

**CONDENSED INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

CONTENT

**THIS IS A REDUCED VERSION OF AROUNDTOWN'S 2019 9M REPORT,
ANY PAGE REFERENCES REFER TO THE FULL VERSION OF THE REPORT**

Board of Directors' Report.....	2
Interim consolidated statement of profit or loss.....	60
Interim consolidated statement of comprehensive income.....	61
Interim consolidated statement of financial position.....	62
Interim consolidated statement of changes in equity.....	64
Interim consolidated statement of cash flows.....	66
Notes to the condensed interim consolidated financial statements.....	68

KEY FINANCIALS

in € millions unless otherwise indicated	1-9/2019	change	1-9/2018
Revenue	650.7	21%	539.8
Net rental income	554.5	22%	455.8
Adjusted EBITDA ¹⁾	556.8	26%	440.3
FFO I ^{1) 2)}	371.1	25%	297.4
FFO I per share (in €)	0.32	10%	0.29
FFO I per share after perpetual notes attribution (in €)	0.29	12%	0.26
FFO II	421.1	-9%	464.8
Profit for the period	1,477.2	6%	1,387.9
EPS (basic) (in €)	0.94	-22%	1.20
EPS (diluted) (in €)	0.93	-19%	1.15

1) including AT's share in GCP and other investments, excluding the contributions from commercial assets held for sale

2) excluding FFO I attributable to minorities

in € millions unless otherwise indicated	Sep 2019	Dec 2018	Dec 2017
Total Assets	24,991.6	19,040.8	13,770.4
Total Equity	13,034.1	9,944.3	7,249.9
Equity Ratio	52%	52%	53%
Loan-to-Value	34%	35%	36%

NET ASSET VALUE

in € millions unless otherwise indicated	NAV	EPRA NAV	EPRA NAV including perpetual notes	EPRA NNNAV
Sep 2019	11,587.6	10,360.7	12,826.9	9,954.0
Sep 2019 per share (in €)	9.5	8.5	10.5	8.1
Per share growth (nine months, dividend adjusted)	+19%	+14%	+18%	+8%
Per share growth (nine months)	+16%	+10%	+15%	+5%
Dec 2018	9,309.5	8,742.4	10,290.1	8,730.7
Dec 2018 per share (in €)	8.2	7.7	9.1	7.7

THE COMPANY



The Board of Directors of Aroundtown SA and its investees (the “Company” or “AT”), including associates (the “Group”), hereby submits the interim report as of September 30, 2019. The figures presented are based on the condensed interim consolidated financial statements as of September 30, 2019, unless stated otherwise.

Aroundtown SA is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities primarily in Germany and the Netherlands. Aroundtown invests in commercial and residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investment is held through a holding in Grand City Properties S.A. (“GCP”). GCP is a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As of September 2019, the Company’s holdings in GCP was 39%. 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.

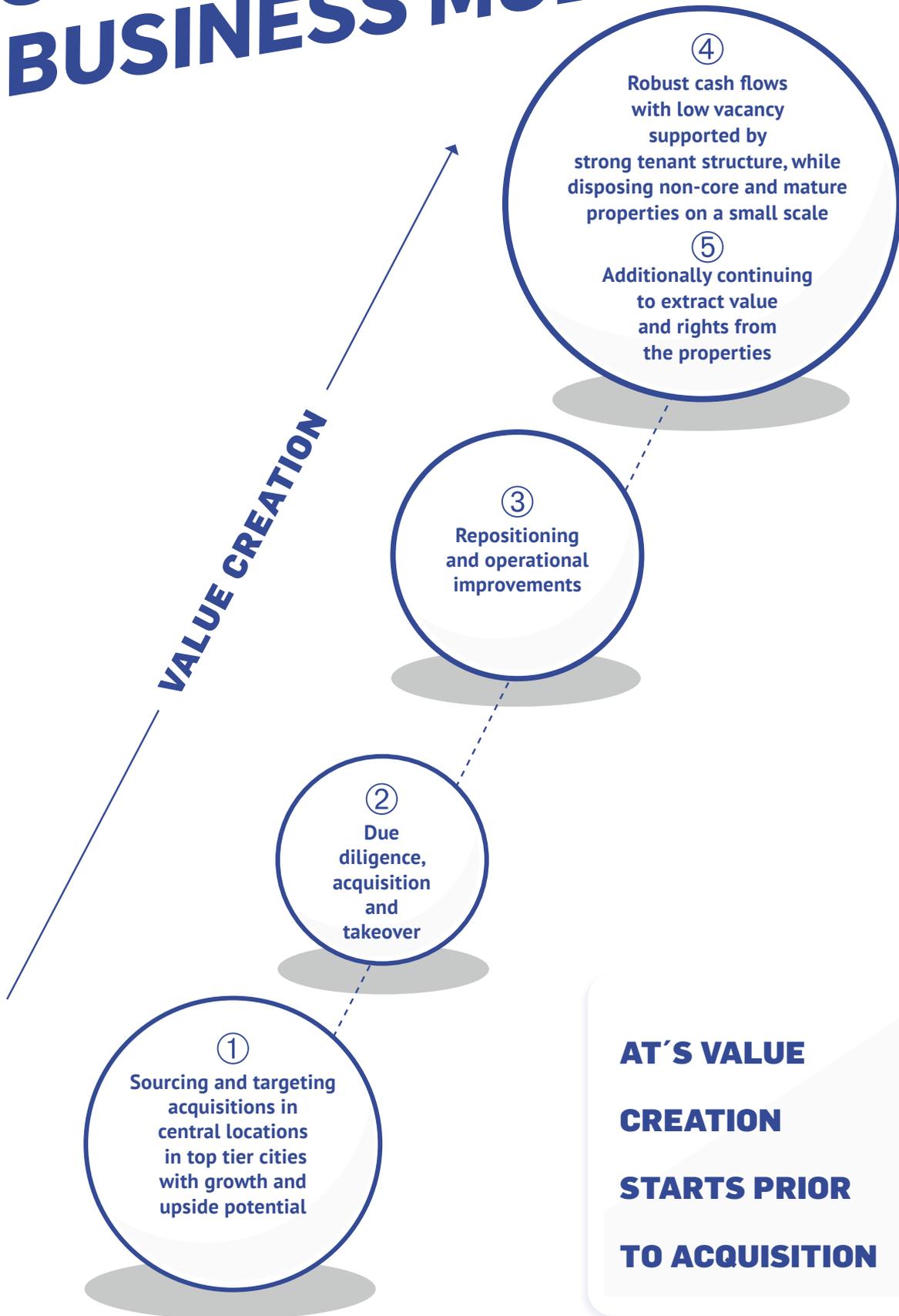
FINANCIAL POSITION HIGHLIGHTS

in € millions unless otherwise indicated	Sep 2019	Dec 2018
Total Assets	24,991.6	19,040.8
Investment property	17,938.1	14,174.0
Cash and liquid assets ¹⁾	3,141.7	1,600.6
Total Equity	13,034.1	9,944.3
Straight bonds	9,107.7	6,351.6
Loans and borrowings ²⁾	940.0	1,119.9

1) including cash and liquid assets under held for sale

2) including loans and borrowings under held for sale

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 15 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:

- Acquisition 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 the 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 proprietary 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 to the Group 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 parking facilities and other 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 or mature properties on an opportunistic basis. 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. AT believes that it will continue to recycle a limited amount of properties in the future.

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 actual sellable permits or proceeding to transform the rights into actual 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.

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, such as automated cost saving measures and automated rent increase processes.

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.

MEMBERS OF THE BOARD OF DIRECTORS

Name	Position
Mr. Frank Roseen	Director
Mr. Oschrie Massatschi	Director
Ms. Jelena Afxentiou	Director
Mr. Markus Leininger	Independent Director
Mr. Markus Kreuter	Independent Director

SENIOR AND KEY MANAGEMENT

Name	Position
Mr. Shmuel Mayo	CEO
Mr. Andrew Wallis	Deputy CEO
Mr. Eyal Ben David	CFO

MEMBERS OF THE ADVISORY BOARD

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

DEAL SOURCING AND THE ABILITY TO CREATE ACCRETIVE GROWTH

The Group's acquisition track record over the past 15 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 mainly 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 Europe's largest financial center and most popular touristic destination, London.

PROPRIETARY IT/SOFTWARE PLATFORM

Aroundtown emphasizes the internalization of relevant skills to support innovation and improve processes. Its operations and growth are supported by scalable proprietary IT/software systems, enabling efficient monitoring and implementation of value-add measures. The platform constantly monitors vacancy and rents across AT's portfolio, ensuring yields are optimized and a strict cost discipline is implemented.

COMMITMENT TO SUSTAINABILITY

Along the growth of the Company, Arountown has dedicated itself to set high standards with regards to sustainability, as the Company strongly believes in generating sustainable value creation for all of its stakeholders. It is of importance to the Company's long-term success that its operations are sustainable in the long term such as ensuring a minimal environmental footprint, high standard of governance and transparency, healthy and balanced workplace environment, high standard of service quality provided to tenants, and a positive social impact on the communities in which the Company operates. AT strives to be a responsible corporate citizen, with its strong operational business success being mirrored in an equally strong corporate reputation. The Company places emphasis on the shared benefits of a socially responsible investment strategy where it jointly improves its society, shareholders, employees, tenants, business partners, suppliers and communities, with leaving a minimal environmental impact. For this reason, Arountown incorporated an ESG team to structure its sustainability efforts and manage processes related to these matters. Hereby, Arountown proudly presented its second Corporate Responsibility Report which is available to download on the Company's [website](#).



SUSTAINALYTICS

OUTPERFORMER

93RD

PERCENTILE

GLOBALLY

AMONG

PEERS

Arountown was ranked by Sustainalytics as Outperformer in the 93rd percentile globally among 319 real estate peers, received in September 2018. This rating reflects a strong improvement from the previous ranking of 88th percentile.



Arountown published its second Corporate Responsibility Report



MAIN SPONSOR

SEASON 2019|20

CONSERVATIVE FINANCING STRUCTURE

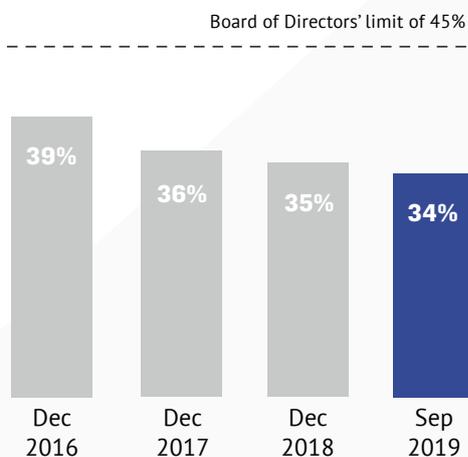
AT's conservative capital structure approach is reflected in a low LTV of 34% as of September 30, 2019, well below the limit of 45% established by the Board of Directors. Aroundtown's management views the conservative debt metrics as vital to secure long-term financial strength and implements policies 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

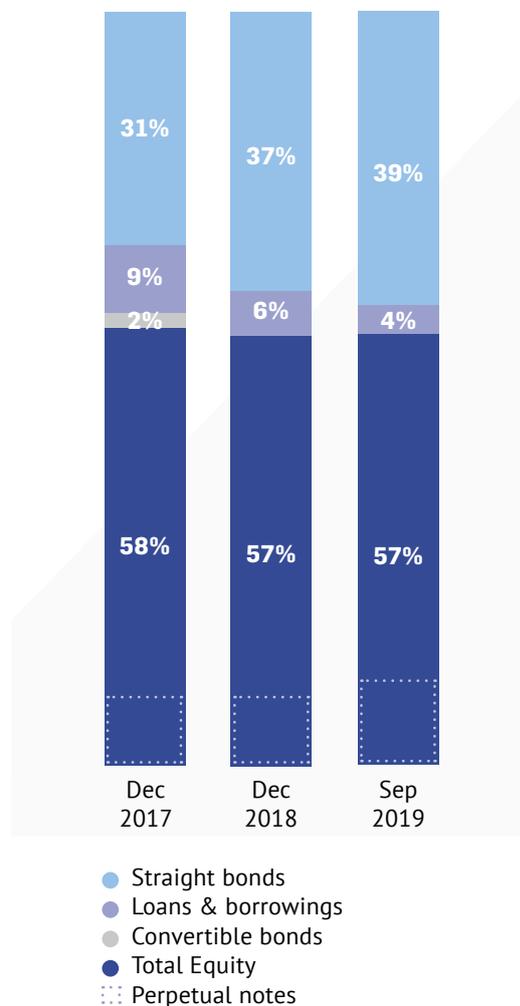
Aroundtown has set a financial policy to improve its capital structure further:

- **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 65% of FFO I per share

LOAN-TO-VALUE

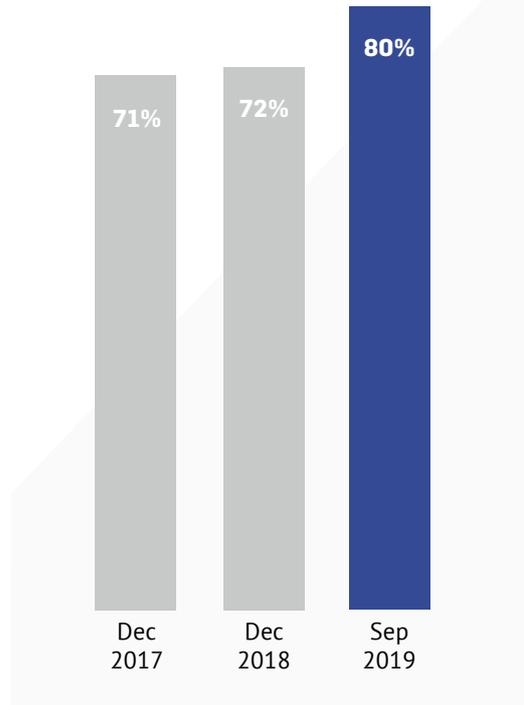


FINANCING SOURCES MIX

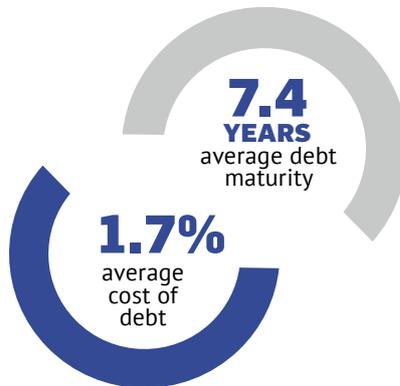
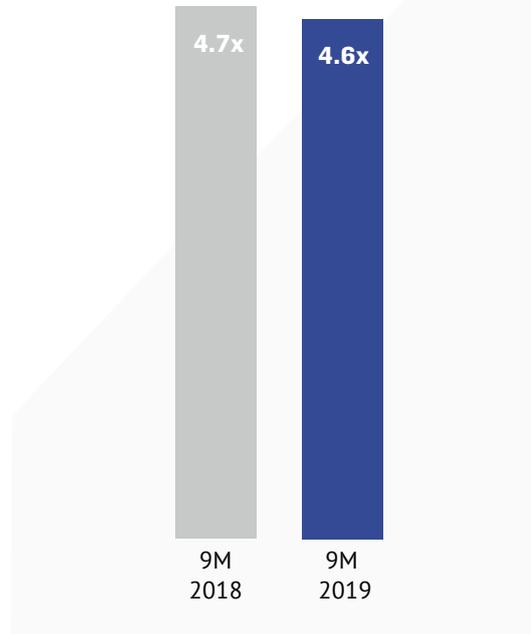


In addition to its conservative capital structure and vast experience in accessing capital markets that enables AT to finance its future growth, the Company maintains a robust liquidity position through a mix of operational cash generation and balance of cash and liquid assets which as of September 30, 2019 amounted to €3.1 billion. Additionally, the high ratio of unencumbered assets of 80% (€13.5 billion in total value) as of September 30, 2019 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 larger 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 reach the 'BBB+' rating. **Aroundtown continues to strive to achieve its long-term target rating of A.**



