AROUNDTOWN SA

Berlin

CONSOLIDATED ANNUAL REPORT

For the year ended
December 31,
2020


BERLIN
ALEXANDERPLATZ
OVER 140,000 SQM
LETTABLE SPACE IN
THE PRIME COMMERCIAL
AND TOURIST CENTER
ALEXANDERPLATZ
Alexanderplatz Karl-Liebknecht-Straße 24k sqm
Alexanderplatz Karl-Liebknecht-Straße 34k sqm
Alexanderplatz Karl-Liebknecht-Straße 6k sqm
Alexanderplatz Alexanderstraße 55k sqm
Alexanderplatz Bernhard-Weiß-Straße 2k sqm
Alexanderplatz Rathausstraße 11k sqm
Berlin TV Tower
Alexanderplatz Train Station
Hackescher Market Münzstraße & Max-Beer-Straße 2k sqm
Hackescher Market Dircksenstrasse 9k sqm
Alexanderplatz

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FINANCIAL POSITION HIGHLIGHTS

In € millions unless otherwise indicated	Dec 2020	Dec 2019	Dec 2018
Total Assets	31,021.6	25,444.7	19,040.8
Total Equity	15,583.0	13,378.9	9,944.3
Investment property	21,172.4	18,127.0	14,174.0
Investment property of assets held for sale	830.2	202.4	203.7
Cash and liquid assets [1]	3,262.7	3,043.8	1,600.6
Unencumbered assets ratio [2]	76%	81%	72%
Equity Ratio	50%	53%	52%
Loan-to-Value	34%	34%	35%

1) including cash and liquid assets under held for sale
2) by rent

KEY FINANCIALS

In € millions unless otherwise indicated	1-12/2020 [4]	change	1-12/2019
Revenue	1,180.3	32%	894.8
Net rental income	1,003.0	31%	765.7
Adjusted EBITDA [1]	944.1	22%	772.7
FFO I before perpetual [1] [2]	447.4	(11%)	503.4
FFO I per share before perpetual (in €) [1] [2]	0.34	(21%)	0.43
FFO I (previously defined as FFO I after perpetual, Covid adjusted) [1] [2]	357.8	(20%)	445.6
FFO I per share (in €) (previously defined as FFO I per share after perpetual, Covid adjusted) [1] [2]	0.27	(29%)	0.38
FFO II [2] [3]	932.5	23%	756.5
ICR	4.3x	(0.5x)	4.8x
Profit for the year	906.4	(47%)	1,709.1
EPS (basic) (in €)	0.50	(55%)	1.12
EPS (diluted) (in €)	0.49	(56%)	1.11

1) including AT's share in companies which AT has significant influence, excluding the contributions from assets held for sale
2) including €120 million extraordinary expenses for uncollected rent due to the Covid pandemic
3) reclassified in 2020 to be based on FFO I (previously defined as FFO I after perpetual, Covid adjusted)
4) TLG is consolidated as of 19/02/2020

	2020	change	2019
Dividend per share (in €) [1]	0.22	57%	0.14

1) 2020 dividend is based on 65% of FFO I per share before perpetual (previously defined as FFO I per share, Covid adjusted) - subject to AGM approval. From FY 2021 onwards, dividend payout ratio is 75% of FFO I per share (previously defined as FFO I per share after perpetual, Covid adjusted)

EPRA PERFORMANCE MEASURES

In € millions unless otherwise indicated	**2020**	Change	2019
EPRA Earnings	**434.8**	(9%)	475.8
EPRA Earnings per share (in €)	**0.33**	(20%)	0.41
EPRA NRV	**13,093.9**	9%	11,987.3
EPRA NRV per share (in €)	**11.1**	13%	9.8
EPRA NTA	**11,187.4**	6%	10,522.7
EPRA NTA per share (in €)	**9.5**	10%	8.6
EPRA NDV	**8,354.9**	(1%)	8,439.9
EPRA NDV per share (in €)	**7.1**	3%	6.9
EPRA NAV	**11,511.8**	8%	10,633.4
EPRA NAV per share (in €)	**9.8**	13%	8.7
EPRA Net Initial Yield (NIY)	**3.6%**	(0.3%)	3.9%
EPRA 'Topped-up' NIY	**3.7%**	(0.3%)	4.0%
EPRA Vacancy - Commercial portfolio	**8.9%**	1.2%	7.7%
EPRA Vacancy - Group portfolio	**8.5%**	0.9%	7.6%
EPRA Cost Ratio (including direct vacancy costs)	**29.3%**	11.7%	17.6%
EPRA Cost Ratio (excluding direct vacancy costs)	**27.4%**	12.1%	15.3%
EPRA Cost Ratio (including direct vacancy costs, excluding Covid adjustment)	**19.4%**	1.8%	17.6%
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid adjustment)	**17.6%**	2.3%	15.3%

FRANKFURT HBF & CBD

APPROX. 200,000 SQM LETTABLE SPACE IN FRANKFURT'S PRIME CENTERS, MAIN CENTRAL TRAIN STATION AND BANKING DISTRICT

Frankfurt

THE COMPANY

The Board of Directors of Aroundtown SA and its investees (the "Company", "Aroundtown" or "AT"), including associates (the "Group"), hereby submits the annual report as of December 31, 2020. The figures presented are based on the consolidated financial statements as of December 31, 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 December 2020, the Company's holdings in GCP is 41%. 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.

CONTINUOUS PORTFOLIO GROWTH, FOCUS ON DIVERSIFICATION AND ON QUALITY

€24 BILLION GROUP PORTFOLIO* (AS OF DEC 2020)

+€3 BILLION SINCE DEC 2019

EXTERNAL GROWTH

- **TLG MERGER** – concluded in Feb 2020
- **3RD LARGEST** – listed Real Estate company in Europe
- **LARGEST OFFICE LANDLORD** – in Berlin, Munich & Frankfurt among listed RE companies

ENHANCED DIVERSIFICATION

- **65%** – Office and Residential
- **24%** – Hotel
- **86%** – Germany & The Netherlands (share of commercial portfolio)
- **CENTRALLY LOCATED** – In top tier cities

INTERNAL GROWTH

- **+1.3% (EXCLUDING HOTELS) +0.2% (INCLUDING HOTELS)** – LFL net rental income growth
- **+3.9%** – LFL value growth
- **€769 MILLION** – Revaluation and capital gains

CAPITAL RECYCLING

- **>€2.7BN DISPOSALS** – signed in 2020
- **€2.3BN** – closed in 2020
- **+3%** – above book value
- **+33%** – above cost value
- **INCREASING FIREPOWER** – fueling share buybacks at deep NAV discounts and debt repayments

* including 41% in GCP (residential portfolio) and excluding properties held for sale

HIGH FINANCIAL STRENGTH AND FLEXIBILITY

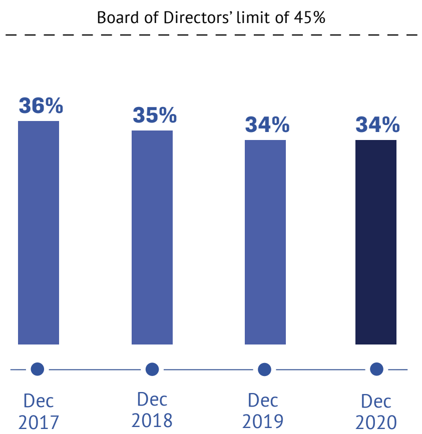
HIGH LIQUIDITY AND UNENCUMBERED ASSETS

€3.3 BILLION
Cash and liquid assets

€15.6 BILLION
Unencumbered investment properties (76% of rent)

Liquidity position is
4 TIMES
the debt maturing in the next 3 years

CONSISTENTLY LOW LTV



CONSERVATIVE DEBT PROFILE

6.1 YEARS
Long average debt maturity

1.4%
Low cost of debt

97%
High hedge ratio

BBB+ STABLE BY S&P Global
Reconfirmed in December 2020

BEST-IN-CLASS ACCESS TO CAPITAL MARKETS

>€2 BILLION DEBT REPAYMENTS
During 2020 and 2021

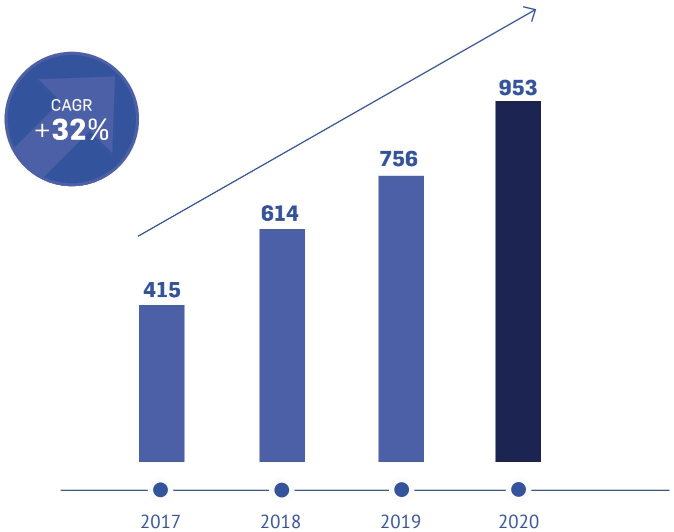
€1 BILLION NEW BOND
At 0% coupon, refinancing approx. €600 million of old bonds at avg. 1.5% coupon

€600 MILLION NEW PERPETUAL
At 1.625% coupon, refinancing >€230 million of 3.75% perpetual*

* both concluded in Jan 2021

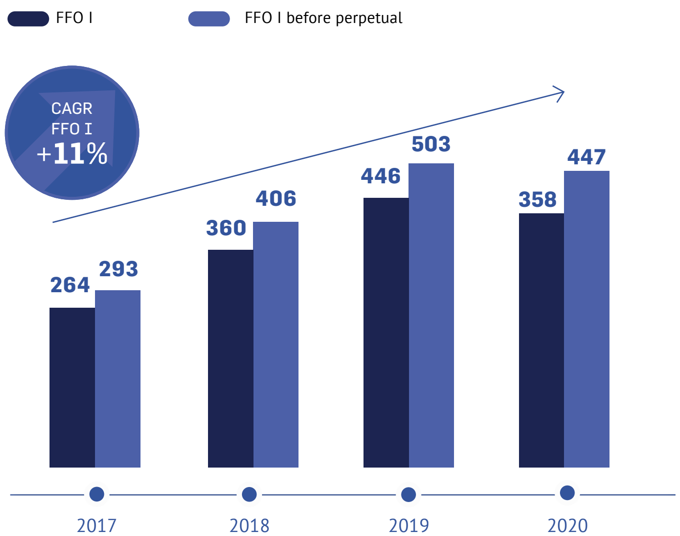
STRONG SHAREHOLDER VALUE GROWTH, SUPPORTED BY THE DEFENSIVE PORTFOLIO

RECURRING LONG-TERM NET RENTAL INCOME (IN € MILLIONS)



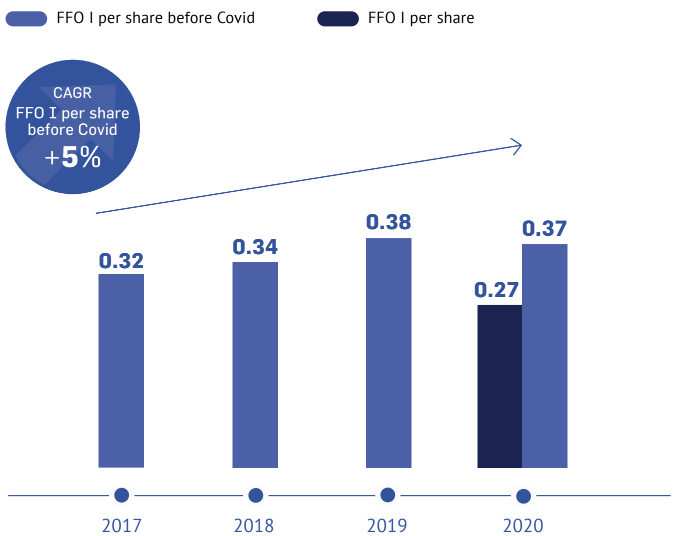
FFO I (IN € MILLIONS)

(PREVIOUSLY DEFINED AS FFO I AFTER PERPETUAL, COVID ADJUSTED)

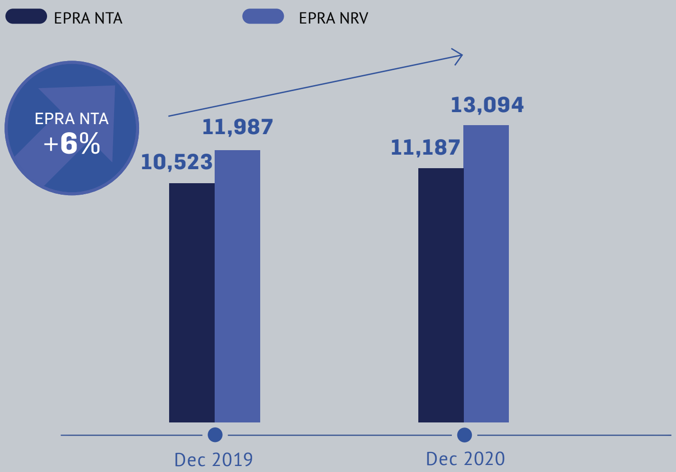


FFO I PER SHARE (IN €)

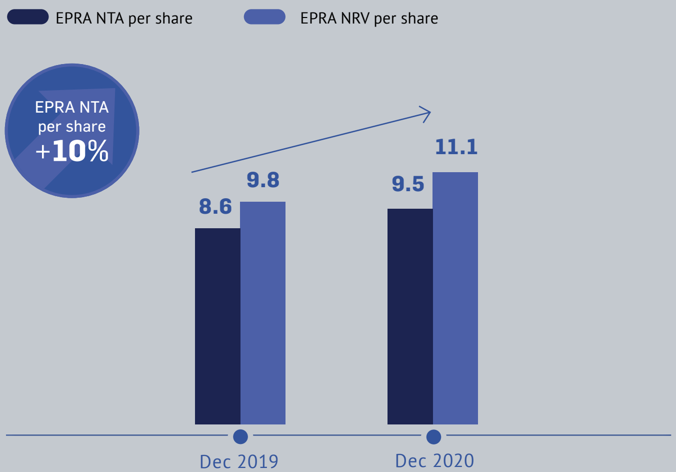
(PREVIOUSLY DEFINED AS FFO I PER SHARE AFTER PERPETUAL, COVID ADJUSTED)



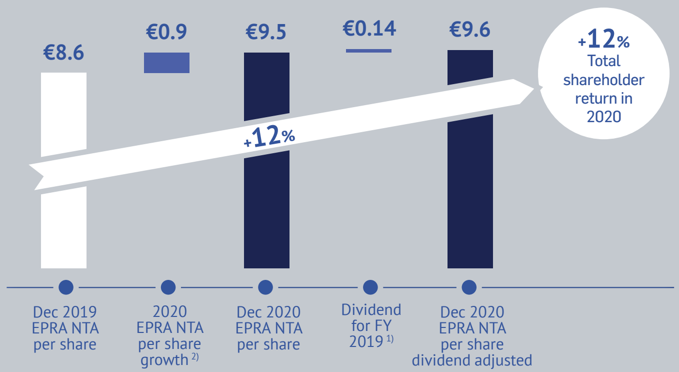
EPRA NTA & NRV (IN € MILLIONS)



EPRA NTA & NRV PER SHARE (IN €)



TOTAL SHAREHOLDER RETURN



1) Dividend was paid in Jan 2021 but the reserves were created already in 2020
2) For further details please see pages 64 - 67 of the Management Discussion and Analysis

STRONG STAKEHOLDER VALUE CREATION

SUSTAINABILITY SCORE

SUSTAINALYTICS

Top 8th percentile globally among 941 Real Estate peers, rated by Sustainalytics. Also rated by RobecoSAM in the **Top 75th** percentile among the peer group

SAM

Now a Part of S&P Global

SUSTAINABILITY INDICES

DAX® 50 ESG

Included since March 2020, also included in GPR ESG indices

Global property research
Solutions for customized property indices

CONSECUTIVE EPRA AWARDS

EPRA BPR GOLD

BOTH RECEIVED IN SEPTEMBER 2020

EPRA sBPR GOLD

EPRA BPR Gold award for the 4th consecutive year

EPRA sBPR Gold award for the 3rd consecutive year

LETTER FROM THE BOARD

DEAR STAKEHOLDERS,

2020 was an unprecedented year, with the unforeseen consequences of the COVID-19 pandemic impacting the lives of people and the economy across the world. In the midst of all the uncertainty of the past year, one fact stood out in our case: This crisis reiterated the importance of our diversification strategy and our focus on strong and sustainable long-term fundamentals. Thanks to the tremendous work of our teams and the strength of our portfolio, both of which were solidified by the takeover of TLG, we present you the results for the year 2020.

In February 2020, we successfully completed the takeover of TLG which resulted in Aroundtown becoming the third largest listed real estate company in Europe in terms of total assets. This merger was accretive to our platform in many aspects. It strengthened our focus on offices which increased to 51% of our Group portfolio as at year-end 2020. Moreover, it solidified our footprint in top tier cities and we are now the largest office landlord in Berlin, Frankfurt and Munich among publicly listed real estate companies. The strong overlap between Aroundtown's and TLG's portfolio further reinforced the strength of our platform and allows us to integrate the two platforms efficiently. The integration of TLG drives further operational growth and value creation in the future. In addition, we enhanced our governance structure with the addition of new members to the management which positions the Group towards a stronger future.

As the COVID-19 pandemic spread rapidly across the globe at the beginning of 2020, governments enacted lockdown measures to stop the spread of the virus. Hotels and non-essential retail stores remained closed during the imposed lockdowns, which materially impacted their business, and as a result our collection rates, especially in the hotel sector. The high degree of recovery potential in the hotel industry in our portfolio locations was seen during summer when restrictions started to ease. The recovery was the result of the traditionally high share of domestic travel in markets such as Germany, the Netherlands and the United Kingdom. Restrictions were reintroduced during the fall, withholding the recovery of our hotel portfolio. Our hotel portfolio, which makes up 24% of our Group portfolio, experienced the largest impact from the pandemic. Currently, vaccinations are being rolled out throughout Europe, and while it will take time to vaccinate the majority of the population and for lockdown restrictions to be lifted, we expect to see a strong recovery due to the strong domestic travel demand in our locations once the restrictions are lifted, similar to what we have seen in the summer months of 2020. Thanks to our high degree of diversification, our other asset classes continue to perform well, even during the lockdown. The German office market, in particular, entered the COVID-19 lockdown with record low vacancy rates. The undersupplied profile of the office market combined with strong demand kept market rents stable during the pandemic. Market transactions that occurred during 2020 and 2021 year-to-date show the sustained demand in German office real estate. Nevertheless, we are well-prepared to face market uncertainty and potential downturn thanks to our conservative financial profile, a high liquidity cushion, and a high headroom to our covenants. We are maintaining our strong financial position throughout the pandemic and continue to have a high financial flexibility, reflected in a low LTV of 34%, a high cash and liquid assets of €3.3 billion and a large pool of unencumbered investment properties of €15.6 billion. Additionally, S&P reconfirmed our BBB+ credit rating with a stable outlook in December 2020 based on our strong business profile and prudent financial policy.

With the outbreak of the crisis and the introduction of international lockdown restrictions, stock markets, including our share, decreased significantly, and have, in our opinion, disconnected from actual fundamentals in the market. This has been verified as, at the peak of the market volatility, we have disposed non-core and mature properties above book value, while our share was traded at a deep discount to book value. To benefit from this high arbitrage, we decided to buyback our shares which creates long-term, accretive shareholder value. We view the share buyback as a reinvestment into our portfolio, which is a higher yielding alternative to external acquisitions. We bought back €1 billion of our shares at an average price of €4.9 and at a discount of around 50% to the net asset value. The buyback of our share at such discounts enables us to create sustainable accretive growth on a per share basis. The buyback has been funded with our successful disposals above book value.

During 2020, we successfully signed over €2.7 billion disposals of non-core and mature assets. The properties were sold through various transactions at a +3% margin above book value and at a rent multiple of 19x. More than half of the disposals were retail and wholesale assets, and the remaining were office properties, hotel and development assets. Our ability to dispose assets at an attractive profit over book value validates our property valuations. Moreover, through the disposal of non-core properties, we were able to further increase our portfolio quality. In addition, since the disposal proceeds funded the share buybacks and were used for debt repayments, the impact on our leverage was neutral. Despite coping with the challenges of the Corona pandemic and the related lockdown which affected the real estate markets, we paid out a dividend of €0.14 per share, which reflects half of the payout policy, and thus further supported the shareholder return in addition to the share buyback. As in previous years, we offered our shareholders a scrip dividend option instead of cash and over 40% of our shareholders opted to receive their dividends as shares.

Given the attractive yields and owing to our best-in-class capital market access, we were able to optimize our debt profile further. We issued in December 2020 our largest-to-date straight bond with €1 billion at our lowest-to-date coupon of 0% with a maturity of 6 years. The funds were used to repay close to €600 million debt at an average coupon of 1.5% with an average maturity of approximately 3 years. Combined with the debt repayments from the disposal proceeds and further repayments during 2021, over €2 billion of debt was repaid in total during 2020 and 2021 year-to-date. We also increased our equity via the issuance of €600 million of perpetual notes at our lowest-to-date coupon of 1.625% and repurchased over €230 million of our first perpetual notes with a coupon of 3.75% which was issued in 2016. Since then, we further improved our track record in the capital markets, increased our size and improved credit rating from S&P which resulted in issuing at significantly lower rates than in 2016 when the first perpetual notes have been issued. As a result of our proactive stance in optimizing our debt profile, we will have lower financing expenses which will positively support the FFO and the dividend, further reducing our cost of debt to 1.4%, from 1.7% in December 2019, while maintaining a long average debt maturity of 6.1 years.

Our significant liquidity position and strong cash generating portfolio provides us a great headroom, as well as the firepower to capture attractive acquisition opportunities in the future.

We achieved further milestones in our corporate growth path during 2020. Since we aim to create long-term value for our stakeholders, we take a pro-active approach towards our ESG goals. Our efforts help us in creating a lasting positive contribution to our communities, investors, employees, tenants and other stakeholders and were also recognized by international institutions. We are included in the new DAX 50 ESG Index, which was launched in March 2020. This ranking was facilitated by our high Sustainalytics score, one of the leading global sustainability rating agencies that provides the ESG scores for the DAX 50 ESG Index. Based on the March 2020 assessment, Sustainalytics ranked us in the top 8th percentile globally among 941 real estate peers. Including all industries globally among 12,704 companies, we were ranked in the top 4th percentile. In addition, we received another score increase from RobecoSAM, which is now part of the S&P Global, who ranked us in the 75th percentile among our peer group. Furthermore, we received the EPRA BPR Gold award for the fourth consecutive year and EPRA sBPR Gold award for the third consecutive year, reflecting the highest standards for financial and sBPR reporting, both received in September 2020.

On the **E**nvironmental front, we took further concrete steps in our Energy Investment Program. This program aims to invest in energy conserving measures, supporting our goal of achieving a 40% carbon emission reduction by 2030. During 2020, we started implementing our energy investment program which includes installation of solar panels and wind power production systems. We are also installing highly efficient energy generating systems based on combined heat and power production (CHP) or combined cooling heat and power (CCHP). In order to support these solar, wind, CHP and CCHP systems, we are implementing electricity storage and smart meters combined with other energy management systems. Furthermore, we are installing electric vehicle charging stations for the transition of our car fleet towards electric vehicles. These projects not only align our activities with relevant sustainable practices but also make our assets attractive for the tenants.

Regarding our **S**ocial commitment, we continued with our community involvement programs and focused on establishing productive partnerships with local stakeholders to ensure that our corporate activities are aligned to our tenants and communities.

Our Aroundtown Foundation engaged in further charitable activities during 2020 and is working closely with our local partners to support the development of our communities. We worked with nearly a dozen of partners, such as SOS Kinderdorf Berlin, Die Arche e.V. and Die Tafeln e.V., in multiple programs that aimed at ending child poverty, improving child and youth education & healthcare, providing solidarity to the ethnic minorities, helping the homeless communities and socially disadvantaged families and much more. In our opinion, it is vital to the success of our Company to establish strong and lasting relationships with our local communities and authorities. We maintained our sponsorship of FC Union Berlin and remained as their main sponsor during the 2020/2021 season. Our long-standing relationship with Union Berlin helps us in reinforcing our corporate brand value and identity as a reputable industry leader. Despite not being able to support them in the stadium like we used to, we stand with Union Berlin during these challenging times for the sport industry and wish them success for the remainder of the season.

In respect to **G**overnance, two new members, chosen by TLG in accordance with our business combination agreement with TLG, joined the Aroundtown management. The additions, combined with the highly experienced Board of Directors further enhance the governance structure. Following another strong year of growth, we are now even better positioned in the industry, further increasing our ability to attract experienced professionals. In regards to compliance, we reflect on the high effectiveness of our policies. We have once again recorded zero compliance related violations across the organization and our supply chain. A core part of our governance and compliance approach is to continuously review and improve policies and monitoring systems where possible, for example by implementing a new information security and privacy strategy in order to maintain high levels of control and further minimize potential risks related to such issues.

As we reflect on 2020, we are proud to see that we stood resilient against the market disruption thanks to the dedication of our employees, our disciplined approach towards investments, liquidity and capital management. With our strong, adaptive and flexible platform, we stand at a firm position to overcome the rest of the pandemic. Capitalizing on our high degree of financial strength, flexibility and firepower, we look forward to leading the Group to further growth and value creation.

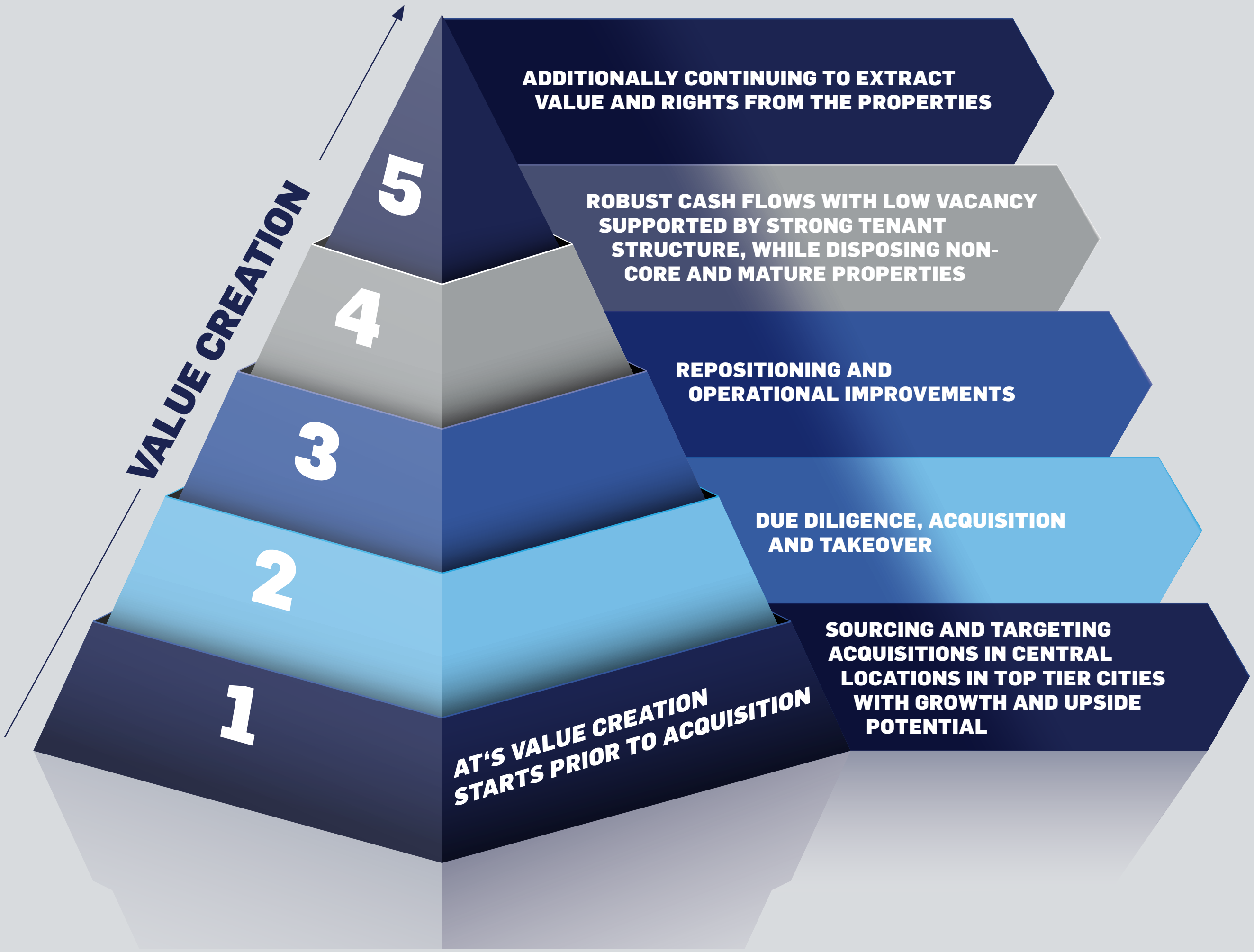
By order of the Board of Directors, March 25, 2021

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

Berlin

THE STRATEGY AND BUSINESS MODEL



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

Aroundtown's property sourcing success stems from its unique network as well as its reputation as a reliable real estate acquisition partner. The Group focuses on value-add properties in central locations of top tier cities characterized by below market rent levels, inefficient cost or lease structure and/or vacancy reduction potential. With over 17 years of experience in the real estate markets, the Group benefits from a preferred buyer status across its sourcing network. The Group sources deals from a large and diverse deal sourcing base, such as receivers, banks, loan funds, broker networks, distressed owners, private and institutional investors and court auctions. The Group's primary focus is on major cities and metropolitan areas with positive demographic prospects.

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

- Focus on central locations in top tier EU cities
- Value-add potential through operational improvements
- Cash flow generating assets
- Rent level per sqm below market level (under-rented properties)
- Purchase price below replacement cost and below market values
- Potential to reduce operational cost per sqm significantly

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

2 DUE DILIGENCE, ACQUISITION AND TAKEOVER

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

During the due diligence phase, the Group's construction team analyses potential capex requirements for the property. These are subsequently priced in the valuation process in order to provide a fair assessment of the property's acquisition cost. A detailed business plan is created for each property in the due diligence phase, including the identification of feasible tenants. Beginning to identify potential tenants prior to acquisition of the property not only decreases operational risk but also accelerates the property's repositioning process.

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

3 REPOSITIONING AND OPERATIONAL IMPROVEMENTS

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

Operational and marketing initiatives

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

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

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

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

Smart capex investments when required

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

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

Relationship management

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

4 ROBUST CASH FLOWS WITH LOW VACANCY SUPPORTED BY STRONG TENANT STRUCTURE

Secure cash flows are continuously strengthened by ongoing cost controls and profitability improvements. Given vacancy and rents below market rents, AT's portfolio exhibits further strong and lasting growth after the implementation of initial repositioning activities. In line with the Group's primarily buy and hold strategy, with a strong focus on creating a long-term stream of secure cash flows, this continuous internal growth ensures that AT can continue to grow organically without relying on further acquisitions.

Capital recycling by selling non-core and mature assets

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

5 EXTRACTING UNUSED OR UNDERUTILIZED BUILDING RIGHTS FROM EXISTING AND NEW LAND & BUILDINGS

As part of the value creation process, Aroundtown identifies and extracts unused or underutilized building rights from existing and new land and buildings, providing additional internal growth. AT assesses internally the best use for the rights and advances on to maintain the discussion with authorities, engineers and architects in order to realize plans into permits. Once the planning and permit phases are completed, Aroundtown analyzes each project individually and decides the best way to realize the value into proceeds. This is either through materializing these building rights into sellable permits or proceeding to execute the development. Aroundtown does not intend to fully build and develop all of the rights, and estimates that part of the rights will be disposed at high gains. In certain assets, Aroundtown considers development of the rights where Aroundtown believes to have low risk and such projects enable the Company to unlock further potential through pre-let long-term agreements with strong tenants.

KEY STRENGTHS

Hamburg

EXPERIENCED BOARD AND MANAGEMENT

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

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

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

DEAL SOURCING AND ABILITY TO CREATE ACCRETIVE GROWTH

The Group's acquisition track record over the past 17 years has led it to become a market leader and have a preferred acquirer status, primarily due to its professional approach, fast and high execution rates, and reliability.

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

QUALITY LOCATIONS IN TOP TIER CITIES

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

Amsterdam

CONSERVATIVE FINANCING STRUCTURE

AT's conservative capital structure approach is reflected in a low LTV of 34% as of December 31, 2020, well below the limit of 45% established by the Board of Directors. Aroundtown's management views the conservative debt metrics as vital to secure long-term financial strength and implements policies to keep financing costs low and the share of unencumbered assets high. The low leverage of the Group enables further external growth, while still maintaining a conservative capital structure. This conservative capital structure stems from AT's diversified financing sources with long debt maturities.

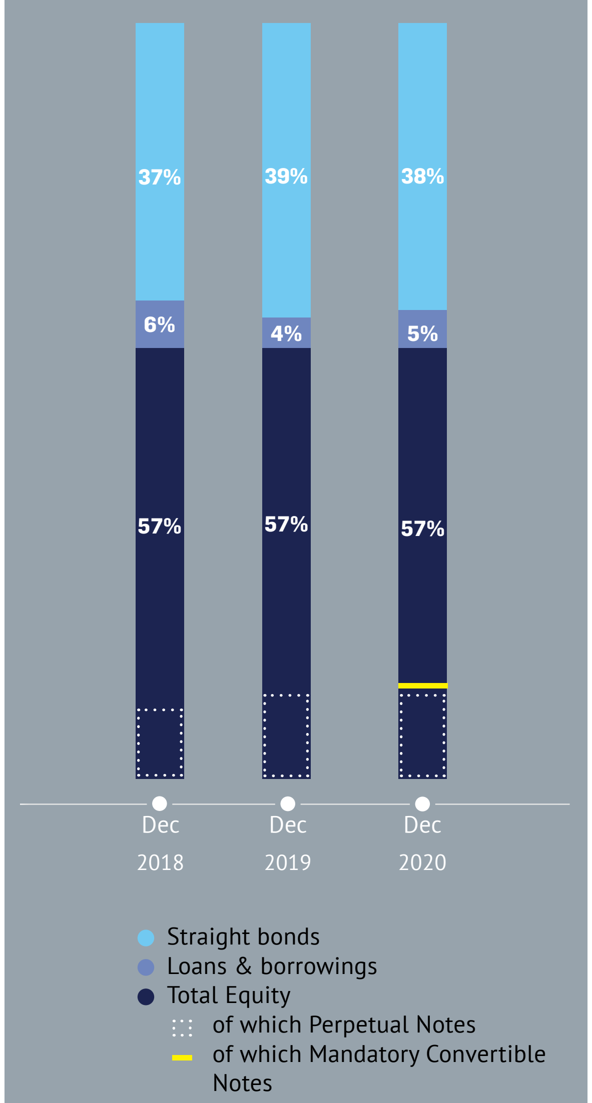
FINANCIAL POLICY

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

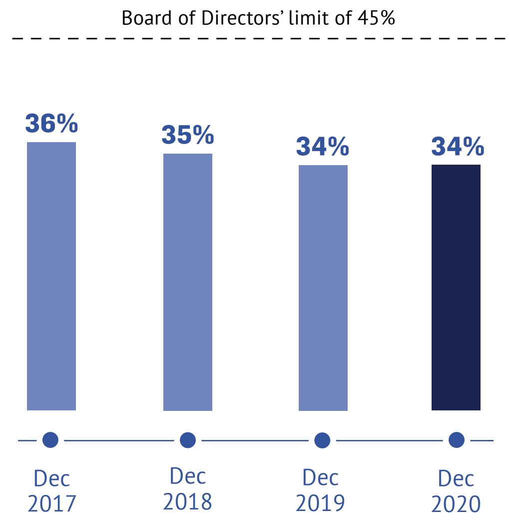
- Strive to achieve A global rating in the long-term
- LTV limit at 45%
- Debt to debt-plus-equity ratio at 45% (or lower) on a sustainable basis
- Maintaining conservative financial ratios with a strong ICR
- Unencumbered assets above 50% of total assets
- Long debt maturity profile
- Good mix of long-term unsecured bonds & non-recourse bank loans
- Dividend distribution of 75% of FFO I per share*

* From FY 2021 onwards. The dividend for the financial year 2020 is based on the former policy of 65% of FFO I per share before perpetual

FINANCING SOURCES MIX

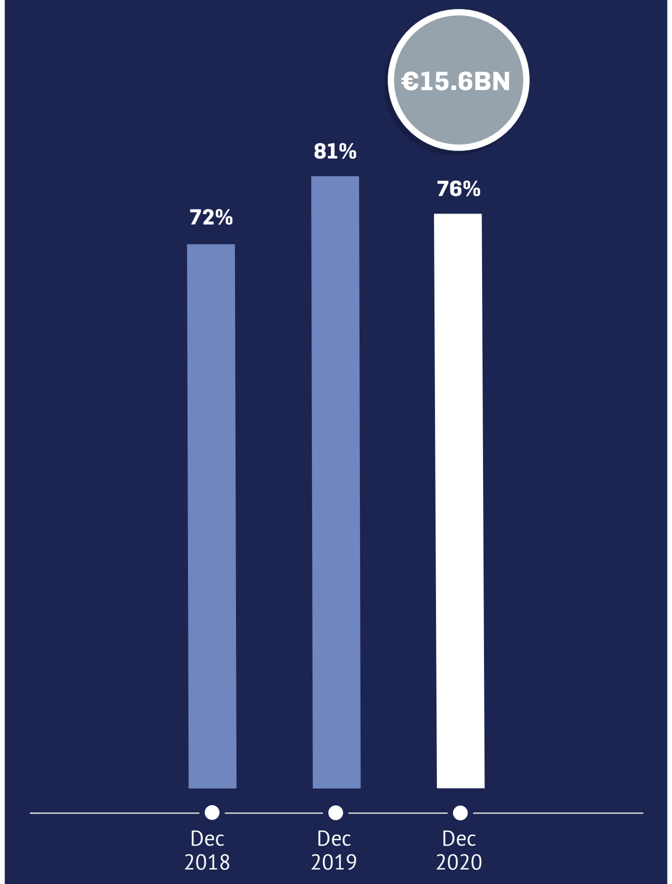


LOAN-TO-VALUE

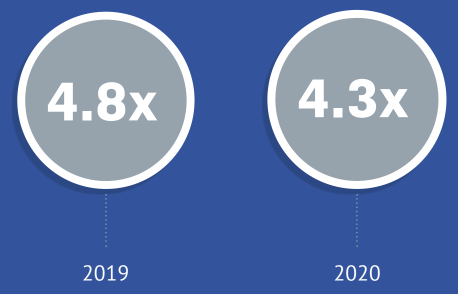


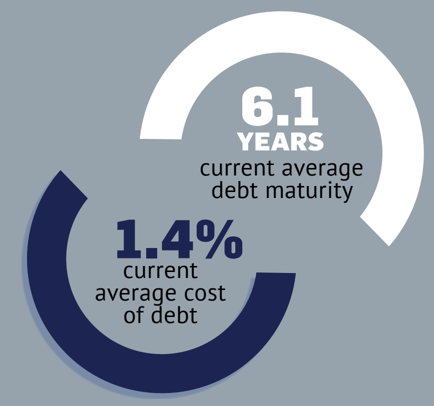
In addition to its conservative capital structure and strong track record in accessing capital markets that enables AT to finance its future growth, the Company maintains a robust liquidity position through a mix of operational cash generation and balance of cash and liquid assets which as of December 31, 2020 amounted to €3.3 billion. Additionally, the high ratio of unencumbered assets of 76% (€15.6 billion in total value) as of December 31, 2020 provides for additional financial flexibility.

