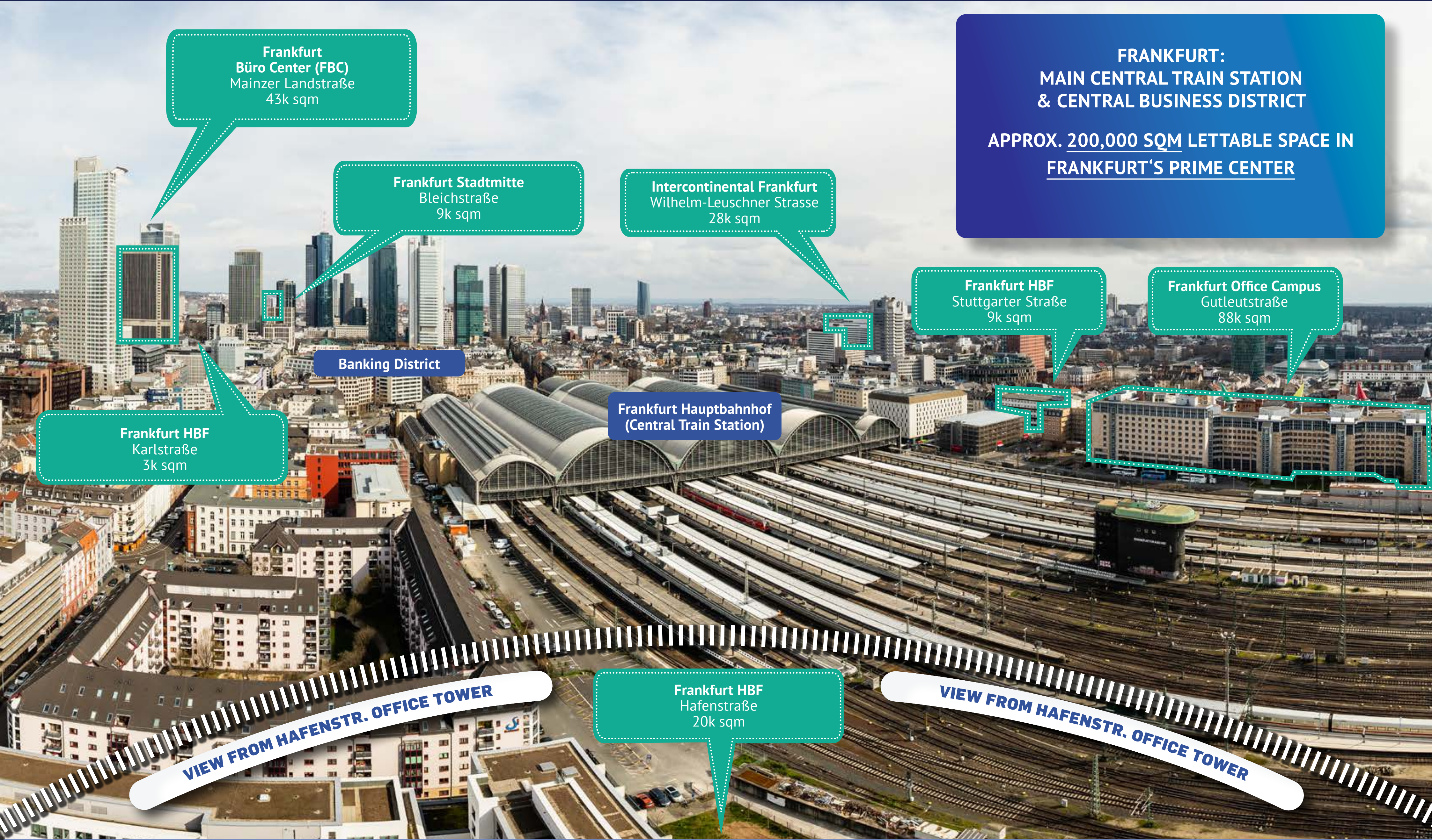
Amsterdam

# INTERIM CONSOLIDATED REPORT

For the three-month period ended March 31, 2021


FRANKFURT:
MAIN CENTRAL TRAIN STATION
& CENTRAL BUSINESS DISTRICT
APPROX. 200,000 SQM LETTABLE SPACE IN FRANKFURT'S PRIME CENTER
Frankfurt Büro Center (FBC) Mainzer Landstraße 43k sqm
Frankfurt Stadtmitte Bleichstraße 9k sqm
Intercontinental Frankfurt Wilhelm-Leuschner Strasse 28k sqm
Frankfurt HBF Stuttgarter Straße 9k sqm
Frankfurt Office Campus Gutleutstraße 88k sqm
Banking District
Frankfurt Hauptbahnhof (Central Train Station)
Frankfurt HBF Karlstraße 3k sqm
Frankfurt HBF Hafenstraße 20k sqm
VIEW FROM HAFENSTR. OFFICE TOWER
VIEW FROM HAFENSTR. OFFICE TOWER

# CONTENT

## BOARD OF DIRECTORS´REPORT

### THE BUSINESS & OPERATIONS



### MANAGEMENT DISCUSSION AND ANALYSIS



### DISCLAIMER



## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### INTERIM CONSOLIDATED FINANCIAL STATEMENTS



### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

# FINANCIAL POSITION HIGHLIGHTS

| in € millions unless otherwise indicated | Mar 2021 | Dec 2020 | Dec 2019 |
|---|---|---|---|
| Total Assets | 30,836.8 | 31,021.6 | 25,444.7 |
| Total Equity | 15,946.2 | 15,583.0 | 13,378.9 |
| Investment property | 20,774.0 | 21,172.4 | 18,127.0 |
| Investment property of assets held for sale | 1,079.1 | 830.2 | 202.4 |
| Cash and liquid assets [1] | 3,068.1 | 3,262.7 | 3,043.8 |
| Unencumbered assets ratio [2] | 80% | 76% | 81% |
| Equity Ratio | 52% | 50% | 53% |
| Loan-to-Value | 34% | 34% | 34% |

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

# NET ASSET VALUE

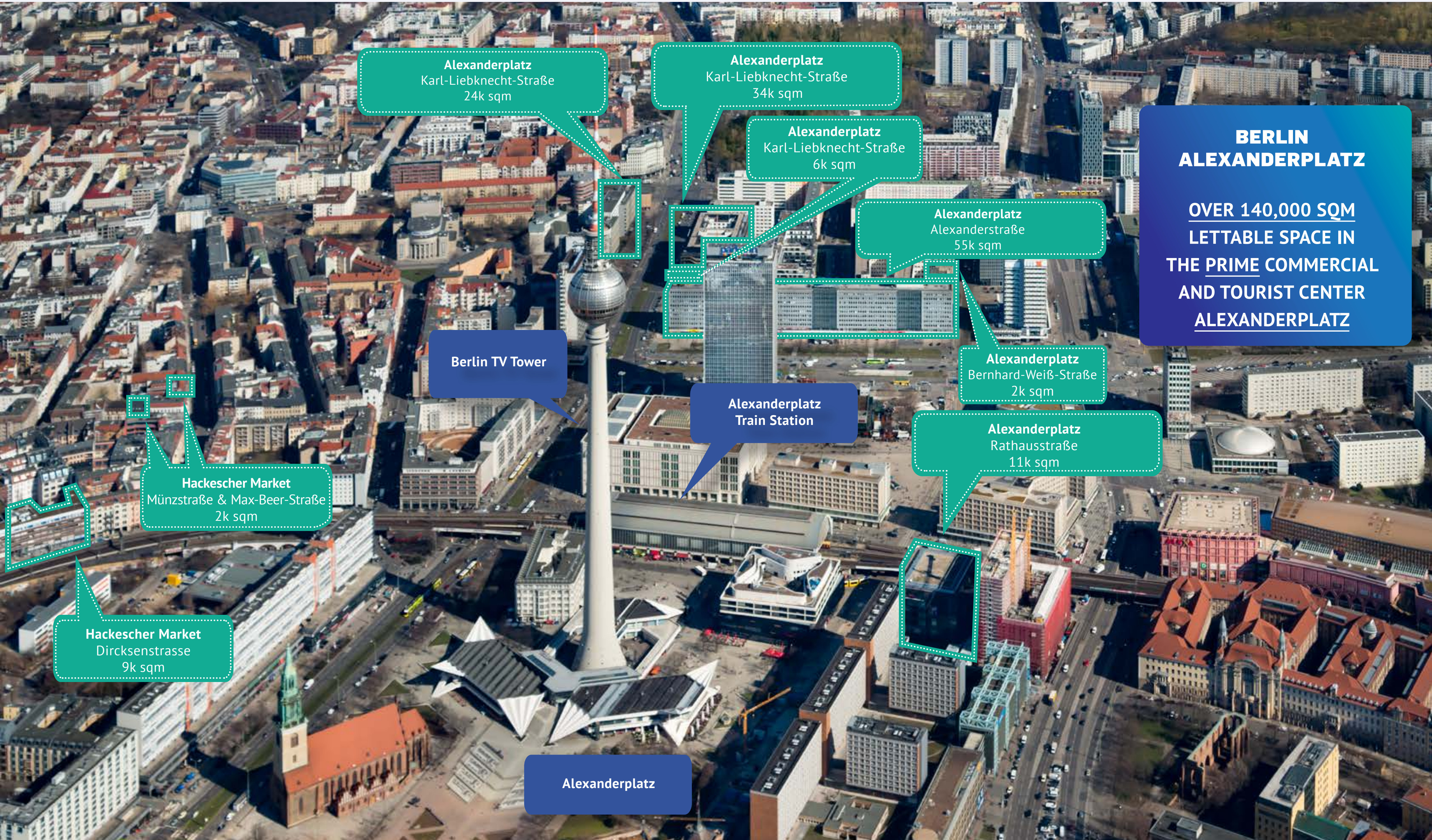
| in € millions unless otherwise indicated | EPRA NRV | EPRA NTA | EPRA NDV |
|---|---|---|---|
| Mar 2021 | 13,266.0 | 11,366.7 | 8,598.6 |
| Mar 2021 per share (in €) | 11.2 | 9.6 | 7.2 |
| Per share growth | 1% | 1% | 1% |
| Number of shares (in millions, Mar 2021) [1] | | 1,186.4 | |
| Dec 2020 | 13,093.9 | 11,187.4 | 8,354.9 |
| Dec 2020 per share (in €) | 11.1 | 9.5 | 7.1 |

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

# KEY FINANCIALS

| in € millions unless otherwise indicated | 1–3/2021 | Change | 1–3/2020 |
|---|---|---|---|
| Revenue | 274.9 | (1%) | 277.7 |
| Net rental income | 233.3 | (1%) | 235.7 |
| Adjusted EBITDA [1] | 230.4 | (3%) | 237.2 |
| FFO I before Covid adjustment [1] | 124.6 | (2%) | 126.6 |
| FFO I [1] [2] [3] | 86.6 | (32%) | 126.6 |
| FFO I per share [1] [2] [3] | 0.073 | (26%) | 0.098 |
| FFO II [2] [4] | 233.3 | 57% | 148.9 |
| ICR | 4.9x | 0.2x | 4.7x |
| Profit for the period | 146.3 | (40%) | 245.7 |
| EPS (basic) (in €) | 0.09 | (36%) | 0.14 |
| EPS (diluted) (in €) | 0.09 | (36%) | 0.14 |

1) including AT's share in companies which AT has significant influence, excluding the contributions from assets held for sale
2) including extraordinary expenses for uncollected rent due to the Covid pandemic (€38 million in Q1 2021, none in Q1 2020)
3) previously defined as FFO I (per share) after perpetual, Covid adjusted
4) reclassified in Q4 2020 to be based on FFO I (previously defined as FFO I after perpetual, Covid adjusted)




## BERLIN ALEXANDERPLATZ

OVER 140,000 SQM LETTABLE SPACE IN THE PRIME COMMERCIAL AND TOURIST CENTER ALEXANDERPLATZ

Berlin

# THE COMPANY


The Board of Directors of Aroundtown SA and its investees (the "Company", "Aroundtown" or "AT"), including associates (the "Group"), hereby submits the interim report as of March 31, 2021. The figures presented are based on the interim consolidated financial statements as of March 31, 2021, 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 March 2021, the Company's holdings in GCP is 42%. 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.