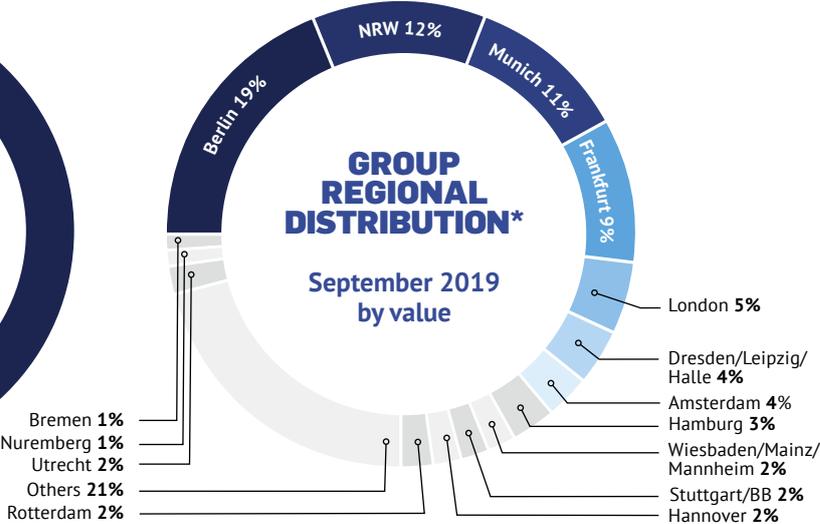
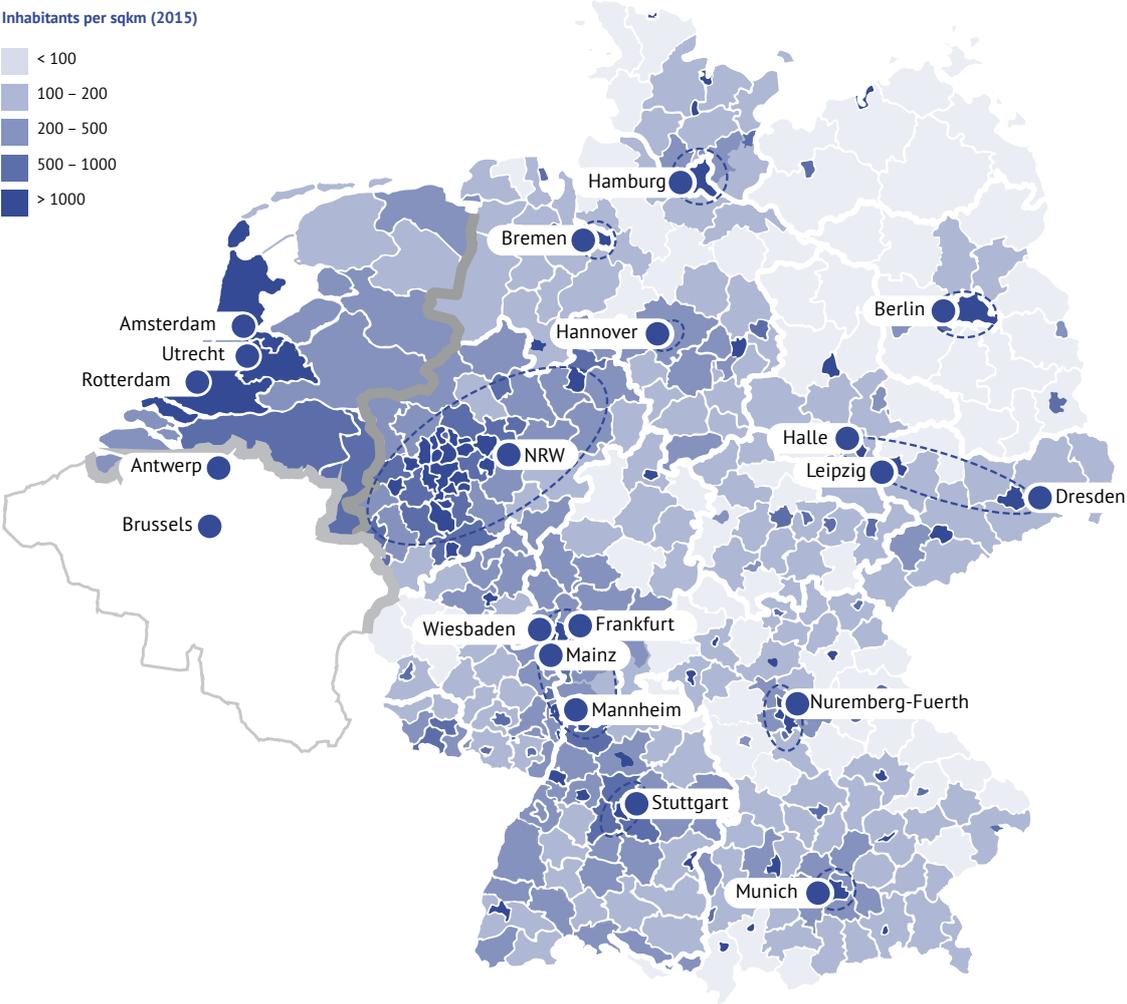
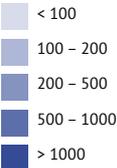
AROUNDTOWN'S QUALITY PORTFOLIO



GROUP PORTFOLIO OVERVIEW

POPULATION DENSITY IN GERMANY AND THE NETHERLANDS

Inhabitants per sqkm (2015)

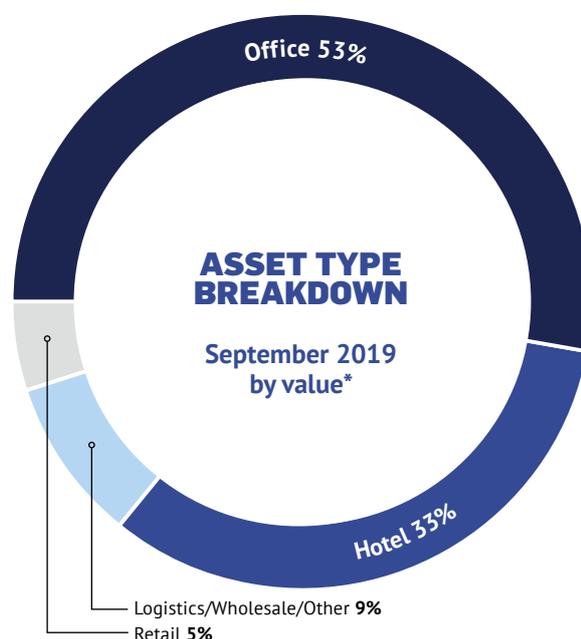


* the residential portfolio is accounted for at the holding rate of 39%

COMMERCIAL PORTFOLIO

– TOP TIER CITIES

Aroundtown owns a diverse portfolio of commercial assets which focuses on central locations in top tier European cities with strong demographics and favorable economic fundamentals. The commercial portfolio is diversified over several different asset types including office, hotel, logistics, wholesale, retail and other covering a total of 6.9 million sqm as of September 2019. As of September 2019 and excluding assets held for sale, the AT's commercial portfolio with a value of €17.9 billion operates at an in-place rent of 10.2 €/sqm and an EPRA vacancy of 8%. The portfolio generates as of September 2019 an annualized net rental income of €808 million and includes a strong growth potential through rent and occupancy increases as well as cost efficiency improvements. Furthermore, AT's portfolio has a strong geographical and asset type diversification. Further supporting the portfolio's diversification, AT has a limited dependency on single tenants due to a large tenant base with over 3,000 tenants spread across a wide range of sustainable market sectors which further reduces cluster risk. The long portfolio WALT of 8.4 years offers long-term cash flow stability and security. The management believes that its business platform benefits from its skilled personnel, experience and track record, and reliable practices that enable the Company to perform strongly and to further expand in the commercial property market. In addition, the management is extracting new building rights from existing and new land and buildings, contributing to the value creation process. The Company also believes that the business environment will provide abundant acquisition opportunities in the attractive markets it targets, to support its external growth strategy in the medium to long term. An active deal pipeline and favorable market conditions provide for continued opportunities for accretive external growth.



*including land for development & other rights

PORTFOLIO DISTRIBUTION

Aroundtown's commercial portfolio is spread over different asset classes, mainly offices and hotels, and is located in quality locations which benefit from strong demographic and economic fundamentals, such as Berlin, Munich, Frankfurt, Hamburg, Düsseldorf, Cologne, London and Amsterdam. Within these regions Aroundtown focuses on assets with favorable micro-locations and various demand drivers.

ASSET TYPE OVERVIEW

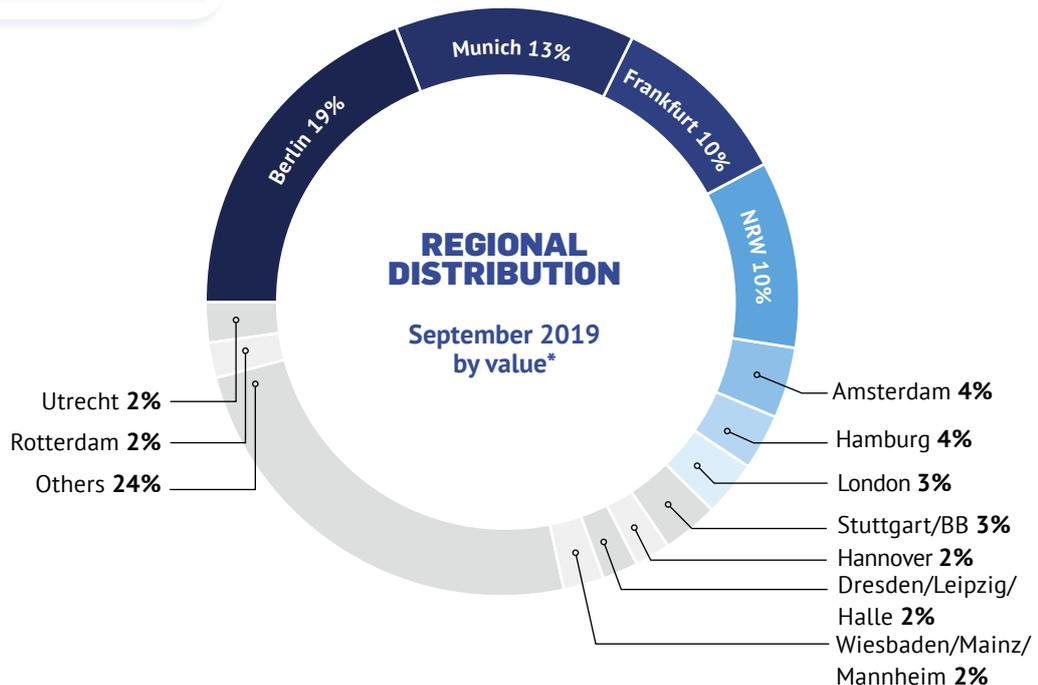
SEPTEMBER 2019

	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield	WALT (in years)
Office	8,676	3,389	10.7%	397	10.3	2,560	4.6%	4.5
Hotel	5,821	1,769	4.7%	287	13.9	3,290	4.9%	14.8
Logistics/Wholesale/Other	1,276	1,364	5.2%	71	4.6	936	5.6%	6.1
Retail	906	424	8.7%	53	10.6	2,135	5.8%	6.2
Land for development & other rights	1,259							
Total	17,938	6,946	8.0%	808	10.2	2,401	4.8%	8.4

REGIONAL OVERVIEW

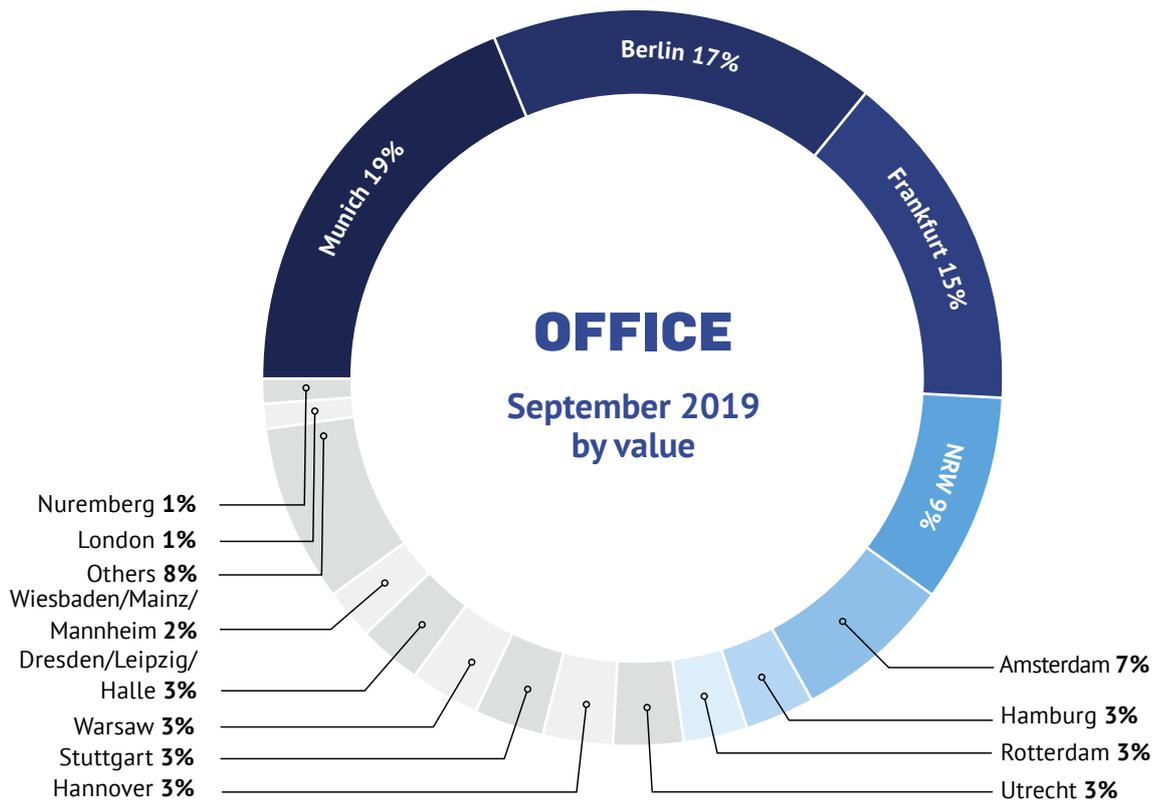
SEPTEMBER 2019	Investment properties (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Value per sqm (in €)	Rental yield
Berlin	2,809	823	10.4%	102	11.1	3,412	3.6%
Frankfurt	1,589	493	20.2%	53	11.0	3,220	3.4%
Munich	1,915	626	7.4%	64	8.6	3,060	3.3%
NRW	1,767	1,122	7.4%	104	7.8	1,575	5.9%
Hamburg	482	270	4.4%	27	8.8	1,781	5.7%
London	619	88	7.5%	27	28.4	6,996	4.3%
Amsterdam	688	192	4.9%	33	14.2	3,587	4.9%
Hannover	419	280	9.4%	24	8.0	1,496	5.7%
Wiesbaden/Mainz/Mannheim	394	177	7.5%	23	11.2	2,233	5.9%
Stuttgart/BB	388	171	3.5%	22	11.0	2,273	5.8%
Dresden/Leipzig/Halle	407	216	5.2%	22	8.9	1,886	5.5%
Rotterdam	317	132	3.8%	22	13.2	2,403	6.9%
Utrecht	320	124	10.6%	17	11.1	2,580	5.2%
Other	4,565	2,232	6.2%	268	10.4	2,045	5.9%
Land for development & other rights	1,259						
Total	17,938	6,946	8.0%	808	10.2	2,401	4.8%

**WALT
8.4
YEARS**



*including land for development & other rights

HIGH QUALITY OFFICES IN TOP TIER CITIES

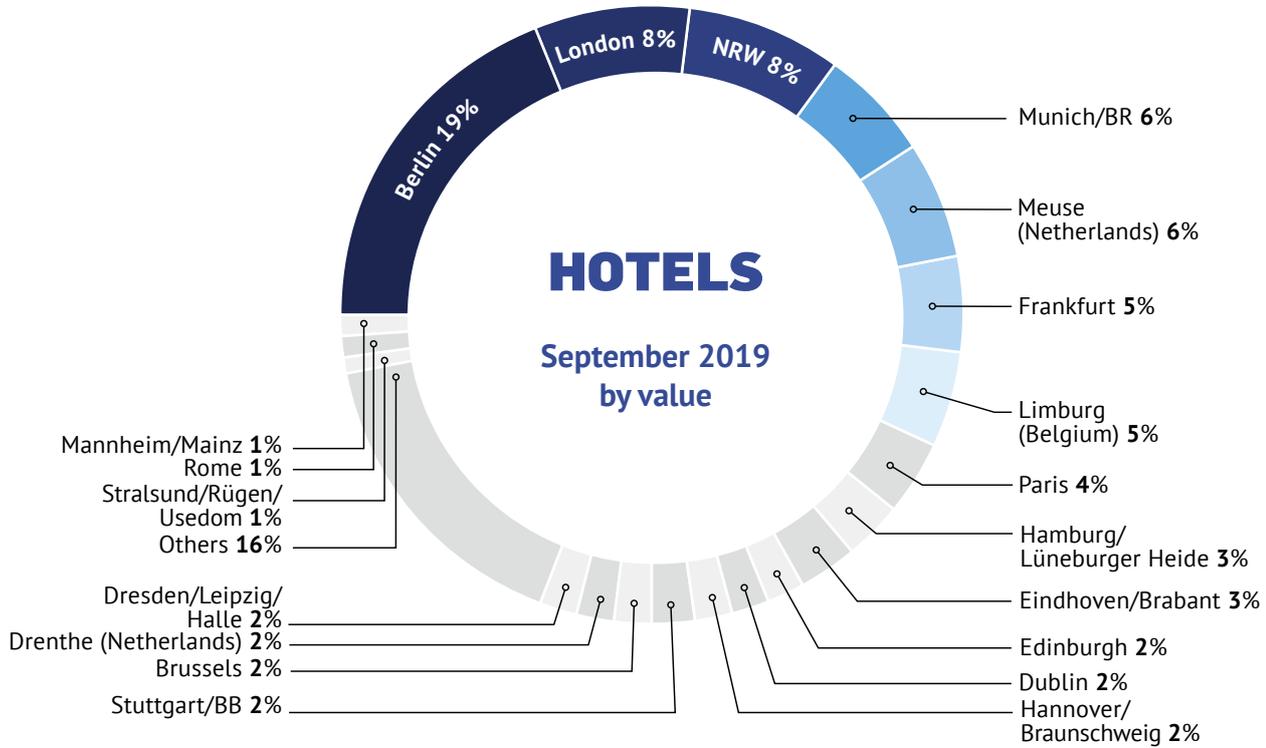


Aroundtown's office assets are well-diversified and well-located across top tier cities in Europe with a focus on Germany and the Netherlands, two of the strongest and most stable economies in Europe. The office portfolio's largest locations Munich, Berlin, Frankfurt, Amsterdam and Hamburg make up over 60% of the office portfolio and due to the different macroeconomic characteristics of each location, they provide for a strong diversification in industry exposure as well.