HIGH UNENCUMBERED ASSETS RATIO



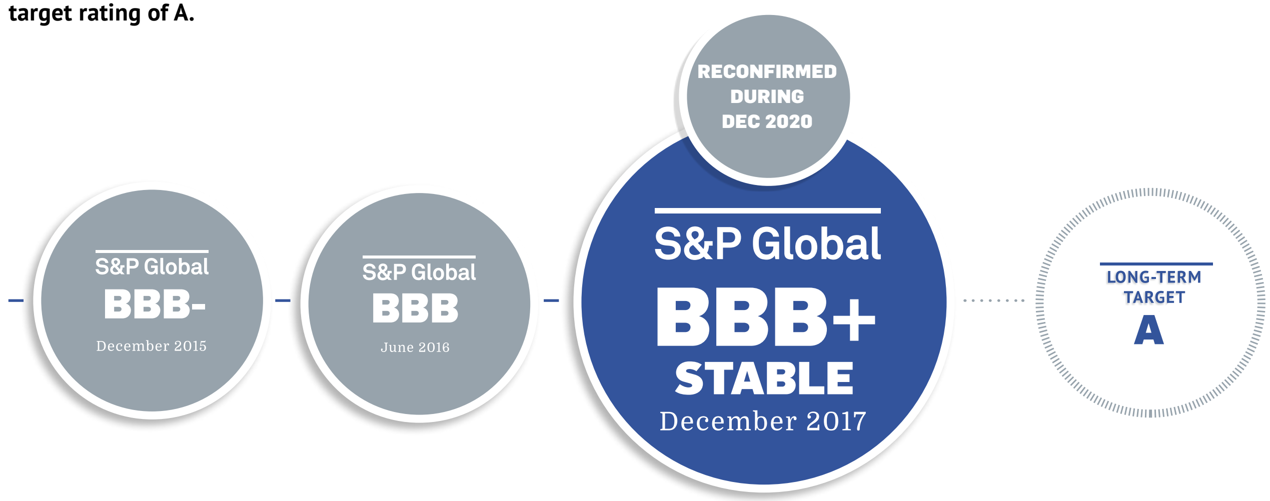
CONSISTENTLY MAINTAINING HIGH INTEREST COVER RATIO (ICR)





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.**



AROUNDTOWN'S QUALITY PORTFOLIO

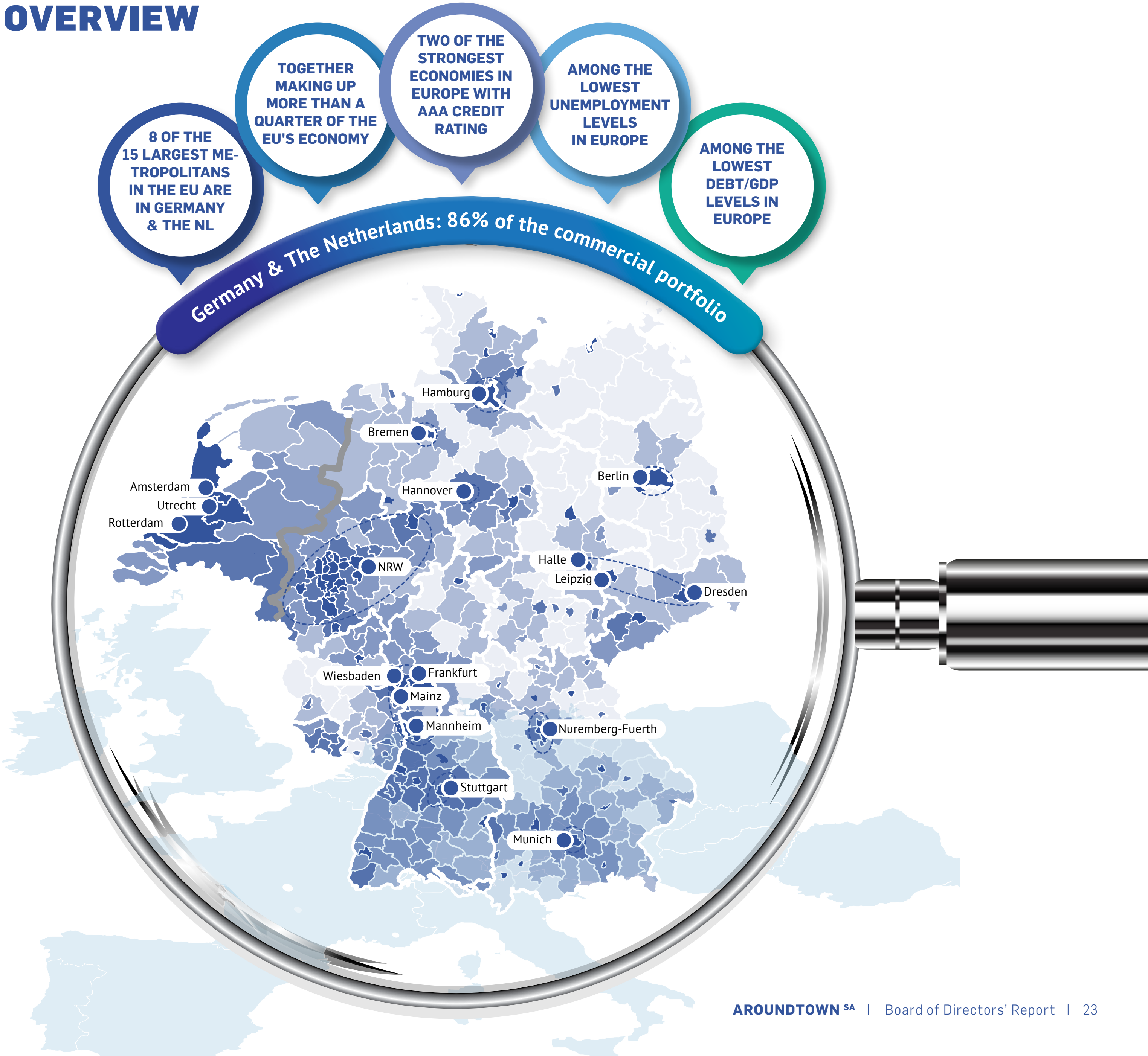
*representing GCP at 100%

GROUP PORTFOLIO OVERVIEW

POPULATION DENSITY IN GERMANY AND THE NETHERLANDS

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

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



WELL-DIVERSIFIED GROUP PORTFOLIO WITH FOCUS ON STRONG VALUE DRIVERS

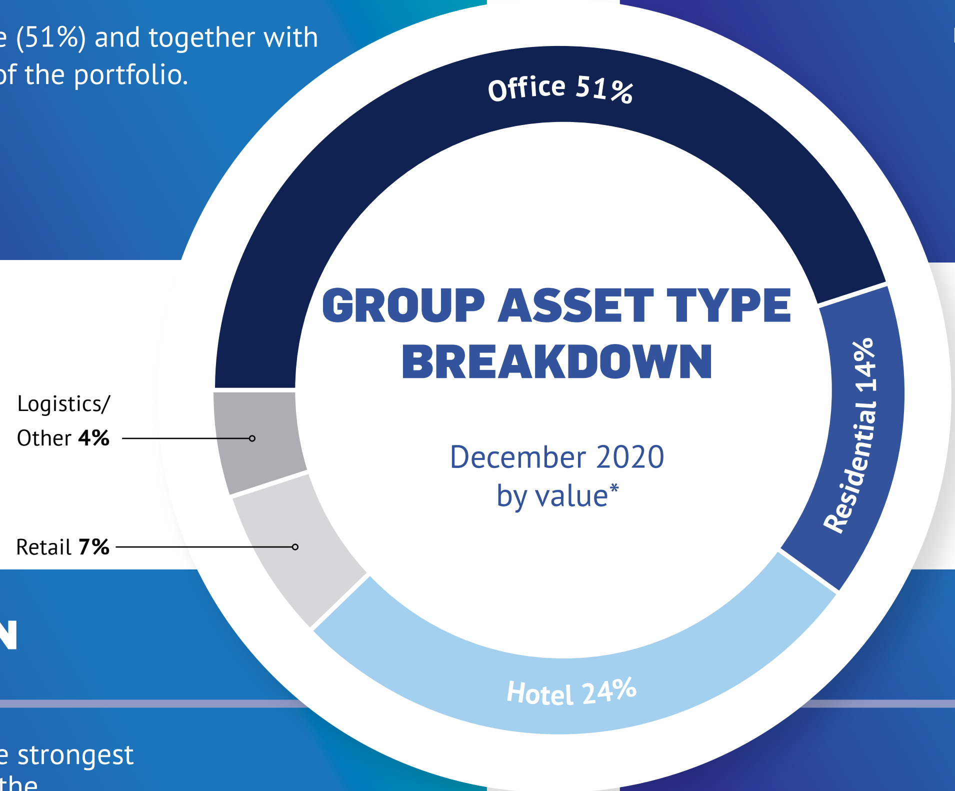
ASSET TYPE

The largest asset type is Office (51%) and together with Residential, it makes up **65%** of the portfolio.
Hotels make up 24%

TENANT

High tenant diversification with no material tenant or industry dependency

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



LOCATION

The portfolio is focused on the strongest economies in Europe: **86%** of the commercial portfolio is in Germany and the Netherlands, both AAA rated countries.
Focus on Top 7 cities in Germany & top cities in NL

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

INDUSTRY

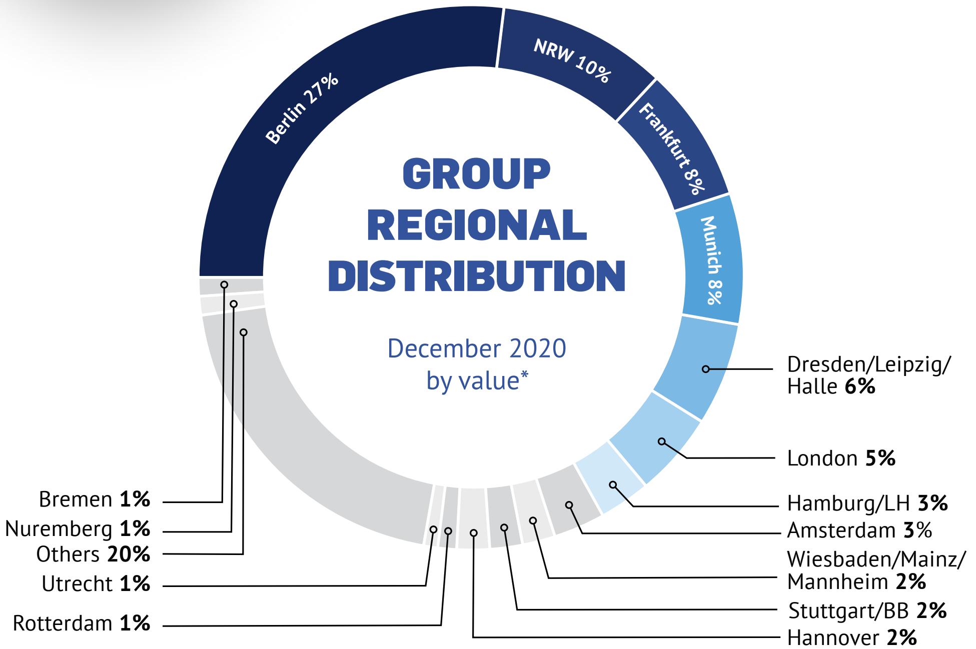
Each location has different key industries and fundamentals driving the demand.
Therefore, the Group's tenants are diversified into distinct sectors, eliminating the dependency on a single industry

* including proportion in GCP and development rights & invest

HIGH GEOGRAPHICAL DIVERSIFICATION

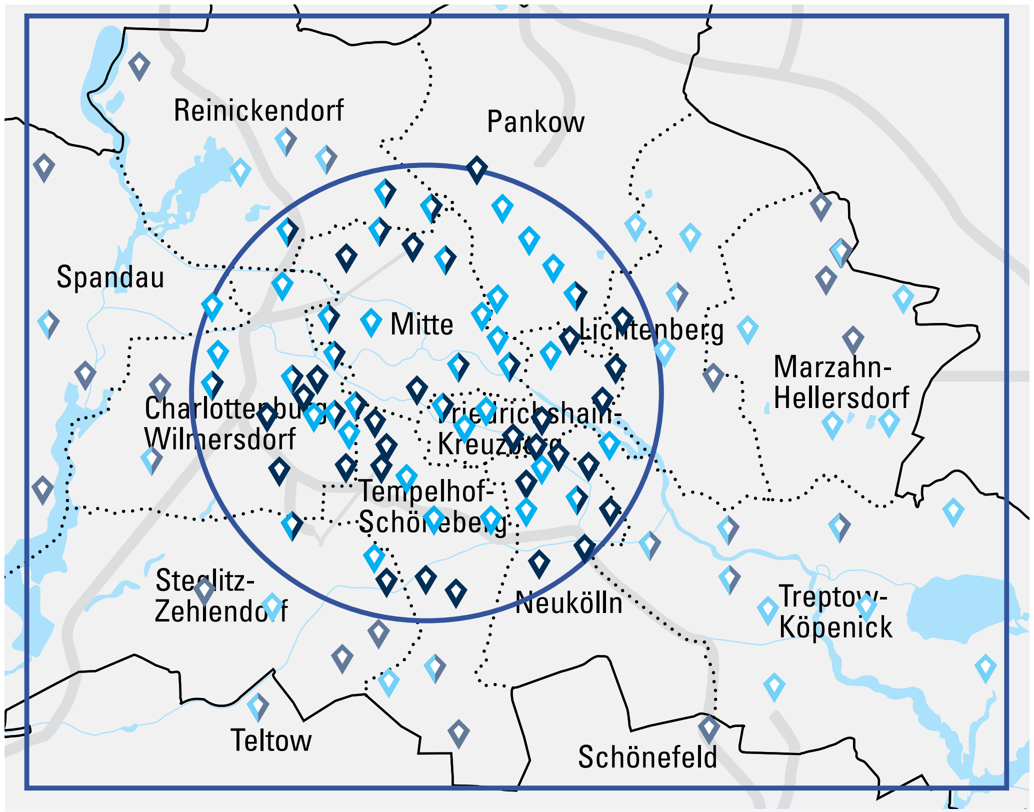
Berlin is the single largest location. AT has the largest Berlin office portfolio among publicly listed peers

Central locations within top tier cities: A Berlin example



* including proportion in GCP and development rights & invest

BEST-IN-CLASS BERLIN PORTFOLIO



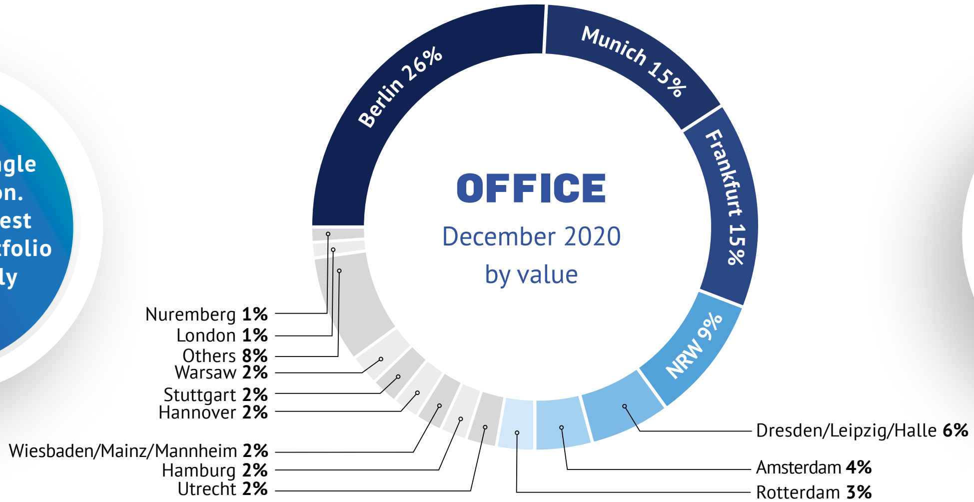
- **89%** of the commercial portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- **11%** of the commercial portfolio is well located primarily in Reinickendorf, Spandau, Treptow, 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 **60%** of the office portfolio

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

TOP OFFICE LOCATIONS	KEY INDUSTRIES DRIVING THE BUSINESS DEMAND			
BERLIN	Government	Start-up, Fintech, IT	Healthcare	Biotech
MUNICH	Insurance & Finance	Advanced manufacturing	Info & Comm. Tech & IT	Media
FRANKFURT	Finance	Chemicals/pharma	Aviation/Transportation	Exhibition & trade fair
AMSTERDAM	Info. & Comm. Tech	Finance & trade	Start-up, Fintech, Agtech	Infrastructure & transportation

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

Berlin


Frankfurt


Amsterdam


Stuttgart


Munich


Hamburg

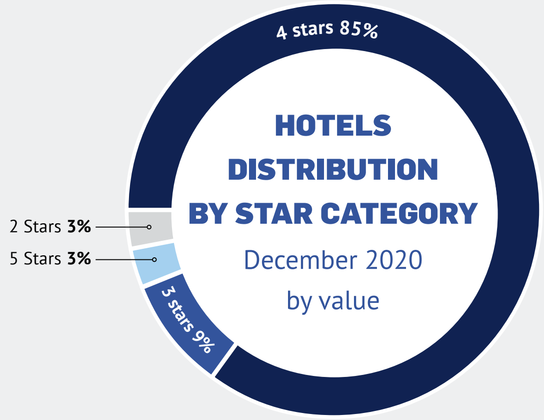

Cologne


Rotterdam


Düsseldorf

HOTELS: FOCUS ON CENTRAL LOCATIONS

174 HOTELS across top locations with fixed long-term leases with third-party hotel operators



AT's hotel portfolio, valued at €5.4 billion as of December 2020, is well diversified and covers a total of 1.8m sqm. The largest share of the hotel portfolio is 4-star hotels with 85%, catching the largest market share from tourism and business travel. The hotels are branded under a range of globally leading branding partners which offer key advantages such as worldwide reservation systems, global recognition, strong loyalty programs, quality perception and benefits from economies of scale.

The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. AT's management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. AT maintains close relations with the operators and monitors their performance on an ongoing basis, making use of its tailor-made IT/software system.

HOTELS LEASED TO THIRD PARTY OPERATORS AND FRANCHISED WITH VARIOUS STRONG BRANDS AND A LARGE SCALE OF CATEGORIES WHICH PROVIDES HIGH FLEXIBILITY FOR THE BRANDING OF ITS ASSETS

HIGH GEOGRAPHICAL DIVERSIFICATION


Berlin


Frankfurt


Berlin

Cologne

DIVERSE EUROPEAN FOOTPRINT

FIXED LONG TERM LEASES WITH THIRD PARTY HOTEL OPERATORS

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


Paris


Dublin

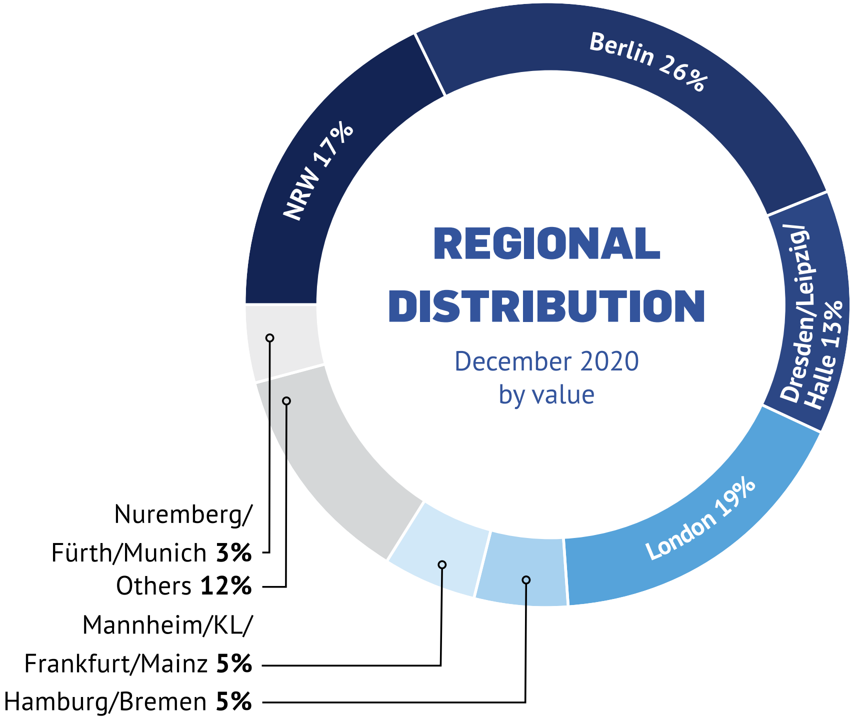

Edinburgh


London


Berlin

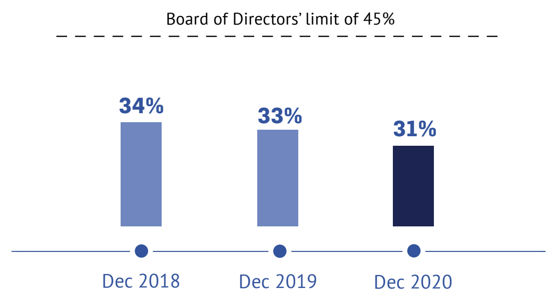

Munich

RESIDENTIAL PORTFOLIO (GRAND CITY PROPERTIES)

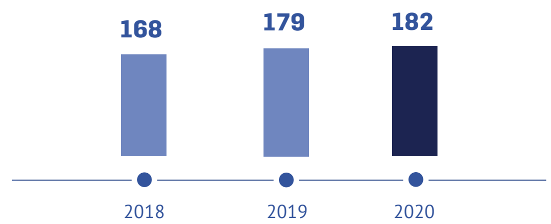


The residential portfolio is mainly held through a 41% stake in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas predominantly in Germany. AT is the largest shareholder in GCP, while the remaining is 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 December 2020, GCP's residential portfolio has a value of €8.0 billion and operates at an in-place rent of €7.4/sqm and an EPRA vacancy of 6.2%. The residential portfolio generates an annualized net rental income of €340 million and includes a strong value-add potential. GCP holds 64k units in its portfolio with the properties spread across densely populated areas in Germany, with a focus on North Rhine-Westphalia, Berlin and the metropolitan regions of Dresden, Leipzig and Halle as well as London. GCP puts a strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting local community initiatives, GCP established industry-leading service standards and lasting relationships with its tenants.

GCP – CONSERVATIVE LOAN-TO-VALUE

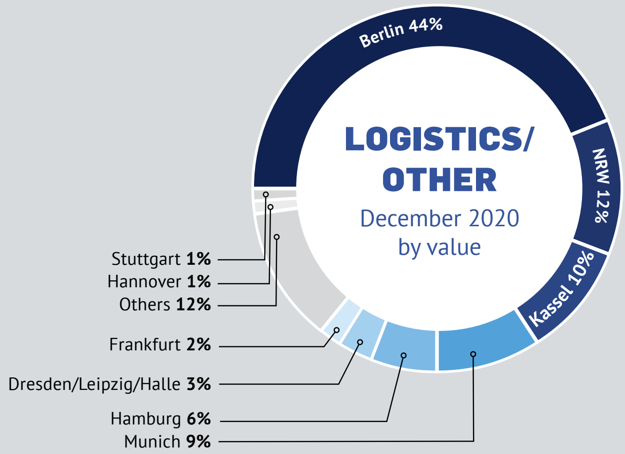


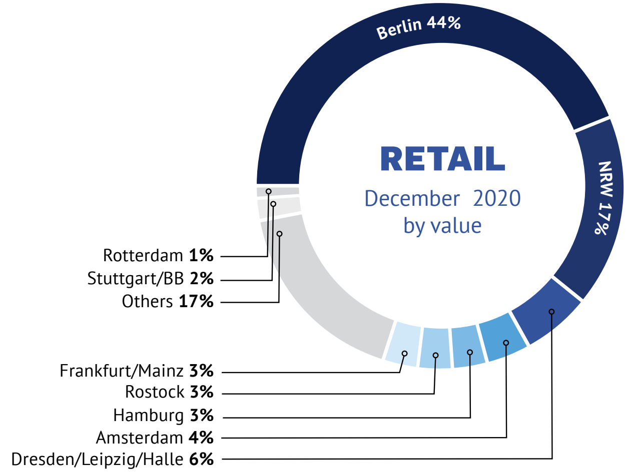
GCP – CONSISTENTLY GROWING FFO I
(PREVIOUSLY DEFINED AS FFO I AFTER PERPETUAL)
(IN € MILLIONS)



FURTHER PORTFOLIO DIVERSIFICATION THROUGH LOGISTICS/OTHER AND RETAIL

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





Dresden

Berlin

ASSET TYPE OVERVIEW - COMMERCIAL PORTFOLIO

DECEMBER 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	11,558	3,841	11.6%	467	10.8	3,009	4.0%	4.6
Hotel	5,409	1,788	4.0%	295	14.1	3,025	5.5%	17.3
Retail	1,685	749	9.6%	86	10.2	2,250	5.1%	5.0
Logistics/Other	638	861	11.0%	35	3.6	740	5.4%	5.7
Development rights & Invest	1,882							
Total	**21,172**	**7,239**	**8.9%**	**883**	**10.8**	**2,665**	**4.6%**	**8.9**

REGIONAL OVERVIEW - COMMERCIAL PORTFOLIO

DECEMBER 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	4,702	1,237	6.0%	168	11.9	3,802	3.6%
NRW	1,961	1,041	8.2%	100	8.2	1,884	5.1%
Munich	1,929	607	11.5%	57	8.0	3,176	3.0%
Frankfurt	1,868	521	19.5%	64	11.9	3,583	3.4%
Dresden/Leipzig/Halle	1,011	473	7.0%	53	9.8	2,136	5.3%
Amsterdam	617	158	5.8%	27	14.1	3,899	4.4%
Hamburg/LH	560	244	6.9%	30	10.9	2,297	5.4%
London	521	102	8.4%	26	23.8	5,130	4.9%
Wiesbaden/Mainz/Mannheim	412	154	9.2%	21	11.9	2,675	5.1%
Stuttgart/BB	374	149	11.5%	19	11.6	2,502	5.1%
Hannover	363	188	13.0%	16	8.1	1,928	4.3%
Rotterdam	267	104	3.2%	18	13.5	2,565	6.7%
Utrecht	199	93	16.8%	12	11.8	2,136	5.9%
Other	4,506	2,168	8.1%	272	11.2	2,080	6.0%
Development rights & Invest	1,882						
Total	**21,172**	**7,239**	**8.9%**	**883**	**10.8**	**2,665**	**4.6%**

CAPITAL MARKETS

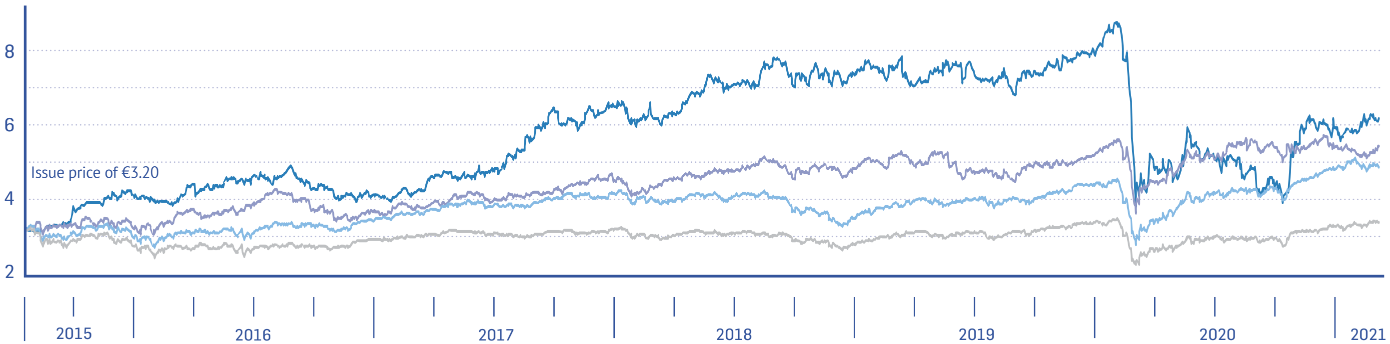
KEY INDEX INCLUSIONS

Aroundtown's share is a constituent of several major indices such as **MDAX, DAX 50 ESG, FTSE EPRA/NAREIT Index Series, 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).

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)



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 DECEMBER 31, 2020:	
Number of shares	1,537,025,609
Number of shares, excluding suspended voting rights, base for share KPI calculations	1,148,396,110
AS OF THE DAY OF THIS REPORT:	
Number of shares, excluding suspended voting rights, base for share KPI calculations	1,159,653,267
Shareholder Structure	Freefloat: 65% - of which Blackrock Inc. 5.1% Shares held in treasury*: 25% Avisco Group: 10% * 12% are held held through TLG Immobilien AG, voting rights suspended
Market cap	€9.6 bn

ESG – ENVIRONMENTAL, SOCIAL AND GOVERNANCE

COMMITMENT TO ESG

At Aroundtown, we are strongly committed to maintain high standards of corporate responsibility towards our stakeholders. We aim to generate sustainable value creation for all our stakeholders and in this regard, we set ourselves high ESG standards to ensure sustainability of our business practices. We aligned our business practices with United Nations Sustainable Development Goals because we are of the opinion that our long-term success is tied to our corporate footprint. Therefore, we aim to create value while ensuring a minimal environmental footprint, leaving a positive social impact and maintaining high standards of governance and transparency. We place great emphasis on the shared benefits of a socially responsible investment strategy where it jointly improves all our stakeholders: our society, shareholders, employees, tenants, business partners, suppliers and our communities. For this reason, we have incorporated ESG principles in all our departments, guided by our dedicated ESG team.

We continuously take further initiatives on ESG matters in order to improve our corporate footprint and move us closer to achieving our ESG goals. We are proud to share with you some of our initiatives and accomplishments in this ESG reporting section.

With regards to **E**nvironmental, our efforts were focused mainly on our Energy Investment Program. We have taken further concrete steps in this program which aims at implementing highly efficient and green energy generation, storage and management systems. These initiatives support us in achieving our goal of 40% reduction in CO_2 emissions by 2030. They also align our activities with relevant sustainable business practices and increase the attractiveness of our assets to tenants.

With regards to **S**ocial, our efforts were mainly focused on community investments. Our Aroundtown Foundation has engaged in nearly a dozen charitable activities across Germany and the Netherlands in order to support the development of our communities, working in close contact with local partners such as SOS Kinderdorf Berlin, Die Tafeln e.V., Die Arche e.V., etc. We aim to establish productive partnerships with local stakeholders to ensure that our corporate activities are aligned with our communities.

With regards to **G**overnance, we implemented an improved governance structure after the merger with TLG and added new members to the management team. This improved the structure with new and experienced members and positions us towards a stronger future. Currently, 3 out of 6 members in our board are independent and 2 out of 6 members are female.

We are very proud that our ESG efforts were recognized by international institutions. We are included in the new DAX 50 ESG Index, which was launched in March 2020. This was achieved thanks to our high Sustainalytics score, one of the leading global sustainability rating agencies, which ranked us in the top 8th percentile globally among 941 real estate peers. Furthermore, we received another score increase from RobecoSAM, which is now part of S&P Global, which ranked us in the 75th percentile among our peer group. Additionally, we received the EPRA BPR Gold award for the fourth consecutive year and EPRA sBPR Gold award for the third consecutive year, reflecting the highest standards for financial and sBPR reporting, both received in September 2020.

The non-financial information which is based on AT's 2019 Sustainability Report is available on Aroundtown's website. It provides extensive details on key non-financial information and related figures. AT will update and publish its sustainability reporting in April 2021 on its website which will give more details on the relevant ESG matters.

EPRA BPR GOLD | EPRA sBPR GOLD

GOLD AWARDS FOR THE FINANCIAL AND SUSTAINABILITY REPORTING FOR THE 4TH AND 3RD YEAR RESPECTIVELY

SUSTAINALYTICS

TOP 8TH PERCENTILE GLOBALLY AMONG 941 RE PEERS BY SUSTAINALYTICS

DAX® 50 ESG

INCLUDED IN THE DAX 50 ESG INDEX THANKS TO THIS HIGH SCORE

ENVIRONMENTAL RESPONSIBILITY

The Group considers environmental responsibility as an integral part of its integrated sustainable business strategy which is now complemented by the Group's ESG and energy efficiency policies. The Group established a comprehensive environmental policy that reflects all aspects of energy management and environmental responsibility, with the aim to reduce environmental pollution by installing sustainable energy systems which improve energy and cost efficiency, switching to renewable energy sources, with the goal of reducing its carbon footprint. Environmental factors are integral to the Group's business and are included in the investment strategy, due diligence process and the business plan. Over the life cycle of the assets and as part of the repositioning process, the Group seeks to continuously reduce the potential environmental footprint. As part of this process, the Group conducts regular environmental risk assessments. Environmental due diligence and risk assessments include all aspects of environmental management, such as water, climate risk and waste management, energy efficiency, and greenhouse gases (GHG) reduction. The Group's efforts to reduce carbon emissions and generate clean energy support the United Nations Sustainable Development Goals, particularly those relating to Affordable and Clean Energy (#7) and Climate Action (#13).

It is anticipated that the energy market is shifting towards more decentralized and renewable/green-based energy. This has implications for the demand side of the real estate market since more and more tenants demand sustainable solutions from their landlords. Therefore, it is important for the Group to address these changes and improve its competitive position in the market. In order to reduce its environmental footprint, as well as to improve attractiveness of its properties with regards to sustainability and advanced green technology, the Group launched a broad Energy Investment Program for the next years. The program will invest up to around €200 million over the next years across the portfolio in efficient and renewable energy generation and storage systems, electrical vehicle charging stations, smart meters and advanced energy measurement software. Smart meters and advance energy measurement software, will optimize the efficiency of energy use and cost. This green technology will not only benefit the Group in terms of effectively monitoring the energy management system, but also help unlocking opportunities with regards to digital technology advancements in energy, building and transportation sectors.

AT received BREEAM (Building Research Establishment Environmental Assessment Method) certificates for some of its assets. This was an important step towards reaching the highest standards. As part of its strategy to address its environmental impact, satisfy key stakeholders' demands, as well as to address the demand for green building certifications, AT is currently assessing its portfolio to certify its assets.