Frankfurt

# BUSINESS HIGHLIGHTS AND SOLID FINANCIAL POSITION

**S&P EUROPE 350 ESG INDEX**
included in May 2021

## DISPOSALS: ACCRETIVE CAPITAL RECYCLING

**over €970M**
signed 2021 YTD

**+4%**
Margin above book value

**ACCRETIVE**
Fuelling share buybacks at deep discount to NAV

## FINANCIAL DISCIPLINE

**€3.1BN**
Cash and liquid assets

**€15.9BN / 80% OF RENT**
Unencumbered assets

**34%**
Low LTV

**BBB+**
Credit rating by S&P (Dec 2020)

## CONSERVATIVE DEBT PROFILE

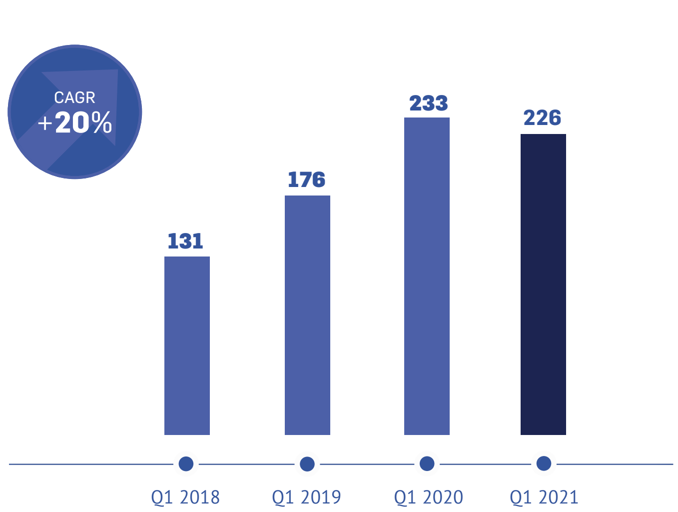
**6.0y**
Long average debt maturity

**1.4%**
Low cost of debt

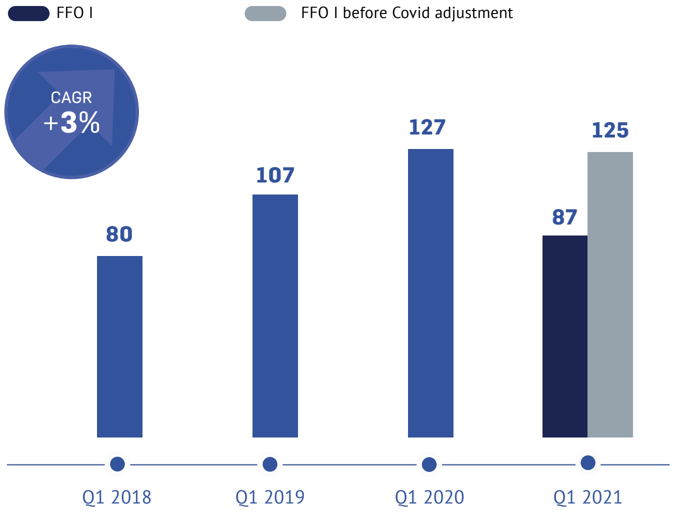
**97%**
High interest hedge ratio

**3 TIMES**
Liquidity is 3 times the debt maturing in the next 3 years

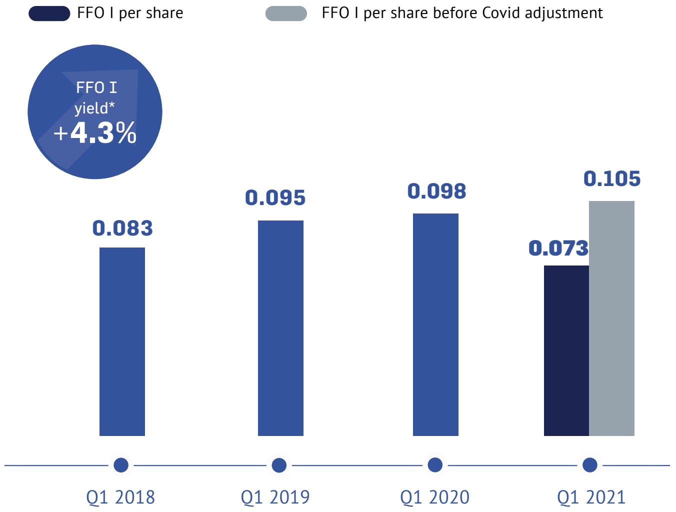
## RECURRING LONG-TERM NET RENTAL INCOME
(IN € MILLIONS)




## FFO I
(IN € MILLIONS)

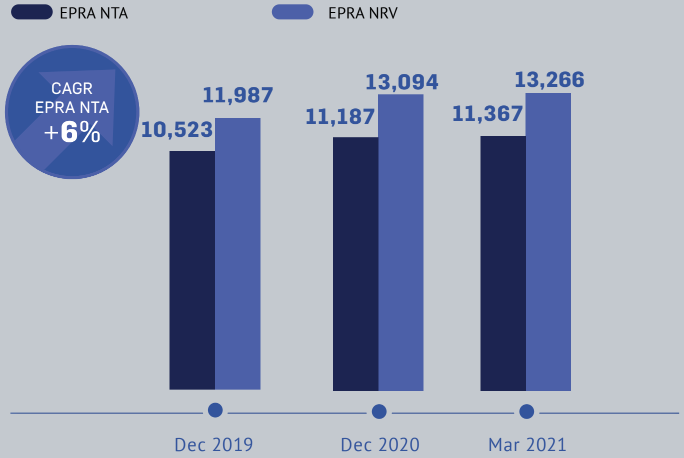



## FFO I PER SHARE
(IN €)

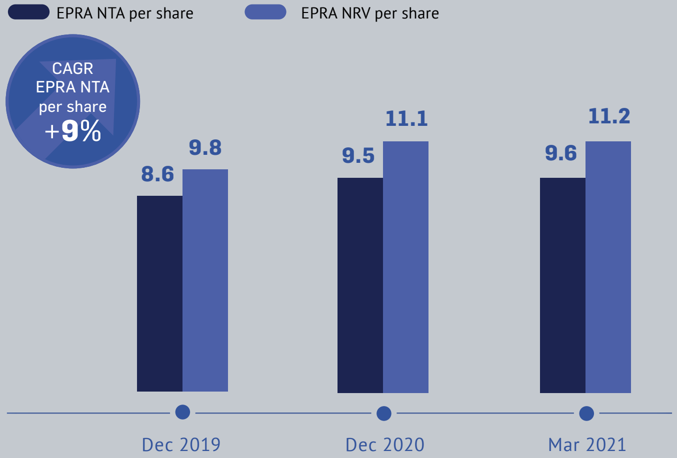



* Q1 2021 FFO I per share annualized and based on a share price of €6.8

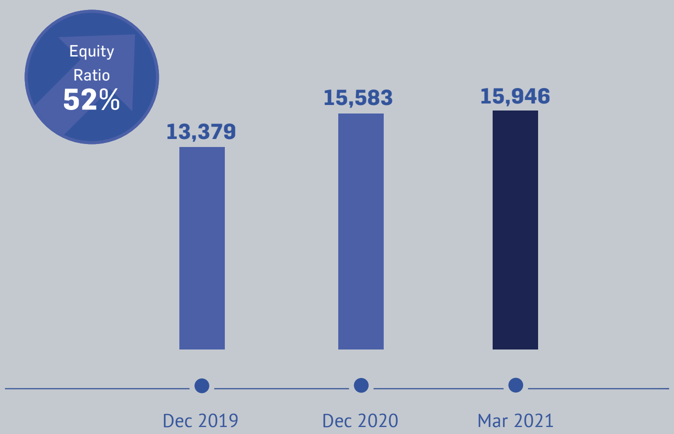
## EPRA NTA & NRV
(IN € MILLIONS)




