for the period	811.8	1,477.2
FFO I ^{3) 4)}	437.8	371.1
FFO I after perpetual ^{3) 4)}	371.4	331.4
FFO I after perpetual, Covid adjusted ⁵⁾	301.4	331.4
FFO II	647.8	421.1

1) excluding extraordinary general provisions relating to deferred rents due to the Covid pandemic

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 42-45

3) including AT's share in the FFO I (after perpetual notes attribution if relevant) of companies in which AT has significant influence. For more details regarding the methodology, please see pages 42-45

4) excluding FFO I relating to minorities and contributions assets held for sale. For more details regarding the methodology, please see pages 42-45

5) including extraordinary general provisions relating to deferred rents due to the Covid pandemic

Revenue

	Nine months ended September 30,	
	2020	2019
	in € millions	
Recurring long-term net rental income	729.6	548.3
Net rental income related to properties marked for disposal	28.8	6.2
Net rental income	758.4	554.5
Operating and other income	132.0	96.2
Revenue	890.4	650.7

AT recorded revenues of €890 million during the first nine months of 2020, which increased by 37% compared to €651 million recorded during the comparable period of 2019. Net rental income makes up the majority of the revenues which totaled to €758 million in the first nine months of 2020, which increased also by 37% compared to €555 million in the first nine months of 2019. The increase is driven by the positive like-for-like performance, the full year impact of property acquisitions and further supported from the takeover of TLG, despite the accelerated and accretive property disposals during the period. The organic growth of the net rental income is reflected in the 1.7% like-for-like net rental income growth.

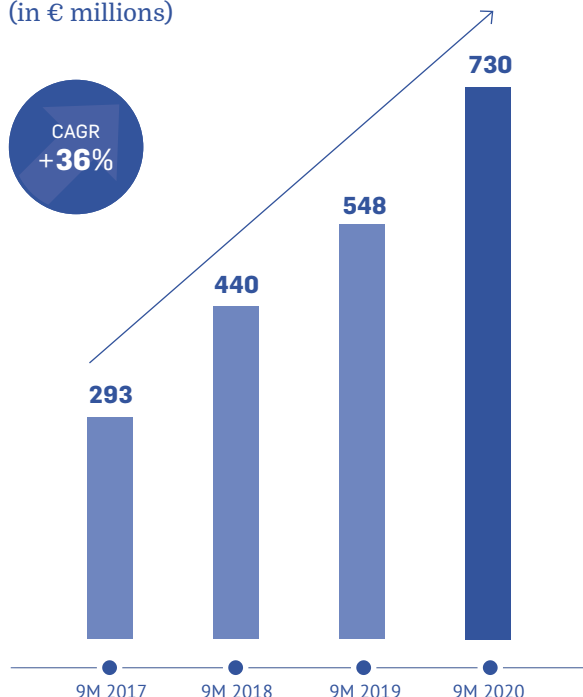
Operating and other income increased by 37% as well from €96 million in the first nine months of 2019 to €132 million in the first nine months of 2020. This income item is mainly linked to ancillary expenses which are recovered from tenants such as utility costs (energy, heating, water etc.) and service charges. Operating and other income grew in line with the portfolio and the growth in net rent.

AT further breaks down its net rental income into the recurring long-term net rental income which excludes the net rental income generated by properties marked for disposal. Since AT has signed the disposal of these properties or intends to dispose them, the Company views their contribution as non-recurring and are thus presented in a separate line item. During the first nine months of 2020, AT reclassified a net amount of over €2 billion properties into held for sale including approx. €0.6 billion that were disposed prior to the end of September 2020, which is the main reason that the net rental income from these properties increased to €29 million during the first nine months of 2020, compared to €6 million recorded during the first nine months of 2019. Correspondingly, AT generated recurring long-term net rental income of €730 million in the first nine months of 2020, which increased by 33% compared to €548 million generated in the first nine months of 2019.

As the vast majority of the disposals were closed during Q4 2020 and the remaining is expected to be closed during 2021, this will have an impact on the net rental income in the next quarters. Nonetheless, AT already excluded the contribution from these assets in its recurring long-term net rental income and in other key operational figures. These accretive disposals were a constructive part of AT's portfolio optimization strategy during 2020 as the majority of the disposals were retail

and wholesale and 50% were in non-core cities. Since AT sold these properties above book value which funded its share buybacks at share prices significantly below the NAV, the buyback will deliver strong bottom-line operational profitability KPI growth in the following periods.

Recurring long-term net rental income (in € millions)



Share in profit from investment in equity-accounted investees

	Nine months ended September 30,	
	2020	2019
	in € millions	
Share in profit from investment in equity-accounted investees	146.5	241.6

Share in profit from investment in equity-accounted investees amounted to €147 million during the first nine months of 2020, compared to €242 million recorded during the first nine months of 2019. This item represents AT's share in the earnings from investment in companies which are not consolidated in its financial statements. These profits are attributed to the Company's strategic investment in GCP, direct minority positions in residential properties consolidated by GCP, the investment in Globalworth (GWI), the leading publicly listed office landlord in the CEE market, as well as profits from other investments over which AT has significant influence. The decrease in this item is due to lower net profits from these investments, mainly driven by higher non-recurring one-time revaluation profits recorded in the first nine months of 2019. Nevertheless, the operational profit contribution of these investments has increased in comparison to 2019 and contributed €118 million to the adjusted EBITDA and €77 million to the FFO I during the first nine months of 2020, compared to €97 million and €71 million during the comparable period of 2019, an increase of 22% and 8%, respectively.

Property revaluations and capital gains

Nine months ended September 30,		
	2020	2019
	in € millions	
Property revaluations and capital gains	735.5	1,066.0

AT recorded property revaluations and capital gains in the amount of €736 million in the first nine months of 2020, compared to €1,066 million recorded in the first nine months of 2019, which is a decrease of 31%. The revaluation and capital gains recorded in this period reflect a +3.6% growth on a like-for-like basis since year-end of 2019. The like-for-like value increase, excluding the hotel portfolio, amounted to +6.5%, which was partially offset by a negative revaluation of 4.7% on a like-for-like basis in the hotel portfolio, all in comparison to year-end 2019. This reiterates the defensiveness of the diversification strategy. Through the high degree of diversification (in terms of asset types, locations, tenant and lease structures), AT benefits from many different value drivers which support the overall positive portfolio valuations. These overall valuations remained supportive during the first nine months, driven by operational strength, strong fundamentals and low yield compression. All valuations are performed externally by independent and qualified appraisers.

During the first nine months of 2020, AT disposed assets at an amount of over €770 million with a +4% margin over their net book values which have been accordingly accounted for as capital gains. These were mainly retail properties in non-core cities across Germany, as well as office, hotel and properties for development. After the reporting period, AT signed further asset disposals (mainly wholesale, retail and office), bringing the total year-to-date signed disposal volume to approx. €2.1 billion, signed at +3% above their book values. As the majority of the disposals were non-core, these activities increase the portfolio quality as well as strengthen the liquidity which supports debt repayments and share buybacks. Furthermore, disposals above the book value validate the portfolio valuations.

As of September 2020, the portfolio reflects an average value of €2,698 per sqm and a net rental yield of 4.6%, compared to €2,433 per sqm and 4.9% in December 2019, respectively.

Property operating expenses

Nine months ended September 30,		
	2020	2019
	in € millions	
Recurring property operating expenses	(233.1)	(172.7)
Extraordinary general rental provisions related to deferred rents *	(70.0)	-
Property operating expenses, Covid adjusted	(303.1)	(172.7)

* extraordinary general provisions relating to deferred rents due to the Covid pandemic

The recurring property operating expenses amounted to €233 million which reflects a 35% growth and is slightly lower than the 37% growth in revenues. The increase is mainly a result of the takeover of TLG, which increased both the income and operating expense items. The lower growth in the expenses in comparison to the revenues reflects the efficiencies achieved in the operational platform, which is a result of economies of scale, initial operational synergies lifted from the takeover of TLG as well as improvements in the cost and lease structure of properties. The main portion of property operating expenses are ancillary expenses such as energy, heating and water costs which are recovered from the tenants. The remainder of the property operating expenses are costs such as maintenance and refurbishment, operating personnel expenses, depreciation and amortization and operating costs such as marketing, letting and legal fees and other expenses most of which stayed at relatively similar levels compared to the revenue.

AT created €70 million of extraordinary rent provisions during the first nine months of 2020 in response to the impact of Coronavirus on the hotel industry, based on management assessment. Therefore, AT recorded €303 million of property operating expenses during the first nine months of 2020, compared to €173 million recorded during the first nine months of 2019. In the nine months of 2020, AT collected approx. 60% of the hotel rent including completed negotiations with hotel tenants for longer lease terms at higher rents for the extended period in return for a rent free period. The Company is working with the remaining tenants, on a case by case basis, to collect the deferred amounts. Since the rent collection for the other asset classes remained strong and did not deviate materially from prior to the breakout of the pandemic, the rent provisions for these properties are low and included in the recurring operating expenses.



Administrative and other expenses

Nine months ended September 30,		
	2020	2019
	in € millions	
Administrative and other expenses	(39.1)	(19.3)

Administrative and other expenses amounted to €39 million during the first nine months of 2020, compared to €19 million recorded during the first nine months of 2019. These expenses consist mainly of personnel expenses and fees relating to audit, accounting, legal and professional services. This line item grew mainly due to the significant growth of the company and to the initial consolidation of TLG's administrative expenses, including one-off non-recurring expenses in the amount of €4 million which are directly related to the merger process with TLG.

Finance expenses and other financial results

Nine months ended September 30,		
	2020	2019
	in € millions	
Finance expenses	(151.2)	(106.2)
Other financial results	(133.0)	92.4
Finance expenses and other financial results	(284.2)	(13.8)

Finance expenses amounted to €151 million during the first nine months of 2020, compared to €106 million recorded during the first nine months of 2019. The growth is mainly the result of the consolidation of TLG's debt and the full period impact of bonds issued during 2019. The increase has been offset through the repayment of over €1 billion of debt during the first nine months of 2020. Early repayments and refinancing with longer maturities are part of the Company's conservative financial policy to proactively optimize its debt profile and they support AT in maintaining a long average debt maturity of 6.2 years and low cost of debt of 1.6%. This solid debt profile combined with the high operational profitability manifests itself in the high ICR of 4.4x for the first nine months of 2020.

Other financial results amounted to an expense of €133 million during the first nine months of 2020, compared to an income of €92 million during the first nine months of 2019. The result is composed of items that are primarily non-recurring and non-cash where values fluctuate and thus, the result varies from one period to another. The result for the first nine months of 2020 included expenses related to net changes in the fair value of derivatives including contingent liabilities related to the takeover of TLG, changes in value of financial assets, expenses related to bond buybacks and substitution of TLG's bonds. Due to the pandemic, there was an unfavorable movement in the markets which had an adverse impact on changes of the fair value of financial assets, liabilities and derivatives.



Hannover

Taxation

Nine months ended September 30,		
	2020	2019
	in € millions	
Current tax expenses	(66.9)	(41.9)
Deferred tax expenses	(267.3)	(233.4)
Tax and deferred tax expenses	(334.2)	(275.3)

AT recorded total tax expenses of €334 million during the first nine months of 2020, compared to €275 million recorded during the first nine months of 2019. Current tax expenses amounted to €67 million during the first nine months of 2020 compared to €42 million recorded during the first nine months of 2019. Current tax expenses are comprised of corporate income taxes and property taxes and increased as a result of the growth in operational profits. It was also impacted by relatively higher tax rates in jurisdictions where AT invested since 2019. Deferred tax expenses amounted to €267 million in the first nine months of 2020, compared to €233 million in the comparable period of 2019. Although revaluation gains during the first nine months of 2020 were lower year-over-year, deferred tax expenses are higher due to capital gain taxes related to property disposals, partial realization of tax loss carryforwards and tax effects relating to changes in the fair value of financial derivatives. Deferred tax expenses are non-cash expenses and the Company accounts for deferred tax expenses which are mainly for the theoretical future disposal of properties in the form of asset deals, where in practice, the Company's disposals can be in the form of share deals with much lower effective taxes.

Profit for the period

	Nine months ended September 30,	
	2020	2019
	in € millions	
Profit for the period	811.8	1,477.2
Profit attributable to:		
Owners of the company	597.2	1,084.1
Perpetual notes investors	66.4	39.7
Non-controlling interests	148.2	353.4

AT generated a net profit of €812 million during the first nine months of 2020, compared to €1,477 million recorded during the first nine months of 2019. The shareholders' profit totaled to €597 million in the first nine months of 2020, compared to €1,084 million in the first nine months of 2019. The decrease is mainly due to comparatively lower non-recurring results such as revaluation gains and other financial results, as well as due to provisions related to the Covid pandemic and lower profit share from equity-accounted investees. The profit attributable to non-controlling interests decreased from €353 million to €148 million. These profits mainly represent additional minorities created from the TLG takeover. As AT owns ca. 80% of TLG, the remaining 20% is related to the minorities and is reflected in the non-controlling interests. Profit attributable to non-controlling interests decreased mainly as a result of lower non-recurring profit from properties with non-controlling interests. Profits attributable to perpetual notes investors grew from €40 million in the first nine months of 2019 to €66 million in the first nine months of 2020. This item grew due to the full three quarters impact of approx. €1bn perpetual notes issued during 2019 as well as the impact of consolidating TLG's €600 million perpetual notes.



Earnings per share

	Nine months ended September 30,	
	2020	2019
Basic earnings per share (in €)	0.44	0.94
Diluted earnings per share (in €)	0.44	0.93
Weighted average basic shares (in millions)	1,342.3	1,155.9
Weighted average diluted shares (in millions)	1,343.6	1,157.1

AT generated basic and diluted earnings per share of €0.44 during the first nine months of 2020, compared to €0.94 and €0.93 recorded during the first nine months of 2019. This follows the development of shareholders' profit, further impacted by a higher share count between the periods. Both share counts grew by 16% since the first nine months of 2019, mainly driven by the new shares created in relation to the takeover of TLG. Since this is a weighted average share count, an equity capital increase and scrip dividends issued during the third quarter of 2019 also impacted the decrease in earnings per share. Share buybacks until the end of September 2020 slightly offset this decrease. The majority of the current share buyback occurred during the fourth quarter of 2020 which will have a positive per share impact in the upcoming quarters.

