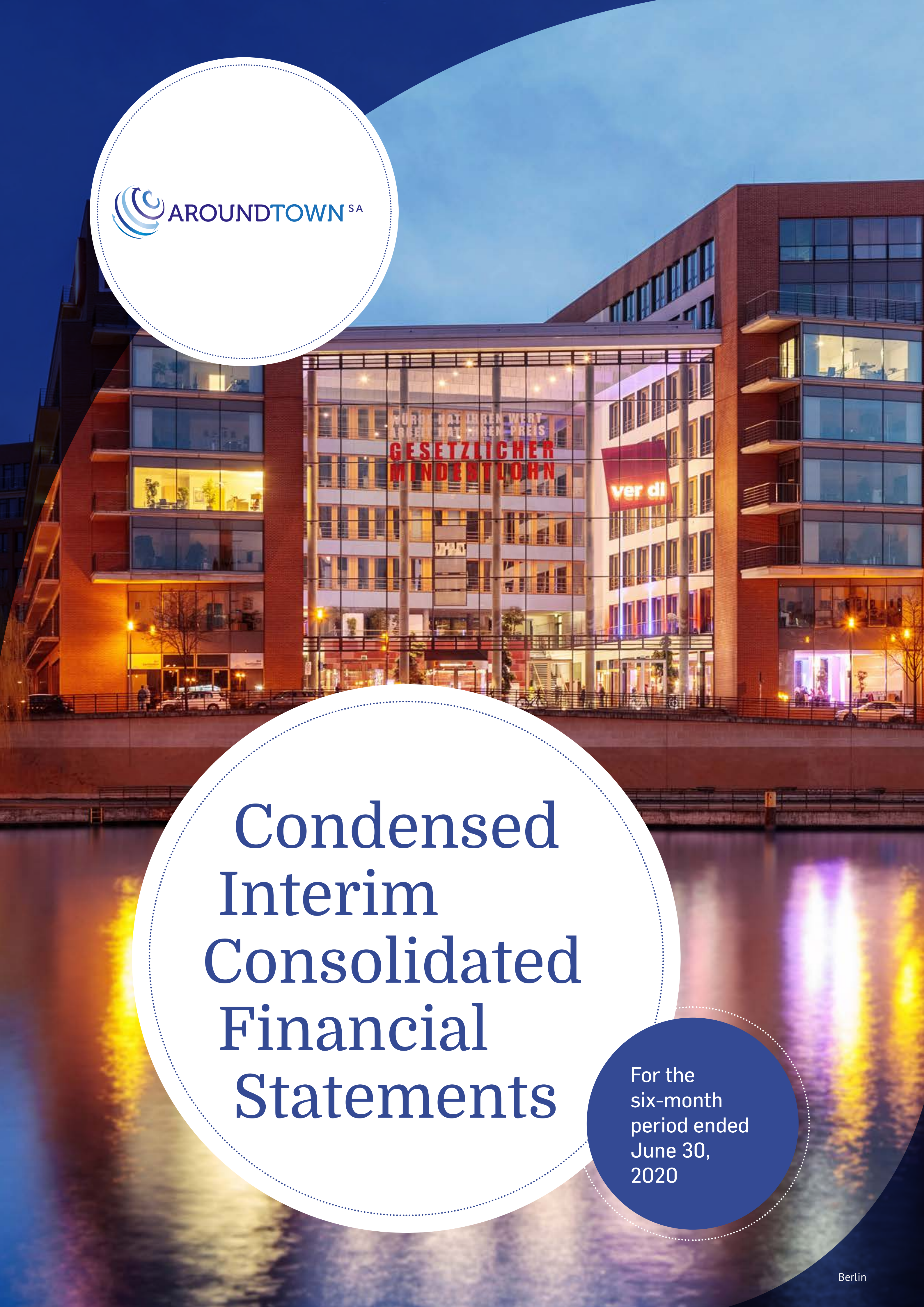
AROUNDTOWN SA



Condensed Interim Consolidated Financial Statements

For the six-month period ended June 30, 2020

Berlin

Frankfurt

Content

Key Financials

Amsterdam

Key Financials

in € millions unless otherwise indicated	1-6/2020 [3]	change	1-6/2019
Revenue	588.3	40%	420.6
Net rental income	501.9	40%	358.5
Adjusted EBITDA [1]	500.0	38%	362.5
FFO I [1]	311.7	30%	239.3
FFO I after perpetual [1]	268.5	24%	217.0
FFO I after perpetual, Covid adjusted [2]	233.5	8%	217.0
FFO I per share	0.23	10%	0.21
FFO I per share after perpetual (in €)	0.20	5%	0.19
FFO I per share after perpetual, Covid adjusted (in €) [2]	0.17	-11%	0.19
FFO II	383.5	33%	288.4
ICR	4.5x	-	4.5x
Profit for the period	626.3	-35%	969.3
EPS (basic) (in €)	0.36	-47%	0.68
EPS (diluted) (in €)	0.36	-46%	0.67

1) including AT's share in companies which AT has significant influence, excluding the contributions from non-core commercial assets held for sale
2) including €35 million extraordinary general provisions relating to deferred rents due to Covid pandemic
3) consolidated with TLG as of 19/02/2020

in € millions unless otherwise indicated	Jun 2020	Dec 2019	Dec 2018
Total Assets	32,191.9	25,444.7	19,040.8
Total Equity	16,445.0	13,378.9	9,944.3
Investment property	22,647.5	18,127.0	14,174.0
Cash and liquid assets [1]	2,711.8	3,043.8	1,600.6
Unencumbered assets ratio [2]	74%	81%	72%
Equity Ratio	51%	53%	52%
Loan-to-Value	36%	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 NNNAV
Jun 2020	15,331.6	12,389.4	15,508.0	11,877.2
Jun 2020 per share (in €)	11.1	9.0	11.2	8.6
Per share growth	13%	3%	5%	4%
Number of shares (in millions, Jun 2020) *	1,378.9			
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

Hamburg

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 June 30, 2020. The figures presented are based on the condensed interim consolidated financial statements as of June 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 the date of this report, the Company's holdings in GCP is 40% (39.4% as of June 2020). 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.

STRONG FOCUS ON

1 HIGH QUALITY PORTFOLIO

70% Office, Logistics/ Wholesale, Residential

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

Single largest location With €3.3bn of office assets, AT has the largest Berlin office portfolio among listed peers

Fundamentally Strong Portfolio Valuations remained strong with +2.5% LFL value growth in H1 2020, performed externally by independent valuators

€26BN GROUP PORTFOLIO

2 CAPITAL RECYCLING AT A PREMIUM

Disposals of non-core and mature properties increase portfolio quality, freeing up funds to strengthen liquidity

€1BN YTD SIGNED DISPOSALS OF MOSTLY RETAIL ASSETS

H1 DISPOSALS **81%** margin OVER TOTAL COSTS

6% ABOVE BOOK VALUE VALIDATING THE VALUATIONS OF THE PORTFOLIO

FUELING SHARE BUY-BACKS AT A DISCOUNT TO NAV

3 HEALTHY BALANCE SHEET

€2.7 BN cash and liquid assets

€16 BN **74% of rent** unencumbered investment properties

High financial strength, flexibility and firepower

SUPPORTED BY

4 STRONG CAPITAL STRUCTURE

36% Low LTV

51% High Equity Ratio

BBB+ S&P credit rating

Large headroom to covenants

5 DEFENSIVE DEBT PROFILE

6.2 YEARS Long average debt maturity

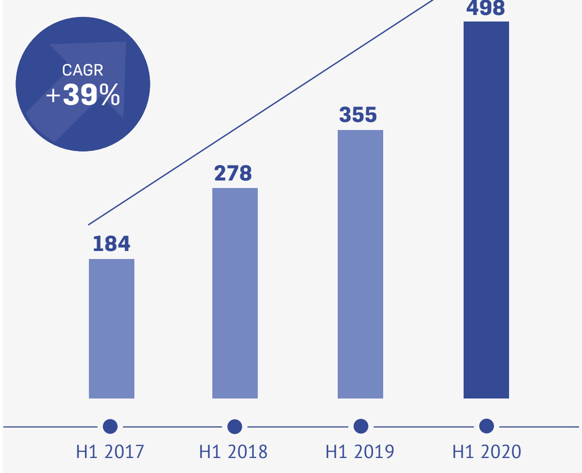
1.6% Low cost of debt

97% High interest hedge ratio

4.5x High ICR

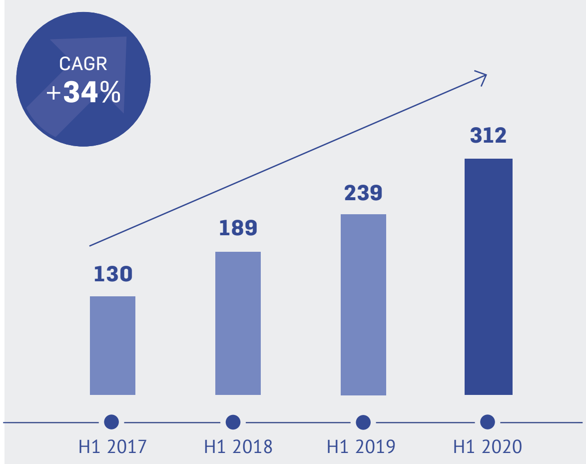
STRONG PORTFOLIO SUPPORTS SHAREHOLDER VALUE CREATION

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

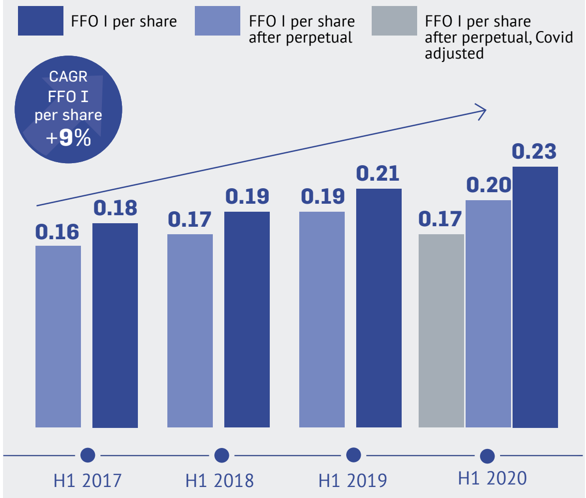


HIGH QUALITY PORTFOLIO FOCUSED ON TOP LOCATIONS MAINLY LOCATED IN GERMANY AND THE NETHERLANDS

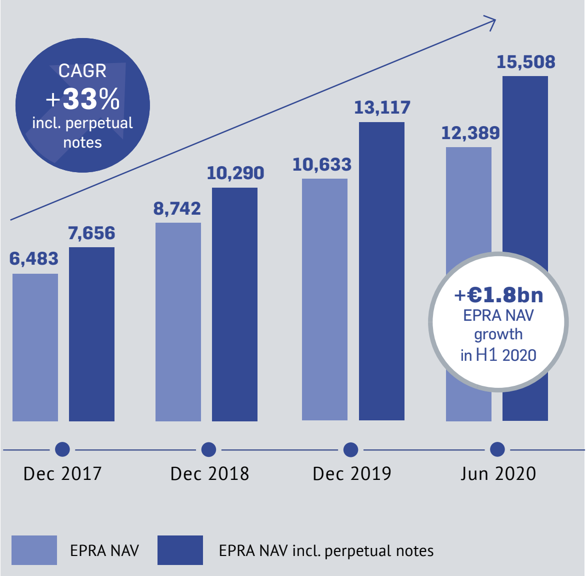
FFO I (in € millions)



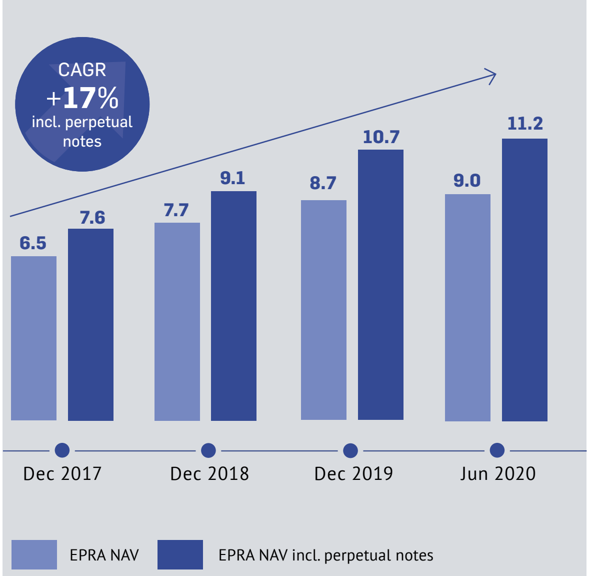
FFO I per share (in €)



EPRA NAV (in € millions)



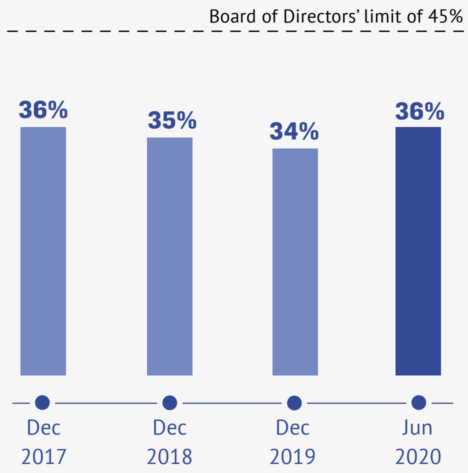
EPRA NAV per share (in €)



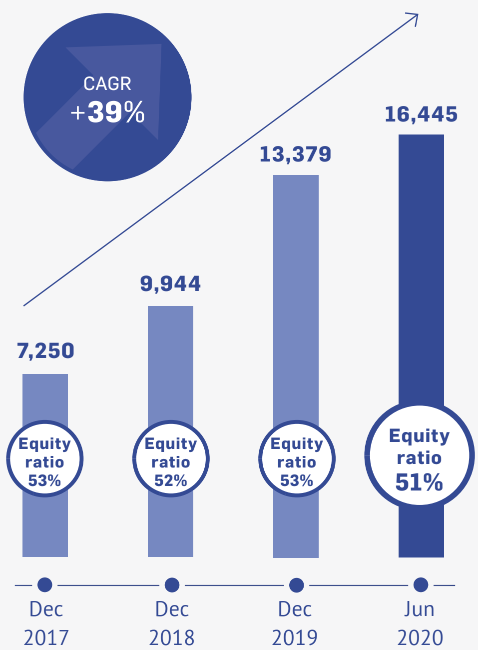
Consistently Maintaining a Conservative Financial Profile