Energy, carbon emission, water and waste management

The objective of the Group is to reduce consumption of energy with a high carbon footprint, by increasing the use of renewable energy, and to that end the Group sets periodic emission reduction targets. The Group has strategically decided on switching to higher efficiency systems. A substantial share of the fossil-operated heating plants have already been switched, and further units are being switched on an ongoing basis. Furthermore, the Group believes that water and waste management brings cost savings for the tenants, and thus enhances the attractiveness of the assets for all stakeholders.

Additionally, the Group employs strategic partnerships with energy suppliers (gas and electricity), who must possess relevant certifications. Stipulated by the contractual limits set by the Group's environmental policy, providers monitor their energy consumption and keep to a high standard. The policy also ensures that GHG emissions are 100% offset.

Supplier environmental programs

The Group's environmental policy is further supplemented by the green procurement policy which governs the selection of and the collaboration with suppliers. Suppliers must sign a Code of Conduct as a mandatory component of their contract, which requires them to comply with all relevant legal standards and to possess relevant external certifications that help in assessing the environmental impact of their activities and end products. As a result, the majority of the Group's contracted suppliers were certified in accordance with the environmental norm ISO 14001. The Group also actively encourages suppliers to innovate and present better systems, technologies and methods in order to improve the overall environmental performance of the supply chain.

For further information of the Company's environmental responsibility, please see the 2019 Sustainability Report available on AT's website. AT will update and publish its sustainability reporting in April 2021 on its website which will give more details on the relevant ESG matters.

SOCIAL RESPONSIBILITY

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

Responsible employer

The Group is running high profile programs with regards to Human Capital Development which are outlined in its Commitment to Human Capital Development. A main part of the Group's success lies in its ability to attract, develop and retain qualified and motivated employees. The Group believes that a diverse workforce brings value to the team and therefore constantly guides its human capital to a maximum growth and performance by providing people with the means for success and keeping a focus on internal promotion. Furthermore, the Company puts additional emphasis on gender equality. The Group has implemented operating guidelines, monitoring systems and policies such as Diversity Policy and Anti-Discrimination Policy to further reinforce the high standards in the workplace, a workplace that is governed by openness and respect. In this regard, AT is one of the 380 global companies to be included in the Bloomberg's Gender Equality Index in 2021. In addition, the Group has increased its efforts on employee training and development to support the employees in their personal development and improvement of competencies.

Economic and social development

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

The Group believes that involvement with local communities and local authorities are vital to establishing long-term partnerships. On this front, AT has taken further initiatives to increase its involvement. During 2020, the Aroundtown Foundation has engaged in nearly a dozen charitable activities across Germany and the Netherlands. The foundation aims to support the development of communities, working in close contact with local partners such as SOS Kinderdorf Berlin, Die Tafeln e.V., Die Arche e.V., etc. The donations were focused on supporting local institutions that aim at eliminating child poverty, improving child and youth education & healthcare, providing solidarity to the ethnic minorities, helping homeless communities and socially disadvantaged families and many more. AT also participates in community-led initiatives that are aimed towards improving the livelihood of their locations. AT is a member of the "SINN" initiative in Frankfurt which aims to support the transformation of the Niederrad office district into a vibrant mixed-use residential and business quarter. Furthermore, the Group introduced a pilot program in 2019, called "Social Days", where employees were given opportunities to participate and volunteer in social responsibility projects. This program received positive feedback from both employees and communities during 2019. Therefore, AT decided to continue with the program going forward. However, during 2020, the program was postponed due to the COVID-19 related lockdown measures but will resume when the restrictions are lifted. All these activities also contribute towards the United Nation's Sustainable Developments Goals, particularly those relating to Good Health and Wellbeing (#3), Quality Education (#4), Gender Equality (#5), Reduced Inequality (#10), Sustainable Cities and Communities (#11) and Partnerships to Achieve the Goal.

For further information of the Company's social responsibility, please see the 2019 Sustainability Report available on Aroundtown's website. AT will update and publish its sustainability reporting in April 2021 on its website which will give more details on the relevant ESG matters.

ESG/CSR Committee

The Board of Directors established an ESG/CSR Committee to review stakeholder proposals and recommendations that relate to matters of Corporate Social Responsibility. In addition, the Committee reviews and assesses the Company's CSR initiatives and environmental, social and governance practices and reviews policies with respect to CSR subjects.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CORPORATE GOVERNANCE

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

The Group follows very strict Code of Conducts which apply to its employees and main suppliers, and include policies for Anti-Bribery, Anti-Corruption, Anti-Discrimination, Conflict of Interest and others.

The Company is not subject to any compulsory corporate governance code of conduct or respective statutory legal provisions and therefore not required to adhere to the "Ten Principles of Corporate Governance" of the Luxembourg Stock Exchange or to the German corporate governance regime, which are only applicable to domestic issuers. Nevertheless, the Company already complies with most of the principles and continues to take steps to implement environmental, social and corporate governance best practices throughout its business. The Group's efforts support the United Nations Sustainable Development Goals, particularly those relating to Peace and Justice Strong Institutions (#16) and Partnerships to Achieve the Goal (#17).

Board of Directors

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

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

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

Annual General Meeting

The next Annual General Meeting of the shareholders is scheduled to take place on June 30, 2021 in Luxembourg. It is expected to resolve, among others, on the approval of €0.22 dividend per share for the 2020 fiscal year.

Members of the Board of Directors

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

Mr. Ran Laufer and Ms. Simone Runge-Brandner were appointed at the Ordinary General Meeting which took place in December 2019. All remaining directors' mandates were renewed at the Ordinary General Meeting 2019 until the Annual General Meeting 2022.

Senior and key management

Name	Position
Mr. Barak Bar-Hen	Co-CEO and COO
Mr. Eyal Ben David	CFO
Mr. Oschrie Massatschi	CCMO
Mr. Klaus Krägel	CDO

Audit Committee

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

Advisory Board

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

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

Risk Committee

The Board of Directors established a Risk Committee tasked with assisting and providing expert advice to the Board of Directors in fulfilling its oversight responsibilities, relating to the different types of risks, recommending a risk management structure including its organization and its process as well as assessing and monitoring the effectiveness of risk management systems. The Risk Committee provides advice on actions of compliance, in particular by reviewing the Group's procedures for detecting risk, the effectiveness of the Group's risk management and internal control system and by assessing the scope and effectiveness of the systems established by the management to identify, assess and monitor risks. The Board of Directors decides on the composition, tasks and term of the Risk Committee and the appointment and dismissal of its members.

Internal controls and risk management systems

The Group closely monitors and manages any potential risk and sets appropriate measures in order to mitigate the occurrence of any possible failure to a minimum. The risk management is led by the Risk Committee, which constructs the risk management structure, organization and processes, and coordinates risk-related training.

The Risk Committee monitors the effectiveness of risk management functions throughout the organization, ensures that infrastructure, resources and systems are in place for risk management and are adequate to maintain a satisfactory level of risk management discipline. The Group categorizes the risk management systems into two main categories: internal risk mitigation and external risk mitigation.

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

Internal risk mitigation

Internal controls are constructed from five main elements:

- Risk assessment – set by the Risk Committee and guided by an ongoing analysis of the organizational structure and by identifying potential weaknesses. Further, the committee assesses control deficiencies in the organization and executes issues raised by internal audit impacting the risk management framework.
- Control discipline – based on the organizational structure and supported by employee and management commitments. The discipline is erected on the foundations of integrity and ethical values.
- Control features – the Group sets physical controls, compliance checks and verifications such as cross departmental checks. The Group puts strong emphasis on separation of duties, as approval and payments are done by at least two separate parties. Payment verifications are cross checked and confirmed with budget and contract. Any payment exceeding a certain set threshold amount requires additional approval by the head of the department as a condition for payment.

- Monitoring procedures – the Group monitors and tests unusual entries, mainly through a detailed monthly actual vs. budget analysis and checks. Strong and sustainable control and organizational systems reduce the probability of errors and mistakes significantly. The management sees high importance in constantly improving all measures, adjusting to market changes and organizational dynamics.
- ESG-risk-related expenditures – the Group has included the identification of potential financial liabilities and future expenditures linked to ESG risks in the organizational risk assessment. Potential future expenditures on ESG matters and opportunities are included in the financial budget.

Compliance, code of conduct, data protection and information security

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

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

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

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

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

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

External risk mitigation

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

For information regarding the Brexit and COVID-19 effect, please see page 141 and 142 (Note 25.3.5 Other risks).

Nomination committee

The Board of Directors established a Nomination Committee to identify suitable candidates for director positions and examine their skills and characteristics.

Remuneration committee

The Board of Directors established a Remuneration Committee to determine and recommend to the Board the Remuneration policy for the Chairman of the Board, the Executive Directors and Senior Management including evaluation of short-term performance-related remuneration to senior executives.

Shareholders' rights

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

The Company held two Ordinary General Meetings, one in May and one in December 2020. The first meeting resolved upon the Company's share buyback and the latter resolved upon the dividend distribution of €0.14 (gross) per share.

Compliance to the transparency law

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

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

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

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

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

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

a) With regard to article 11 (1) (a) and (c) of the Takeover Law (capital structure), the relevant information is available on page 129 (Note 19. Total equity) of this annual report. In addition, the Company's shareholding structure showing each shareholder owning 5% or more of the Company's share capital is available on page 33 of this annual report and on the Company's website, where the shareholding structure is updated as per shareholder notifications on a regular basis.

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

c) In accordance with the requirements of Article 11 (1) c of the Takeover Law, the following significant shareholdings were reported to the Company until 31 December 2020:

Shareholder name	Amount of Shares [1]	Percentage of voting rights
TLG Immobilien AG	183,936,137	11.97%
Avisco Group PLC	153,850,513	10.01%
BlackRock, Inc.	79,319,380	5.16% [2]

1) Total number of Aroundtown SA shares as of 31 December 2020: 1,537,025,609
2) Including 0.13% of total voting rights through financial instruments

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

e) With regard to article 11 (1) (e) of the Takeover Law, control rights related to the issue of shares are directly exercised by the relevant employees. The key terms and conditions in relation to the Company's incentive share plan are described on page 130 (Note 20. Share-based payment agreements) of this annual report.

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

g) With regard to article 11 (1) (g) of the Takeover Law, as of December 31, 2020, the Company was not aware of any agreements between shareholders that would lead to a restriction on the transfer of shares or voting rights.

h) With regard to article 11 (1) (h) of the Takeover Law, according to article 15.1 of the Articles of Association, the members of the board of directors of the Company (the "**Board**") shall be elected by the shareholders at their annual general meeting by a simple majority vote of the shares present or represented. The term of the office of the members of the Board shall not exceed six years, but they are eligible for re-election. Any member of the Board may be removed from office with or without specifying a reason at any time. In the event of a vacancy in the office of a member of the Board because of death, retirement or otherwise, this vacancy may be filled out on a temporary basis until the next meeting of shareholders, by observing the applicable legal prescriptions. Further details on the rules governing the appointment and replacement of a member of the Board are set out in page 38 of this annual report. According to article 14 of the Articles of Association, any amendment to the Articles of Association made by the general meeting of shareholders shall be adopted if (i) more than one half of the share capital is present or represented and (ii) a majority of at least two-thirds of the votes validly cast are in favour of adopting the resolution. In case the first condition is not reached, a second meeting may be convened, which may deliberate regardless of the proportion of the share capital represented and at which resolutions are taken at a majority of at least two-thirds of votes validly cast.

i) With regard to article 11 (1) (i) of the Takeover Law, the Board of Directors is endowed with wide-ranging powers to exercise all administrative tasks in the interest of the Company including the establishment of an Advisory Board, an Audit Committee, a Risk Committee, a Remuneration Committee and a Nomination Committee. Further details on the powers of the Board are described on pages 38, 39, 41 and 81 of this annual report.

Pursuant to article 7.2 of the Articles of Association, the Board is authorized to issue shares under the authorised share capital as detailed on page 129 (Note 19.1.1 Share capital) and page 130 (Note 20. Share-based payment agreements) of this annual report. According to article 8.7 of the Articles of Association, the Company may redeem its own shares to the extent and under the terms permitted by law. The shareholders' meeting held on 24 June 2020 authorised the Board, with the option to delegate, to buy-back, either directly or through a subsidiary of the Company, shares of the Company for a period of five (5) years not exceeding 20% of the aggregate nominal amount of the Company's issued share capital. Further details on the Company's share buy-back program are described on page 129 (Note 19.1.4 Treasury shares and share buy-back program) of this annual report.

j) With regard to article 11 (1) (j) of the Takeover Law, the Company's listed straight bonds, perpetual notes and security issuances (listed on pages 129, 130, 132, 133 and 134; and Note 19.1.2, Note 19.2 and Note 21.2) under the EMTN programme contain change of control provisions that provide noteholders with the right to require the Company to repurchase their notes upon a change of control of the issuer. The Company's ISDA master agreement securing derivate transactions with regard to its listed debts contains a termination right if the Company is financially weaker after a takeover.

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


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NOTES ON BUSINESS PERFORMANCE

Frankfurt

SELECTED CONSOLIDATED INCOME STATEMENTS DATA

	Year ended December 31,	
	2020	2019
	in € millions	
Revenue	1,180.3	894.8
Net rental income	**1,003.0**	**765.7**
Property revaluations and capital gains	769.4	1,217.5
Share in profit from investment in equity-accounted investees	195.7	298.7
Recurring property operating expenses [1]	(322.6)	(227.9)
Extraordinary expenses for uncollected rent [2]	(120.0)	-
Administrative and other expenses	(51.1)	(27.3)
Operating profit	1,651.7	2,155.8
Adjusted EBITDA [1] [3]	**944.1**	**772.7**
Finance expenses	(200.7)	(141.7)
Current tax expenses	(89.4)	(70.6)
FFO I before perpetual before Covid (previously defined as FFO I) [1] [4] [5]	**567.4**	**503.4**
FFO I before Covid (previously defined as FFO I after perpetual) [1] [4] [5]	**477.8**	**445.6**
FFO I (previously defined as FFO I after perpetual, Covid adjusted) [4] [5]	**357.8**	**445.6**
FFO II [4] [5]	**932.5**	**756.5**
Other financial results	(167.8)	45.7
Deferred tax expenses	(287.4)	(280.1)
Profit for the year	**906.4**	**1,709.1**

1) excluding extraordinary expenses for uncollected rent due to the Covid pandemic
2) extraordinary expenses for uncollected rent due to the Covid pandemic
3) including AT's share in the adjusted EBITDA of companies in which AT has significant influence, excluding the contributions from commercial assets held for sale. For more details regarding the methodology, please see pages 72 - 77
4) including AT's share in the FFO I (after perpetual notes attribution if relevant) of companies in which AT has significant influence. For more details regarding the methodology, please see pages 72 - 77
5) excluding FFO I relating to minorities and contributions from assets held for sale. For more details regarding the methodology, please see pages 72 - 77

REVENUE

	Year ended December 31, 2020	2019
	in € millions	
Recurring long-term net rental income	**953.3**	**756.1**
Net rental income related to properties marked for disposal	49.7	9.6
Net rental income	**1,003.0**	**765.7**
Operating and other income	177.3	129.1
Revenue	**1,180.3**	**894.8**

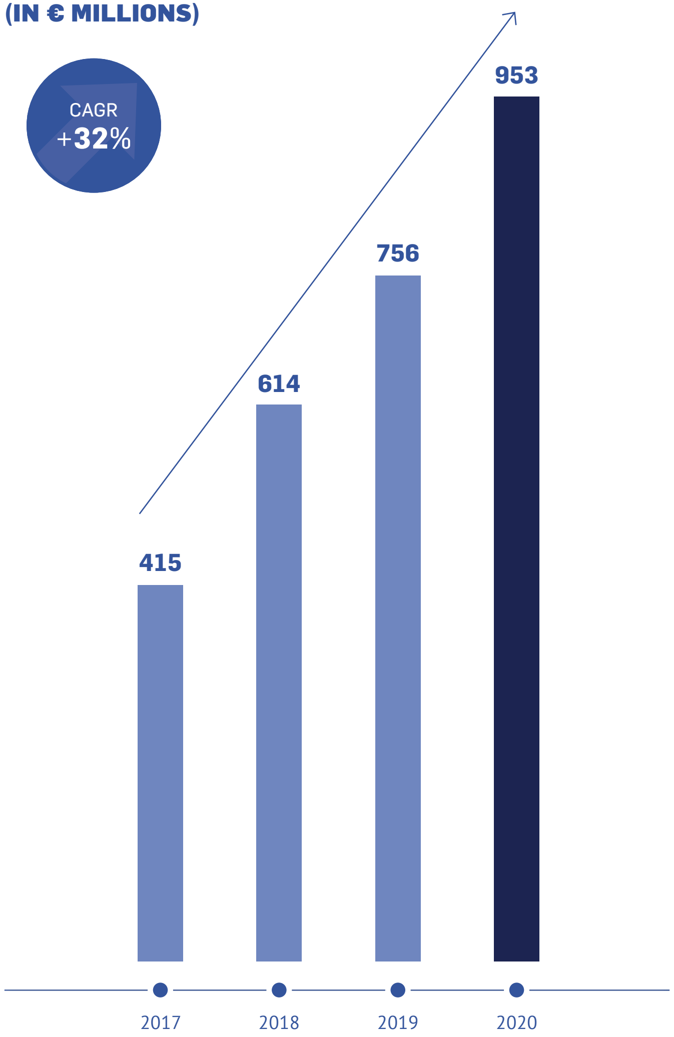
AT generated total revenues of €1,180 million during 2020 which reflected an increase of 32% compared to €895 million generated during 2019. Net rental income is the largest portion of revenues and totaled to €1,003 million during 2020 which grew by 31% compared to €766 million recorded during 2019. This growth was mainly driven by the takeover of TLG, and the full year impact of previous acquisitions, offsetting the disposal activity during the year. The rental like-for-like growth in 2020 was 0.2%, which is the net result of a positive 1.3% rent like-for-like growth in the portfolio excluding hotels and a negative 1.8% like-for-like in the hotel portfolio which is the result of slight short term decrease in rents of hotel tenants due to the pandemic.

The revenue item includes operating and other income which totaled to €177 million in 2020 compared to €129 million recorded in 2019, and reflects a 37% growth. This income item is mainly linked to ancillary expenses that are reimbursed by tenants such as utility costs (energy, heating, water, electricity, insurance, etc.) and charges for services provided to tenants (cleaning, security, etc.). 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 properties marked for disposal. Since AT intends to dispose these properties or has signed the disposal, the Company views their contribution as non-recurring and are thus presented in a separate line item. The net rental income from these properties amounted to €50 million in 2020 compared to €10 million in 2019, reflecting a growth due to the increased disposal activity during the year. Correspondingly, the recurring long-term net rental income amounted to €953 million in 2020, increasing by 26% from €756 million recorded in 2019.

During the year, AT signed disposals for over €2.7 billion, of which €2.3 billion have been closed during the year, while the remaining is expected to be closed in 2021. As a vast majority of disposals were closed near the end of the year or are expected to be closed during 2021, they will have an impact on the net rental income in the following quarters. Nevertheless, AT already excluded their contribution in the recurring long-term net rental income and in other key operational profitability figures once the properties have been marked for disposal. The monthly annualized rent as of December 2020 is €883 million not including the properties held for sale.

RECURRING LONG-TERM NET RENTAL INCOME (IN € MILLIONS)



SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

	Year ended December 31,	
	2020	2019
	in € millions	
Share in profit from investment in equity-accounted investees	**195.7**	**298.7**

Share in profit from investment in equity-accounted investees totaled to €196 million in 2020, compared to €299 million recorded in 2019. This item represents AT's share in the profits from investment in companies which are not consolidated in its financial statements but over which AT has significant influence. These profits are attributed to the Company's share in its strategic investment in GCP, direct minority positions in residential properties consolidated by GCP, 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, mainly driven by higher non-recurring one-time revaluation profits recorded during 2019. Nevertheless, the investees contributed significantly to AT's operational profitability KPIs during 2020 which amounts to €167 million to the adjusted EBITDA and €107 million to the FFO I, reflecting an increase of 27% and 20% compared to €132 million and €89 million during 2019, respectively.

PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2020	2019
	in € millions	
Property revaluations	711.6	1,203.7
Capital gains	57.8	13.8
Property revaluations and capital gains	**769.4**	**1,217.5**

AT recorded €769 million of property revaluations and capital gains in 2020, compared to €1,218 million recorded in 2019. The largest portion of these are property revaluation gains which amounted to €712 million in 2020, lower compared to €1,204 million recorded in 2019, mainly as a result of adjusted values for AT's hotel properties which were significantly exposed to the lockdowns due to Covid-19 pandemic. Nevertheless, total like-for-like value growth in 2020 was +3.9% in comparison to December 2019 values. The like-for-like value growth excluding the hotel portfolio was +7.2% which more than offset the negative like-for-like revaluation of 4.8% in the hotel portfolio, reflecting the defensiveness of AT's diversification strategy. AT's portfolio is well-diversified across multiple segments such as asset types, locations, tenants and lease structures, providing AT with multiple growth drivers. These growth drivers delivered positive overall revaluations, also supported by AT's focus on high quality assets in central location of top tier cities with strong fundamentals, its operational strength and low yield compression. All valuations are performed externally by independent and qualified appraisers.

Capital gains amounted to €58 million in 2020, higher year-over-year compared to €14 million recorded in 2019, driven by the large disposal activity above book value. During 2020, AT signed over €2.7 billion disposals of non-core and mature assets and €2.3 billion of these were closed during 2020 with a margin of +3% over the book value. More than 50% of the disposals signed in 2020 were retail and wholesale assets, and the remaining were office, hotel and development assets. 40% of the disposals were in non-core cities across Germany and the remaining were mainly mature assets in cities such as Berlin, Frankfurt, Dresden, Leipzig, Utrecht and Amsterdam. AT's capital recycling activities during 2020 were supportive in many aspects. On one hand, AT increased its portfolio quality through disposing mainly non-core assets. On the other hand, disposals above book value funded the share buyback at prices significantly below the NAV, which will drive substantial per share growth in operational profitability KPIs in the upcoming quarters. The remaining proceeds were utilized in debt repayments.

As of December 2020, the portfolio reflects an average value of €2,665 per sqm and a net rental yield of 4.6%, compared to €2,433 per sqm and 4.9% in December 2019, respectively.

Berlin

PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2020	2019
	in € millions	
Ancillary expenses and purchased services	(195.1)	(158.3)
Maintenance and refurbishment	(30.6)	(26.8)
Personnel expenses	(28.3)	(15.4)
Depreciation and amortization	(4.3)	(1.7)
Other operating costs [1]	(64.3)	(25.7)
Recurring property operating expenses	**(322.6)**	**(227.9)**
Extraordinary expenses for uncollected rent [2]	(120.0)	-
Property operating expenses	**(442.6)**	**(227.9)**

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

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

The recurring property operating expenses amounted to €323 million in 2020, reflecting a 42% growth compared to €228 million in 2019. The growth is mainly driven by the takeover of TLG. The main item under property operating expenses are ancillary expenses that are mainly reimbursed by tenants such as utility costs (energy, heating, water, electricity, insurance, etc.) and charges for services provided to tenants (cleaning, security, etc.) but also include other services contracted in relation with the management of the properties. This item grew in line with the portfolio‘s growth. Operating personnel expenses amounted to €28 million in 2020, increasing from €15 million in 2019, following the expansion in AT's platform and also include some one-off expenses in relation to the synergies' activities. Other operating costs include various expenses such as marketing, letting and legal fees, transportation, travel, communications, insurance and VAT. These expenses amounted to €64.3 million in 2020, increased due to the growth in AT's platform, a higher bad debt expenses related to Covid-19 and expenses relating to the merger with TLG.

AT created €120 million of extraordinary expenses for uncollected rent during 2020 in response to the impact of the Coronavirus pandemic especially on the hotel industry. During 2020, AT collected approx. 60% of the hotel rents not considering the agreed rent-free with hotel tenants in exchange for longer lease terms (49% considering these rent-free amounts). The Company is working with its tenants, on a case by case basis, to collect the deferred amounts. During the year the rent collection for the offices and the other asset classes recovered very close to pre-pandemic levels. Including the extraordinary expenses for uncollected rent, property operating expenses amounted to €443 million in 2020, compared to €228 million in 2019.

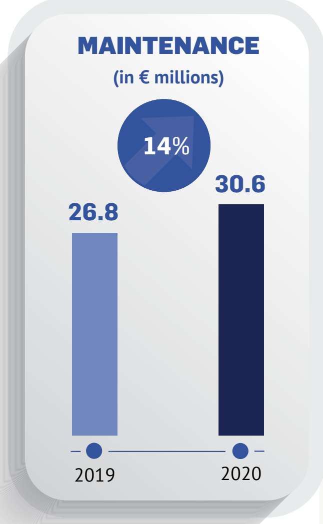

Frankfurt

Capex and maintenance

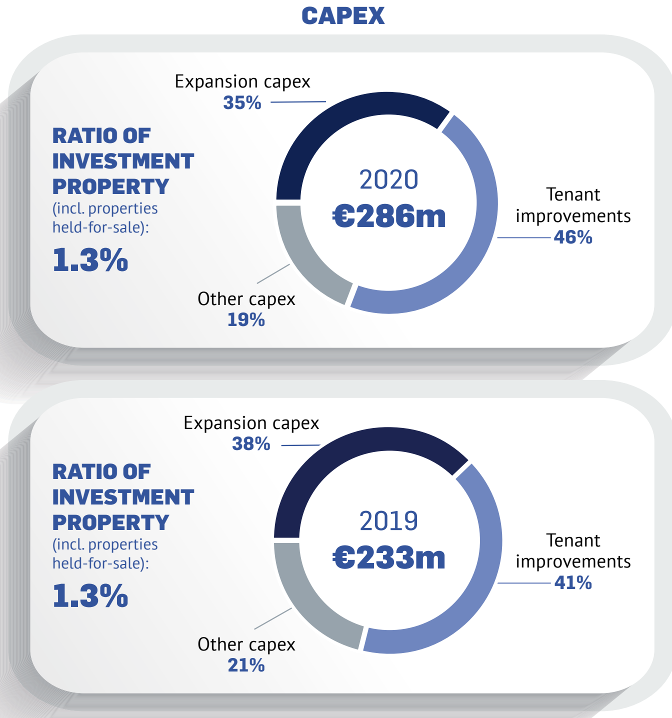
Maintenance and refurbishment expenses amounted to €31 million in 2020, increasing by 14% compared to €27 million in 2019. The growth rate of 14% is lower than 32% growth rate in revenues mainly due to changes in the portfolio's lease structure composition: i.e. single vs multi-tenant properties and net lease structures where the expenses are passed through tenants. As a result, the maintenance expense ratio of investment property decreased slightly from 0.15% in 2019 to 0.14% in 2020.

AT analyzes its portfolio to address capex needs to preserve the high quality of its assets and to address the requirements of its existing and prospective tenants. During 2020, AT invested €286 million in capex, reflecting a ratio of 1.3% over the investment properties (including properties held for sale), in comparison to €233 million in 2019. Since each capex project targets different goals, AT classifies its capex into three main categories: Expansion capex, Tenant improvements and Other capex. Expansion capex includes activities that are targeted at creating additional income drivers or value generation potential which may result in additional lettable space or significant enhancement of the existing space. These selective development projects are done at low risks with high pre-let ratios.

Expansion capex accounted for 35% of the total capex in 2020, of which 32% was capex spent for development. Tenant improvements include mainly fit-out works that are targeted at retaining existing tenants or attracting new tenants, supporting quality of the tenant structure. This item accounted for 46% of the total capex in 2020. Other capex includes ongoing expenditures that are not included above and targeted at sustaining the high quality of the portfolio. This item accounted for 19% of the total capex in 2020. These capex and repositioning activities result in higher asset quality and stronger tenant structure which generate additional income growth and value appreciation.



Maintenance ratio of investment property reduced slightly to 0.14% in 2020



Dresden

ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2020	2019
	in € millions	
Personnel expenses	(19.6)	(13.4)
Legal and professional fees	(10.9)	(3.4)
Audit and accounting expenses	(4.9)	(4.0)
Marketing and other administrative expenses	(15.7)	(6.5)
Administrative and other expenses	**(51.1)**	**(27.3)**

Administrative and other expenses amounted to €51 million in 2020, compared to €27 million recorded in 2019. These expenses consist mainly of administrative personnel expenses which amounted to €20 million in 2020, compared to €13 million in 2019, growing in line with the growth of the Company. With the takeover of TLG, AT implemented a larger and improved governance structure to lead the Company into further growth. As a result, AT's leadership is strengthened with experienced additions to the management and the board of directors which position the Group towards a stronger future. Administrative and other expenses also include expense items such as fees for legal, professional, accounting and audit services, as well as sales, marketing and other administrative expenses which grew mainly due to the takeover of TLG. In addition, these expenses included one-off non-recurring expenses in the amount of €4 million, which are directly related to the merger process with TLG.

FINANCE EXPENSES

	Year ended December 31,	
	2020	2019
	in € millions	
Interest from banks, corporate bonds and third parties, net	(191.1)	(136.4)
Finance expenses on lease liabilities	(9.6)	(5.3)
Finance expenses, net	**(200.7)**	**(141.7)**

AT recorded in 2020 finance expenses of €201 million, compared to €142 million in 2019. The expenses increased due to the initial consolidation of TLG's debt and full year impact of bonds issued in 2019. This increase was partially offset by the repayments of over €1.5 billion debt during 2020. These repayments were financed by both property disposals and issuance of a new bond at a lower coupon and a longer maturity. This new €1 billion bond was issued at 0% coupon and 6 year maturity which was subsequently used to repay approx. €600 million of debt with an average coupon of 1.5% coupon and 3 year maturity in 2020 and 2021. As a result, AT's cost of debt decreased to 1.4% which supports operational profitability KPIs such as FFO. As the liability management activities were done throughout 2020, the full period effect of the savings will come in the next periods, fueling future growth. Furthermore, AT maintains its long average debt maturity of 6.1 years. Combined with operational profitability, this conservative debt profile manifest itself in the high ICR of 4.3x in 2020. In addition, finance expenses include €10 million of expenses related to lease liabilities.

OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2020	2019
	in € millions	
Changes in fair value of financial assets and liabilities, net	(135.1)	72.3
Finance-related costs	(32.7)	(26.6)
Other financial results	**(167.8)**	**45.7**

Other financial results amounted to an expense of €168 million in 2020, compared to a €46 million income in 2019. The result is composed of items that are primarily non-recurring or non-cash where values fluctuate and thus the result varies from one period to another. The decrease in 2020 was driven by net negative changes in the fair values of financial assets and liabilities which amounted to a €135 million expense in 2020 compared to an income of €72 million in 2019. Due to the pandemic, there was an unfavorable movement in the markets which had an adverse impact on the changes of the fair value of financial assets, liabilities and derivatives. The expense in 2020 includes net changes in the fair value of derivatives including contingent liabilities related to the takeover of TLG and changes in the fair value of other financial assets. Approx. half of these expenses refer to costs incurred for the repayments of approx €1.2 billion bonds during the year.

Finance-related costs consists mainly of fees and payments related to capital market activities, financial consultancy fees, prepayment costs, loan brokerage fees and rating fees for new bonds. These costs amounted in 2020 to an expense of €33 million, increasing compared to an expense of €27 million in 2019.

TAXATION

	Year ended December 31,	
	2020	2019
	in € millions	
Current tax expenses	(89.4)	(70.6)
Deferred tax expenses	(287.4)	(280.1)
Tax and deferred tax expenses	**(376.8)**	**(350.7)**

AT's total tax expenses amounted €377 million in 2020, compared to €351 million recorded in 2019. Current tax expenses which are comprised of corporate income taxes and property taxes accounted for €89 million in 2020, compared to €71 million in 2019. Current tax expenses grew as a result of the growth in operational profits and was also impacted by relatively higher tax rates in jurisdictions where AT invested in the recent periods. Majority of the tax expenses are driven by deferred tax expenses. Deferred tax expenses amounted to €287 million in 2020, compared to €280 million in 2019. Although revaluation gains were lower in 2020 than in 2019, the growth in deferred tax expenses is mainly driven by the relatively higher tax rates in jurisdiction where AT invested, partial recognition of tax loss carry forwards and tax effects relating to changes in the fair value of financial derivatives. The Company accounts for deferred tax expenses assuming the theoretical future disposal of properties in the form of asset deals, where in practice, the Company's disposals can be in the form of share deals with much lower effective taxes.

Berlin

PROFIT FOR THE YEAR

	Year ended December 31, 2020	2019
	in € millions	
Profit for the year	**906.4**	**1,709.1**
Profit attributable to:		
Owners of the Company	651.7	1,308.1
Perpetual notes investors	89.6	57.8
Non-controlling interests	165.1	343.2

AT's net profit for 2020 amounted to €906 million, compared to €1,709 million in 2019. The shareholders' profit amounted to €652 million in 2020, compared to €1,308 million in 2019. The decrease is mainly driven by lower revaluation gains recorded this year, higher expenses from other financial results, the extraordinary expenses for uncollected rent due to the Covid pandemic and a lower profit share from equity-accounted investees. The profit attributable to non-controlling interests decreased from €343 million in 2019 to €165 million in 2020 mainly due to lower non-recurring profits from properties with non-controlling interest. The profit in 2020 mainly represents the additional minorities created from the takeover of TLG. At year-end 2020, AT owns 79% of TLG and the remaining 21% which is related to minorities is reflected in the non-controlling interest. Profit attributable to the perpetual notes investors grew from €58 million in 2019 to €90 million in 2020 due to the addition of TLG's €600 million perpetual notes and the full year impact of approx. €1 billion perpetual notes issued during 2019.

EARNINGS PER SHARE

	Year ended December 31, 2020	2019
Basic earnings per share (in €)	0.50	1.12
Diluted earnings per share (in €)	0.49	1.11
Weighted average basic shares (in millions)	1,305.2	1,172.9
Weighted average diluted shares (in millions)	1,306.5	1,174.1

AT generated basic and diluted earnings per share of €0.50 and €0.49 in 2020, compared to €1.12 and €1.11 recorded in 2019. This movement reflects the development in the shareholders' profit and the higher share count between the periods. The weighted average number of shares grew by 11% between the periods, driven by the new shares issued as part of the takeover of TLG in February 2020, the full period impact of an equity capital increase in 2019 and scrip dividends issued in 2019. Since most of the share buyback program occurred during the fourth quarter of 2020, the full impact of the buyback on the weighted average number of shares as well as per share KPIs will be larger in the upcoming quarters.

COMPREHENSIVE INCOME

	Year ended December 31, 2020	2019
	in € millions	
Profit for the year	**906.4**	**1,709.1**
Total other comprehensive income (loss) for the year, net of tax	(73.2)	9.5
Total comprehensive income for the year	**833.2**	**1,718.6**

The total comprehensive income in 2020 resulted to €833 million, compared to €1,719 million income in 2019. 2020 was lower due to the development in net profits as well as a €73 million total other comprehensive loss in 2020 compared to an income of €10 million in 2019. The loss in 2020 is mainly driven by the net foreign currency and cash flow hedging effects and AT's share of other comprehensive loss in investment in equity-accounted investees. The income in 2019 was driven by a positive balance of cash flow hedging and a higher balance of currency hedging and reserve effects.

ADJUSTED EBITDA

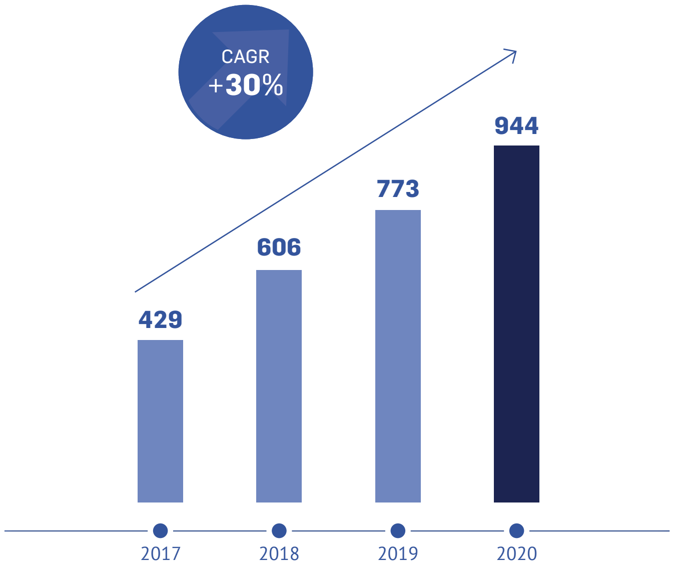
	Year ended December 31,	
	2020	2019
	in € millions	
Operating profit	1,651.7	2,155.8
Total depreciation and amortization	4.3	1.7
EBITDA	**1,656.0**	**2,157.5**
Property revaluations and capital gains	(769.4)	(1,217.5)
Share in profit from investment in equity-accounted investees	(195.7)	(298.7)
Other adjustments incl. one-off expenses related to TLG merger 1)	7.0	4.5
Contribution from assets held for sale	(40.5)	(4.8)
Extraordinary expenses for uncollected rent 2)	120.0	-
Adjusted EBITDA commercial portfolio, recurring long-term	**777.4**	**641.0**
Adjustment for GCP's and other investments' adjusted EBITDA contribution 3)	166.7	131.7
Adjusted EBITDA	**944.1**	**772.7**

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

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

3) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence. GCP generated an adjusted EBITDA of €300 million in FY 2020 and €298 million in FY 2019

ADJUSTED EBITDA (IN € MILLIONS)



Adjusted EBITDA is a key performance measure used to evaluate the operational result of the Company, derived by deducting from the EBITDA non-operational items such as revaluations and capital gains and other adjustments. Additionally, in order to mirror the recurring operational results of the Group, the share in profit from investment in equity-accounted investees is subtracted as this also includes the Company's share in non-operational profits generated by these investees. Due to the nature of its strategic investment in GCP and in other investments, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by investments where the Company has significant influence for the period in accordance with its holding rate over the period. As at the end of December 2020, AT's holding rate in GCP is 41% and GWI is 22%.