## EPRA NTA & NRV PER SHARE
(IN €)




## TOTAL EQUITY
(IN € MILLIONS)



# AROUNDTOWN'S QUALITY PORTFOLIO

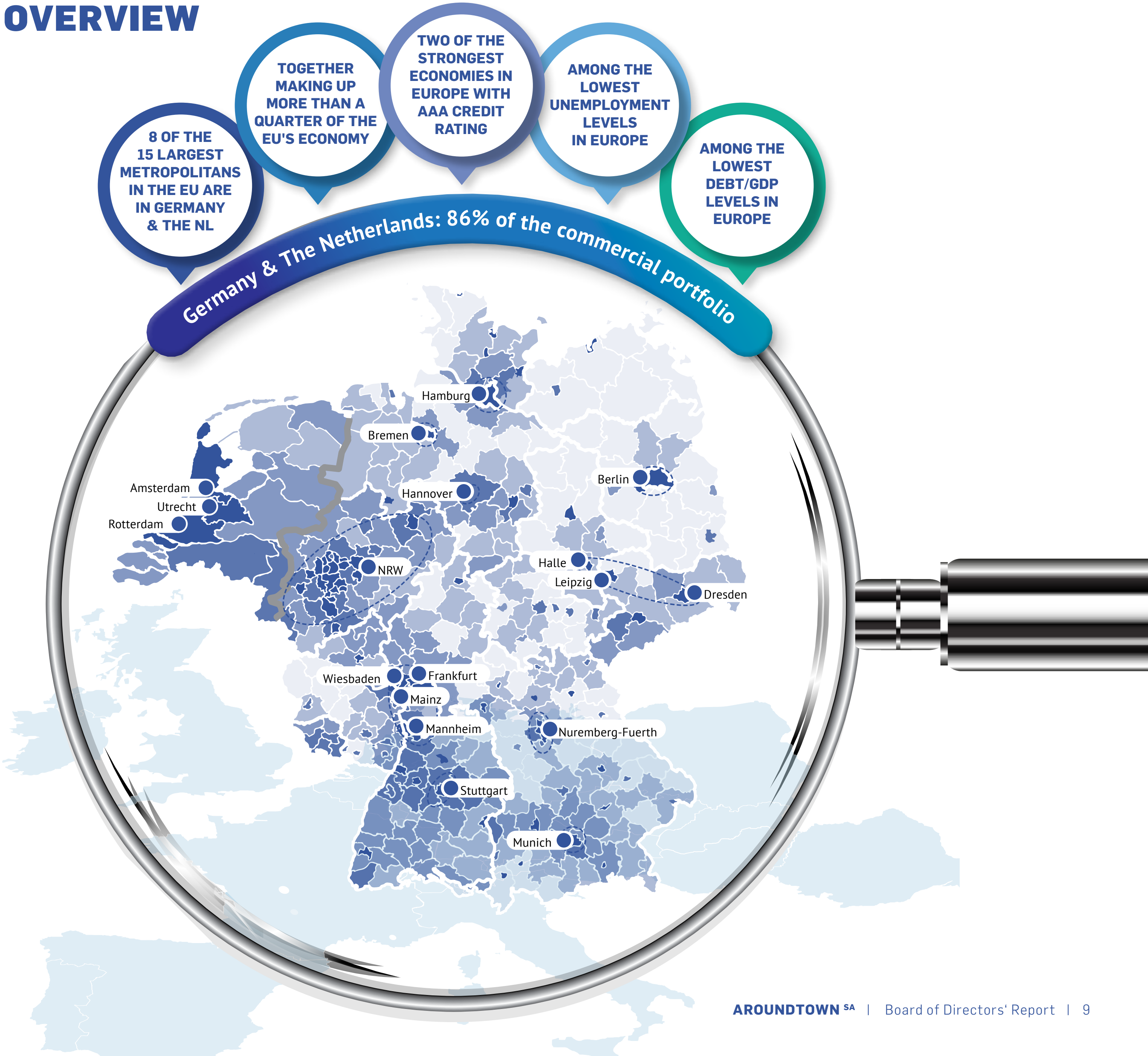

*representing GCP at 100%

# GROUP PORTFOLIO OVERVIEW

## POPULATION DENSITY IN GERMANY AND THE NETHERLANDS

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

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



# WELL-DIVERSIFIED GROUP PORTFOLIO WITH FOCUS ON STRONG VALUE DRIVERS

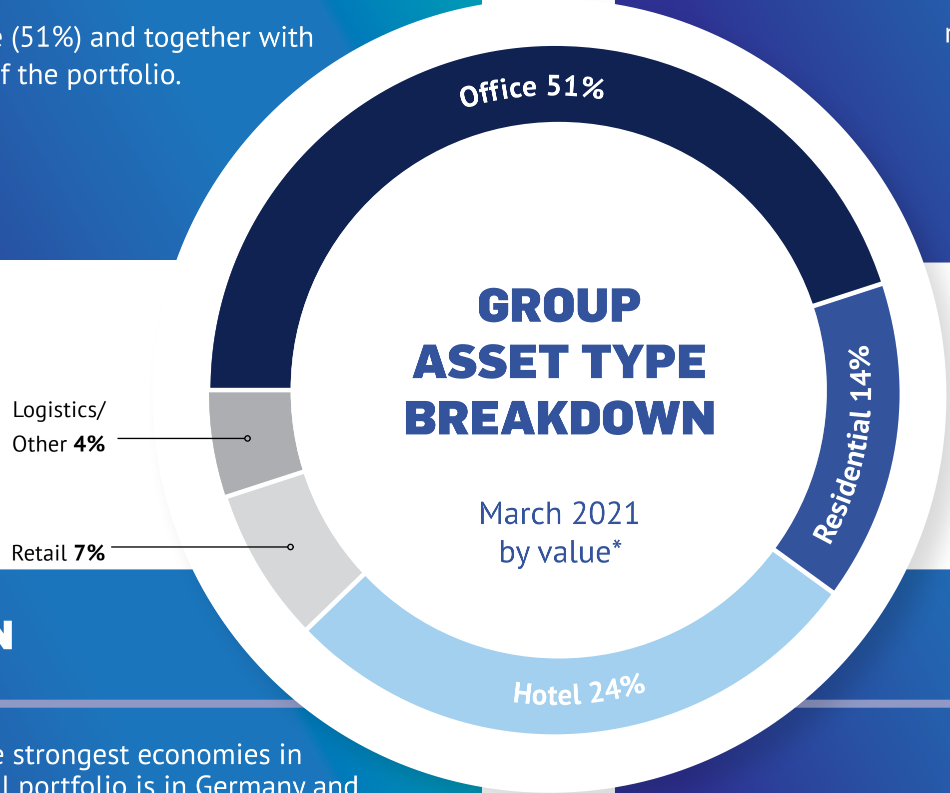
## ASSET TYPE

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

## TENANT

High tenant diversification with no material tenant or industry dependency.

Commercial portfolio with approx. 3,500 tenants and residential portfolio with very granular tenant base




## LOCATION

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

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

## INDUSTRY

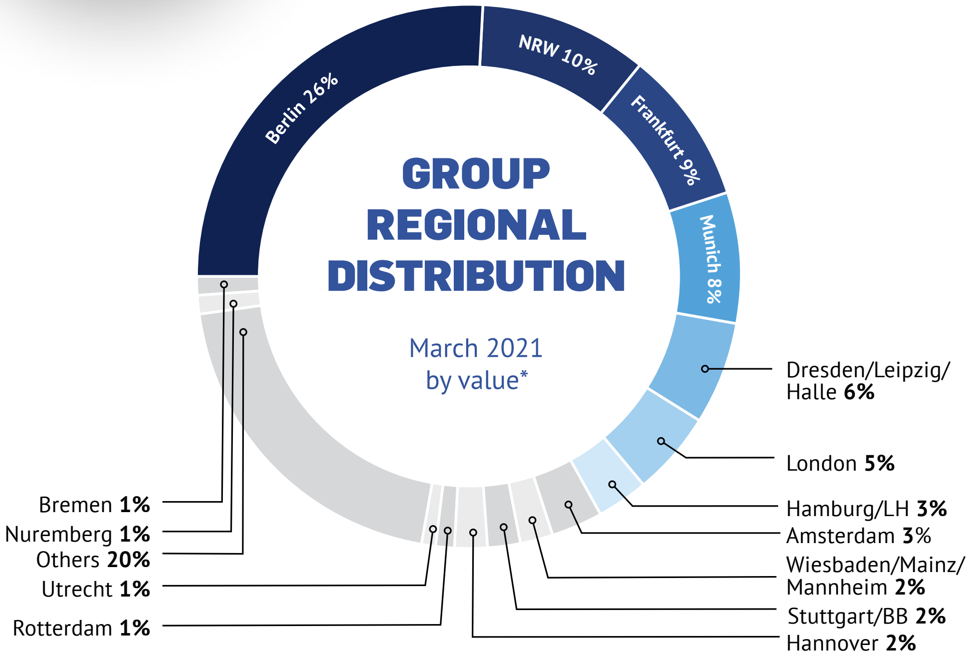
Each location has different key industries and fundamentals driving the demand.
Therefore, the Group's tenants are diversified into distinct sectors, eliminating the dependency on a single industry

* including proportion in GCP and development rights & invest

# HIGH GEOGRAPHICAL DIVERSIFICATION

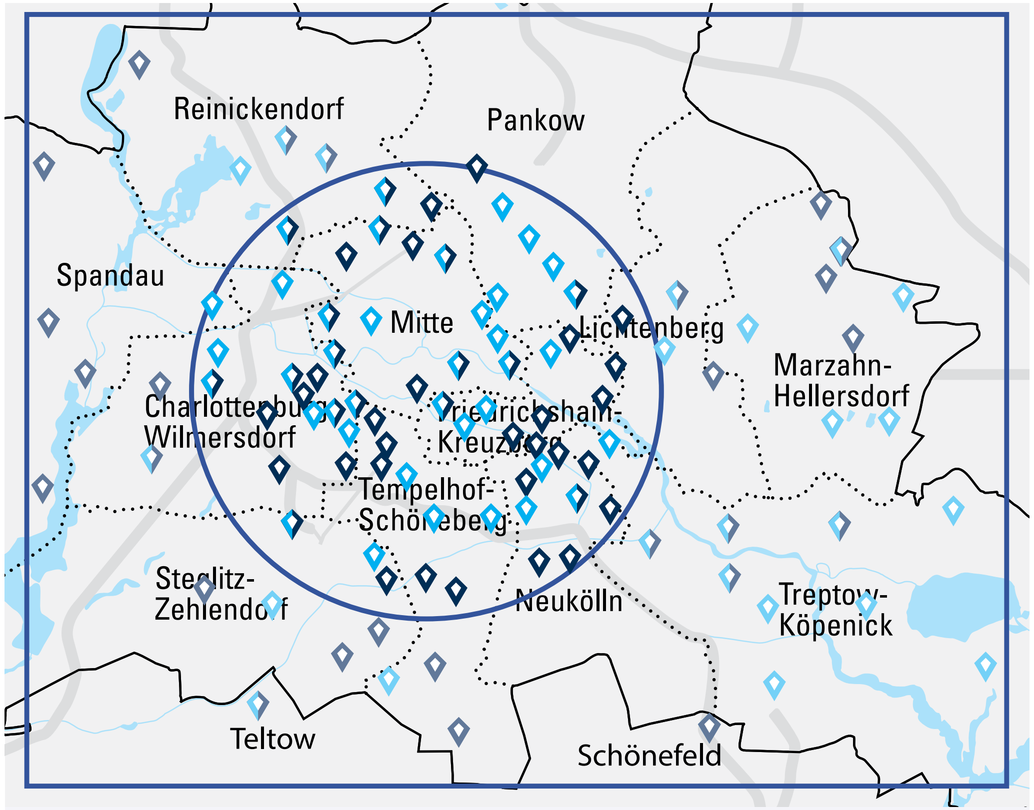
Berlin is the single largest location. AT has the largest Berlin office portfolio among publicly listed peers

Central locations within top tier cities:
A Berlin example




* including proportion in GCP and development rights & invest

## BEST-IN-CLASS BERLIN PORTFOLIO



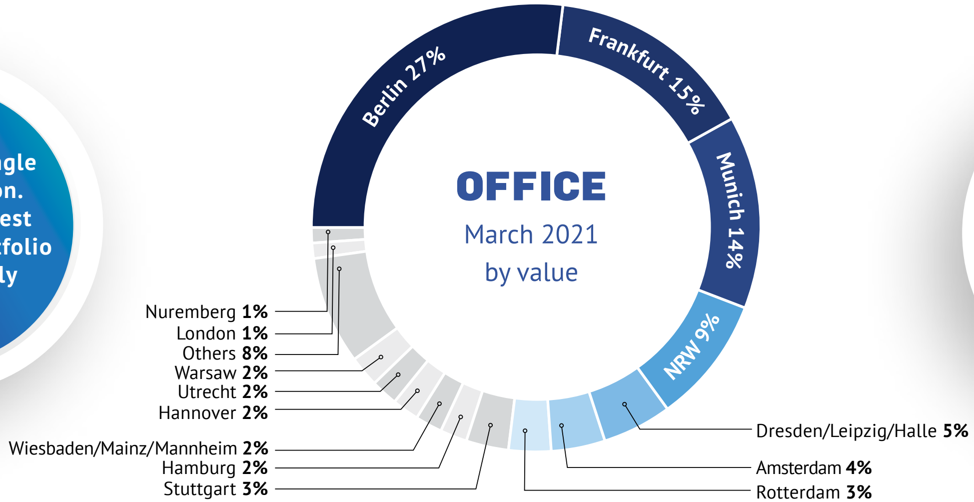

- **90%** of the commercial portfolio is located in top tier neighborhoods including Charlottenburg, Wilmersdorf, Mitte, Kreuzberg, Friedrichshain, Lichtenberg, Schöneberg, Neukölln, Steglitz and Potsdam
- **10%** of the commercial portfolio is well located primarily in Reinickendorf, Spandau, Treptow,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