Keeping Leverage Low

LOAN-TO-VALUE



Strong equity base



High profitability with high interest coverage

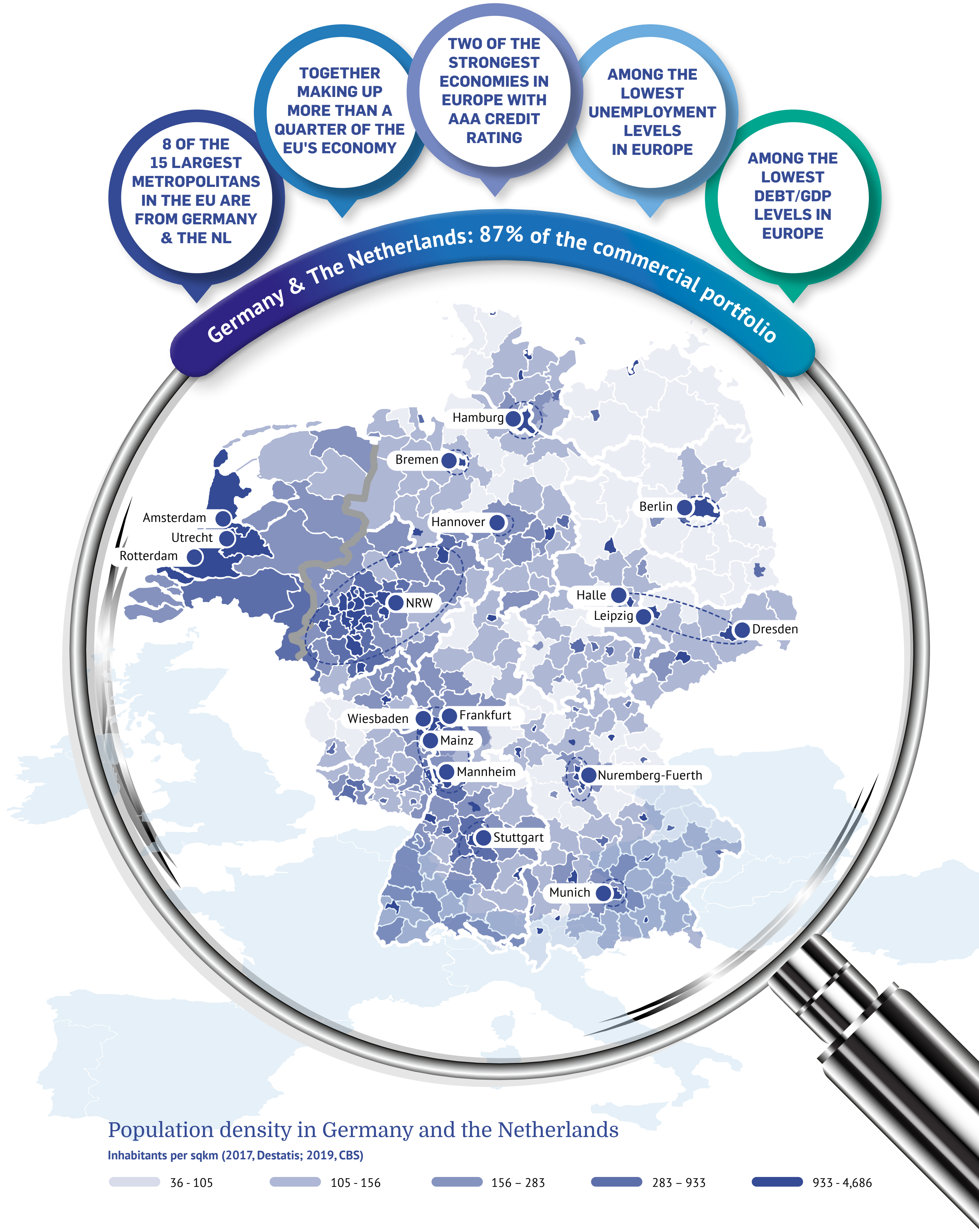
CONSISTENTLY KEPT AT HIGH LEVELS

Munich

Aroundtown's Quality Portfolio

*representing GCP at 100%

Group Portfolio Overview



Population density in Germany and the Netherlands

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

36 - 105 | 105 - 156 | 156 – 283 | 283 – 933 | 933 - 4,686

Well-Diversified Group Portfolio with Focus on Strongest Value Drivers

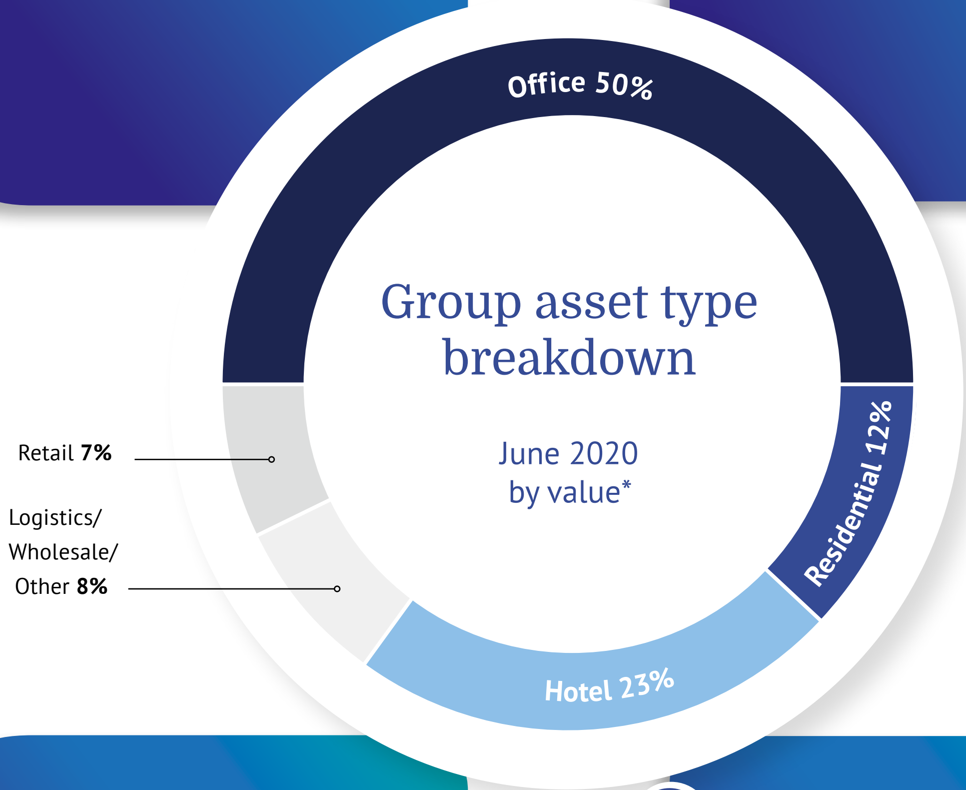
ASSET TYPE

The largest asset type is Office and together with Logistics/Wholesale and Residential, it makes up **70%** of the portfolio.

TENANT

High tenant diversification with no 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: **87%** 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

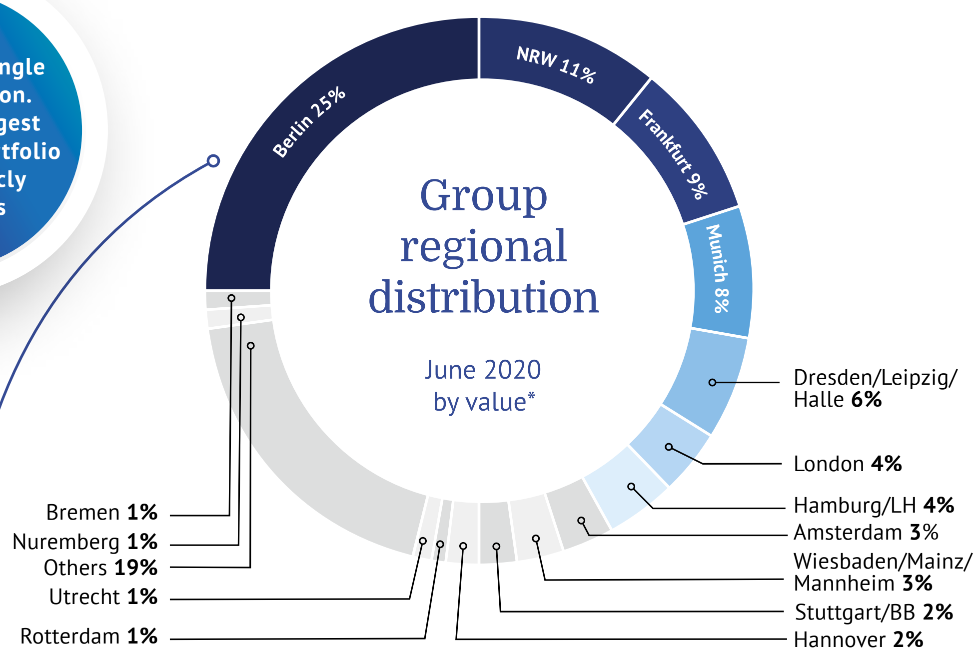
INDUSTRY

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

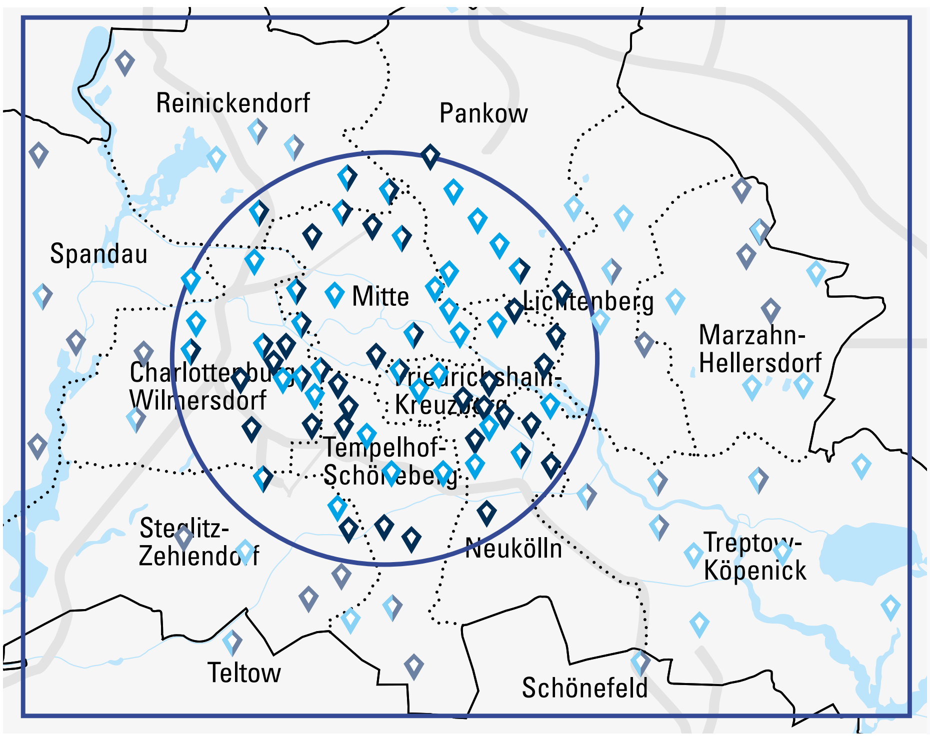
Berlin is the single largest location. AT has the largest Berlin office portfolio among publicly listed peers



* including proportion in GCP and development rights & invest

Central locations within top tier cities: A Berlin example

Best-in-class Berlin portfolio



- **89%** of the commercial portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- **11%** of the commercial portfolio is well located primarily in Reinickendorf, Spandau, Treptow, Köpenick and Marzahn-Hellersdorf

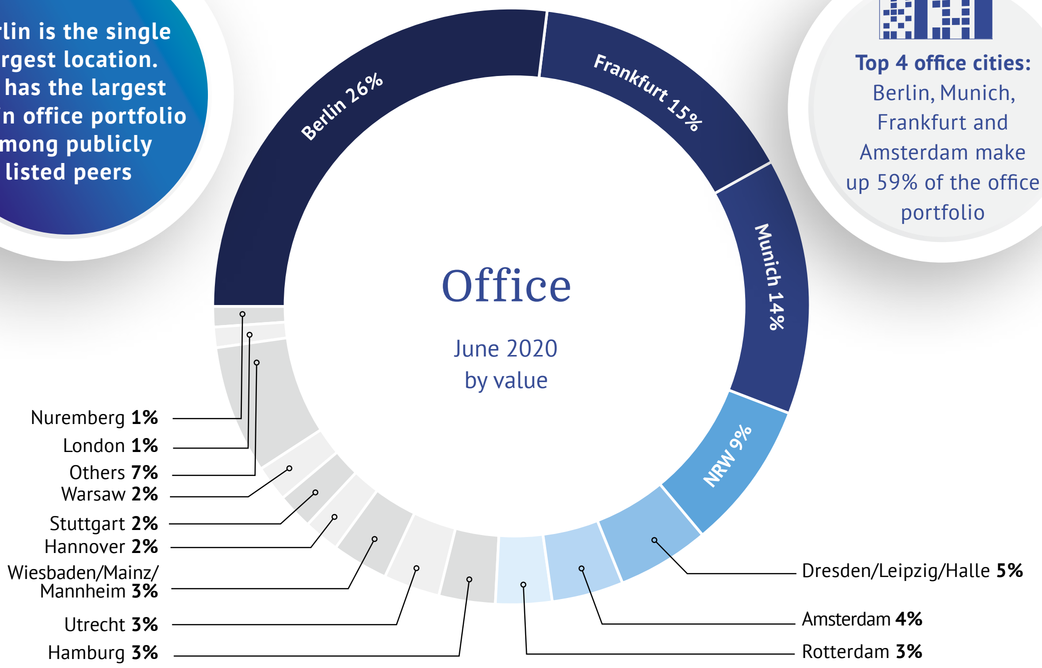
Commercial properties

Residential properties

*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

Aroundown'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
HAMBURG	Maritime	Logistics	Aerospace manufacturing	Biotech