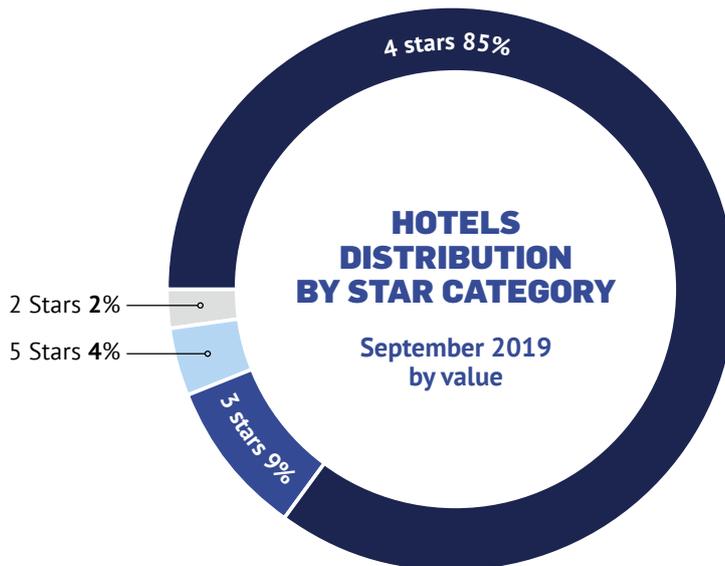
Additionally, as of the date of this report, Aroundtown has a 22% stake in Globalworth (GWI), the publicly listed leading office landlord in Central and Eastern Europe. GWI provides AT with a great entry point to participate in the strong office market of top CEE cities and enhances AT's diversification further. GWI has a similar business strategy as AT with their focus on income generating properties and value-add approach. GWI's portfolio is focused on CEE's prime locations of key cities (Bucharest, Warsaw, Wroclaw and Krakow, among others). The current stake in GWI represents below 2% of AT's total assets as at the end of September 2019.

HIGH QUALITY HOTELS IN PRIME LOCATIONS

OVER 150 HOTELS ACROSS TOP LOCATIONS



AT's hotel portfolio, valued at €5.8 billion as of September 2019, is well diversified and covers a total of approx. 1.8m sqm. The largest share of the hotel portfolio is 4-star hotels with 85%, meeting the strong market demand which rises 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. Furthermore, the hotels have long-term fixed leases with third-party hotel operators, providing stable cash flows.



The hotel assets are let to hotel operators which are selected according to their capabilities, track record and experience. The management participates in the branding decision of the hotel, applying its expertise in selecting the optimal brand. An integral component of the business plan is a long-term fixed rental lease, which increases the cash flow stability. AT maintains close relations with the operators and monitors their performance on an ongoing basis, making use of its tailor-made IT/software system.

LARGE EUROPEAN FOOTPRINT

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

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

Hilton Brands



Marriott Brands



Wyndham Brands



IHG Brands



Accor Brands



Radisson Brands



STEIGENBERGER
HOTELS AND RESORTS



HOTEL BRISTOL
BERLIN

HOTEL SEEHOF
DAVOS



HYATT
REGENCY

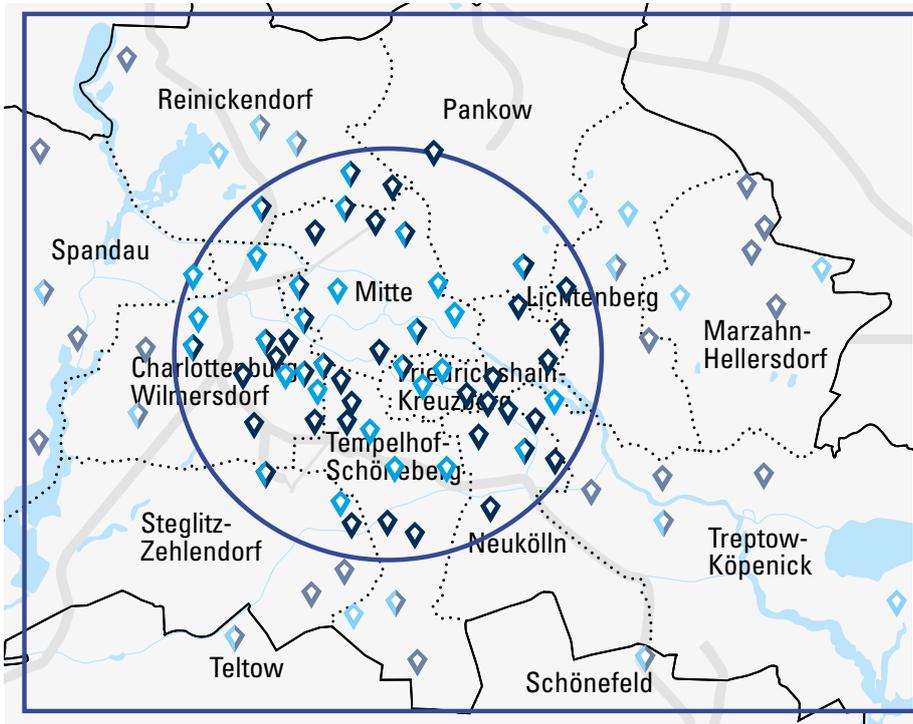
MELIÀ
HOTELS INTERNATIONAL



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BEST-IN-CLASS BERLIN PORTFOLIO



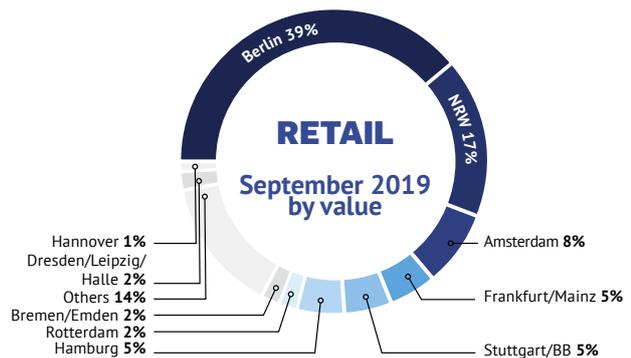
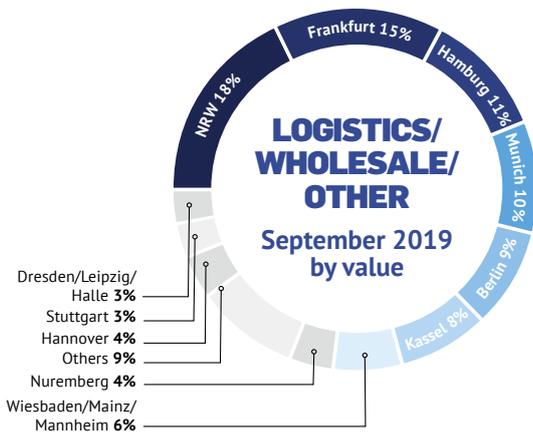
- 90% of the commercial portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- 10% of the commercial portfolio is well located primarily in Reinickendorf, Spandau, Treptow, Köpenick and Marzahn-Hellersdorf



*Map representing approx. 95% of the portfolio and 99% including central Potsdam

FURTHER DIVERSIFICATION INTO LOGISTICS/WHOLESALE/OTHER AND RETAIL

A small but compelling portfolio diversification into logistics/wholesale/other & retail asset types.



RESIDENTIAL PORTFOLIO

(GRAND CITY PROPERTIES)

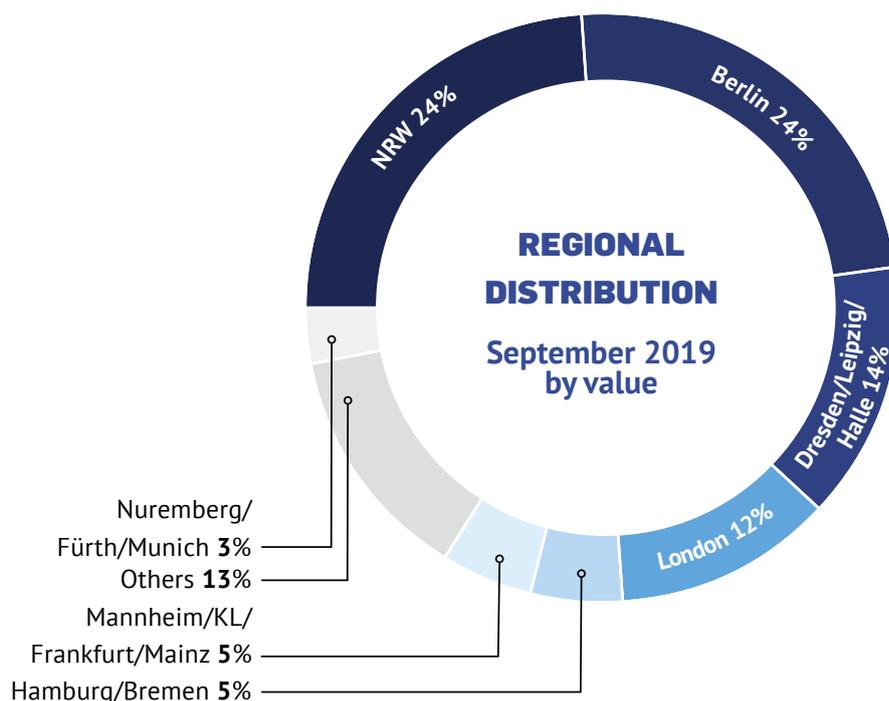
The residential portfolio is mainly held through a 39% stake in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas predominantly in Germany. AT is the largest shareholder in GCP, with the remaining 61% widely distributed and held mainly by many international leading institutional investors. For an additional increase of AT's position in the residential real estate, AT holds minority positions in several subsidiaries of GCP. As of September 2019, GCP holds 76k units in its portfolio with the properties

spread across densely populated areas in Germany, with a focus on North Rhine-Westphalia, Berlin and the metropolitan regions of Dresden, Leipzig and Halle as well as London. GCP puts strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting local community initiatives, GCP established industry-leading service standards and lasting relationships with its tenants. The table below represents GCP at 100%.

REGIONAL OVERVIEW

SEPTEMBER 2019	Value (in €M)	Area (in k sqm)	EPRA vacancy	Annualized net rent (in €M)	In-place rent per sqm (in €)	Number of units	Value per sqm (in €)	Rental yield
NRW	1,832	1,644	8.1%	106	5.7	24,344	1,114	5.8%
Berlin	1,604	553	5.3%	52	8.2	7,469	2,901	3.2%
Dresden/Leipzig/Halle	986	925	9.0%	52	5.2	15,921	1,066	5.3%
Mannheim/KL/ Frankfurt/Mainz	377	225	5.0%	19	7.4	3,788	1,673	5.1%
Nuremberg/Fürth/ Munich	227	102	3.6%	10	8.2	1,471	2,218	4.4%
Hamburg/Bremen	370	297	4.3%	20	6.0	4,265	1,248	5.5%
London	773	93	5.7%	33	32.2	1,895	8,306	4.3%
Others	964	999	7.8%	62	5.8	16,938	964	6.4%
Development rights and new buildings*	466							
Total	7,599	4,838	7.0%	354	6.6	76,091	1,474	5.0%

*of which pre-marketed buildings in London amount to €164m



RESIDENTIAL PORTFOLIO

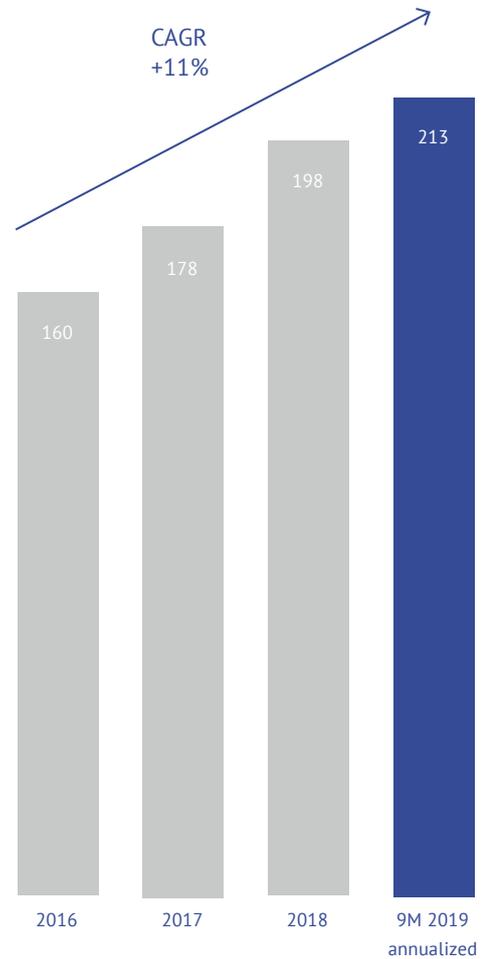
(GRAND CITY PROPERTIES)

Grand City Properties' portfolio generates net rental income of €380 million and bottom line FFO I of €213 million as of 9M 2019 annualized. The current portfolio has an in-place rent of 6.6 €/sqm at an EPRA vacancy rate of 7%.

GCP's success is mirrored in its strong performance in the debt and capital markets. GCP is included in the MDAX index of the Deutsche Börse, the FTSE EPRA/NAREIT index series family, GPR 250 and DIMAX, as well as the STOXX Europe 600 and the MSCI index family. GCP has a dividend policy to distribute 65% of its FFO I per share.

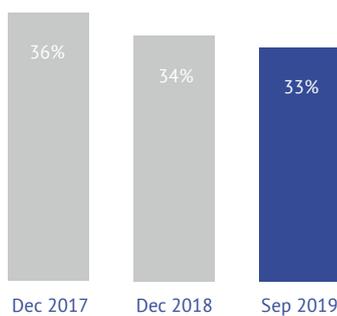
GCP follows a conservative financial approach with low leverage and a diversified capital structure, with a long weighted average debt maturity of 8.2 years and an average cost of debt of 1.3%. GCP carries two investment-grade credit ratings: BBB+ from Standard & Poor's rating services (S&P) and Baa1 from Moody's investors service (Moody's) – and as part of its strategy aims to achieve an A- rating in the long-term. GCP has a market cap of €3.5 billion as of September 30, 2019.