Commercial properties
Residential properties

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

# OFFICE: HIGH QUALITY OFFICES IN TOP TIER CITIES

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




**Top 4 office cities:** Berlin, Munich, Frankfurt and Amsterdam make up 60% of the office portfolio

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

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

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


Berlin


Frankfurt

Amsterdam


Stuttgart

Munich


Hamburg

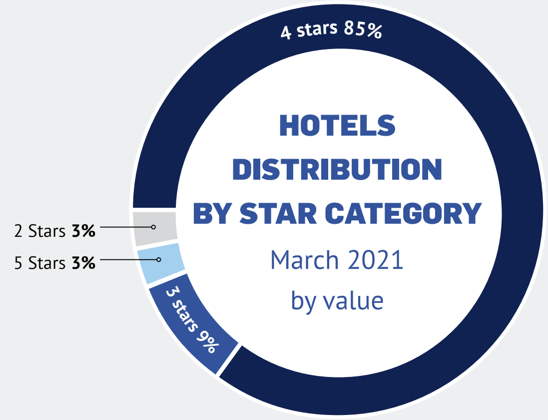

Cologne


Rotterdam


Leipzig

# HOTELS: FOCUS ON CENTRAL LOCATIONS

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


AT's hotel portfolio, valued at €5.4 billion as of March 2021, is well diversified and covers a total of 1.8m sqm. The largest share of the hotel portfolio is 4-star hotels with 85%, catching the largest market share from tourism and business travel. The hotels are branded under a range of globally leading branding partners which offer key advantages such as worldwide reservation systems, global recognition, strong loyalty programs, quality perception and benefits from economies of scale.

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

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

Center Parcs, Hilton, Hilton Garden Inn, Marriott, moxy, Mercure, ibis, Radisson Blu, Radisson Hotel Group, Meliá Hotels International, Best Western, TRYP by Wyndham, Hyatt Regency, DoubleTree by Hilton, Ramada, Sheraton, Holiday Inn, Accor Hotels, Dorint Hotel, NH Hotels, Everland, GCH Hotel Group, H-Hotels.com, Novum Hospitality, InterContinental Hotels & Resorts, Crowne Plaza Hotels & Resorts, Wyndham Hotels and Resorts, Wyndham Garden, Steigenberger Hotels and Resorts, Days Inn, Arabella Hospitality, Seminaris, Penta Hotels, Place Value, Amaris Hospitality, Zech Hotels, Precise Hotel Collection

# HIGH GEOGRAPHICAL DIVERSIFICATION

Berlin

Frankfurt


Berlin


Cologne

## DIVERSE EUROPEAN FOOTPRINT

### FIXED LONG TERM LEASES WITH THIRD PARTY HOTEL OPERATORS

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

London

Dublin

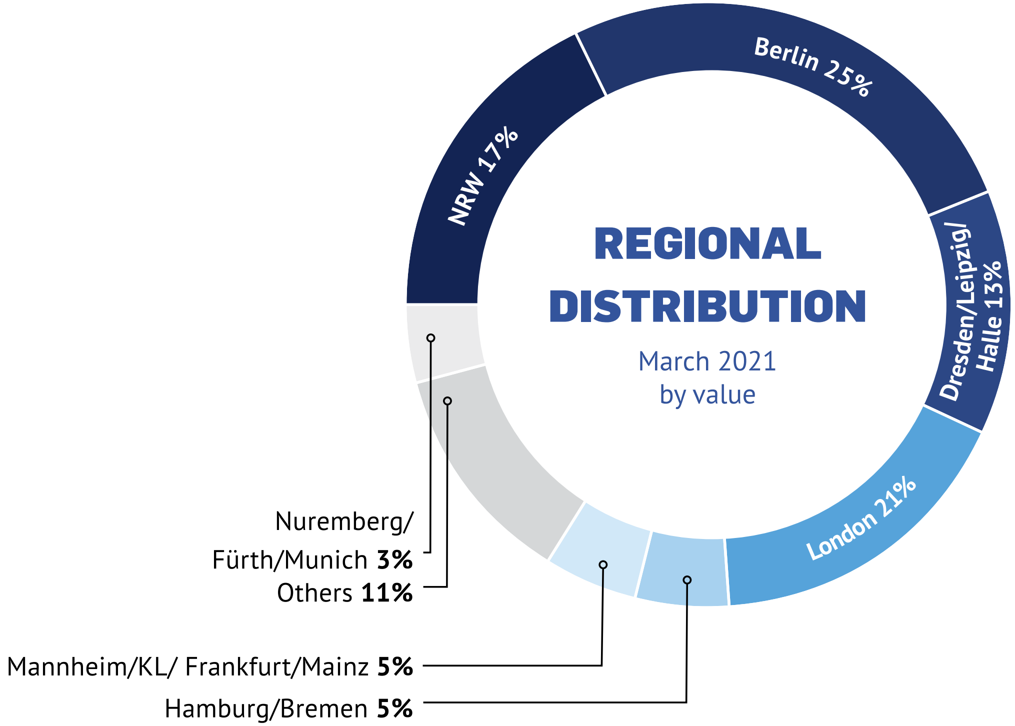
Edinburgh

Paris

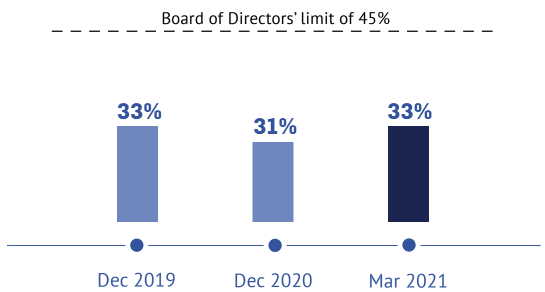
Berlin

Munich

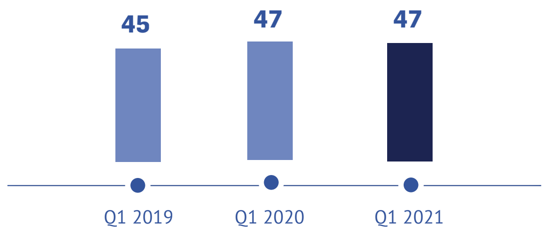
# RESIDENTIAL PORTFOLIO (GRAND CITY PROPERTIES)




## GCP – CONSERVATIVE LOAN-TO-VALUE




## GCP - STRONG FFO I (IN € MILLIONS)



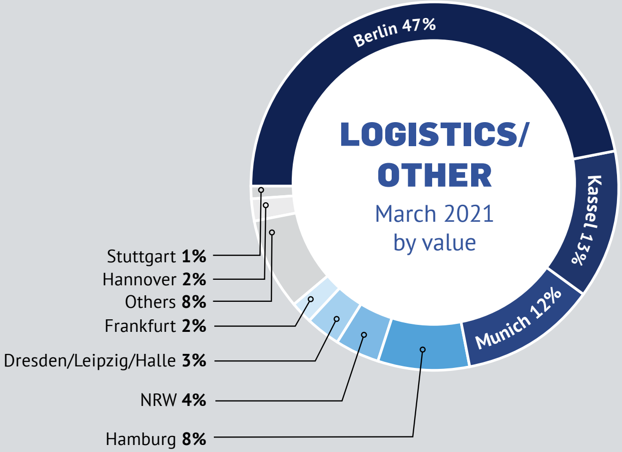

The residential portfolio is mainly held through a 42% stake in Grand City Properties ("GCP"), a leading market player in the German residential market and a specialist in value-add opportunities in densely populated areas predominantly in Germany, complemented by a residential portfolio in London. AT is the largest shareholder in GCP, while the remaining is widely distributed and held mainly by many international leading institutional investors. For an additional increase of AT's position in the residential real estate, AT holds minority positions in several subsidiaries of GCP. As of March 2021, GCP's residential portfolio has a value of €8.1 billion and operates at an in-place rent of €7.8/sqm and an EPRA vacancy of 6.1%. The residential portfolio generates an annualized net rental income of €343 million and includes a strong value-add potential. GCP holds 60k units in its portfolio with the properties spread across densely populated areas in Germany, with a focus on Berlin, North Rhine-Westphalia and the metropolitan regions of Dresden, Leipzig and Halle as well as London. GCP puts a strong emphasis on growing relevant skills in-house to improve responsiveness and generate innovation across processes and departments. Through its 24/7 Service Center and by supporting local community initiatives, GCP established industry-leading service standards and lasting relationships with its tenants.

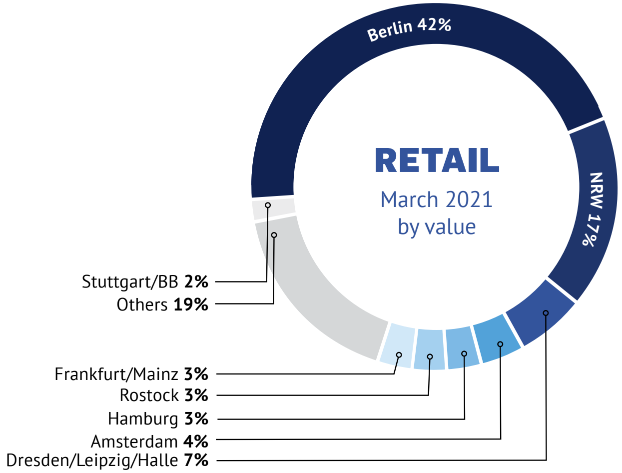
S&P Global
BBB+
STABLE

Moody's
Baa1
STABLE

# FURTHER PORTFOLIO DIVERSIFICATION THROUGH LOGISTICS/OTHER AND RETAIL

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




Berlin

Berlin

## ASSET TYPE OVERVIEW - COMMERCIAL PORTFOLIO

| MARCH 2021 | Investment properties (in €M) | Area (in k sqm) | EPRA vacancy | Annualized net rent (in €M) | In-place rent per sqm (in €) | Value per sqm (in €) | Rental yield | WALT (in years) |
|---|---|---|---|---|---|---|---|---|
| Office | 11,471 | 3,755 | 11.3% | 468 | 11.2 | 3,055 | 4.1% | 4.7 |
| Hotel | 5,373 | 1,760 | 3.9% | 294 | 14.3 | 3,053 | 5.5% | 17.2 |
| Retail | 1,581 | 700 | 10.4% | 79 | 10.1 | 2,259 | 5.0% | 4.9 |
| Logistics/Other | 464 | 526 | 12.0% | 25 | 4.5 | 882 | 5.4% | 5.4 |
| Development rights & Invest | 1,885 | | | | | | | |
| **Total** | **20,774** | **6,741** | **8.9%** | **866** | **11.5** | **2,802** | **4.6%** | **9.0** |