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

Stuttgart

Munich

Hamburg

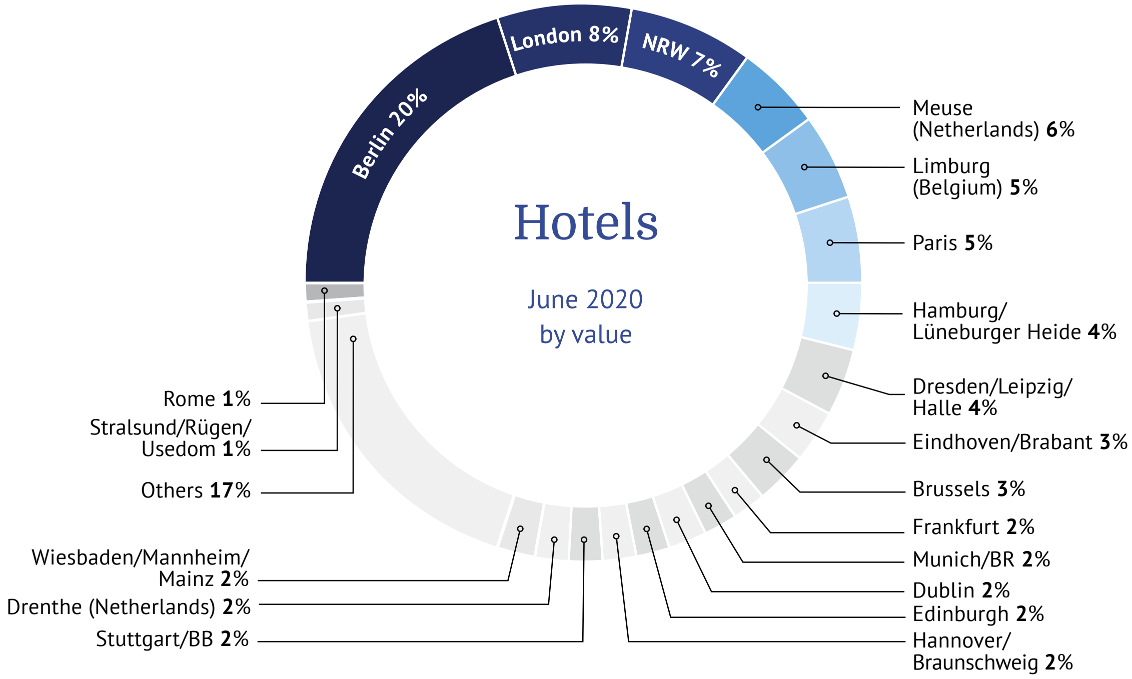
Cologne

Rotterdam

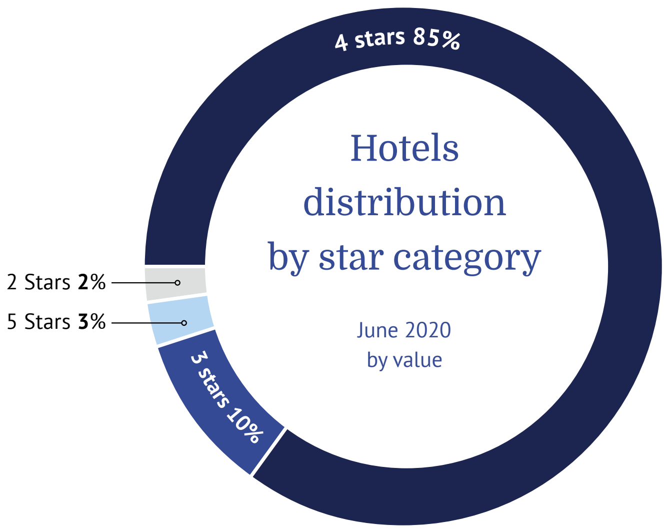
Düsseldorf

Hotels: High Quality Hotels in Prime Locations

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



AT's hotel portfolio, valued at €5.9 billion as of June 2020, is well diversified and covers a total of over 1.9m 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

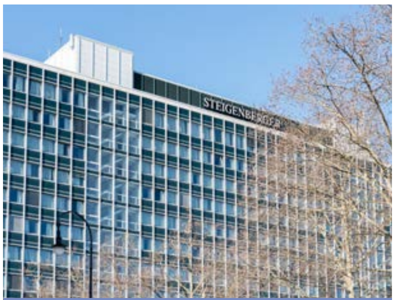

Meuse (Netherlands)

Large 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.


Paris


Cologne


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

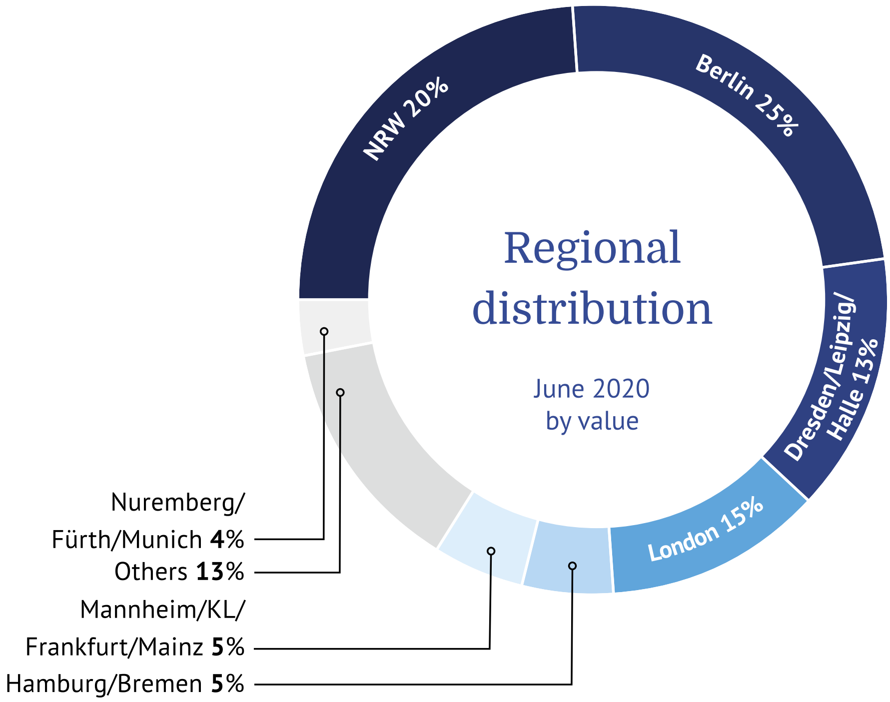
Pierre & Vacances-Center Parcs Group	Hilton Group	Marriott Group	Accor Group	Radisson Brands
Center Parcs	Hilton Hotels & Resorts; DoubleTree by Hilton; Hilton Garden Inn	Marriott; Sheraton; Moxy	Mercure Hotels; ibis Hotels; AccorHotels	Radisson Blu Hotels & Resorts; Radisson Hotel Group

Wyndham Hotels and Resorts, Wyndham Garden, Days Inn, Tryp by Wyndham, Ramada, Amaris Hospitality, InterContinental Hotels & Resorts, Steigenberger Hotels and Resorts, Hyatt Regency, Dorint Hotel, Motel One, Place Value, Crowne Plaza Hotels & Resorts, Seminaris, Penta Hotels, Meliá Hotels International, GCH Hotel Group, Arabella Hospitality, Everland, Holiday Inn, Novum Hospitality, H-Hotels.com, NH Hotels, Best Western, Precise Hotel Collection, Zech Hotels

Residential Portfolio

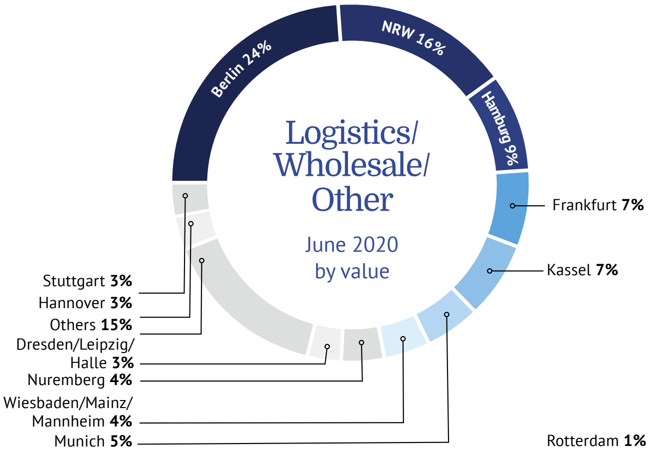
(Grand City Properties)

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 June 2020, GCP's residential portfolio with a value of €8.0 billion operates at an in-place rent of €7.0/sqm and an EPRA vacancy of 6.5%. The residential portfolio generates an annualized net rental income of €352 million and includes strong value-add potential. GCP holds 71k 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. The table below represents GCP at 100%.

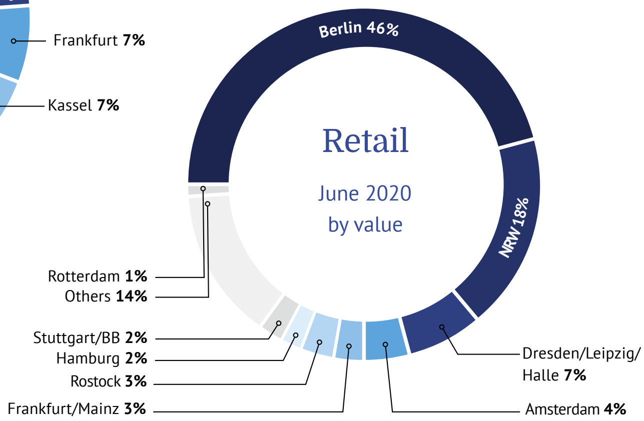


Berlin

Logistics/Wholesale and Retail:
Further portfolio diversification through logistics/wholesale/other and retail



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



Cologne

Berlin

Asset type overview - Commercial portfolio

JUNE 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	11,864	4,043	9.7%	510	10.9	2,934	4.3%	4.8
Hotel	5,936	1,920	4.1%	318	14.1	3,092	5.4%	15.2
Retail	1,829	811	9.0%	96	10.5	2,254	5.3%	4.8
Logistics/Wholesale/Other	1,435	1,505	5.9%	77	4.5	953	5.4%	6.9
Development rights & invest	1,584							
Total	**22,648**	**8,279**	**7.6%**	**1,001**	**10.5**	**2,544**	**4.8%**	**8.2**

Regional overview - Commercial portfolio

JUNE 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	4,956	1,330	4.5%	185	12.0	3,727	3.7%
NRW	2,156	1,225	7.9%	115	8.0	1,760	5.3%
Frankfurt	2,024	587	13.6%	80	12.3	3,450	3.9%
Munich	1,849	610	11.3%	56	7.9	3,033	3.0%
Dresden/Leipzig/Halle	1,033	525	4.9%	59	9.4	1,968	5.7%
Hamburg/LH	670	309	4.8%	35	9.7	2,168	5.2%
London	653	105	7.9%	30	26.2	6,210	4.6%
Amsterdam	619	159	8.7%	26	14.1	3,900	4.2%
Wiesbaden/Mainz/Mannheim	536	219	6.8%	30	11.6	2,440	5.6%
Hannover	435	270	8.9%	24	8.1	1,613	5.4%
Stuttgart/BB	412	174	3.7%	23	11.2	2,367	5.7%
Utrecht	347	135	13.4%	18	11.5	2,558	5.3%
Rotterdam	330	132	4.2%	23	13.9	2,501	6.9%
Other	5,044	2,499	7.7%	297	10.4	2,018	5.9%
Development rights & invest	1,584						
Total	**22,648**	**8,279**	**7.6%**	**1,001**	**10.5**	**2,544**	**4.8%**

WALT
8.2
YEARS

Frankfurt

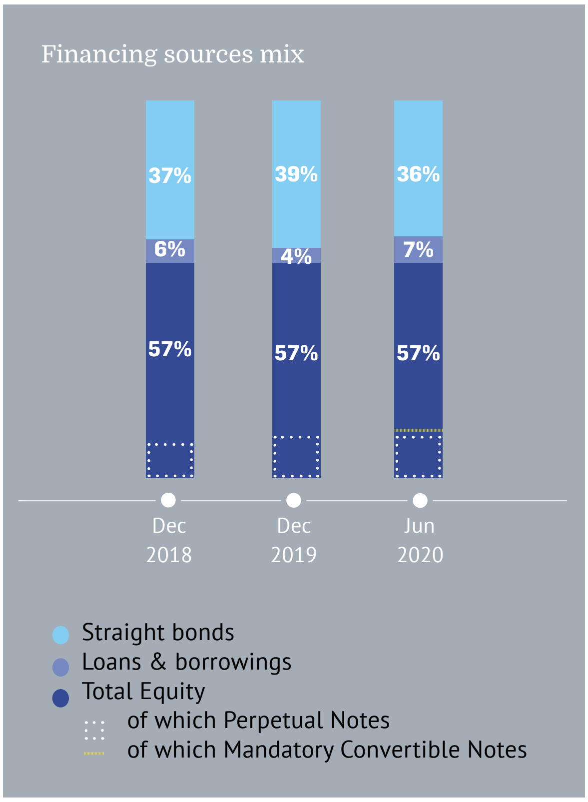
Financing Structure and Capital Markets

Rotterdam

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



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 June 30, 2020	
Number of shares	1,537,025,609
Number of shares, excluding suspended voting rights, base for share KPI calculations	1,350,793,294
As of the day of this report:	
Shareholder Structure	Freefloat: 76% - of which Blackrock Inc. 5.1% Shares held in treasury*: 14% Avisco Group: 10% * 12% are held held through TLG Immobilien AG, voting rights suspended
Market cap	€7.5 bn

Key index inclusions

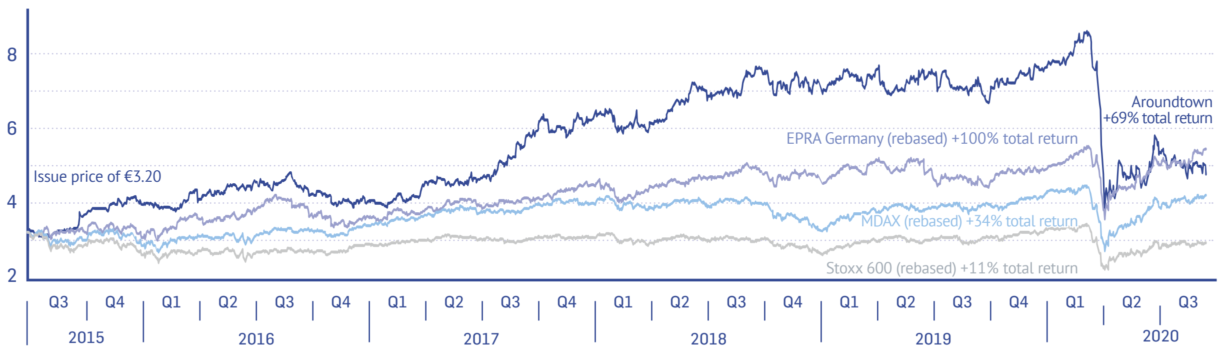
Aroundtown's share is a constituent of several major indices such as **MDAX, DAX 50 ESG, FTSE EPRA/NAREIT Index Series, FTSE Eurofirst 300, MSCI Index Series, S&P EUROPE 350, STOXX Europe 600** as well as **GPR 250**, **GPR ESG** and **DIMAX**. These inclusions are the result of Aroundtown's large market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



Berlin

Notes on Business Performance

Leipzig

Selected consolidated income statements data

	Six months ended June 30,	
	2020	2019
	in € millions	
Revenue	588.3	420.6
Net rental income	**501.9**	**358.5**
Property revaluations and capital gains	564.0	679.4
Share in profit from investment in equity-accounted investees	108.2	198.1
Property operating expenses [1]	(150.4)	(109.9)
Administrative and other expenses	(26.9)	(13.1)
Operating profit	1,048.2	1,175.1
EBITDA	1,049.9	1,175.9
Adjusted EBITDA [1] [2]	**500.0**	**362.5**
Finance expenses	(98.9)	(70.3)
Other financial results	(99.7)	37.2
Current tax expenses	(45.6)	(26.0)
Deferred tax expenses	(177.7)	(146.7)
Profit for the period	**626.3**	**969.3**
FFO I [3] [4]	**311.7**	**239.3**
FFO I after perpetual [3] [4]	**268.5**	**217.0**
FFO I after perpetual, Covid adjusted [5]	**233.5**	**217.0**
FFO II	**383.5**	**288.4**

1) excluding general provisions relating to deferred hotel rents due to Covid pandemic
2) including AT's share in the adjusted EBITDA of companies in which AT has significant influence, excluding the contributions from non-core commercial assets held for sale. For more details, please see pages 44-47
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, please see pages 44-47
4) excluding FFO I of minorities and contributions from non-core commercial assets held for sale. For more details, please see pages 44-47
5) including general provisions relating to deferred hotel rents due to Covid pandemic

Revenue

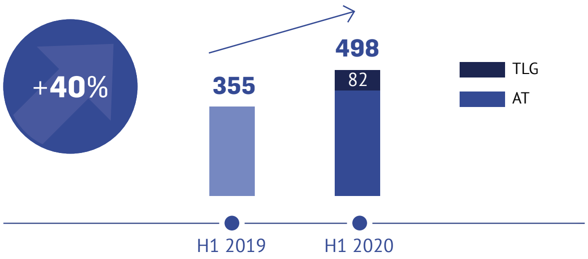
	Six months ended June 30, 2020	2019
	in € millions	
Recurring long-term net rental income	**497.7**	**354.7**
Net rental income related to properties marked for disposal	4.2	3.8
Net rental income	**501.9**	**358.5**
Operating and other income	86.4	62.1
Revenue	**588.3**	**420.6**

AT generated €588 million revenues during the first half of 2020, up by 40% compared to €421 million recorded in the first half of 2019. The majority of the revenues is made up of net rental income which amounted to €502 million during the first half of 2020, up by 40% as well from €359 million recorded during the comparable period in 2019. This, to the largest extent, is driven by external growth stemming mainly from the takeover of TLG but as well as other real estate acquisitions since the beginning of 2019. The net rental income contribution of TLG during the first half of 2020 was €82 million. Since the takeover was finalized mid-February 2020, the contribution during the first quarter of 2020 amounted to €25 million, while the second quarter contribution had its full quarterly impact and amounted to €57 million. Further contribution to the top-line growth came from organic growth which is reflected in the total like-for-like net rental income growth of 3.0%.