GCP – CONSISTENTLY GROWING FUNDS FROM OPERATIONS (IN € MILLIONS)



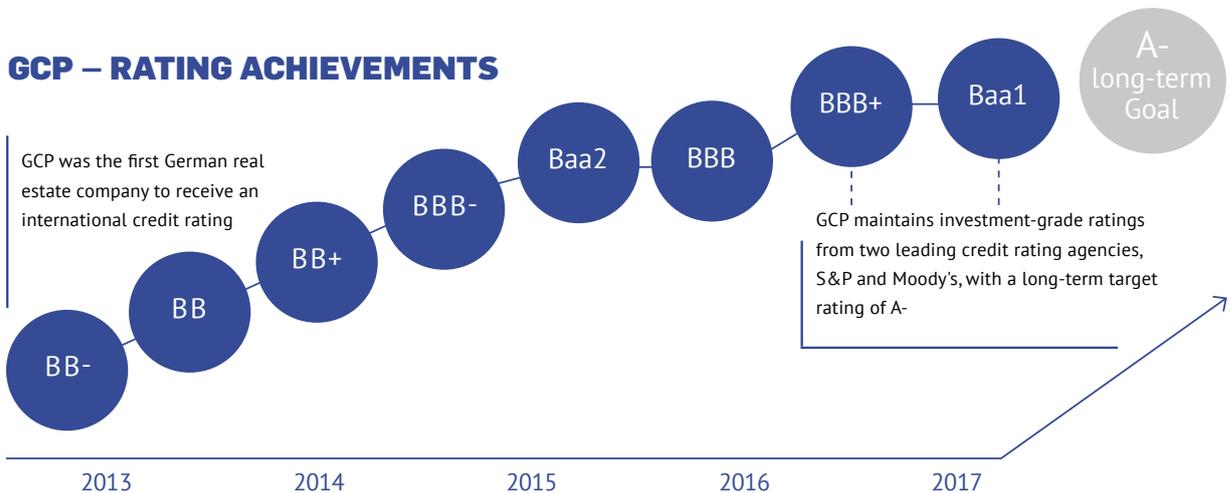
GCP – CONSERVATIVE LOAN-TO-VALUE

Board of Directors limit of 45%



GCP – RATING ACHIEVEMENTS

GCP was the first German real estate company to receive an international credit rating



TRADING DATA

Placement	Frankfurt Stock Exchange
Market Segment	Prime Standard
Trading ticker	AT1
Number of shares (30.09.2019)	1,223,574,261
Initial placement of capital	13.07.2015 (€3.2 per share)
Key index memberships	MDAX FTSE EPRA/NAREIT: – Global – Developed Europe – Eurozone – Germany MSCI Index Series S&P Europe 350 STOXX Europe 600 GPR 250 DIMAX

AS OF THE DAY OF THIS REPORT

Number of shares	1,223,574,261
Shareholder Structure	Freefloat: 73% - of which Blackrock Inc. 5.1% TLG Immobilien AG: 15% Avisco Group: 12%
Market cap	€9.4 bn

KEY INDEX INCLUSIONS

Aroundtown's share is a constituent of several major indices such as **MDAX, FTSE EPRA/NAREIT Index Series, MSCI Index Series, S&P EUROPE 350, STOXX Europe 600** as well as GPR 250 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).



S&P Dow Jones Indices

A Division of **S&P Global**



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 and one-on-one presentations 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.

STOCK AND BOND PERFORMANCE

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



SPREAD OVER MID-€-SWAP FOR STRAIGHT BONDS SERIES D-E-F



SPREAD OVER MID-€-SWAP FOR EUR 3.75% PERPETUAL NOTES



SPREAD OVER MID-\$-SWAP FOR USD 2.3% PERPETUAL NOTES



NOTES ON BUSINESS PERFORMANCE

SELECTED CONSOLIDATED INCOME STATEMENT DATA

	Nine months ended September 30,	
	2019	2018
	in € millions	
Revenue	650.7	539.8
Net rental income	554.5	455.8
Property revaluations, capital gains and other income	1,066.0	1,244.6
Share in profit from investment in equity-accounted investees	241.6	191.5
Property operating expenses	(172.7)	(161.4)
Administrative and other expenses	(19.3)	(15.0)
Operating profit	1,766.3	1,799.5
EBITDA	1,767.6	1,805.4
Adjusted EBITDA ¹⁾	556.8	440.3
Finance expenses	(106.2)	(81.8)
Other financial results	92.4	(81.4)
Current tax expenses	(41.9)	(32.9)
Deferred tax expenses	(233.4)	(215.5)
Profit for the period	1,477.2	1,387.9
FFO I ^{2) 3)}	371.1	297.4
FFO II	421.1	464.8

1) including AT's share in GCP's and other investments' adjusted EBITDA, excluding the contributions from commercial assets held for sale. For more details, see page 56-58

2) including AT's share in GCP's and other investments' FFO I (after perpetual notes attribution). For more details, see page 56-58

3) excluding FFO I of minorities and contributions from assets held for sale. For more details, see page 56-58

REVENUE

	Nine months ended September 30,	
	2019	2018
	in € millions	
Recurring long-term net rental income	548.3	439.7
Net rental income related to properties marked for disposal	6.2	16.1
Net rental income	554.5	455.8
Operating and other income	96.2	84.0
Revenue	650.7	539.8

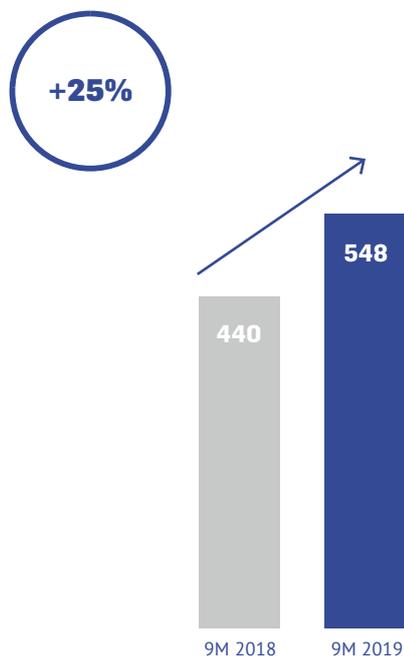
In the first nine months of 2019, AT recorded revenues of €651 million, which grew by 21% compared to €540 million recorded in the first nine months of 2018. Net rental income makes up the majority of the revenues which amounted to €555 million in the first nine months of 2019, up by 22% compared to €456 million in the first nine months of 2018. This solid growth has two drivers: accretive external growth and robust organic growth. Accretive external growth contributed the most to the net rental income growth and stems from impacts of acquisitions of 2019 as well as a full period contribution of properties acquired during 2018. The organic growth stems from AT's operational performance which extracts the potential in the portfolio by transforming this into high like-for-like growth. Correspondingly, like-for-like rental income growth was 4.3%, of which 2.4% comes from in-place rent growth and 1.9% from occupancy growth. Revenues also include operating and other income which is mainly income that relates to recoverable expenses and is subsequently reimbursed by tenants. Operating and other income amounted to €96 million in the first nine months of 2019, up by 15% compared to €84 million recorded in the first nine months of 2018.

AT additionally breaks down its net rental income into recurring long-term net rental income which excludes

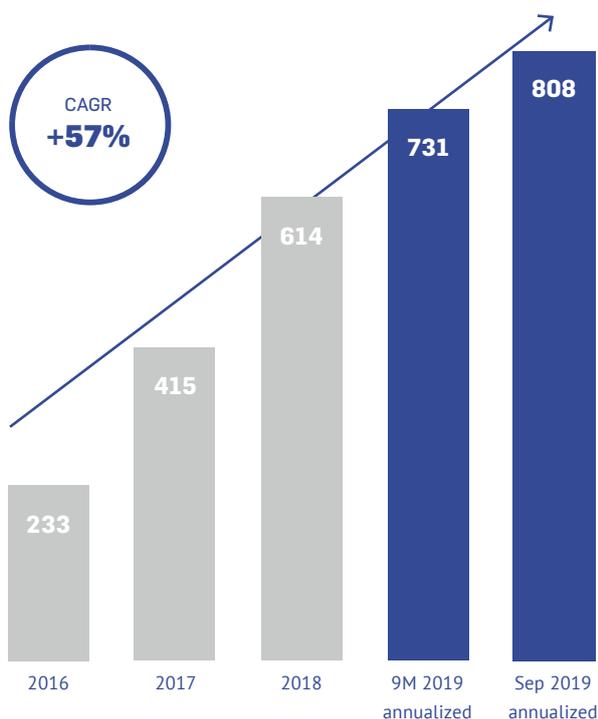
the net rental income generated by assets held for sale. Since AT intends to dispose these assets, their contribution is seen to be on a non-recurring basis and thus excluded here to provide a long-term recurring view. The net rental income relating to properties marked for sale amounted to €6 million in the first nine months of 2019, down from €16 million in the first nine months of 2018. The decrease is the result of the decrease in assets held for sale from €508 million in December 2017 to €183 million in September 2019.

Consequently, AT generated recurring long-term net rental income of €548 million in the first nine months of 2019, which grew by 25% compared to €440 million recorded in the first nine months of 2018. The annualized 9M 2019 recurring long-term net rental income is €731 million, 19% higher than in full year 2018. As the majority of the acquisitions in the first nine months of 2019 took place in the second and third quarter, their full rent impact is not yet reflected in the results and thus the full impact will show effect in the next reporting periods. The monthly annualized rent as of September 2019, taking into account a full year of operations is €808 million, up 32% from 2018 which represents a CAGR of 57% since 2016.

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



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



SHARE IN PROFIT FROM INVESTMENT IN EQUITY-ACCOUNTED INVESTEEES

	Nine months ended September 30,	
	2019	2018
	in € millions	
Share in profit from investment in equity-accounted investees	241.6	191.5

Share in profit from investment in equity-accounted investees in the first nine months of 2019 amounted to €242 million, up by 26% compared to €192 million in the first nine months of 2018 and represents mainly AT's share in the earnings from investments in companies over which the Company does not obtain control and thus are not consolidated in its financial statements. These profits relate mainly to the Company's strategic investments in GCP, direct minority positions in residential properties consolidated by GCP, as well as revaluations, appreciation and profits from other joint venture investments. GCP is one of the largest companies in the German residential real estate market. AT's strategic investment in GCP allows the Company to benefit from the strong dynamics of the German residential real estate sector and provides an enhanced diversification into this strong asset class with solid fundamentals.

PROPERTY REVALUATIONS, CAPITAL GAINS AND OTHER INCOME

	Nine months ended September 30,	
	2019	2018
	in € millions	
Property revaluations, capital gains and other income	1,066.0	1,244.6

AT generated property revaluations, capital gains and other income of nearly €1.1 billion during the first nine months of 2019, compared to over €1.2 billion recorded in the first nine months of 2018. The revaluation gains are by nature not an item with a linear recurring characteristic and are subject to internal and external parameters. AT's ability to generate high value appreciation stems from its value-add driven investment strategy. As part of its acquisition criteria, the Company identifies assets with value-add potential in order to maximize its cash flows and shareholder value. Ultimately, this results in improvements of various aspects of the assets: occupancy, tenant & lease structures, rent levels and cost structures. Tailwinds from strong market dynamics also contribute to the high value appreciation levels. In addition, as part of the value-add process, the Company identifies and optimizes building rights from its portfolio, which is another aspect of the Company's value-add business model to identify and utilize upside potential.

In the first nine months of 2019, AT disposed €240 million of non-core and mature assets at a 26% margin over

total cost and 3% over their net book value. While the main focus is on extracting the upside potential in the portfolio, AT pursues the disposals of its non-core properties and mature properties, where most of the potential has been reached, on an opportunistic basis. The portfolio's quality is improved in the long-term by utilizing the disposal proceeds in accretive and high quality acquisitions. Including signed deals after the reporting period, AT has disposed approx. €800 million of non-core and mature assets.

AT's properties are appraised by qualified and independent external valuers at least once a year on an ongoing basis. As of September 2019, the portfolio reflects an average value of €2,401 per sqm and a net rental yield of 4.8%, compared to €2,159 per sqm and 5.2% in December 2018, respectively.

PROPERTY OPERATING EXPENSES

	Nine months ended September 30,	
	2019	2018
	in € millions	
Property operating expenses	(172.7)	(161.4)

Property operating expenses for the first nine months of 2019 amounted to €173 million, compared to €161 million in the first nine months of 2018, up by 7%. Since these expenses are tied to the Company's expanding size and stronger operating activities the expenses increased along the growing portfolio and were partially offset due to AT's scalable operational platform. The lion share of these expenses are ancillary expenses which are mostly recoverable from tenants and include utility costs such as energy, heating and water. Additionally, included in this item are costs such as maintenance, marketing and property operating personnel expenses which also increase in line with the portfolio's growth. Year-over-year increase in this item was lower than the increase in rental income mainly due to acquisitions of properties in which the ancillary costs are paid directly by the tenants and in addition by operational efficiencies and economies of scale achieved by AT's platform. Due to the first-time implementation of IFRS 16 principles in 2019, ground lease expenses in the amount of €5.3 million which before the initial implementation were presented as part of the operating expenses, are now presented as finance expenses.

ADMINISTRATIVE AND OTHER EXPENSES

	Nine months ended September 30,	
	2019	2018
	in € millions	
Administrative and other expenses	(19.3)	(15.0)

AT recorded in the first nine months of 2019 administrative and other expenses of €19 million, compared to €15 million in the first nine months of 2018. These expenses mainly consist of administrative personnel expenses as well as legal and consultancy fees. In its path of becoming a reputable industry leader, AT incurred strong corporate growth in 2018 and 2019 by adding experienced members to its management team and boards, increasing its ESG efforts and corporate activities as well as executing strong capital market activities. These growing activities overall support the positioning of AT as one of the leading companies in its industry.

FINANCE EXPENSES

	Nine months ended September 30,	
	2019	2018
	in € millions	
Finance expenses	(106.2)	(81.8)

AT recorded in the first nine months of 2019 finance expenses of €106 million, up from €82 million recorded in the first nine months of 2018. This increase is largely driven by new bond issuances. In the last twelve months, AT issued €3.3 billion through 11 straight bond and 2 Schuldschein issuances, of which €3.1 billion were issued in 2019. The proceeds were utilized in funding the Company's growth, prepaying €360 million of shorter debt Series D (2022) and Series F (2023) and the remainder boosted the liquidity position of the Company in preparation for further growth. By issuing long-term debt at low costs and prepaying debt with shorter maturities, AT is able to maintain a long average debt maturity of 7.4 years with 1.7% average cost of debt. AT's robust profitability buffer driven by high operational efficiencies and solid debt profile manifests itself in the high ICR of 4.6x for the first nine months of 2019. It should be noted that a part of the increase in finance expenses is attributed to the first-time implementation of IFRS 16 principles, contributing to the increase between the two periods.

OTHER FINANCIAL RESULTS

	Nine months ended September 30,	
	2019	2018
	in € millions	
Other financial results	92.4	(81.4)

AT recorded an income of €92 million for its other financial results in the first nine months of 2019, compared to an expense of €81 million recorded in the first nine months of 2018. The result is composed of items that are primarily non-recurring or non-cash, which fluctuate by nature and thus, vary from one period to another. The income in the first nine months of 2019 is mainly attributed to the positive changes in the fair value of financial derivatives and traded securities and partially offset by expenses related to prepayment of over €300 million bonds at a premium as well as currency differences. On the other hand, the expenses recorded in the first nine months of 2018 were mainly due to the effect of the repurchase of over €300 million of the straight bond Series D at a premium, expenses related to conversion incentives of convertible bonds, as well as negative fair value changes of financial assets.

TAXATION

	Nine months ended September 30,	
	2019	2018
	in € millions	
Current tax expenses	(41.9)	(32.9)
Deferred tax expenses	(233.4)	(215.5)
Tax and deferred tax expenses	(275.3)	(248.4)

AT recorded in the first nine months of 2019 total tax expenses of €275 million, up from €248 million in the comparable period of 2018. Current tax expenses increased in line with the growth in the Company and its operational profits and amounted to €42 million in the first nine months of 2019, compared to €33 million in the comparable period of 2018. Deferred tax expenses, on the other hand, amounted to €233 million in the first nine months of 2019, compared to €216 million in the comparable period of 2018. Although revaluation gains were lower in the first nine months of 2019 compared to the same period in 2018, some of the revaluations were in regions with higher tax rates complemented by positive movements in the derivative financial instruments resulted in higher deferred taxes year-over-year. Deferred tax expenses are non-cash expenses and the Company accounts for a theoretical future disposals of properties in the form of asset deals.