Comprehensive income

	Nine months ended September 30,	
	2020	2019
	in € millions	
Profit for the period	811.8	1,477.2
Total other comprehensive income (loss) for the period, net of tax	(57.4)	8.1
Total comprehensive income for the period	754.4	1,485.3

Total comprehensive income for the period amounted to €754 million during the first nine months of 2020, compared to €1,485 million recorded during the first nine months of 2019. This was driven by the development in net profits, as well as €57 million of total other comprehensive loss during the first nine months of 2020 compared to an €8 million income during the comparable period of 2019. The loss is mainly due to net foreign currency hedging effects and the share of other comprehensive loss in investment in equity-accounted investees.

Adjusted EBITDA

	Nine months ended September 30,	
	2020	2019
	in € millions	
Operating profit	1,430.2	1,766.3
Total depreciation and amortization	2.9	1.3
EBITDA	1,433.1	1,767.6
Property revaluations and capital gains	(735.5)	(1,066.0)
Share in profit from investment in equity-accounted investees	(146.5)	(241.6)
Other adjustments incl. one-off expenses related to TLG merger ¹⁾	6.3	2.8
Contribution from assets held for sale	(23.3)	(3.4)
Extraordinary general rental provisions related to deferred rents ²⁾	70.0	-
Adjusted EBITDA commercial portfolio, recurring long-term	604.1	459.4
Adjustment for GCP's and other investments' adjusted EBITDA contribution ³⁾	118.4	97.4
Adjusted EBITDA	722.5	556.8

1) the other adjustment relates to expenses related to employees' share incentive plans

2) extraordinary general provisions relating to deferred rents due to the Covid pandemic

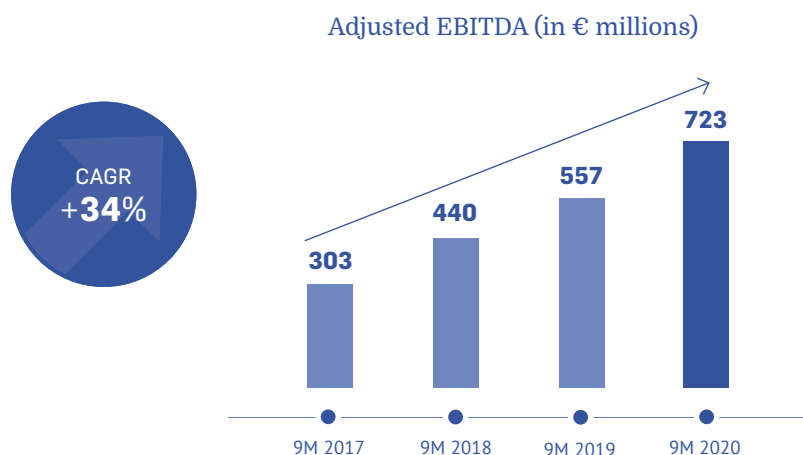
3) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence. GCP generated an adjusted EBITDA of €223 million in 9M 2020 and €220 million in 9M 2019

Adjusted EBITDA is a key performance measure used to evaluate the operational result of the Company, derived by deducting from the EBITDA non-operational items such as revaluations and capital gains and other adjustments. Additionally, in order to mirror the recurring operational results of the Group, the share in profit from investment in equity-accounted investees is subtracted as this also includes the Company's share in non-operational profits generated by these investees. Due to the nature of its strategic investment in GCP and in other investments, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by investments where the Company has significant influence for the period in accordance with its holding rate over the period. As at the end of September 2020, AT's holding rate in GCP is 40% and in GWI is 22%.

The Group generated an adjusted EBITDA of €723 million during the first nine months of 2020, increasing by 30% compared to €557 million recorded during the first nine months of 2019, mainly driven by external growth. This external growth manifests itself in the solid top line growth and is mainly driven by the takeover of TLG. Another contributor to the adjusted EBITDA growth is internal growth. This organic growth manifests itself in 1.7% total like-for-like net rental income growth. The adjusted EBITDA was also complemented by the increased contribution from GCP and other investments since the

adjusted EBITDA additionally includes contributions from GCP, GWI and other investments due to the strategic nature of these investments. GCP managed to achieve a growth in the adjusted EBITDA year-over-year despite disposals thanks to its profitable platform and strong organic growth. Adjusted EBITDA excludes the effect of the extraordinary general provisions relating to deferred rents from the Covid pandemic. Including the extraordinary provisions, the adjusted EBITDA amounts to €653 million, which reflects a 17% growth compared to the first nine months of 2019.

The adjusted EBITDA commercial portfolio, recurring long-term excludes a one-time expense of €4 million which is related to the merger with TLG and additionally accounts for another adjustment in the amount of €2.3 million for the first nine months of 2020. The other adjustment relates to expenses for employees' share incentive plans which is a non-cash item. Further, the Company conservatively does not include the contributions from properties marked for disposal since they are intended to be disposed or already signed for disposal and therefore their contributions are non-recurring. These adjustments increased from €3.4 million in the first nine months of 2019 to €23.3 million in the first nine months of 2020 since a large volume of assets were classified as held for sale during the second and the third quarter of 2020.





London

Funds From Operations I (FFO I)

	Nine months ended September 30,	
	2020	2019
	in € millions	
Adjusted EBITDA commercial portfolio, recurring long-term	604.1	459.4
Finance expenses	(151.2)	(106.2)
Current tax expenses	(66.9)	(41.9)
Contribution to minorities ¹⁾	(29.1)	(13.6)
Adjustments related to assets held for sale ²⁾	4.1	2.4
FFO I commercial portfolio, recurring long-term	361.0	300.1
Adjustment for GCP's and other investments' FFO I contribution ³⁾	76.8	71.0
FFO I	437.8	371.1
Extraordinary general rental provisions related to deferred rents ⁴⁾	(70.0)	-
FFO I, Covid adjusted	367.8	371.1
Weighted average basic shares (in millions) ⁵⁾	1,342.3	1,155.9
FFO I per share	0.33	0.32
FFO I per share, Covid adjusted	0.27	0.32

1) contribution to minorities and the minority share in TLG's FFO I after perpetual notes attribution and contribution of AT

2) excluding expenses following the adjustment of the adjusted EBITDA contribution of assets held for sale in an amount of €23.3 million in 9M 2020 (€3.4 million in 9M 2019) to reflect their FFO I contribution

3) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence. GCP generated an FFO I after perpetual notes attribution of €137 million in 9M 2020 and €135 million in 9M 2019

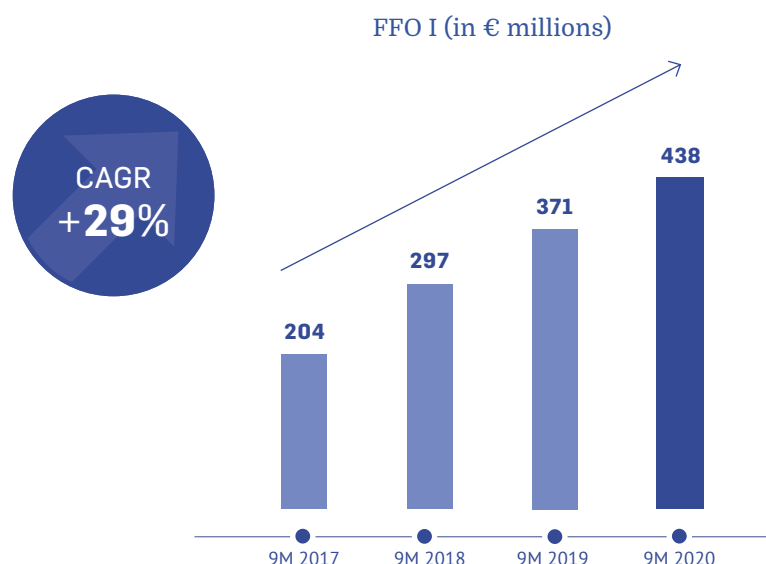
4) extraordinary general provisions relating to deferred rents due to the Covid pandemic

5) weighted average number of shares excludes shares held in treasury; base for share KPI calculations

Funds from Operations (FFO I) is an industry standard performance indicator, reflective of the recurring operational profits after deducting the finance expenses and current tax expenses from the adjusted EBITDA. The calculation further includes the relative share of AT in GCP's reported FFO I after perpetual notes attribution and the FFO I of other significant investment positions. Additionally, the FFO I excludes the share in minorities' operational profits.

The Group generated an FFO I of €438 million during the first nine months of 2020, increasing by 18% from €371 million recorded during the comparable period of 2019. The growth is mainly driven by the solid top line growth which is further supported by the takeover of TLG. Further, the growth was partially offset to a certain extent by relatively higher finance and tax expenses. AT additionally provides an FFO I, Covid adjusted which includes extraordinary general rental provisions relating to deferred rents due to the Covid pandemic. Including these provisions, the FFO I amounts to €368 million, slightly lower than €371 million recorded during the first nine months of 2019.

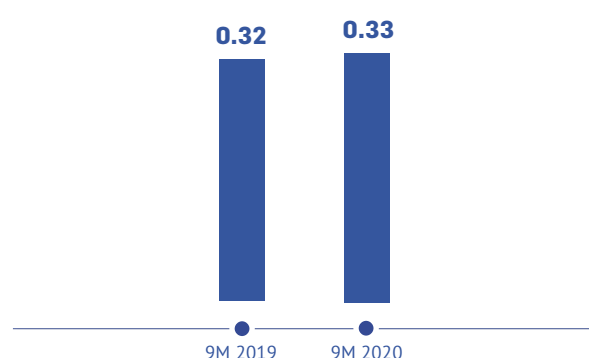
The FFO I additionally makes an allocation to minorities and includes contributions from GCP and other investments. The contributions to minorities increased from the comparable period in 2019 due to the minority share in TLG, acquisitions with minority share and changes in ownership interest. It should be noted that since the combination with TLG was completed in mid-February 2020, TLG's contribution to the FFO I, as well as the relevant adjustment for minorities were incorporated only partially during the first quarter of 2020 with the full impact starting from the second quarter of 2020. With regards to GCP and other investments, they contributed €77 million to the FFO I during the first nine months of 2020, increasing by 8% compared to €71 million in the first nine months of 2019. This growth is mainly driven by an increased stake in GCP and other investments, as well as GCP's ability to deliver FFO I growth despite its disposals. In addition, the FFO I includes other adjustments in the amount of €4.1 million, mainly related to finance and tax expenses of assets held for sale which increased from the comparable period in 2019 since a large amount of disposals were signed and thus reclassified into assets held for sale.



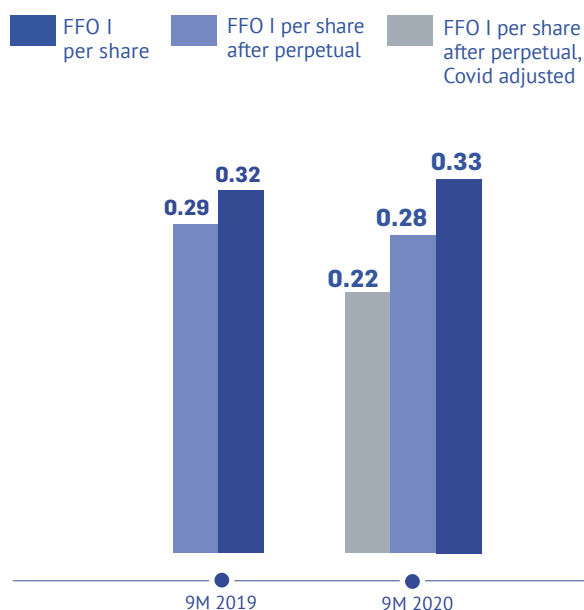
FFO I per share

FFO I per share amounted to €0.33 in the first nine months of 2020, increasing by 3% compared to €0.32 recorded in the first nine months of 2019. The growth in FFO I was partially offset by the higher share count between the two periods. The weighted average number of shares increased by 16% since the first nine months of 2019 due to new shares from the takeover of TLG in 2020 as well as the full period impact of an equity capital increase in 2019 and scrip dividends issued in 2019. As the majority of the share buyback had occurred during the fourth quarter of 2020, the share buyback until the end of September 2020 had a small positive impact on the weighted average share count but will have a larger impact going forward. The FFO I per share, Covid adjusted amounted to €0.27, lower compared to €0.32 in the first nine months of 2019, due to extraordinary general rental provisions related to deferred rents due to the Covid pandemic.

FFO I per share (in €)



FFO I per share (in €)



FFO I per share after perpetual

	Nine months ended September 30,	
	2020	2019
	in € millions	
FFO I	437.8	371.1
Adjustment for accrued perpetual notes	(66.4)	(39.7)
FFO I after perpetual	371.4	331.4
Extraordinary general rental provisions related to deferred rents ¹⁾	(70.0)	-
FFO I after perpetual, Covid adjusted	301.4	331.4
Weighted average basic shares (in millions) ²⁾	1,342.3	1,155.9
FFO I per share after perpetual (in €)	0.28	0.29
FFO I per share after perpetual, Covid adjusted (in €)	0.22	0.29

1) extraordinary general provisions relating to deferred rents due to the Covid pandemic

2) weighted average number of shares excludes shares held in treasury; base for share KPI calculations

According to IFRS accounting treatment, contributions to perpetual notes are recorded through changes in equity and not as financial expense in the income statement. The Company additionally presents an adjusted FFO I per share figure factoring in these attributions. AT generated an FFO I after perpetual of €371 million during the first nine months of 2020, increasing by 12% from €331 million generated during the comparable period of 2019. This translates to €0.28 per share in the first nine months of 2020, compared to €0.29 per share in the first nine months of 2019. The growth in the FFO I was partially offset by the full three quarters impact of the approx. €1 billion of additional perpetual notes issued in 2019 and from TLG's €600 million perpetual notes, as well as by the higher share count between the periods. FFO I after perpetual, Covid adjusted amounted to €301 million and €0.22 per share, accounting for extraordinary general rental provisions related to deferred rents due to the Covid pandemic.

FFO II

	Nine months ended September 30,	
	2020	2019
	in € millions	
FFO I, Covid adjusted	367.8	371.1
Result from disposal of properties*	280.0	50.0
FFO II	647.8	421.1

* the excess amount of the gross sale price to total cost (cost price plus capex of the disposed properties)

FFO II is an additional key performance indicator used in the real estate industry to evaluate the operational recurring profits including disposal profits during the period and increased by 54% in the first nine months of 2020 compared to the same period in 2019. Result from disposal of properties amounted to €280 million during the first nine months of 2020, 460% higher than €50 million during the first nine months of 2019. During the first nine months of 2020, AT completed non-core and mature asset disposals in the amount of over €770 million with a +57% margin over total costs. Including signed deals year-to-date, the disposals amount to approx. €2.1 billion in total. The disposals improve the portfolio quality through the sale of mainly non-core properties and strengthens the liquidity which supports debt repayments and share buybacks.