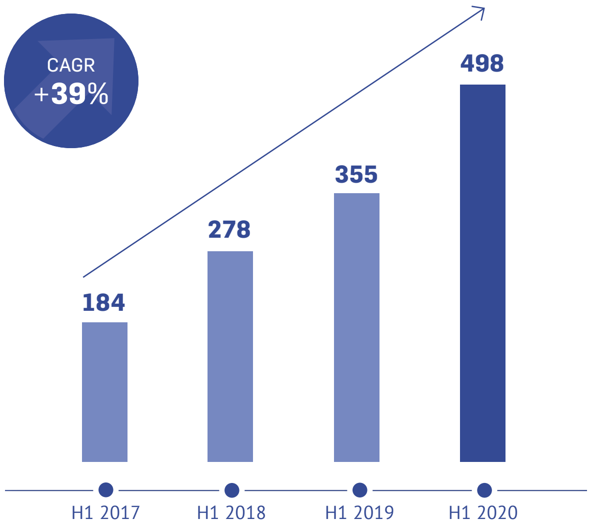
The remainder of the revenues is operating and other income which totaled to €86 million during the first half of 2020, growing by 39% from €62 million recorded during the first half of 2019. This income represents income that is connected mainly to ancillary operating costs such as energy, heating and water which are reimbursed from tenants. Operating and other income grew in line with the portfolio and net rent growth.

AT further breaks down its net rental income into the recurring long-term net rental income which excludes the net rental income generated by non-core properties marked for disposal. Since AT intends to dispose these properties, their contribution is not recurring and thus presented in a separate line item. The net rental income from these properties totaled to €4.2 million during the first half of 2020, compared to €3.8 million recorded during the first half of 2019. Towards the end of the reporting period, AT reclassified over €700 million of mature properties into assets held for sale for which a disposal agreement was signed but the transaction was not completed during the reporting period and expected to be completed in H2 2020. Correspondingly, AT generated a recurring long-term net rental income of €498 million during the first half of 2020, up 40% from €355 million recorded during the first half of 2019.

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



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



Share in profit from investment in equity-accounted investees

	Six months ended June 30, 2020	2019
	in € millions	
Share in profit from investment in equity-accounted investees	**108.2**	**198.1**

Share in profit from investment in equity accounted investees amounted to €108 million during the first half of 2020, compared to €198 million recorded during the comparable period in 2019. This item represents mainly AT's share in the earnings from investment in companies which are not consolidated in its financial statements. These profits can largely be attributed to the Company's strategic investment in GCP, direct minority positions in residential properties consolidated by GCP and the investment in Globalworth, the leading publicly listed office landlord in the CEE market, as well as profits from other investments. The decrease in this item is mainly due to lower net profits from other investees. Nevertheless, excluding non-recurring profits such as revaluations, the equity-accounted investees contributed to the group an adjusted EBITDA of €83 million and an FFO I of €57 million in the first half of 2020 in comparison to €64 million and €44 million in the first six months of 2019, respectively.

Property revaluations and capital gains

	Six months ended June 30,	
	2020	2019
	in € millions	
Property revaluations and capital gains	**564.0**	**679.4**

AT generated property revaluations and capital gains of €564 million during the first half of 2020, compared to €679 million recorded during the comparable period of 2019. All valuations are performed externally by qualified and independent valuators. The revaluation gains amounted to €560 million reflecting +2.5% growth on a like-for-like basis since year-end 2019 for the entire portfolio. The hotel portfolio, of which over 95% of the portfolio has been revaluated, had a negative revaluation of 3.4% on a like-for-like basis in comparison to December 2019. This decrease has been more than offset with positive revaluations in AT's other asset classes. Positive revaluations despite the pandemic is a result of the strong fundamentals of AT's properties, AT's main markets, the high diversification across several different asset classes and locations and the operational achievements reflected in +3.0% like-for-like rent increase. AT focuses on two of the strongest economies in Europe: Germany and the Netherlands and on top tier cities within these two countries.

During the first half of 2020, AT sold assets amounting to approx. €240 million with an 81% margin over total costs and 2% margin over net book value. These were mainly mature and non-core properties of mainly retail as well as office and hotel. After the reporting period, AT disposed further assets (mainly retail properties), bringing the total year-to-date signed disposals to approx. €1 billion, sold at 6% above their book values. These capital recycling activities increase the portfolio quality and provides a significant cash inflow.

As of June 2020, the portfolio reflects an average value of €2,544 per sqm and a net rental yield of 4.8%, compared to €2,433 per sqm and 4.9% in December 2019, respectively.

Property operating expenses

	Six months ended June 30,	
	2020	2019
	in € millions	
Property operating expenses	**(150.4)**	**(109.9)**
Extraordinary general rental provisions related to deferred rents *	(35.0)	-
Property operating expenses, Covid adjusted	**(185.4)**	**(109.9)**

* general provisions relating to deferred hotel rents due to Covid pandemic

Property operating expenses during the first half of 2020 amounted to €185 million compared to €110 million recorded during the first half of 2019. Excluding the effect of the extraordinary general rent provisions, property operating expenses amounted to €150 million which reflects a 37% growth compared to 40% growth in revenues testifying to the operational efficiencies achieved in the platform with regards to the regular course of business. The growth excluding the provisions is a result of the portfolio's growth mainly from the takeover of TLG. The largest portion of property operating expenses are ancillary expenses such as energy, heating and water costs which are recovered from tenants. Property operating expenses also include costs such as maintenance and refurbishment, operating personnel expenses, depreciation and amortization and operating costs such as marketing, letting fees, legal fees, insurance and other expenses all of which stayed at relatively similar levels compared to the revenue.

A €35 million extraordinary rent provision was created in response to the prevailing uncertainties of the effects from Coronavirus over the hotel industry and reflects approximately 45% of Q2 hotel net rent. The provision has been created based on management assessment, although the Company is still working with its tenants, on a case by case basis, to collect deferred rents. Future recovered and collected deferred rents will support future operational growth. Since the rent collection for the other asset classes did not deviate materially from prior to the breakout of the pandemic, the rent provisions for those properties are included in the operating expenses.

Administrative and other expenses

	Six months ended June 30,	
	2020	2019
	in € millions	
Administrative and other expenses	**(26.9)**	**(13.1)**

Administrative and other expenses amounted €27 million during the first half of 2020, compared to €13 million recorded during the first half of 2019. These expenses consist mainly of personnel expenses and fees relating to audit, accounting, legal and professional services. The primary reason for this growth is the initial consolidation of TLG's administrative expenses, including one-off expenses in the amount of €4 million that are related to the merger process with TLG.

Mannheim

Finance expenses and other financial results

	Six months ended June 30,	
	2020	2019
	in € millions	
Finance expenses	(98.9)	(70.3)
Other financial results	(99.7)	37.2
Finance expenses and other financial results	**(198.6)**	**(33.1)**

Finance expenses amounted to €99 million during the first half of 2020, compared to €70 million recorded during the first half of 2019. This is driven by new issuances of bonds and the full consolidation of TLG. Between the two periods, AT issued €1.4 billion of new bonds at attractive costs, received additional €1.6 billion with the initial consolidation of TLG's bonds and prepaid approx. €880 million of bonds – all part of the Company's conservative financial policy to proactively optimize its debt profile and in order to finance the Company's growth. As a result of this prudent approach, AT has a low cost of debt of 1.6% and a long average debt maturity of 6.2 years. Combined with high operational performance, this resulted in a high ICR of 4.5x for the first half of 2020.

Other financial results amounted to an expense of €99.7 million during the first half of 2020, compared to an income of €37 million in the first half of 2019. The result is composed of items that are primarily non-recurring and non-cash where values fluctuate frequently and thus, the result varies from one period to another. The expenses recorded during the first half of 2020 included expenses related to net changes in the fair value of derivatives including contingent liabilities relating to the takeover of TLG, changes in value of financial assets, expenses related to bond buybacks and breakup cost of bank loans. Due to the pandemic, there was an unfavorable development in the markets which had an adverse impact on the changes of the fair value of financial assets, liabilities and derivatives.

Taxation

	Six months ended June 30,	
	2020	2019
	in € millions	
Current tax expenses	(45.6)	(26.0)
Deferred tax expenses	(177.7)	(146.7)
Tax and deferred tax expenses	**(223.3)**	**(172.7)**

Total tax expenses amounted to €223 million during the first half of 2020, compared to €173 million recorded during the first half of 2019. Current tax expenses, which are comprised of property tax and corporate income taxes, amounted to €46 million during the first half of 2020, compared to €26 million recorded in the comparable period of 2019. Current taxes grew as a result of growth in operational profits and higher tax rates in jurisdiction where AT invested since 2019. Deferred tax expenses amounted to €178 million during the first half of 2020, compared to €147 million recorded in the first half of 2019. The increase in the deferred tax expenses mainly relates to property revaluation gains and changes in the fair value of financial derivatives. Although property revaluation gains were lower year-over-year, deferred taxes relating to this item was impacted by changes in the tax rates in jurisdiction where some of AT's properties are located. Deferred tax expenses are non-cash expenses and the Company accounts 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 minimized effective taxes.

Profit for the period

	Six months ended June 30, 2020	2019
	in € millions	
Profit for the period	626.3	**969.3**
Profit attributable to:		
Owners of the company	486.2	765.4
Perpetual notes investors	43.2	22.3
Non-controlling interests	96.9	181.6

AT generated a profit of €626 million during the first half of 2020, compared to €969 million recorded during the comparable period of 2019. The shareholders' profit amounted to €486 million in the first half 2020, compared to €765 million in the first half of 2019. The reduction in profits relate to comparatively lower revaluation gains and share of profit from equity-accounted investees, provisions relating to Covid, higher expenses for taxes and other financial results. The profit that is attributable to the non-controlling interests decreased from €182 million in the first half of 2019 to €97 million in the first half of 2020. This portion of profits mainly refer to the additional minorities created from the TLG takeover as AT owns 78% of TLG and 22% is related to minority and are reflected in the non-controlling interest. Profit attributable to perpetual notes investors grew from €22 million during the first half of 2019 to €43 million during the first half of 2020, mainly as a result of approx. €1 billion of perpetual notes issued in 2019 and the impact from TLG's €600 million perpetual notes.

Munich

Earnings per share

	Six months ended June 30, 2020	2019
Basic earnings per share (in €)	0.36	0.68
Diluted earnings per share (in €)	0.36	0.67
Weighted average basic shares (in millions)	1,335.3	1,128.6
Weighted average diluted shares (in millions)	1,336.7	1,129.9

AT generated basic and diluted earnings per share of €0.36 during the first half of 2020, compared to €0.68 and €0.67 recorded during the first half of 2019. The decrease is due to the development in shareholders' profit and was further impacted by higher share count between the periods. Both share counts grew by 18% since the first half of 2019 due to new shares created in relation to the takeover of TLG in 2020, an equity capital increase in 2019 and scrip dividends in 2019.

Comprehensive income

	Six months ended June 30, 2020	2019
	in € millions	
Profit for the period	**626.3**	**969.3**
Total other comprehensive loss for the period, net of tax	(32.7)	-
Total comprehensive income for the period	**593.6**	**969.3**

Total comprehensive income for the period amounted to €594 million during the first half of 2020, compared to €969 million recorded in the first half of 2020. The total other comprehensive loss of €33 million was driven by net foreign currency hedging effects and partially offset by a positive impact from cash flow hedging balance.

Adjusted EBITDA

	Six months ended June 30,	
	2020	2019
	in € millions	
Operating profit	1,048.2	1,175.1
Total depreciation and amortization	1.7	0.8
EBITDA	**1,049.9**	**1,175.9**
Property revaluations and capital gains	(564.0)	(679.4)
Share in profit from investment in equity-accounted investees	(108.2)	(198.1)
One-off expenses related to TLG merger	3.7	-
Other adjustments	0.2	(0.2)
Extraordinary general rental provisions related to deferred rents [1]	35.0	-
Adjusted EBITDA commercial portfolio, recurring long-term	**416.6**	**298.2**
Adjustment for GCP's and other investments' adjusted EBITDA contribution [2]	83.4	64.3
Adjusted EBITDA	**500.0**	**362.5**

1) general provisions relating to deferred hotel rents due to Covid pandemic

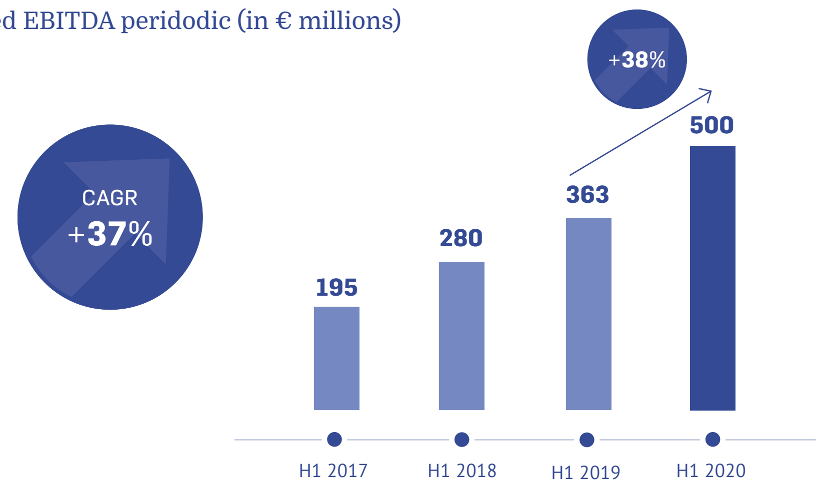
2) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence. GCP generated an adjusted EBITDA of €147 million in H1 2020 and €146 million in H1 2019

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 revaluation and capital gains, result from disposal of properties 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 its 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. AT's holding rate in GCP is 39% as at the end of June 2020 and 40% as of the date of this report.