PROFIT FOR THE PERIOD

	Nine months ended September 30,	
	2019	2018
	in € millions	
Profit for the period	1,477.2	1,387.9
Profits attributable to:		
Owners of the company	1,084.1	1,238.5
Perpetual notes investors	39.7	34.2
Non-controlling interests	353.4	115.2

AT generated a net profit of €1.5 billion in the first nine months of 2019, up by 6% compared to €1.4 billion recorded in the first nine months of 2018, driven by operational profits and income from positive changes in the fair value of financial derivatives and traded securities, despite lower revaluation gains year-over-year. Recurring operational profits on the other hand have shown a stronger double-digit growth in the reporting period. The increase in non-controlling interests relates to strong revaluation gains recorded in properties with minority share as well as the Company's net consolidation activities. The increase in profit attributable to perpetual notes investors relates to the impact from new perpetual notes issuances in 2019.

EARNINGS PER SHARE

	Nine months ended September 30,	
	2019	2018
Basic earnings per share (in €)	0.94	1.20
Diluted earnings per share (in €)	0.93	1.15
Weighted average basic shares (in millions)	1,155.9	1,031.4
Weighted average diluted shares (in millions)	1,157.1	1,076.0

AT generated basic earnings per share of €0.94 and diluted earnings per share of €0.93 in the first nine months of 2019, compared to €1.20 and €1.15 recorded in the first nine months of 2018, respectively. The decrease is the result of lower shareholder profit in combination with a higher average share count between the periods. Between two periods, the weighted average number of basic shares grew by 12% while the diluted shares grew by 8%, which has been driven by the equity capital increase and new share issuances from scrip dividends during the third quarter of 2019. Conversions of convertible bonds during 2018 also had an impact on the weighted average basic shares count growth. Nonetheless, recurring operational profitability of the Company showed a strong growth, with 10% year-over-year FFO I per share growth for the first nine months of 2019.

COMPREHENSIVE INCOME

	Nine months ended September 30,	
	2019	2018
	in € millions	
Profit for the period	1,477.2	1,387.9
Total other comprehensive income (loss)	8.1	(46.6)
Total comprehensive income for the period	1,485.3	1,341.3

Total comprehensive income in the first nine months of 2019 amounted to €1.5 billion compared to €1.3 billion in the comparable period of 2018. The total other comprehensive income of €8 million for the period relates to a positive balance of cash flow hedging, cost of hedging on different currencies and swap agreements. In the first nine months of 2018, the balance resulted in an expense of €47 million mainly in relation to effects of the hedge reserve. Therefore, the total comprehensive income for the period was 11% higher in comparison to the same period of 2018.

ADJUSTED EBITDA

	Nine months ended September 30,	
	2019	2018
	in € millions	
Operating profit	1,766.3	1,799.5
Total depreciation and amortization	1.3	5.9
EBITDA	1,767.6	1,805.4
Property revaluations, capital gains and other income	(1,066.0)	(1,244.6)
Share in profit from investment in equity-accounted investees	(241.6)	(191.5)
Other adjustments	(0.6)	(9.5)
Adjusted EBITDA commercial portfolio, recurring long-term	459.4	359.8
Adjustment for GCP's and other investments' adjusted EBITDA contribution ¹⁾	97.4	80.5
Adjusted EBITDA	556.8	440.3

1) the adjustment is to reflect AT's share in GCP's and other investments' adjusted EBITDA. GCP generated an adjusted EBITDA of €220 million in 9 months 2019 and €204 million in 9 months 2018

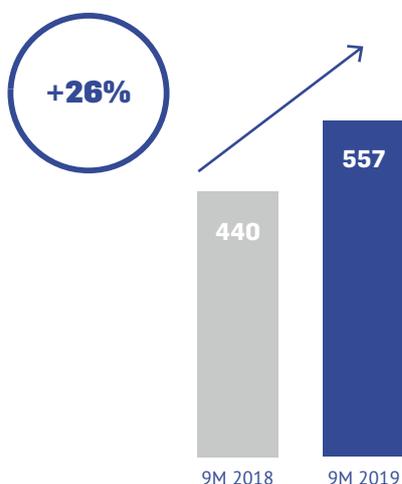
The adjusted EBITDA is a key performance measure used to evaluate the operational result of the Company, derived by deducting from the EBITDA non-operational items such as revaluation and capital gains, result from disposal of properties and other adjustments. Additionally, in order to mirror the recurring operational results of the Group, the share in profit from investment in equity-accounted investees is subtracted as this also includes the Company's share in non-operational profits generated by its equity-accounted investees. Due to the nature of its strategic investment in GCP and in other ventures, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by those investments for the period in accordance with its holding rate over the period. AT's holding rate in GCP is 39% as at the end of September 2019.

AT recorded an adjusted EBITDA of €557 million in the first nine months of 2019, which grew by 26% compared to €440 million recorded in the comparable period of 2018, driven by strong top-line growth. This growth in the top-line was mainly due to external growth and was further complemented by the internal growth. AT's solid

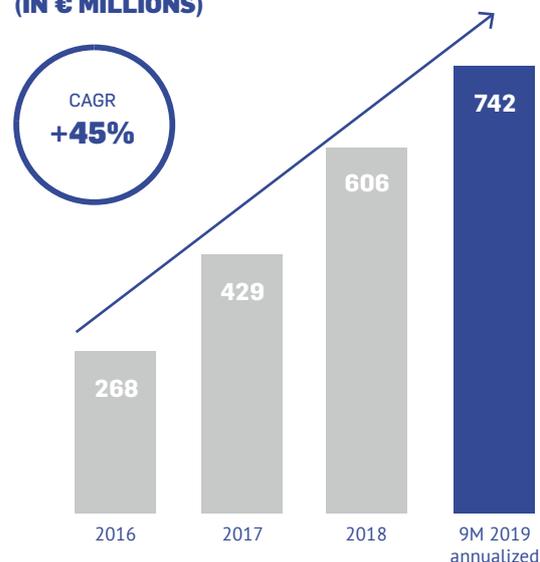
operational performance once again showed its ability to transform its potential into organic growth which is evident in 4.3% total like-for-like net rental income growth. The adjusted EBITDA of the commercial portfolio grew marginally higher than the recurring net rental income year-over-year, demonstrating the scalability and efficiency of AT's operating platform. AT's adjusted EBITDA additionally includes the contributions from GCP's and other investments' adjusted EBITDA. GCP's year-over-year adjusted EBITDA growth in the nine months 2019 was 8% which compared to its 5% net rental income growth is a testament to GCP's profitable business.

The adjusted EBITDA additionally accounts for other adjustments in the amount of €0.6 million. These adjustments are implemented mainly to deduct non-recurring items and add back non-cash items. Non-recurring items being mainly the contributions from properties marked for disposal since they are intended to be disposed and therefore not part of the recurring adjusted EBITDA, and non-cash items being mainly expenses for the employee share incentive plan.

ADJUSTED EBITDA PERIODIC DEVELOPMENT (IN € MILLIONS)



ADJUSTED EBITDA ANNUALIZED DEVELOPMENT (IN € MILLIONS)



FUNDS FROM OPERATIONS I (FFO I)

	Nine months ended September 30,	
	2019	2018
in € millions		
Adjusted EBITDA commercial portfolio, recurring long-term	459.4	359.8
Finance expenses ¹⁾	(106.2)	(81.8)
Current tax expenses	(41.9)	(32.9)
Contribution to minorities	(13.6)	(4.6)
Other adjustments	2.4	6.2
FFO I commercial portfolio, recurring long-term	300.1	246.7
Adjustment for GCP's and other investments' FFO I contribution ²⁾	71.0	50.7
FFO I	371.1	297.4
Weighted average basic shares (in millions)	1,155.9	1,031.4
FFO I per share (in €)	0.32	0.29

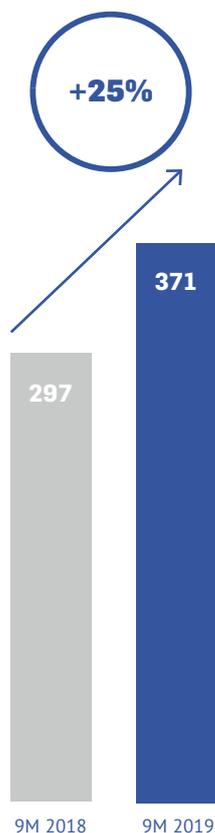
1) including the effects of IFRS 16

2) the adjustment is to reflect AT's share in GCP's and other investments' FFO I. GCP generated an FFO I after perpetual notes attribution of €135 million in 9 months 2019 and €128 million in 9 months 2018

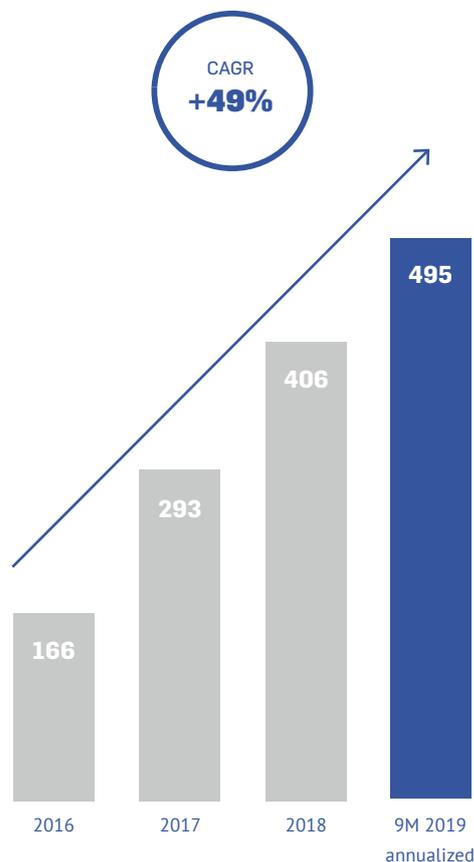
Funds from Operations I (FFO I) is an industry standard performance indicator, reflective of the recurring operational profits after deducting the finance expenses and current tax expenses from the adjusted EBITDA. The calculation further includes adjustments to consider minorities and the relative share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

The Group generated an FFO I of €371 million in the first nine months of 2019, which grew by 25% compared to €297 million recorded in the first nine months of 2018. Owing to its solid operational performance, AT continues to extract its external and internal potential to create strong and growing cash flows. The FFO I additionally includes adjustments to consider minorities and the FFO I contribution from GCP and other investments including dividend payouts. Contribution from minorities increased year-over-year due to acquisitions with minority share. In addition, the calculation includes other adjustments in the amount of €2.4 million, mainly related to finance and tax expenses from the contribution of properties marked for disposal.

FFO I PERIODIC DEVELOPMENT (IN € MILLIONS)



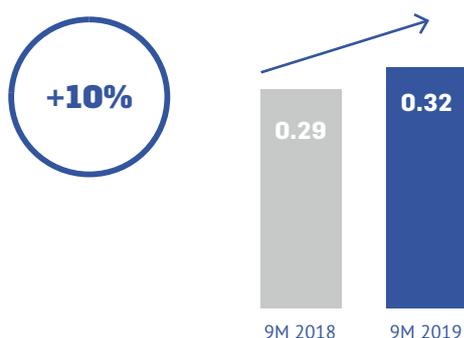
FFO I ANNUALIZED DEVELOPMENT (IN € MILLIONS)



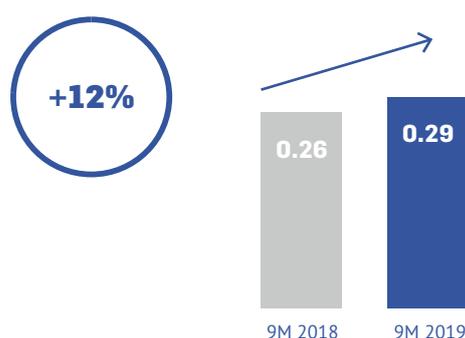
FFO I PER SHARE

The FFO I per share for the first nine months of 2019 amounted to €0.32, up by 10% over €0.29 recorded in the comparable period of 2018. This double-digit growth, despite the higher share count, demonstrates AT's ability to create shareholder value. The higher weighted average share count between the two periods is a result of the equity capital increase and new shares from the scrip dividends, both in 2019, as well as conversions of convertible bonds during 2018.

FFO I PER SHARE PERIODIC DEVELOPMENT (IN €)



FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION DEVELOPMENT (IN €)



FFO I PER SHARE AFTER PERPETUAL NOTES ATTRIBUTION

	Nine months ended September 30,	
	2019	2018
	in € millions	
FFO I	371.1	297.4
Adjustment for accrued perpetual notes attribution	(39.7)	(34.2)
FFO I after perpetual notes attribution	331.4	263.2
Weighted average basic shares (in millions)	1,155.9	1,031.4
FFO I per share after perpetual notes attribution (in €)	0.29	0.26

According to IFRS accounting treatment, contributions to perpetual notes are recorded through changes in equity and not as a financial expenses in the income statement. In order to ensure a high level of transparency, the Company additionally presents an adjusted FFO I per share figure factoring in these attributions. AT generated in the first nine months of 2019 an FFO I per share after perpetual notes attribution of €0.29, up by 12% from €0.26 in the comparable period of 2018. 25% year-over-year growth in FFO I was partially offset by the impact from perpetual notes issued in 2019 and the higher share count between the two periods.

FFO II (FFO I INCLUDING DISPOSAL GAINS)

	Nine months ended September 30,	
	2019	2018
	in € millions	
FFO I	371.1	297.4
Result from disposal of properties ¹⁾	50.0	167.4
FFO II	421.1	464.8

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

FFO II is an additional key performance indicator used in the real estate industry to evaluate the operational recurring profits including the impact from disposal profits during the reporting period. Results from the disposal of properties was €50 million in the first nine months of 2019, compared to €167 million in the comparable period of 2018, due to a larger disposal activity in the previous period. Therefore, FFO II amounted to €421 million in the first nine months of 2019, compared to €465 million in previous year's comparable period. During the first nine months of 2019, AT disposed €240 million of non-core and mature assets with a disposal margin of 26% over the total costs, compared to approx. €740 million disposals in the first nine months of 2018. Including signed deals after the reporting period, AT sold approx. €800 million of non-core and mature assets.

CASH FLOW

	Nine months ended September 30,	
	2019	2018
	in € millions	
Net cash provided by operating activities	456.1	346.0
Net cash used in investing activities	(2,598.7)	(2,943.4)
Net cash provided by financing activities	3,348.1	2,879.2
Net changes in cash and cash equivalents	1,205.5	281.8

A total of €456 million net cash was provided by operating activities in the first nine months of 2019, up by 32% from €346 million recorded in the first nine months of 2018. This reflects the growth in operational and is mainly attributable to robust top-line and bottom-line growth driven by the accretive external growth and strong organic growth. Owing to its solid operational performance, AT continues to extract its high potential and transform this potential into high growth, which provided for a total like-for-like net rental income growth of 4.3% in the past twelve months.

A total of €2.6 billion net cash was used in investing activities in the first nine months of 2019, compared to €2.9 billion recorded in the first nine months of 2018. The balance mainly consists of two items: net acquisitions and investment in traded securities and other financial assets. The accretive acquisitions conducted during the year, net of the disposal activity, makes up the majority of net cash used in investing activities. Additionally, the balance includes investments in traded securities and other financial assets, of which the largest investment was attributed to the investment in Globalworth's shares.

A total of €3.3 billion net cash was provided by financing activities during the first nine months of 2019, compared to €2.9 billion provided in the first nine months of 2018. During the year, AT issued €3.1 billion of bonds, €0.9 billion of perpetual notes and raised €0.6 billion of equity capital. Proceeds from the issuances were deployed into funding the Company's accretive growth strategy as well as utilized in optimizing the debt profile. Consequently, AT prepaid over €360 million of bonds and distributed over €200 million of cash dividends. Additionally, AT also prepaid shorter-term bank debt which further offset the growth in this item.

As a result, the net increase in cash and cash equivalents was €1.2 billion for the first nine months of 2019, grew significantly compared to €282 million increase in the first nine months of 2018. This net increase had a strong contribution to high liquidity balance of €3.1 billion at the end of September 2019. High liquidity balance not only plays a key role in swift and efficient acquisitions but also strengthens the Company's healthy balance sheet and financial flexibility.