Cash flow

	Nine months ended September 30,	
	2020	2019
	in € millions	
Net cash provided by operating activities	452.8	456.1
Net cash provided by (used in) investing activities	23.1	(2,598.7)
Net cash provided by (used in) financing activities	(1,121.1)	3,348.1
Net change in cash and cash equivalents	(645.2)	1,205.5
Net changes in cash and cash equivalents	(645.2)	1,205.5
Cash and cash equivalents as at the beginning of the year	2,191.7	1,242.8
Cash and cash equivalents from initial consolidation of TLG	509.4	-
Other changes*	(6.5)	(3.2)
Cash and cash equivalents as at the end of the period	2,049.4	2,445.1

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

€453 million of net cash was provided by operating activities during the first nine months of 2020, compared to €456 million provided during the comparable period of 2019. This followed the movement in operational profits but the cash flow item was impacted by non-cash dividends and unusual increase in the deferrals due to the Covid pandemic. Operational profits were supported by strong top-line growth which is further supported by the takeover of TLG as well as internal growth which is reflected in 1.7% like-for-like net rental income growth and improvements in the property operating cost structure. The unusual increase in deferrals had a negative impact on the operating cash flow. With regards to the dividends from investments, AT was entitled to €55 million dividends from GCP in July 2020, of which AT received €8 million in cash and opted for scrip dividends for the remainder. New shares from scrip dividends increase AT's participation in

GCP and provide the Group with a well-balanced portfolio with a healthy presence in the affordable German residential real estate.

€23 million of net cash was provided by investing activities in the first nine months of 2020, compared to €2.6 billion used in the first nine months of 2019. During the first nine months of 2020, AT closed over €770 million of disposals which was offset by acquisition activities, investment in its own properties, loans given for real estate transactions and investment in financial assets. In comparison, the majority of the net cash used in the first nine months of 2019 was due to acquisition activities. AT has executed a non-cash merger with TLG through a share-to-share exchange, concluded in mid-February 2020, which increases the investment property by over €4 billion as at the end of September 2020.

€1.1 billion of net cash was used in financing activities in the first nine months of 2020, compared to €3.3 billion provided in the first nine months of 2019. During the first nine months of 2020, AT repaid over €1 billion of debt and bought back €289 million of its own shares which were the main uses of cash. On the other hand, AT had relatively less debt issuance this year with only mandatory convertible notes and a NOK bond issuance, as well as draw down of new bank debt.

Due to non-cash merger with TLG and cash arrived from TLG as part of the initial consolidation, an amount of €509 million is added to the cash balance as at the end of September 2020.

As a result, cash and cash equivalents amounted to €2.05 billion at the end of September 2020 compared to €2.19 billion at the beginning of the year 2020. As the majority of €2.1 billion year-to-date signed disposals are expected to be completed during the fourth quarter of 2020 and the beginning of 2021, this will provide a large cash inflow in the upcoming periods. On the other hand, approx. 70% of the €1 billion share buyback program is executed during the fourth quarter of 2020 and since the buyback program is funded by the disposals above book value, AT maintains a healthy balance sheet with high liquidity, financial strength and flexibility. The high liquidity has large financial cushion towards the Company's debt obligations and also provides firepower for acquisition opportunities.

Assets

	Sep 2020	Dec 2019
	in € millions	
Non-current assets	26,828.1	21,701.9
Investment property	21,768.8	18,127.0
Equity-accounted investees - holding in GCP SA ¹⁾	2,018.5	1,928.0
Equity-accounted investees, other	1,090.3	577.9
Current assets	4,758.6	3,742.8
Assets held for sale ²⁾	1,638.0	209.0
Cash and liquid assets ³⁾	2,507.1	3,043.8
Total Assets	31,586.7	25,444.7

1) according to AT's holding rate, the fair market value of GCP S.A. as of Sep 2020 is €1.4 billion

2) excluding cash in assets held for sale

3) including cash in assets held for sale

AT's total assets amounted to €31.6 billion as at the end of September 2020, increasing by 24% from €25.4 billion at year-end 2019. This was achieved mainly by takeover of TLG and further supported by value appreciation.

Non-current assets amounted to €26.8 billion as at the end of September 2020, up by 24% from €21.7 billion at year-end 2019. The largest portion of non-current assets are investment properties which amounted to €21.8 billion at the end of September 2020, increasing by 20% from €18.1 billion at year-end 2019. This growth has two drivers: External growth mainly from the takeover of TLG and internal growth through the value creation in the portfolio. After the takeover of TLG in mid-February 2020, Aroundtown is the 3rd largest listed real estate company in Europe by total assets. The merger strengthened the quality of the Group's portfolio in many aspects. It solidified the Group's focus on offices and on the strongest economies in Europe, Germany and the Netherlands which represent 86% of the commercial portfolio. The merger also increased the footprint in top tier cities and as a result, the Group is the largest office landlord in Berlin and Frankfurt among publicly listed real estate peers. Non-current assets had an increase of €0.8 billion as a result of the goodwill created from the takeover of TLG. This goodwill mainly relates to TLG's deferred tax liability balance. The business combination was based on an EPRA NAV-to-EPRA NAV exchange ratio. The ratio of TLG's EPRA NAV to shareholders' equity is much higher than AT's (primarily related to higher ratio of deferred tax balance) and is thus, from an accounting perspective, reflected in the goodwill balance. In addition, AT acquired further real estate properties for over €200 million.

The growth in non-current assets was partially offset by the disposals and reclassification of assets into held for sale. During the first nine months of 2020, AT completed over €770 million of non-core and mature asset disposals with a +57% margin over total costs and +4% margin over net book value. Disposals above the book value validate the portfolio valuations. Including disposals after the reporting period, AT signed approx. €2.1 billion of disposals year-to-date with a +3% margin over their net book values, which as of September 2020 have primarily been reclassified as assets held for sale. Further assets which were identified by the Company for disposals, mostly non-core properties, are classified as assets held for sale due to the disposal intention. Disposal of non-core assets and disposals in non-core locations increase

the portfolio's overall quality. Approx. three quarters of disposals year-to-date were retail and wholesale assets and around half of disposals were in non-core cities. Additionally, disposals included offices and properties for development and hotels.

Investment in equity-accounted investees amounted to €3.1 billion as at the end of September 2020, increasing by 24% from €2.5 billion recorded at year-end 2019. This line item represents AT's long-term investments in which AT has a non-controlling ownership and are thus not fully consolidated. The largest part of this item is mainly attributed to the Company's strategic residential portfolio investment via a 40% stake in Grand City Properties which amounts to €2.0 billion as of the end of September 2020, compared to €1.9 billion at year-end 2019. This item grew due to GCP's profit generation in the period and a slight increased stake in GCP over the period mainly from the scrip dividend issuance of GCP. GCP reinforces the Group's portfolio with a healthy presence in the resilient and affordable German residential real estate. The balance of other equity-accounted investees increased from €0.6 billion at year-end 2019 to €1.1 billion as at the end of September 2020, mainly as a result of reclassification of AT's investment in Globalworth, a publicly listed leading office landlord in the CEE market, which was formerly accounted for as traded securities. In addition, AT sold during the period a majority control stake in office assets in the amount of €109 million and the remaining stake where AT has significant influence is presented as part of the investment in equity-accounted investees as of the end of the reporting period. Furthermore, other equity-accounted investees balance grew also as a result of profits from these investments.

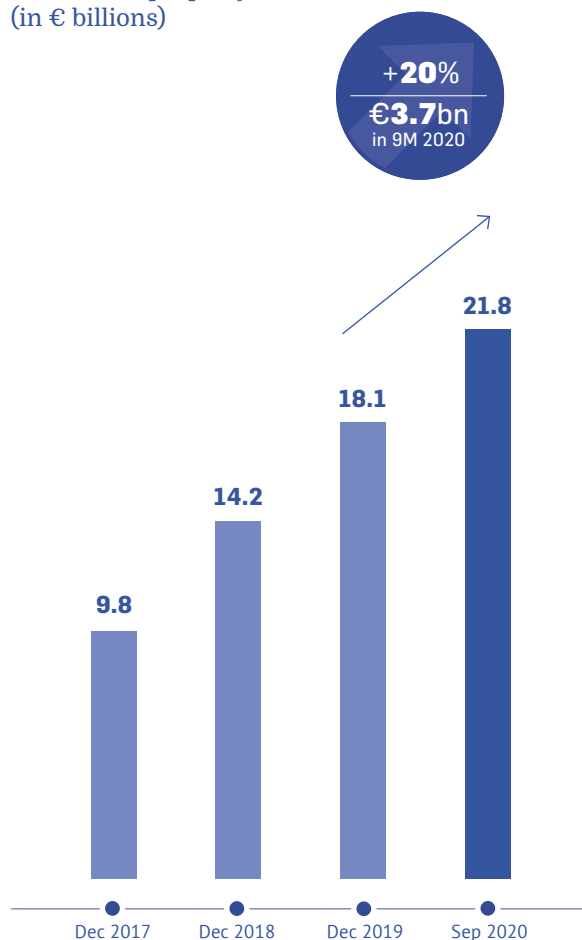
Non-current assets also include advanced payments for investment properties, long-term derivative financial assets, deferred tax assets and other long-term assets which are mainly comprised of loans that are connected to future real estate transactions.

Current assets grew by 27% from €3.7 billion at year-end 2019 to €4.8 billion as at the end of September 2020. The increase is mainly driven by the reclassification of assets into held for sale which have been signed but not closed during the reporting period. The cash and cash equivalents balance decreased from €2.19 billion at year-end 2019 to €2.05 billion as at the end of September 2020. This was mainly driven by the repayments

of over €1 billion bonds and bank debt, acquisitions of properties and €289 million of share buybacks. In comparison, over €770 million of disposals were closed during the period while the remaining disposals are expected to be closed during the fourth quarter of 2020 and at the beginning of 2021. The cash balance was positively impacted by the full consolidation of TLG following the takeover, the issuance of mandatory convertible notes and a straight bond, new bank debt and operational results. Approx. 30% of the €1 billion buyback program was concluded until the end of September 2020 and since the buyback program is funded by the disposals above book value, AT maintains its solid liquidity profile as part of its conservative financial approach. This high liquidity balance provides high financial strength, flexibility and firepower for acquisitions.

The assets held for sale balance consists of non-core assets that are intended to be sold within the next 12 months. The balance (excluding the cash of assets held for sale) totaled to €1.6 billion as at the end of September 2020, compared to €209 million at year-end 2019. The balance increased mainly due to the reclassification of over €1.4 billion assets where the disposal agreements were primarily signed but not closed during the reporting period

Investment property (in € billions)



Lüneburger Heide

Liabilities

	Sep 2020	Dec 2019
	in € millions	
Loans and borrowings ¹⁾	1,597.2	889.4
Straight bonds and schuldscheins	9,941.8	9,138.9
Deferred tax liabilities ²⁾	2,126.5	1,119.5
Other long-term liabilities and derivative financial instruments ³⁾	674.2	393.8
Current liabilities ⁴⁾	735.6	524.2
Total Liabilities	15,075.3	12,065.8

1) including short-term loans and borrowings and loans and borrowings under held for sale

2) including deferred tax under held for sale

3) including short term derivative financial instruments

4) excluding current liability items that are included in the lines above

Total liabilities amounted to €15.1 billion as at the end of September 2020, compared to €12.1 billion at year-end 2019. The increase relates mainly to the takeover of TLG and the initial consolidation of its debt which consisted of 3 straight bonds with a notional value of €1.6 billion and bank loans of €1 billion at the time of consolidation. During the reporting period, AT and TLG agreed on an issuer substitution for all of TLG's outstanding senior bonds. The pooling of instruments on the level of AT paves the way for realization of potential future financing synergies identified during the merger process. The increase in derivative balance is due to changes in foreign currencies which led to a higher derivative liability and due to a contingent liability created relating to the takeover of TLG. The merger supported the Group in maintaining a healthy balance sheet with low leverage thanks to strongly overlapping conservative financial structure of both companies. During the reporting period, AT repurchased over €720 million of Series D, E, F and TLG straight bonds (including the clean-up of the Series F 2023 bond) and repaid over €130 million of bank debt. As a result of this proactive approach, AT optimized its debt further and maintained a long average debt maturity of 6.2 years and a low cost of debt of 1.6%.

Deferred tax liabilities totaled to €2.1 billion as at the end of September 2020, compared to €1.1 billion at year-end 2019. Deferred tax liabilities make up 14% of total liabilities and are a non-cash item that are predominantly tied to revaluation profits. The growth in deferred tax liabilities mostly relate to the takeover of TLG and revaluation profits recorded during the reporting period. The deferred taxes are calculated assuming the theoretical future property disposals in the form of asset deals and as such the full corporate tax rate is applied. In case disposals are structured as a share deal a significantly lower tax rate applies in certain jurisdictions, thus realizing savings in deferred taxes. The other long-term and current liabilities increased mainly due to the full consolidation of TLG's financial accounts.