The Group generated an adjusted EBITDA of €500 million during the first half of 2020, which increased by 38% from €363 million recorded during the first half of 2019. This increase was driven by a strong top-line growth, improvements in the property operating cost structure and an increased contribution from GCP and other investments. The top-line growth was driven both externally and internally. External growth stems from the takeover of TLG and other real estate acquisitions. Internal growth comes from like-for-like operational performance which is reflected in the total like-for-like net rental income growth of 3.0% and improvements in the property operating costs structure. The adjusted EBITDA additionally includes contributions from GCP, Globalworth and other investments due to the strategic nature of these investments. GCP was able to achieve 1% year-over-year adjusted EBITDA growth despite the high volume of disposals thanks to its highly profitable operating platform. Adjusted EBITDA excludes the effect of the extraordinary general provisions relating to deferred hotel rents due to Covid related pandemic. Including the extraordinary provisions, the adjusted EBITDA amounts to €465 million which shows a 28% growth.

The adjusted EBITDA commercial portfolio recurring long-term excludes a one-time expense of €3.7 million which is related to the merger with TLG. The adjusted EBITDA commercial portfolio recurring long-term additionally accounts for other adjustments which resulted in an addition of €0.2 million for the first half of 2020. These adjustments are implemented mainly to deduct non-recurring items and add back non-cash items. Non-recurring items being mainly the contributions from non-core properties marked for disposal since they are intended to be disposed and therefore not part of the recurring adjusted EBITDA, and non-cash items being mainly expenses for the employees share incentive plan.

Adjusted EBITDA peridodic (in € millions)



Frankfurt

Funds From Operations I (FFO I)

	Six months ended June 30, 2020	2019
	in € millions	
Adjusted EBITDA commercial portfolio, recurring long-term	**416.6**	**298.2**
Finance expenses [1]	(98.9)	(70.3)
Current tax expenses	(45.6)	(26.0)
Contribution to minorities [2]	(19.3)	(7.7)
Other adjustments	1.8	1.5
FFO I commercial portfolio, recurring long-term	**254.6**	**195.7**
Adjustment for GCP's and other investments' FFO I contribution [3]	57.1	43.6
FFO I	**311.7**	**239.3**
Extraordinary general rental provisions related to deferred rents [4]	(35.0)	-
FFO I, Covid adjusted	**276.7**	**239.3**
Weighted average basic shares (in millions) [5]	1,335.3	1,128.6
FFO I per share	**0.23**	**0.21**
FFO I per share, Covid adjusted	**0.21**	**0.21**

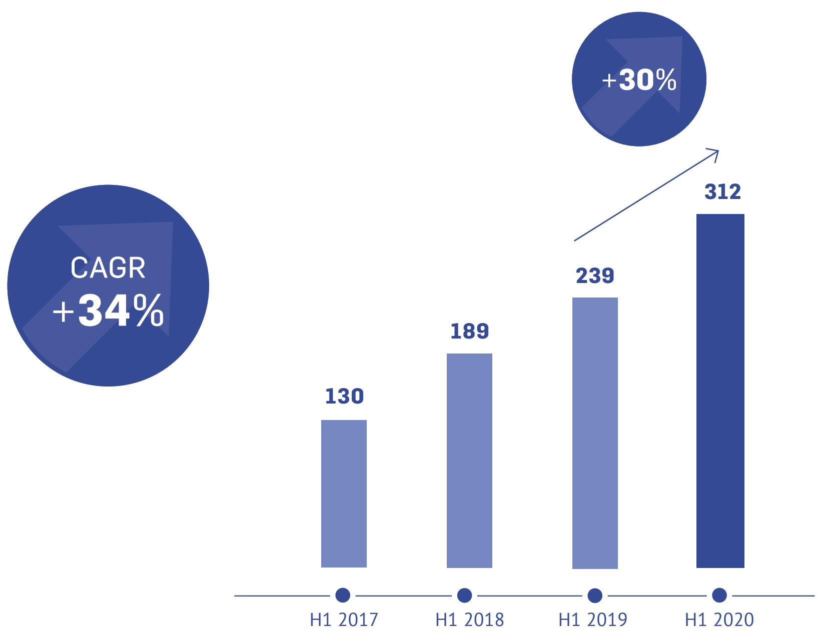
1) including the effects of IFRS 16
2) contribution to minorities and the minority share in TLG's FFO I after perpetual notes attribution and contribution of AT
3) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence. GCP generated an FFO I after perpetual notes attribution of €92 million in H1 2020 and €90 million in H1 2019
4) general provisions relating to deferred hotel rents due to Covid pandemic
5) weighted average number of shares excludes shares held in treasury; base for share KPI calculations

Funds from Operations I (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 adjustments to consider minorities and the relative share of AT in GCP's reported FFO I (after perpetual notes attribution), and the FFO I of other significant investment positions.

The Group generated an FFO I of €312 million during the first half of 2020, increasing by 30% compared to €239 million generated during the first half of 2019. The robust top-line growth which is mainly due to the initial consolidation of TLG was offset by relatively higher finance and tax expenses. AT additionally provides FFO I, Covid adjusted which includes extraordinary general rental provisions relating to deferred hotel rents due to Covid pandemic. Including these provisions, FFO I amounts to €277 million, showing a 16% increase from €239 million FFO I recorded in the first half of 2019.

The FFO I additionally include allocation to minorities and contributions from GCP and other investments. The contributions to minorities increased due to the minority share in TLG as AT holds 78% in TLG, acquisitions with minority share and changes in ownership interests. It should be noted that since the combination with TLG was in mid-February 2020, TLG's contribution to FFO I, as well as the relevant adjustment for minorities were incorporated only partially during the first quarter of 2020 with full impact starting from the second quarter of 2020. With regards to GCP's FFO contribution, GCP was able to achieve a slight growth in its FFO despite the disposal activity. In addition, the FFO I include other adjustments in the amount of €1.8 million, mainly related to finance and tax expenses of non-core properties marked for disposal.

FFO I (in € millions)

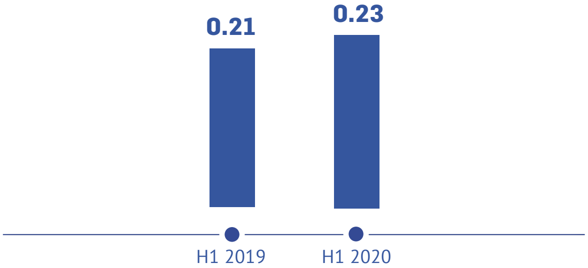



London

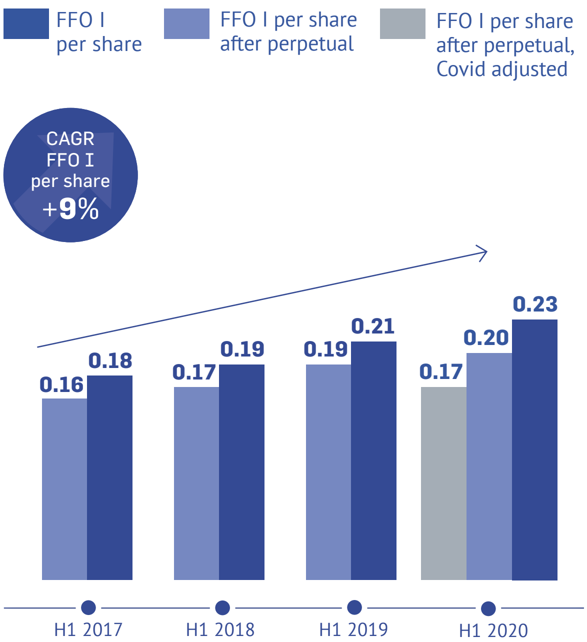
FFO I per share

FFO I per share amounted to €0.23 in the first half of 2020, grew by 10% compared to €0.21 recorded in the first half of 2019. The growth in FFO I was offset by a larger share count between the periods. Weighted average number of shares grew by 18% since the first half of 2019 due to new shares created from TLG takeover in 2020, an equity capital increase in 2019 and scrip dividends in 2019. FFO I per share, Covid adjusted amounted to €0.21, remaining stable compared to €0.21 in the first half of 2019, offset by extraordinary general rental provisions related to deferred hotel rents due to Covid pandemic.

FFO I per share periodic (in €)



FFO I per share (in €)



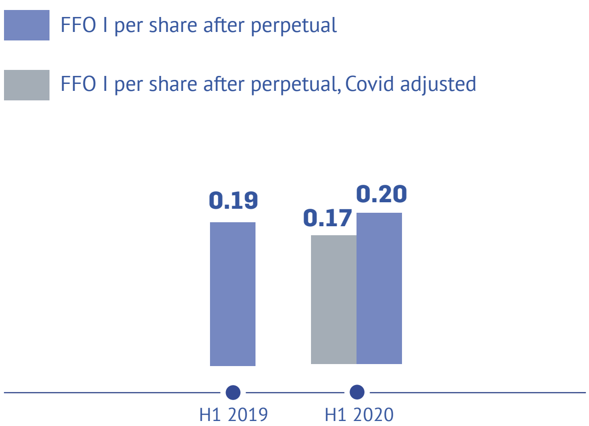
FFO I per share after perpetual

	Six months ended June 30, 2020	2019
	in € millions	
FFO I	**311.7**	**239.3**
Adjustment for accrued perpetual notes	(43.2)	(22.3)
FFO I after perpetual	**268.5**	**217.0**
Extraordinary general rental provisions related to deferred rents [1]	(35.0)	-
FFO I after perpetual, Covid adjusted	**233.5**	**217.0**
Weighted average basic shares (in millions) [2]	1,335.3	1,128.6
FFO I per share after perpetual (in €)	**0.20**	**0.19**
FFO I per share after perpetual, Covid adjusted (in €)	**0.17**	**0.19**

1) general provisions relating to deferred hotel rents due to 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 a financial expense in the income statement. The Company additionally presents an adjusted FFO I per share figure factoring in these attributions. The FFO I after perpetual amounted to €269 million in the first half of 2020, growing by 24% from €217 million recorded in the first half of 2019. This amounted to €0.20 per share in the first half of 2020, growing by 5% compared to €0.19 per share in the first half of 2019. The growth in FFO I was offset by approx. €1 billion of perpetual notes issued in 2019 and the impact from TLG's €600 million perpetual notes, as well an increase in the weighted average number of shares. FFO I perpetual, Covid adjusted amounted to €234 million and €0.17 per share, offset by extraordinary general rental provisions related to deferred hotel rents due to Covid pandemic.

FFO I per share after perpetual periodic (in €)



FFO II

	Six months ended June 30, 2020	2019
	in € millions	
FFO I, Covid adjusted	**276.7**	**239.3**
Result from disposal of properties*	106.8	49.1
FFO II	**383.5**	**288.4**

* 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 the impact from disposal profits during the reporting period. Results from disposal of properties amounted to €107 million in the first half of 2020, 118% higher than the result in the first half of 2019. During the first half of 2020, AT sold non-core and mature assets in the amount of approx. €240 million with an 81% margin over total costs. Including signed deals, the disposals amount to approx. €1 billion in total year-to-date. The capital recycling is accretive in two aspects: it increases the portfolio quality and provides a large cash inflow which funds the current share buyback program of €500 million.

Cash flow

	Six months ended June 30, 2020	2019
	in € millions	
Net cash provided by operating activities	281.0	252.4
Net cash used in investing activities	(354.8)	(1,554.3)
Net cash provided by financing activities	(293.1)	1,841.1
Net changes in cash and cash equivalents	**(366.9)**	**539.2**
Net changes in cash and cash equivalents	**(366.9)**	**539.2**
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	509.8	-
Other changes*	(0.9)	(2.5)
Cash and cash equivalents as at the end of the period	**2,333.7**	**1,779.5**

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

€281 million of net cash was provided by operating activities during the first half of 2020, up by 11% compared to €252 million provided during the first half of 2019. Similar to the operational profits, this growth is driven by external growth via TLG takeover and other acquisitions, as well as internal growth via 3% like-for-like net rental income growth and improvements in the property operating cost structure. These efficiencies were partially offset by the unusual increase in deferrals due to Covid pandemic. The majority of the portfolio had a limited impact from the pandemic and where there was an impact, the rent was deferred to be collected within the next periods but not reduced. Accordingly, increase in deferrals had a negative impact on operating cash flow.

€355 million of net cash was used in investing activities during the first half of 2020, compared to €1.6 billion net cash that was used during the first half of 2019. The Company's cash inflow from disposal activities were offset by acquisition activities, investment in its own properties, prepayments for future transactions and loans given for real estate transactions.

€293 million of net cash was used in financing activities during the first half of 2020, compared to €1.8 billion that was provided during the first half of 2019. Compared to the previous year, AT had relatively less issuances this year with only a mandatory convertible notes issuance and new bank debt. On the other hand, AT bought back €520 million of straight bonds (nominal amount) and repaid €50 million of bank debt.

Due to non-cash merger with TLG and cash arrived from TLG as part of the initial consolidation, an amount of €510 million is added to the cash balance as of June 2020.

As a result, cash and cash equivalents amounted to €2.33 billion as at the end of June 2020, growing from €2.19 billion at year-end 2019. Including other liquid assets, this amounts to cash and liquid assets balance of €2.7 billion which is 8% of AT's total assets as at the end of June 2020. By consistently keeping a high liquidity balance, AT maintains a healthy balance sheet with high financial strength and flexibility. Liquidity balance is approx. 8 times the debt maturing until the end of 2021 which demonstrates the large financial cushion towards the Company's debt obligations. High liquidity also provides AT with the ability to act upon acquisition opportunities when they arise.

Assets

	Jun 2020	Dec 2019
	in € millions	
Non-current assets	**27,947.1**	**21,701.9**
Investment property	22,647.5	18,127.0
Equity-accounted investees - holding in GCP SA [1]	1,940.7	1,928.0
Equity-accounted investees, other	1,151.2	577.9
Current assets	**4,244.8**	**3,742.8**
Assets held for sale [2]	909.1	209.0
Cash and liquid assets [3]	2,711.8	3,043.8
Total Assets	**32,191.9**	**25,444.7**

1) according to AT's holding rate, the fair market value of GCP SA as of June 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 €32.2 billion as at the end of June 2020, an increase of 27% compared to €25.4 billion recorded at year-end 2019. This increase is primarily the result of the takeover of TLG, further supported by revaluation gains and a larger balance of equity-accounted investees.