## REGIONAL OVERVIEW - COMMERCIAL PORTFOLIO

| MARCH 2021 | Investment properties (in €M) | Area (in k sqm) | EPRA vacancy | Annualized net rent (in €M) | In-place rent per sqm (in €) | Value per sqm (in €) | Rental yield |
|---|---|---|---|---|---|---|---|
| Berlin | 4,561 | 1,097 | 6.9% | 161 | 12.9 | 4,159 | 3.5% |
| NRW | 1,874 | 818 | 10.6% | 92 | 10.2 | 2,291 | 4.9% |
| Munich | 1,817 | 562 | 8.3% | 53 | 7.8 | 3,234 | 2.9% |
| Frankfurt | 1,815 | 493 | 13.5% | 71 | 13.8 | 3,680 | 3.9% |
| Dresden/Leipzig/Halle | 950 | 452 | 7.7% | 51 | 9.7 | 2,099 | 5.3% |
| Amsterdam | 617 | 158 | 9.7% | 26 | 14.1 | 3,903 | 4.2% |
| Hamburg/LH | 560 | 244 | 6.4% | 30 | 10.8 | 2,297 | 5.4% |
| London | 552 | 102 | 8.4% | 27 | 25.1 | 5,432 | 4.9% |
| Wiesbaden/Mainz/Mannheim | 412 | 154 | 8.8% | 21 | 11.9 | 2,678 | 5.1% |
| Stuttgart/BB | 385 | 149 | 9.3% | 20 | 11.8 | 2,574 | 5.2% |
| Hannover | 363 | 188 | 12.2% | 16 | 8.1 | 1,928 | 4.4% |
| Rotterdam | 258 | 100 | 3.7% | 17 | 13.5 | 2,588 | 6.6% |
| Utrecht | 210 | 93 | 16.6% | 12 | 11.8 | 2,255 | 5.7% |
| Other | 4,515 | 2,131 | 8.4% | 269 | 11.4 | 2,119 | 6.0% |
| Development rights & Invest | 1,885 | | | | | | |
| **Total** | **20,774** | **6,741** | **8.9%** | **866** | **11.5** | **2,802** | **4.6%** |

# CAPITAL MARKETS

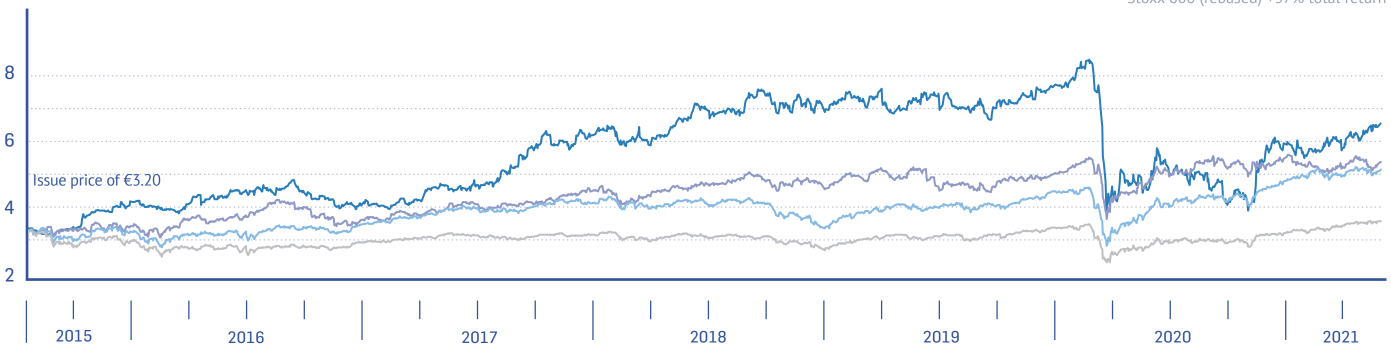
## KEY INDEX INCLUSIONS

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

## INVESTOR RELATIONS ACTIVITIES

The Group is proactively approaching a large investor audience in order to present its business strategy, provide insight into its progression and create awareness of its overall activities to enhance its perception in the market. AT participates in a vast amount of various national and international conferences, roadshows, one-on-one presentations and in virtual video conferences in order to present a platform for open dialogue. Explaining its unique business strategy in detail and presenting the daily operations allow investors to gain a full overview about the Group's successful business approach. The most recent information is provided on its website and open channels for communication are always provided. Currently, AT is covered by 21 different research analysts on an ongoing basis, with reports updated and published regularly.

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




## TRADING DATA

| | | |
|---|---|---|
| Placement | Frankfurt Stock Exchange | |
| Market segment | Prime Standard | |
| Trading ticker | AT1 | |
| Initial placement of capital | 13.07.2015 (€3.2 per share) | |
| Key index memberships | DAX 50 ESG<br>MDAX<br>FTSE EPRA / NAREIT:<br>– Global<br>– Developed Europe<br>– Eurozone<br>– Germany<br>– Green Indexes<br>MSCI Index Series<br>S&P Europe 350<br>S&P Europe 350 ESG<br>STOXX Europe 600<br>GPR 250<br>GPR ESG<br>DIMAX | |
| **AS OF MARCH 31, 2021:** | | |
| Number of shares | 1,537,025,609 | |
| Number of shares, base for share KPI calculations[1)] | 1,185,591,737 | [1)] excluding suspended voting rights, including the conversion impact of mandatory convertible notes |
| **AS OF THE DAY OF THIS REPORT:** | | |
| Number of shares, base for share KPI calculations[1)] | 1,168,242,104[2)] | [2)] as at May 21, 2021 |
| Shareholder Structure[2)] | Freefloat: 64%<br>- of which Blackrock Inc. 5.1%<br>Shares held in treasury*: 26%<br>Avisco Group: 10%<br>* 12% are held held through TLG Immobilien AG, voting rights suspended | |
| Market cap | €10.5 bn | |

# NOTES ON BUSINESS PERFORMANCE

Berlin

## SELECTED CONSOLIDATED INCOME STATEMENTS DATA

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| Revenue | 274.9 | 277.7 |
| **Net rental income** | **233.3** | **235.7** |
| | | |
| Property revaluations and capital gains | 56.8 | 318.4 |
| Share in profit from investment in equity-accounted investees | 27.9 | 24.8 |
| Recurring property operating expenses [1] | (70.5) | (70.4) |
| Extraordinary expenses for uncollected rent [2] | (38.0) | - |
| Administrative and other expenses | (13.1) | (14.1) |
| | | |
| Operating profit | 238.0 | 536.4 |
| **Adjusted EBITDA [1] [3]** | **230.4** | **237.2** |
| | | |
| Finance expenses | (42.4) | (45.5) |
| Current tax expenses | (20.8) | (24.4) |
| | | |
| **FFO I before Covid adjustment [4]** | **124.6** | **126.6** |
| **FFO I [4] [5]** | **86.6** | **126.6** |
| **FFO II [4] [6]** | **233.3** | **148.9** |
| | | |
| Other financial results | (26.5) | (86.1) |
| Deferred tax expenses | (2.0) | (134.7) |
| | | |
| **Profit for the period** | **146.3** | **245.7** |

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

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

3) including AT's share in the adjusted EBITDA of companies in which AT has significant influence, excluding the contributions from commercial assets held for sale.
For more details regarding the methodology, please see pages 38-41

4) including AT's share in the FFO I (after perpetual notes attribution if relevant) of companies in which AT has significant influence, excluding FFO I relating to minorities and contributions from assets held for sale. For more details regarding the methodology, please see pages 38-41

5) previously defined as FFO I after perpetual notes attribution

6) reclassified in Q4 2020 to be based on FFO I (previously defined as FFO I after perpetual, Covid adjusted)

## OPERATING PROFIT

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| **Recurring long-term net rental income** | **226.1** | **233.4** |
| Net rental income related to properties marked for disposal | 7.2 | 2.3 |
| **Net rental income** | **233.3** | **235.7** |
| Operating and other income | 41.6 | 42.0 |
| **Revenue (a)** | **274.9** | **277.7** |
| | | |
| Share in profit from investment in equity-accounted investees (b) | 27.9 | 24.8 |
| Property revaluations and capital gains (c) | 56.8 | 318.4 |
| Recurring property operating expenses (d) | (70.5) | (70.4) |
| Extraordinary expenses for uncollected rent [1] (d) | (38.0) | - |
| Administrative and other expenses (e) | (13.1) | (14.1) |
| **Operating profit** | **238.0** | **536.4** |

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

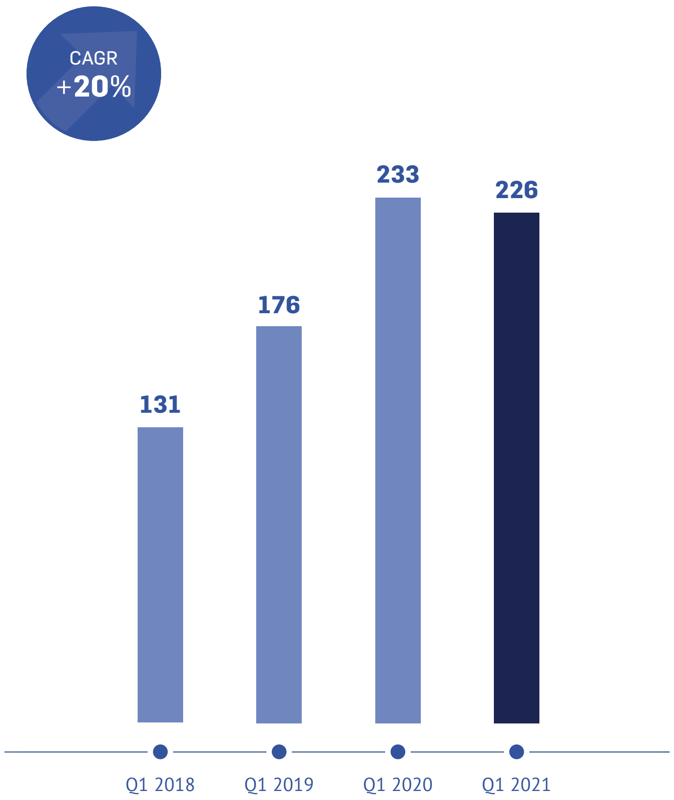
*(a) Revenue*

During the first quarter of 2021, AT generated revenues of €275 million which was slightly lower than €278 million in the first quarter of 2020 due to disposals. Net rental income makes up the majority of the revenues which amounted to €233 million in the first quarter of 2021, 1% lower compared to €236 million in the first quarter of 2020. Although the net rent remained stable between the periods, there were significant portfolio changes which had opposite effects offsetting each other. The decrease in rents was driven by approx. €2.7 billion of disposals in the last twelve months which was offset by higher rent from the full quarter impact of the TLG takeover which only contributed partially in the first quarter of 2020. The slight positive like-for-like performance supported the rent stability in between the periods. The like-for-like net rental income growth was 0.1% which is the net result of 0.4% like-for-like growth in the in-place rents and a negative 0.3% occupancy like-for-like. Excluding hotels, like-for-like net rental income growth was 1.3%.

The operating and other income remained stable at €42 million in both quarters albeit declining slightly in line with the movement in the net rent. This income item is mainly linked to ancillary expenses that are reimbursable by tenants such as utility costs (energy, heating, water, electricity, insurance, etc.) and charges for services provided to tenants (cleaning, security, etc.) which accordingly remained stable as well.

AT further breaks down its net rental income into the recurring long-term net rental income and net rental income generated by properties marked for disposal. Since AT signed the disposal or intends to dispose the held for sale properties, the Company views their contribution as non-recurring and are thus presented in a separate line item. The net rental income from these properties totaled to €7 million in the first quarter of 2021. Correspondingly, the recurring long-term net rental income amounted to €226 million in the first quarter of 2021, compared to €233 million in the first quarter of 2020.