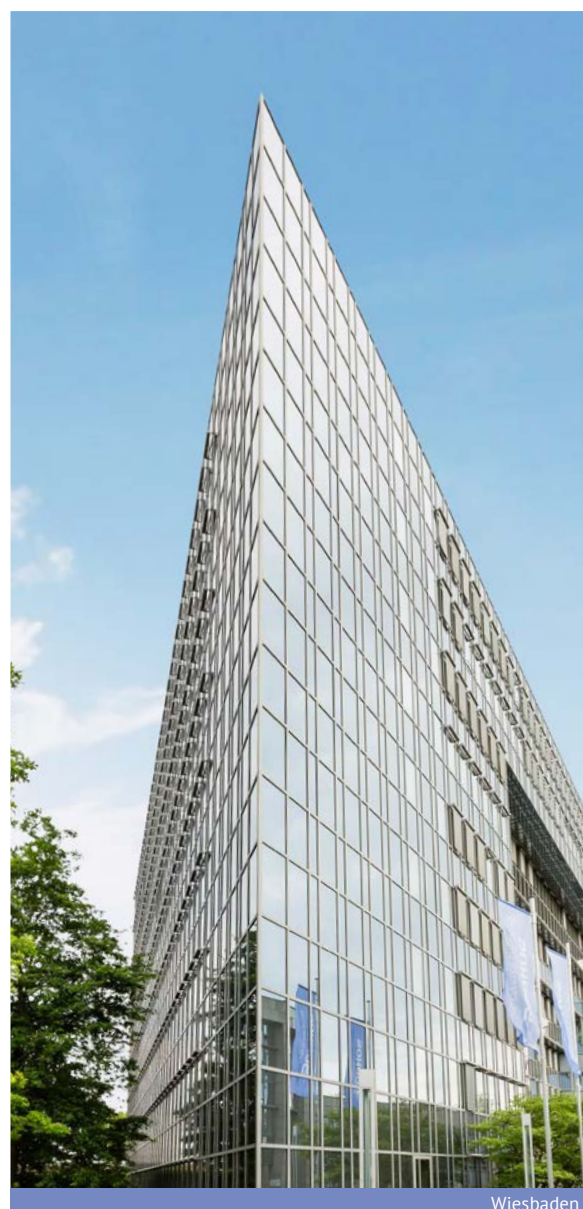
Net financial debt

	Sep 2020	Dec 2019
	in € millions	
Total financial debt ¹⁾	11,539.0	10,028.3
Cash and liquid assets ²⁾	2,507.1	3,043.8
Net financial debt	9,031.9	6,984.5

1) including loans and borrowings under held for sale

2) including cash and cash equivalents under held for sale

Net financial debt amounted to €9.0 billion as at the end of September 2020, compared to €7.0 billion at year-end 2019. The growth in financial debt is mainly driven by the takeover of TLG and partially offset by over €1 billion debt repayments since the year-end 2019 as well as deconsolidated loans due to disposals. Cash and liquid assets amounted to €2.5 billion at the end of September 2020, compared to €3.0 billion at year-end 2019. AT's high liquidity position provides solid financial strength, headroom, flexibility and firepower for accretive acquisitions.



Wiesbaden

Loan-to-Value

	Sep 2020	Dec 2019
in € millions		
Investment property ¹⁾	21,737.2	18,113.6
Investment property of assets held for sale	1,625.9	202.4
Investment in equity-accounted investees	3,108.8	2,505.9
Total value	26,471.9	20,821.9
Net financial debt ²⁾	9,031.9	6,984.5
LTV	34%	34%

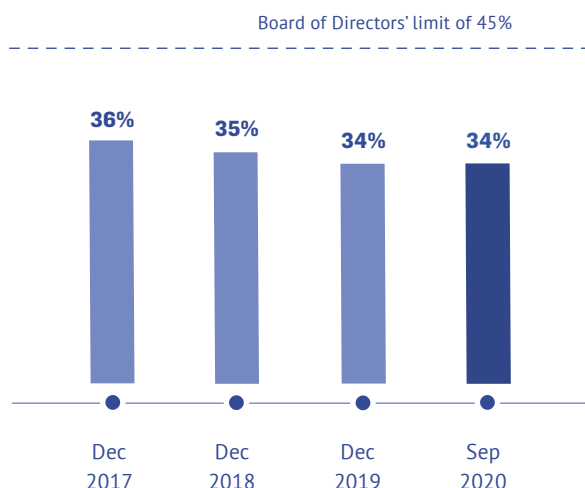
1) including advance payments and deposits and excluding the effects of IFRS 16

2) including cash and liquid assets held for sale

The Loan-to-Value (LTV) is the ratio of the financial debt, net of cash and liquid assets, to the value of investment property, including advance payments and investments in equity-accounted investees. Maintaining a conservative level of leverage is a key component of Aroundtown's financial policy, with an internal LTV limit of 45% set by the Board of Directors, and results in a strong financial and credit profile.

AT maintained its low leverage with an LTV at 34% as at the end of September 2020 as the TLG takeover has been financed through a share-to-share exchange. The LTV is well below the Board of Directors' limit which reflects the defensiveness of the Company's financial profile and provides the Company with significant comfort against a market downturn or a headroom to initiate further growth.

Loan-to-Value



Unencumbered assets ratio

	Sep 2020	Dec 2019
in € millions		
Rent generated by unencumbered assets *	791.8	789.7
Rent generated by the total Group *	1,073.0	974.5
Unencumbered assets ratio	74%	81%

* annualized net rent including the contribution from GCP and other investments and excluding the net rent from assets held for sale

AT's portfolio embeds additional financial flexibility through a high amount of unencumbered assets. A high ratio of 74% with a total value of €15.4 billion as the end of September 2020 (excluding assets held for sale), compared to 81% and €14.2 billion as at year-end 2019, provides the Company with additional flexibility and liquidity potential. Although the ratio decreased from year-end 2019, due to the takeover of TLG as TLG had a lower ratio of unencumbered assets compared to AT, yet the ratio remains significantly above the 50% level set in the Company's financial policy.

ICR

	Nine months ended September 30,	
	2020	2019
in € millions		
Group finance expenses ¹⁾	169.4	121.4
Adjusted EBITDA ²⁾	745.8	560.2
ICR	4.4x	4.6x

1) including AT's share in GCP and other investments' finance expenses

2) including the contributions from commercial assets held for sale, GCP and other investments, excluding general rental provisions relating to deferred hotel rents due to the Covid pandemic

A solid financial cover ratio with a high ICR of 4.4x in first nine months of 2020 reflects AT's healthy credit profile and significantly above financial covenants. By maintaining its debt metric at such high multiples, AT demonstrates the high level of comfort that its operational results have in covering its debt servicing.



Munich

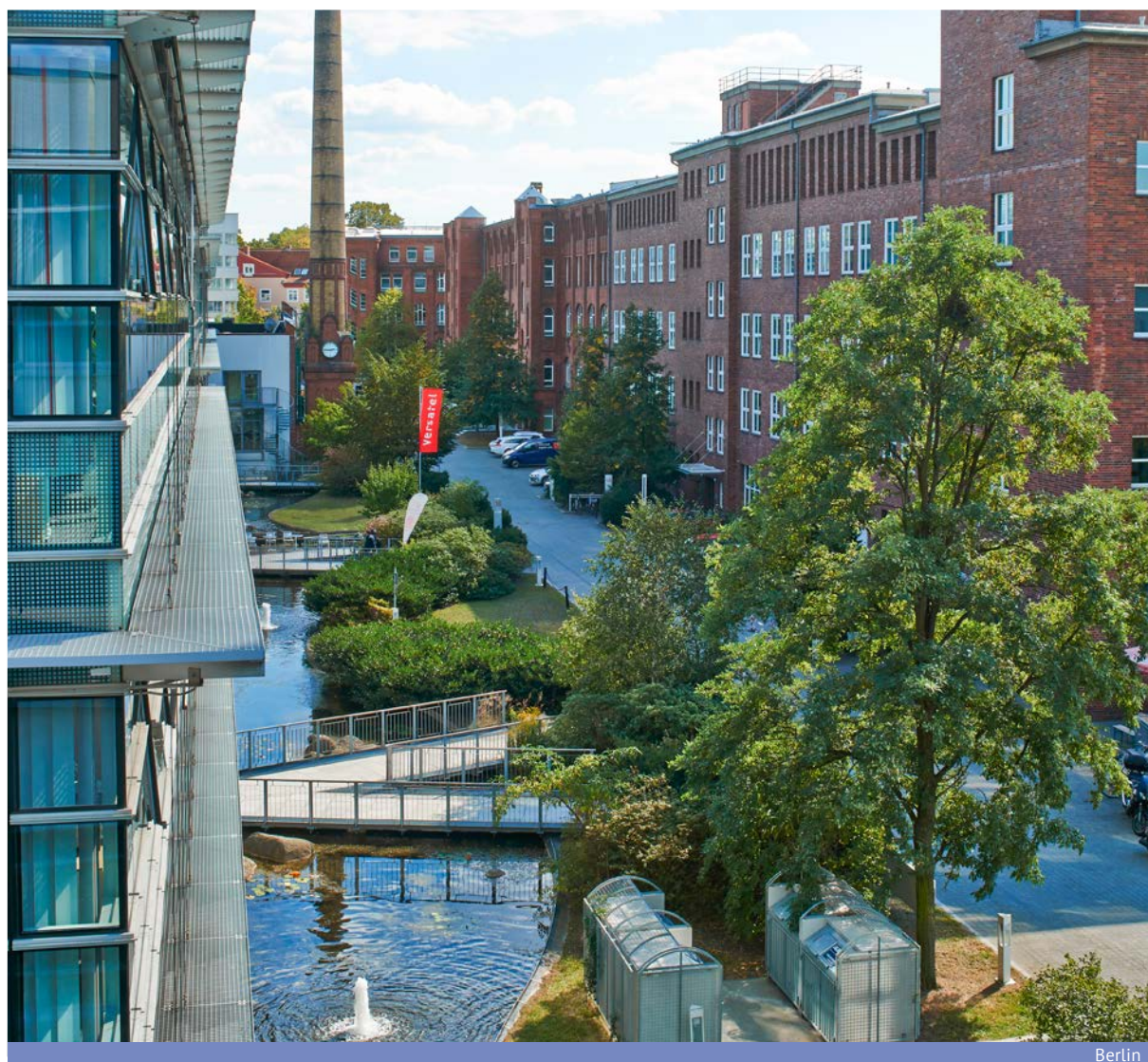
Equity

	Sep 2020	Dec 2019
	in € millions	
Total equity	16,511.4	13,378.9
of which equity attributable to the owners of the Company	11,252.4	9,585.5
of which equity attributable to perpetual notes investors	3,128.5	2,484.0
of which non-controlling interests	2,130.5	1,309.4
Equity ratio	52%	53%

AT's total equity amounted to €16.5 billion at the end of September 2020, increasing by 23% compared to €13.4 billion at year-end 2019. Shareholders' equity increased by 17% from €9.6 billion at year-end 2019 to €11.3 billion at the end of September 2020. This growth was largely driven by the takeover of TLG, which was executed through a share-to-share exchange, shareholders' profits generated during the period and the issuance of mandatory convertible notes and offset by the share buyback. Of the €1 billion share buyback, AT executed €289 million during the reporting period while over €705 million was

bought after the reporting period. Equity attributable to perpetual notes investors increased from €2.5 billion at year-end 2019 to €3.1 billion at the end of September 2020 due to the addition of TLG's perpetual notes. During the reporting period, AT and TLG executed an issuer substitution for TLG's perpetual notes. Thereupon, AT became the issuer of TLG's perpetual notes. Equity attributable to non-controlling interests grew from €1.3 billion at year-end 2019 to €2.1 billion at the end of September 2020, mainly as a result of the 20% minority stake in TLG, consolidating TLG's minorities upon takeover, increased stake of minority holders and profits attributed to non-controlling interests.

Following IFRS accounting treatment, perpetual notes are classified as equity as they do not have a repayment date, coupon payments are deferrable at the Company's discretion, they are subordinated to debt and do not have any default rights nor covenants. Following IFRS accounting treatment, mandatory convertible notes are classified as equity attributable to owners of the Company since these notes are convertible in the discretion of the Company.



EPRA NAV and EPRA NNNAV

	Sep 2020		Dec 2019	
	in € millions	per share	in € millions	per share
NAV per the financial statements	16,511.4		13,378.9	
Equity attributable to perpetual notes investors	(3,128.5)		(2,484.0)	
NAV excluding perpetual notes	13,382.9		10,894.9	
Fair value measurements of derivative financial instruments ¹⁾	16.0		(71.6)	
Deferred tax liabilities ²⁾	2,057.3		1,119.5	
NAV	15,456.2	€11.7	11,942.8	€9.8
Non-controlling interests	(2,130.5)		(1,309.4)	
Adjustment for TLG ³⁾	(1,012.6)		-	
EPRA NAV	12,313.1	€9.3	10,633.4	€8.7
Equity attributable to perpetual notes investors	3,128.5		2,484.0	
EPRA NAV including perpetual notes	15,441.6	€11.7	13,117.4	€10.7
Number of shares (in millions) ⁴⁾	1,321.5		1,224.9	
EPRA NAV	12,313.1		10,633.4	
Fair value measurements of derivative financial instruments	(16.0)		71.6	
Net fair value of debt	(500.6)		(522.7)	
Deferred tax liabilities ⁵⁾	(78.1)		(43.0)	
EPRA NNNAV	11,718.4	€8.9	10,139.3	€8.3
Number of shares (in millions) ⁴⁾	1,321.5		1,224.9	

1) including derivative financial instruments related to interest hedging

2) including balances in assets held for sale and excluding deferred taxes that are not related to investment properties

3) deducting goodwill resulting from the business combination with TLG, as well as minority share in TLG's deferred tax liabilities and derivative financial instruments

4) excluding shares in treasury and including conversion impact of mandatory convertible notes, base for share KPI calculations

5) assuming disposals through share deals

The EPRA NAV is defined by the European Public Real Estate Association (EPRA) as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust the IFRS NAV in order to provide stakeholders with the most relevant information on the Group's balance sheet items in the context of a real estate investment company with a long-term oriented investment strategy. As perpetual notes are classified as equity in accordance with IFRS accounting treatment, AT additionally reports an EPRA NAV including perpetual notes. Furthermore, the EPRA NNNAV is derived by adjusting the EPRA NAV by marking to market the spot values of the Company's financial debt, derivative financial instruments and deferred taxes. The purpose of the EPRA NNNAV is to

provide stakeholders with the most relevant information on the Company's financial liabilities by reporting them at their spot values as of the end of the reporting period.

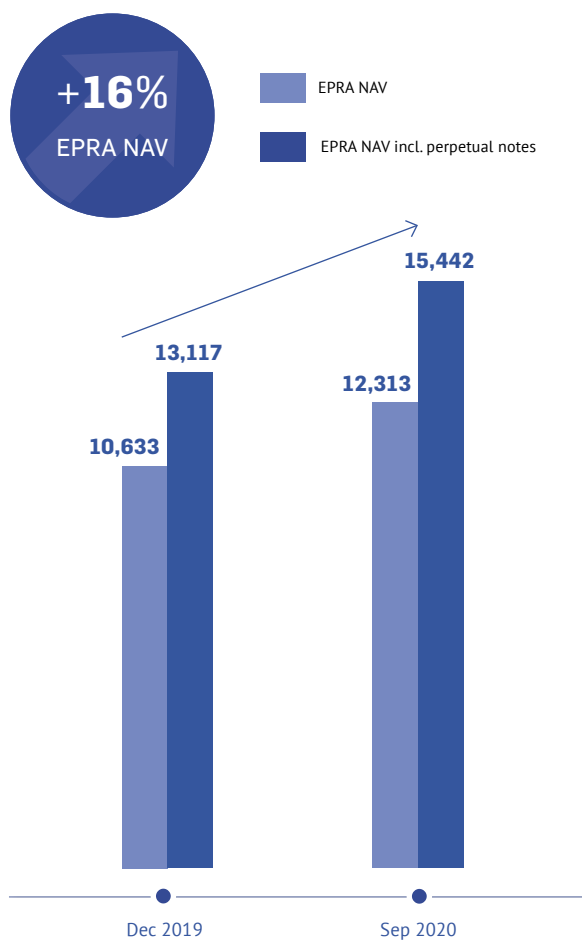
EPRA NAV as at the end of September 2020 amounted to €12.3 billion, increasing by 16% compared to €10.6 billion at year-end 2019. This was driven by the TLG takeover, net profits recorded during the period and the issuance of mandatory convertible notes. EPRA NAV per share at the end of September 2020 amounted to €9.3, increasing by 7% compared to €8.7 at year-end 2019, complemented by the share buyback at a share price significantly below the EPRA NAV per share. AT initiated a €1 billion share buyback which enabled the Company to create shareholder value through selling properties above book value and in return buying back shares at a deep discount to book value. As more than 70% of the program was executed after

September 2020, the impact of the share buyback on the EPRA NAV per share will be larger in the upcoming fourth quarter of 2020.