Non-current assets increased by 29% to €27.9 billion at the end of June 2020, compared to €21.7 billion at year-end 2019. Non-current assets are predominantly made up of investment properties which amounted to €22.6 billion at the end of June 2020, up by 25% compared to €18.1 billion at year-end 2019, driven mainly by the takeover of TLG and value appreciation. AT completed the TLG takeover as of mid-February 2020, positioning the Group among the Top 3 largest listed real estate companies in Europe. The merger strengthens the quality of the portfolio in many aspects. The Group solidified its focus on strongest economies in Europe, Germany and the Netherlands, which represents 87% of the commercial portfolio. Additionally, the Group has a larger footprint in top tier cities with Berlin office assets amounting to €3.3 billion, the Group has the largest Berlin office portfolio among publicly listed peers. Non-current assets had an increase of €0.8 billion as a result of the goodwill created from TLG takeover. This goodwill relates mainly to TLG's deferred tax balance. The business combination was based on an EPRA NAV-to-EPRA NAV exchange ratio and the difference between the EPRA NAV and the shareholders' equity of TLG is primarily related to the deferred tax balance of TLG and is thus, from an accounting perspective, reflected in the goodwill balance. Additionally, further real estate properties have been acquired for over €100 million which were mainly offices in Berlin.

The growth in non-current assets was partially offset by disposals. During the first half of 2020, AT sold non-core and mature assets in the amount of approx. €240 million with an 81% margin over total costs and 2% margin over net book value. Following the reporting period, additional disposals have been signed (mainly retail properties), bringing the year-to-date disposal value to approx. €1 billion with a 6% margin over the net book value. Disposals above the book value validate the valuations of the portfolio and the proceeds provide a large cash inflow which is partly utilized for the share buybacks of €500 million at significant discount to NAV. Year-to-date disposals were 70% retail and close to 50% were in non-core cities, thereby increasing the portfolio quality and strengthening the focus on offices in top tier cities. The remaining disposals were mature offices and hotel properties in Frankfurt, Amsterdam and Dresden, as well as retail assets in Berlin and Dresden. Over €700 million assets that were sold after the reporting period were reclassified as held for sale, thus the balance is shifted from non-current assets to current assets.

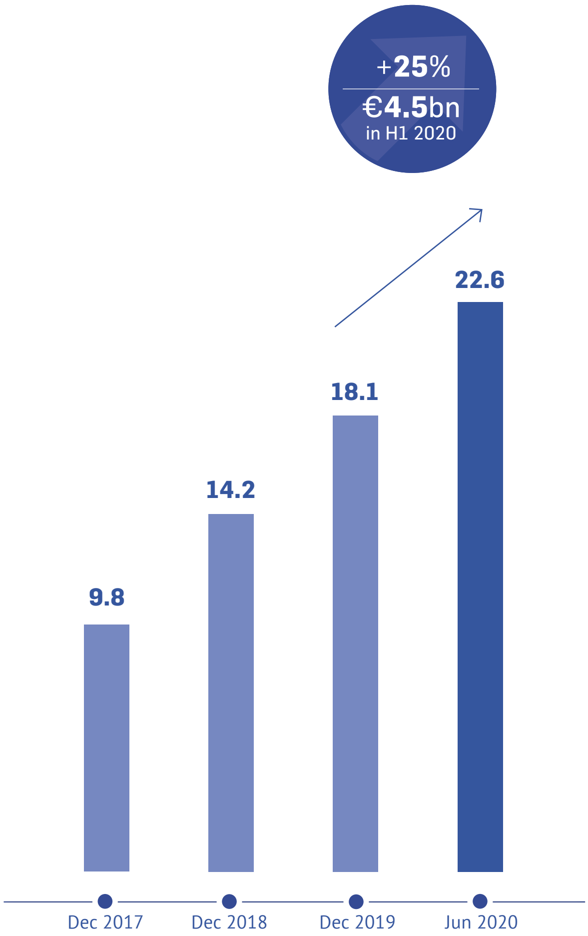
Investment in equity-accounted investees amounted to €3.1 billion as at the end of June 2020, increasing by 23% compared to €2.5 billion recorded at year-end 2019. This line item represents AT's long term investments in which AT has a significant influence but are not consolidated in its financial accounts and is mainly attributed to the Company's strategic residential portfolio investment via a 39% stake in Grand City Properties as of the end of June 2020 (40% as of the date of this report), amounting to €1.94 billion compared to €1.93 billion at year-end 2019. The increase in this item is driven by GCP's profit generation and the impact of the scrip dividend. GCP solidifies the Group's platform and provides the Group with a well-balanced portfolio through a strong presence in the resilient and affordable German residential real estate. The balance of other equity-accounted investees totaled to €1.2 billion as at the end of June 2020 and grew from €0.6 billion at year-end 2019. The increase is mainly due to the reclassification of the investment in Globalworth, a leading publicly listed office landlord in the CEE market, to equity-accounted investee during the first quarter of 2020. The growth in the equity accounted investees includes also the profits from the Company's investment in other joint ventures. In addition, during the reporting period, the Company sold majority control over an office portfolio in the amount of €109 million and the remaining portion where AT has significant influence is presented as part of the investment in equity accounted investees as of the end of the reporting period.

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 amounted to €4.2 billion as at the end of June 2020 and grew by 13% from €3.7 billion recorded at year-end 2019. The increase is mainly driven by the reclassification of properties into held for sale which were sold after the reporting period. The lion's share of current assets is cash and liquid assets which amounted to €2.7 billion as at the end of June 2020, compared to €3.0 billion at year-end 2019. This is driven by a decrease in financial assets mainly due to the reclassification of the investment in Globalworth to equity-accounted investees and also to the other volatilities in the market due to the pandemic. The cash and cash equivalents balance increased from €2.19 billion at year-end 2019 to €2.33 billion at the end of June 2020. This increase is driven by the issuance of mandatory convertible notes in March 2020, the full consolidation of TLG following the merger, new bank debt drawn down during the first quarter of 2020, operational results and capital recycling activities (net of acquisitions) during the first half of 2020. This was offset by repayments of approx. €520 million of bonds during the first half of 2020. As part of its conservative financial approach, the Group maintains a high liquidity balance which provides high financial strength, flexibility and firepower for accretive acquisitions. The liquidity balance is 8% of the total assets as of June 2020 which comfortably covers the Company's obligations for a long term as it is approx. 8 times the debt maturing until the end of 2021.

The assets held for sale balance consists of non-core assets that are intended be sold within the next 12 months. The balance (excluding the cash of assets held for sale) totaled to €909 million as at the end of June 2020, compared to €209 million at year-end 2019. The balance increased mainly due to reclassification of over €700 million assets that were signed but not disposed of during the reporting period.

Investment property
(in € billions)



Essen

Liabilities

	Jun 2020	Dec 2019
	in € millions	
Loans and borrowings 1)	2,088.6	889.4
Straight bonds and schuldscheins	10,155.9	9,138.9
Deferred tax liabilities 2)	2,072.2	1,119.5
Other long-term liabilities and derivative financial instruments 3)	702.5	393.8
Current liabilities 4)	727.7	524.2
Total Liabilities	**15,746.9**	**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 €15.7 billion as at the end of June 2020 compared to €12.1 billion at year-end 2019, growing mainly due to the TLG takeover. The merger added 3 straight bonds with a nominal value of €1.6 billion, of which approx. €260 million was redeemed during the second quarter of 2020, and bank loans of €1 billion at the date of consolidation. After the reporting period, AT and TLG agreed on an issuer substitution for all TLG's outstanding senior bonds. Thereupon, AT became the issuer of TLG's senior bonds (TLG remained as a guarantor of the senior bonds). The pooling of instruments on the level of the parent company paves the way for realization of potential future financial synergies identified during the merger process. The merger supported the Group in maintaining a healthy balance sheet with low leverage owing to a strongly overlapping conservative financial structure of both companies. AT also repurchased €260 million of Series D, E and F straight bonds, as well as repaid €50 million of bank loans. After the reporting period, AT additionally repurchased over €200 million of shorter-term bonds which included a clean up of Series F 2023 bonds. These are all part of the Company's proactive debt optimization program. Supported by TLG's similar debt profile, AT is able to maintain a low cost of debt of 1.6% and long average debt maturity of 6.2 years.

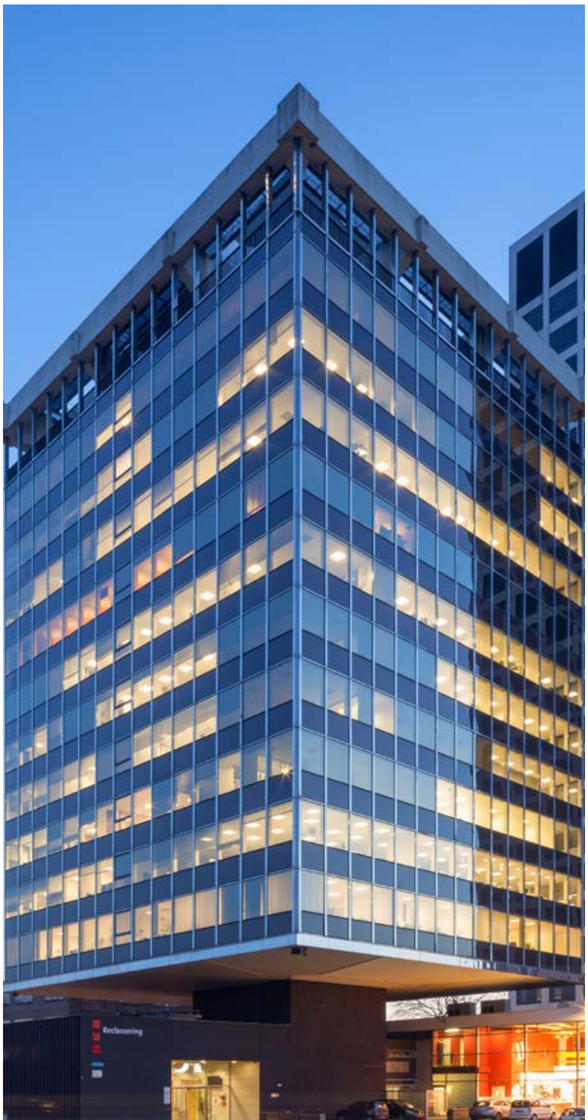
Deferred tax liabilities totaled to €2.1 billion as at the end of June 2020, compared to €1.1 billion at year-end 2019. Deferred tax liabilities make up 13% of total liabilities and are non-cash items that are predominantly tied to revaluation profits. The growth in deferred tax liabilities mostly relate to the TLG takeover and revaluation gains 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. The other long-term liabilities increased mainly due to the increase in derivatives in relation to the takeover of TLG. Current liabilities also increased mainly due to the full consolidation of TLG's financial accounts.

Net financial debt

	Jun 2020	Dec 2019
	in € millions	
Total financial debt 1)	12,244.5	10,028.3
Cash and liquid assets 2)	2,711.8	3,043.8
Net financial debt	**9,532.7**	**6,984.5**

1) including loans and borrowings under held for sale
2) including cash and cash equivalents under held for sale

The net financial debt amounted to €9.5 billion as at the end of June 2020, compared to €7.0 billion as at year-end 2019. The total financial debt's growth is mainly driven by the takeover of TLG, partially offset by debt prepayments. Cash and liquid assets amounted to €2.7 billion at the end of June 2020, compared to €3.0 billion at year-end 2019 while cash and cash equivalents balance was €2.33 billion at June 2020, compared to €2.19 billion at year-end 2019. AT's high liquidity position provides high financial strength, flexibility, headroom, as well as firepower for accretive acquisitions.



Rotterdam

Loan-to-Value

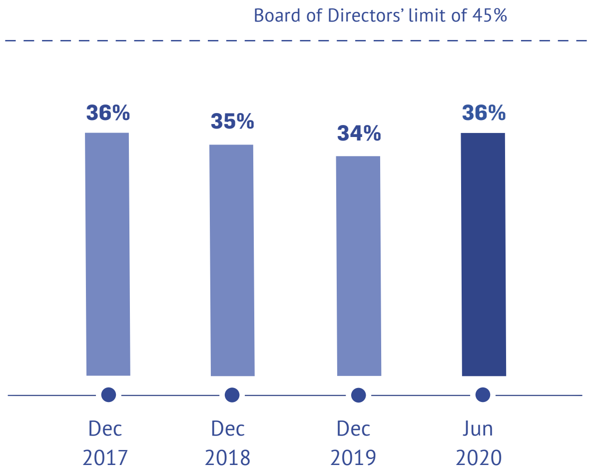
	Jun 2020	Dec 2019
	in € millions	
Investment property 1)	22,622.8	18,113.6
Assets held for sale 2)	899.9	202.4
Investment in equity-accounted investees	3,091.9	2,505.9
Total value	**26,614.6**	**20,821.9**
Net financial debt 3)	**9,532.7**	**6,984.5**
LTV	**36%**	**34%**

1) including advance payments for investment properties and excluding the effects of IFRS 16
2) including properties held for sale
3) 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 kept its LTV low at 36% as of the end of June 2020 as the TLG takeover has been financed through a share-to-share exchange. The slight increase compared to 34% at year-end 2019 is due to the consolidation with TLG. Nevertheless, AT has kept its leverage low consistently throughout the years. The LTV is well below the Board of Director's limit which reflects the strong 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

	Jun 2020	Dec 2019
	in € millions	
Rent generated by unencumbered assets *	847.3	789.7
Rent generated by the total Group *	1,152.0	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 ratio of unencumbered assets. A high ratio of 74% with a total value of €16.1 billion as at the end of June 2020, compared to 81% and €14.2 billion as at year-end 2019, provides the Company with additional flexibility and liquidity potential. The ratio has decreased due to the takeover of TLG which has a lower ratio of unencumbered assets compared to AT prior to the takeover yet remains significantly above the 50% level set in the Company's financial policy.

ICR

	Six months ended June 30, 2020	2019
	in € millions	
Group finance expenses 1)	110.5	80.5
Adjusted EBITDA 2)	502.5	364.6
ICR	**4.5x**	**4.5x**

1) including AT's share in GCP and other investments
2) including the contributions from non-core commercial assets held for sale, GCP and other investments, excluding general provisions relating to deferred hotel rents due to Covid pandemic

A solid financial cover ratio with a high ICR of 4.5x as of the first half 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.