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




During the first quarter of 2021, AT disposed over €420 million of properties. In addition, AT signed further disposals after the reporting period, which brought the total year-to-date signed disposals volume to over €970 million. The portfolio as of March 2021 already excludes signed disposals and the held for sale properties. Thus, the monthly annualized rent as of March 2021 amounts to €866 million, 4% lower than the annualized recurring net rent of the first quarter of 2021.

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

AT's profit share from investment in equity-accounted investees amounted to €28 million in the first quarter of 2021, compared to €25 million in the first quarter of 2020. This item represents AT's share in the profits from investment in companies which are not consolidated in its financial statements but over which AT has significant influence. These profits are mostly attributed to the Company's strategic investment in GCP, direct minority positions in residential properties consolidated by GCP, the investment in Globalworth, the leading publicly listed office landlord in the CEE market, as well profits from other investments. The operational profits of the investees, excluding non-recurring items such as revaluation gains, contributed positively to AT's operational profitability KPI's during the first quarter of 2021 and amounted to a contribution to the adjusted EBITDA of €41 million and €27 million to the FFO I, compared to €41 million and €28 million in the first quarter of 2020, respectively.

*(c) Property revaluations and capital gains*

During the first quarter of 2021, given the recent revaluation of the portfolio as of year-end 2020, AT revalued only a limited part of its portfolio which resulted in property revaluations and capital gains in the amount of €57 million, which is lower compared to €318 million in the first quarter of 2020. AT revaluates its portfolio at least once a year externally by independent and qualified appraisers. Due to the recent reliefs in lockdowns and restrictions across the portfolio's locations, AT expects to value a larger part of its portfolio during the second half of the year, especially the hotel portfolio.

During the first three months of 2021, AT completed disposals of over €420 million of properties with a +6% margin over their book values which have been accordingly accounted for as capital gains. Approx. €400 million of these disposals were signed during 2020 and included in the €2.7 billion signed disposals announced in the FY 2020 financials. Including the year-to-date signed disposals in 2021, AT signed over €970 million of property disposals. Over half of these were offices, 39% were logistics and retail assets and 8% were hotels. The properties are located across various core and non-core locations in Germany and the Netherlands, as well as in London. The offices were sold at a multiple of 27x while logistics and hotel properties were sold at a multiple of 23x. AT also improved its portfolio quality through selling non-core retail assets at a multiple of 15x. Disposing a large amount of properties through various transactions across all asset types above book value validates the conservative portfolio valuations and highlights the large discrepancy between the strong transaction markets and the discounted Aroundtown share price to the NAV metrics. Aroundtown is utilizing this discrepancy as the disposals free up funds and enable Aroundtown to carry out share buybacks with a deep discount to NAV which benefit the long-term shareholder value creation.

As of March 2021, the portfolio reflects an average value of €2,802 per sqm and a net rental yield of 4.6%, compared to €2,665 per sqm and 4.6% in December 2020, respectively.

*(d) Property operating expenses*

The recurring property operating expenses amounted to €70.5 million in the first quarter of 2021, stable compared to €70.4 million in the first quarter of 2020. The main item under property operating expenses are ancillary expenses which are mainly recoverable from tenants such as utility costs, charges for services provided to tenants and other services contracted in relation with the management of properties, overall staying relatively stable in line with the operating and other income. The remainder of property operating expenses are costs such as maintenance and refurbishment, operating personnel expenses, depreciation and amortization and various operating costs such as marketing, letting expenses, legal fees and others.

During the first quarter of 2021, AT created extraordinary expenses in the amount of €38 million for uncollected rent in response to the impact of the Coronavirus pandemic especially affecting the hotel industry's ability to pay rent which has been heavily impacted by the restrictions. These provisions are in line with the Company's 2021 guidance. AT collected approx. 32% of hotel rents during the first quarter of 2021, not considering the agreed rent-free with hotel tenants in exchange for longer lease terms. The Company is working together with its tenants, on a case-by-case basis, to collect the deferred amounts. The collection rate in the hotel portfolio is expected to improve in the coming periods depending on the pace of reopening and vaccinations across Europe. Including the extraordinary expenses for uncollected rent, property operating expenses amounted to €109 million in the first quarter of 2021.

*(e) Administrative and other expenses*

Administrative and other expenses amounted to €13 million in the first quarter of 2021, lower compared to €14 million in the first quarter of 2020. These expenses consist mainly of personnel expenses, fees for legal, professional, accounting and audit services, as well as sales, marketing and other administrative expenses. Administrative and other expenses developed in line with the realization of merger synergies with TLG.

## NET PROFIT

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| **Operating profit** | **238.0** | **536.4** |
| | | |
| Finance expenses (a) | (42.4) | (45.5) |
| Other financial results (b) | (26.5) | (86.1) |
| Current tax expenses (c) | (20.8) | (24.4) |
| Deferred tax expenses (c) | (2.0) | (134.7) |
| **Profit for the period (d)** | **146.3** | **245.7** |
| | | |
| **Profit attributable to:** | | |
| Owners of the Company | 109.3 | 183.4 |
| Perpetual notes investors | 23.0 | 20.2 |
| Non-controlling interests | 14.0 | 42.1 |
| | | |
| **Basic earnings per share (in €)** | **0.09** | **0.14** |
| **Diluted earnings per share (in €)** | **0.09** | **0.14** |
| Weighted average basic shares (in millions) | 1,184.2 | 1,291.4 |
| Weighted average diluted shares (in millions) | 1,185.4 | 1,293.0 |
| | | |
| **Profit for the period** | **146.3** | **245.7** |
| Total other comprehensive income (loss) for the period, net of tax | 44.8 | 25.4 |
| **Total comprehensive income for the period (e)** | **191.1** | **271.1** |

*(a) Finance expenses*

Net finance expenses amounted to €42 million in the first quarter of 2021, lower compared to €46 million in the first quarter of 2020 which is the result of debt optimization activities. Although the consolidation of TLG's debt only had a partial impact in the first quarter of 2020 compared to a full impact in the first quarter of 2021, AT was able to reduce the finance expenses since €1.0 billion of bonds and €0.9 billion of bank debt have been repaid between the two periods. The debt repayments have been partially financed with the issuance of a €1 billion bond at 0% coupon at year-end 2020. As a result of this proactive debt management, AT's cost of debt decreased from 1.6% in March 2020 to 1.4% in March 2021 while AT maintained a long average debt maturity of 6.0 years. This solid debt profile combined with the operational profitability manifests itself in the high ICR of 4.9x for the first quarter of 2021.

*(b) Other financial results*

Other financial results amounted to an expense of €27 million in the first quarter of 2021, compared to an expense of €86 million in the first quarter of 2020. The result is composed of items that are primarily non-recurring and/or non-cash where values fluctuate and thus the result varies from one period to another. The expense in Q1 2020 was driven mainly by non-recurring net changes in the fair value of financial derivatives including contingent liabilities created as a result of the TLG takeover, financial assets and liabilities and expenses related to bond buybacks. As these items either did not occur or amounted to a lower expense in the first quarter of 2021, the expense was lower.

Frankfurt

*(c) Taxation*

Current tax expenses amounted to €21 million in the first quarter of 2021, lower compared to €24 million in the first quarter of 2020. Current tax expenses are comprised of corporate income taxes and property taxes and declined mainly as a result of lower tax expenses due to uncollected rents. Deferred tax expenses amounted to €2 million in the first quarter of 2021, lower compared to €135 million recorded in the first quarter of 2020 mainly due to significantly lower amount of revaluation gains and a positive tax impact relating to changes in the fair value of financial derivatives.

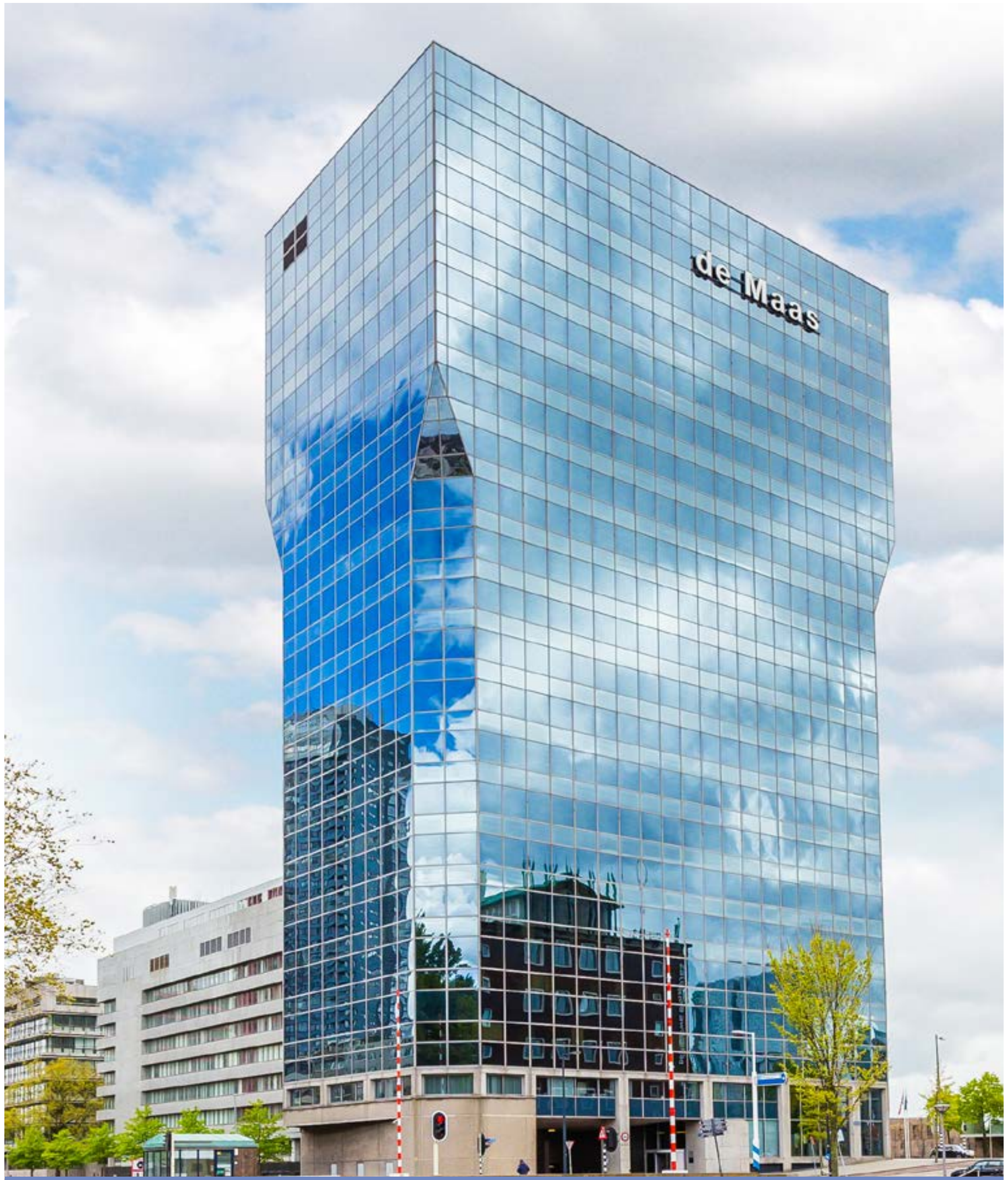
*(d) Profit for the period & Earnings per share*

AT generated a net profit of €146 million in the first quarter of 2021, lower compared to €246 million in the first quarter of 2020 due to lower revaluation gains and the extraordinary expenses for uncollected rent due to the Covid pandemic. Profit attributable to the non-controlling interest reduced from €42 million in the first quarter of 2020 to €14 million in the first quarter of 2021. The €14 million in the first quarter of 2021 mostly reflects the minority share in TLG. AT's economic holding rate in TLG increased to ca. 84% mainly due to the share buybacks of TLG and the remaining amount is related to minorities reflected in the non-controlling interests. In addition, the disposals of properties that had minority shares contributed towards the decline in this profit item. Profit attributable to perpetual notes investors grew mainly due to the full period impact of the takeover of TLG's perpetual notes. The accumulated coupon relating to the €600 million 1.625% perpetual notes raised during this quarter was mostly offset by the coupon related to the repurchased ca. €230 million 3.75% perpetual notes shortly after.