The Group generated in 2020 an adjusted EBITDA of €944 million, increasing by 22% compared to €773 million. This stems from the top-line growth and larger contribution from GCP and other investees. The top-line growth is driven mainly by the takeover of TLG, as well as other real estate acquisitions and acquisitions during 2019 which had a full year impact starting in 2020. The Group's adjusted EBITDA benefitted from a larger contribution from GCP and other investees. As the defensive business model of GCP with the focus on affordable German housing proved to be very resilient during the pandemic, GCP delivered a year-over-year growth in its adjusted EBITDA despite its disposals thanks to its organic growth and operational efficiencies. As the Company considers the extraordinary expenses for uncollected rent as non-recurring, it excludes this item from the adjusted EBITDA. Including the extraordinary expenses, the adjusted EBITDA amounts to €824 million with a growth of 7% since 2019.

The adjusted EBITDA excludes a one-off expense of €4 million which relates to the merger with TLG and additionally accounts for another adjustment in the amount of €3 million which relates to the non-cash expenses for employees' share incentive plans. Furthermore, the Company conservatively does not include the contributions from properties marked for disposal since they are intended to be disposed or already signed for disposal and therefore their contributions are non-recurring. This adjustment grew from €5 million in 2019 to €41 million in 2020 due to the enhanced disposal activity in 2020.

FFO I BEFORE PERPETUAL

(PREVIOUSLY DEFINED AS FFO I, COVID ADJUSTED)

	Year ended December 31,	
	2020	2019
	in € millions	
Adjusted EBITDA commercial portfolio, recurring long-term	**777.4**	**641.0**
Finance expenses, net	(200.7)	(141.7)
Current tax expenses	(89.4)	(70.6)
Contribution to minorities [1]	(35.8)	(17.4)
Adjustments related to assets held for sale [2]	9.4	3.4
FFO I commercial portfolio, recurring long-term	**460.9**	**414.7**
Adjustment for GCP's and other investments' FFO I contribution [3]	106.5	88.7
FFO I before perpetual before Covid	**567.4**	**503.4**
Extraordinary expenses for uncollected rent [4]	(120.0)	-
FFO I before perpetual	**447.4**	**503.4**
Weighted average basic shares (in millions) [5]	1,305.2	1,172.9
FFO I per share before perpetual before Covid (in €)	**0.43**	**0.43**
FFO I per share before perpetual (in €)	**0.34**	**0.43**

1) contribution to minorities and the minority share in TLG's FFO I (after perpetual notes attribution and contribution of AT)
2) the net contribution which is excluded from the FFO amounts to €31.1 million in 2020 and €1.4 million in 2019
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 (previously defined as FFO I after perpetual notes attribution) of €182 million in FY 2020 and €179 million in FY 2019
4) extraordinary expenses for uncollected rent due to the 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 profitability. FFO I before perpetual starts by deducting the finance expenses and current tax expenses from the adjusted EBITDA. The calculation further includes the relative share of AT in GCP's FFO I (previously defined as FFO I after perpetual notes attribution) and FFO I of other significant investment positions. Additionally, FFO I before perpetual excludes the share in minorities' operational profits and makes an adjustment related to assets held for sale.

The Group generated an FFO I before perpetual before Covid of €567 million in 2020, which increased by 13% from €503 million in 2019. The top-line growth was mainly driven by the takeover of TLG and it was to some extent offset by higher finance and tax expenses. AT additionally provides an FFO I before perpetual which includes extraordinary expenses for uncollected rent due to the Covid pandemic. Including these expenses, the FFO I before perpetual amounts to €447 million, 11% lower than €503 million FFO I before perpetual recorded in 2019.

The FFO I before perpetual additionally makes an allocation to minorities and includes contributions from GCP and other investments. The contributions to minorities increased since 2019 due to the minority share in TLG. Since the combination with TLG was completed mid-February 2020, TLG's contribution to the FFO I, as well as the relative adjustment for minorities were incorporated only partially during the first quarter of 2020 with the full impact starting from the second quarter of 2020. GCP and other investees contributed €107 million to the FFO I in 2020, increasing by 20% from €89 million recorded in 2019. Additionally, FFO I before perpetual includes other adjustments in the amount of €9.4 million, related to finance and tax expenses of assets held for sale. This item increased compared to 2019 since a large amount of assets were classified into assets held for sale or disposed in 2020.

FFO I

(PREVIOUSLY DEFINED AS FFO I AFTER PERPETUAL, COVID ADJUSTED))

	Year ended December 31, 2020	2019
	in € millions	
FFO I before perpetual before Covid	**567.4**	**503.4**
Perpetual notes attribution	(89.6)	(57.8)
FFO I before Covid (previously defined as FFO I after perpetual)	**477.8**	**445.6**
Extraordinary expenses for uncollected rent [1]	(120.0)	-
FFO I (previously defined as FFO I after perpetual, Covid adjusted)	**357.8**	**445.6**
Weighted average basic shares (in millions) [2]	1,305.2	1,172.9
FFO I per share before Covid (in €) (previously defined as FFO I per share after perpetual)	**0.37**	**0.38**
FFO I per share (in €) (previously defined as FFO I per share after perpetual, Covid adjusted)	**0.27**	**0.38**

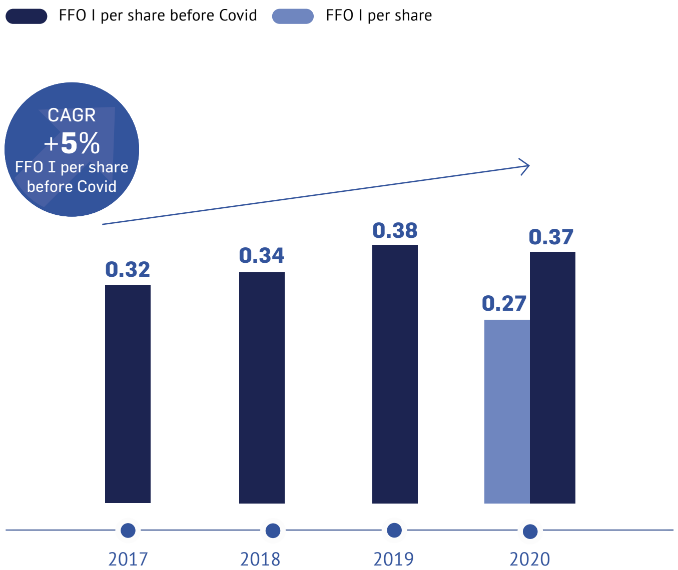
1) extraordinary expenses for uncollected rent due to the Covid pandemic
2) weighted average number of shares excludes shares held in treasury; base for share KPI calculations

According to IFRS accounting treatment, contributions to perpetual notes are recorded through changes in equity and not as financial expense in the income statement. However, in conjunction with the newly revised EPRA Best Practice Recommendations, the management reassessed the calculation definition of its various FFO KPIs and shifted its focus to FFO I after perpetual notes attribution, hereafter renamed as FFO I. Moreover, AT revised its dividend policy and as a result, from FY 2021 onwards, the dividend payout ratio is 75% of FFO I per share which is after the attribution of the perpetual notes.

AT generated an FFO I before Covid of €478 million in 2020, increasing by 7% compared to €446 million recorded in 2019. This reflects an FFO I per share before Covid of €0.37 in 2020 which is slightly lower than €0.38 per share recorded in 2019. The growth in FFO I before perpetual before Covid was offset by the addition of TLG's €600 million perpetual notes, the full year impact of €1 billion perpetual notes issued in 2019 and the higher share count between the periods. On the other hand, share buybacks partially contributed to the per share amount. Since the majority of the share buyback program occurred during the fourth quarter of 2020, it will have a stronger impact on the per share KPIs in the following quarters. FFO I amounted to €358 million and €0.27 per share.

FFO I PER SHARE (IN €)

(PREVIOUSLY DEFINED AS FFO I PER SHARE AFTER PERPETUAL, COVID ADJUSTED)



FFO II

	Year ended December 31, 2020	2019
	in € millions	
FFO I [1]	**357.8**	**445.6**
Result from the disposal of properties [2]	574.7	310.9
FFO II [3]	**932.5**	**756.5**

1) previously defined as FFO I after perpetual, Covid adjusted
2) the excess amount of the sale price, net of transaction costs, to total costs (cost price and capex of the disposed properties)
3) reclassified to be based on FFO I after perpetual notes attribution, Covid adjusted (now named as FFO I). Formerly, it was based on FFO I, Covid adjusted (now named as FFO I before perpetual)

FFO II is an additional key performance indicator used in the real estate industry to evaluate the operational recurring profits including the disposal gains during the relevant period. It amounted to €933 million in 2020, increasing by 23% compared to 2019. Result from the disposal of properties amounted to €575 million in 2020, 85% higher than €311 million recorded in 2019. During 2020, AT closed disposals of €2.3 billion non-core and mature assets with a margin over their total cost values of +33%. Including the signed deals, total disposals in 2020 amounted to over €2.7 billion and the remaining is expected to be closed in the following quarters. This substantial disposal activity provided the company with a significant cash inflow which funded the share buybacks and debt repayments. It also resulted in a stronger portfolio quality through non-core disposals. While the margin over total cost value shows the significant economic profit, the margin over net book value validates the current portfolio valuations.


Dortmund

CASH FLOW

	Year ended December 31,	
	2020	2019
	in € millions	
Net cash provided by operating activities	615.8	613.6
Net cash provided by / (used in) investing activities	1,013.7	(2,889.8)
Net cash (used in) / provided by financing activities	(1,634.1)	3,227.9
Net changes in cash and cash equivalents	**(4.6)**	**951.7**
Net changes in cash and cash equivalents	**(4.6)**	**951.7**
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	508.7	-
Other changes(*)	(3.7)	(2.8)
Cash and cash equivalents as at the end of the year	**2,692.1**	**2,191.7**

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

€616 million of net cash was provided by operating activities in 2020 which is relatively similar to €614 million provided in 2019. The growth in operational profits was offset by unusual increase in deferrals due to the Covid pandemic and the non-cash dividends from investments. AT was entitled to €54.6 million dividends from GCP in 2020, of which AT received €8.2 million in cash and opted for scrip dividends for the remaining. New shares from scrip dividends increased AT's stake in GCP, supporting the Group's well-balanced portfolio.

€1.0 billion of net cash was provided by investing activities in 2020, compared to €2.9 billion cash used in 2019. During 2020, AT closed €2.3 billion of disposals which was to some extent offset by acquisitions, investment in AT's own properties and investment in financial assets. The net cash used in 2019 was mostly due to property acquisitions. Since the merger with TLG in 2020 was non-cash, it did not have an impact on this item but as at year-end 2020, it increases the investment property by over €4 billion.

€1.6 billion of net cash was used in financing activities in 2020, compared to €3.2 billion provided in 2019. During 2020, AT bought back €1 billion of its shares and repaid over €1.5 billion of debt. The impact of the share buyback on leverage was neutral since these were funded by the disposals and an issuance of €1 billion bond at 0% coupon. Another cash source during the year was from the issuance of mandatory convertible notes.

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

Cash and cash equivalents at year-end 2020 amounted to €2.7 billion, growing by 23% compared to €2.2 billion at year-end 2019. This is the result of AT's disciplined capital management approach. This high liquidity, combined with a large amount of unencumbered assets reflects the strength of AT's balance sheet. This substantial balance provides the Company with high financial flexibility and headroom against market downturns, as well as with a large firepower for acquisitions.

ASSETS

	Dec 2020	Dec 2019
	in € millions	
Non-current assets	**26,240.5**	**21,701.9**
Investment property	21,172.4	18,127.0
Equity-accounted investees - holding in GCP SA [1]	2,076.3	1,928.0
Equity-accounted investees, other	1,101.1	577.9
Current assets	**4,781.1**	**3,742.8**
Assets held for sale [2]	875.4	209.0
Cash and liquid assets [3]	3,262.7	3,043.8
Total Assets	**31,021.6**	**25,444.7**

1) according to AT's holding rate, the market cap of GCP SA as of Dec 2020 is €1.5 billion
2) excluding cash in assets held for sale
3) including cash in assets held for sale

AT's total assets amounted to €31.0 billion at year-end 2020, increasing by 22% from €25.4 billion at year-end 2019. This growth is predominantly driven by the external growth mainly through the takeover of TLG, further supported by the internal growth reflected in the revaluation gains, and net by disposals during the period.

Non-current assets amounted to €26.2 billion at the end of December 2020, up by 21% from €21.7 billion at year-end 2019. Investment properties which make up the majority of non-current assets totaled to €21.2 billion, reflecting a 17% growth since the end of 2019 driven mainly by the takeover of TLG, as well as value appreciation. AT completed the takeover of TLG in February 2020 which created the third largest listed real estate company in Europe by total assets. The merger solidified the defensive characteristics of the Group's platform and positioned the Group stronger in its markets. As a result, the Group has a larger footprint in top tier cities of the strongest countries in Europe, Germany and the Netherlands, and has the largest office portfolio in Berlin, Frankfurt and Munich among publicly listed real estate peers. Non-current assets had an increase of €0.8 billion as a result of the goodwill created as part of the takeover of TLG. This goodwill mainly relates to TLG´s deferred tax liability balance. The business combination was based on an EPRA NAV-to-EPRA NAV exchange ratio. The ratio of TLG´s EPRA NAV to the shareholders' equity is much higher than AT's (primarily related to higher ratio of deferred tax balance) and is thus, from an accounting perspective, reflected in the goodwill balance. There was no indication for an impairment for the year-end 2020 statements. In addition, AT acquired further real estate properties in the amount of approx. €250 million.

The growth in non-current assets was partially offset by disposals. During 2020, AT signed disposals of non-core and mature assets for over €2.7 billion with a margin over their net book values of +3%. €2.3 billion of these were closed during the year and the remainder was classified as assets held for sale. The disposals provided a large cash inflow to the Company and these proceeds were utilized in share buybacks and debt repayments. By disposing above book value and buying back shares at a significant discount to NAV, AT is creating significant accretive long-term shareholder value. As market transactions remain strong, the reinvestment into own portfolio through share buyback is is currently yielding higher than most alternative external acquisitions options. In addition, the capital recycling activity strengthened the overall portfolio quality through disposals of non-core. More than 50% of the disposals signed in 2020 were retail and wholesale assets while the remaining were offices, hotels and development assets. 40% of disposals were in non-core cities across Germany while the remaining were mainly mature assets in cities such as Berlin, Frankfurt, Dresden, Leipzig, Utrecht and Amsterdam. Furthermore, AT's ability to sell these properties above book value validates the portfolio valuations.

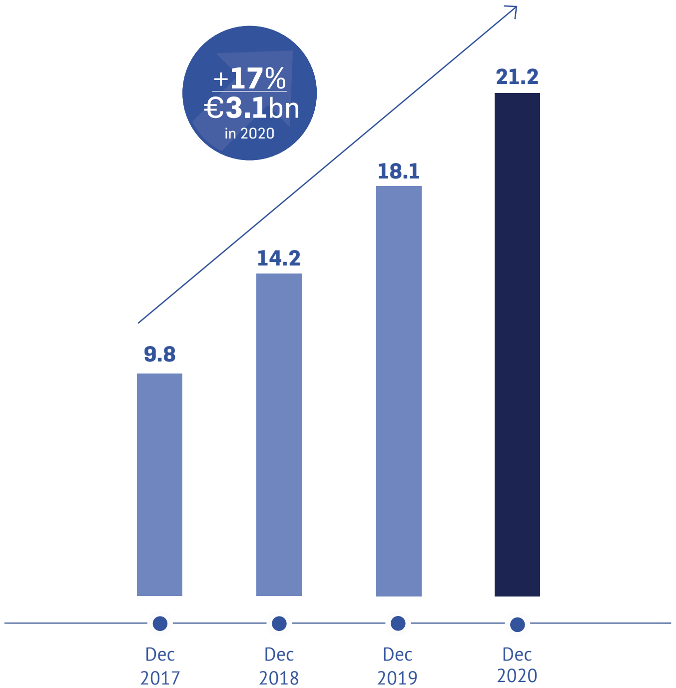
Investment in equity-accounted investees amounted to €3.2 billion at year-end 2020, up by 27% from €2.5 billion recorded at year-end 2019. This line item represents AT's long-term investments in which AT has a significant influence but are not consolidated. The largest investment in this item is the Company's strategic residential portfolio investment via a 41% stake in Grand City Properties which amounts to €2.1 billion at year-end 2020 compared to €1.9 billion at year-end 2019. The increase in this item is from GCP's net profits and a slightly increased stake in GCP mainly through participation in the scrip dividends of GCP. GCP strengthens 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 as well as London residential. The balance of other equity-accounted investees amounted to €1.1 billion at year-end 2020, increasing from €0.6 billion at year-end 2019. This growth is mainly due to the reclassification of the investment in Globalworth, a leading publicly listed office landlord in the CEE market, which was formerly accounted for as financial asset. Furthermore, the growth of equity-accounted investees increased further due to several additional transactions. AT sold during the period a majority control stake in office assets in the amount of €109 million and the remaining stake where AT has significant influence is presented as part of the investment in equity-accounted investees. Lastly, the other equity-accounted investees balance grew also as a result of profits from these investees.

Non-current assets also include advance 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 which are mainly short-term asset-backed loans as well as vendor loans that are connected to disposals.

Current assets amounted to €4.8 billion at year-end 2020, increasing by 28% from €3.7 billion at year-end 2019, driven mainly by the reclassification of assets into held for sale which were not closed during the reporting period. The cash and liquid assets balance amounted to €3.3 billion at year-end 2020, up by 7% from €3.0 billion at year-end 2019. Main cash sources during the year were from operations, the disposals, issuance of €1 billion 0% coupon bond and USD 250 million of mandatory convertible notes as well as drawdown of new bank debt and the initial consolidation of TLG's cash balance following the takeover. Main cash uses were the €1 billion share buybacks, repayments of over €1.5 billion of debt and investment in real estate properties. Maintaining a high liquidity balance is a key part of Aroundtown's capital management and thanks to its disciplined approach, AT was able to grow its liquidity balance during the year. This high liquidity balance, combined with a large amount of unencumbered assets, provides high financial strength, flexibility and firepower for acquisitions.

The assets held for sale balance consists of non-core assets that are intended to be sold within the next 12 months. The balance (excluding the cash of assets held for sale) amounted to €875 million at year-end 2020, compared to €209 million at year-end 2019. This item increased mainly due to the large amount of disposals that were signed but not closed yet during the reporting period. Out of this amount, over €250 million have been closed prior to the publication of these financial statements.

INVESTMENT PROPERTY (IN € BILLIONS)



AVERAGE VALUATION PARAMETERS	2020	2019
Rental multiple	21.7x	20.4x
Value per sqm	€2,665	€2,433

VALUATION ASSUMPTIONS SET BY INDEPENDENT VALUATORS		2020	2019
DCF method	Market rental growth p.a.	1.7%	1.8%
	Average discount rate	5.6%	5.7%
	Average cap rate	4.9%	5.1%

DECEMBER 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	11,558	3,841	11.6%	467	10.8	3,009	4.0%	4.6
Hotel	5,409	1,788	4.0%	295	14.1	3,025	5.5%	17.3
Retail	1,685	749	9.6%	86	10.2	2,250	5.1%	5.0
Logistics/Other	638	861	11.0%	35	3.6	740	5.4%	5.7
Development rights & Invest	1,882							
Total	**21,172**	**7,239**	**8.9%**	**883**	**10.8**	**2,665**	**4.6%**	**8.9**

LIABILITIES

	Dec 2020	Dec 2019
	in € millions	
Loans and borrowings [1]	1,376.8	889.4
Straight bonds and schuldscheins [2]	10,484.1	9,138.9
Deferred tax liabilities [3]	2,054.4	1,119.5
Other long-term liabilities and derivative financial instruments [4]	671.3	393.8
Current liabilities [5]	852.0	524.2
Total Liabilities	**15,438.6**	**12,065.8**

1) including short-term loans and borrowings and loans and borrowings under held for sale
2) Dec 2020 figure includes the Series D amount that was classified under current liabilities which was repaid after the reporting period
3) including deferred tax under held for sale
4) including short term derivative financial instruments
5) excluding current liability items that are included in the lines above

Total liabilities amounted to €15.4 billion at year-end 2020 compared to €12.1 billion at year-end 2019. The growth is mainly related to the takeover of TLG and the initial consolidation of its debt. The merger added 3 straight bonds with a notional value of €1.6 billion and bank loans of €1 billion at the time of consolidation. In total, during the year, AT repurchased approx. €1.2 billion of Series D, E, F and TLG straight bonds (including the clean-up of Series F 2023 bonds) and repaid over €300 million of bank debt. After the reporting period, AT repurchased further €128 million of bonds which included clean-up of the Series D 2022 and Series 35 TLG 2024 straight bonds, as well as repaid further debt. AT's proactive approach allowed for further optimization in the debt profile and as a result, AT has further decreased its cost of debt to 1.4% while keeping its average debt maturity long at 6.1 years. Following the takeover of TLG, AT initiated an issuer substitution for all of TLG's outstanding senior bonds. The pooling of instruments on the level of AT paves the way of realization of potential future synergies. AT issued €1 billion bond with 0% coupon which subsequently refinanced approx. €600 million bonds with an average coupon of 1.5%, including the clean up of TLG's 2024 Bond with 1.4% coupon, supporting the operational profitability.

Deferred tax liabilities amounted to €2.1 billion at year-end 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 is mainly related to the takeover of TLG, as well as revaluation gains recorded during the year. The deferred taxes are calculated conservatively by assuming the theoretical future property disposals in the form of asset deals and as such the full corporate tax rate is applied. In case the disposals are structured as a share deal, a lower tax rate applies in certain jurisdictions, thus realizing savings in deferred taxes. The other long-term and current liabilities increased mainly due to the full consolidation of TLG's financial accounts. In addition, the increase in derivative financial instruments is due to a contingent liability created as part of the takeover of TLG and the changes in foreign currencies which led to a higher derivative liability.

Current liabilities increased from €524 million at year-end 2019 to €852 million at year-end 2020, mainly due to the an increase in the payable items of which the majority is related to €161 million dividend that was paid out in January 2021.

NET FINANCIAL DEBT

	Dec 2020	Dec 2019
	in € millions	
Total financial debt [1]	11,860.9	10,028.3
Cash and liquid assets [2]	3,262.7	3,043.8
Net financial debt	**8,598.2**	**6,984.5**

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

Net financial debt amounted to €8.6 billion at the end of 2020, compared to €7.0 billion at year-end 2019. The growth in financial debt is mainly driven by the takeover of TLG, new bond issuances and new bank debt, partially offset by over €1.5 billion of debt repayments as well as deconsolidated loans due to disposals. Cash and liquid assets amounted to €3.3 billion at year-end 2020, higher compared to €3.0 billion at year-end 2019. The high liquidity provides the Company with high financial strength, headroom, flexibility, firepower for accretive acquisitions and further debt optimization.

Munich

LOAN-TO-VALUE

	Dec 2020	Dec 2019
	in € millions	
Investment property [1]	21,150.0	18,113.6
Investment property of assets held for sale	830.2	202.4
Investment in equity-accounted investees	3,177.4	2,505.9
Total value	**25,157.6**	**20,821.9**
Net financial debt [2]	**8,598.2**	**6,984.5**
LTV	**34%**	**34%**

1) including advance payments and deposits and excluding the right-of-use assets
2) including cash and liquid assets held for sale and excluding lease liabilities

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

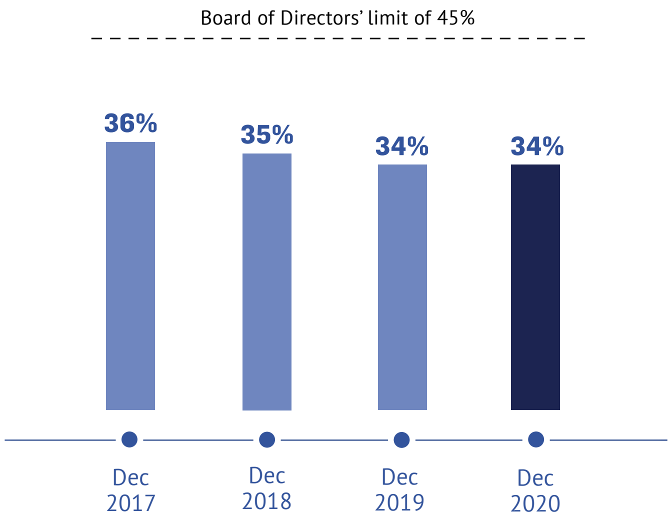
AT maintained its low leverage with an LTV at 34% at year-end 2020 as the TLG takeover has been financed through a share-to-share exchange. The LTV is well below the Board of Directors' limit which reflects the defensiveness of the Company's financial profile and provides the Company with significant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

UNENCUMBERED ASSETS

	Dec 2020	Dec 2019
	in € millions	
Rent generated by unencumbered assets*	796.6	789.7
Rent generated by the total Group*	1,045.9	974.5
Unencumbered assets ratio	**76%**	**81%**

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

LOAN-TO-VALUE



AT's portfolio embeds additional financial flexibility through a high amount of unencumbered assets. A high ratio of 76% with a total value of €15.6 billion at year-end 2020, compared to 81% and €14.2 billion at year-end 2019, provides the Company with additional flexibility and liquidity potential. Although the ratio decreased from year-end 2019, due to the takeover of TLG as TLG had a lower ratio of unencumbered assets compared to AT, yet it remains significantly above the 50% level set in the Company's financial policy.

ICR

	Year ended December 31, 2020	2019
	in € millions	
Group finance expenses [1]	226.4	162.0
Adjusted EBITDA [2]	984.6	777.5
ICR	**4.3x**	**4.8x**

1) including AT's share in GCP's and other investments' finance expenses
2) including the contributions from assets held for sale, GCP and other investments, excluding extraordinary expenses for uncollected rent due to the Covid pandemic

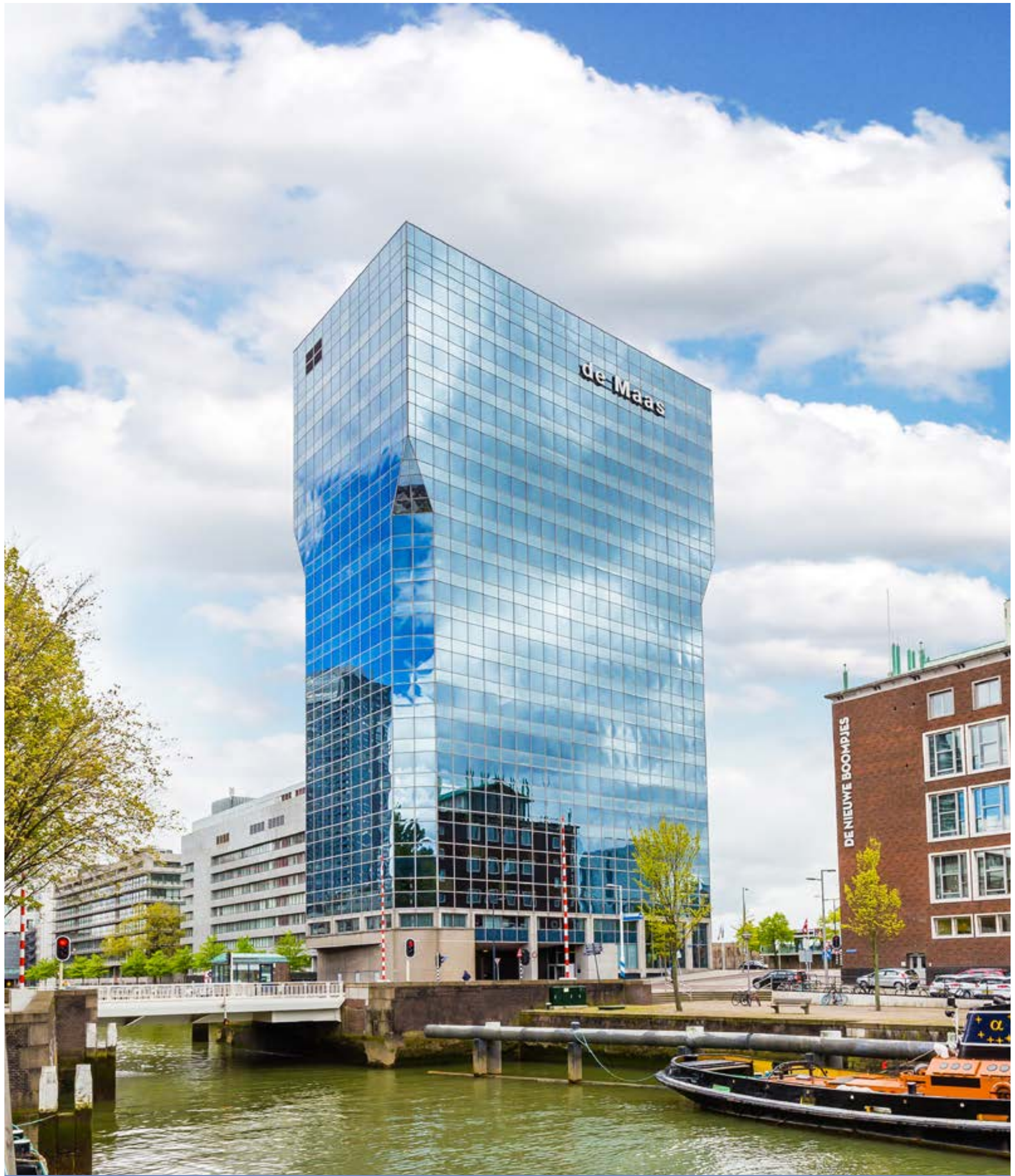
A solid financial cover ratio with a high ICR of 4.3x in 2020 reflects AT's healthy credit profile and is significantly above the financial covenants. Including the negative effect of the extraordinary expenses for uncollected rent of €120 million in 2020, the ICR decreases to 3.8x. By maintaining its debt metric at such high multiples, AT demonstrates the high level of comfort that its operational results have in covering its debt servicing.

EQUITY

	Dec 2020	Dec 2019
	in € millions	
Total equity	**15,583.0**	**13,378.9**
of which equity attributable to the owners of the Company	10,424.8	9,585.5
of which equity attributable to perpetual notes investors	3,132.9	2,484.0
of which non-controlling interests	2,025.3	1,309.4
Equity ratio	**50%**	**53%**

Total equity amounted to €15.6 billion at year-end 2020, up by 16% from €13.4 billion at year-end 2019. Shareholders' equity grew by 9% to €10.4 billion at year-end 2020 from €9.6 billion at year-end 2019. This was predominantly driven by the takeover of TLG which was financed through a share-to-share exchange, shareholders' profit generated during the year and the issuance of mandatory convertible notes, offset by the share buyback. Equity attributable to the owners of the Company is net of treasury shares in the amount of €2.6 billion. Equity attributable to perpetual notes investors increased from €2.5 billion at year-end 2019 to €3.1 billion at year-end 2020 due to the consolidation of TLG's perpetual notes. During the year, AT and TLG executed a consent solicitation process in order to shift up TLG's perpetual notes to AT's level. Following the receipt of the consent of TLG's perpetual note holders, AT became the issuer of these notes. After the reporting period, AT issued €600 million perpetual notes with 1.625% coupon, its lowest-to-date, and subsequently refinanced approx. €230 million of its first perpetual notes with a 3.75% coupon which was issued in 2016. Equity attributable to non-controlling interest grew from €1.3 billion at year-end 2019 to €2.0 billion at year-end 2020, mainly as a result of 21% minority stake in TLG, consolidation of TLG's minorities upon takeover, increased stake of minority holders and profits attributed to non-controlling interests.

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



Rotterdam

EPRA PERFORMANCE MEASURES

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

in € millions unless otherwise indicated	**2020**	Change	2019
EPRA Earnings	434.8	(9%)	475.8
EPRA Earnings per share (in €)	0.33	(20%)	0.41
EPRA NRV	13,093.9	9%	11,987.3
EPRA NRV per share (in €)	11.1	13%	9.8
EPRA NTA	11,187.4	6%	10,522.7
EPRA NTA per share (in €)	9.5	10%	8.6
EPRA NDV	8,354.9	(1%)	8,439.9
EPRA NDV per share (in €)	7.1	3%	6.9
EPRA NAV	11,511.8	8%	10,633.4
EPRA NAV per share (in €)	9.8	13%	8.7
EPRA Net initial yield (NIY)	3.6%	(0.3%)	3.9%
EPRA 'Topped-up' NIY	3.7%	(0.3%)	4.0%
EPRA Vacancy - Commercial portfolio	8.9%	1.2%	7.7%
EPRA Vacancy - Group portfolio	8.5%	0.9%	7.6%
EPRA Cost Ratio (including direct vacancy costs)	29.3%	11.7%	17.6%
EPRA Cost Ratio (excluding direct vacancy costs)	27.4%	12.1%	15.3%
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	19.4%	1.8%	17.6%
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	17.6%	2.3%	15.3%

EPRA EARNINGS

The EPRA Earnings is intended to serve as a key indicator of the Company's underlying operational profits for the year in the context of a European real estate company. Given AT's strategic investment in GCP and other investments, the proportional share in GCP's and other investments' EPRA Earnings for the year is included in accordance with the average holding rate for the period. As the Funds from Operations is the widely-recognized industry standard KPI for operational performance and Aroundtown distributes its dividend based on the FFO I per share for the year, an additional reconciliation from the EPRA Earnings to the FFO I is provided below.

EPRA Earnings for 2020 amounted to €435 million and €0.33 per share, compared to €476 million and €0.41 per share in 2019. The decrease is mainly due to the extraordinary expenses for uncollected rent due to Covid pandemic. Excluding these extraordinary expenses, EPRA earnings would amount to €555 million, which is a growth of 17% compared to 2019. This bottom-line growth was mainly driven by the external growth as a result of the takeover of TLG and other real estate acquisitions, as well as by an organic growth and higher contribution from joint venture investments.