Mainz

Equity

	Jun 2020	Dec 2019
	in € millions	
Total equity	**16,445.0**	**13,378.9**
of which equity attributable to the owners of the Company	11,401.6	9,585.5
of which equity attributable to perpetual notes investors	3,118.6	2,484.0
of which non-controlling interests	1,924.8	1,309.4
Equity ratio	**51%**	**53%**

Total equity amounted to €16.4 billion at the end of June 2020 and grew by 23% compared to €13.4 billion recorded at year-end 2019. The growth was observed in all three main equity items. Shareholders' equity grew by 19% from €9.6 billion at year-end 2019 to €11.4 billion at the end of June 2020. This is predominantly driven by the takeover of TLG which was financed through a share-for-share exchange, shareholders' profit generated during the period and the issuance of mandatory convertible notes, offset by the share buyback program. Equity attributable to perpetual notes investors grew from €2.5 billion at year-end 2019 to €3.1 billion at the end of June 2020 due to the addition of TLG's perpetual notes. After the reporting date, AT and TLG agreed on an issuer substitution for TLG's perpetual notes. Thereupon, and after the final substitution process will be completed, AT will become the issuer of TLG's perpetual notes. Equity attributable to non-controlling interests grew from €1.3 billion at year-end 2019 to €1.9 billion at the end of June 2020 mainly as a result of the minority stake in TLG, consolidation of TLG's minorities as well as €97 million of profits attributed to non-controlling interests, partially offset by the increase of ownership interests in certain assets.

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 the owners of the Company since these notes are convertible in the discretion of the Company.

Düsseldorf

EPRA NAV and EPRA NNNAV

	Jun 2020		Dec 2019	
	in € millions	per share	in € millions	per share
NAV per the financial statements	**16,445.0**		13,378.9	
Equity attributable to perpetual notes investors	(3,118.6)		(2,484.0)	
NAV excluding perpetual notes	**13,326.4**		**10,894.9**	
Fair value measurements of derivative financial instruments 1)	(8.3)		(71.6)	
Deferred tax liabilities 2)	2,013.5		1,119.5	
NAV	**15,331.6**	**€11.1**	**11,942.8**	**€9.8**
Non-controlling interests	(1,924.8)		(1,309.4)	
Adjustment for TLG 3)	(1,017.4)		-	
EPRA NAV	**12,389.4**	**€9.0**	**10,633.4**	**€8.7**
Equity attributable to perpetual notes investors	3,118.6		2,484.0	
EPRA NAV including perpetual notes	**15,508.0**	**€11.2**	**13,117.4**	**€10.7**
Number of shares (in millions) 4)	1,378.9		1,224.9	
EPRA NAV	**12,389.4**		**10,633.4**	
Fair value measurements of derivative financial instruments	8.3		71.6	
Net fair value of debt	(443.4)		(522.7)	
Deferred tax liabilities 5)	(77.1)		(43.0)	
EPRA NNNAV	**11,877.2**	**€8.6**	**10,139.3**	**€8.3**
Number of shares (in millions) 4)	1,378.9		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 TLG combination, 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

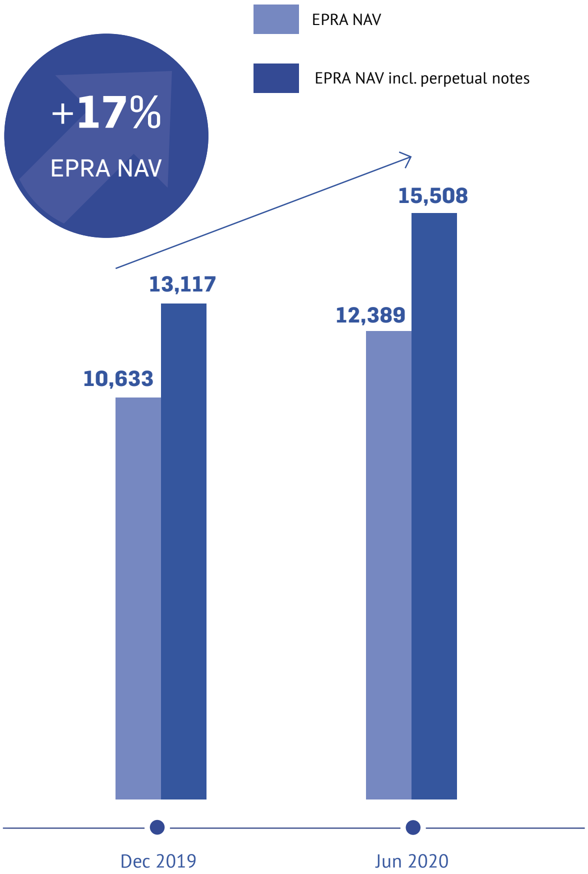
The EPRA NAV is defined by the European Public Real Estate Association (EPRA) as the net asset value of the Company adjusted to include real estate properties and other investment interests at fair values and exclude certain items that are not expected to materialize in a long-term real estate business 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 at the end of June 2020 amounted to €12.4 billion and increased by 17% compared to €10.6 billion recorded at year-end 2019. This was driven by the TLG takeover and profits recorded during the period, as well the issuance of mandatory convertible notes. EPRA NAV per share increased by 3% from €8.7 at year-end 2019 to €9.0 per share at the end of June 2020, marginally supported by the ongoing share buyback program at a share price significantly below the EPRA NAV per share. In June 2020 AT initiated a €500 million share buyback program which enables AT to create shareholder value as properties are sold above book value and the shares are bought significantly below book value. AT estimates that the impact of the buyback program on the EPRA NAV per share will be larger in the upcoming periods.

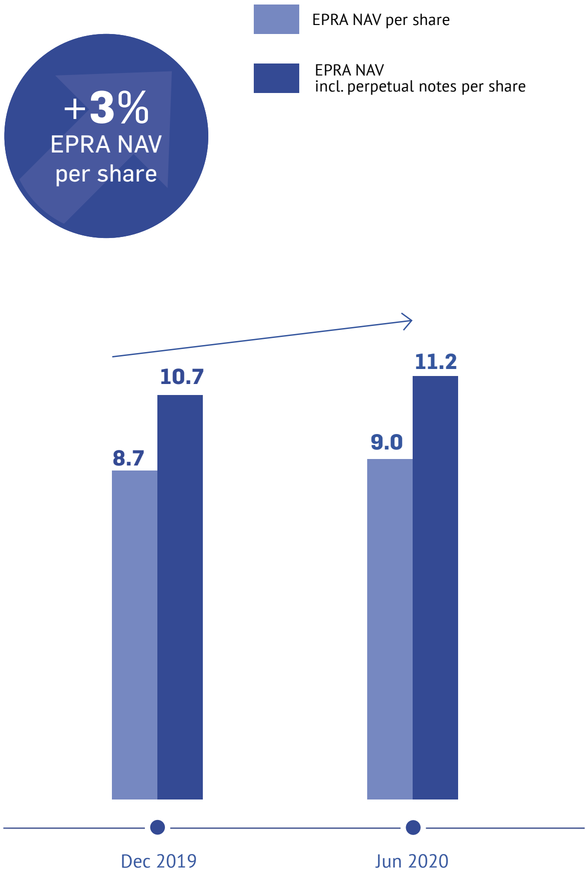
EPRA NAV including perpetual notes amounted to €15.5 billion and €11.2 per share at the end of June 2020 and increased by 18% from €13.1 billion and by 5% on a per share basis from €10.7 per share at year-end 2019, following the EPRA NAV coupled with the addition of TLG's perpetual notes.

EPRA NNNAV amounted to €11.9 billion and €8.6 per share at the end of June 2020 and increased by 17% and 4% from €10.1 billion and €8.3 per share at year-end 2019, respectively. This growth follows the EPRA NAV growth. An adverse fair value movement in the Company's bonds due to market volatility towards the end of the first quarter of 2020 were partly recovered during the second quarter of 2020.

EPRA NAV (in € millions)



EPRA NAV per share (in € millions)




Frankfurt

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 *Other adjustments,* as well as *One-off expenses related to TLG merger*. *Other adjustments* is calculated by (1) deducting the Adjusted EBITDA related to assets held for sale, a non-recurring item and (2) adding back employee share based payments, a non-cash item. In order to reflect only the recurring operational results, 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*.

Due to prevailing uncertainties of the effects from Coronavirus, the recovery in hotel industry remains uncertain. AT has thus created provisions on deferred rents. 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
(+) One-off expenses related to TLG merger
(-) Other adjustments
(+) Extraordinary general rental provisions related to deferred rents [1]
(=) Adjusted EBITDA Commercial portfolio, Recurring Long-term
(+) Adjustment for GCP's and other investments' adjusted EBITDA contribution [2]
(=) Adjusted EBITDA

1) general provisions relating to deferred hotel rents due to Covid pandemic
2) 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 *Other adjustments*. *Other adjustments* 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.

Due to prevailing uncertainties of the effects from Coronavirus, the recovery in hotel industry remains uncertain. 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
(+) Other adjustments
(=) 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

* general provisions relating to deferred hotel rents due to 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*.

Due to prevailing uncertainties of the effects from Coronavirus, the recovery in hotel industry remains uncertain. 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

* general provisions relating to deferred hotel rents due to 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 for real estate transactions* and excludes the effects of IFRS 16*, Assets held for sale* (which is held for sale investment property) 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)
(+) Assets held for sale 2)
(+) Investment in equity-accounted investees
(=) (a) Total value
(+) Total financial debt 3) 4)
(-) Cash and liquid assets 4)
(=) (b) Net financial debt
(=) (b/a) LTV

1) including advance payments for investment properties and excluding the effects of IFRS 16
2) held for sale investment property
3) total bank loans and bonds
4) 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 general provisions relating to deferred hotel rents due to Covid pandemic

Stuttgart

Responsibility statement

To the best of our knowledge, the condensed interim consolidated financial statements of Aroundtown SA, prepared in accordance with the applicable reporting principles for financials statements, give a true and fair view of the assets, liabilities, financial position and profit 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, August 26, 2020

Frank Roseen
Member of the Board of Directors

Jelena Afxentiou
Member of the Board of Directors


ATLC
Alexanderstraße 5

Interim Consolidated Statement Of Profit Or Loss

		Six months ended June 30,		Three months ended June 30,	
		2020	2019	**2020**	2019
		Unaudited			
	Note	in € millions			
Revenue	7	**588.3**	**420.6**	**310.6**	**213.1**
Property revaluations and capital gains		564.0	679.4	245.6	439.5
Share in profit from investment in equity-accounted investees		108.2	198.1	83.4	107.1
Property operating expenses		(185.4)	(109.9)	(115.0)	(56.7)
Administrative and other expenses		(26.9)	(13.1)	(12.8)	(7.1)
Operating profit		**1,048.2**	**1,175.1**	**511.8**	**695.9**
Finance expenses		(98.9)	(70.3)	(53.4)	(36.6)
Other financial results		(99.7)	37.2	(13.6)	(11.6)
Profit before tax		**849.6**	**1,142.0**	**444.8**	**647.7**
Current tax expenses		(45.6)	(26.0)	(21.2)	(13.5)
Deferred tax expenses		(177.7)	(146.7)	(43.0)	(101.8)
Profit for the period		**626.3**	**969.3**	**380.6**	**532.4**
Profit attributable to:					
Owners of the Company		486.2	765.4	302.8	353.8
Perpetual notes investors		43.2	22.3	23.0	11.4
Non-controlling interests		96.9	181.6	54.8	167.2
Profit for the period		**626.3**	**969.3**	**380.6**	**532.4**
Net earnings per share attributable to the owners of the Company (in €)					
Basic earnings per share		0.36	0.68	0.22	0.31
Diluted earnings per share		0.36	0.67	0.22	0.31

Interim Consolidated Statement Of Comprehensive Income

	Six months ended June 30,		Three months ended June 30,	
	2020	2019	**2020**	2019
	Unaudited			
	in € millions			
Profit for the period	**626.3**	**969.3**	**380.6**	**532.4**
Other comprehensive income (loss):				
Items that are or may be reclassified subsequently to profit or loss				
Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations	(31.9)	0.8	(23.7)	(8.5)
Cash flow hedges and cost of hedging	25.6	6.7	(32.4)	(5.8)
Equity-accounted investees – share of OCI	(20.0)	(3.7)	(10.2)	(3.3)
Tax related to the other comprehensive income components	(6.4)	(3.8)	8.2	0.3
Total comprehensive income for the period	**593.6**	**969.3**	**322.5**	**515.1**
Total comprehensive income attributable to:				
Owners of the Company	453.5	765.4	244.7	336.5
Perpetual notes investors	43.2	22.3	23.0	11.4
Non-controlling interests	96.9	181.6	54.8	167.2
Total comprehensive income for the period	**593.6**	**969.3**	**322.5**	**515.1**

Interim Consolidated Statement Of Financial Position

	Note	June 30, 2020	December 31, 2019
		Unaudited	Audited
		in € millions	
Assets			
Property, equipment and intangible assets	6	883.3	19.8
Investment property	8	22,647.5	18,127.0
Advance payments and deposits		194.7	181.4
Investment in equity-accounted investees	9	3,091.9	2,505.9
Derivative financial assets		257.5	158.7
Other non-current assets		676.7	628.3
Deferred tax assets		195.5	80.8
Non-current assets		**27,947.1**	**21,701.9**
Cash and cash equivalents		2,333.7	2,191.7
Short-term deposits		4.6	4.7
Financial assets at fair value through profit or loss		371.6	842.2
Dividend receivable		8.4	-
Trade and other receivables		578.0	453.9
Derivative financial assets		37.5	36.1
Assets held for sale	12	911.0	214.2
Current assets		**4,244.8**	**3,742.8**
Total Assets		**32,191.9**	**25,444.7**

	Note	June 30, 2020	December 31, 2019
		Unaudited	Audited
		in € millions	
Equity			
Share capital	11.1	15.4	12.2
Treasury shares	11.4	(1,633.5)	-
Retained earnings and capital reserves	11.2, 11.3	13,019.7	9,573.3
Equity attributable to the owners of the Company		**11,401.6**	**9,585.5**
Equity attributable to perpetual notes investors	11.5	3,118.6	2,484.0
Equity attributable to the owners of the Company and perpetual notes investors		**14,520.2**	**12,069.5**
Non-controlling interests		1,924.8	1,309.4
Total Equity		**16,445.0**	**13,378.9**
Liabilities			
Loans and borrowings	10.2	1,747.8	620.6
Straight bonds and schuldscheins	10.1, 10.2	10,155.9	9,138.9
Derivative financial liabilities		390.8	71.7
Other non-current liabilities		282.4	270.6
Deferred tax liabilities		2,050.4	1,107.4
Non-current liabilities		**14,627.3**	**11,209.2**
Current portion of long-term loans and loan redemptions		316.8	245.9
Trade and other payables		509.6	342.8
Tax payable		45.2	24.9
Provisions for other liabilities and charges		166.9	149.1
Derivative financial liabilities		29.3	51.5
Liabilities held for sale	12	51.8	42.4
Current liabilities		**1,119.6**	**856.6**
Total Liabilities		**15,746.9**	**12,065.8**
Total Equity and Liabilities		**32,191.9**	**25,444.7**