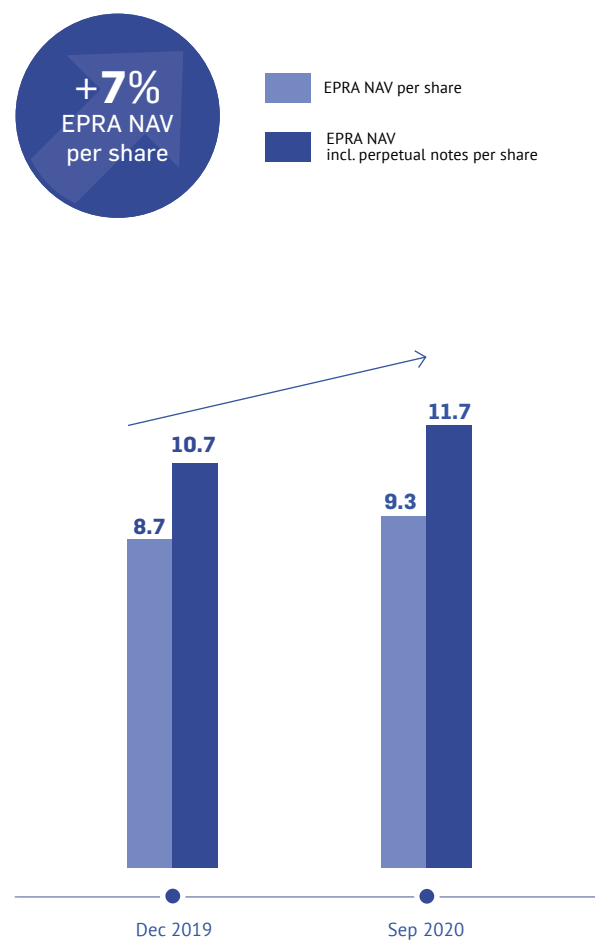
EPRA NAV including perpetual notes amounted to €15.4 billion and €11.7 per share at the end of September 2020, increasing by 18% and 9% from €13.1 billion and €10.7 per share at year-end 2019. This growth follows the growth in EPRA NAV, further impacted by the addition of TLG's perpetual notes.

EPRA NNNNAV amounted to €11.7 billion and €8.9 per share as at the end of September 2020, increasing by 16% and 7% from €10.1 billion and €8.3 per share at year-end 2019. This growth follows the growth in EPRA NAV. An adverse fair value movement in the Company's bonds due to market volatility towards the end of first quarter of 2020 was partly recovered during the second and third quarter of 2020.

EPRA NAV (in € millions)



EPRA NAV per share (in €)



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 Company by deducting from the *EBITDA*, which includes the *Total depreciation and amortization* on top of the *Operating Profit*, non-operational items such as the *Property revaluations and capital gains* and *Share in profit from investment in equity-accounted investees*, as well as *Contributions from assets held for sale*. AT adds to its adjusted EBITDA a non-recurring and/or non-cash item called *Other adjustments incl. one-off expenses related to TLG merger*, other adjustment being the expenses for employees' share incentive plans. In order to reflect only the recurring operational results, AT deducts the *Share in profit from investment in equity-accounted investees* as this item also includes non-operational profits generated by AT's equity-accounted investees. Due to the nature of its strategic investment in GCP and in other investments, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by those investments for the period in accordance with its holding rate over the period, labelled as the *Adjustment for GCP's and other investments' adjusted EBITDA contribution*.

AT created extraordinary rent provisions during 2020 in response to the impact of Coronavirus on the hotel industry, based on management assessment. Adjusted EBITDA excludes (adds back) these provisions which are called *Extraordinary general rental provisions related to deferred rents*.

Adjusted EBITDA calculation

Operating Profit

(+) Total depreciation and amortization

(=) EBITDA

(-) Property revaluations, capital gains and other income

(-) Share in profit from investment in equity-accounted investees

(+) Other adjustments incl. one-off expenses related to TLG merger ¹⁾

(-) Contribution from assets held for sale

(+) Extraordinary general rental provisions related to deferred rents ²⁾

(=) Adjusted EBITDA Commercial portfolio, Recurring Long-term

(+) Adjustment for GCP's and other investments' adjusted EBITDA contribution ³⁾

(=) Adjusted EBITDA

- 1) the other adjustment is expenses related to employees' share incentive plans
- 2) extraordinary general provisions relating to deferred rents due to the Covid pandemic
- 3) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence

Funds From Operations I (FFO I)

Funds from Operations I (FFO I) is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. AT calculates FFO I by deducting from the *Adjusted EBITDA Commercial Portfolio, Recurring Long-term*, the *Finance expenses, net*, *Current tax expenses* and *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* include the minority share in TLG's FFO I after perpetual notes attribution and contribution of AT.

Due to the deduction of the *Share in profit from investment in equity-accounted investees* in the adjusted EBITDA calculation which includes the operational profits from those investments, AT adds back its relative share in GCP's reported FFO I after perpetual notes attribution and the FFO I of other investments, reflecting the recurring operational profit generated by those investments for the period in accordance with the holding rate over the period.

AT created extraordinary rent provisions during 2020 in response to the impact of Coronavirus on the hotel industry, based on management assessment. AT has thus created provisions on deferred rents. Therefore, AT additionally provides *FFO I, Covid adjusted* which includes these rental provisions.

FFO I per share is calculated by dividing the *FFO I* by the *Weighted average basic shares* which excludes the shares held in treasury.

FFO I per share, Covid adjusted is calculated by dividing the *FFO I, Covid adjusted* by the *Weighted average basic shares* which excludes the shares held in treasury.

FFO I calculation

Adjusted EBITDA Commercial Portfolio, Recurring Long-term

(-) Finance expenses

(-) Current tax expenses

(-) Contribution to minorities

(+) Adjustments related to assets held for sale

(=) FFO I Commercial Portfolio, Recurring Long-term

(+) Adjustment for GCP's and other investments' FFO I contribution *

(=) FFO I

* the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence

FFO I, Covid adjusted calculation

FFO I

(-) Extraordinary general rental provisions related to deferred rents *

= FFO I, Covid adjusted

* extraordinary general provisions relating to deferred rents due to the Covid pandemic

FFO I per share calculation

(a) FFO I

(b) Weighted average basic shares *

(=) (a/b) FFO I per share

FFO I per share, Covid adjusted calculation

(a) FFO I, Covid adjusted

(b) Weighted average basic shares *

= (a/b) FFO I per share, Covid adjusted

* excluding the shares held in treasury, base for share KPI calculations

FFO I after perpetual

According to IFRS accounting treatment, AT records perpetual notes as equity in its balance sheet and contributions to perpetual noteholders are recognized through changes in equity, not as a financial expense in the income statement. For the purpose of enhanced transparency, AT additionally provides the FFO I after perpetual which is derived by deducting the *Adjustment for accrued perpetual notes* from the FFO I.

AT created extraordinary rent provisions during 2020 in response to the impact of Coronavirus on the hotel industry, based on management assessment. AT has thus created provisions on deferred rents. Therefore, AT additionally provides FFO I after perpetual, Covid adjusted which includes these rental provisions.

FFO I per share after perpetual is calculated by dividing the FFO I after perpetual by the Weighted average basic shares which excludes the suspended voting rights.

FFO I per share after perpetual, Covid adjusted is calculated by dividing the FFO I after perpetual, Covid adjusted by the Weighted average basic shares which excludes the shares held in treasury.

FFO I after perpetual calculation

FFO I

(-) Adjustment for accrued perpetual notes

(=) FFO I after perpetual

FFO I after perpetual, Covid adjusted calculation

FFO I after perpetual

(-) Extraordinary general rental provisions related to deferred rents *

= FFO I after perpetual, Covid adjusted

* extraordinary general provisions relating to deferred rents due to the Covid pandemic

FFO I per share after perpetual calculation

(a) FFO I after perpetual

(b) Weighted average basic shares *

(=) (a/b) FFO I per share after perpetual

FFO I per share after perpetual, Covid adjusted calculation

(a) FFO I after perpetual, Covid adjusted

(b) Weighted average basic shares *

= (a/b) FFO I per share after perpetual, Covid adjusted

* excluding the shares held in treasury, base for share KPI calculations

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 to the FFO II, the *Results from disposal of properties* are added to the FFO I, Covid adjusted. These results from disposals reflect the profit driven from the excess amount of the sale price to cost price plus capex of the disposed properties.

FFO II calculation

FFO I, Covid adjusted

(+) Result from disposal of properties *

(=) FFO II

* the excess amount of the gross sale price to total cost (cost price plus capex of the disposed properties)

EPRA Net Asset Value (EPRA NAV)

The EPRA Net Asset Value (EPRA NAV) is defined by the European Public Real Estate Association (EPRA) as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialize in a long-term real estate business model. The purpose of the EPRA NAV is to adjust the IFRS NAV in order to provide stakeholders with the most relevant information on the Group's balance sheet items in the context of a true real estate investment company with a long-term oriented investment strategy. As perpetual notes are classified as equity in accordance with IFRS accounting treatment. AT additionally reports the EPRA NAV including the perpetual notes.

AT's EPRA NAV calculation begins with deducting the *Equity attributable to perpetual notes investors* from the NAV per the financial statements to arrive at the NAV excluding perpetual notes. After adding the *Fair value measurement of derivative financial instruments* and *Deferred tax liabilities* which both include balances in assets held for sale, this results in the NAV. 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. Equity attributable to the *Non-controlling interests* and *Adjustment for TLG* are deducted from the NAV to arrive at the EPRA NAV. *Adjustment for TLG* deducts goodwill resulting from TLG combination, as well as minority share in TLG's deferred

tax liabilities and derivative financial instruments. *EPRA NAV including the perpetual notes* is calculated by adding back the *Equity attributable to perpetual notes investors* on top of the *EPRA NAV*.

EPRA NAV per share is calculated by dividing the *EPRA NAV* by the *Number of shares, including in-the-money dilution effects* which excludes the suspended voting rights.

EPRA NAV calculation

NAV per the financial statements

(-) Equity attributable to perpetual notes investors

(=) NAV excluding perpetual notes

(+) Fair value measurements of derivative financial instruments ¹⁾

(+) Deferred tax liabilities ²⁾

(=) NAV

(-) Non-controlling interests

(-) Adjustment for TLG ³⁾

(=) EPRA NAV

(+) Equity attributable to perpetual investors

(=) EPRA NAV including perpetual notes

- 1) including derivative financial instruments related to interest hedging
- 2) including balances in assets held for sale and excluding deferred taxes that are not related to investment properties
- 3) deducting goodwill resulting from TLG combination, as well as minority share in TLG's deferred tax liabilities and derivative financial instruments

EPRA NAV per share calculation

(a) EPRA NAV

(b) Number of shares *

(=) (a/b) EPRA NAV per share

* excluding shares in treasury and including conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA Triple Net Asset Value (EPRA NNNAV)

The EPRA Triple Net Asset Value (EPRA NNNAV) is derived by adjusting the EPRA NAV by marking to market the spot values of the Company's financial debt, derivative financial instruments and deferred taxes. The purpose of the EPRA NNNAV is to provide stakeholders with the most relevant information on the Company's financial liabilities by reporting them at their spot values as of the end of the reporting period. Correspondingly, the *EPRA NNNAV* is calculated by deducting first the *Fair value measurements of derivative financial instruments* and the *Net fair value of debt* which is the difference between the market value of debt to the book value of debt, adjusted for taxes. Lastly, *Deferred tax liabilities* are deducted to reach the *EPRA NNNAV* and in compliance with EPRA standards. The adjustment is based on the evidence observed in the market, thus assuming disposal through share deals.

EPRA NNNAV calculation

EPRA NAV

(-) Fair value measurements of derivative financial instruments

(-) Net fair value of debt

(-) Deferred tax liabilities *

(=) EPRA NNNAV

* assuming disposal through share deals

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 are able to cover financial debt and the headroom against a potential market downturn. With regards to AT's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which AT 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 excludes the effects of IFRS 16, *Investment property of assets held for sale* and *Investment in equity-accounted investees*. *Net financial debt* is calculated by deducting the *Cash and liquid assets* from the *Total financial debt* which is a sum of *Straight bonds* and *Loans and borrowings*. *Loans and borrowings* includes short-term loans and borrowings and financial debt held for sale. *Cash and liquid assets* is the sum of *Cash and cash equivalents*, *Short-term deposits* and *Traded securities at fair value through profit or loss*, as well as cash balances of assets held for sale. AT calculates the *LTV* ratio through dividing the *Net financial debt* by the *Total value*.

LOAN-TO-VALUE calculation

(+) Investment property ¹⁾

(+) Investment property of assets held for sale

(+) Investment in equity-accounted investees

(=) (a) Total value

(+) Total financial debt ^{2) 3)}

(-) Cash and liquid assets ³⁾

(=) (b) Net financial debt

(=) (b/a) LTV

1) including advance payments and deposits and excluding the effects of IFRS 16

2) total bank loans and bonds

3) including balances 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. AT 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 the Company's financial flexibility. As the Company is able to raise secured debt over the unencumbered asset, a high ratio of unencumbered assets provides the Company with additional potential liquidity. Additionally, unencumbered assets provide debt holders of unsecured debt with a headroom. AT 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 GCP and other investments but excluding the net rent from assets held for sale. In parallel, *Rent generated by the total Group* is the net rent on annualized basis generated by the total Group including the contribution from GCP and other investments but excluding the net rent from assets held for sale.