ASSETS

	Sep 2019	Dec 2018
in € millions		
Non-current assets	21,287.3	16,938.9
Investment property	17,938.1	14,174.0
Equity-accounted investees in publicly traded company - holding in GCP SA ¹⁾	1,881.8	1,807.6
Equity-accounted investees, other	530.3	407.2
Current assets	3,704.3	2,101.9
Assets held for sale ²⁾	178.9	209.9
Cash and liquid assets ³⁾	3,141.7	1,600.6
Total Assets	24,991.6	19,040.8

1) according to AT's holding rate, the fair market value of GCP SA as of Sep 2019 is €1.4 billion

2) excluding cash in assets held for sale

3) including cash in assets held for sale

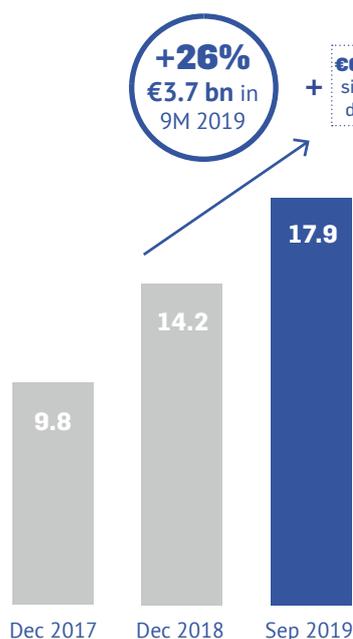
AT's total assets amounted to €25 billion at the end of September 2019. This represents a 31% growth in AT's scale compared to €19 billion at year-end 2018 and results from the growth in the portfolio and the liquidity position. The portfolio's growth was driven by acquisitions and value creation while the growth in liquidity was achieved via capital market activities.

Non-current assets amounted to €21 billion at the end of September 2019, up by 26% from €17 billion at year-end 2018, driven mainly by the growth in investment properties. Accordingly, investment properties grew by 27% to €18 billion as of September 2019, compared to €14 billion at year-end 2018. On one hand, this growth was driven by acquisitions with upside potential, and on the other hand, it was accompanied by value creation in the portfolio via extracting this potential. During the first nine months of 2019, AT acquired €2.6 billion of properties with a rental multiple of 22x. After the reporting date, AT signed further acquisitions in the amount of €0.5 billion, totaling to over €3 billion signed deals year-to-date. The acquired properties are high quality office and hotel additions mainly in Munich, Berlin, Cologne, Frankfurt, Hamburg, Paris and Benelux. Once the property enters into the portfolio, AT centers its operational platform upon extracting its upside potential through repositioning activities and operational improvements. Over the course of their dedicated business plans, the improvements in lease, tenant and cost structures, as well as in rent levels and occupancies together culminate in value appreciation which is evident in revaluation gains. Growth in non-current assets was partially offset by the disposal activity. During the first nine months of 2019, AT carried out €240 million of disposals. The disposals re-

late mainly to mature assets in Berlin and London where most of the assets' potential was maximized and were disposed at a high value of approx. €3,200 per sqm.

Investment in equity-accounted investees amounted to €2.4 billion at the end of September 2019, up by 9% from €2.2 billion at year-end 2018. This line item represents AT's investments which are not consolidated in its financial accounts and is mainly attributed to the Company's strategic residential portfolio investment via a 39% stake in Grand City Properties as of the end of September 2019, totaling to €1.88 billion compared to €1.81 billion at year-end 2018. The increase in GCP's balance is mainly driven by the profit generation of GCP. Its strategic investment in GCP allows AT to diversify into the strong German residential asset class and benefit not only from the growing cash flow generation ability of GCP but also from the strong fundamentals of this sector. The balance of other investees increased to €530 million due to the Company's investment in other joint ventures and due to the value appreciation and profits of those investments as well as the Company's direct minority positions in residential properties consolidated by GCP. Non-current assets also include prepayments for investment property, long-term derivative financial assets other non-current assets which are mainly comprised of loans that are connected to future real estate transactions and deferred tax assets.

INVESTMENT PROPERTY (IN € BILLIONS)



Current assets amounted to €3.7 billion at the end of September 2019, up by 76% from €2.1 billion at year-end 2018. This growth is due to a higher liquidity balance which is mainly provided by the new issuances. During the first nine months of 2019, AT issued €4.6 billion through various funding sources: €3.1 billion of bonds, €0.9 billion of perpetual notes and €0.6 billion of equity capital increase. The proceeds were deployed into funding the Company's growth as well as to prepay shorter debt. As of the end of September 2019, €688 million of the liquidity is parked in traded securities, increasing from €352 million at year-end 2018. The increase in the traded securities is mainly due to the Company's investment in Globalworth,

the publicly listed leading office landlord in Central and Eastern Europe, which amounted to over €350 million as of September 2019. After the reporting period, the Company increased its position in Globalworth by an additional €111 million.

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 as held for sale) totaled to €179 million at the end of September 2019, decreasing from €210 million at year-end 2018.

LIABILITIES

	Sep 2019	Dec 2018
	in € millions	
Loans and borrowings ¹⁾	940.0	1,119.9
Straight bonds	9,107.7	6,351.6
Deferred tax liabilities ²⁾	1,140.2	887.8
Other long-term liabilities and derivative financial instruments ³⁾	283.5	164.1
Current liabilities ⁴⁾	486.1	573.1
Total Liabilities	11,957.5	9,096.5

1) including short-term loans and borrowings

2) including deferred tax under held for sale

3) including short term derivative financial instruments

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

Total liabilities were €12 billion at the end of September 2019, in comparison to €9.1 billion at year-end 2018, growing mainly due to new bond issuances as well as a higher deferred tax liability balance. During the period, AT continued to benefit from its strong capital market access in order to fund the Company's growth and also reinforce its conservative financial profile. AT issued €3.1 billion of bonds in the first nine months of 2019. These bond issuances were in 7 different currencies, with currency hedges to Euro in place, demonstrating AT's broad and diverse investor base as well as strong demand for AT's instruments. Foreign currency issuances not only provide diversification of the investor base but also decrease dependency on single markets and currencies which enables AT to tap various markets when other markets are not as favorable. Different investor markets also have different maturity appetites which enables AT to issue attractive instruments at different maturities. Currency risk is hedged mainly through swap agreements to Euro. The majority of the issuances were under the EMTN programme which facilitates this diversity and flexibility. Such debt optimization activities supported AT to maintain a long average debt maturity of 7.4 years with a low average cost of debt of 1.7%. The proceeds were not only deployed into funding the Company's growth but also allowed for refinancing activities. Consequently, AT prepaid €360 million of Series D – 2022 and Series F – 2023 straight bonds. AT also prepaid shorter-term bank debt which resulted in a lower balance of loans and borrowings of €940 million as at September 2019, compared to €1.1 billion at year-end 2018.

Total liabilities also include deferred tax liabilities which are non-cash items that are predominantly tied to revaluation profits. Deferred tax liabilities increased to €1.1 billion as at the end of September 2019, compared to €0.9 billion at year-end 2018, driven mainly by the revaluation gains recorded during the first nine months of 2019 but was also impacted by the gains in derivative financial instruments. The deferred taxes are calculated assuming theoretical future property disposals in the form of asset deals and as such the full corporate tax rate is applied.

NET FINANCIAL DEBT

	Sep 2019	Dec 2018
	in € millions	
Total financial debt	10,047.7	7,471.5
Cash and liquid assets ¹⁾	3,141.7	1,600.6
Net financial debt	6,906.0	5,870.9

1) including balances held for sale

Net financial debt amounted to €6.9 billion at the end of September 2019, compared to €5.9 billion at year-end 2018, driven by new issuances. The cash and liquid assets balance was €3.1 billion at the end of September 2019, increasing from €1.6 billion at year-end 2018. A high liquidity balance plays a key role in swift and efficient acquisitions and also provides financial flexibility and a strong financial headroom.

LOAN-TO-VALUE

	Sep 2019	Dec 2018
	in € millions	
Investment property ¹⁾	17,910.4	14,222.6
Assets held for sale ²⁾	173.8	203.7
Investment in equity-accounted investees	2,412.1	2,214.8
Total value	20,496.3	16,641.1
Net financial debt ³⁾	6,906.0	5,870.9
LTV	34%	35%

1) including advance payments for investment properties and excluding the effects of IFRS 16

2) including properties held for sale net of cash

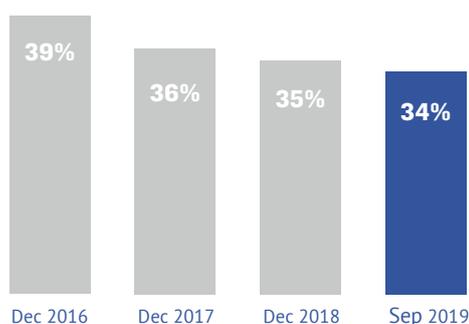
3) including cash and liquid assets held for sale

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

AT's LTV at the end of September 2019 was 34%, slightly lower compared to 35% at year-end 2018. The LTV remains to be well below the Board of Director's limit which reflects the strong defensiveness of the Company's financial profile and provides the Company with significant headroom to initiate further growth and comfort against a potential market downturn.

LOAN-TO-VALUE

Board of Directors' limit of 45%



UNENCUMBERED ASSETS RATIO

	Sep 2019	Dec 2018
	in € millions	
Rent generated by unencumbered assets ¹⁾	764.0	600.4
Rent generated by the total Group ¹⁾	953.2	830.0
Unencumbered assets ratio	80%	72%

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

AT's portfolio embeds additional financial flexibility through a high ratio of unencumbered assets. A high ratio of 80% with a total value of €13.5 billion at the end of September 2019, compared to 72% and €10.2 billion at year-end 2018, provides the Company with additional flexibility and liquidity potential.

ICR

	Nine months ended September 30,	
	2019	2018
	in € millions	
Group Finance expenses ¹⁾	121.4	95.7
Adjusted EBITDA ²⁾	560.2	452.0
ICR	4.6x	4.7x

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

2) including the contributions from commercial assets held for sale, GCP and other investments

AT's strong credit profile is further reflected in its solid financial cover ratio, with an ICR of 4.6x in the first nine months of 2019. By maintaining its debt metrics at such high multiples, AT demonstrates the high level of comfort that its operational results have in covering its debt interest servicing.

EQUITY

	Sep 2019	Dec 2018
	in € millions	
Total equity	13,034.1	9,944.3
of which equity attributable to the owners of the Company	9,341.0	7,829.5
of which equity attributable to perpetual notes investors	2,466.2	1,547.7
of which non-controlling interests	1,226.9	567.1
Equity ratio	52%	52%

AT's total equity amounted to €13 billion at the end of September 2019, up by 31% compared to €10 billion at year-end 2018. Growth was observed in all three main equity items. Shareholder's equity grew by 19% since year-end 2018 to €9.3 billion at the end of September 2019. This growth was driven by the net profit generated during the period, by €601 million of equity capital increase in July 2019 and was offset by a cash dividend payout of €209 million in July 2019. Equity attributable to perpetual notes investors grew by 59% since the year-end 2018 to €2.5 billion at the end of September 2019 due to two perpetual note issuances in 2019 with a total of approx. €1 billion. Equity attributable to non-controlling interests increased to €1.2 billion mainly due to profit attributable to the non-controlling interest in the amount of €353 million during the period as well as change in ownership interest in the net amount of €305 million including initial consolidation of new investments set off by increased position in consolidated subsidiaries. The equity ratio at the end of September 2019 was stable compared to year-end 2018 at 52%.

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.

EPRA NAV

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

	Sep 2019		Dec 2018	
	in € millions	per share	in € millions	per share
NAV per the financial statements	13,034.1		9,944.3	
Equity attributable to perpetual notes investors	(2,466.2)		(1,547.7)	
NAV excluding perpetual notes	10,567.9		8,396.6	
Fair value measurements of derivative financial instruments ¹⁾	(120.5)		25.1	
Deferred tax liabilities ¹⁾	1,140.2		887.8	
NAV	11,587.6	€9.5	9,309.5	€8.2
Non-controlling interests	(1,226.9)		(567.1)	
EPRA NAV	10,360.7	€8.5	8,742.4	€7.7
Equity attributable to perpetual notes investors	2,466.2		1,547.7	
EPRA NAV including perpetual notes	12,826.9	€10.5	10,290.1	€9.1
Number of shares, including in-the-money dilution effects (in millions)	1,224.7		1,129.7	
EPRA NAV	10,360.7		8,742.4	
Fair value measurements of derivative financial instruments	120.5		(25.1)	
Net fair value of debt	(482.2)		50.4	
Deferred tax liabilities ²⁾	(45.0)		(37.0)	
EPRA NNAV	9,954.0	€8.1	8,730.7	€7.7
Number of shares, including in-the-money dilution effects (in millions)	1,224.7		1,129.7	

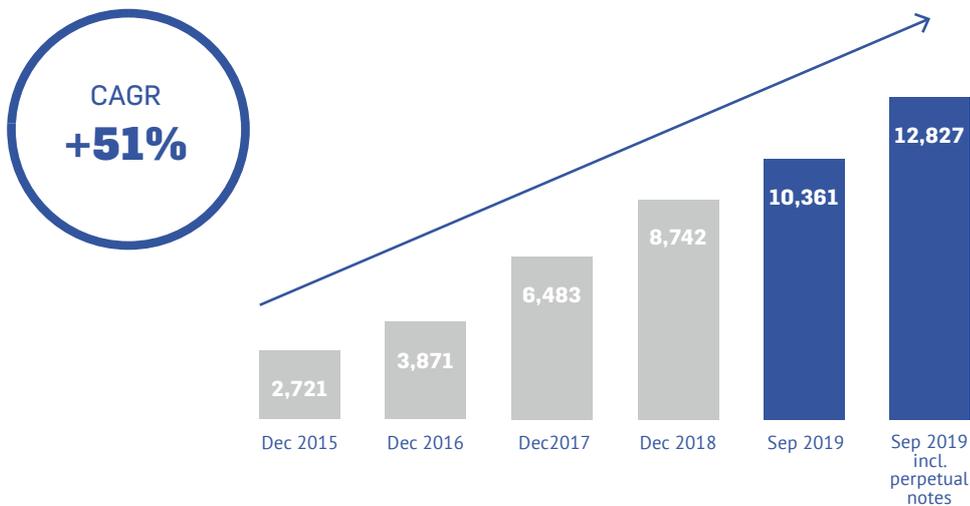
1) including balances in assets held for sale

2) assuming disposals through share deals

EPRA NAV at the end of September 2019 amounted to €10.4 billion, growing by 19% compared to €8.7 billion at year-end 2018. Per share growth was 10% (14% adjusted for dividends), from €7.7 per share at year-end 2018 to €8.5 at the end of September 2019. The growth in EPRA NAV is largely driven by profit generation and value creation, delivered during the first nine months of 2019, accompanied by the equity capital increase of €601 million in July 2019. 84 million new shares from the equity capital increase as well as 10.9 million new shares from scrip dividends contributed towards lower growth in per share figures of all three EPRA NAV KPIs measured here.

Following the growth of the EPRA NAV and impacted by the strong performance of AT's bonds, EPRA NNNNAV amounted to €10 billion and €8.1 per share at the end of September 2019, up by 14% and 5% since year-end 2018, respectively. Since December 2018, the bond yields have decreased significantly, increasing the fair value of the bonds and increasing the gap to the reported balance of the debt, creating a decrease of €482 million for this item.

EPRA NAV DEVELOPMENT (IN € MILLIONS)



ALTERNATIVE PERFORMANCE MEASURES

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

ADJUSTED EBITDA

The adjusted EBITDA is a performance measure used to evaluate the operational results of the Company by deducting from the *EBITDA*, which includes the *Total depreciation and amortization* on top of the *Operating Profit*, non-operational items such as the *Property revaluations*, *capital gains and other income*, and *Other adjustments*. *Other adjustments* is calculated by (1) deducting the Adjusted EBITDA related to assets held for sale, a non-recurring item and (2) adding back employee share based payments, a non-cash item. In order to reflect only the recurring operational results, AT deducts the *Share in profit from investment in equity-accounted investees* as this item also includes non-operational profits generated by AT's equity-accounted investees. Due to the nature of its strategic investment in GCP and in other investments, AT includes in its adjusted EBITDA calculation its share in the adjusted EBITDA generated by those investments for the period in accordance with its holding rate over the period, labelled as the *Adjustment for GCP's and other investments' adjusted EBITDA contribution*.