	Year ended December 31,	
	2020	2019
	in € millions	
Earnings per IFRS income statement	**906.4**	**1,709.1**
Property revaluations and capital gains	(769.4)	(1,217.5)
Changes in fair value of financial assets and liabilities, net	135.1	(72.3)
Deferred tax expenses	287.4	280.1
Share in profit from investment in equity-accounted investees	(195.7)	(298.7)
Adjustment for investment in equity-accounted investees [1]	106.8	92.5
Contribution to minorities	(35.8)	(17.4)
EPRA Earnings	**434.8**	**475.8**
Weighted average basic shares (in millions) [2]	1,305.2	1,172.9
EPRA Earnings per share (in €)	**0.33**	**0.41**
Bridge to FFO I (previously defined as FFO I after perpetual, Covid adjusted)		
Add back: Total depreciation and amortization	4.3	1.7
Add back: Finance related costs	32.7	26.6
Add back: Other adjustments incl. one-off expenses related to TLG merger	7.0	4.5
Less: FFO items related to investments in equity-accounted investees [1]	(0.3)	(3.8)
Less: FFO contribution from assets held for sale	(31.1)	(1.4)
Less: Perpetual notes attribution	(89.6)	(57.8)
FFO I (previously defined as FFO I after perpetual, Covid adjusted)	**357.8**	**445.6**
FFO I per share (previously defined as FFO I per share after perpetual, Covid adjusted)	**0.27**	**0.38**

1) including AT's share in GCP and other investments
2) weighted average number of shares excludes shares held in treasury; base for share KPI calculations

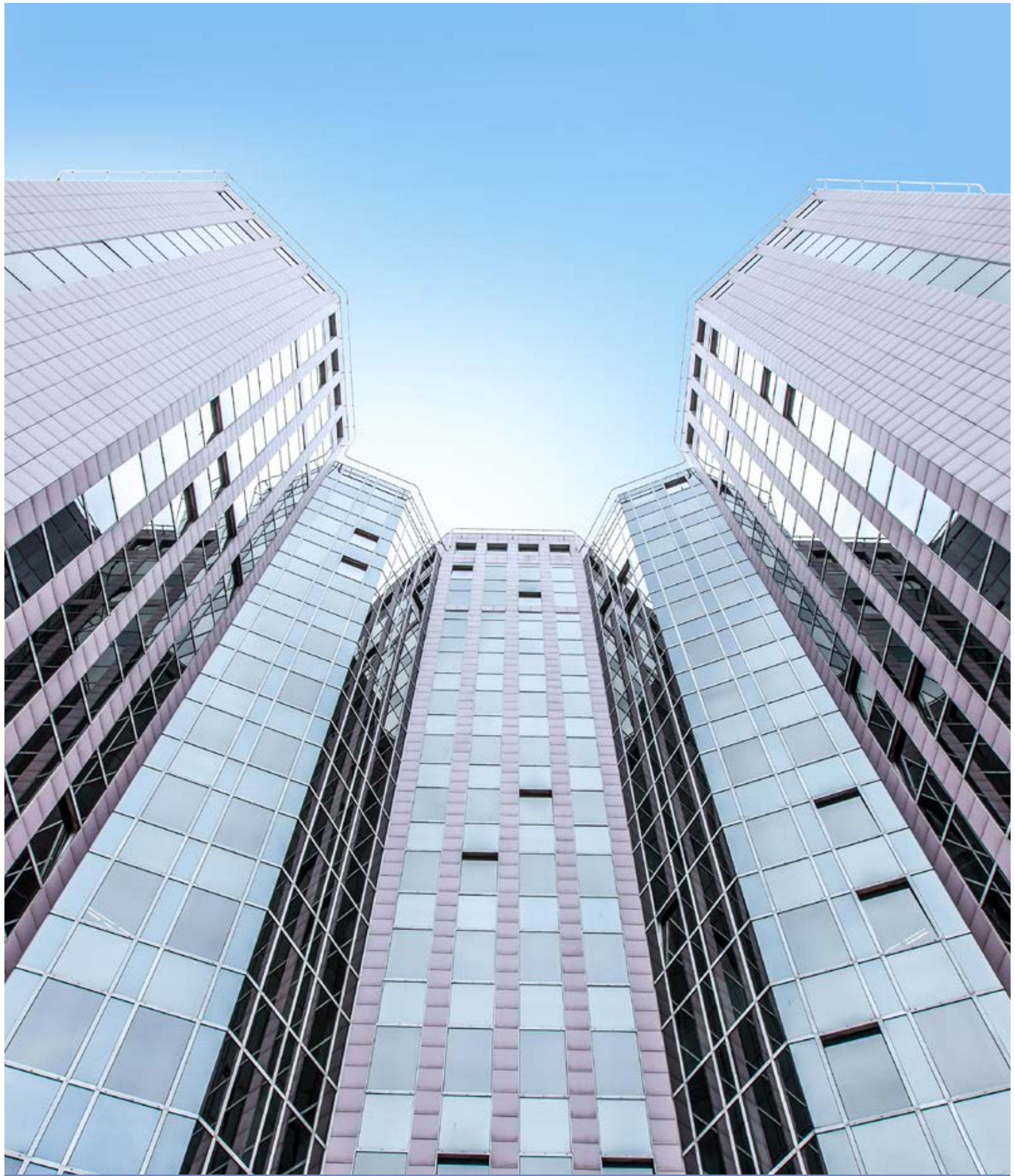
EPRA NAV KPIs

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

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

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

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



Essen

EPRA NAV KPIs - 2020

	Dec 2020				
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
	in € millions				
Equity attributable to the owners of the Company	**10,424.8**	**10,424.8**	**10,424.8**	**10,424.8**	**10,424.8**
Deferred tax liabilities [1]	1,853.2	1,494.5	-	1,853.2	1,775.9
Fair value measurement of derivative financial instruments [2]	55.8	55.8	-	55.8	-
Goodwill in relation to TLG [3]	(822.0)	(822.0)	(822.0)	(822.0)	(822.0)
Goodwill as per the IFRS balance sheet (related to GCP surplus) [4]	-	(620.5)	(620.5)	-	-
Intangibles as per the IFRS balance sheet	-	(18.0)	-	-	-
Net fair value of debt	-	-	(627.4)	-	(627.4)
Real estate transfer tax [5]	1,582.1	672.8	-	-	-
NAV	**13,093.9**	**11,187.4**	**8,354.9**	**11,511.8**	**10,751.3**
Number of shares (in millions) [6]	1,176.7				
NAV per share (in €)	**11.1**	**9.5**	**7.1**	**9.8**	**9.1**

1) excluding the minority share in TLG's deferred tax liabilities (DTL), including DTL of assets held for sale except for EPRA NTA. EPRA NNNAV makes an adjustment assuming disposals through share deals
2) excluding the minority share in TLG's derivatives
3) deducting the goodwill resulting from the business combination with TLG
4) deducting the surplus on investment in GCP Group
5) including the gross purchasers' costs of assets held for sale. EPRA NTA includes only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved
6) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NAV KPIs - 2019

	Dec 2019				
	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
	in € millions				
Equity attributable to the owners of the Company	**9,585.5**	**9,585.5**	**9,585.5**	**9,585.5**	**9,585.5**
Deferred tax liabilities [1]	1,119.5	914.0	-	1,119.5	1,076.5
Fair value measurement of derivative financial instruments	(71.6)	(71.6)	-	(71.6)	-
Goodwill in relation to TLG	-	-	-	-	-
Goodwill as per the IFRS balance sheet (related to GCP surplus) [2]	-	(622.9)	(622.9)	-	-
Intangibles as per the IFRS balance sheet	-	(10.0)	-	-	-
Net fair value of debt	-	-	(522.7)	-	(522.7)
Real estate transfer tax [3]	1,353.9	727.7	-	-	-
NAV	**11,987.3**	**10,522.7**	**8,439.9**	**10,633.4**	**10,139.3**
Number of shares in (millions)	1,224.9				
NAV per share (in €)	**9.8**	**8.6**	**6.9**	**8.7**	**8.3**

1) including the deferred tax liabilities of assets held for sale except for EPRA NTA. EPRA NNNAV makes an adjustment assuming disposals through share deals
2) deducting the surplus on investment in GCP Group
3) including the gross purchasers' costs of assets held for sale. EPRA NTA includes only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved

EPRA NRV

EPRA NRV at year-end 2020 amounted to €13.1 billion and €11.1 per share, growing by 9% and 13% from €12.0 billion and €9.8 per share at year-end 2019, respectively. This was driven by the takeover of TLG, net profits generated during the year and issuance of mandatory convertible notes. Per share growth was also supported by the share buybacks. AT bought back €1 billion of it shares with the proceeds from disposals. Disposal above book value created further profits and in return buying back shares at deeply below the NAV created further shareholder value. As the EPRA NRV aims to reflect the value required to recreate the entity, the full amount of deferred tax liabilities and gross purchasers' costs are added back, including held for sale.

EPRA NTA

EPRA NTA at year-end 2020 amounted to €11.2 billion and €9.5 per share, growing by 6% and 10% from €10.5 billion and €8.6 per share at year-end 2019, respectively. Similar to EPRA NRV, this growth was driven by the takeover of TLG, net profits generated during the year and issuance of mandatory convertible notes. Share buybacks contributed further to the per share growth. As EPRA NTA aims to reflect the tangible value of a company's net assets assuming entities buy and sell assets, intangibles and goodwill are deducted and certain levels of deferred tax liabilities are assumed to be crystallized. On this regard, AT adds back only the deferred tax liabilities with regards to its long-term portfolio. The remaining portfolio is treated as follows:

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

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

Development rights & Invest portfolio:
As an additional value creation driver, AT pursues a selective development program which is designed to unlock further potential through identifying and selling building rights at high gains or developing at low risks with high pre-let ratios. Since the decision is based on an opportunistic basis, AT conservatively does not add back deferred tax liabilities related to these assets.

PORTFOLIO ITEMS

in € millions	Dec 2020 Fair value (*)	 as % of total portfolio	 % of deferred tax added back
Portfolio to be held long term	17,606.2	80%	100%
Investment property of assets held for sale	830.2	4%	0%
Retail portfolio	1,684.6	8%	0%
Development rights & Invest portfolio	1,881.6	8%	0%
Total	**22,002.6**	**100%**	

(*) Fair value breakdown according to exact portfolio classification may vary following the main use approach used to determine the deferred tax

With regards to the gross purchasers' costs, the Company adds back the costs related to properties which enable a RETT optimization at disposal. The corporate structure enables the Company to sell properties through share deals and therefore RETT and purchaser's cost are optimized. The Company has a clear track record of optimizing RETT through the disposal of properties in a share deal. IFRS valuations conservatively deduct the RETT and purchaser's costs, regardless of the Company's corporate structure or the intention of the Company to dispose properties. Therefore, in properties which enable RETT optimization, the EPRA NTA adds back the purchasers' costs. These are mainly properties in Germany that can be sold through share deals without the need of restructuring. These properties add up to 40% of all investment properties including held for sale.

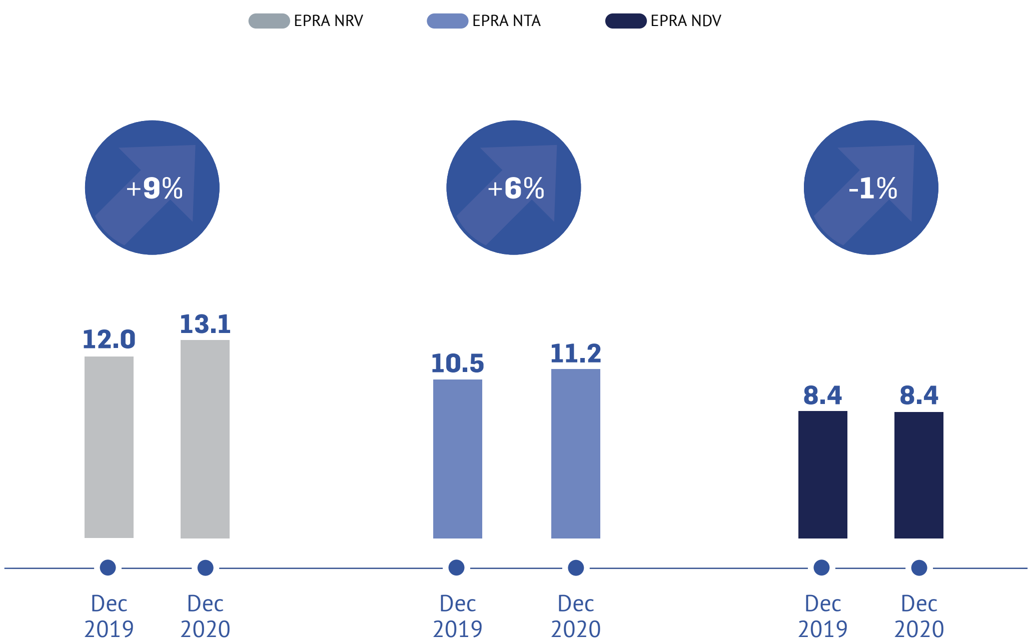
PORTFOLIO BREAKDOWN

	Dec 2020 Portion of the portfolio	 Adding RETT
Properties for which RETT optimization at disposal can be achieved	40%	Yes
Properties which require restructuring or for which RETT optimization at disposal is not possible	60%	No

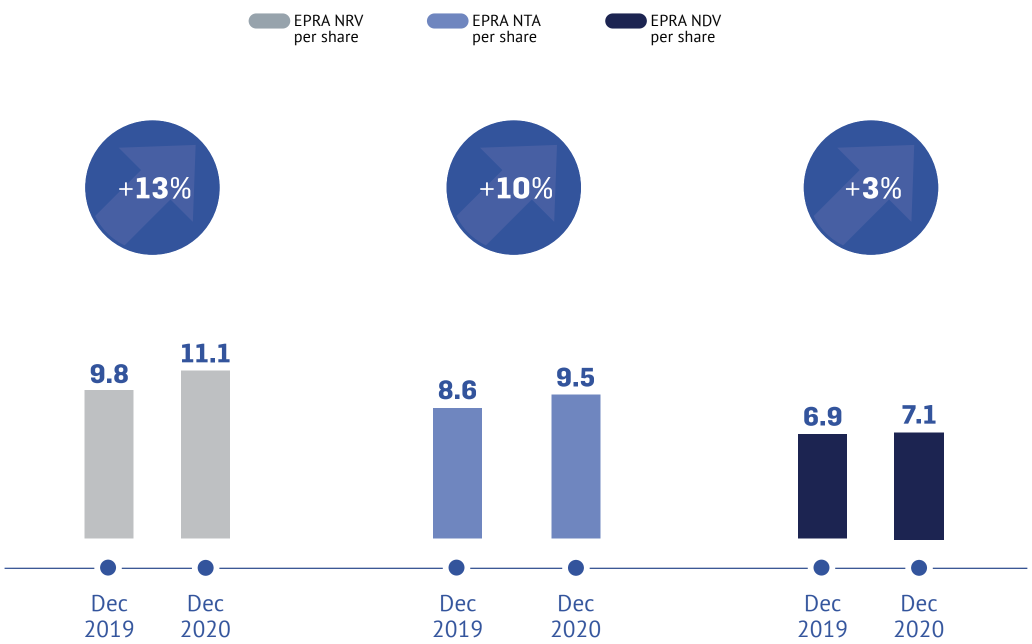
EPRA NDV

EPRA NDV at year-end 2020 amounted to €8.4 billion and €7.1 per share, compared to €8.4 billion and €6.9 per share at year-end 2019, respectively. The growth in the equity was offset by goodwill adjustment and the fair value increase of debt. On a per share basis, the growth was due to the share buybacks. While the EPRA NNNAV aimed to reflect the spot values of a company's net assets, EPRA NDV assumes that assets and liabilities are sold, therefore, in contrast to the EPRA NNNAV, items such as deferred tax liabilities and goodwill are fully excluded from the equity.

EPRA NAV KPIs (IN € BN)



EPRA NAV PER SHARE KPIs (IN €)



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

The EPRA Net Initial Yield (NIY) is calculated by subtracting the non-recoverable operating costs from the net rental income as of the end of the period and dividing the result by the fair value of the full property portfolio (including non-core assets) plus an allowance for estimated purchasers' costs. EPRA 'topped-up' NIY is an additional calculation that factors into consideration the effects of rent-free periods and other lease incentives. Given the strategic investment in GCP and other investments, GCP's portfolio and other investments are proportionally consolidated in the table below in accordance with the holding rate at the end of the period.

EPRA NIY amounted to 3.6% at year-end 2020, down from 3.9% recorded at year-end 2019. This came as a result of the value creation in the portfolio, supported by AT's focus on high quality assets in central location of top tier cities with strong fundamentals, its operational strength and yield compression. AT's portfolio is well-diversified across multiple segments such as asset types, locations and tenants. Despite the negative revaluations in the hotel portfolio, AT's focus on multiple growth drivers supported its overall valuations and more than offset the devaluations recorded in the hotels as a result of the implications of Covid-19 lockdown. The EPRA 'Topped-up' NIY amounted to 3.7% at year-end 2020, similarly down from 4.0% at year-end 2019.

	Dec 2020	Dec 2019
	in € millions	
Investment property	21,172.4	18,127.0
Investment property of assets held for sale	830.2	202.4
Share of JV investment property 1)	4,189.2	3,198.0
Less: Classified as Development rights & Invest	(1,881.6)	(1,177.5)
Complete property portfolio	**24,310.2**	**20,349.9**
Allowance for estimated purchasers' costs 1)	1,749.7	1,430.0
Grossed up complete property portfolio value	**26,059.9**	**21,779.9**
End of period annualized net rental income 1) 2)	1,111.9	987.8
Operating costs 3)	(165.8)	(139.3)
Annualized net rent, after non-recoverable costs	**946.1**	**848.5**
Notional rent expiration of rent-free periods or other lease incentives	13.9	11.9
Topped-up net annualized rent	**960.0**	**860.4**
EPRA NIY	**3.6%**	**3.9%**
EPRA'TOPPED-UP' NIY	**3.7%**	**4.0%**

1) including AT's share in GCP and other investments
2) including the net rent contribution of assets held for sale
3) to reach annualized operating costs, cost margins were used for each respective periods

EPRA VACANCY

EPRA Vacancy is an operational measure that calculates a real estate company's economic vacancy rate as based on the prevailing market rental rates. It is calculated by dividing the market rental value of the vacant spaces in the portfolio by the annualized rental value of the portfolio, including vacancy rented at market rents. The Group EPRA vacancy further includes AT's share in GCP and other investments.

EPRA VACANCY – GROUP PORTFOLIO	Dec 2020	Dec 2019
	in € millions	
Estimated Rental Value (ERV) of the vacant space - Group portfolio (*)	99.9	79.4
Dec annualized net rent including vacancy rented at ERV - Group portfolio (*)	1,173.9	1,047.0
EPRA VACANCY - GROUP PORTFOLIO	**8.5%**	**7.6%**

(*) including AT's share in GCP and other investments

EPRA VACANCY – COMMERCIAL PORTFOLIO	Dec 2020	Dec 2019
	in € millions	
Estimated Rental Value (ERV) of the vacant space - Commercial portfolio	86.8	69.1
Dec annualized net rent including vacancy rented at ERV - Commercial portfolio	969.9	891.8
EPRA VACANCY - COMMERCIAL PORTFOLIO	**8.9%**	**7.7%**

EPRA Vacancy of the commercial portfolio increased from 7.7% at year-end 2019 to 8.9% at year-end 2020. The increase was mainly due to negative 0.2% like-for-like occupancy and disposals of assets with low vacancy. Similarly, the Group EPRA vacancy increased from 7.6% at year-end 2019 to 8.5% at year-end 2020. AT observed no significant change in the market rents of the vacancy during 2020.

EPRA COST RATIOS

The EPRA Cost Ratios provide a detailed analysis of a company's operating costs structure and provide for increased comparability across companies. The cost ratio is derived by dividing the Company's direct administrative expenses and property operating expenses (including non-recoverable service charges) by the rental income for the year. The ratio is calculated both including and excluding the direct vacancy costs. Given the strategic importance of GCP and other investments, AT includes in its calculations the relative consolidation of GCP and other investments at the average holding rate during the year.

The Group's EPRA cost ratios for 2020 amounted to 29.3% including direct vacancy costs and 27.4% excluding direct vacancy costs, compared to 17.6% and 15.3% in 2019, respectively. The increase was mainly driven by the extraordinary expenses for uncollected rent due to Covid pandemic. Excluding these extraordinary expenses, EPRA cost ratios amounted to 19.4% and 17.6% in 2020. The growth here is mainly due the takeover of TLG and its relatively higher cost ratios, as well as extraordinary bad debt expense due to the Covid pandemic.

	Year ended December 31,	
	2020	2019
	in € millions	
Administrative and other expenses	51.1	27.3
Maintenance and refurbishment	30.6	26.8
Net Ancillary expenses and purchased services	17.8	29.2
Personnel expenses	28.3	15.4
Other operating costs	184.3	25.7
Depreciation and amortization	4.3	1.7
Share of equity-accounted investees 1)	45.6	40.0
Exclude:		
Depreciation and amortization	(4.3)	(1.7)
EPRA Costs (including direct vacancy costs)	**357.7**	**164.4**
Direct vacancy costs 1)	(23.0)	(20.9)
EPRA Costs (excluding direct vacancy costs)	**334.7**	**143.5**
Extraordinary expenses for uncollected rent 2)	(120.0)	-
EPRA Costs (including direct vacancy costs, excluding Covid-19 adjustment)	**237.7**	**164.4**
EPRA Costs (excluding direct vacancy costs, excluding Covid-19 adjustment)	**214.7**	**143.5**
Revenue	1,180.3	894.8
Less: Operating and other income	(177.3)	(129.1)
Add: Share of net rental income from equity-accounted investees 1)	219.9	170.8
Net rental income	**1,222.9**	**936.5**
EPRA Cost Ratio (including direct vacancy costs)	**29.3%**	**17.6%**
EPRA Cost Ratio (excluding direct vacancy costs)	**27.4%**	**15.3%**
EPRA Cost Ratio (including direct vacancy costs, excluding Covid-19 adjustment)	**19.4%**	**17.6%**
EPRA Cost Ratio (excluding direct vacancy costs, excluding Covid-19 adjustment)	**17.6%**	**15.3%**

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

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

Berlin

ALTERNATIVE PERFORMANCE MEASURES (APM)

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

ADJUSTED EBITDA

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

AT created extraordinary expenses for uncollected rent due to Covid pandemic during 2020 in response to the impact of Coronavirus on the hotel industry. Adjusted EBITDA excludes (adds back) these expenses which are called *Extraordinary expenses for uncollected rent*.

Adjusted EBITDA calculation
Operating Profit
(+) Total depreciation and amortization
(=) EBITDA
(-) Property revaluations and capital gains
(-) Share in profit from investment in equity-accounted investees
(+) Other adjustments incl. one-off expenses related to TLG merger [1]
(-) Contribution from assets held for sale
(+) Extraordinary expenses for uncollected rent [2]
(=) Adjusted EBITDA Commercial portfolio, Recurring Long-term
(+) Adjustment for GCP's and other investments' adjusted EBITDA contribution [3]
(=) Adjusted EBITDA

1) the other adjustment is expenses related to employees' share incentive plans
2) extraordinary expenses for uncollected rent due to the Covid pandemic
3) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence

FUNDS FROM OPERATIONS (FFO I) BEFORE PERPETUAL (PREVIOUSLY DEFINED AS FFO I OR FFO I, COVID ADJUSTED)

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 before perpetual before Covid* by deducting from the *Adjusted EBITDA Commercial Portfolio, Recurring Long-term*, the *Finance expenses*, *net*, *Current tax expenses* and *Contribution to minorities* and adds back *Adjustments related to assets held for sale*. *Adjustments related to assets held for sale* refers to finance expenses and current tax expenses related to assets held for sale. *Contribution to minorities* include among others the minority share in TLG's FFO I after perpetual notes attribution and contribution of AT, excluding the contribution from assets held for sale.

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

AT created extraordinary expenses for uncollected rent due to the Covid pandemic during 2020 in response to the impact of Coronavirus on the hotel industry. Therefore, AT additionally provides *FFO I before perpetual* (previously defined as FFO I, Covid adjusted) which includes these expenses.

FFO I per share before perpetual before Covid (previously defined as FFO I per share) is calculated by dividing the *FFO I before perpetual before Covid* by the *Weighted average basic shares* which excludes the shares held in treasury. *FFO I per share before perpetual* (previously defined as FFO I per share, Covid adjusted) is calculated by dividing the *FFO I before perpetual* by the *Weighted average basic shares* which excludes the shares held in treasury.

FFO I Before Perpetual Before Covid Calculation
Adjusted EBITDA, Commercial Portfolio, Recurring Long-term
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities
(+) Adjustments related to assets held for sale
(=) FFO I Commercial Portfolio, Recurring Long-term
(+) Adjustment for GCP's and other investments' FFO I contribution [1]
(=) FFO I before perpetual before Covid

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

FFO I Before Perpetual Calculation
FFO I before perpetual before Covid
(-) Extraordinary expenses for uncollected rent [1]
(=) FFO I before perpetual

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

FFO I Per Share Before Perpetual Before Covid Calculation
(a) FFO I before perpetual before Covid
(b) Weighted average basic shares [1]
(=) (a/b) FFO I per share before perpetual before Covid

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

FFO I Per Share Before Perpetual Calculation
(a) FFO I before perpetual
(b) Weighted average basic shares [1]
(=) (a/b) FFO I per share before perpetual

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

FFO I (PREVIOUSLY DEFINED AS FFO I AFTER PERPETUAL OR FFO I AFTER PERPETUAL, COVID ADJUSTED)

According to IFRS accounting treatment, contributions to perpetual notes are recorded through changes in equity and not as financial expense in the income statement. On the other hand, in conjunction with the newly revised EPRA Best Practice Recommendations, the management reassessed the calculation definition of its various FFO KPIs and shifted its focus to FFO I after perpetual notes attribution, thereafter renamed as FFO I. The *FFO I before Covid* is derived by deducting the *Perpetual notes attribution* from the *FFO I before perpetual before Covid*.

AT created extraordinary expenses for uncollected rent due to the Covid pandemic during 2020 in response to the impact of Coronavirus on the hotel industry. Therefore, AT additionally provides *FFO I* (previously defined as FFO I after perpetual, Covid adjusted) which includes these expenses.

FFO I per share before Covid (previously defined as FFO I per share after perpetual) is calculated by dividing the *FFO I before Covid* by the *Weighted average basic shares* which excludes the shares held in treasury. *FFO I per share* (previously defined as FFO I per share after perpetual, Covid adjusted) is calculated by dividing the *FFO I* by the *Weighted average basic shares* which excludes the shares held in treasury.

FFO I Before Covid Calculation
FFO I before perpetual before Covid
(-) Perpetual notes attribution
(=) FFO I before Covid

FFO I Calculation
FFO I before Covid
(-) Extraordinary expenses for uncollected rent [1]
(=) FFO I

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

FFO I Per Share Before Covid Calculation
(a) FFO I before Covid
(b) Weighted average basic shares [1]
(=) (a/b) FFO I per share before Covid

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

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

1) 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* (reclassified to be based on this KPI, previously it was based on FFO I before perpetual). The results from disposals reflect the profit driven from the excess amount of the sale price, net of transaction costs, to cost price plus capex of the disposed properties.

FFO II Calculation
FFO I
(+) Results from the disposal of properties [1]
(=) FFO II [2]

1) the excess amount of the sale price, net of transaction costs to total costs (cost price and capex of the disposed properties)
2) reclassified to be based on FFO I (previously defined as FFO I after perpetual, Covid adjusted)

EPRA EARNINGS

The EPRA Earnings is defined by the European Public Real Estate Association (EPRA) as the earnings from operational activities and serves as an indicator of the Company's underlying operational profits for the period in the context of a European real estate company. AT calculates its *EPRA Earnings* by deducting from the *Earnings per IFRS income statement*, the *Property revaluations and capital gains*, a non-cash and non-linear profit item, adding back *Changes in fair value of financial assets and liabilities, net,* a non-cash and non-operational expense item, adding back *Deferred tax expenses* in line with long-term real estate business model, deducting *Share in profit from investment in equity-accounted investees* and adding back their recurring earnings called *Adjustment for investment in equity-accounted investees* and deducting *Contribution to minorities*. With regards to *Adjustment for investment in equity-accounted investees*, given AT's strategic investment in GCP and other investments, the proportional share in GCP's and other investments' EPRA Earnings for the period are included in accordance with the average holding over the period. *EPRA Earnings per share* is calculated by dividing the *EPRA Earnings* by the *Weighted average basic shares* which excludes the shares held in treasury. As *FFO I* is the widely-recognized indicator for a company's operational performance and AT's dividend payout policy based on the FFO I per share for the year, an additional reconciliation is provided from the *EPRA Earnings* to the *FFO I*. In this regard, on top of *EPRA Earnings, Total depreciation and amortization, Finance-related costs* and *Other adjustments incl. one-off expenses related to TLG merger* are added back. Furthermore, *FFO items related to investment in equity- accounted investees, FFO contribution from assets held for sale* and *Perpetual notes attribution* are deducted. *Other adjustments incl. one-off expenses related to TLG merger* are share-based payments and one-off expenses related to TLG merger. *FFO items related to investment in equity- accounted investees* refers to AT's share in GCP's FFO I bridge adjustments for its depreciation, finance-related costs, adjustment for perpetual notes attributions and other FFO adjustments.

EPRA Earnings Calculation
Earnings per IFRS income statement
(-) Property revaluations and capital gains
(+) Changes in fair value of financial assets and liabilities, net
(+) Deferred tax expenses
(-) Share in profit from investment in equity-accounted investees
(+) Adjustment for investment in equity-accounted investees 1)
(-) Contribution to minorities
(=) (a) EPRA Earnings
(b) Weighted average basic shares 2)
(=) (a/b) EPRA Earnings per share

Bridge to FFO I (previously defined as FFO I after perpetual, Covid adjusted)
EPRA Earnings
(+) Total depreciation and amortization
(+) Finance related costs
(+) Other adjustments incl. one-off expenses related to TLG merger
(-) FFO items related to investments in equity-accounted investees 1)
(-) FFO contribution from assets held for sale
(-) Perpetual notes attribution
(=) (c) FFO I (previously defined as FFO I after perpetual, Covid adjusted)
(b) Weighted average basic shares 2)
(=) (c/b) FFO I per share (previously defined as FFO I per share after perpetual, Covid adjusted)

1) including AT's share in GCP and other investments
2) weighted average number of shares excludes shares held in treasury; base for share KPI calculations

EPRA NET REINSTATEMENT VALUE (EPRA NRV)

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

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

1) excluding the minority share in TLG's deferred tax liabilities (DTL), including DTL of assets held for sale
2) excluding the minority share in TLG's derivatives
3) deducting the goodwill resulting from the business combination with TLG
4) including the gross purchasers' costs of assets held for sale
5) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NET TANGIBLE ASSETS (EPRA NTA)

The EPRA NTA is defined by the European Public Real Estate Association (EPRA) as a measure to highlight the value of a company's net tangible assets assuming that entities buy and sell assets, thereby crystallizing certain levels of unavoidable deferred taxes. AT's *EPRA NTA* calculation begins by adding to the *Equity attributable to the owners of the Company* the *Deferred tax liabilities* which excludes the deferred tax liabilities of properties held for sale, retail portfolio, development rights & invest portfolio and minority share in TLG's deferred tax liabilities. AT also adds/deducts *Fair value measurement of derivative financial instruments* which includes the derivative financial instruments related to interest hedging and excludes the minority share in TLG's financial derivative instruments. Furthermore, AT deducts the *Goodwill in relation to TLG, Goodwill as per the IFRS balance sheet* related to the surplus on investment in GCP Group and *Intangibles as per the IFRS balance sheet*. Moreover, AT adds gross purchasers' costs of properties which enable RETT optimization at disposals based on track record. *EPRA NTA per share* is calculated by dividing the *EPRA NTA* by the *Number of shares (in millions)* which excludes the treasury shares and includes the conversion impact of mandatory convertible notes.

EPRA NTA Calculation
Equity attributable to the owners of the Company
(+) Deferred tax liabilities [1]
(+/-) Fair value measurement of derivative financial instruments [2]
(-) Goodwill in relation to TLG [3]
(-) Goodwill as per the IFRS balance sheet (related to GCP surplus) [4]
(-) Intangibles as per the IFRS balance sheet
(+) Gross purchasers' costs [5]
(=) (a) EPRA NTA
(b) Number of shares (in millions) [6]
(=) (a/b) EPRA NTA per share

1) excluding the minority share in TLG's deferred tax liabilities (DTL)
2) excluding the minority share in TLG's derivatives
3) deducting the goodwill resulting from the business combination with TLG
4) deducting the surplus on investment in GCP Group
5) including only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved
6) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

EPRA NET DISPOSAL VALUE (EPRA NDV)

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

EPRA NDV Calculation
Equity attributable to the owners of the Company
(-) Goodwill in relation to TLG [1]
(-) Goodwill as per the IFRS balance sheet (related to GCP surplus) [2]
(-) Net fair value of debt
(=) (a) EPRA NDV
(b) Number of shares (in millions) [3]
(=) (a/b) EPRA NDV per share

1) deducting the goodwill resulting from the business combination with TLG
2) deducting the surplus on investment in GCP Group
3) excluding shares in treasury and including the conversion impact of mandatory convertible notes, base for share KPI calculations

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

The EPRA Net Initial Yield (NIY) and EPRA 'Topped-up' NIY are comparable yield measures provided by EPRA for portfolio valuations. The *EPRA NIY* calculation begins by subtracting the non-recoverable *Operating costs* from *End of period annualized net rental income* which includes AT's share in GCP's and other investments' net rental income and net rental income from assets held for sale. In order to reach annualized operating costs, AT uses cost margins for each respective periods. This *Annualized net rent, after non-recoverable costs* is divided by the *Grossed up complete property portfolio value* which is the sum of *Complete property portfolio* and *Allowance for estimated purchasers' costs. Complete property portfolio* is the sum of *Investment property, Investment property of assets held for sale* and *Share of JV investment property*, excluding the part of the portfolio that is *Classified as Development rights & invest*. On the other hand, *EPRA 'Topped-up' NIY* divides T*opped-up net annualized rent* which includes additionally *Notional rent expiration of rent-free periods or other lease incentives* by the *Grossed up complete property portfolio value*.

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

1) including AT's share in GCP and other investments
2) including the net rent contribution of assets held for sale
3) to reach annualized operating costs, cost margins were used for each respective periods

EPRA VACANCY

The EPRA Vacancy is a key benchmark for providing comparable vacancy reporting across real estate companies. AT provides *EPRA Vacancy - Commercial portfolio* and *EPRA Vacancy - Group portfolio. EPRA Vacancy - Commercial portfolio* reflects the EPRA vacancy of the commercial portfolio and is calculated by dividing the *Estimated Rental Value (ERV) of the vacant space - Commercial portfolio* by the *Dec annualized net rent including vacancy rented at ERV - Commercial portfolio. EPRA Vacancy Group portfolio* includes the contribution from GCP and other investments and is calculated by dividing the *Estimated Rental Value (ERV) of the vacant space - Group portfolio* by the *Dec annualized net rent including vacancy rented at ERV - Group portfolio.*

EPRA VACANCY - COMMERCIAL PORTFOLIO Calculation
(a) Estimated Rental Value (ERV) of the vacant space - Commercial portfolio
(b) Dec annualized net rent including vacancy rented at ERV - Commercial portfolio
(=) (a/b) EPRA VACANCY - COMMERCIAL PORTFOLIO

EPRA VACANCY - GROUP PORTFOLIO Calculation
(a) Estimated Rental Value (ERV) of the vacant space - Group portfolio [1]
(b) Dec annualized net rent including vacancy rented at ERV - Group portfolio [1]
(=) (a/b) EPRA VACANCY - GROUP PORTFOLIO

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

EPRA COST RATIOS

The EPRA Cost Ratios are key benchmarks provided by the Company in line with EPRA guidelines in order to enable meaningful measurement of the changes in its operating costs, as well as to provide for increased comparability across companies. *The EPRA Costs* is derived by adding together *Net Ancillary expenses and purchased services, Maintenance and refurbishment, Administrative and other expenses, Personnel expenses, Other operating costs* and *Share of equity-accounted investees* which refers to AT's share in GCP's and other investments' EPRA costs (including direct vacancy costs), excluding *Depreciation and amortization* if included above and including extraordinary expenses for uncollected rent due to the Covid pandemic. To reach *EPRA Cost ratio (including direct vacancy costs),* the sum is then divided by the *Net rental income,* which is derived by deducting from *Revenue* the *Operating income* but adding *Share of net rental income from equity-accounted investees,* reflecting AT's share in GCP's and other investments' net rental income. The *EPRA Cost ratio (excluding direct vacancy costs)* is simply derived by dividing *Net rental income* by the *EPRA Costs (excluding direct vacancy costs)* which deducts *Direct vacancy costs* (including AT's share in GCP's and other investments' direct vacancy costs) from *EPRA Costs (including direct vacancy costs).* AT additionally provides EPRA Costs Ratios excluding Covid-19 adjustments which excludes extraordinary expenses for uncollected rents due to the Covid pandemic from the EPRA costs.

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

1) including AT's share in GCP and other investments
2) extraordinary expenses for uncollected rent due to the Covid pandemic

LOAN-TO-VALUE (LTV)

The Loan-to-Value (LTV) is a measurement aimed at reflecting the leverage of a Company. The purpose of this metric is to assess the degree to which the total value of the real estate properties are able to cover financial debt and the headroom against a potential market downturn. With regards to AT's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which AT can comfortably raise further debt to finance additional growth. *Total value* is calculated by adding together the *Investment property* which includes *Advance payments and deposits* and excludes the right-of-use assets, *Investment property of assets held for sale* and *Investment in equity-accounted investees. Net financial debt* is calculated by deducting the *Cash and liquid assets* from the *Total financial debt* which is a sum of *Straight bonds and schuldscheins* 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 *Financial assets at fair value through profit or loss*, as well as cash balances of assets held for sale. AT calculates the LTV ratio through dividing the *Net financial debt* by the *Total value*.

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

1) including advance payments and deposits and excluding the right-of-use assets
2) total bank loans and bonds and excluding lease liabilities
3) including balances held for sale

EQUITY RATIO

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

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

UNENCUMBERED ASSETS RATIO

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

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

1) 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 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 assets held for sale, GCP and other investments, excluding extraordinary expenses for uncollected rent due to the Covid pandemic

RESPONSIBILITY STATEMENT

To the best of our knowledge, the consolidated financial statements of Aroundtown SA, prepared in accordance with the applicable reporting principles for financials statements, give a true and fair view of the assets, liabilities, financial position and profit 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, March 25, 2021

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

Report of the Réviseur d'Entreprises Agréé

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Aroundtown SA and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

VALUATION OF INVESTMENT PROPERTY

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements?

We refer to the accounting policy 2.3 "Significant accounting judgements, estimates and assumptions", 3.11 "Investment Property", 3.12 "Assets and liabilities held for sales", note 14. "Investment Property" and note 18.2 "Disposal group held for sale" in the consolidated financial statements of Aroundtown SA.
As at 31 December 2020 the Group held a portfolio of investment properties with a fair value of MEUR 21,172.4 (31 December 2019: MEUR 18,127.0) and investment properties within Assets classified as held for sale with a fair value of MEUR 830.2 (31 December 2019: MEUR 202.4).