The Board of Directors of Aroundtown SA authorised these condensed interim consolidated financial statements for issuance on August 26, 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 six-month period ended June 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	-	-	-	-	486.2	486.2	43.2	529.4	96.9	626.3
Other comprehensive income (loss) for the period, net of tax	-	(51.9)	19.2	-	-	(32.7)	-	(32.7)	-	(32.7)
Total comprehensive income (loss) for the period	**-**	**(51.9)**	**19.2**	**-**	**486.2**	**453.5**	**43.2**	**496.7**	**96.9**	**593.6**
Transactions with owners of the Company										
Contributions and distributions										
Share buy-back program	-	-	-	(12.7)	-	(12.7)	-	(12.7)	-	(12.7)
Issuance of mandatory convertible notes	-	190.6	-	-	-	190.6	-	190.6	-	190.6
Equity-settled share-based payment	(*) 0.0	2.7	-	-	-	2.7	-	2.7	-	2.7
Total contributions and distributions	**(*) 0.0**	**193.3**	**-**	**(12.7)**	**-**	**180.6**	**-**	**180.6**	**-**	**180.6**
Changes in ownership interests										
Transactions with non-controlling interests and deconsolidations	-	-	-	-	53.4	53.4	-	53.4	(126.4)	(73.0)
Business combination with TLG	3.2	2,746.2	-	(1,620.8)	-	1,128.6	643.1	1,771.7	644.9	2,416.6
Total changes in ownership interests	**3.2**	**2,746.2**	**-**	**(1,620.8)**	**53.4**	**1,182.0**	**643.1**	**1,825.1**	**518.5**	**2,343.6**
Transactions with perpetual notes investors										
Amount attributed to perpetual notes investors	-	-	-	-	-	-	(51.7)	(51.7)	-	(51.7)
Total transactions with perpetual notes investors	**-**	**-**	**-**	**-**	**-**	**-**	**(51.7)**	**(51.7)**	**-**	**(51.7)**
Balance as at June 30, 2020 (Unaudited)	**15.4**	**5,895.6**	**21.4**	**(1,633.5)**	**7,102.7**	**11,401.6**	**3,118.6**	**14,520.2**	**1,924.8**	**16,445.0**

(*) less than €0.1 million

Interim Consolidated Statement Of Changes In Equity

For the six-month period ended June 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	-	-	-	765.4	765.4	22.3	787.7	181.6	969.3
Other comprehensive income (loss) for the period, net of tax	-	(2.6)	2.6	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**(2.6)**	**2.6**	**765.4**	**765.4**	**22.3**	**787.7**	**181.6**	**969.3**
Transactions with owners of the Company									
Contributions and distributions									
Equity-settled share-based payment	-	2.0	-	-	2.0	-	2.0	-	2.0
Dividend distribution	-	(267.1)	-	-	(267.1)	-	(267.1)	-	(267.1)
Total contributions and distributions	**-**	**(265.1)**	**-**	**-**	**(265.1)**	**-**	**(265.1)**	**-**	**(265.1)**
Changes in ownership interests									
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	(21.7)	(21.7)	-	(21.7)	378.6	356.9
Total changes in ownership interests	**-**	**-**	**-**	**(21.7)**	**(21.7)**	**-**	**(21.7)**	**378.6**	**356.9**
Transactions with perpetual notes investors									
Issuance of perpetual notes	-	-	-	-	-	434.6	434.6	-	434.6
Amount attributed to perpetual notes investors	-	-	-	-	-	(31.0)	(31.0)	-	(31.0)
Total transactions with perpetual notes investors	**-**	**-**	**-**	**-**	**-**	**403.6**	**403.6**	**-**	**403.6**
Balance as at June 30, 2019 (Unaudited)	**11.3**	**2,355.4**	**(10.4)**	**5,990.7**	**8,347.0**	**1,973.6**	**10,320.6**	**1,128.0**	**11,448.6**

Interim Consolidated Statement Of Cash Flows

	Six months ended June 30,	
	2020	2019
	Unaudited	
	in € millions	
Cash flows from operating activities		
Profit for the period	**626.3**	**969.3**
Adjustments for the profit:		
Depreciation and amortization	1.7	0.8
Property revaluations and capital gains	(564.0)	(679.4)
Share in profit from investment in equity-accounted investees	(108.2)	(198.1)
Finance expenses and other financial results	198.6	33.1
Current and deferred tax expenses	223.3	172.7
Share-based payment	2.7	1.9
Change in working capital	(70.4)	(24.6)
Dividend received	16.4	-
Tax paid	(45.4)	(23.3)
Net cash provided by operating activities	**281.0**	**252.4**
Cash flows from investing activities		
Acquisitions of equipment and intangible assets, net	(5.6)	(2.3)
Investments in and acquisitions of investment property, capex and advances paid, net	(289.6)	(579.0)
(Acquisitions) / disposals of investees and loans, net of cash acquired / (disposed)	77.5	(532.2)
Investments in traded securities and other financial assets, net	(137.1)	(440.8)
Net cash used in investing activities	**(354.8)**	**(1,554.3)**

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	Six months ended June 30, 2020	2019
	Unaudited	
	in € millions	
Cash flows from financing activities		
Share buy-back program	(12.6)	-
Proceeds from issuance of mandatory convertible notes, net	224.3	-
Proceeds from issuance of straight bonds, net	-	1,662.1
Buy-back of straight bonds	(537.6)	-
Proceeds (payments) from / (to) perpetual notes investors, net	(51.6)	403.6
Proceeds (repayments) from / (of) loans from financial institutions and others, net	166.9	(138.0)
Amortizations of loans from financial institutions	(15.5)	(10.4)
Transactions with non-controlling interests	34.6	(3.9)
Interest and other financial expenses paid, net	(101.6)	(72.3)
Net cash (used in) / provided by financing activities	**(293.1)**	**1,841.1**
Net change in cash and cash equivalents	**(366.9)**	**539.2**
Cash and cash equivalents as at January 1	2,191.7	1,242.8
Assets held for sale – change in cash	0.7	(0.3)
Cash and cash equivalents from initial consolidation of TLG [(a)]	509.8	-
Effect of movements in exchange rates on cash held	(1.6)	(2.2)
Cash and cash equivalents as at June 30	**2,333.7**	**1,779.5**

(a) 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 six-month period ended June 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 June 30, 2020, Aroundtown holds 39.43% (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 six-month period ended June 30, 2020 consist of the financial statements of the Company and its investees ("the Group").

2. Significant changes in the reporting period

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

- Business combination with TLG Immobilien AG ("TLG") – the Group took over 77.5% of the shares of TLG and initially consolidated it starting February 19, 2020 (see note 6).
- The Group issued $250 million nominal value of Mandatory Convertible Notes, convertible into the Company's shares (see note 11.3).
- Repayment and buy-back of €518.1 million nominal value of the Group's straight bonds (see note 10.1 and 10.2).
- Buy-back of 2.3 million of the Company's shares performed under the share buy-back program (see note 11.4).
- Signing on deals to dispose of investment property in a total amount of over €700 million that will come into effect after the reporting period (see note 14 (a).
- In order to reflect the prevailing uncertainties due to the Covid effect over the hotel industry, the Company created an extraordinary provision for doubtful debts of €35 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").

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

The 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 the 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 June 30, 2020, the Company has financial instruments in British Pound (GBP), US Dollar (USD), Swiss Franc (CHF), Australian Dollar (AUD), Canadian Dollar (CAD), Norwegian Krone (NOK), Hong Kong Dollar (HKD) and Japanese Yen (JPY).

4. Changes in accounting policies

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 of the inputs and processes needed to create outputs. These amendments had no impact on the condensed interim consolidated financial statements of the Company.

- **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.

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 values hierarchy

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

	June 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	371.6	371.6	371.6	-	842.2	842.2	842.2	-
Derivative financial assets	295.0	295.0	-	295.0	194.8	194.8	-	194.8
Total financial assets	**666.6**	**666.6**	**371.6**	**295.0**	**1,037.0**	**1,037.0**	**842.2**	**194.8**
Financial liabilities								
Derivative financial liabilities	420.1	420.1	-	420.1	123.2	123.2	-	123.2
Total financial liabilities	**420.1**	**420.1**	**-**	**420.1**	**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 values are not materially different to their carrying amounts, since interest receivable / payable is either close to current market rates or the instruments are short-term in nature. Significant changes were identified for the following instruments as at June 30, 2020:

	June 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 (*)	10,263.5	10,653.5	10,270.6	382.9	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 recognized 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.

Essen

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 June 30, 2020, TLG contributed revenue of €98.1 million and net profit of €205.0 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 €37.3 million and €6.2 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 10 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 €1.9 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 €6.1 million incurred as part of the capital increase process and is presented net from the share premium.

Berlin

Dresden

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		41.8
Deferred tax assets		110.7
Total identifiable non-current assets		**6,554.4**
Current assets		
Cash and cash equivalents		517.8
Trade and other receivables		81.3
Assets held for sale		3.0
Total identifiable current assets		**602.1**
Non-current liabilities		
Loans and borrowings	10	(966.6)
Straight bonds series 2022 and 2026	10	(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	10	(75.9)
Straight bond series 2024 [(c)]	10	(418.4)
Trade and other payables		(109.2)
Provisions for other liabilities and charges		(23.1)
Total identifiable current liabilities		**(626.6)**
Net identifiable assets and liabilities acquired		**3,454.4**
Perpetual notes [(d)]		**(643.1)**
Total identifiable assets, liabilities and perpetual notes		**2,811.3**

(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.

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 aquired	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.
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.
Perpetual notes	Quoted prices.

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)]	644.9
Fair value of identifiable net assets and perpetual notes	(2,811.3)
Goodwill recognized	**821.1**

(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 proportionate 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.

7. Revenue

	Six months ended June 30,	
	2020	2019
	in € millions	
Net rental income	501.9	358.5
Revenue from contracts with customers	86.4	62.1
	588.3	**420.6**

7.1 Disaggregation of revenue from contracts with customers

	Six months ended June 30,	
	2020	2019
	in € millions	
Revenue from goods or services transferred to customers over time:		
Operating and other income	**86.4**	62.1

7.2 Geographical information

The geographical breakdown of revenue is as follows:

	Six months ended June 30,	
	2020	2019
	in € millions	
Germany	417.8	291.4
The Netherlands	88.5	67.3
United Kingdom	43.8	41.0
Belgium	12.0	1.0
Others	26.2	19.9
	588.3	**420.6**

8. Investment property

	Six months ended June 30	Year ended December 31
	2020	2019
	Unaudited	Audited
	in € millions	
Balance as at January 1	**18,127.0**	**14,174.0**
Adjustment for initial application of IFRS 16	-	145.5
Acquisitions of investment property and investment in capex during the period / year – see note 8A	5,043.4	3,260.3
Disposal of investment property during the period / year – see note 8B	(204.4)	(676.2)
Effect of foreign currency exchange differences	(101.3)	72.7
Transfer to held for sale, net	(777.3)	(53.0)
Fair value adjustments	560.1	1,203.7
Balance as at June 30 / December 31	**22,647.5**	**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 the amount of €114.3 million.

B. Disposals

During the reporting period, the Group sold investment property in the amount of €207.4 million (for the year 2019: €690.7 million), of which €162.0 million relates to loss of control over investment property while maintaining significant influence after the disposal. Disposals during the period resulted in a gain of €3.0 million (for the year 2019: €14.5 million).

Additional disposals took place from assets classified as held for sale – see note 12.

Lüneburger Heide

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 of GCP 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, after the reporting period, the Company received approximately €8.2 million in cash and was issued approximately 2.6 million 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 Buy-back of the Company's straight bonds and deconsolidation of bank loans

In January 2020, the Company completed the buy-back of a total nominal value of €259.6 million of its straight bonds: €49.0 million nominal value of series D (maturing in 2022), €60.4 million nominal value of series F (maturing in 2023) and €150.2 million nominal value of series E (maturing in 2024) for a purchase price of 103.32%, 106.25% and 105.74% of the principal amount, excluding accrued interest, respectively.

After the reporting period, the Company bought back additional nominal value of €99.4 million of its straight bonds. See note 14 (b).

During the reporting period, the Group repaid and deconsolidated bank loans amounting to €50.4 million and €52.2 million, respectively.

10.2 TLG straight bonds

As part of the business combination with TLG, the Group initially consolidated 3 straight bonds series with the following characteristics:

1) €600 million nominal value of "2022 straight bond" 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" 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" maturing in 2026 and carrying 1.5% interest rate p.a. The fair value as at initial consolidation was 105.46%.

After the reporting period, the three straight bonds of TLG were substituted from TLG Immobilien AG to Aroundtown SA. See note 14 (c) for further information.

Hannover

11. Equity

11.1 Share capital

	Six months ended June 30, 2020		Year ended 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 note 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.

In June 2020, the Company's Board of Directors resolved on a share buy-back program for its own shares with a volume of up to 120 million shares for a total purchase price of up to €500 million. The buy-back program began on June 3, 2020 and shall be finalized by December 31, 2020 and follows the shareholder authorization received during the OGM in the beginning of May 2020. During June 2020, the Company acquired 2,296,178 of its own shares.

The shares held in treasury have suspended voting rights but are 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 bonds 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 bonds 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.

See note 14 (c) for further information on events after the reporting period.

12. Assets and liabilities held for sale

During the reporting period, the Company completed the sale transaction of non-core and mature properties in a value of €82.3 million and recognized capital gain of €0.9 million which is presented as part of the property revaluations and capital gains in the interim consolidated statement of profit or loss.

Moreover, the Group has allocated €777.3 million net, of investment property comprised of mainly none-core and mature assets to held for sale. See also note 14 (a).


Berlin

13. Commitments

As at June 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) During the reporting period, the Group signed the disposals of investment property portfolios in the amount of around €700 million, comprised of mainly retail properties and other non-core assets. The deals are expected to take place by the year-end subject to several conditions precedent.

b) In July 2020, the Company bought back a total nominal value of €99.4 million of its straight bonds: €51.5 million and €47.9 million nominal value of series D (maturing in 2022) and series F (maturing in 2023), respectively, by way of a tender offers to the bondholders. The outstanding nominal value of series D and series F post the buy-back is €159.0 million and €103.1 million, respectively. Thereafter, the Company exercised a clean-up call for the redemption of the outstanding straight bond series F as per the bond's terms and conditions. The amount payable to bondholders will be the nominal value plus accrued but unpaid interest, with a maturity date of September 1, 2020.

c) In July 2020, the Company agreed with TLG on the substitution of the Company in place of TLG as the issuer and obligor for all TLG's outstanding straight bonds series, to which TLG shall remain a guarantor. The substitution of the straight bonds series came into effect on August 1, 2020.

   Furthermore, in August 2020, the holders of TLG's perpetual notes voted in favour of replacing the original issuer of the perpetual notes with Aroundtown SA. The Group expects the substitution process for the perpetual notes to be completed in the coming months.

d) After the reporting period, the Company additionally bought back approximately 23 million of its own shares under the share buy-back program.

e) Service Agreement between the Company and TLG

   The Company, as well as certain of its affiliates, and TLG Immobilien AG have agreed on the main principles of 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.

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 August 26, 2020.

Berlin

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AROUNDTOWN SA

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