Adjusted EBITDA calculation

Operating Profit
(+) Total depreciation and amortization
(=) EBITDA
(-) Property revaluations, capital gains and other income
(-) Share in profit from investment in equity-accounted investees
(-) Other adjustments
(=) Adjusted EBITDA Commercial portfolio, Recurring Long-term
(+) Adjustment for GCP's and other investments' adjusted EBITDA contribution*
(=) Adjusted EBITDA

* the adjustment is to reflect AT's share in GCP's and other investments' adjusted EBITDA

FUNDS FROM OPERATIONS I (FFO I)

Funds from Operations I (FFO I) is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. AT calculates FFO I by deducting from the *Adjusted EBITDA Commercial Portfolio, Recurring Long-term*, the *Finance expenses*, *Current tax expenses* and *Contribution to minorities* and adds back *Other adjustments*. *Other adjustments* refers to finance expenses and current tax expenses related to assets held for sale.

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

FFO I calculation

Adjusted EBITDA Commercial Portfolio, Recurring Long-term
(-) Finance expenses
(-) Current tax expenses
(-) Contribution to minorities
(+) Other adjustments
(=) FFO I Commercial Portfolio, Recurring Long-term
(+) Adjustment for GCP's and other investments' FFO I contribution *
(=) FFO I

* the adjustment is to reflect AT's share in GCP's and other investments' FFO I

FFO I AFTER PERPETUAL NOTES ATTRIBUTION

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

FFO I after perpetual notes attribution calculation

FFO I
(-) Adjustment for accrued perpetual notes attribution
(=) FFO I after perpetual notes attribution

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. These results from disposals reflect the profit driven from the excess amount of the sale price to cost price plus capex of the disposed properties.

FFO II calculation

FFO I
(+) Result from disposal of properties *
(=) FFO II

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

EPRA NET ASSET VALUE (EPRA NAV)

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

AT's EPRA NAV calculation begins with deducting the *Equity attributable to perpetual notes investors* from the NAV per the financial statements to arrive at the NAV excluding

perpetual notes. After adding the *Fair value measurement of derivative financial instruments* and *Deferred tax liabilities* which both include balances in assets held for sale, this results in the NAV. These items are added back in line with EPRA's standards as they are not expected to materialize on an ongoing and long-term basis. Equity attributable to the *Non-controlling interests* is deducted from the NAV to arrive at the EPRA NAV. EPRA NAV including the perpetual notes is calculated by adding back the *Equity attributable to perpetual notes investors* on top of the EPRA NAV.

EPRA NAV calculation

NAV per the financial statements
(-) Equity attributable to perpetual notes investors
(=) NAV excluding perpetual notes
(+) Fair value measurements of derivative financial instruments *
(+) Deferred tax liabilities *
(=) NAV
(-) Non-controlling interests
(=) EPRA NAV
(+) Equity attributable to perpetual investors
(=) EPRA NAV including perpetual notes

* including balances in assets held for sale

EPRA TRIPLE NET ASSET VALUE (EPRA NNAV)

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

EPRA NNAV calculation

EPRA NAV
(-) Fair value measurements of derivative financial instruments
(-) Net fair value of debt
(-) Deferred tax liabilities *
(=) EPRA NNAV

* assuming disposal through share deals

LOAN-TO-VALUE (LTV)

The Loan-to-Value (LTV) is a measurement aimed at reflecting the leverage of a Company. The purpose of this metric is to assess the degree to which the total value of the real estate properties are able to cover financial debt and the headroom against a potential market downturn. With regards to AT's internal LTV limit due to its conservative financial policy, the LTV shows as well the extent to which AT can comfortably raise further debt to finance additional growth. *Total value* is calculated by adding together the *Investment property* which includes *Advance payments for real estate transactions* and excludes the effects of IFRS 16, *Assets held for sale* (which is held for sale investment property) and *Investment in equity-accounted investees*. *Net financial debt* is calculated by deducting the *Cash and liquid assets* from the *Total financial debt* which is a sum of *Straight bonds* and *Loans and borrowings*. *Loans and borrowings* includes short-term loans and borrowings and financial debt held for sale. *Cash and liquid assets* is the sum of *Cash and cash equivalents*, *Short-term deposits* and *Traded securities at fair value through profit or loss*, as well as cash balances of assets held for sale. AT calculates the LTV ratio through dividing the *Net financial debt* by the *Total value*.

LOAN-TO-VALUE calculation

- (+) Investment property ¹⁾
- (+) Assets held for sale ²⁾
- (+) Investment in equity-accounted investees

(=) (a) Total value

- (+) Total financial debt ^{3) 4)}
- (-) Cash and liquid assets ⁴⁾

(=) (b) Net financial debt

(=) (b/a) LTV

- 1) including advance payments for investment properties and excluding the effects of IFRS 16
- 2) held for sale investment property
- 3) total bank loans and bonds
- 4) including balances held for sale

EQUITY RATIO

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

Equity Ratio calculation

- (a) Total Equity
- (b) Total Assets

(=) (a/b) Equity Ratio

UNENCUMBERED ASSETS RATIO

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

Unencumbered Assets Ratio calculation

- (a) Rent generated by unencumbered assets *
- (b) Rent generated by the total Group *

(=) (a/b) Unencumbered Assets Ratio

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

INTEREST COVER RATIO (ICR)

The Interest Cover Ratio (ICR) is widely used in the real estate industry to assess the strength of a firm's credit profile. The multiple indicates the degree to which the Company's operational results are able to cover its debt servicing. *ICR* is calculated by dividing the *Adjusted EBITDA* including the contributions from commercial assets held for sale, GCP and other joint ventures by the *Group Finance expenses* which is the sum of AT's finance expenses and AT's share in GCP's and other joint ventures' finance expenses.

ICR calculation

- (a) Group Finance expenses ¹⁾
- (b) Adjusted EBITDA ²⁾

(=) (b/a) ICR

- 1) including AT's share in GCP's and other investments' finance expenses
- 2) including the contributions from commercial assets held for sale, GCP and other investments

RESPONSIBILITY STATEMENT

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

DISCLAIMER

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

By order of the Board of Directors,
November 27, 2019



Frank Roseen
Member of the Board of Directors



Oschrie Massatschi
Member of the Board of Directors



Jelena Afxentiou
Member of the Board of Directors

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Nine months ended September 30,		Three months ended September 30,	
		2019	2018	2019	2018
Unaudited					
in € millions					
Revenue	5	650.7	539.8	230.1	192.2
Property revaluations, capital gains and other income		1,066.0	1,244.6	386.6	345.0
Share in profit from investment in equity-accounted investees		241.6	191.5	43.5	78.2
Property operating expenses		(172.7)	(161.4)	(62.8)	(58.6)
Administrative and other expenses		(19.3)	(15.0)	(6.2)	(6.0)
Operating profit		1,766.3	1,799.5	591.2	550.8
Finance expenses		(106.2)	(81.8)	(35.9)	(29.5)
Other financial results		92.4	(81.4)	55.2	(29.9)
Profit before tax		1,752.5	1,636.3	610.5	491.4
Current tax expenses		(41.9)	(32.9)	(15.9)	(12.7)
Deferred tax expenses		(233.4)	(215.5)	(86.7)	(61.1)
Profit for the period		1,477.2	1,387.9	507.9	417.6
Profit attributable to:					
Owners of the Company		1,084.1	1,238.5	318.7	361.9
Perpetual notes investors		39.7	34.2	17.5	11.9
Non-controlling interests		353.4	115.2	171.7	43.8
Profit for the period		1,477.2	1,387.9	507.9	417.6
Net earnings per share attributable to the owners of the Company (in €)					
Basic earnings per share		0.94	1.20	0.26	0.34
Diluted earnings per share		0.93	1.15	0.26	0.32

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Nine months ended September 30,		Three months ended September 30,	
	2019	2018	2019	2018
Unaudited				
in € millions				
Profit for the period	1,477.2	1,387.9	507.9	417.6
Other comprehensive income (loss):				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations	(13.2)	^(*) (14.1)	(14.0)	^(*) (14.2)
Cash flow hedges and cost of hedging	35.4	^(*) (37.5)	28.7	^(*) (10.4)
Equity-accounted investees – share of OCI	(6.1)	(3.9)	(2.4)	0.9
Tax related to the other comprehensive income components	(8.0)	8.9	(4.2)	6.1
Total other comprehensive income (loss)	8.1	(46.6)	8.1	(17.6)
Total comprehensive income for the period	1,485.3	1,341.3	516.0	400.0
Total comprehensive income attributable to:				
Owners of the Company	1,092.2	1,191.9	326.8	344.3
Perpetual notes investors	39.7	34.2	17.5	11.9
Non-controlling interests	353.4	115.2	171.7	43.8
Total comprehensive income for the period	1,485.3	1,341.3	516.0	400.0

(*) reclassified

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		September 30, 2019	December 31, 2018
		Unaudited	Audited
	Note	in € millions	
ASSETS			
Equipment and intangible assets		26.0	33.1
Investment property	7	17,938.1	14,174.0
Advanced payments for real estate transactions		116.9	48.6
Investment in equity-accounted investees		2,412.1	2,214.8
Derivative financial assets		208.7	22.0
Other non-current assets		490.1	369.8
Deferred tax assets		95.4	76.6
Non-current assets		21,287.3	16,938.9
Cash and cash equivalents		2,445.1	1,242.8
Short-term deposits		4.8	4.7
Financial assets at fair value through profit or loss		687.9	352.0
Trade and other receivables		364.5	277.0
Derivative financial assets		19.2	14.4
Assets held for sale	10	182.8	211.0
Current assets		3,704.3	2,101.9
Total Assets		24,991.6	19,040.8

		September 30, 2019	December 31, 2018
		Unaudited	Audited
	Note	in € millions	
EQUITY			
Share capital	9.1	12.2	11.3
Retained earnings and other reserves	9.2	9,328.8	7,818.2
Equity attributable to the owners of the Company		9,341.0	7,829.5
Equity attributable to perpetual notes investors	9.3	2,466.2	1,547.7
Equity attributable to the owners of the Company and perpetual notes investors		11,807.2	9,377.2
Non-controlling interests		1,226.9	567.1
Total Equity		13,034.1	9,944.3
LIABILITIES			
Loans and borrowings	8.3	674.8	1,092.9
Straight bonds	8.1	9,107.7	6,351.6
Derivative financial liabilities		62.0	61.5
Other non-current liabilities		176.1	102.6
Deferred tax liabilities		1,134.1	882.3
Non-current liabilities		11,154.7	8,490.9
Current portion of long-term loans and loan redemptions	7.2	265.2	27.0
Trade and other payables		342.1	450.8
Tax payable		14.3	10.0
Provisions for other liabilities and charges		123.3	106.5
Derivative financial liabilities		45.4	-
Liabilities held for sale	10	12.5	11.3
Current liabilities		802.8	605.6
Total Liabilities		11,957.5	9,096.5
Total Equity and Liabilities		24,991.6	19,040.8

The Board of Directors of Aroundtown SA authorized these condensed interim consolidated financial statements for issuance on November 27, 2019



Frank Roseen
Member of the Board of Directors



Oschrie Massatschi
Member of the Board of Directors



Jelena Afxentiou
Member of the Board of Directors

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Attributable to the owners of the Company				Total	Equity attributable to perpetual notes investors	Equity attributable to owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
	Share capital	Share Premium and other capital reserves	Cash flow hedge and cost of hedge reserves	Retained earnings					
in € millions									
Balance as at December 31, 2018 (Audited)	11.3	2,623.1	(13.0)	5,208.1	7,829.5	1,547.7	9,377.2	567.1	9,944.3
Adjustment on initial application of IFRS 16, net of tax (see note 4)	-	-	-	42.4	42.4	-	42.4	1.7	44.1
Restated balance as at January 1, 2019	11.3	2,623.1	(13.0)	5,250.5	7,871.9	1,547.7	9,419.6	568.8	9,988.4
Profit for the period	-	-	-	1,084.1	1,084.1	39.7	1,123.8	353.4	1,477.2
Other comprehensive income (loss) for the period, net of tax	-	(19.3)	27.4	-	8.1	-	8.1	-	8.1
Total comprehensive income for the period	-	(19.3)	27.4	1,084.1	1,092.2	39.7	1,131.9	353.4	1,485.3
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares	0.8	595.7	-	-	596.5	-	596.5	-	596.5
Equity settled share-based payment	0.0	3.0	-	-	3.0	-	3.0	-	3.0
Dividend distribution	0.1	(209.5)	-	-	(209.4)	-	(209.4)	-	(209.4)
Total contributions and distributions	0.9	389.2	-	-	390.1	-	390.1	-	390.1
Changes in ownership interests									
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	(13.2)	(13.2)	-	(13.2)	304.7	291.5
Total changes in ownership interests	-	-	-	(13.2)	(13.2)	-	(13.2)	304.7	291.5
Transactions with perpetual notes investors									
Issuance of perpetual notes	-	-	-	-	-	923.0	923.0	-	923.0
Amount attributed to perpetual notes investors	-	-	-	-	-	(44.2)	(44.2)	-	(44.2)
Total Transactions with perpetual notes investors	-	-	-	-	-	878.8	878.8	-	878.8
Balance as at September 30, 2019 (Unaudited)	12.2	2,993.0	14.4	6,321.4	9,341.0	2,466.2	11,807.2	1,226.9	13,034.1

(*) less than €0.1 million

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2018

	Attributable to the owners of the Company				Total	Equity attributable to perpetual notes investors	Equity attributable to the owners of the Company and perpetual notes investors	Non-controlling interests	Total equity
	Share capital	Share Premium and other capital reserves	Cash flow hedge and cost of hedge reserves	Retained earnings					
in € millions									
Balance as at December 31, 2017 (Audited)	9.5	1,809.5	(0.5)	3,577.9	5,396.4	1,173.3	6,569.7	674.3	7,244.0
Profit for the period	-	-	-	1,238.5	1,238.5	34.2	1,272.7	115.2	1,387.9
Other comprehensive loss for the period, net of tax	-	(18.0)	(28.6)	-	(46.6)	-	(46.6)	-	(46.6)
Total comprehensive income (loss) for the period	-	(18.0)	(28.6)	1,238.5	1,191.9	34.2	1,226.1	115.2	1,341.3
Transactions with owners of the Company									
Contributions and distributions									
Issuance of ordinary shares	0.9	599.6	-	-	600.5	-	600.5	-	600.5
Issuance of shares related to conversion of convertible bonds	0.6	297.9	-	-	298.5	-	298.5	-	298.5
Equity settled share-based payment	-	2.2	-	-	2.2	-	2.2	-	2.2
Dividend distribution	^(*) 0.0	(224.7)	-	-	(224.7)	-	(224.7)	-	(224.7)
Total contributions and distributions	1.5	675.0	-	-	676.5	-	676.5	-	676.5
Changes in ownership interests									
Non-controlling interests arising from initially consolidated companies and other transactions	-	-	-	(11.7)	(11.7)	-	(11.7)	^(**) (411.8)	(423.5)
Total changes in ownership interests	-	-	-	(11.7)	(11.7)	-	(11.7)	(411.8)	(423.5)
Transactions with perpetual notes investors									
Issuance of perpetual notes	-	-	-	-	-	390.2	390.2	-	390.2
Amount attributed to perpetual notes investors	-	-	-	-	-	(31.8)	(31.8)	-	(31.8)
Total Transactions with perpetual notes investors	-	-	-	-	-	358.4	358.4	-	358.4
Balance as at September 30, 2018 (Unaudited)	11.0	2,466.5	(29.1)	4,804.7	7,253.1	1,565.9	8,819.0	377.7	9,196.7

(*) less than €0.1 million

(**) reclassified

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine months ended September 30,	
	2019	2018
	Unaudited	
	in € millions	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,477.2	1,387.9
Adjustments for the profit:		
Depreciation and amortization	1.3	5.9
Property revaluations and capital gains	(1,066.0)	(1,244.6)
Share in profit from investment in equity-accounted investees	(241.6)	(191.5)
Finance expenses and other financial results	13.8	163.2
Current and deferred tax expenses	275.3	248.4
Share-based payment agreements	2.8	2.2
Change in working capital	(30.0)	(39.7)
Dividend received	61.4	45.9
Tax paid	(38.1)	(31.7)
Net cash provided by operating activities	456.1	346.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of equipment and intangible assets, net	(2.4)	(7.0)
Investment and acquisitions of investment property, capex and advances paid, net	(756.9)	(1,049.5)
(Acquisitions)/ disposals of investees and loans, net of cash acquired/ (disposed)	(1,515.4)	(1,436.8)
Proceeds from/(investments in) traded securities and other financial assets, net	(324.0)	(450.1)
Net cash used in investing activities	(2,598.7)	(2,943.4)

	Nine months ended September 30,	
	2019	2018
	Unaudited	
	in € millions	
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares, net	595.7	600.5
Proceeds from issuance of straight bonds, net	2,637.2	2,270.8
Proceeds (payments) from/(to) perpetual notes investors, net	878.8	352.2
Proceeds (repayments) from/(of) loans from financial institutions and others, net	(353.9)	148.6
Amortizations of loans from financial institutions	(15.2)	(19.4)
Transactions with non-controlling interests	(68.1)	(185.1)
Dividend distribution	(209.4)	(224.8)
Interest and other financial expenses paid, net	(117.0)	(63.6)
Net cash provided by financing activities	3,348.1	2,879.2
Net change in cash and cash equivalents	1,205.5	281.8
Assets held for sale – change in cash	(2.7)	5.9
Cash and cash equivalents as at January 1	1,242.8	736.4
Effect of movements in exchange rates on cash held	(0.5)	-
Cash and cash equivalents as at September 30	2,445.1	1,024.1

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2019

1. GENERAL

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. Aroundtown’s shares are listed on the Prime Standard of the Frankfurt Stock Exchange and included in the MDAX index of the Deutsche Börse.