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

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

The external valuers were engaged by management, and performed their work in compliance with the Royal Institute of Chartered Surveyors ("RICS") Valuation – Professional Standards, TEGoVA European Valuations Standards and IVSC International Valuation Standard. The valuers used by the Group have considerable experience of the markets in which the Group operates. In determining a property's valuation, the valuers take into account property-specific characteristics and information such as the current tenancy agreements and rental income. They apply assumptions for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.
The significance of the estimates and judgments involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement in the consolidated statement of profit or loss and consolidated statement of financial position, warrants specific audit focus in this area.

b) How the matter was addressed during the audit?

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

- We tested the design and implementation of the key controls around the determination and monitoring of the fair value measurement of the investment properties;
- We assessed the competence, capabilities, qualifications, independence and integrity of the external valuers and read their terms of engagement by Aroundtown SA to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work;
- Through the involvement of our own property valuation specialist, on a sample basis, we assessed that that the valuation approach applied by the external valuer is in accordance with relevant valuation and accounting standards and suitable for use in determining the carrying value in the consolidated statement of financial position;
- In case a valuation was performed considering the highest and best use, we assessed, on a sample basis, the appropriateness of the special assumptions considered, and whether these assumptions were physically possible, legally permissible and financially feasible;
- Through the involvement of our own property valuation specialist, on a sample basis, we tested the integrity, accuracy and completeness of inputs used by the external valuers, as well as appropriateness of valuation parameters used, such as discount capitalisation rates, market rents per square meter and capital expenditure, vacancy rates, comparable price per square meter and development cost;
- Through the involvement of our own property valuation specialist, on a sample basis, we assessed the valuation process and significant assumptions and critical judgement areas by benchmarking the key assumptions to external industry data and comparable property transactions, in particular the yields applied;

- We considered the adequacy of the disclosures in the consolidated financial statements, and the Group's descriptions regarding the inherent degree of subjectivity and the key assumptions in estimates.

Note 14. "Investment Property" of the consolidated financial statements describes that around 30% of the valuation reports were prepared on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. For the avoidance of doubt this paragraph, 'material valuation uncertainty' does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinions were prepared. Our opinion is not modified in respect of this matter

ACQUISITION OF TLG IMMOBILIEN AG ACCOUNTED FOR AS BUSINESS COMBINATION

a) Why the matter was considered to be one of most significance in our audit of the consolidated financial statements?

We refer to the accounting policy 2.3 "Significant accounting judgements, estimates and assumptions", 3.3 "Property acquisition and business combination" and note 5. "Business Combination with TLG Immobilien AG" in the consolidated financial statements of Aroundtown SA

On 19 February 2020 (the "Acquisition Date"), the Group completed the acquisition of 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 following a voluntary takeover offer from Aroundtown SA to TLG shareholders for an offer consideration of 3.6 Aroundtown SA shares for each TLG share. On 13 February 2020, the Group announced the final result of the offer according to which the Group received TLG shares representing 77.5% of TLG (86,857,831 shares) against 312,688,188 new ordinary shares of Aroundtown SA. Including TLG shares held prior to the acquisition, Aroundtown SA holds 77.8% of the shares in TLG following the acquisition, resulting in the Group's acquisition of control over TLG following the transaction. In accordance with IFRS 3 Business Combinations, the transaction qualified as a business combination and resulted in acquisition accounting as required by the standard.

Goodwill arising from the TLG takover represents the excess of the consideration paid over the Group's share of the fair value of the identifiable net assets of TLG at the date of acquisition. Further details are set out in note 5. "Business Combination with TLG Immobilien AG" to the consolidated financial statements.

We identified the business combination with TLG as a key audit matter because it represents a significant transaction for the Group and has a significant impact on the consolidated financial statements, in particular revenue, investment property and intangible assets, and of the Group for the year ended 31 December 2020.

b) How the matter was addressed during the audit?

Our procedures over the business combination with TLG Immobilien AG include but are not limited to the following:

- We inspected the agreements related to the acquisition and evaluated management's accounting treatment related to the acquisition with reference to the terms set out in these agreements and the requirements set out in IFRS 3 Businsess Combinations;
- We obtained a breakdown of all assets and liabilities of TLG Immobilien AG as of the Acquisition Date including any adjustments to reflect the fair values of the identifiable net assets;
- We performed audit procedures with respect to the identifiable net assets as at Acquisition Date in conjunction with audit procedures as at 31 December 2020 to determine that fair values of the identifiable net assets at Acquisiton Date are not materially misstated;
- Through the involvement of our own financial instrument valuation specialist, we assessed the valuation process and fair values of the custody interest and indemnification amount in relation to the 11,670,823 shares held by a third party;
- We performed audit procedures with respect of the determination of goodwill, including the measurement of any non controlling interest held in TLG Immobilien AG;
- We assessed the Group's disclosures in the consolidated financial statements in respect of the business combination with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

RESPONSIBILITIES OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Shareholders on 24 June 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 4 years.

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

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

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.
We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2020 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

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

In our opinion, the consolidated financial statements of Aroundtown SA as at 31 December 2020, identified as ESEF_AroundtownSA20201231.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Luxembourg, March 25, 2021

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Muhammad Azeem

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended December 31,	
		2020	2019
	Note	in € millions	
Revenue	6	1,180.3	894.8
Property revaluations and capital gains	7	769.4	1,217.5
Share in profit from investment in equity-accounted investees	15	195.7	298.7
Property operating expenses	8	(442.6)	(227.9)
Administrative and other expenses	9	(51.1)	(27.3)
Operating profit		**1,651.7**	**2,155.8**
Finance expenses	10	(200.7)	(141.7)
Other financial results	10	(167.8)	45.7
Profit before tax		**1,283.2**	**2,059.8**
Current tax expenses	11.2	(89.4)	(70.6)
Deferred tax expenses	11.3	(287.4)	(280.1)
Profit for the year		**906.4**	**1,709.1**
Profit attributable to:			
Owners of the Company		651.7	1,308.1
Perpetual notes investors		89.6	57.8
Non-controlling interests		165.1	343.2
Profit for the year		**906.4**	**1,709.1**
Net earnings per share attributable to the owners of the Company (in €)			
Basic earnings per share	12.1	0.50	1.12
Diluted earnings per share	12.2	0.49	1.11

The accompanying notes on pages 92 to 148 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended December 31,	
	2020	2019
	in € millions	
Profit for the year	**906.4**	**1,709.1**
Other comprehensive (loss) income:		
Items that are or may be reclassified subsequently to profit or loss		
Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations	(2.5)	(3.8)
Cash flow hedges and cost of hedging	(52.2)	20.1
Equity-accounted investees – share of OCI	(15.0)	(1.9)
Tax related to the other comprehensive income components	(3.5)	(4.9)
Total comprehensive income for the year	**833.2**	**1,718.6**
Total comprehensive income attributable to:		
Owners of the Company	578.5	1,317.6
Perpetual notes investors	89.6	57.8
Non-controlling interests	165.1	343.2
Total comprehensive income for the year	**833.2**	**1,718.6**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at December 31,	
		2020	2019
	Note	in € millions	
ASSETS			
Property, equipment and intangible assets	5,13	877.2	19.8
Investment property	14	21,172.4	18,127.0
Advance payments and deposits		147.5	181.4
Investment in equity-accounted investees	15	3,177.4	2,505.9
Derivative financial assets	25.4	111.5	158.7
Other non-current assets	16	564.0	628.3
Deferred tax assets	11.3	190.5	80.8
Non-current assets		**26,240.5**	**21,701.9**
Cash and cash equivalents		2,692.1	2,191.7
Short-term deposits		140.8	4.7
Financial assets at fair value through profit or loss	25.1	427.8	842.2
Trade and other receivables	17	616.6	453.9
Derivative financial assets	25.4	26.4	36.1
Assets held for sale	18.2	877.4	214.2
Current assets		**4,781.1**	**3,742.8**
Total Assets		**31,021.6**	**25,444.7**

The accompanying notes on pages 92 to 148 form an integral part of these consolidated financial statements

	Note	2020	2019
		As at December 31,	
		in € millions	
EQUITY	19		
Share capital		15.4	12.2
Treasury shares		(2,621.6)	-
Retained earnings and other reserves		13,031.0	9,573.3
Equity attributable to the owners of the Company		**10,424.8**	**9,585.5**
Equity attributable to perpetual notes investors	19.2	3,132.9	2,484.0
Equity attributable to the owners of the Company and perpetual notes investors		**13,557.7**	**12,069.5**
Non-controlling interests	19.3	2,025.3	1,309.4
Total Equity		**15,583.0**	**13,378.9**
LIABILITIES			
Loans and borrowings	21.1	1,293.6	620.6
Straight bonds and schuldscheins	21	10,386.4	9,138.9
Derivative financial liabilities	25.4	409.3	71.7
Other non-current liabilities	22	249.4	270.6
Deferred tax liabilities	11.3	2,025.8	1,107.4
Non-current liabilities		**14,364.5**	**11,209.2**
Current portion of long-term loans and loan redemptions	21.1	83.2	245.9
Straight bond	21	97.7	-
Dividend payable		160.8	-
Trade and other payables	24	434.8	342.8
Tax payable		67.6	24.9
Provisions for other liabilities and accrued expenses		176.8	149.1
Derivative financial liabilities	25.4	12.6	51.5
Liabilities held for sale	18.2	40.6	42.4
Current liabilities		**1,074.1**	**856.6**
Total liabilities		**15,438.6**	**12,065.8**
Total Equity and Liabilities		**31,021.6**	**25,444.7**

The Board of Directors of Aroundtown SA authorized these consolidated financial statements for issuance on March 25, 2021

Frank Roseen
Executive Director

Jelena Afxentiou
Executive Director

The accompanying notes on pages 92 to 148 form an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium and other 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
		Attributable to the owners of the Company									
		in € millions									
Balance as at January 1, 2020		**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 year		-	-	-	-	651.7	651.7	89.6	741.3	165.1	906.4
Other comprehensive loss for the year, net of tax		-	(33.8)	(39.4)	-	-	(73.2)	-	(73.2)	-	(73.2)
Total comprehensive income (loss) for the year		**-**	**(33.8)**	**(39.4)**	**-**	**651.7**	**578.5**	**89.6**	**668.1**	**165.1**	**833.2**
Transactions with owners of the Company											
Contributions and distributions											
Share buy-back program	19.1.4	-	-	-	(1,000.8)	-	(1,000.8)	-	(1,000.8)	-	(1,000.8)
Issuance of mandatory convertible notes	19.1.3	-	190.6	-	-	-	190.6	-	190.6	-	190.6
Equity settled share-based payment	19.1	(*) 0.0	3.0	-	-	-	3.0	-	3.0	-	3.0
Dividend distribution	19.1.5	-	(160.8)	-	-	-	(160.8)	-	(160.8)	(21.9)	(182.7)
Total contributions and distributions		**(*) 0.0**	**32.8**	**-**	**(1,000.8)**	**-**	**(968.0)**	**-**	**(968.0)**	**(21.9)**	**(989.9)**
Changes in ownership interests											
Transactions with non-controlling interests and deconsolidations	19.1.3	-	-	-	-	101.0	101.0	-	101.0	(71.9)	29.1
Business combination with TLG	19	3.2	2,745.4	-	(1,620.8)	-	1,127.8	643.1	1,770.9	644.6	2,415.5
Total changes in ownership interests		**3.2**	**2,745.4**	**-**	**(1,620.8)**	**101.0**	**1,228.8**	**643.1**	**1,871.9**	**572.7**	**2,444.6**
Transactions with perpetual notes investors											
Payment to perpetual notes investors		-	-	-	-	-	-	(83.8)	(83.8)	-	(83.8)
Total transactions with perpetual notes investors		**-**	**-**	**-**	**-**	**-**	**-**	**(83.8)**	**(83.8)**	**-**	**(83.8)**
Balance as at December 31, 2020		**15.4**	**5,752.4**	**(37.2)**	**(2,621.6)**	**7,315.8**	**10,424.8**	**3,132.9**	**13,557.7**	**2,025.3**	**15,583.0**

(*) less than €0.1 million.

The accompanying notes on pages 92 to 148 form an integral part of these consolidated financial statements

		Attributable to the owners of the Company								
	Note	Share capital	Share premium and other capital reserves	Hedge reserves	Retained earnings	Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
		in € millions								
Balance as at January 1, 2019		**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 year		-	-	-	1,308.1	1,308.1	57.8	1,365.9	343.2	1,709.1
Other comprehensive income (loss) for the year, net of tax		-	(5.7)	15.2	-	9.5	-	9.5	-	9.5
Total comprehensive income (loss) for the year		**-**	**(5.7)**	**15.2**	**1,308.1**	**1,317.6**	**57.8**	**1,375.4**	**343.2**	**1,718.6**
Transactions with owners of the Company										
Contributions and distributions										
Issuance of ordinary shares	19.1	0.8	595.4	-	-	596.2	-	596.2	-	596.2
Equity settled share-based payment	19.1	(1) 0.0	4.7	-	-	4.7	-	4.7	-	4.7
Dividend distribution (2)		-	(286.1)	-	-	(286.1)	-	(286.1)	-	(286.1)
Scrip dividend (2)		0.1	76.6	-	-	76.7	-	76.7	-	76.7
Total contributions and distributions		**0.9**	**390.6**	**-**	**-**	**391.5**	**-**	**391.5**	**-**	**391.5**
Changes in ownership interests										
Non-controlling interest arising from initially consolidated companies and other transactions	19.3	-	-	-	8.0	8.0	-	8.0	398.4	406.4
Total changes in ownership interests		**-**	**-**	**-**	**8.0**	**8.0**	**-**	**8.0**	**398.4**	**406.4**
Transactions with perpetual notes investors										
Issuance of perpetual notes	19.2	-	-	-	-	-	922.7	922.7	-	922.7
Payment to perpetual notes investors		-	-	-	-	-	(44.2)	(44.2)	-	(44.2)
Total transactions with perpetual notes investors		**-**	**-**	**-**	**-**	**-**	**878.5**	**878.5**	**-**	**878.5**
Balance as at December 31, 2019		**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**

(1) less than €0.1 million.

(2) reclassified.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended December 31, 2020	2019
		in € millions	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**906.4**	**1,709.1**
Adjustments for the profit:			
Depreciation and amortization	13	4.3	1.7
Property revaluations and capital gains	7	(769.4)	(1,217.5)
Share in profit from investment in equity-accounted investees	15.1	(195.7)	(298.7)
Finance expenses and other financial results	10	368.5	96.0
Current and deferred tax expenses	11.4	376.8	350.7
Share-based payment	20.2	3.0	4.5
Change in working capital		(39.0)	(36.7)
Dividend received		43.4	61.4
Tax paid		(82.5)	(56.9)
Net cash provided by operating activities		**615.8**	**613.6**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of equipment and intangible assets, net	13	(36.3)	(3.1)
Proceeds from disposals of investment property and investees	18.1	2,063.1	(*) 545.0
Acquisitions of investment property and investee, investment in capex and advances paid	14	(636.3)	(*) (2,856.0)
Investments in traded securities and other financial assets, net		(376.8)	(575.7)
Net cash provided by (used in) investing activities		**1,013.7**	**(2,889.8)**

(*) reclassified.

The accompanying notes on pages 92 to 148 form an integral part of these consolidated financial statements

	Note	Year ended December 31, 2020	2019
		in € millions	
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy-back program	19.1.4	(1,000.8)	-
Proceeds from issuance of ordinary shares, net	19.1.1	-	596.3
Proceeds from issuance of mandatory convertible notes, net	19.1.3	219.0	-
Proceeds (payments) from (to) perpetual notes investors, net		(83.8)	878.5
Buy-back of bonds, net of proceeds from issuance of straight bonds	21.2.3	(188.1)	2,653.9
Proceeds (repayments) from (of) loans from financial institutions and others, net		(494.6)	(484.5)
Amortization of loans from financial institutions and others		(29.5)	(21.7)
Transactions with non-controlling interests		178.0	(24.5)
Dividend distribution		(21.9)	(209.4)
Interest and other financial expenses paid, net		(212.4)	(160.7)
Net cash (used in) provided by financing activities		**(1,634.1)**	**3,227.9**
Net changes in cash and cash equivalents		**(4.6)**	**951.7**
Cash and cash equivalents as at January 1		2,191.7	1,242.8
Assets held for sale – change in cash	18.2	(3.2)	(4.1)
Cash and cash equivalents from initial consolidation of TLG (*)		508.7	-
Effect of movements in exchange rates on cash held		(0.5)	1.3
Cash and cash equivalents as at December 31		**2,692.1**	**2,191.7**

(*) The Company acquired TLG for a consideration that did not include cash (see note 5). 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 CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

1.1 Incorporation and principal activities

Aroundtown SA ("the Company" or "Aroundtown"), a public limited liability company (Société Anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 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 (symbol: AT1).

Aroundtown is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities, primarily in Germany 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 a holding in Grand City Properties S.A. ("GCP S.A."), a publicly traded real estate company (symbol: GYC) that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As at December 31, 2020, Aroundtown indirectly holds 41.12% (2019: 39.40%) in GCP S.A. and presents it as an equity-accounted investee in these financial statements.

These consolidated financial statements for the year ended December 31, 2020 consist of the financial statements of the Company and its investees ("the Group").

1.2 Group rating

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

As at December 31, 2020, and as of the date of this consolidated financial statements the Group rating remained unchanged, as described above.

1.3 Definitions

Throughout these notes to the consolidated financial statements:

The Company	Aroundtown SA
The Group	The Company and its investees
Subsidiaries	Companies that are controlled by the Company (as defined in IFRS 10) and whose financial statements are consolidated with those of the Company
Associates	Companies over which the Company has significant influence (as defined in IAS 28) and that are not subsidiaries. The Company's investment therein is included in the consolidated financial statements of the Company using equity method of accounting
Investees	Subsidiaries, jointly controlled entities and associates
GCP S.A.	Grand City Properties S.A. (an associate of the Company)
TLG	TLG Immobilien AG (subsidiary of the Company)
Related parties	As defined in IAS 24
The reporting period	The year ended on December 31, 2020

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

Certain consolidated statement of comprehensive income, consolidated statement of financial position and consolidated statement of cash flows' items related to the year ended December 31, 2019 have been reclassified to enhance comparability with 2020 figures and are marked as "reclassified".

The consolidated financial statements were authorized for issuance by the Company's board of directors on March 25, 2021.

2.2 Basis of measurement

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

- Financial assets at fair value through profit or loss;
- Investment properties are measured at fair value;
- Investment in equity-accounted investees;
- Derivative financial assets and liabilities;
- Assets and liabilities classified as held for sale;
- Deferred tax assets and liabilities on fair value gains and losses on investment property and derivative financial instruments.

2.3 Significant accounting judgments, estimates and assumptions

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

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

Judgments

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

- **Leases**

  Property lease classification (the Group as lessor)

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

- **Revenue from contracts with customers**

  Determination of performance obligations

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

  Principal versus agent considerations (services to tenants)

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

- **Business combinations**

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

Estimates and assumptions

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

- **Valuation of investment property**
  The Group uses external valuation reports issued by independent professionally qualified valuators to determine the fair value of its investment property. Changes in their fair value are recognized in the consolidated statement of profit or loss.

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

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

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

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

- **Impairment of investments in associates**
  The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future undiscounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

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

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

- **Legal claims**
  In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the Group relies on the

opinion of their legal counsels. These estimates are based on the legal counsels' best professional judgment, taking into account the stage of proceedings and historical legal precedents in respect of the different issues. Since the outcome of the claims will be determined in court, the results could differ from these estimates.

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

2.4. Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

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

As at December 31, 2020, the Group's main foreign exchange rates versus the euro were as follows:

	EUR/GBP ("British Pound")	**EUR/USD** ("US Dollar")	**EUR/CHF** ("Swiss Franc")	**EUR/NOK** ("Norwegian Krone")
December 31, 2020	**0.899**	**1.227**	**1.080**	**10.756**
December 31, 2019	0.851	1.123	1.085	10.091
Average rate 2020	**0.890**	**1.142**	**1.071**	**10.723**
Changes (%) during the year:				
Year ended December 31, 2020	5.6%	9.3%	(0.5%)	6.1%
Year ended December 31, 2019	(4.9%)	(1.9%)	(3.7%)	(0.8%)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Changes in accounting policies and disclosures

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

There were several new and amendments to standards and interpretations which are applicable for the first time in 2020, but either not relevant or do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. See note 3.26.

- **Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform**
  The Group adopted Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7 (Interbank Offered Rate ("IBOR") reform Phase 1) with effect from 1 January 2020. IBOR reform Phase 1 includes a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark 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 during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate ("RFR"). This may lead to uncertainty whether a forecast transaction is highly probable and whether prospectively the hedging relationship is expected to be highly effective. IBOR reform Phase 1 provides reliefs which require the Group to assume that hedging relationships are unaffected by the uncertainties caused by IBOR reform. This includes assuming that hedged cash flows are not altered as a result IBOR reform. Also, the reliefs allow the Group not to discontinue hedging relationships as a result of retrospective or prospective ineffectiveness if only caused by the reform.

- **Amendments to References to Conceptual Framework in IFRS Standards**
  The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

- **Amendments to IAS 1 and IAS 8 - Definition of Material**
  The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

- **Amendment to IFRS 16 Leases: Covid-19-Related Rent Concessions**
  In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

  The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

  a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and
  c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B and has not restated prior period figures.

- **Amendments to IFRS 3: Definition of a Business**
  The amendments to IFRS 3 clarify 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 clarified that a business can exist without including all of the inputs and processes needed to create outputs. The other key amendments include: removal of the assessment of whether market participants are capable of replacing any missing outputs or processes and continuing to produce outputs; adding guidance and illustrative examples to help entities assess whether a substantive process has been acquired; narrowing the definitions of business and outputs by focusing on goods or services provided to customers and by removing the reference to an ability to reduce costs; and adding an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

These amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any acquisition.

3.2 Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the parent company Aroundtown SA and the financial statements of its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

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

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

Changes in the Group's ownership interests in existing subsidiaries
Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instrument* or IAS 28 *Investments in Associates and Joint Ventures*.

3.3 Property acquisition and business combinations

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

Business combinations are accounted for using the acquisition method, i.e. when control is transferred to the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

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

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the fair value of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction by transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.
The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 *Financial Instruments*, or IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in the consolidated statement of profit or loss.

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

3.4 Investments in associates and equity-accounted investees

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

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

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

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount; any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases. When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements, however only to the extent of interests in the associate that are not related to the Group.

3.5 Revenue recognition

The Group's key sources of income include:

- Rental income
- Revenue from contracts with customers:
  Services to tenants including management charges and other expenses recoverable from tenants

The accounting for each of these elements is discussed below:

Rental income

The Group earns revenue from acting as a lessor in operating leases which do not transfer substantially all of the risks and rewards incidental to ownership of an investment property.
Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature, except for contingent rental income which is recognized when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are capitalized to the investment property and recognized as an expense over the lease term on the same basis as the lease income.

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

Revenue from services to tenants

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

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

The Group arranges for third parties to provide certain of these services to its tenants. The Group concluded that it acts as a principal in relation to these services as it controls the specified services before transferring them to the customer. Therefore, the

Group records revenue on a gross basis.

The Group has elected to make use of the following practical expedient:

- Contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred.
- The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations for contracts in which the Group has a right to consideration from tenants in an amount that corresponds directly with the value to the tenant of the Group's performance completed to date.
- The Group does not adjust the transaction price for the effects of significant financing component since at contract inception it is expected that the period between when the entity transfers the services to tenants and when the tenants pay for these services will be one year or less.

3.6 Finance income and expenses and other financial result

Finance income comprises interest income on funds invested.

Finance expenses comprise interest expense on bank loans, third party borrowings and bonds.
The interest portion of the lease payment is part of the "Interest and other financial expenses paid, net" in the consolidated statements of cash flows.

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

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

3.7 Current tax and property taxes

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

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

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

3.8 Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, branches and associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss.

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

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

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

3.9 Property, equipment and intangible assets

Property and equipment are measured at cost less accumulated depreciation and impairment losses.
Depreciation is recognized in profit or loss using the straight line method over the useful lives of each part of an item of equipment. The annual depreciation rates used for the current and comparative periods are as follows:

	%
Furniture, fixtures and office equipment	10-50
Buildings	2-3

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

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

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

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

The intangible assets of the Group consist of goodwill and software. Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization, and any accumulated impairment losses.

3.10 Deferred income

Deferred income represents income which relates to future periods.

- **Prepayments**
  The Group receives prepayments from tenants for ancillary services and other charges on a monthly basis. Once a year, the prepayments received from tenants are settled against the operating cost receivables.
- **Tenancy deposits**
  Tenancy deposits are paid to ensure the property is returned in good condition. The tenancy deposits can also be used if a loss of rent occurs.

3.11 Investment property

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

Investment property comprises principally properties that are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

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

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

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

Refer to the note 3.12 "Assets and liabilities held for sale" on the accounting for investment property classified by held for sale.

3.12 Assets and liabilities held for sale

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

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

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

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

3.13 Financial instruments

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

(a) Financial assets

(i) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. See note 3.5.

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

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

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

(ii) Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

Financial assets at fair value through OCI (debt instruments)

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

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

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

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other financial results in the consolidated statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

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

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

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

(iii) De-recognition

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

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

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

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

(iv) Impairment of financial assets

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

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

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group considers a financial asset to be default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group or when there is a breach of financial covenants by the debtor. Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(b) Financial liabilities

(i) Initial recognition and measurement

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

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

(ii) Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortized cost

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

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

(iii) De-recognition

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

(c) Offsetting of financial instruments

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

3.14 Share capital

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

3.15 Mandatory convertible notes

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

3.16 Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

3.17 Perpetual notes

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

3.18 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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

Cash flow hedges

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

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

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

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

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

Fair value hedges

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

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

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

Hedge of net investments in foreign operations

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

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

3.19 Property operating expenses

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

3.20 Operating segments

The Group has one reportable operating segment which refers to rental income from owned investment properties.

An operating segment is a component of the Group that meets the following three criteria:

- Is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to intragroup transactions;
- whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- For which separate financial information is available.

3.21 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

3.22 Earnings per share

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

3.23 Share-based payment transactions

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

3.24 Provisions for other liabilities and accrued expenses

Provisions are recognized when there is a present obligation, either legal or constructive, vis-à-vis third parties as a result of a past event, if it is probable that a claim will be asserted, and the probable amount of the required provision can be reliably estimated. Provisions are reviewed regularly and adjusted to reflect new information or changed circumstances.

Provisions include provisions for operating and administrative liabilities, as well as accruals of interest on straight and convertible bonds which have not become payable as at the reporting date.

3.25 Leased assets

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

Group as a lessee

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

(i) Right-of-use assets

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

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

(ii) Lease liabilities

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

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

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

iii) Short-term leases and leases of low-value assets

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

Group as a lessor

Refer to accounting policies on rental income in note 3.5.

3.26 Standards issued but not yet effective

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

- **Amendments to IAS 1: Classification of Liabilities as Current or Non-current**

  In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on its current accounting policies.

- **Reference to the Conceptual Framework – Amendments to IFRS 3**

  In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately. At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

  In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The amendments are not expected to have a material impact on the Group.

- **IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

  As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Group must apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- **Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16**

  In August 2020 the IASB issued Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, (IBOR reform Phase 2) to address the accounting issues which arise upon the replacement of an IBOR with a RFR. IBOR reform Phase 2 includes a number of reliefs and additional disclosures. The reliefs apply upon the transition of a financial instrument from an IBOR to a RFR. Changes to the basis for determining contractual cash flows as a result of interest rate benchmark reform are allowed as a practical expedient to be treated as changes to a floating interest rate, provided that, for the financial instrument, the transition from the IBOR benchmark rate to RFR takes place on an economically equivalent basis. IBOR reform Phase 2 provides temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend the hedge designations and hedge documentation. This includes redefining the hedged risk to reference an RFR, redefining the description of the hedging instrument and/or the hedged item to reference the RFR and amending the method for assessing hedge effectiveness. Updates to the hedging documentation must be made by the end of the reporting period in which a replacement takes place. The reliefs allow that changes to the method for assessing hedge effectiveness due to modifications required by IBOR reform, will not result in the discontinuation of hedge accounting.

  The Group will apply IBOR reform Phase 2 from January 1, 2021.

Munich

4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

4.1 Fair value hierarchy

The following tables present the Group's financial assets and liabilities measured and recognized at fair value as at December 31, 2020 and December 31, 2019 on a recurring basis under the relevant fair value hierarchy. Also presented are the financial assets and liabilities that are not measured at fair value and for which their carrying amount significantly differs from the fair value:

	As at December 31, 2020					As at 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)	Significant unobservable inputs (Level 3)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	in € millions									
FINANCIAL ASSETS										
Financial assets at fair value through profit or loss	427.8	427.8	427.8	-	-	842.2	842.2	842.2	-	-
Derivative financial assets	137.9	137.9	-	137.9	-	194.8	194.8	-	194.8	-
Other nun-current financial assets	9.0	9.0	-	-	9.0	-	-	-	-	-
Total financial assets	**574.7**	**574.7**	**427.8**	**137.9**	**9.0**	**1,037.0**	**1,037.0**	**842.2**	**194.8**	**-**
FINANCIAL LIABILITIES										
Straight bonds and schuldscheins (*)	10,589.9	11,387.7	10,995.0	392.7	-	9,251.2	9,796.2	9,409.1	387.1	-
Bank loans	1,376.8	1,414.9	-	1,414.9	-	866.5	905.6	-	905.6	-
Derivative financial liabilities	421.9	421.9	-	421.9	-	123.2	123.2	-	123.2	-
Other financial liabilities	37.3	37.3	-	-	37.3	-	-	-	-	-
Total financial liabilities	**12,425.9**	**13,261.8**	**10,995.0**	**2,229.5**	**37.3**	**10,240.9**	**10,825.0**	**9,409.1**	**1,415.9**	**-**

(*) 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 (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant input required to fair value of financial instrument are observable, the instrument is included in level 2.

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

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

There were no transfers between level 1, level 2 and level 3 during the reporting period.

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

4.2 Valuation techniques used to determine fair values

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

- The fair values of the quoted bonds are based on price quotations at the reporting date. The fair value of unquoted bonds is measured using the discounted cash flow method with observable inputs.
- There's an active market for the Company's listed equity investments and quoted debt instruments.
- The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Interest rate and foreign exchange swap and forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation technique includes forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves.

Lüneburger Heide

5. 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 on 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 December 31, 2020, TLG contributed revenue of €230.2 million and net profit of €393.3 million to the Group's results. Had the takeover occurred on January 1, 2020, the consolidated revenue and consolidated net profit for the period would have been increased by €37.1 million and €5.1 million, respectively.

The total consideration of the business combination is €2,987.6 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, €223.1 million of liabilities in relation to an indemnification agreement ("Indemnification Agreement") and €9.1 million investment in TLG held by the Company prior to the initial consolidation (reflects 0.3% in TLG). The fair value of the ordinary shares issued against contribution in kind was based on the listed share price of the Company on February 19, 2020 and amounted to €8.812 per share.

As part of the takeover of TLG, the Company and a third party ("the TP") entered into an Indemnification Agreement, in which the TP has agreed to refrain from tendering a number of 11,670,823 shares ("Irrevocable Shares") or otherwise dispose them only upon the Company`s request, but instead to continue to hold them for a period of maximum five years and in certain conditions, up to ten years. As consideration for such obligation, the TP shall receive for the period it holds the Irrevocable Shares an agreed minimum gross return over the EPRA NAV relates to the Irrevocable Shares (with an agreed minimum and maximum ("Capped NAV")) minus any dividend distributed for the Irrevocable Shares in the relevant fiscal year ("Custody Interest"). The TP has the right to dispose of the Irrevocable Shares in a window period of 34 - 60 months from the takeover date. If decided to do so, the Company agreed to indemnify the TP for the difference (if any) between the consideration of such sell and the Capped NAV ("Indemnification"). Under certain conditions, the Company has the right to postpone such disposal for a period of up to 5 years from the takeover date. Upon the takeover date, the Company recognized the fair value of the discounted annual Custody Interest as a non-current liability to be amortized during the agreement. The Indemnification amount is presented as a derivative financial liability measured at fair value through profit or loss.

The Company incurred acquisition-related costs of €2.3 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 €6.9 million incurred as part of the capital increase process and is presented net from the share premium.

Berlin

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	**14**	4,739.6
Property, equipment and intangible assets (1)	**13**	38.6
Investment in shares of the Company (2)	**19.1.4**	1,620.8
Derivative financial assets		2.9
Other non-current assets		41.7
Deferred tax assets	**11.3**	110.7
Total identifiable non-current assets		**6,554.3**
CURRENT ASSETS		
Cash and cash equivalents		517.8
Trade and other receivables		85.1
Assets held for sale		3.0
Total identifiable current assets		**605.9**
NON-CURRENT LIABILITIES		
Loans and borrowings	**21.1**	(966.5)
Straight bonds series 2022 and 2026 (5)	**21.2**	(1,230.4)
Derivative financial liabilities		(36.2)
Other non-current liabilities		(45.9)
Deferred tax liabilities	**11.3**	(796.5)
Total identifiable non-current liabilities		**(3,075.5)**
CURRENT LIABILITIES		
Current portion of loans and borrowings	**21.1**	(76.0)
Straight bond series 2024 (3) (5)	**21.2**	(419.7)
Trade and other payables		(114.4)
Provisions for other liabilities and accrued expenses		(21.3)
Total identifiable current liabilities		**(631.4)**
Net identifiable assets and liabilities acquired		**3,453.3**
Perpetual notes (4) (5)		(643.1)
Total identifiable assets, liabilities and perpetual notes		**2,810.2**


Dresden

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

(2) 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.

(3) 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 then reclassified to non-current liability.

(4) 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.

(5) For substitution of the TLG straight bond series and perpetual note under Aroundtown SA as the issuer and obligor, see notes 21.2.2 and 19.2.

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:

Assets / liabilities acquired	Significant unobservable inputs / quoted price
Property, equipment and intangible assets	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 shares of the Company	Quoted prices from the stock market.
Loans and borrowings	Market comparison technique and cost technique: The valuation model considers market prices for similar items when they are available.
Straight bonds	Quoted prices from the stock market.
Perpetual notes	Quoted prices from the stock market.

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

Goodwill arising from the acquisition has been recognized as follows:

	In € millions
Consideration	2,987.6
Non-controlling interests (*)	644.6
Total identifiable assets, liabilities and perpetual notes	(2,810.2)
Goodwill recognized	**822.0**

(*) includes non-controlling interests that existed in TLG prior to the takeover and additional non-controlling interests arising 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.

Service Agreement between the Company and TLG

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

6. REVENUE

	Year ended December 31,	
	2020	2019
	in € millions	
Net rental income	1,003.0	765.7
Revenue from contracts with customers	177.3	129.1
	1,180.3	**894.8**

Geographical information

	Year ended December 31,	
	2020	2019
	in € millions	
Germany	844.8	600.4
The Netherlands	172.7	154.2
United Kingdom	91.9	81.9
Belgium	22.2	10.6
Others	48.7	47.7
	1,180.3	**894.8**

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

7. PROPERTY REVALUATIONS AND CAPITAL GAINS

	Year ended December 31,	
	2020	2019
	in € millions	
Property revaluations	711.6	1,203.7
Capital gains	57.8	13.8
	769.4	**1,217.5**

8. PROPERTY OPERATING EXPENSES

	Year ended December 31,	
	2020	2019
	in € millions	
Ancillary expenses and purchased services	(195.1)	(158.3)
Maintenance and refurbishment	(30.6)	(26.8)
Personnel expenses	(28.3)	(15.4)
Depreciation and amortization	(4.3)	(1.7)
Other operating costs	(*) (184.3)	(25.7)
	(442.6)	**(227.9)**

(*) the Group recognized an allowance for expected credit loss amounted to €29.1 million. Additionally, the Company recognized €120.0 million expenses for uncollected rent created due to the COVID-19 pandemic impact on the hotel industry.

As at December 31, 2020, the Group had 711 employees (2019: 492 employees). On average, the Group had 652 employees (2019: 433 employees).

The amount of direct operating expenses (including maintenance and refurbishment) arising from investment property that generates net rental income during the year amounted to €442.2 million (2019: €227.0 million).

The amount of direct operating expenses (including maintenance and refurbishment) arising from investment property that did not generates net rental income during the year amounted to €0.4 million (2019: €0.9 million).