Unencumbered Assets Ratio calculation

(a) Rent generated by unencumbered assets *

(b) Rent generated by the total Group *

(=) (a/b) Unencumbered Assets Ratio

* annualized net rent including contribution from GCP and other investments and excluding the net rent from assets held for sale

Interest Cover Ratio (ICR)

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 the Company's operational results are able to cover its debt servicing. *ICR* is calculated by dividing the *Adjusted EBITDA* including the contributions from non-core commercial assets held for sale, GCP and other joint ventures by the *Group Finance expenses* which is the sum of AT's finance expenses and AT's share in GCP's and other joint ventures' finance expenses.

ICR calculation

(a) Group Finance expenses ¹⁾

(b) Adjusted EBITDA ²⁾

(=) (b/a) ICR

1) including AT's share in GCP's and other investments' finance expenses

2) including the contributions from non-core commercial assets held for sale, GCP and other investments, excluding extraordinary general provisions relating to deferred rents due to the Covid pandemic



Responsibility statement

To the best of our knowledge, the condensed interim consolidated financial statements of Arountown 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 and loss of the Group, and the management report of the Group includes a fair review of the development of the business, and describes the main opportunities, risks, and uncertainties associates with the Group.

Disclaimer

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

By order of the Board of Directors, November 25, 2020



Frank Roseen
Member of the Board of Directors



Jelena Afxentiou
Member of the Board of Directors



CK

165/
166

Deleka

Ullrichstraße
Königsplatz

Landmark

Property

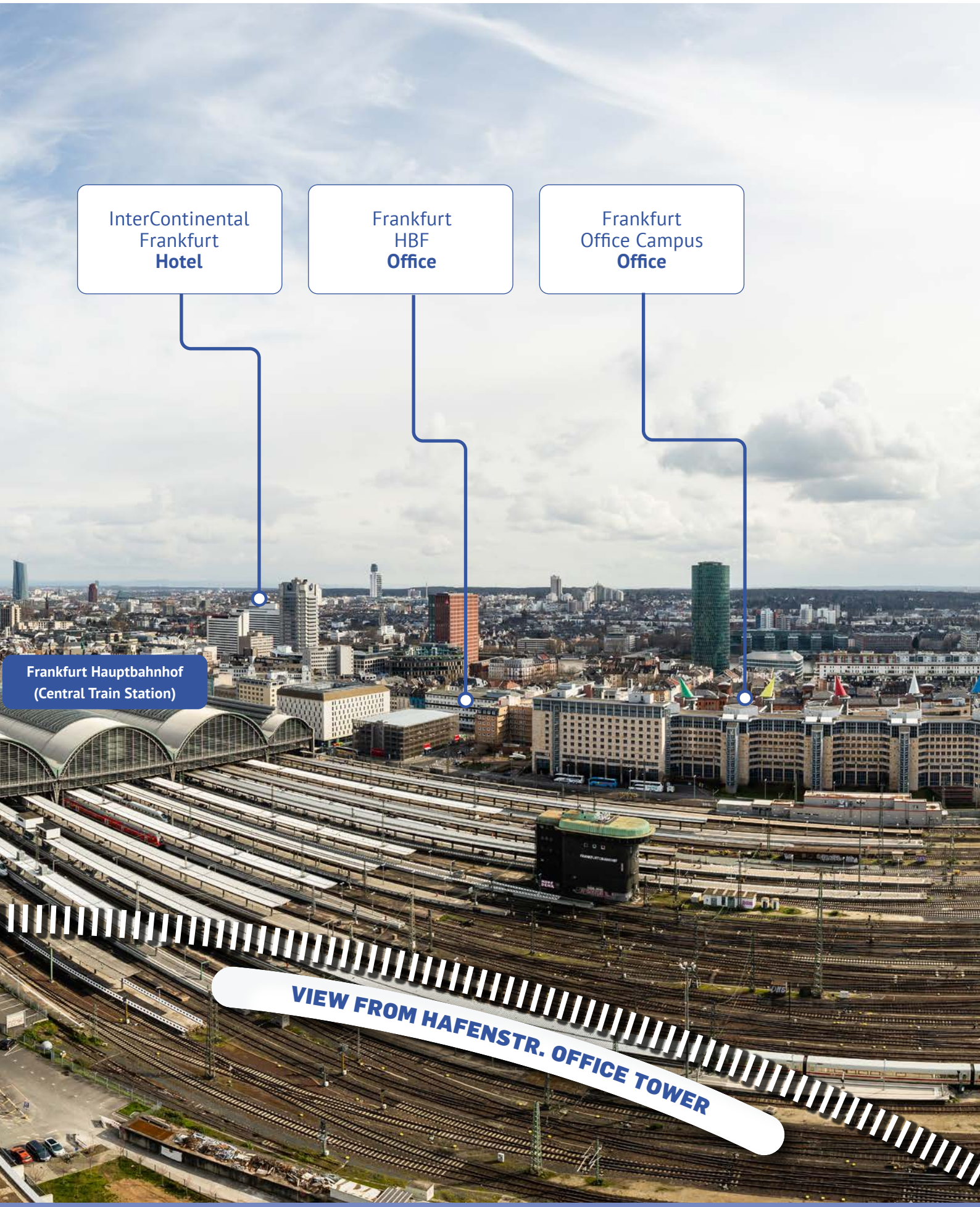
Frankfurt
Büro Center (FBC)
Office

Frankfurt
HBF
Office

Frankfurt
Stadtmitte
Office

Banking District

VIEW FROM HAFENSTR. OFFICE TOWER



InterContinental
Frankfurt
Hotel

Frankfurt
HBF
Office

Frankfurt
Office Campus
Office

Frankfurt Hauptbahnhof
(Central Train Station)

VIEW FROM HAFENSTR. OFFICE TOWER

Interim Consolidated Statement Of Profit Or Loss

	Note	Nine months ended September 30,		Three months ended September 30,	
		2020	2019	2020	2019
		Unaudited			
		in € millions			
Revenue	7	890.4	650.7	302.1	230.1
Property revaluations and capital gains		735.5	1,066.0	171.5	386.6
Share in profit from investment in equity-accounted investees		146.5	241.6	38.3	43.5
Property operating expenses		(303.1)	(172.7)	(117.7)	(62.8)
Administrative and other expenses		(39.1)	(19.3)	(12.2)	(6.2)
Operating profit		1,430.2	1,766.3	382.0	591.2
Finance expenses		(151.2)	(106.2)	(52.3)	(35.9)
Other financial results		(133.0)	92.4	(33.3)	55.2
Profit before tax		1,146.0	1,752.5	296.4	610.5
Current tax expenses		(66.9)	(41.9)	(21.3)	(15.9)
Deferred tax expenses		(267.3)	(233.4)	(89.6)	(86.7)
Profit for the period		811.8	1,477.2	185.5	507.9
Profit attributable to:					
Owners of the Company		597.2	1,084.1	111.0	318.7
Perpetual notes investors		66.4	39.7	23.2	17.5
Non-controlling interests		148.2	353.4	51.3	171.7
Profit for the period		811.8	1,477.2	185.5	507.9
Net earnings per share attributable to the owners of the Company (in €)					
Basic earnings per share		0.44	0.94	0.08	0.26
Diluted earnings per share		0.44	0.93	0.08	0.26

Interim Consolidated Statement Of Comprehensive Income

	Nine months ended September 30,		Three months ended September 30,	
	2020	2019	2020	2019
	Unaudited			
	in € millions			
Profit for the period	811.8	1,477.2	185.5	507.9
Other comprehensive income (loss):				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign operations – foreign currency translation, net of investment hedges of foreign operations	(38.8)	(13.2)	(6.9)	(14.0)
Cash flow hedges and cost of hedging	4.8	35.4	(20.8)	28.7
Equity-accounted investees – share of OCI	(23.6)	(6.1)	(3.6)	(2.4)
Tax related to the other comprehensive income components	0.2	(8.0)	6.6	(4.2)
Total comprehensive income for the period	754.4	1,485.3	160.8	516.0
Total comprehensive income attributable to:				
Owners of the Company	539.8	1,092.2	86.3	326.8
Perpetual notes investors	66.4	39.7	23.2	17.5
Non-controlling interests	148.2	353.4	51.3	171.7
Total comprehensive income for the period	754.4	1,485.3	160.8	516.0

Interim Consolidated Statement Of Financial Position

		September 30, 2020	December 31, 2019
		Unaudited	Audited
	Note	in € millions	
Assets			
Property, equipment and intangible assets	6	896.4	19.8
Investment property	8	21,768.8	18,127.0
Advance payments and deposits		128.8	181.4
Investment in equity-accounted investees	9	3,108.8	2,505.9
Derivative financial assets		168.7	158.7
Other non-current assets		578.4	628.3
Deferred tax assets		178.2	80.8
Non-current assets		26,828.1	21,701.9
Cash and cash equivalents		2,049.4	2,191.7
Short-term deposits		73.9	4.7
Financial assets at fair value through profit or loss		373.7	842.2
Trade and other receivables		578.5	453.9
Derivative financial assets		35.0	36.1
Assets held for sale	8, 12	1,648.1	214.2
Current assets		4,758.6	3,742.8
Total Assets		31,586.7	25,444.7

		September 30, 2020	December 31, 2019
		Unaudited	Audited
	Note	in € millions	
Equity			
Share capital	11.1	15.4	12.2
Treasury shares	11.4	(1,909.8)	-
Retained earnings and capital reserves	11.2, 11.3	13,146.8	9,573.3
Equity attributable to the owners of the Company		11,252.4	9,585.5
Equity attributable to perpetual notes investors	11.5	3,128.5	2,484.0
Equity attributable to the owners of the Company and perpetual notes investors		14,380.9	12,069.5
Non-controlling interests		2,130.5	1,309.4
Total Equity		16,511.4	13,378.9
Liabilities			
Loans and borrowings	10.1	1,360.4	620.6
Straight bonds and schuldscheins	10.1, 10.2	9,941.8	9,138.9
Derivative financial liabilities		401.6	71.7
Other non-current liabilities		255.2	270.6
Deferred tax liabilities		2,038.3	1,107.4
Non-current liabilities		13,997.3	11,209.2
Current portion of long-term loans and loan redemptions		126.5	245.9
Trade and other payables		498.6	342.8
Tax payable		57.1	24.9
Provisions for other liabilities and charges		140.4	149.1
Derivative financial liabilities		17.4	51.5
Liabilities held for sale		238.0	42.4
Current liabilities		1,078.0	856.6
Total Liabilities		15,075.3	12,065.8
Total Equity and Liabilities		31,586.7	25,444.7

The Board of Directors of Aroundtown SA authorised these condensed interim consolidated financial statements for issuance on November 25, 2020



Frank Roseen
Member of the Board of Directors



Jelena Afxentiou
Member of the Board of Directors

Interim Consolidated Statement Of Changes In Equity

For the nine-month period ended September 30, 2020

	Attributable to the owners of the Company									
	Share capital	Share premium and capital reserves	Cash flow hedge and cost of hedge reserves	Treasury shares	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
	in € millions									
Balance as at December 31, 2019 (Audited)	12.2	3,008.0	2.2	-	6,563.1	9,585.5	2,484.0	12,069.5	1,309.4	13,378.9
Profit for the period	-	-	-	-	597.2	597.2	66.4	663.6	148.2	811.8
Other comprehensive income (loss) for the period, net of tax	-	(62.1)	4.7	-	-	(57.4)	-	(57.4)	-	(57.4)
Total comprehensive income (loss) for the period	-	(62.1)	4.7	-	597.2	539.8	66.4	606.2	148.2	754.4
Transactions with owners of the Company										
Contributions and distributions										
Share buy-back program	-	-	-	(289.0)	-	(289.0)	-	(289.0)	-	(289.0)
Issuance of mandatory convertible notes	-	190.6	-	-	-	190.6	-	190.6	-	190.6
Equity-settled share-based payment	(*) 0.0	2.0	-	-	-	2.0	-	2.0	-	2.0
Total contributions and distributions	(*) 0.0	192.6	-	(289.0)	-	(96.4)	-	(96.4)	-	(96.4)
Changes in ownership interests										
Transactions with non-controlling interests and deconsolidations	-	-	-	-	95.2	95.2	-	95.2	28.3	123.5
Business combination with TLG	3.2	2,745.9	-	(1,620.8)	-	1,128.3	643.1	1,771.4	644.6	2,416.0
Total changes in ownership interests	3.2	2,745.9	-	(1,620.8)	95.2	1,223.5	643.1	1,866.6	672.9	2,539.5
Transactions with perpetual notes investors										
Amount attributed to perpetual notes investors	-	-	-	-	-	-	(65.0)	(65.0)	-	(65.0)
Total transactions with perpetual notes investors	-	-	-	-	-	-	(65.0)	(65.0)	-	(65.0)
Balance as at September 30, 2020 (Unaudited)	15.4	5,884.4	6.9	(1,909.8)	7,255.5	11,252.4	3,128.5	14,380.9	2,130.5	16,511.4

(*) less than €0.1 million

Interim Consolidated Statement Of Changes In Equity

For the nine-month period ended September 30, 2019

	Attributable to the owners of the Company								
	Share capital	Share premium and capital reserves	Cash flow hedge and cost of hedge reserves	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
	in € millions								
Balance as at December 31, 2018 (Audited)	11.3	2,623.1	(13.0)	5,208.1	7,829.5	1,547.7	9,377.2	567.1	9,944.3
Adjustment on initial application of IFRS 16, net of tax	-	-	-	38.9	38.9	-	38.9	0.7	39.6
Restated balance as at January 1, 2019	11.3	2,623.1	(13.0)	5,247.0	7,868.4	1,547.7	9,416.1	567.8	9,983.9
Profit for the period	-	-	-	1,084.1	1,084.1	39.7	1,123.8	353.4	1,477.2
Other comprehensive income (loss) for the period, net of tax	-	(19.3)	27.4	-	8.1	-	8.1	-	8.1
Total comprehensive income (loss) for the period	-	(19.3)	27.4	1,084.1	1,092.2	39.7	1,131.9	353.4	1,485.3
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares	0.8	595.7	-	-	596.5	-	596.5	-	596.5
Equity-settled share-based payment	0.0	3.0	-	-	3.0	-	3.0	-	3.0
Dividend distribution	0.1	(209.5)	-	-	(209.4)	-	(209.4)	-	(209.4)
Total contributions and distributions	0.9	389.2	-	-	390.1	-	390.1	-	390.1
Changes in ownership interests									
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	(13.2)	(13.2)	-	(13.2)	304.7	291.5
Total changes in ownership interests	-	-	-	(13.2)	(13.2)	-	(13.2)	304.7	291.5
Transactions with perpetual notes investors									
Issuance of perpetual notes	-	-	-	-	-	923.0	923.0	-	923.0
Amount attributed to perpetual notes investors	-	-	-	-	-	(44.2)	(44.2)	-	(44.2)
Total transactions with perpetual notes investors	-	-	-	-	-	878.8	878.8	-	878.8
Balance as at September 30, 2019 (Unaudited)	12.2	2,993.0	14.4	6,317.9	9,337.5	2,466.2	11,803.7	1,225.9	13,029.6
(*) less than €0.1 million									