Aroundtown is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities, primarily in Germany and the Netherlands. Aroundtown invests in commercial and indirectly in residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investment is held through a holding in Grand City Properties S.A., a publicly traded real estate company that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As of September 2019, Aroundtown holds 39.34% interest (December 2018: 38.75%), and accounts it for as equity-accounted investee in its financials.

These condensed interim consolidated financial statements for the nine-month period ended September 30, 2019 consist of the financial statements of the Company and its investees (“the Group”).

2. SIGNIFICANT CHANGES IN THE REPORTING PERIOD

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

- Investment property has been increased by over €3.7 billion (see note 7).
- The Company raised approximately €3.9 billion (euro equivalent nominal value) in straight bonds, perpetual notes and in Schuldscheins. The placements included bond series in various foreign currencies, in each case the principal amount was hedged to the euro (see note 8.1).
- The Company bought back total of €360 million of its straight bonds series D and series F (see note 8.2).
- The Company performed capital increase of approximately €0.6 billion by issuing 84 million new ordinary shares (see note 9.2).

- The Company issued approximately 10.9 million new shares in connection to its Scrip Dividend distribution. The cash dividend was paid in July 2019 and amounted to €209.4 million (see note 9.4).
- The adoption and initial application of the new leasing standard IFRS 16 Leases (see note 4).
- Resolution on a binding business combination agreement with the shareholders of TLG Immobilien AG (see note 13b).
- For additional information about changes in the Group’s financial position and performance, see the “Notes on business performance” section in the Board of Directors’ Report.

3. BASIS OF PREPARATION

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

The condensed interim consolidated financial statements do not include all the information required for a complete set of IFRS financial statements and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2018.

However, selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group’s financial position and performance since the consolidated financial statements for the year ended December 31, 2018.

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements, including the judgments, estimates and special assumptions that affect the application of those accounting policies, are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2018, except for the adoption of new standards, amendments to standards and interpretations as described in note 4.

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

Functional and presentation currency

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

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group’s for-

eign operations in the UK which operate in British Pound (GBP), are expressed in Euro (EUR) using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in an equity component under the other capital reserves.

As at September 30, 2019, the Company has financial instruments in Euro (EUR), British Pound (GBP), US Dollar (USD), Swiss Franc (CHF), Australian Dollar (AUD), Canadian Dollar (CAD), Norwegian Krone (NOK), Hong Kong Dollar (HKD) and Japanese Yen (JPY).

4. CHANGES IN ACCOUNTING POLICIES

IFRS 16 Leases

The Group has adopted IFRS 16 from January 1, 2019 ("date of initial application", "DIA"), using the modified retrospective approach as permitted under the specific transitional provisions in the standard. Therefore, the cumulative effect of adopting IFRS 16 has been recognized as an adjustment to the opening balance of retained earnings at DIA, with no restatement of comparative information.

Adjustments recognized on adoption of IFRS 16

Upon adoption of IFRS 16, the Group recognized lease liabilities in relation to leases of lands which had previously been classified as 'operating lease' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 6.0%.

The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at DIA.

The Group classified and measured the right-of-use assets related to lands as an investment property.

The change in accounting policy resulted in an increase/decrease of the following items in the interim consolidated statement of financial position on January 1, 2019:

Item	Line item in the interim consolidated statement of financial position	Impact
		in € millions
Right-of-use assets	Investment property	144.6
Lease liabilities	Other non-current liabilities	(90.7)
Deferred tax liabilities	Deferred tax liabilities	(9.8)

The net impact on retained earnings and non-controlling interests on January 1, 2019 was an increase of €42.4 million and €1.7 million, respectively.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contracts contain options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at DIA. Instead, for contracts entered into before the DIA the Group relied on its assessment made applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

Other Amendments and Interpretations

The following amendments and interpretations were also adopted for the first time in these condensed interim consolidated financial statements, with effective date of January 1, 2019, and did not have any material impact on the Group:

- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS standards 2015-2017

5. REVENUE

	Nine months ended September 30,	
	2019	2018
	in € millions	
Net rental income	554.5	455.8
Revenue from contracts with customers	96.2	84.0
	650.7	539.8

5.1 Disaggregation of revenue from contracts with customers

	Nine months ended September 30,	
	2019	2018
	in € millions	
Revenue from goods or services transferred to customers over time:		
Operating and other income	96.2	84.0

5.2 Geographical information

	Nine months ended September 30,	
	2019	2018
	in € millions	
Germany	440.4	415.8
The Netherlands	110.3	81.5
United Kingdom	60.5	26.5
Others	39.5	16.0
	650.7	539.8

6. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

6.1 Fair values hierarchy

The following table presents the Group's financial assets and financial liabilities measured and recognized as at fair value at September 30, 2019 and December 31, 2018 on a recurring basis:

	September 30, 2019			December 31, 2018		
	Fair value measurement using					
	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount
	in € millions					
Financial assets						
Financial assets at fair value through profit or loss	687.9	687.9	-	352.0	352.0	-
Derivative financial assets	227.9	-	227.9	36.4	-	36.4
Total financial assets	915.8	687.9	227.9	388.4	352.0	36.4
Financial liabilities						
Derivatives financial liabilities	107.4	-	107.4	61.5	-	61.5
Total financial liabilities	107.4	-	107.4	61.5	-	61.5

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.

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

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

6.2 Valuation techniques used to determine fair values

Specific valuation techniques used to evaluate financial instruments include:

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

6.3 Fair values of other financial instruments

The Group also has a number of financial instruments which are not presented at fair value in the interim consolidated statement of financial position. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

Significant differences were identified for the following instruments as at September 30, 2019 and December 31, 2018:

	September 30, 2019				December 31, 2018			
	Fair value measurement using				Fair value measurement using			
	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Carrying amount	Total fair value	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)
in € millions								
Straight bonds ^(*)	9,199.6	9,752.7	9,418.3	334.4	6,432.6	6,272.5	6,098.9	173.6

^(*) The carrying amount includes accrued interest.

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

7. INVESTMENT PROPERTY

7.1 Composition

	Nine months ended September 30	Year ended December 31
	2019	2018
	Unaudited	Audited
in € millions		
Balance as at January 1	14,174.0	9,804.1
Adjustment for initial application of IFRS 16, see note 4	144.6	-
Restated balance as at January 1	14,318.6	9,804.1
Acquisitions of investment property and capex during the period / year – see also note 7.2	2,765.3	^(*) 3,275.2
Disposal of investment property during the period / year ^(**)	(190.0)	^(*) (6.4)
Effect of foreign currency exchange differences	9.2	(18.5)
Transfer to Assets held for sale, net	(25.2)	(340.0)
Fair value adjustments	1,060.2	1,459.6
Balance as at September 30 / December 31	17,938.1	14,174.0

^(*) reclassified

^(**) During the reporting period, the Group sold investment property in the amount of €190.0 million (2018: €6.4 million), resulting a gain of €6.0 million (2018: €0.1 million). For disposals occurred after the reporting period, see note 13a.

7.2 Acquisitions

During the reporting period, the Group obtained control over several property portfolios in top tier cities in Europe, through acquisitions of assets and companies. The transactions were treated as acquisition of a group of assets and liabilities.

As part of the acquisitions, the Group acquired the controlling interest in investment property in the amount of approximately €2.6 billion and recognized €336.2 million non-controlling interests. The Group also initially consolidated bank loans in the amount of €241.1 million, of which €220.1 million will mature in the following twelve months.

8. LOANS, BORROWINGS AND STRAIGHT BONDS

8.1 Main characteristics of the straight bonds issued during the reporting period

		Currency	Nominal amount in original currency	Nominal amount in €	Effective coupon rate (p.a.)	Issuance - Maturity	Carrying amount as at September 30, 2019
Series	Note		in millions	in millions	%		Unaudited in € millions
Series X	(a), (c)	CHF	200	175.7	1.72	03/2019 - 03/2026	183.6
Series Y	(d)	EUR	100	100	1.35 + Euribor (6M)	02/2019 - 02/2026	98.3
Series Z	(d)	EUR	125	125	0.9 + Euribor (6M)	02/2019 - 02/2024	123.7
Series 27	(b), (c)	HKD	430	48.3	(h) 1.62	03/2019 - 03/2024	50.3
Series 28	(b), (c)	USD	600	530.9	(e) 1.75	03/2019 - 03/2029	543.6
Series 29	(b), (c)	NOK	1,735	179.0	(f) 1.75	03/2019 - 03/2029	174.7
Series 30	(b), (c)	GBP	400	468.6	(g) 1.75	04/2019 - 04/2031	439.5
Series 31	(a), (c)	JPY	7,000	56.8	1.42	05/2019 - 05/2029	59.2
Series 32	(c)	EUR	800	800	0.625	07/2019 - 07/2025	781.3
Series 33	(c)	EUR	600	600	1.45	07/2019 - 07/2028	587.9
Total carrying amount of straight bonds issued during the reporting period							3,042.1

- (a) The Company hedged the currency risk of the principal amount until maturity.
- (b) The Company fully hedged the currency risk of the principal amount and coupon with a cross-currency swap until maturity.
- (c) The bond was placed under the EMTN Programme.
- (d) The Euribor (6M) component of the semi-annual coupon is floored at zero.

- (e) The effective annual euro coupon is 1.75% for the first 4 years and 2.64% plus Euribor (6M) for the following 6 years.
- (f) The effective annual euro coupon is 1.75% for the first 4 years and 2.52% plus Euribor (6M) for the following 6 years.
- (g) The effective annual euro coupon is 1.75% for the first 4 years and 2.11% plus Euribor (6M) for the following 8 years.
- (h) The effective annual euro coupon until maturity.

8.2 Buy-back of straight bonds

In July 2019, the Company completed the buy-back of €21.5 million nominal amount of its straight bond series D maturing in 2022 and €338.6 million nominal amount of its straight bond series F maturing in 2023 for a purchase price of 103.986% and 107.15% of the principal amount, excluding accrued interest, respectively. Following the buy-back, an aggregated principal amount of €255.5 million and €211.4 million of Bond D and Bond F, respectively, remained outstanding.

8.3 Loans and borrowings

During the reporting period, the Group repaid several bank loans amounting to €355.4 million and deconsolidated a total amount of €51.8 million.

9. EQUITY

9.1 Share capital

	September 30, 2019		December 31, 2018	
	Unaudited		Audited	
	Number of shares	in € millions	Number of shares	in € millions
Authorized				
Ordinary shares of €0.01 each	2,000,000,000	20.0	2,000,000,000	20.0
Issued and fully paid				
Balance as at January 1	1,128,581,866	11.3	947,808,641	9.5
Capital increase	84,000,000	0.8	95,000,000	0.9
Exercise of convertible bonds into shares	-	-	75,310,961	0.8
Issuance as part of the scrip dividend	10,894,530	0.1	3,392,129	(*) 0.0
Issuance of shares in connection with a buy-back of perpetual notes	-	-	6,818,781	0.1
Share-based payment	97,865	(*) 0.0	251,354	(*) 0.0
Balance at the end of the period / year	1,223,574,261	12.2	1,128,581,866	11.3

(*) less than €0.1 million

9.2 Capital increase

In July 2019, the Company successfully completed the share capital increase of 84 million new shares. The offer price was fixed at €7.15 per share, resulting in €600.6 million gross proceeds.

9.3 Issuance of perpetual notes

In June 2019, the Company successfully completed the placement of a GBP 400 million (nominal value) of perpetual subordinated notes at a price of 97.85% of the principal amount ("the GBP perpetual notes"). Up until June 2024 (the "First Reset Date"), the GBP perpetual notes shall bear annual coupon of 4.75% p.a. The Company hedged the currency risk implied by the GBP denomination via a cross-currency swap into the EUR until the First Reset Date. Under the cross-currency swap, the effective EUR coupon of the GBP perpetual notes was fixed at 3%. After the First Reset Date and until June 2029, the annual coupon shall be Mid Swap plus margin of 4.377%. From June 2029 until June 2044, the annual coupon shall be Mid Swap plus margin of 4.627%. Thereafter, the annual coupon shall be Mid Swap plus margin of 5.377%. The GBP perpetual notes were placed under the EMTN Programme.

In July 2019, the Company successfully completed the placement of a €500 million (nominal value) of perpetual subordinated notes at a price of 98.15% of the principal amount ("the EUR perpetual notes"). Up until January 2025 (the "First Reset Date"), the EUR perpetual notes shall bear annual coupon of 2.875% p.a. After the First Reset Date and until January 2030, the annual coupon shall be margin of 3.46%. From January 2030 until January 2045, the annual coupon shall be margin of 3.71%. Thereafter, the annual coupon shall be margin of 4.46%. The EUR perpetual notes were placed under the EMTN Programme.

9.4 Dividend distribution

On June 26, 2019, the Annual General Meeting of the shareholders of the Company has resolved upon a dividend distribution of €0.2535 per share for the year 2018 (2018: €0.234 per share for the year 2017). The total gross amount of the dividend amounted to €286.1 million (2018: €248.2 million). The dividend is deducted from the share premium account. The Company has also provided the shareholders with the option to receive their dividend partially in the form of shares ("Scrip Dividend"). On July 12, 2019, as a result of the Scrip Dividend, the Company issued 10.9 million (2018: 3.4 million) new shares in a total value of €76.6 million. The remainder of the dividend was paid in cash.

10. ASSETS AND LIABILITIES HELD FOR SALE

During the reporting period, the Group completed the sale transaction of a non-core real estate properties in a value of €56.3 million.

As at September 30, 2019, the assets and liabilities classified as held for sale amounted to €182.8 million and €12.5 million, respectively. The real estate properties included as held for sale share similar main characteristics.

11. COMMITMENTS

The Group signed on additional real estate property transactions in a volume of approximately €0.5 billion. The completion of the transactions is subject to typical conditions precedent.

The Group had approximately €0.3 billion of commitments for future capital expenditures on its properties and other investments.

12. CONTINGENT ASSETS AND LIABILITIES

The group had no significant contingent assets or liabilities as at September 30, 2019.

13. EVENTS AFTER THE REPORTING PERIOD

- a) After the reporting period, the Group signed on deals to sale properties in an amount of approximately €530 million, of which €320 were completed by the reporting date.
- b) In November 2019, the Company has agreed on the final terms of the binding business combination agreement with the shareholders of TLG Immobilien AG ("TLG"). On the basis of resolutions by its Board of Directors, Aroundtown will be making a voluntary public tender offer to acquire the outstanding shares of TLG in considerations for shares of Aroundtown. TLG shareholders will receive 3.6 new Aroundtown shares for each TLG share, based on EPRA NAVs as of June 30, 2019 of both companies. The exchange offer is strongly supported by TLG's major shareholders representing, subject to certain conditions, approximately 28% of TLG's total share capital, supporting the transaction, with an irrevocable commitment to tender. The voluntary public tender offer is not expected to be conditional on a minimum acceptance ratio.
- c) The Company has published the convening notice for the Ordinary General Meeting ("OGM") and the Extraordinary General Meeting ("EGM") of shareholders of Aroundtown to be held on December 16, 2019.

14. AUTHORISATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were authorized for issuance by the Company's board of directors on November 27, 2019.