AT generated basic and diluted earnings per share of €0.09 in the first quarter of 2021, lower compared to €0.14 in the first quarter of 2020. This reflects the development in shareholders' profit albeit positively impacted by the lower share count between the periods. The weighted average number of shares decreased by 8% between the periods due to the partial impact of the share buybacks, offset by the full impact of the new shares resulting from TLG takeover and the impact of scrip dividends.

*(e) Comprehensive income*

Total comprehensive income for the period amounted to €191 million, lower compared to €271 million in the first quarter of 2020 due to the decrease in the profit which was partially offset by a higher comprehensive income of €45 million during the first quarter of 2021. The higher amount of comprehensive income is driven primarily by the positive impact of AT's share in other comprehensive income in equity-accounted investees and impact of cash flow hedges and currency fluctuations, net of taxes. While the first had a negative impact, the latter amounted to a lower income in the comparable period of 2020.



Rotterdam

## ADJUSTED EBITDA

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| Operating profit | 238.0 | 536.4 |
| Total depreciation and amortization | 1.5 | 1.0 |
| **EBITDA** | **239.5** | **537.4** |
| Property revaluations and capital gains | (56.8) | (318.4) |
| Share in profit from investment in equity-accounted investees | (27.9) | (24.8) |
| Other adjustments incl. one-off expenses related to TLG merger [1] | 1.5 | 3.8 |
| Contribution from assets held for sale | (4.6) | (1.5) |
| Extraordinary expenses for uncollected rent [2] | 38.0 | - |
| **Adjusted EBITDA commercial portfolio, recurring long-term** | **189.7** | **196.5** |
| Adjustment for GCP's and other investments' adjusted EBITDA contribution [3] | 40.7 | 40.7 |
| **Adjusted EBITDA** | **230.4** | **237.2** |

1) the other adjustment is expenses related to employees' share incentive plans
2) extraordinary expenses for uncollected rent due to the Covid pandemic
3) the adjustment is to reflect AT's share in the adjusted EBITDA of companies in which AT has significant influence. GCP generated an adjusted EBITDA of €73 million in Q1 2021 and €74 million in Q1 2020

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

The Group generated an adjusted EBITDA of €230 million during the first quarter of 2021, 3% lower compared to €237 million recorded during the first quarter of 2020, mainly due to disposals. The adjusted EBITDA contribution of GCP and other investments remained stable at €41 million between the two periods. Adjusted EBITDA excludes the effect of extraordinary expenses for uncollected rent. Including these extraordinary effects, the adjusted EBITDA, Covid adjusted amounts to €192 million, down by 19% compared to €237 million in the first quarter of 2020.

The adjusted EBITDA accounts for other adjustment in the amount of €1.5 million related to non-cash expenses for employees' share incentive plans. The amount of €3.8 million in the first quarter of 2020 additionally adjusted for a one-off expense of €2.8 million which related to the merger process with TLG. Furthermore, the Company conservatively does not include the contributions from properties marked for disposal since they are intended to be sold or already signed for disposal and therefore their contributions are non-recurring. This adjustment grew from €1.5 million in the first quarter of 2020 to €4.6 million in the first quarter of 2021 due to the larger disposal activity.

Berlin

## FUNDS FROM OPERATIONS (FFO I, FFO II)

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| **Adjusted EBITDA commercial portfolio, recurring long-term** | **189.7** | **196.5** |
| Finance expenses | (42.4) | (45.5) |
| Current tax expenses | (20.8) | (24.4) |
| Contribution to minorities [1] | (7.4) | (8.3) |
| Adjustments related to assets held for sale [2] | 1.4 | 0.8 |
| Perpetual notes attribution | (23.0) | (20.8) |
| **FFO I commercial portfolio, recurring long-term [3]** | **97.5** | **98.3** |
| Adjustment for GCP's and other investments' FFO I contribution [4] | 27.1 | 28.3 |
| **FFO I before Covid adjustment** | **124.6** | **126.6** |
| **FFO I per share before Covid adjustment (in €)** | **0.105** | **0.098** |
| Extraordinary expenses for uncollected rent [5] | (38.0) | - |
| **FFO I [6]** | **86.6** | **126.6** |
| **FFO I per share (in €)** | **0.073** | **0.098** |
| Weighted average basic shares (in millions) [7] | 1,184.2 | 1,291.4 |
| | | |
| **FFO I [6]** | **86.6** | **126.6** |
| Result from the disposal of properties [8] | 146.7 | 22.3 |
| **FFO II [9]** | **233.3** | **148.9** |

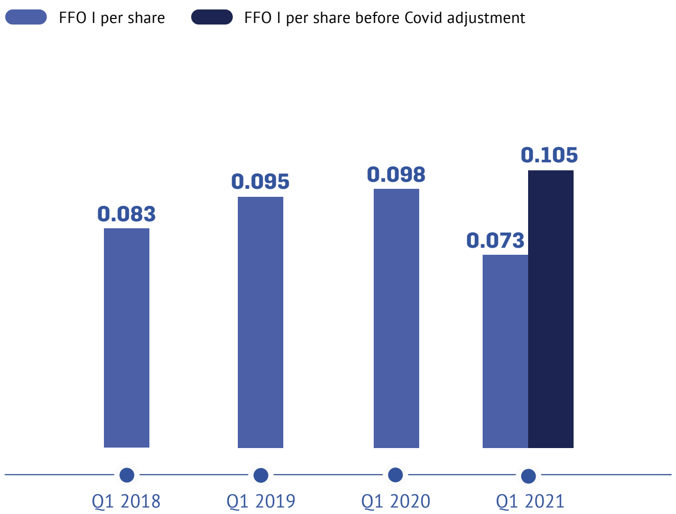
1) contribution to minorities and the minority share in TLG's FFO I (after perpetual notes attribution and contribution of AT)
2) the net contribution which is excluded from the FFO amounts to €3.2 million in Q1 2021 and €0.7 million in Q1 2020
3) previously did not include perpetual notes attribution
4) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence. GCP generated an FFO I (after perpetual notes attribution) of €47 million in Q1 2021 and in Q1 2020
5) extraordinary expenses for uncollected rent due to the Covid pandemic
6) previously defined as FFO I (per share) after perpetual, Covid adjusted
7) weighted average number of shares excludes shares held in treasury and includes the conversion impact of mandatory convertible notes; base for share KPI calculations
8) the excess amount of the sale price, net of transaction costs and total costs (cost price and capex of the disposed properties)
9) reclassified in Q4 2020 to be based on FFO I (previously defined as FFO I after perpetual, Covid adjusted)

Funds from Operations I (FFO I) is an industry standard performance indicator, reflecting the recurring operational profitability. FFO I starts by deducting the finance expenses, current tax expenses and the contributions to perpetual notes from the adjusted EBITDA. The calculation further includes the relative share of AT in GCP's FFO I and FFO I of other significant investment positions. Furthermore, FFO excludes the share in minorities' operational profits and makes an adjustment related to assets held for sale. The dividend payout ratio is based on 75% of the FFO I per share. In addition, AT provides the FFO II, which is an additional key performance indicator used in the real estate industry to evaluate the operational recurring profits including the disposal gains during the relevant period.

AT generated an FFO I before Covid adjustment of €125 million in the first quarter of 2021, slightly below to €127 million in the first quarter of 2020. This results in an FFO I per share before Covid adjustment of €0.105, higher compared to €0.098 recorded in the first quarter of 2020. The increase in the per share amount is the result of the share buyback programs between the two periods which resulted in a lower share count. The net contribution from the properties marked for disposal amounted to €3.2 million in the first quarter of 2021 and €0.7 million in the first quarter of 2020, which is excluded from the FFO. Including the extraordinary expenses for uncollected rent due to the Covid pandemic, FFO I amounted to €87 million and €0.073 per share in the first quarter of 2021, lower compared to €127 million and €0.098 per share recorded in the first quarter of 2020, respectively.

FFO II amounted in the first quarter of 2021 to €233 million, increasing by 57% compared to €149 million recorded in the first quarter of 2020. During the first quarter of 2021, AT completed disposals of over €420 million of properties with a +52% margin over their cost values including capex, which has been accordingly accounted for as result from the disposal of properties. In comparison, AT completed €55 million disposals during the first quarter of 2020 with a 68% margin over total costs. The high margin over total cost value demonstrates the substantial economic profit and value creation that AT has delivered.

### FFO I PER SHARE (IN €)




## CASH FLOW

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| Net cash provided by operating activities | 126.7 | 173.0 |
| Net cash provided by / (used in) investing activities | 218.9 | (201.6) |
| Net cash (used in) / provided by financing activities | (555.2) | 48.3 |
| **Net changes in cash and cash equivalents** | **(209.6)** | **19.7** |
| | | |
| **Net changes in cash and cash equivalents** | **(209.6)** | **19.7** |
| Cash and cash equivalents as at the beginning of the period | 2,692.1 | 2,191.7 |
| Cash and cash equivalents from initial consolidation of TLG | - | 510.5 |
| Other changes* | 1.4 | (3.0) |
| **Cash and cash equivalents as at the end of the period** | **2,483.9** | **2,718.9** |

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

€127 million of cash was provided by operating activities during the first quarter of 2021, compared to €173 million provided during the first quarter of 2020. The decrease in comparison to the first quarter of 2020 is the results of the extraordinary deferrals due to the Covid pandemic and the lower amount of dividends from investments.

€219 million of cash was provided by investing activities during the first quarter of 2021, compared to €202 million that was used during the first quarter of 2020. AT disposed over €420 million of assets during the first quarter of 2021 which was to some extent offset by investments in capex, investees and traded securities, as well as investments in financial assets such as short to mid-term asset backed loans.

€555 million of cash was used in financing activities during the first quarter of 2021, compared to €48 million that was provided during the first quarter of 2020. The main uses during the first quarter of 2021 were approx. €500 million of debt repayments, over €100 million of dividend distribution and over €150 million of TLG's share buyback program. In addition, AT issued €600 million of perpetual notes at 1.625% coupon which was subsequently utilized in the repurchase of approx. €230 million perpetual notes with a 3.75% coupon.

As a result, cash and cash equivalents at the end of March 2021 amounted to €2.5 billion. Adding on top other liquid assets, total cash and liquid assets balance totalled to €3.1 billion which is 10% of total assets. The high liquidity position, combined with the large amount of unencumbered assets reflect the Company's high financial strength and flexibility. This substantial balance not only acts as a significant headroom against market downturns, but also provides the Company with a large firepower for acquisitions.