(*) less than €0.1 million

Interim Consolidated Statement Of Cash Flows

	Nine months ended September 30,	
	2020	2019
	Unaudited	
	in € millions	
Cash flows from operating activities		
Profit for the period	811.8	1,477.2
Adjustments for the profit:		
Depreciation and amortization	2.9	1.3
Property revaluations and capital gains	(735.5)	(1,066.0)
Share in profit from investment in equity-accounted investees	(146.5)	(241.6)
Finance expenses and other financial results	284.2	13.8
Current and deferred tax expenses	334.2	275.3
Share-based payment	2.3	2.8
Change in working capital	(58.9)	(30.0)
Dividend received	^(a) 24.6	61.4
Tax paid	(66.3)	(38.1)
Net cash provided by operating activities	452.8	456.1
Cash flows from investing activities		
Acquisitions of equipment and intangible assets, net	(19.0)	(2.4)
Proceeds from disposals of investment property and investees	717.5	^(*) 81.9
Acquisitions of investment property and investees, investment in capex and advances paid	(461.6)	^(*) (2,354.2)
Investments in traded securities and other financial assets, net	(213.8)	(324.0)
Net cash provided by (used in) investing activities	23.1	(2,598.7)

(*) reclassified

(a) As part of the scrip dividend distributed by GCP S.A. in July 2020, the Group was entitled to €54.6 million, of which €8.2 million was received in cash and the remainder in the form of 2.6 million shares of GCP S.A.



Rotterdam

Nine months ended September 30,		
	2020	2019
	Unaudited	
	in € millions	
Cash flows from financing activities		
Share buy-back program	(289.0)	-
Proceeds from issuance of ordinary shares, net	-	595.7
Proceeds from issuance of mandatory convertible notes, net	219.0	-
Proceeds (payments) from (to) perpetual notes investors, net	(65.1)	878.8
Buy-back of bonds, net of proceeds from issuance of straight bonds	(699.2)	2,637.2
Proceeds (repayments) from (of) loans from financial institutions and others, net	(332.0)	(353.9)
Amortizations of loans from financial institutions	(23.7)	(15.2)
Transactions with non-controlling interests	232.5	(68.1)
Dividend distribution	-	(209.4)
Interest and other financial expenses paid, net	(163.6)	(117.0)
Net cash (used in) provided by financing activities	(1,121.1)	3,348.1
Net change in cash and cash equivalents	(645.2)	1,205.5
Cash and cash equivalents as at January 1	2,191.7	1,242.8
Assets held for sale – change in cash	(4.9)	(2.7)
Cash and cash equivalents from initial consolidation of TLG ^(*)	509.4	-
Effect of movements in exchange rates on cash held	(1.6)	(0.5)
Cash and cash equivalents as at September 30	2,049.4	2,445.1

(*) The Company acquired TLG for a consideration that did not include cash (see note 6). The presented amount is the cash and cash equivalents acquired and initially consolidated as part of the business combination, net of the transaction costs incurred.

Notes To The Interim Consolidated Financial Statements

For the nine-month period ended September 30, 2020

1. General

Aroundtown SA ("the Company" or "Aroundtown"), a public limited liability company (Société Anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, Rue du Curé, L-1368, Luxembourg (formerly 1, Avenue du Bois, L-1251 Luxembourg). Aroundtown's shares are listed on the Prime Standard of the Frankfurt Stock Exchange and included in the MDAX index of the Deutsche Börse.

Aroundtown is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities, primarily in Germany and the Netherlands. Aroundtown invests in commercial and indirectly in residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investments are held through its holding in Grand City Properties S.A. ("GCP"), a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As at September 30, 2020, Aroundtown holds 40.09% (December 31, 2019: 39.40%) in GCP and presents it as an equity-accounted investee in these financials.

These condensed interim consolidated financial statements for the nine-month period ended September 30, 2020 ("the reporting period") consist of the financial statements of the Company and its investees ("the Group").

2. Significant changes in the reporting period

The financial position and performance of the Group were affected by the following events and transactions during the reporting period:

- Business combination with TLG Immobilien AG ("TLG") – takeover of 77.5% of the shares of TLG and initial consolidating starting February 19, 2020 (see note 6). As at September 30, 2020, the Group increased its holding rate in TLG to ca. 80%.
- Issuance of \$250 million nominal value of Mandatory Convertible Notes, convertible into the Company's shares (see note 11.3).
- Redemption and buy-back of €720.6 million nominal value of straight bonds (see note 10.1).
- Buy-back of 59.8 million of the Company's shares performed under the share buyback program (see note 11.4).
- Year-to-date signing on deals to dispose of investment property in a total value of approx. €2.1 billion, of which over €770 million were completed. The rest will mainly come into effect by the year-end.
- In order to reflect the prevailing uncertainties due to the COVID-19 effect over the hotel industry, the Company created an extraordinary provision for

doubtful debts of €70 million relating to deferred rents that is presented as part of the property operating expenses.

- For additional information about changes in the Group's financial position and performance, see the "Notes on business performance" section in the Board of Directors' Report.

3. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim financial reporting as applicable in the European Union ("EU").

These condensed interim consolidated financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019.

However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended December 31, 2019.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements, including the judgments, estimates and special assumptions that affect the application of those accounting policies, are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019, except for the adoption of new standards, amendments to standards and interpretations as described in note 4 below.

These condensed interim consolidated financial statements have not been reviewed by an auditor, unless written "audited".

Functional and presentation currency

These condensed interim consolidated financial statements are presented in euro, which is also the functional currency of the Group, and reported in millions of euros rounded to one decimal point, except when otherwise indicated.

For the purpose of presenting these condensed interim consolidated financial statements, the assets and liabilities of the Group's foreign operations in the UK which operate in British Pound (GBP), are expressed in Euro (EUR) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions

are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in an equity component under the other capital reserves.

As at September 30, 2020, the Company has financial instruments in Euro (EUR), British Pound (GBP), US Dollar (USD), Swiss Franc (CHF), Australian Dollar (AUD), Canadian Dollar (CAD), Norwegian Krone (NOK), Hong Kong Dollar (HKD) and Japanese Yen (JPY). The exchange rates of main currencies versus the euro were as follows:

	EUR/GBP	EUR/USD
Average rate 01-09/2020	0.885	1.125
As at September 30, 2020	0.912	1.171
As at September 30, 2019	0.886	1.089
As at December 31, 2019	0.851	1.123
Percentage changes during the respective period:		
Nine months ended September 30, 2020	7.2%	4.3%
Nine months ended September 30, 2019	(1.0%)	(4.9%)
Year ended December 31, 2019	(4.9%)	(1.9%)

4. Changes in accounting policies

The following amendments were adopted for the first time in these condensed interim consolidated financial statements, with effective date of January 1, 2020:

- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of interbank offered rates (IBORs) with alternative nearly risk-free rates ("IBOR reform"). The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement, provide several reliefs, which apply to all hedging relationships that are directly affected by the IBOR reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. There is uncertainty over the timing and the methods of transition across the jurisdictions that the Group operates in. The Group anticipates that the IBOR reform will impact its risk management and hedge accounting.

The Group monitors and manages the transition to alternative rates and evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as result of IBOR reform and how to manage communication about the IBOR reform with counterparties. The Group expects to negotiate the inclusion of new fallback clauses with its derivative counterparties.

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as result of IBOR reform.

The Group will cease to apply the amendments to its assessment of the economic relationship between the hedged item and the hedging instrument when the uncertainty arising from IBOR reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument, or when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the amendments when the uncertainty arising from IBOR reform about the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

- Amendments to IFRS 3: Definition of a Business**

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all the inputs and processes needed to create outputs. These amendments had no impact on the condensed interim consolidated financial statements of the Company but may impact future periods should the Company enters any business combination.

- Amendments to IAS 1 and IAS 8: Definition of Material**

The amendments provide a new definition of 'material' that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the condensed interim consolidated financial statements of the Company.

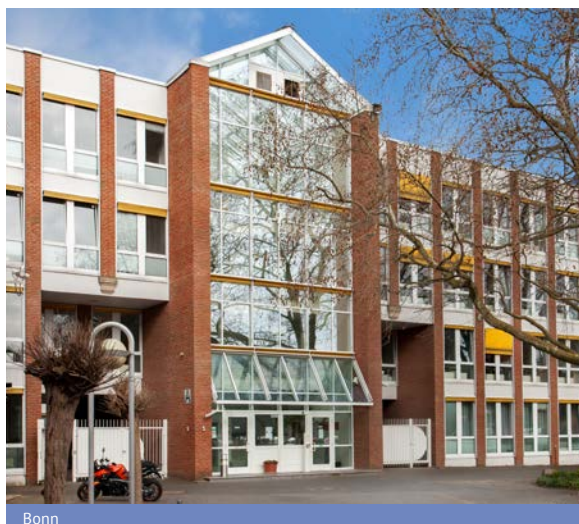
- Amendments to References to the Conceptual Framework in IFRS Standards**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Company.

Further to the amendments described above, the following amendment was adopted for the first time in these condensed interim consolidated financial statements, with effective date of June 1, 2020:

- **Amendment to IFRS 16 Leases COVID 19-Related Rent Concessions**

In May 2020, the International Accounting Standards Board (IASB) issued COVID-19-Related Rent Concessions, which amended IFRS 16 Leases. The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The amendment had no impact on the consolidated financial statements of the Company.



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5. Fair value measurement of financial instrument

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual consolidated financial statements.

5.1 Fair value hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value as at September 30, 2020 and December 31, 2019 on a recurring basis:

	September 30, 2020				December 31, 2019			
	Fair value measurement using				Fair value measurement using			
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
in € millions								
Financial assets								
Financial assets at fair value through profit or loss	373.7	373.7	373.7	-	842.2	842.2	842.2	-
Derivative financial assets	203.7	203.7	-	203.7	194.8	194.8	-	194.8
Total financial assets	577.4	577.4	373.7	203.7	1,037.0	1,037.0	842.2	194.8
Financial liabilities								
Derivative financial liabilities	419.0	419.0	-	419.0	123.2	123.2	-	123.2
Total financial liabilities	419.0	419.0	-	419.0	123.2	123.2	-	123.2

The Group also has several financial instruments which are not measured at fair value in the interim consolidated statement of financial position. For most of these instruments, the fair value is not materially different to their carrying amount, since interest receivable/ payable is either close to current market rates or the instruments are short-term in nature. Significant changes were identified for the following instruments as at September 30, 2020:

	September 30, 2020				December 31, 2019			
	Fair value measurement using				Fair value measurement using			
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
in € millions								
Financial liabilities								
Straight bonds and schuldscheins (*)	10,033.3	10,541.6	10,155.0	386.6	9,251.2	9,796.2	9,409.1	387.1

(*) the carrying amount includes 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 (e.g. 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 inputs required to assess the 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.

There were no transfers between level 1 and level 2 during the reporting period.

5.2 Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- For the quoted bonds the fair value is based on price quotations at the reporting date.
- For the unquoted bonds the fair value is measured using the discounted cash flows method with observable market data inputs.
- For derivative financial instruments - forward pricing and swap models using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.
- For hybrid instruments - a combination of a discount cash flows method for the host contract and a call pricing model for the embedded derivative (i.e., the conversion option). The models use observable inputs such as market price of the underlying asset and swap rate curve.



6. Business combination with TLG Immobilien AG

On February 19, 2020, the Company completed the takeover on 77.5% of the share capital and voting rights of TLG Immobilien AG ("TLG"), a German publicly listed real estate company, specializing in commercial properties in Germany. The transaction was done by voluntary takeover share to share offer published in December 2019, enabling the shareholders of TLG to tender their holdings in TLG against a consideration of 3.6 Aroundtown shares for each TLG share. On February 13, 2020, the Company announced the final result of the offer according to which the Company received TLG shares representing 77.5% of TLG (86,857,831 shares) against 312,688,188 new ordinary shares of the Company issued to TLG shareholders who tendered their shares. Including immaterial TLG shares previously held, Aroundtown holds 77.8% of the shares in TLG following the settlement, granting to Aroundtown control over TLG and leading it to conduct a business combination. The high acceptance rate underlines the investors' support and confidence in the synergies and value-add potential of the combined companies.

The combination of the Company and TLG created a leading pan-European office/hotel/residential real estate company with a well-diversified portfolio in top tier European cities, primarily in Germany and the Netherlands, focused on the strongest asset classes.

From the date of obtaining control until September 30, 2020, TLG contributed revenue of €166.0 million and net profit of €371.5 million to the Group's results. Had the takeover occurred on January 1, 2020, the consolidated revenue and consolidated net profit for the period would have been increased by €37.1 million and €5.1 million, respectively.

The total consideration amount used for the presentation of the business combination is €2,987.5 million. This amount includes 312,688,188 Aroundtown shares newly issued and delivered to TLG shareholders who tendered their TLG shares to the Company as part of the takeover offer, €223.0 million contingent liability in relation to an indemnification agreement ("Indemnification Agreement") and €9.1 million investment in TLG held by the Company prior to the initial consolidation (reflects 0.3% in TLG). The fair value of the ordinary shares issued against contribution in kind was based on the listed share price of the Company on February 19, 2020 and amounted to €8.812 per share.