9. ADMINISTRATIVE AND OTHER EXPENSES

	Year ended December 31,	
	2020	2019
	in € millions	
Personnel expenses	(19.6)	(13.4)
Legal and professional fees	(10.9)	(3.4)
Audit and accounting expenses	(4.9)	(4.0)
Marketing and other administrative expenses	(15.7)	(6.5)
	(51.1)	**(27.3)**

Mannheim

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

	Year ended December 31,			
	2020		2019	
	in € millions			
	KPMG Network	**Other audit firms**	**KPMG Network**	**Other audit firms**
Audit services	2.4	1.9	2.6	1.2
Audit-related services	0.2	0.2	0.2	0.2
Tax and other services	-	0.5	0.2	0.2
	2.6	2.6	3.0	1.6

10. FINANCE EXPENSES AND OTHER FINANCIAL RESULTS

	Year ended December 31,	
	2020	2019
	in € millions	
Finance expenses		
Interest to banks, corporate bonds and third parties, net	(191.1)	(136.4)
Finance expenses on lease liabilities	(9.6)	(5.3)
	(200.7)	**(141.7)**
Other financial results		
Changes in fair value of financial assets and liabilities, net	(135.1)	72.3
Finance-related costs	(32.7)	(26.6)
	(167.8)	**45.7**

11. TAXATION

11.1 Tax rates applicable to the Group

The Company is subject to taxation under the laws of Luxembourg. The corporation tax rate for Luxembourg companies is 24.94% (2019: 24.94%).

The German subsidiaries containing real estate property are subject to taxation under the laws of Germany. Income taxes are calculated using a federal corporate tax of 15.0% for December 31, 2020 (2019: 15.0%), plus an annual solidarity surcharge of 5.5% on the amount of federal corporate taxes payable (aggregated tax rate: 15.825%). When applicable, an additional effective rate of approximately 14% is imposed as German trade tax (Gewerbesteuer). German property taxation includes taxes on the holding of real estate property based on the location and size of the property.

The Cypriot subsidiaries are subject to taxation under the laws of Cyprus. The corporation tax rate for Cypriot companies is 12.5% (2019: 12.5%). Under certain conditions interest income of the Cypriot companies may be subject to special defense contribution at the rate of 30.0% (2019: 30.0%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to special defense contribution at the rate of 17.0% (2019: 17.0%). In such case, this dividend income will be exempt from Cyprus income (corporation) tax. Under certain conditions, dividend income earned from Cyprus tax resident companies is exempt from special defense contribution and Cyprus income (corporation) tax.

The Dutch subsidiaries are subject to taxation under the laws of the Netherlands. The Dutch corporation tax rate for the financial year 2020 is 25.0% (a reduced 16.5% rate applies to taxable income up to €200 thousand (2019: 25.0% and 19.0%, respectively).

The United Kingdom subsidiaries containing real estate property, are subject to taxation under the laws of the United Kingdom. Income taxes are calculated using a federal corporate tax (also for capital gains) of 19.0% for December 31, 2020 (2019: 19.0%). The rate applicable from April 1, 2020 remains at 19%, rather than the previously enacted reduction to 17%.

Subsidiaries in other jurisdictions are subject to corporate tax rate of up to 29%.

11.2 Current tax expenses

	Year ended December 31,	
	2020	2019
	in € millions	
Corporate income tax	(52.6)	(40.8)
Property tax	(36.8)	(29.8)
	(89.4)	**(70.6)**

Hannover

11.3 Movements in the deferred tax assets and liabilities during the current and prior reporting period:

Deferred tax liabilities

	Derivative financial assets and other deferred tax liabilities	Fair value gains on investment property	Total
	in € millions		
Balance as at December 31, 2018	**7.5**	**874.8**	**882.3**
Charged to:			
Consolidated statement of profit and loss	0.7	285.3	286.0
Other comprehensive income	4.9	-	4.9
Initial application IFRS 16	-	7.7	7.7
Deferred tax disposed from deconsolidation and other	-	(67.4)	(67.4)
Transfer from (to) liabilities held for sale	0.5	(6.6)	(6.1)
Balance as at December 31, 2019	**13.6**	**1,093.8**	**1,107.4**
Charged to:			
Consolidated statement of profit and loss	6.5	280.0	286.5
Other comprehensive income	3.4	18.9	22.3
Initially consolidated in business combinations (see note 5)	-	796.5	796.5
Deferred tax disposed from deconsolidation	-	(162.7)	(162.7)
Transfer to liabilities held for sale	(0.5)	(23.7)	(24.2)
Balance as at December 31, 2020	**23.0**	**2,002.8**	**2,025.8**

As at December 31, 2020, the Group has not recognized cumulative deferred tax liabilities amounting to €566.2 million (2019: €568.0 million) due to the initial recognition exception on acquisitions which are not business combinations.

Deferred tax assets

	Derivative financial liabilities and other deferred tax assets	Loss carried forward, net	Total
	in € millions		
Balance as at December 31, 2018	**10.2**	**66.4**	**76.6**
Charged to:			
Consolidated statement of profit and loss	(3.5)	9.4	5.9
Deferred tax from initial consolidation deconsolidation	3.5	(4.4)	(0.9)
Transfer to assets held for sale	-	(0.8)	(0.8)
Balance as at December 31, 2019	**10.2**	**70.6**	**80.8**
Charged to:			
Consolidated statement of profit and loss	(1.2)	0.3	(0.9)
Other comprehensive income	(1.6)	(0.1)	(1.7)
Initially consolidated in business combination (see note 5)	30.4	80.3	110.7
Deferred tax disposed from deconsolidations	-	(0.1)	(0.1)
Transfer to assets held for sale	-	1.7	1.7
Balance as at December 31, 2020	**37.8**	**152.7**	**190.5**

As at December 31, 2020, the Group has not recognized cumulative deferred tax assets on carried forward losses amounting to €48.7 million (2019: €27.9 million).

11.4 Reconciliation of effective tax rate

	Year ended December 31,	
	2020	2019
	in € millions	
Profit before tax	1,283.2	2,059.8
Statutory tax rate	24.94%	24.94%
Tax computed at the statutory tax rate	320.0	513.7
Decrease in taxes on income resulting from the following factors:		
Group's share in earnings from companies accounted for at equity	(48.8)	(74.5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	71.0	(85.5)
Others	34.6	(3.0)
Total current and deferred tax expenses	**376.8**	**350.7**

Bremen

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

12.1 Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2020 is based on the profit attributable to the owners of €651.7 million (2019: €1,308.1 million), and a weighted average number of ordinary shares outstanding of 1,305.2 million (2019: 1,172.9 million), calculated as follows:

Profit attributed to the shareholders (basic)

	Year ended December 31,	
	2020	2019
	in € millions	
Profit for the year, attributable to the owners of the Company	**651.7**	1,308.1

Weighted average number of ordinary shares (basic)

	Year ended December 31,	
	2020	2019
	in millions of shares	
Issued ordinary shares on January 1	1,223.6	1,128.6
Capital increase, scrip dividend and share incentive	0.4	44.3
Capital increase and share buy-back effect from initially consolidating TLG	111.5	-
Mandatory convertible notes effect	22.5	-
Shares buy-back effect	(52.8)	-
Weighted average number of ordinary shares	**1,305.2**	**1,172.9**
Basic earnings per share (in €)	**0.50**	**1.12**

12.2 Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2020 is based on profit attributable to the shareholders of €641.8 million (2019: €1,299.3 million), and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 1,306.5 million (2019: 1,174.1 million), calculated as follows:

Profit attributed to the shareholders (diluted)

	Year ended December 31,	
	2020	2019
	in € millions	
Profit for the year, attributable to the owners of the Company (basic)	651.7	1,308.1
Dilutive effect of the Company's share in profit of investees	(9.9)	(8.8)
Profit for the year, attributable to the owners of the Company (diluted)	**641.8**	**1,299.3**

Weighted average number of ordinary shares (diluted)

	Year ended December 31,	
	2020	2019
	in millions of shares	
Issued ordinary shares on January 1	1,223.6	1,128.6
Capital increase, scrip dividend and share incentive	1.7	45.5
Capital increase and share buy-back effect from initially consolidating TLG	111.5	-
Mandatory convertible notes effect	22.5	-
Shares buy-back effect	(52.8)	-
Weighted average number of ordinary shares	**1,306.5**	**1,174.1**
Diluted earnings per share (in €)	**0.49**	**1.11**


Cologne

13. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Property and equipment	Goodwill	Computer software	Total
	in € millions			
COST				
Balance as at December 31, 2018	29.5	14.1	1.2	44.8
Additions, net	3.1	-	-	3.1
Deconsolidation	(19.9)	-	-	(19.9)
Equipment and intangible assets arising from initial consolidation, net	5.2	-	-	5.2
Balance as at December 31, 2019	17.9	14.1	1.2	33.2
Additions, net	29.6	-	6.7	36.3
Initially consolidated in business combination (see note 5)	35.7	822.0	2.9	860.6
Transfer to assets held for sale	(35.2)	-	-	(35.2)
Balance as at December 31, 2020	48.0	836.1	10.8	894.9
DEPRECIATION / AMORTIZATION				
Balance as at December 31, 2018	6.5	4.5	0.7	11.7
Depreciation / Amortization for the year	1.6	-	0.1	1.7
Balance as at December 31, 2019	8.1	4.5	0.8	13.4
Depreciation / Amortization for the year	2.7	-	1.6	4.3
Balance as at December 31, 2020	10.8	4.5	2.4	17.7
CARRYING AMOUNTS				
Balance as at December 31, 2019	**9.8**	**9.6**	**0.4**	**19.8**
Balance as at December 31, 2020	**37.2**	**831.6**	**8.4**	**877.2**

The Company conducted an impairment test on the carrying amount of the goodwill recognized in the books, of which an amount of €822.0 million arising from the takeover on TLG. In spite of the COVID-19 impact on the real estate market and the volatility in the value of TLG share, there were no indications for impairment as at December 31, 2020.

14. INVESTMENT PROPERTY

14.1 Reconciliation of investment property

	Year ended December 31	
	2020	2019
	(2) Level 3	(2) Level 3
	in € millions	
Balance as at January 1	**18,127.0**	**14,174.0**
Plus: investment property classified as held for sale	202.4	203.7
Total investment property	**18,329.4**	**14,377.7**
Adjustment for initial application of IFRS 16	-	145.5
Acquisitions of investment property and investment in capex during the year – see note 14.2	5,366.9	3,260.3
Disposal of investment property during the year – see note 18.1	(2,324.3)	(1) (730.5)
Effect of foreign currency exchange differences	(81.0)	72.7
Fair value adjustments	711.6	1,203.7
Total investment property	**22,002.6**	**18,329.4**
Less: investment property classified as held for sale – see note 18.2	(830.2)	(202.4)
Balance as at December 31	**21,172.4**	**18,127.0**

(1) reclassified.
(2) classified in accordance with the fair vale hierarchy. Since one or more of the significant inputs is not based on observable market data, the fair value measurement is included in level 3.

Investment property per geographical location (*)

	As at December 31,	
	2020	2019
	in € millions	
Germany	15,891.9	12,504.5
The Netherlands	2,347.3	2,525.7
United Kingdom	1,287.4	1,475.5
Belgium	492.2	477.9
Others	1,153.6	1,143.4
	21,172.4	**18,127.0**

(*) excluding investment property classified as held for sale.

14.2. 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 5). Furthermore, the Group obtained control over investment property in a total value of €244.8 million through acquisitions of assets and companies. The various transactions were treated as acquisition of a group of assets and liabilities.

Leipzig

14.3. Measurement of fair value

The fair value of the properties of the Group is determined at least once a year by external, independent and certified valuators, who are specialist in valuing real estate properties. The prime valuators, responsible for the major part of the portfolio are Jones Lang LaSalle GmbH ("JLL"), Savills, Cushman & Wakefield ("CW") and Avison Young, they are considered as the market leading valuators in the European real estate market. The fair value of the properties was prepared in accordance with the RICS Valuation-Professional Standards (current edition) published by the Royal Institution of Chartered Surveyors ("RICS") as well as the standards contained within the TEGoVA European Valuations Standards, and in accordance with IVSC International Valuation Standard ("IVS"), the International Accounting Standard ("IAS"), IFRS as well as the current guidelines of the European Securities and Market Authority ("ESMA") based on the Market Value. This is included in the General Principles and is adopted in the preparation of the valuations reports of JLL, Savills, CW and Avison Young. Therefore, the valuation is based on internationally recognized standards.

As part of the engagement, the Company and the valuators confirm that there is no actual or potential conflict of interest that may have influenced the valuators status as external and independent. The valuation fee is determined on the scope and complexity of the valuation report.

The fair value of the investment property is determined using the following valuation methods:

- **Discounted cash flow ("DCF") method**
  Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

  The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, and refurbishment. The appropriate durations are typically driven by market behavior that is a characteristic of the class of real property.

  Periodic cash flows are typically estimated as gross income less vacancy, non-recoverable expenses, collection losses on future rents, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

- **Comparable approach**
  Under the market comparable approach, a property's fair value is estimated based on comparable transactions. The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. The unit of comparison applied by the Group is the price per square meter ("sqm").

  In general, enquiries have been made of the valuers and public databases, local sales offices and recent transactions. The main components of the valuation are the location of the property, the condition of the property with its units; provision of concierge and tenants facilities, provision and layout of accommodation, as well as market sentiment and how the individual units would be received by the market. The most recent sales data for individual units within the subject property and comparable evidence within the immediate area will be taken into account and adjusted by premium according to the specifics of the property and its units. The achieved market sales price per sqm will be multiplied by the area of the property to achieve the property specific market value.

- **Residual value approach**
  The residual value assesses the various factors associated with a conversion or a new development of a property. The goal of this method is to calculate an objective value for the site, which is either undeveloped or sub-optimally utilized. The residual value is determined by first calculating the net capital value of the property after completion of the planned development project. This figure is derived by subtracting the non-recoverable operating costs (e.g. maintenance and management costs) from the potential gross sale value. In order to determine the net capital value, the purchaser's costs have to be deducted. The costs for the assumed development are subtracted from the net capital value, resulting in the remainder (residuum). These costs include building fees as well as other required fees, which are necessary for the

construction of a building, depending on its type of use.

The additional construction costs are also part of the total development costs. The following additional costs are common for constructions: planning, construction, official review and approval costs as well as financing required immediately for construction. The amount of additional construction costs depends on the type of building, its finishes and the location. All of the construction and additional building costs as well as other project costs including financing costs and developer's profit are subtracted from the calculated gross sale value of the completed development. The difference of the gross sale value and the development costs results in the remainder (residuum). In order to acquire the residual value, financing and additional purchasing costs for the property are deducted from this remainder. The residual value represents the amount, which an investor would spend for the development of the property under specific economic conditions.

As at December 31, 2020, 93% of investment property have been valued using the discounted cash flows method, nearly 7% using the residual value approach and less than 1% using the comparable approach.

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

		As at 31 December,	
		2020	2019
Valuation technique	Significant unobservable inputs	Range (weighted average)	
DCF method	Rent growth p.a. (%)	0.5 – 3.1 (1.7)	0.5 – 2.7 (1.8)
	Long-term vacancy rate (%)	0.0 – 14.5 (0.2)	0.0 – 10.0 (0.7)
	Discount rate (%)	2.5 – 15.1 (5.6)	2.3 – 12.0 (5.7)
	Capitalization rate (%)	2.5 – 15.0 (4.9)	2.4 – 14.0 (5.1)
Market comparable approach	Price per sqm (in €)	2,410 – 6,640 (2,950)	2,600 – 5,300 (3,100)
Residual value approach	Rent price per sqm (in €)	11.5 – 37.5 (18.8)	8.3 – 35.0 (14.1)
	Development cost per sqm (in €)	1,460 – 5,540 (2,920)	730 – 3,680 (2,290)
	Developer margin (%)	5.0 - 18.0 (12.9)	8.0 - 15.0 (12.0%)

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of the properties. Significant increases (decreases) in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower (higher) fair value.

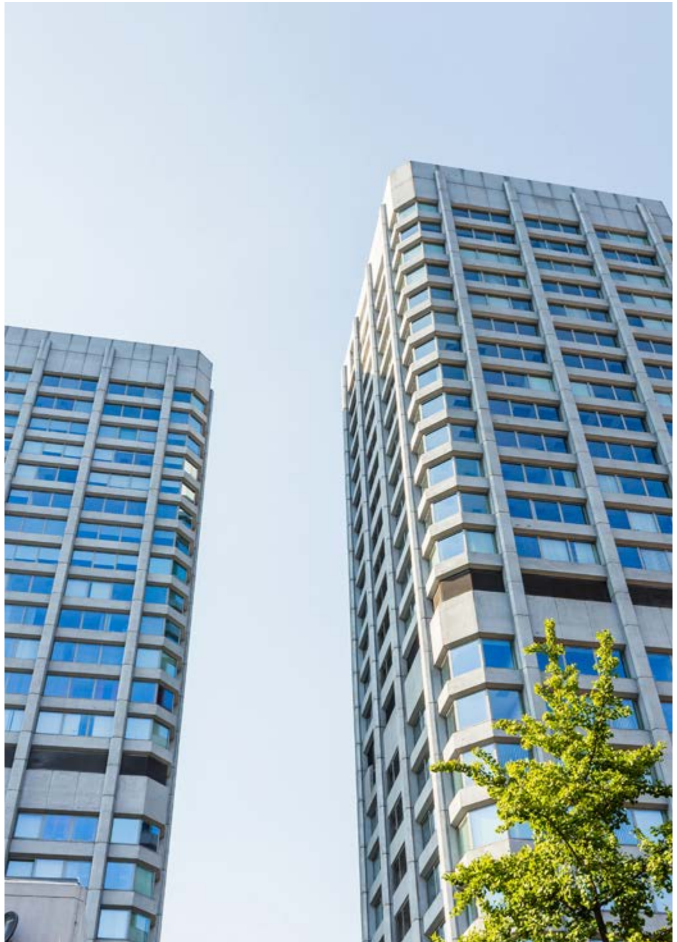
Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate (and exit yield), and an opposite change in the long-term vacancy rate.

Highest and best use

As at December 31, 2020, the current use of all investment property is considered the highest and best use, except for 17.3% (2019: 21.7%) of the investment properties, for which the Group determined that fair value based on the development and the sale of such properties is the highest and best use. These properties are currently being used to earn rental income, in line with the Group's business model of buying and holding investment property to earn rental income. By achieving increased rental value and implementing development projects, the value of these properties is maximized and reflect the value expected for realization of the investments.

Material valuation uncertainties considering COVID-19

As at December 31, 2020, the pandemic and the measures taken to mitigate COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at and before the valuation date, some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where enough market information exists upon which to base opinions of value. Accordingly, and for avoidance of doubt, as at December 31,2020, only around 30% of the Group's valuations included a 'material valuation uncertainty' clause, as defined by the RICS Valuation Global Standards, due to the market disruption caused by the COVID-19 pandemic. This clause does not invalidate the valuation, however, implies that the uncertainty is significantly greater than under normal market conditions. Therefore, the valuer could not give as much weight as usual to past market evidence for comparison purposes, and there is an increased risk that the price realized in an actual transaction may differ from the value conclusion.



Mainz

15. INVESTMENTS IN EQUITY-ACCOUNTED INVESTEES

15.1 Reconciliation of investments in equity-accounted investees

	As at December 31,	
	2020	2019
	in € millions	
Balance as at January 1	**2,505.9**	**2,214.8**
Additions, net	594.4	44.7
Dividends received	(89.8)	(50.4)
Share in profit from investees	195.7	298.7
Changes via OCI and other equity reserves	(28.8)	(1.9)
Balance as at December 31	**3,177.4**	**2,505.9**

The balances reflected mainly the Group's investment in residential real estate portfolio through its strategic investment in GCP (direct investment in GCP S.A. and in the subsidiaries of GCP S.A., as a minority shareholder). The portion of the total investment in GCP as at December 31, 2020 amounted to €2,497.5 million and (2019: €2,293.9 million).

Investment in Globalworth
During the reporting period, the Group obtained significant influence over Globalworth Real Estate Investments Limited ("GWI"). Consequently, the Group reclassified its investment from financial assets at fair value through profit or loss to investment in equity-accounted investee, using the equity method in the consolidated statement of financial position, presenting a holding rate of approximately 22%.

The condensed unaudited financial results for the year, published by GWI, are as follows: revenue of €223.3 million, net loss attributable to the shareholders of €46.8 million, total assets of €3,630.1 million, total liabilities of €1,875.7 million and equity attributable to the shareholders of €1,755.4 million.

During the year, the Group received €23.9 million dividend from GWI.

15.2 GCP S.A. – summary of the results

The main balance sheet and profit or loss items of GCP S.A. as at December 31, 2020 and for the year then ended were as follows:

	December 31,	
	2020	2019
	in € millions	
Current assets	2,264.1	1,628.8
Total assets	10,865.8	9,851.4
Current liabilities	427.3	454.3
Total liabilities	5,310.9	4,884.8
Revenue	535.4	560.3
Total comprehensive income	411.2	482.6
Total comprehensive income attributed to the owners of GCP S.A.	324.4	396.2
Company's share of total comprehensive income	**129.0**	**156.1**
Carrying amount of interest in GCP S.A.	2,076.3	1,928.0
The market cap of GCP S.A. as at year end	3,602.3	3,589.6

During the year, the Group received dividend from GCP S.A. in value of €54.6 million (2019: €50.4 million). The Group opted for receiving the dividend in the form of shares and was issued with 2.6 million shares of GCP S.A., and a remainder of €8.2 million was received in cash.

15.3 GCP S.A. – reconciliation of the carrying amount

The main equity items of GCP S.A. as at December 31, 2020 and the reconciliation of the carrying amount is as follows:

	As at December 31,	
	2020	2019
	in € millions	
GCP S.A. Equity attributable to the owners	3,713.8	3,492.6
AT Group's interest in GCP S.A.	41.12%	39.40%
AT Group's share in GCP S.A.	1,527.0	1,376.3
Surplus on investment	549.3	551.7
Total investment in GCP S.A.	**2,076.3**	**1,928.0**

16. OTHER NON-CURRENT ASSETS

		As at December 31,	
		2020	2019
	Note	in € millions	
Tenancy deposit	1	16.5	10.7
Trade receivables	2	84.0	24.1
Non-current financial investments	3	463.5	593.5
		564.0	**628.3**

1 Tenancy deposits mainly include several months net rent from the tenants which is paid at the beginning of the lease. The deposits are considered as a security payment by the tenant and the Group can use those funds mainly if the tenant has unpaid debts or causes damages to the property. Past experience shows that the majority of the leases are long term and therefore the deposits are presented as long term assets.

2 Consists of mainly the revenue straight-lining effect arising from the rent-free granted to tenants.

3 Including mainly non-current prepayments, Group's loans as a seller as well as loans connected with future real-estate transactions with maturity between 2022-2025 and an annual interest rate up to 10.0%.

17. TRADE AND OTHER RECEIVABLES

		December 31,	
		2020	2019
	Note	in € millions	
Rent and other receivables		50.7	62.9
Operating costs receivables	1	296.6	211.5
Prepaid expenses		37.6	15.9
Current tax assets		10.6	34.7
Other short-term financial assets	2	221.1	128.9
		616.6	**453.9**

1 operating costs receivables represent an unconditional right to consideration in exchange for services that the Group has transferred to tenants. The Group recognizes an operating income based on contractual rights to consideration for providing ancillary services to tenants and for other charges billed to tenants, as the performance obligations are satisfied, that is, as services are rendered. Once a year, the operating cost receivables are settled against advances received from tenants.

2 the balance includes vendor loans granted by the Group as part of sell transaction, and other loans in connection with future real estate transactions.

During the year, the Group recognized an allowance for expected credit losses on trade and other receivables in the total amount of €29.1 million through the property operating expenses in the consolidated statement of profit or loss. Additionally, the Company recognized €120.0 million expenses for uncollected rent created due to the COVID-19 pandemic impact on the hotel industry.

18. DISPOSALS

18.1 Disposals of investment property

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

	As at December 31,	
	2020	2019
	in € millions	
Investment property	2,324.3	730.5
Other assets, net	17.1	45.1
Loan and borrowings	(113.5)	(51.8)
Deferred tax liabilities, net	(148.3)	(73.2)
Total net assets disposed of	**2,079.6**	**650.6**
Non-controlling interests deconsolidated	(123.2)	(10.0)
Total consideration	(2,014.2)	(654.4)
Capital gain	57.8	13.8

Dublin

18.2 Disposal group classified as held for sale

The Group resolved an intention to sell several properties. These properties were identified by the Group as either non-core, primarily due to the location of the properties, or mature properties with lower than average upside potential in their current condition. The intention of the Group to dispose non-core and mature properties is part of its capital recycling plan and is following a strategic decision to increase the quality of its portfolio.

Some properties are expected to be disposed through sale of subsidiaries. Accordingly, assets and liabilities relating to these subsidiaries ("Disposal Group") and some properties which are expected to be disposed through asset deals are presented as assets held for sale and as liabilities held for sale in the consolidated statement of financial position.

Efforts to sell the properties have started and a sale is expected within twelve months.

The major classes of assets and liabilities comprising the Disposal group classified as held for sale are as follows:

	As at December 31,	
	2020	2019
	in € millions	
Assets classified as held for sale		
Investment property	830.2	202.4
Property and equipment	35.2	-
Cash and cash equivalents	2.0	5.2
Other assets	10.0	6.6
Total assets classified as held for sale	**877.4**	**214.2**
Liabilities classified as held for sale		
Loans and borrowings	-	22.9
Deferred tax liabilities	28.6	12.1
Other liabilities	12.0	7.4
Total liabilities classified as held for sale	**40.6**	**42.4**

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19. TOTAL EQUITY

19.1 Equity attributable to the owners of the Company

19.1.1 Share capital

		As at December 31,			
		2020		2019	
	Note	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 increases	19.1.2	312,688,188	3.2	84,000,000	0.8
Issuance of shares as part of the scrip dividend	19.1.6	-	-	10,894,530	0.1
Share-based payment and other issuances	19.1.2 (4)	763,160	(*) 0.0	97,865	(*) 0.0
Balance at the end of the year		1,537,025,609	15.4	1,223,574,261	12.2

(*) less than €0.1 million.

19.1.2 Issued capital during 2019-2020

1. In July 2019, the Company issued 10,894,530 new ordinary shares in connection with the scrip dividend distributed to the shareholders.
2. On July 15, 2019, the Company issued 84,000,000 new ordinary shares (of €0.01 nominal value each) through a capital increase at a placement price of €7.15 per share, resulting in an issue volume of approximately €600 million gross proceeds. Issuance costs amounted to €4.3 million.
3. 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. See note 5.
4. During 2020, the Company issued 360,271 new shares (2019: 80,000 new shares) in connection with incentive share-based plan.

19.1.3 Mandatory convertible notes

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

19.1.4 Treasury shares and share buy-back program

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

On June 2, 2020, the Company's Board of Directors resolved on a share buy-back program (“SBBP”) for its own shares with a volume of up to 120 million shares for a total purchase price of up to €500 million. The SBBP completed on December 16, 2020 and followed the shareholder authorization received by the OGM in May 2020. As part of the SBBP, the Company acquired 83,363,256 of its own shares for a total amount of €393.8 million.

Additionally, on September 1, 2020, the Company announced a public share purchase offer (“the Offer”) to buy-back its own shares. Consequently, the volume of the entire share buy-back executed by the Company (buy-back program and the Offer) has been set at an amount of up to €1 billion. The Offer was concluded on September 16, 2020 and resulted in an accepted buy-back of 121,330,106 shares for a final purchase price of €5 per share (a total amount of €607.0 million) that was settled during October 2020.

The shares acquired as part of the SBBP and the Offer (in total 204,693,362 units) have suspended voting rights and are not entitled to dividend.

As at December 31, 2020, the Group holds a total amount of 388,629,499 of its own shares and presents it as deduction from the equity. The carrying amount reflects the acquisition cost net of the transaction costs incurred.

19.1.5 Resolution of dividend distribution

On December 15, 2020, the shareholders' Ordinary General Meeting resolved upon the distribution of a dividend in the amount of €0.14 per share from the share premium in accordance with the proposal of the Board of Directors. The Company provided the shareholders with the option to receive their dividend through a "Scrip Dividend", i.e. the shareholders may elect to receive up to 85% of their dividend in the form of the Company's shares, with the remainder paid in cash. The dividend was distributed in January 2021. For additional information, see note 29.1.

19.1.6 Share premium and other reserves

The capital reserves include share premium derived directly from the capital increases that took place since the date of incorporation, and from conversions of convertible bonds into ordinary shares, and can be distributed at any time. The account also consists of the share-based payment reserve, and the other comprehensive income components arising from the hedge accounting and the foreign currency translations.

19.2 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 ("First Reset Date"). The fair value as at initial consolidation was 107.178%. The notes carry 3.375% coupon p.a. from and including interest commencement date to but excluding First Reset Date. The notes will carry the relevant 5-year fix-for-floating EURIBOR swap rate plus a margin of 398 basis points p.a. from the First Reset Date until but excluding December 23, 2029 ("Step-up Date"). The notes will carry an interest, from and including the Step-up Date to but excluding December 23, 2044 ("Additional Step-up Date"), at the reference rate for the relevant reset period plus a margin of 423 basis points p.a. and from and including the Additional Step-up Date at the reference rate for the relevant reset period plus a margin of 498 basis points p.a.

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

19.3 Non-controlling interests

As at December 31, 2020 the non-controlling interests amounted to €2,025.3 million (2019: €1,309.4 million). The profit for the year attributed to the non-controlling interests amounted to €165.1 million (2019: €343.2 million).

During the year, the Company took over TLG and consequently initially consolidated non-controlling interests of €644.6 million. An amount of €123.2 million was deconsolidated as part of the sales of companies (2019: €10.0 million). A decrease of €21.9 million reflected the dividend distributed by TLG in October to the minority interests.

The transactions performed by the Group as the parent company with the non-controlling interests that did not result in a loss of control were concluded in a reduction of €258.1 million in the non-controlling interests and an increase of €115.9 million presented in the retained earnings equity reserve.

20. SHARE-BASED PAYMENT AGREEMENTS

20.1 Description of share-based payment arrangements

As at December 31, 2020, the Group has the following share-based payment arrangements:

Share incentive plan

The annual general meeting has approved to authorize the board of Directors to issue up to 8.5 million shares for an incentive plan for the board of directors, key management and senior employees. The incentive plan has up to 4 years vesting period with specific milestones to enhance management long-term commitment to Aroundtown strategic targets.

The key terms and conditions related to program are as follows:

Grant date	Number of shares (in thousands)	Contractual life of the incentive
January 2017 – November 2024	2,433	Up to 4 years

20.2 Reconciliation of outstanding share options

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

	2020	2019
	Number of shares	Number of shares
	in € thousands	
Outstanding on January 1	2,383	1,677
Granted during the year, net	646	806
Exercised during the year (*)	(596)	(100)
Outstanding on December 31	**2,433**	**2,383**

(*) In accordance with the terms and conditions of the incentive share plan, the Group withheld 236 thousand (2019: 20 thousand) shares equal to the monetary value of the employees' tax obligation from the total number of shares exercised. As a result, only 360 thousand (2019: 80 thousand) shares were issued to employees across the Group.

During the year, the total amount recognized as share-based payment was €3.0 million (2019: €4.5 million). The amount was presented as administrative and other expenses in the consolidated statement of profit or loss and as creation of other reserve in the consolidated statement of changes in equity.

21. LOANS, BORROWINGS, BONDS AND SCHULDSCHEINS

21.1 Composition

			As at December 31,	
			2020	2019
	Weighted average interest rate	Maturity	in € millions	
Non-current portion of bank loans (1) (2)	1.7%	2022-2046	1,293.6	620.6
Straight bonds and schuldscheins	1.4%	2022-2038	10,386.4	9,138.9
Total non-current loans, borrowings, bonds and schuldscheins			**11,680.0**	**9,759.5**
Current portion of bank loans	1.7%	2021	22.1	23.6
Loan redemptions	2.1%	2021	61.1	222.3
Current portion of straight bond	1.5%	2021	97.7	-
Total current portion			**180.9**	**245.9**

(1) The bank loans are non-recourse loans, having the serving assets as their main security. As at December 31, 2020 under the existing loan agreements, the Group is in compliance with its obligations (including loan covenants) to the financing banks.
(2) Approximately €5.6 billion (2019: Approximately €3.9 billion) of the investment property is encumbered.

During the year, the Group initially consolidated €1,045.8 million of bank loans as part of the business combination with TLG, repaid a net amount of €452.8 million and deconsolidated a total amount of €113.5 million.

Duisburg

21.2. Straight bonds and schuldscheins composition

Set out below, is an overview of the Group's straight bonds and schuldscheins as at December 31, 2020 and December 31, 2019:

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Maturity	Carrying amount as at December 31, 2020	Carrying amount as at December 31, 2019
			in millions	in millions	%		in € millions	
Non-current portion								
Series D	(k)	EUR	98.0	98.0	1.50	05/2022	-	250.1
Series E	(k)	EUR	228.7	228.7	1.50	07/2024	223.7	629.1
Series F	(k)	EUR	-	-	2.125	03/2023	-	209.3
Series H	(a) (b) (c)	USD	400.0	326.0	1.365	03/2032	309.2	337.9
Series NOK	(a) (b) (c)	NOK	750.0	71.6	0.818	07/2027	70.6	74.9
Series I		EUR	500.0	500.0	1.88	01/2026	489.0	487.0
Series J		GBP	500.0	556.2	3.00	10/2029	540.6	569.6
Series K		EUR	700.0	700.0	1.00	01/2025	688.1	685.3
Series L	(b) (c)	USD	150.0	122.2	1.75	02/2038	121.5	132.7
Series M	(c)	CHF	250.0	231.4	0.73	01/2025	230.7	229.5
Series N		EUR	800.0	800.0	1.63	01/2028	780.5	777.7
Series O		EUR	500.0	500.0	2.00	11/2026	491.7	489.8
Series P	(b) (c)	AUD	250.0	157.3	1.605	05/2025	155.7	154.3
Series Q		GBP	400.0	444.9	3.25	07/2027	433.5	456.5
Series R	(b) (c)	CAD	250.0	159.9	1.70	09/2025	158.5	166.2
Series S	(e)	EUR	100.0	100.0	0.75 + Euribor (6m)	08/2023	99.8	99.7
Series T	(b)	EUR	150.0	150.0	2.00	09/2030	149.9	149.9
Series U		EUR	75.0	75.0	2.97	09/2033	73.3	73.2
Series V		EUR	50.0	50.0	2.70	10/2028	49.5	49.5
Series W		EUR	76.0	76.0	3.25	11/2032	74.6	74.5
Series X		CHF	200.0	185.2	1.72	03/2026	184.5	183.5
Series Y	(e)	EUR	100.0	100.0	1.35 + Euribor (6M)	02/2026	98.7	98.4
Series Z	(e)	EUR	125.0	125.0	0.9 + Euribor (6M)	02/2024	124.1	123.8

Series	Note	Currency	Nominal amount in original currency	Nominal amount in euro	Coupon rate (p.a.)	Maturity	Carrying amount as at December 31, 2020	Carrying amount as at December 31, 2019
			in millions	in millions	%		in € millions	
Non-current portion								
Series 27	(b) (c)	HKD	430.0	45.2	1.62	03/2024	45.1	49.1
Series 28	(b) (c)	USD	600.0	489.0	1.75	03/2029	483.1	527.1
Series 29	(b) (c)	NOK	1,735.0	165.7	1.75	03/2029	165.2	175.3
Series 30	(b) (c)	GBP	400.0	444.9	1.75	04/2031	434.1	457.8
Series 31	(c)	JPY	7,000.0	55.3	1.42	05/2029	55.1	57.1
Series 32		EUR	800.0	800.0	0.63	07/2025	785.2	781.9
Series 33		EUR	600.0	600.0	1.45	07/2028	589.5	588.2
Series 34	(b) (c) (f)	NOK	500.0	47.8	1.50	07/2025	47.7	-
Series 35	(h) (k)	EUR	30.4	30.4	1.38	11/2024	31.6	-
Series 36	(i)	EUR	600.0	600.0	1.50	05/2026	622.4	-
Series 37	(j)	EUR	600.0	600.0	0.38	09/2022	602.8	-
Series 38	(g)	EUR	1,000.0	1,000.0	0.00	07/2026	976.9	-
Total non-current portion							**10,386.4**	**9,138.9**
Current portion								
Series D	(k)	EUR	98.0	98.0	1.50	01/2021	97.7	-
Total straight bonds and schuldscheins							**10,484.1**	**9,138.9**
Total accrued interest on straight bonds and schuldscheins	(d)						**105.8**	**112.3**

(a) Coupon and principal are linked to Consumer Price Index ("CPI") through derivative instruments.
(b) Effective coupon in euro.
(c) The Company hedged the currency risk of the principal amount until maturity.
(d) Presented as part of the provisions and current liabilities in the consolidated statement of financial position.
(e) Schuldschein.

21.2.1 Issuance of straight bonds during the reporting period

(f) In July 2020, the Company completed the placement of a NOK 500 million (approximately €46 million) Series 34 bond, maturing in 2025, for a consideration that reflected 100% of the principal amount. The Company hedged the currency risk of the principal amount and coupon with a cross-currency swap; the effective annual euro coupon is 1.055% p.a. The bond was issued under the EMTN Programme.

(g) In December 2020, the Company completed the placement of a €1,000 million Series 38 bond, maturing in 2026 and carrying a 0.0% annual coupon, for a consideration that reflected 98.145% of the principal amount. The bond was issued under the EMTN Programme.

21.2.2 Substitution of senior bonds of TLG with the Company

As part of the takeover of TLG, and with effect from August 1, 2020, the Company substituted TLG as the issuer and obligor of 3 straight bond series (for which TLG shall remain a guarantor) with the characteristics as set below:

(h) €400 million nominal value of "2024 straight bond" (after the substitution were named "Straight bond series 35") maturing in 2024 and carrying 1.375% interest rate p.a. The fair as at initial consolidation was 104.93%.
(i) €600 million nominal value of "2026 straight bond" (after the substitution were named "Straight bond series 36") maturing in 2026 and carrying 1.5% interest rate p.a. The fair as at initial consolidation was 105.46%.
(j) €600 million nominal value of "2022 straight bond" (after the substitution were named "Straight bond series 37") maturing in 2022 and carrying 0.375% interest rate p.a. The fair as at initial consolidation was 10086%.

Frankfurt

21.2.3 Buyback of straight bonds

(k) During the financial year, the Company completed the early redemption and buy-back of some of its straight bonds in a total nominal value of €1,159.8 million as described in the table below:

Bond	Original maturity	Nominal value redeemed / bought back during the financial year	Outstanding nominal value as at December 31, 2020	Outstanding nominal value as at December 31, 2019
			in € millions	
Series D	05/2022	157.5	(1) 98.0	255.5
Series E	07/2024	421.3	(2) 228.7	650.0
Series F	03/2023	211.4	Fully redeemed	211.4
Series 35	11/2024	369.6	30.4	-
Total redeemed / bought back		**1,159.8**		

(1) in December 2020, the Company exercised its option to redeem the outstanding amount of straight bond series D (originally maturing in May 2022), that has been eventually redeemed on January 28, 2021 at its principal amount together with accrued but unpaid interest. Therefore, presented as a current liability as of December 31, 2020.
(2) presented net of €7.3 million nominal value that is held in treasury.

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

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

		Financing cash flows		Non-cash changes					
	31.12.2019	Finance expenses paid	Other cash flows	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Other (1)	Other changes (2)	31.12.2020
	in € millions								
Straight bonds and schuldscheins (3)	9,251.2	(168.2)	(188.1)	1,657.6	(189.1)	-	13.6	212.9	10,589.9
Loans and borrowings (4)	866.5	(34.9)	(452.8)	932.3	-	23.0	7.1	35.6	1,376.8
Lease liability	119.0	(5.2)	(1.5)	(14.2)	(1.8)	-	2.9	6.7	105.9
Net derivative financial liabilities	(71.6)	(4.1)	(69.8)	210.6	95.2	-	123.7	-	284.0
	10,165.1	**(212.4)**	**(712.2)**	**2,786.3**	**(95.7)**	**23.0**	**147.3**	**255.2**	**12,356.6**

		Financing cash flows		Non-cash changes						
	31.12.2018	Finance expenses paid	Other cash flows	Acquisition (disposal) of subsidiaries, net	Foreign exchange effect	Change in liabilities held for sale	Initial application of IFRS 16	Other (2)	Other changes (3)	31.12.2019
	in € millions									
Straight bonds and schuldscheins (3)	6,432.6	(133.0)	2,653.9	-	96.5	-	-	24.9	176.3	9,251.2
Loans and borrowings (4)	1,119.9	(23.1)	(420.6)	189.4	0.7	(22.9)	-	-	23.1	866.5
Lease liability	4.1	(3.6)	(0.9)	15.2	1.4	(0.7)	98.2	0.8	4.5	119.0
Net derivative financial liabilities	25.1	(1.0)	(84.7)	22.4	(122.9)	-	-	89.5	-	(71.6)
	7,581.7	**(160.7)**	**2,147.7**	**227.0**	**(24.3)**	**(23.6)**	**98.2**	**115.2**	**203.9**	**10,165.1**

(1) other non-cash changes include discount and issuance cost amortization for the bonds, unrealized revaluation gains and remeasurement of lease liabilities.
(2) other changes include interest accruals and results on early repayment of debt.
(3) including accrued interest.
(4) including current portion of bank loans and credit facility..

21.4 Main security, pledge and negative pledge as defined in the bonds' Terms and Conditions

This note provides an overview of certain covenants applicable to the Company under its outstanding series of bonds. The complete terms and conditions of each series of bonds are set forth in the relevant bond documentation. Capitalised terms used in this note have the meanings set forth in the terms and conditions of the relevant series of bond.

Under the terms of its outstanding series of bonds, the Company has undertaken that it will not, and will procure that none of its Restricted Subsidiaries will, incur any Indebtedness if, immediately after giving effect to the incurrence of such additional Indebtedness and the application of the net proceeds of such incurrence: the sum of:
(i) the Consolidated Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date would exceed 50 per cent or 60 per cent. (depending on the relevant series of bonds) of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness); and (i) the Consolidated Secured Indebtedness (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Secured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date shall not exceed 45 per cent. of the sum of (without duplication): (i) the Total Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; (ii) the purchase price of any Real Estate Property acquired or contracted for acquisition by the Group since the Last Reporting Date; and (iii) the proceeds of any Indebtedness incurred since the Last Reporting Date (but only to the extent that such proceeds were not used to acquire Real Estate Property or to reduce Indebtedness).

The Company has also undertaken that the sum of: (i) the Unencumbered Assets (less Cash and Cash Equivalents) as at the Last Reporting Date; and (ii) the Net Unencumbered Assets (less Cash and Cash Equivalents) newly recorded since the Last Reporting Date will at no time be less than 125 per cent. of the sum of: (i) the Unsecured Indebtedness (less Cash and Cash Equivalents) at the Last Reporting Date; and (ii) the Net Unsecured Indebtedness (less Cash and Cash Equivalents) incurred since the Last Reporting Date.

The Company has also undertaken that on each Reporting Date, the Interest Coverage Ratio will be at least 1.5, 1.8 or 2.0 (depending on the relevant series of bond).

The Company's outstanding series of bonds also generally prohibit the Company from issuing additional bonds with the benefit of security interests unless the same security is granted to the Company's outstanding unsecured bonds equally and rateably.

Certain bond issuances of the Company also limit the ability of Restricted Subsidiaries to encumber or restrict their ability to (i) pay dividends to the Company, (ii) make payments on indebtedness owed to the Company, (iii) make loans or advances to the Company or other Restricted Subsidiaries, or (iv) transfer their properties or assets to the Company or any other Restricted Subsidiaries, subject, in each case, to certain carve-outs without respect to, among other things, (a) Subsidiary Project Financing, (b) Project Financing Debt, (c) purchase money obligations for property acquired in the ordinary course of business, (d) customary provisions in joint venture, asset sale and other types of agreements, (e) security granted in connection with Relevant Indebtedness, and (f) the granting of guarantees or indemnities in connection with the issue of Further Bonds by other members of the Group.

- The Company will:
  - up to and including the Final Discharge Date, not, and will not permit any Subsidiary (excluding any listed Entity) (the "Restricted Subsidiaries") to, directly or indirectly, create or permit to exist or become effective any consensual and encumbrance or restriction on the ability of any of the Restricted Subsidiaries to (a) make or pay dividends or any other distributions on its share capital to the Company or any of the Company's other Restricted Subsidiaries or grant to the Company or any of the Company's Restricted Subsidiaries any other interest or participation in itself; or (b) pay any Indebtedness owed to the Company or any of the Company's other Restricted Subsidiaries; or
  - make loans or advances to the Company or any of the Company's other Restricted Subsidiaries; or
  - transfer any of its properties or assets to the Company or any of the Company's other Restricted Subsidiaries.
- Up to and including the Final Discharge Date, the Company undertakes that, on each Reporting Date, the Interest Coverage Ratio will be at least 1.5.

The exposure of the Company to interest rate risk in relation to financial instruments is reported in note 25.3.1.1 to the financial statements. There have been no breaches in covenants during the year and up to the date of approval of these financial statements.

22. OTHER NON-CURRENT LIABILITIES

	As at December 31,	
	2020	2019
	in € millions	
Tenancy deposits	19.2	12.6
Lease liability	105.9	119.0
Non-current payables	124.3	139.0
	249.4	**270.6**

Set out below are the carrying amounts of lease liability of the Group and the movements during the year:

	As at December 31,	
	2020	2019
	in € millions	
As at 1 January	119.0	4.1
Initial application of IFRS 16	-	98.2
Additions (disposals), net	(18.0)	16.6
Interest expenses	9.6	5.3
Payments (*)	(6.7)	(4.5)
Initially consolidated in business combination (see note 5)	2.0	-
Transferred to liabilities held for sale	-	(0.7)
Balance at December 31	**105.9**	**119.0**

(*) the cash payments for interest portion is presented under "interest and other financial expenses paid, net" and the cash payments for principal portion under "Amortizations of loans from financial institutions and others" in the consolidated statement of cash flows.

23. RELATED PARTY TRANSACTIONS

23.1 Directors and executive management personnel remuneration

	Year ended December 31, 2020							
	Executive directors			Non-executive director	Independent directors			
	in € thousands							
Fixed and variable incentive	**Mr. Frank Roseen**	**Ms. Jelena Afxentiou**	**Mr. Oschrie Massatschi(2)**	**Mr. Ran Laufer**	**Mr. Markus Leininger**	**Ms. Simone Runge-Brandner**	**Mr. Markus Kreuter**	**Total**
Salary, Directors fee and supplementary payments (1)	317	181	181	60	100	100	100	1,039
Share incentive program (3)	200	225	216	-	-	-	-	641
Total Remuneration	**517**	**406**	**397**	**60**	**100**	100	**100**	**1,680**

(1) based on employer's costs, excluding VAT.
(2) Mr. Oschrie Massatschi ceased to serve as an Executive Director on August 25, 2020.
(3) multi-year fixed and variable share incentive program.

Senior and key management

Mr. Barak Bar-Hen began to serve as the Company's Co-CEO and COO on November 1, 2020 and was entitled to a total fixed remuneration of €96 thousand.

Mr. Eyal Ben David, the Company's CFO, was entitled to a total remuneration of €581 thousand, of which €306 thousand was in the form of share incentives.

Mr. Oschrie Massatschi began to serve as the Company's CCMO on August 25, 2020 and was entitled to a total remuneration of €215 thousand, of which €108 thousand was in the form of share incentives.

Mr. Klaus Krägel began to serve as the Company's CDO on November 1, 2020 and was entitled to a total fixed remuneration of €72 thousand.

Mr. Shmuel Mayo stepped down from his position as the Company's Co-CEO on November 25, 2020 and was entitled to a total fixed remuneration of €558 thousand.

There were no other transactions between the Company and its directors and executive management, except as described in note 19.1.

23.2 Other related party transactions

The transactions and balances with related parties are as follows:

	Year ended December 31,	
	2020	2019
	in € millions	
Consulting services income	2.4	0.5
Consulting services expenses	(0.5)	(0.5)
Rental and operating expenses (*)	(1.4)	(1.2)

(*) as at December 31, 2020, all payments related to the lease agreements have been carried out.

	As at December 31,	
	2020	2019
	in € millions	
Receivables from related parties	0.4	0.3
Payables to related parties	(0.3)	(0.3)
Loans to associates (*)	20.2	21.8

(*) carrying interest rate in the range between 3% and 5% p.a.

24. TRADE AND OTHER PAYABLES

	As at December 31,	
	2020	2019
	in € millions	
Trade and other payables	116.0	119.1
Prepayments received on operating costs	257.5	187.0
Deferred income	33.8	30.3
Other current liabilities	27.5	6.4
	434.8	**342.8**

25. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

25.1 Financial assets

Set out below, is an overview of financial assets, held by the Group as at December 31, 2020 and December 31, 2019:

		As at December 31,	
		2020	2019
	Note	in € millions	
Financial assets at amortized cost:			
Trade and other receivables	1	624.8	459.7
Cash and cash equivalents	1	2,694.1	2,196.9
Short-term deposits		140.8	4.7
Other non-current assets	1	565.8	628.3
Financial assets at fair value through profit or loss:			
Financial assets at fair value through profit or loss	2	427.8	842.2
Derivative financial assets	3	20.5	39.5
Total		**4,473.8**	**4,171.3**

1 including assets held for sale.
2 those financial assets consist of bonds, shares, alternative investments and other trade debt securities.
3 excluding derivative financial assets designated as hedging instruments in hedge relationships in the amount of €117.4 million (2019: €155.3 million).

25.2 Financial liabilities

Set out below, is an overview of financial liabilities, held by the Group as at December 31, 2020 and December 31, 2019:

		As at December 31,	
		2020	2019
	Note	in € millions	
Financial liabilities at amortized cost:			
Trade and other payables	1	439.7	348.0
Tax payable	1	67.8	24.9
Loans and borrowings	2	1,376.8	889.4
Straight bonds and schuldscheins	3	10,484.1	9,138.9
Accrued interest on straight bonds and schuldscheins		105.8	112.3
Dividend payable		160.8	
Other long-term liabilities	1	256.3	158.3
Financial liabilities at fair value through profit or loss:			
Derivative financial liabilities	4	309.5	48.4
Total		**13,200.8**	**10,720.2**

1 including liabilities held for sale.
2 including liabilities held for sale and loan redemption.
3 including bond redemption.
4 excluding derivative financial liabilities designated as hedging instruments in hedge relationships in the amount of €112.4 million (2019: €74.8 million).

25.3 Risks management objectives and polices

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, convertible, straight bonds and schuldscheins, trade and other payable, tax payable and non-current liabilities. The Group's principal financial assets include trade and other receivables, cash and cash equivalent and other non-current assets. The Group also holds investments in debt and equity instruments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities.

25.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

25.3.1.1 Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group manages its interest rate risk by hedging long-term debt with floating rate using swap, collar and cap contracts.

As at December 31, 2020, after taking into account the effect of the hedging, the interest profile of the Group's interest-bearing debt was as follows:

	As at December 31,	
	2020	2019
	in € millions	
Fixed rate	11,290.3	9,294.1
Capped rate	198.2	332.5
Floating rate	372.4	378.8
	11,860.9	**10,005.4**

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of long-term debt affected, after the impact of hedging. With all other variables held constant, the Group's profit before tax and pre-tax equity are affected through the impact on floating rate long-term debt, as follows:

	Increase / decrease in basis points	**Effect on profit before tax and pre-tax equity**
	in € millions	
2020	+100	(3.3)
	-100	(0.3)
2019	+100	(8.5)
	-100	0.4

25.3.1.2 Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investment in foreign subsidiaries and to several straight bonds issued in a foreign currency.

Duringthe year, the Company issued several straight bonds in currencies other than euro and with fixed as well as floating interest rates. The Company used cross-currency swap contracts to hedge the fair value and cash flow risk derived from the changes in exchange rates and interest rates as explained in note 25.4.2.1 and 25.4.2.2.

Due to the hedging above there is no material residual foreign currency risk.

In addition, the Company used forward contracts to hedge the currency risk of its net investment in foreign operation which is denominated in GBP as explained in note 25.4.2.3.

25.3.1.3 Equity price risk

The Group's listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis.

25.3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade and other receivables, loans as a seller and loans connected with future real-estate transactions) and from its financing activities, including cash and cash equivalents held in banks, derivatives and other financial instruments.

Trade and other receivables

Customer credit risk is managed by the property managers subject to the Group's established policy and control procedures relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date using a provision to measure expected credit loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic condition may also not be representative of customer's actual default in the future.

The Group has no significant concentration of credit risk.

The aging of rent receivables at the end of the year that were not impaired was as follows:

	As at December 31,	
	2020	2019
	In € million	
Neither past due and past due 1–30 days	16.1	11.6
Past due 31–90 days	12.2	9.0
Past due above 90 days	7.0	12.3
	35.3	**32.9**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on the historical payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Financial instruments and cash and cash equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The Group's investment in debt instruments at fair value through profit or loss consist of quoted debt securities that are graded in the investment category.

The Group holds its cash and cash equivalents and its derivative instruments with high-rated banks and financial institutions with high credit ratings. Concentration risk is mitigated by not limiting the exposure to a single counter party. The Company has performed an expected credit loss ("ECL") calculation on the cash and cash equivalents accounts and presented the current balance net of the ECL provision.

25.3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of loss. The Group has procedures with the objective of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Bonn

The following are the remaining contractual maturities of financial liabilities, including estimated interest payments, the impact of derivatives and excluding the impact of netting agreements as at December 31, 2020 and as at December 31, 2019:

As at December 31, 2020	Contractual cash flows including interest						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
	In € million						
Non-derivative financial liabilities							
Bank loans and loan redemption	1,376.8	1,484.7	34.6	69.5	141.1	86.9	1,152.6
Straight bonds and schuldscheins (*)	10,589.9	11,945.0	133.3	118.8	752.6	252.4	10,687.9
Lease liability	105.9	454.8	1.3	3.7	4.6	4.6	440.6
Trade and other payables	116.0	116.0	19.3	96.7	-	-	-
Total	**12,188.6**	**14,000.5**	**188.5**	**288.7**	**898.3**	**343.9**	**12,281.1**

(*) including accrued interest.

As at December 31, 2019	Contractual cash flows including interest						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-3 years	More than 3 years
	In € million						
Non-derivative financial liabilities							
Bank loans and loan redemption	866.5	946.8	0.9	256.8	53.7	148.5	486.9
Straight bonds and schuldscheins (*)	9,251.2	10,640.7	33.8	123.9	157.8	413.3	9,911.9
Lease liability	119.0	492.7	1.5	5.3	6.9	6.9	472.1
Trade and other payables	119.1	119.1	19.8	99.3	-	-	-
Total	**10,355.8**	**12,199.3**	**56.0**	**485.3**	**218.4**	**568.7**	**10,870.9**

(*) including accrued interest.

25.3.4 Operating Risk

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology and control systems as well as the risk of human error and natural disasters. The Group's systems are evaluated, maintained and upgraded continuously.

25.3.5 Other risks

The general economic environment prevailing internationally may affect the Group's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas, hence affecting the Group.

The Group's portfolio is located in major cities and strong markets throughout Germany, The Netherlands, United Kingdom and others. The current regional distribution structure enables the Group on one hand to benefit of economic scale, and on the other provides a diverse, well allocated and risk-averse portfolio.

Brexit effect

On June 23, 2016, voters in the United Kingdom (UK) voted in a referendum in favor of the UK leaving the European Union (EU), a decision known as "Brexit". On March 29, 2017 the UK submitted a formal departure notice to the European Council pursuant to Article 50(2) of the Treaty on European Union (the EU Treaty) and on January 31, 2020, UK officially withdrew from the EU. This marked the beginning of a transition period which ended on December 31, 2020. Thereafter, a Trade and Cooperation Agreement (TCA) between the EU and the UK came into effect provisionally which provides for free trade in goods and services, as well as for cooperation mechanisms in a range of policy areas. On the other hand, compared to the UK's previous status as an EU member state, certain measures ended as they were not incorporated in the TCA such as free movement of persons between the parties, the UK's membership in the European Single Market and Customs Union and the UK's participation in most of the EU programs, as well as a range of other policies.

The final consequences of Brexit are impossible to predict as no other member state of the EU has previously chosen to leave the EU. Such negative impact may be exacerbated by the economic impacts of the COVID-19 pandemic. The member states of the EU will face greater barriers to trade and commerce with the United Kingdom, which may in turn diminish overall economic activity between the EU and the United Kingdom, resulting in a general economic downturn throughout the United Kingdom, the EU or both. Aroundtown Group's real estate portfolio in the United Kingdom consist primarily of hotel properties. Aroundtown believes that its real estate portfolio in the United Kingdom is diversified, with its hotel portfolio attracting both international and domestic business and leisure travelers. However, an overall downturn in the United Kingdom's economy may significantly impact the demand for business travel within, and to, the United Kingdom, and hence reduce demand for hotel rooms. During the Brexit negotiations, a number of large companies and financial institutions announced that they intend to move departments and business units from the United Kingdom to other parts of the European Union. Although this may have positive implications for Aroundtown Group's other locations since the Company's activity is well-diversified within Europe, this could negatively impact the demand for hotel rooms and office space in the United Kingdom, in particular in its business centers. Any of these factors may negatively affect the profitability of hotel operators, which are tenants of Aroundtown Group's hotel properties. The uncertain consequences of Brexit have already caused and are likely to continue to cause volatility in the financial markets. Since Aroundtown relies on access to the financial markets in order to refinance its debt liabilities and gain access to new financing, ongoing political uncertainty and any worsening of the economic environment may limit its ability to refinance its existing and future liabilities or gain access to new financing, on favorable terms or at all. Furthermore, Aroundtown's counterparties, in particular its hedging counterparties, may not be able to fulfil their obligations under their respective agreements due to a lack of liquidity, operational failure, bankruptcy, or for other reasons. Moreover, Brexit may have a material currency effect, devaluing the GBP; Aroundtown has effectively hedged a portion of its exposure by issuing GBP debt against GBP Group assets, as well as issued debt denominated in GBP to naturally mitigate this exposure, but this devaluation may have an impact on the Group's net assets. The occurrence of any of the aforementioned risks may have a material adverse effect on Aroundtown and Aroundtown Group's business, net assets, financial condition, cash flow and results of operations.

Coronavirus (COVID-19) effect

Coronaviruses are defined by World Health Organization ("WHO") as a large family of viruses which may cause illnesses such as respiratory infections ranging from the common cold to more severe diseases. The most recently discovered coronavirus causes coronavirus disease (COVID-19) which began in Wuhan, China in December 2019 and is currently affecting over 200 countries, some of which are countries where the Aroundtown Group operates.

As a reaction to COVID-19, authorities in many countries have imposed severe restrictions on travel, quarantines, and prolonged closures of workplaces and other social distancing measures. The restrictive administrative measures vary from country to country and sometimes regionally. In Germany and the Netherlands, federal and state governments have among other things ruled the preliminary closure of businesses, primarily those with high consumer attendance, such as hotels, restaurants, bars, clubs, retail stores, and others. The implications of the COVID-19 pandemic and measures aimed at mitigating a further expansion depend on a number of factors and there is no guarantee that such measures are effective means to combat such an outbreak which may result in an increase of credit risk, liquidity risk and operational risk for Aroundtown and Aroundtown Group.

As economic activity has been drastically reduced for several months, a number of factors already have shown negative effects on the global economy and international financial markets. As a result, many companies were forced to adopt short-time work for their employees, implement work-from-home models or even implement mass redundancies or close permanently which in the end has lead or will continue to lead to an increase in unemployment. As businesses and unemployed workers may no longer have the income to pay their outstanding debts, the number of defaults and insolvencies could significantly increase.

The measures taken against the spread of the virus causing COVID-19 such as business lockdowns and travel restrictions have led to a partial or total loss of revenues for some of Aroundtown Group's tenants, in particular hotel tenants who have faced considerable downturn in bookings. Even when hotel operators are able to reopen hotels, there remains considerable uncertainty as to the time it will take to see an increase in travel demand. This in turn could lead to a loss of rental payments or in late or reduced payments due to a lack of Aroundtown Group's tenants' liquidity, operational failure, bankruptcy or for other reasons. The COVID-19 pandemic, the measures imposed by authorities to mitigate the crisis and the resulting economic implications could have material negative effects on the valuation of Aroundtown Group's real estate properties and therefore on its assets. In case that a vaccine would not be sufficient to fight against the virus and its variants, there is a risk that the health and economic outlook will deteriorate. In particular, Aroundtown Group observed devaluation in some of its hotel properties during 2020 which was more than offset by positive results in other properties. Declines in value of Aroundtown Group's properties and loss of income may have a negative impact on the compliance with the financial covenants in Aroundtown's debt financing arrangements including the straight bonds and perpetual notes which in the event of breaches of financial covenants could trigger substantial early repayment obligations. However, AT has a very high headroom to meet its covenants, supported by a very high cash balance and clear debt maturity schedule.

Aroundtown's access to financing and liquidity may also be affected by the COVID-19 pandemic. As a result of increased levels of defaults, banks may have reduced liquidity, which could make it harder for Aroundtown to obtain bank financing the Company may desire for future acquisitions or re-financing purposes. Also, if the capital markets continue to be more volatile as a result of the COVID-19 pandemic, Aroundtown may face difficulties in accessing the capital markets for new financing. Adverse capital market conditions may lead to increased costs of funding, resulting in an adverse impact on Aroundtown's earnings and financial position and on Aroundtown's ability to refinance maturing liabilities may be limited. Nevertheless, Aroundtown maintains a conservative debt profile with long average debt maturities and low cost of debt as at year-end 2020, giving it sufficient headroom to continue its operations. Aroundtown's relatively high level of cash and liquid assets also support the resilience and coping the afformentioned impact of COVID-19.

Lower economic activity could also make it more difficult to sell properties should Aroundtown Group decide to dispose properties. On the contrary, demand in real estate remained high during 2020 and Aroundtown Group was able to dispose of a significant amount of properties with a profit above their book values.

While in the summer of 2020 authorities had begun to ease or partially abolish COVID-19 related restrictions, strict lockdowns have been reintroduced during winter in European countries including Germany, the Netherlands and the United Kingdom due to spikes in infections rates. Even if the current lockdowns are lifted in the future, it is expected that provisions on social distancing in European countries will continue to prevent many businesses from running their business on a normal basis which in turn could prevent tenants from being able to pay due rents and other expenses, that could have a negative impact on Aroundtown Group's cash flow. In addition, variants of the virus that cause COVID-19, ineffectiveness and / or low stock in availability of newly developed vaccines or issues relating to vaccine distribution, further "waves of infection" of COVID-19 or comparable spread of diseases could trigger the reintroduction of some, all or even more severe governmental measures with corresponding negative effects on the economy, the real estate market and Aroundtown Group's business operations. Against this background, the COVID-19 related risk factors may continue to prevail for an unforeseeable period and the ultimate impact of the COVID-19 pandemic on the economy and the Group's operations remains highly uncertain. The occurrence of any of these risks may have a material adverse effect on the Group's future business, net assets, financial condition, cash flow and results of operations.

The Group has taken necessary precautions to make sure employees are safe and secure which include encouraging working from home. With its high liquidity, financial strength, financial flexibility and robust debt structure, Aroundtown Group believes to be in a strong position to withstand the rest of the pandemic. Aroundtown Group believes that the authorities are working their best to counteract the disease and its economic impact and it will follow the authorities' guidelines to act appropriately if needed.

25.4 Hedging activities and derivatives

25.4.1 Derivative financial instruments

		As at December 31,	
		2020	2019
	Note	In € million	
Derivative financial assets			
Derivatives that are designated as hedging instruments in cash flow hedge	25.4.2.1	10.6	42.2
Derivatives that are designated as hedging instruments in fair value hedge	25.4.2.2	97.1	113.1
Derivatives that are designated as hedging instruments in net investment hedge	25.4.2.3	9.7	-
Derivatives that are not designated as hedge accounting relationships		20.5	39.5
		137.9	**194.8**
Derivative financial liabilities			
Derivatives that are designated as hedging instruments in cash flow hedge	25.4.2.1	94.1	38.6
Derivatives that are designated as hedging instruments in fair value hedge	25.4.2.2	18.3	12.4
Derivatives that are designated as hedging instruments in net investment hedge	25.4.2.3	-	23.8
Derivatives that are not designated as hedge accounting relationships		309.5	48.4
		421.9	**123.2**

25.4.2 Hedge accounting relationships

25.4.2.1 Cash flow hedges

As at December 31, 2020, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

Bond	Hedging instrument(*)	Notional currency	Company receives (in notional currency millions)	Company pays – in € millions
Series H	FX-Swap	United States Dollar	400.0	372.4
Series NOK	FX-Swap	Norwegian Krone	750.0	79.3
Series 27	FX-Swap	Hong Kong Dollar	430.0	48.3
Series 34	FX-Swap	Norwegian Krone	500.0	45.9

(*) all swaps are linked to bonds' maturity.

In addition, the Group has entered into several interest rate swap agreements. For further information regarding the effective coupon rate see note 21.2.

Under cross-currency contracts, the Group agrees to exchange cash flows in different currencies calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing foreign exchange rates on its cash flows.

The fair value of cross-currency swaps at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and the credit risk inherent in the contract and is disclosed below.

As the critical terms of the cross-currency swap contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the cross-currency swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The main sources of hedge ineffectiveness in these hedge relationships are minor initial fair values of the hedging instruments and the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in foreign exchange rates.

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

	Carrying amount			
Risk Category	Assets	Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	In € million			In € million
As at December 31, 2020				
Foreign exchange rate and interest rate swaps	10.6	94.1	Derivative financial assets / liabilities	(87.7)
As at December 31, 2019				
Foreign exchange rate and interest rate swaps	42.2	38.6	Derivative financial assets / liabilities	35.2

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	In € million		In € million
As at December 31, 2020			
Straight bonds	472.6	Straight bonds	(87.8)
As at December 31, 2019			
Straight bonds	461.9	Straight bonds	(35.4)

The ineffectiveness recognized in the consolidated statement of profit or loss was €0.1 million (2019: €0.2 million).

25.4.2.2 Fair value hedges

As at December 31, 2020, the Company had foreign exchange rate and interest rate swap agreements in place, as follows:

Bond	Hedging instrument (*)	Notional currency	Company receives – in notional currency millions	Company pays – in € millions
Series L	FX-Swap	United States Dollar	150.0	125.2
Series M	FX-Swap	Swiss Franc	250.0	223.6
Series P	FX-Swap	Australian Dollar	250.0	157.6
Series R	FX-Swap	Canadian Dollar	250.0	164.3
Series X	FX-Swap	Swiss Franc	140.0	128.1
Series 28	FX-Swap	United States Dollar	600.0	530.9
Series 29	FX-Swap	Norwegian Krone	1,735.0	179.0
Series 30	FX-Swap	British Pound	400.0	468.6
Series 31	FX-Swap	Japanese Yen	7,000.0	61.3

(*) all swaps are linked to bonds' maturity.

In addition, the Company has entered into several interest rate swap agreements. For further information regarding the effective coupon rate see note 21.2.

The swaps are being used to hedge the exposure to changes in fair value of the Company's straight bonds which arise from foreign exchange rate and interest rate risks.

There is an economic relationship between the hedged items and the hedging instruments as the terms of foreign exchange rate swaps match the terms of the hedged items. The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange rate swaps is identical to hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risk.

The hedge ineffectiveness may arise from:

- Different foreign exchange and interest rates' curve applied to the hedge items and hedging instruments.
- Differences in timing of cash flows of the hedged items and hedging instruments.
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items.

Nuremberg

The impact of the hedging instruments on the consolidated statement of financial position is, as follows:

Risk Category	Carrying amount: Assets	Carrying amount: Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	In € million			In € million
As at December 31, 2020				
Foreign exchange rate and interest rate swaps	97.1	18.3	Derivative financial assets / liabilities	(15.5)
As at December 31, 2019				
Foreign exchange rate and interest rate swaps	113.1	12.4	Derivative financial assets / liabilities	102.6

The impact of the hedged items on the consolidated statement of financial position is, as follows:

	Carrying amount	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
	In € million		In € million
As at December 31, 2020			
Straight bonds	1,988.4	Straight bonds	15.6
As at December 31, 2019			
Straight bonds	2,083.5	Straight bonds	(101.9)

The ineffectiveness recognized in the consolidated statement of profit or loss was a profit of €0.1 million (2019: profit of €0.7 million).

25.4.2.3 Hedge of net investments in foreign operations

The Group uses foreign exchange forward contracts as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries.

The foreign exchange forward contracts are being used to hedge the Group's exposure to the GBP foreign exchange risk on these investments. Gains or losses on the retranslation of the forward contracts are transferred to OCI to offset any gains or losses on translation of the net investments in the subsidiaries.

There is an economic relationship between the hedged item and the hedging instruments as the net investment creates a translation risk that will match the foreign exchange risk on the hedging instruments. The hedge ineffectiveness will arise when the amount of the investment in the foreign subsidiaries becomes lower than the amount of the notional amount of the hedging instruments.

The impact of the derivative hedging instruments on the consolidated statement of financial position is, as follows:

Risk Category	Notional amount outstanding	Carrying amount: Assets	Carrying amount: Liabilities	Line item in the consolidated financial statements	Net change in fair value used for measuring ineffectiveness for the year
		In € million			In € million
As at December 31, 2020					
Foreign currency forward contracts	GBP 400.0	9.7	-	Derivative financial assets	19.6
As at December 31, 2019					
Foreign currency forward contracts	GBP 400.0	-	23.8	Derivative financial liabilities	(24.2)

The impact of the hedged item on the consolidated statement of financial position is, as follows:

Risk Category	Foreign currency translation reserve	Change in fair value used for measuring ineffectiveness for the year
	In € million	
As at December 31, 2020		
Net investment in foreign subsidiaries	(78.2)	(19.6)
As at December 31, 2019		
Net investment in foreign subsidiaries	37.4	24.2

The hedging gains and losses recognized in OCI before tax are equal to the change in fair value used for measuring effectiveness. There is no ineffectiveness recognized in profit or loss.

Non-derivatives hedging financial instruments

The Group has the following non-derivative hedging instruments used to hedge its exposure to foreign exchange risk on its investments in foreign subsidiaries:

Bond	Notional currency	Notional amount in millions
Series J	British Pound	500.0
Series Q	British Pound	400.0
Series X	Swiss Franc	60.0

The net change in the above non-derivative hedging financial instruments amounted to €56.1 million, contributing another portion of €56.1 million of negative OCI impact on the net investment in foreign subsidiaries, resulting in a net OCI (loss) effect of €2.5 million.

25.4.2.4 Derivatives not designated as hedging instruments

The Group uses interest rate swaps, collars, caps and floors to manage its exposure to interest rate movements on its bank borrowings. These derivative financial instruments are linked to the bank loans maturity (see note 21.1).

25.5 Capital management

The Group manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through striving to keep a low debt to equity ratio. The management closely monitors Loan to Value ratio ("LTV"), which is calculated, on an entity level or portfolio level, where applicable, in order to ensure that it remains within its quantitative banking covenants and maintain a strong credit rating. The Group seeks to preserve its conservative capital structure with an LTV to remain at a target below 45%. As at December 31, 2020 and 2019 the LTV ratio was steady at 34%, and the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements. LTV covenant ratio may vary between the subsidiaries of the Group. The Company regularly reviews compliance with Luxembourg and local regulations regarding restrictions on minimum capital. During the years covered by these consolidated financial statements, the Company complied with all externally imposed capital requirements.

26. LEASES

The Group has entered into long-term rent agreements as a lessor of its investment property. The future minimum rental income under non-cancelable operating leases is as follows:

	As at December 31,	
	2020	2019
	in € millions	
Less than a year	909.0	823.5
Between one to two years	881.6	769.2
Between two to three years	801.8	712.2
Between three to four years	698.5	624.2
Between four to five years	590.0	548.5
More than five years	5,299.5	4,764.8
	9,180.4	**8,242.4**

27. COMMITMENTS

The Group has commitments for future capital expenditure on the properties and other of approximately €0.3 billion. Furthermore, the Group signed several deals to sell real estate in a volume of above €0.6 billion which were not yet completed and are subject to several condition precedents. The Company estimates the completion of the real estate sale transactions to take place within the next twelve months.

28. CONTINGENT ASSETS AND LIABILITIES

The Group had no significant contingent assets and liabilities as at December 31, 2020.

29. EVENTS AFTER THE REPORTING PERIOD

1) In January 2021, the Company announced the results of the scrip dividend, whereby shareholders of 491 million shares opted to receive their dividend in the form of the Company's new ordinary shares. Accordingly, 11.3 million new shares were issued on January 21, 2021. The remainder of the dividend in total amount of €100.1 million was paid.
2) In January 2021, the Company issued €600 million nominal value of perpetual notes bearing interest of 1.625% p.a. until the "First Reset Date" in July 2026. The Company simultaneously launched a buyback tender offer for ATF Netherlands B.V.'s 3.75% perpetual notes, after which a nominal amount of €231.1 million were redeemed.
3) In January 2021, TLG completed a share buy-back tender offer resulted in acquiring 4.5 million of its own shares.
4) After the reporting period, the Company fully redeemed the remaining €132.4 million outstanding nominal value of straight bonds series D and series 35 at their principal value together with accrued but unpaid interest.

30. GROUP SIGNIFICANT HOLDINGS

The details of the significant holdings under the Group are as follows:

			Holding rate as at December 31,	
Name	**Place of incorporation**	**Principal activities**	**2020**	2019
Subsidiaries held directly and indirectly by the Company				
Edolaxia Group Limited	Cyprus	Holdings	100%	100%
ATF Netherlands B.V.	Netherlands	Financing	100%	100%
AT Securities B.V.	Netherlands	Financing	100%	100%
Aroundtown Real Estate Limited	Cyprus	Holdings	100%	100%
TLG Immobilien AG	Germany	Holdings and real estate	79.45%	0.28%
WCM Beteiligungs- und Grundbesitz- AG	Germany	Holdings and real estate	73.87%	-
Primecity Investment PLC	Cyprus	Holdings and real estate	99.95%	98.81%
Aroundtown Holdings B.V.	Netherlands	Holdings and real estate	100%	100%
Aroundtown Holdings S.à r.l.	Luxembourg	Holdings and real estate	100%	100%
Associates held indirectly by the Company				
Grand City Properties S.A.	Luxembourg	Holdings	41.12%	39.40%
Capitals Property S.à r.l	Luxembourg	Real estate	30%	30%

Frankfurt

AROUNDTOWN SA