As part of the takeover of TLG, the Company and a third party ("the TP") entered into an Indemnification Agreement, in which the TP has agreed to refrain from tendering a number of 11,670,823 shares ("Irrevocable Shares") or otherwise dispose them only upon the Company's request, but instead to continue to hold them for a period of maximum five years and in certain conditions, up to ten years. As consideration for such obligation, the TP shall receive for the period it holds the Irrevocable Shares an agreed minimum gross return over the EPRA NAV relates to the Irrevocable Shares (with an agreed minimum and maximum ("Capped



NAV")) minus any dividend distributed for the Irrevocable Shares in the relevant fiscal year ("Custody Interest"). The TP has the right to dispose of the Irrevocable Shares in a window period of 34 - 60 months from the takeover date. If decided to do so, the Company agreed to indemnify the TP for the difference (if any) between the consideration of such sell and the Capped NAV ("Indemnification"). Under certain conditions, the Company has the right to postpone such disposal for a period of up to 5 years from the takeover date. Upon the takeover date, the Company recognized the fair value of the discounted annual Custody Interest as a non-current liability to be amortized during the agreement. The Indemnification amount is presented as a derivative financial liability measured at fair value through profit or loss.

The Company incurred acquisition-related costs of €2.1 million (excluding costs coming from TLG) on legal fees and due diligence costs. These costs were presented as Administrative expenses in the consolidated statement of profit or loss. Additionally, an amount of €6.3 million incurred as part of the capital increase process and is presented net from the share premium.



The following table summarizes the recognized amounts of identified assets and liabilities acquired as at the date of the takeover at their fair value:

	Note	in € millions
Non-current assets		
Investment property		4,739.6
Property, equipment and intangible assets ^(a)		38.6
Investment in shares of the Company ^(b)	11.4	1,620.8
Derivative financial assets		2.9
Other assets		41.7
Deferred tax assets		110.7
Total identifiable non-current assets		6,554.3
Current assets		
Cash and cash equivalents		517.8
Trade and other receivables		85.1
Assets held for sale		3.0
Total identifiable current assets		605.9
Non-current liabilities		
Loans and borrowings		(966.6)
Straight bonds series 2022 and 2026 ^(c)	10.2	(1,230.4)
Derivative financial liabilities		(36.2)
Other liabilities		(45.8)
Deferred tax liabilities		(796.5)
Total identifiable non-current liabilities		(3,075.5)
Current liabilities		
Current portion of loans and borrowings		(75.9)
Straight bond series 2024 ^{(c) (e)}	10.2	(418.4)
Trade and other payables		(114.6)
Provisions for other liabilities and charges		(22.5)
Total identifiable current liabilities		(631.4)
Net identifiable assets and liabilities acquired		3,453.3
Perpetual notes ^{(d) (e)}		(643.1)
Total identifiable assets, liabilities and perpetual notes		2,810.2

(a) The property, equipment and intangible assets are primarily attributed to owner-occupied property in an amount of €35.4 million.

(b) The Company's shares acquired as part of the business combination will be accounted for as Treasury shares in the consolidated financial statements of the Company and deducted from the shareholders equity. These shares will have suspended voting rights.

(c) As per TLG's 2024 straight bond terms and conditions, bondholders were eligible to claim for early redemption upon change of control event and as a result, a nominal value of €258.5 million bonds have been redeemed in May 2020. The remaining €141.5 million nominal value have been reclassified to non-current liability.

(d) The perpetual notes of TLG are treated as equity instrument in TLG's consolidated accounts and shall have the same accounting treatment in the Company's consolidated accounts due to its legal and financial characteristics.

(e) For substitution of the TLG straight bond series and perpetual note under Aroundtown SA as the issuer and obligor, see notes 10.2 and 11.5.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired that were not measured at their fair value in the target company's accounts were as follows:

Asset / liability acquired	Significant unobservable inputs / quoted prices
Property and equipment	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
Investment in the Company's shares	Quoted prices from the stock market.
Loans and borrowings	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available.
Straight bonds	Quoted prices from the stock market.
Perpetual notes	Quoted prices from the stock market.

If new information obtained within one year following the date of the takeover about facts and circumstances that existed at the date of the takeover, the accounting presentation will be revised accordingly.

Goodwill arising from the acquisition has been recognized as follows:

	in € millions
Consideration transferred	2,987.5
Non-controlling interests ^(a)	644.6
Fair value of identifiable net assets and perpetual notes	(2,810.2)
Goodwill recognized	821.9

(a) includes non-controlling interests that existed in TLG prior to the takeover and additional non-controlling interests created as a result of the takeover, based on their proportional interests in the recognized amounts of the assets and liabilities of TLG.

The goodwill is attributable mainly to deferred tax liabilities coming from TLG consolidated accounts and the operational and financial synergies expected to be achieved following the integration of TLG and the Company.

Service Agreement between the Company and TLG

As part of the business combination agreement, the Company, as well as certain of its affiliates, and TLG, have signed on a framework service agreement in order to benefit from each other's know-how and experience. Services to be provided comprise a broad range of offerings, including property-related services, Investor Relations, Communication, Finance and IT services, in the course of which the companies will continue to operate independently.

7. Revenue

	Nine months ended September 30,	
	2020	2019
	in € millions	
Net rental income	758.4	554.5
Revenue from contracts with customers	132.0	96.2
	890.4	650.7

Geographical information

The geographical breakdown of revenue is as follows:

	Nine months ended September 30,	
	2020	2019
	in € millions	
Germany	638.3	440.4
The Netherlands	130.4	110.3
United Kingdom	68.5	60.5
Belgium	15.7	5.5
Others	37.5	34.0
	890.4	650.7

8. Investment property

	Nine months ended September 30,	Year ended December 31
	2020	2019
	in € millions	
Balance as at January 1	18,127.0	14,174.0
Plus: investment property classified as held for sale	202.4	203.7
Total investment property	18,329.4	14,377.7
Adjustment for initial application of IFRS 16	-	145.5
Acquisitions of investment property and investment in capex during the period / year – see note 8A	5,262.2	3,260.3
Disposal of investment property during the period / year – see note 8B	(802.0)	(730.5)
Effect of foreign currency exchange differences	(101.3)	72.7
Fair value adjustments	706.4	1,203.7
Total investment property	23,394.7	18,329.4
Less: investment property classified as held for sale	(1,625.9)	(202.4)
Balance as at September 30 / December 31	21,768.8	18,127.0

A. Acquisitions

As part of the business combination with TLG, the Group initially consolidated €4.7 billion of investment property containing commercial portfolios located in top tier cities in Germany (for additional information see note 6). Furthermore, the Group obtained control over investment property in a total value of €201.2 million.

B. Disposals

During the reporting period, the Group sold investment property in a total value of €831.1 million (for the year 2019: €745.0 million), of which €162.0 million relates to loss of control over investment property while maintaining significant influence after the transaction. The disposals during the period resulted in a gain of €29.1 million (for the year 2019: €14.5 million) that is presented as part of the property revaluations and capital gains in the interim consolidated statement of profit or loss.

For disposals took place after the reporting period, please refer to note 14(b).



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9. Investment in equity-accounted investees

- A. On June 24, 2020, the Annual General Meeting of the shareholders of GCP has resolved upon a dividend distribution of €0.8238 (gross) per share for the year 2019. GCP provided the shareholders with the option to receive the dividend through a scrip dividend under which shareholders could elect to receive up to 85% of their dividend in the form of GCP shares. The Group opted to receive 85% of the dividend it is entitled to in the form of shares and the remainder in cash. As a result, on July 10, 2020, the Company received €8.2 million in cash and was issued with approximately 2.6 million ordinary shares of GCP.
- B. During the reporting period, the Group obtained significant influence over Globalworth Real Estate Investments Limited and as a result reclassified its investment from financial asset at fair value through profit or loss to investment in equity-accounted investee using the equity method in the interim consolidated statement of financial position.

10. Loans, borrowings and bonds

10.1 Group's straight bonds and bank loans

During the period, the Company completed the early redemption and buy-back of some of its straight bonds in a total nominal value of €462.1 million as described in the table below:

Bond	Maturity	Outstanding nominal value as at December 31, 2019	Nominal value redeemed / bought back during the reporting period	Outstanding nominal value as at September 30, 2020
in € millions				
Series D	05/2022	259.5	100.5	159.0
Series E	07/2024	650.0	150.2	499.8
Series F	03/2023	211.4	211.4	Fully redeemed

Additionally, the Group repaid nominal value of €258.5 million from Straight bond series 35 (see also note 10.2 for further information).

During the reporting period, the Group deconsolidated bank loans amounting to €52.2 million. Moreover, a net amount of €256.3 million of bank debt was repaid in order to maintain optimization of the debt maturity and cost of debt.

10.2 TLG straight bonds initially consolidated

As part of the business combination with TLG, the Group initially consolidated 3 straight bond series with the characteristics as set below. With the effect from August 1, 2020, the Company was substituted in place of TLG as the issuer and obligor for all TLG's outstanding straight bond series, to which TLG shall remain a guarantor.

- 1) €600 million nominal value of "2022 straight bond" (after the substitution were renamed "Straight bond series 37") maturing in 2022 and carrying 0.375% nominal interest rate p.a. The fair value as at initial consolidation was 100.86%.
- 2) €400 million nominal value of "2024 straight bond" (after the substitution were renamed "Straight bond series 35") maturing in 2024 and carrying 1.375% interest rate p.a. The fair value as at initial consolidation was 104.93%.

In May 2020, the Group repaid nominal value of €258.5 million out of the outstanding €400 million of TLG's 2024 straight bond, and the rest €141.5 million nominal value have been reclassified as non-current liability in the interim consolidated statement of financial position.

- 3) €600 million nominal value of "2026 straight bond" (after the substitution were renamed "Straight bond series 36") maturing in 2026 and carrying 1.5% interest rate p.a. The fair value as at initial consolidation was 105.46%.

11. Equity

11.1 Share capital

	September 30, 2020		December 31, 2019	
	Unaudited		Audited	
	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	1,223,574,261	12.2	1,128,581,866	11.3
Capital increase (11.2)	312,688,188	3.2	84,000,000	0.8
Issuance of shares as part of the scrip dividend	-	-	10,894,530	0.1
Share-based payment	763,160	0.0	97,865	0.0
Balance at the end of the period / year	1,537,025,609	15.4	1,223,574,261	12.2

(*) less than €0.1 million

11.2 Capital increase

As part of the business combination with TLG, the Company increased its share capital by 312,688,188 new ordinary shares against contribution in kind, that was received in 86,857,831 of TLG shares and led to obtaining control over TLG. The shares were issued on February 19, 2020.

11.3 Mandatory convertible notes

In March 2020, the Company issued \$250 million nominal value of mandatory convertible notes maturing in 2023, bearing coupon of 5% p.a. payable semi-annually and convertible at the discretion of the Company and the noteholders at an initial fixed conversion price of \$9.214 (€8.5) per ordinary share. The notes were presented as part of the capital reserves and a provision was made for the future coupons payable to the noteholders.

11.4 Treasury shares and share buy-back program

As part of the business combination with TLG, the Company acquired 183,936,137 of its own shares that were held by TLG and classified them as Treasury shares in its consolidated financial statements. These shares have suspended voting rights but are entitled to dividend.

On June 2, 2020, the Company's Board of Directors resolved on a share buy-back program ("SBBP") for its own shares with a volume of up to 120 million shares for a total purchase price of up to €500 million. The SBBP which was authorized by the OGM in May 2020, began on June

3, 2020 and shall be finalized by December 31, 2020. Until September 30, 2020, the Company acquired 59,817,389 of its own shares as part of the SBBP for a total amount of €289.0 million.

Additionally, on September 1, 2020, the Company announced a public share purchase offer ("the Offer") to buy-back its own shares. Consequently, the volume of the entire share buy-back executed by the Company (buy-back program and the Offer) has been set at an amount of up to €1 billion. The Offer, which was concluded on September 16, 2020 and settled during October 2020, resulted in an accepted buy-back of 121,330,106 shares for a final purchase price of €5.00 per share (in a total consideration of €606.7 million). See note 14(a).

The shares acquired as part of the SBBP and the Offer have suspended voting rights and are not entitled to dividend.

11.5 Perpetual notes initially consolidated

As part of the business combination with TLG, the Group initially consolidated €600 million nominal value of TLG perpetual notes with a first reset date in September 2024 (the "First Reset Date"). The fair value as at initial consolidation was 107.178%. The notes carry 3.375% coupon p.a. from and including interest commencement date to but excluding First Reset Date. The notes will carry the relevant 5-year fix-for-floating EURIBOR swap rate plus a margin of 398 basis points p.a. from the First Reset Date until but excluding December 23, 2029 (the "Step-up Date"). The notes will carry an interest, from and including the Step-up Date to but excluding December 23, 2044 (the "Additional Step-up Date"), at the reference rate for the relevant reset period plus a margin of 423 basis points p.a. and from and including the Additional Step-up Date at the reference rate for the relevant reset period plus a margin of 498 basis points p.a.

In August 2020, the holders of TLG's perpetual notes voted in favor of replacing the original issuer of the perpetual notes with Aroundtown SA. The substitution process for the perpetual notes has been completed in September 2020.

12. Assets and liabilities held for sale

The Group classified an amount of €1,648.1 million to assets held for sale, of which €1,625.9 million refers to investment property comprising of mainly non-core and mature assets. The Group is continuously maintaining its sales program and is in the belief that execution of the subject deals is probable in the upcoming year.

The sales of investment property classified as held for sale that have taken place during the period are disclosed in note 8(B). For disposals took place after the reporting period, see note 14(b).

13. Commitments

As at September 30, 2020, the Group had approximately €0.2 billion of commitments for future capital expenditures on its real estate properties.

14. Events after the reporting period

- a) After the reporting period, and as part of the buy-back Offer, the Company bought back 121,330,106 shares for a total consideration of €606.7 million. Additionally, as part of the SBBP, 22,626,385 shares were bought back for an amount of €98.7 million.

As of the date of this report, the Company holds in total 25% of its own shares in treasury, of which 12% are held by TLG.

- b) Year-to-date, the Group signed the disposals of investment property in the value of approx. €2.1 billion (of which over €770 million was completed by September 2020), comprised of mainly retail properties, wholesale and office. The majority of the deals are expected to be closed by the year-end and are subject to several conditions precedent.

- c) On October 7, 2020, as a part of the Annual general Meeting of TLG, the shareholders of TLG resolved to distribute a dividend in the amount of €0.96 per share. The dividend was paid in October 2020.
- d) On November 12, 2020, the Company published upon instruction of the Board of Directors an invitation to the Ordinary General Meeting ("OGM") of the Company's shareholder, that will take place on December 15, 2020. The Board of Directors proposes the distribution of a dividend in the amount of €0.14 (gross) per share, which reflects 50% of the Company's dividend distribution policy. As in previous years, shareholders will be provided the option to receive the dividend either in cash or in the form of shares through a scrip dividend.

15. Authorization of condensed interim consolidated financial statements

These condensed interim consolidated financial statements were authorized for issuance by the Company's board of directors on November 25, 2020.



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