## ASSETS

| | Mar 2021 | Dec 2020 |
|---|---|---|
| | in € millions | |
| **Non-current assets** | **26,052.8** | **26,240.5** |
| Investment property | 20,774.0 | 21,172.4 |
| Equity-accounted investees - holding in GCP SA 1) | 2,118.0 | 2,076.3 |
| Equity-accounted investees, other | 1,104.3 | 1,101.1 |
| **Current assets** | **4,784.0** | **4,781.1** |
| Assets held for sale 2) | 1,107.4 | 875.4 |
| Cash and liquid assets 3) | 3,068.1 | 3,262.7 |
| **Total Assets** | **30,836.8** | **31,021.6** |

1) according to AT's holding rate, the market cap of GCP SA as of Mar 2021 is €1.5 billion

2) excluding cash in assets held for sale

3) including cash in assets held for sale

AT's total assets amounted to €30.8 billion at the end of March 2021, slightly lower compared to €31.0 billion at year-end 2020 mainly due to utilizing the cash balance for the pro-active debt repayments and the share buyback of TLG. During the first quarter of 2021, AT repaid approx. €500 million of debt which supported lowering the cost of debt while maintaining a long average debt maturity.

Non-current assets amounted to €26.1 billion at the end of March 2021, slightly lower compared to €26.2 billion recorded at year-end 2020. The largest item under non-current assets is the investment property which amounted to €20.8 billion at the end of the first quarter of 2021, 2% lower compared to €21.2 billion at year-end 2020 due to properties disposed or marked for disposals. Approx. 50% of the properties held for sale are already signed for disposal and the Company expects the remaining to be disposed during the next 12 months. There was no significant acquisition during the first quarter of 2021. The like-for-like portfolio, excluding the disposals and acquisitions, reflected only a slight growth since only a limited amount of assets were revalued.

Investment in equity-accounted investees amounted to €3.22 billion at the end of March 2021, growing slightly compared to €3.18 billion at year-end 2020. This line item represents AT's long-term investments in which the Company has a significant influence but are not consolidated. The largest investment in this item is the Company's strategic long-term investment in the residential portfolio via a 42% stake in Grand City Properties which amounts to €2.12 billion at the end of March 2021, growing by 2% compared to €2.08 billion at year-end 2020. The growth is due to GCP's net profits and a slightly higher stake in GCP mainly through participation in the scrip dividends of GCP. GCP further reinforces AT's platform and strengthens its portfolio with a well-balanced diversification in the resilient and affordable German residential real estate market, as well as the London residential market. The balance of other equity-accounted investees amounted to €1.1 billion at the end of March 2021, stable compared to the year-end 2020. This item mainly represents AT's 22% stake in Globalworth, a leading publicly listed office landlord in the CEE market, and its stake in further real estate investments.

Non-current assets also include goodwill at an amount of €0.8 billion created as part of the takeover of TLG. This goodwill mainly relates to TLG's deferred tax liability balance. The business combination was based on an EPRA NAV-to-EPRA NAV exchange ratio. The ratio of TLG's EPRA NAV to the shareholders' equity is much higher than AT's primarily related to higher ratio of deferred tax balance and is thus, from an accounting perspective, reflected in the goodwill balance. It should be noted that the complete goodwill is reduced for the calculation of the EPRA NTA. In addition, non-current assets include advance payments and deposits, long-term derivative financial assets, deferred tax assets and other long-term assets which are mainly comprised of loans that are connected to future real estate transactions which are mainly vendor loans that are connected to disposals and loans-to-own assets. Loans-to-own assets are asset-backed, high-interest loans with the added potential, under certain conditions, to acquire the underlying assets at a significant discount to asset value. Loans-to-own assets provide the Company with an alternative acquisition opportunity in the current market environment, to complement its already broad-based deal sourcing network.

Current assets amounted to €4.8 billion at the end of March 2021 stable compared to year-end 2020. The assets held for sale balance consists of non-core and/or mature assets that are already signed for disposals or intended to be sold within the next 12 months. The balance (excluding the cash of assets held for sale) amounted to €1.1 billion at the end of March 2021, higher compared to €0.9 billion at year-end 2020. Out of the held for sale balance at March 2021, approx. 50% have already been signed for disposal.

The cash and liquid assets balance decreased slightly to €3.1 billion at the end of March 2021, compared to €3.3 billion at year-end 2020. The cash balance from year-end 2020 was strengthened with the inflow from operations, disposals and perpetual notes issuance which were utilized into the repayment of near-maturing and more expensive debt, perpetual notes, as well as the dividend distribution and share buyback of TLG.

## LIABILITIES

| | Mar 2021 | Dec 2020 |
|---|---|---|
| | in € millions | |
| Loans and borrowings [1] | 977.1 | 1,376.8 |
| Straight bonds and schuldscheins [2] | 10,499.1 | 10,484.1 |
| Deferred tax liabilities [3] | 2,068.8 | 2,054.4 |
| Other long-term liabilities and derivative financial instruments [4] | 667.4 | 671.3 |
| Current liabilities [5] | 678.2 | 852.0 |
| **Total Liabilities** | **14,890.6** | **15,438.6** |

1) including short-term loans and borrowings
2) Dec 2020 figure includes the Series D amount that was classified under current liabilities which was repaid during Q1 2021
3) including deferred tax under held for sale
4) including short term derivative financial instruments
5) excluding current liability items that are included in the lines above

Total liabilities amounted to €14.9 billion at the end of first quarter of 2021, lower compared to €15.4 billion at year-end 2020 mainly due to debt repayments. During the period, AT bought back approx. €130 million of Series D 2022 and Series 35 TLG 2024 straight bonds. AT also repaid approx. €390 million of bank debt. Part of the proceeds were provided by the issuance of €1 billion Series 38 bonds at 0% coupon at year-end 2020. Via proactively managing its liabilities, AT further decreased its cost of debt to 1.4% while maintaining a long average debt maturity of 6.0 years.

Deferred tax liabilities amounted to €2.1 billion at the end of March 2021, stable compared to year-end 2020. Deferred tax liabilities make up 14% of total liabilities and are non-cash items that are predominantly tied to revaluation profits. The deferred taxes are calculated conservatively by assuming the theoretical future property disposals in the form of asset deals and as such the full corporate tax rate is applied in the relevant jurisdictions. In case the disposals are structured as a share deal, a lower tax rate may apply in certain jurisdictions, thus realizing the savings in deferred taxes.

Current liabilities decreased from €852 million at year-end 2020 to €678 million at the end of March 2021 mainly due to over €100 million of dividend payments which were recorded as payable in December 2020. Current assets of €4.8 billion covers current liabilities comfortably by several times which is a testament to AT's disciplined working capital management.


Stuttgart

## DEBT METRICS

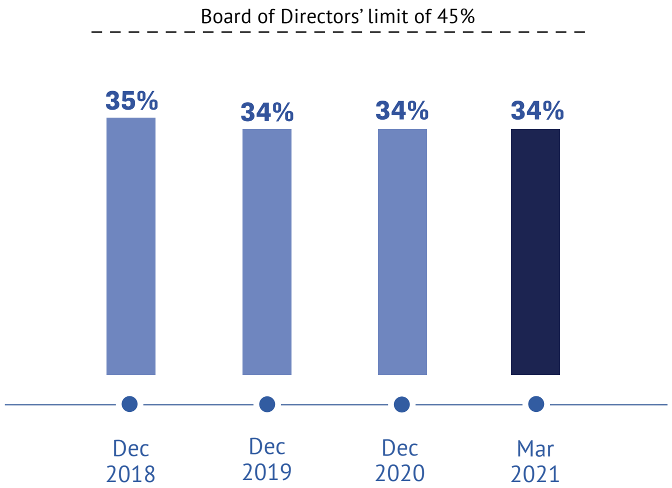
| | Mar 2021 | Dec 2020 |
|---|---|---|
| **Loan-To-Value (LTV)** | in € millions | |
| Investment property [1] | 20,771.5 | 21,150.0 |
| Investment property of assets held for sale | 1,079.1 | 830.2 |
| Investment in equity-accounted investees | 3,222.3 | 3,177.4 |
| **Total value (a)** | **25,072.9** | **25,157.6** |
| Total financial debt | 11,476.2 | 11,860.9 |
| Less: Cash and liquid assets [2] | (3,068.1) | (3,262.7) |
| **Net financial debt (b)** | **8,408.1** | **8,598.2** |
| **LTV (b/a)** | **34%** | **34%** |
| | | |
| **Unencumbered Assets** | | |
| Rent generated by unencumbered assets [3] | 832.7 | 796.6 |
| Rent generated by the total Group [3] | 1,036.1 | 1,045.9 |
| **Unencumbered assets ratio** | **80%** | **76%** |

| | Three months ended March 31 | |
|---|---|---|
| | **2021** | 2020 |
| **Interest Cover Ratio (ICR)** | in € millions | |
| Group finance expenses [4] | 48.3 | 50.4 |
| Adjusted EBITDA [5] | 235.0 | 238.7 |
| **ICR** | **4.9x** | **4.7x** |

1) including advance payments and deposits and excluding the right-of-use assets
2) including cash and cash equivalents under held for sale
3) annualized net rent including the contribution from GCP and other investments and excluding the net rent from assets held for sale
4) including AT's share in GCP's and other investments' finance expenses
5) including the contributions from assets held for sale, GCP and other investments, excluding extraordinary expenses for uncollected rent due to the Covid pandemic

AT's disciplined debt management approach with a strong credit profile and a high financial flexibility is reflected in a consistently low LTV which amounted in the end of March 2021 to 34% and remains comfortably below the internal limit of 45% set by the Board of Directors, a consistently high unencumbered assets ratio of 80% with a total value of €15.9 billion and a high ICR of 4.9x. By keeping these metrics at comfortable levels, AT maintains its high level of financial flexibility.

**LOAN-TO-VALUE**




Munich

## EQUITY

| | Mar 2021 | Dec 2020 |
|---|---|---|
| | in € millions | |
| **Total equity** | **15,946.2** | **15,583.0** |
| of which equity attributable to the owners of the Company | 10,588.1 | 10,424.8 |
| of which equity attributable to perpetual notes investors | 3,476.6 | 3,132.9 |
| of which non-controlling interests | 1,881.5 | 2,025.3 |
| **Equity ratio** | **52%** | **50%** |

Total equity amounted to €15.9 billion at the end of March 2021 and increased by 2% compared to €15.6 billion at year-end 2020 mainly due to the issuance of €600 million perpetual notes at a coupon of 1.625%. The issuance refinanced approx. €230 million of AT's first perpetual notes which have a coupon of 3.75% and were issued in 2016. The reduction in the coupon rate is reflective of AT's stronger credit rating driven by the improvements in the business profile since the first issuance. The increase in the equity is also due to the profits during the period as well as the effect of the scrip dividend issuance, which increased the equity base by €58 million. As in previous years, the Company gave its shareholders the option to choose to receive the dividend in the form a scrip dividend. As the ex-dividend date was in December 2020 the equity impact of the dividend was already reflected in the December 2020 figure. The dividend was paid, and shares related to the scrip dividend were delivered, in January of 2021. The equity attributable to the owners of the Company increased slightly to €10.6 billion while the non-controlling interest declined from €2.0 billion to €1.9 billion due to the relatively higher stake in TLG as a result of TLG's share buyback program (AT holds ca. 84% of TLG as at the end of March 2021).

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


Cologne

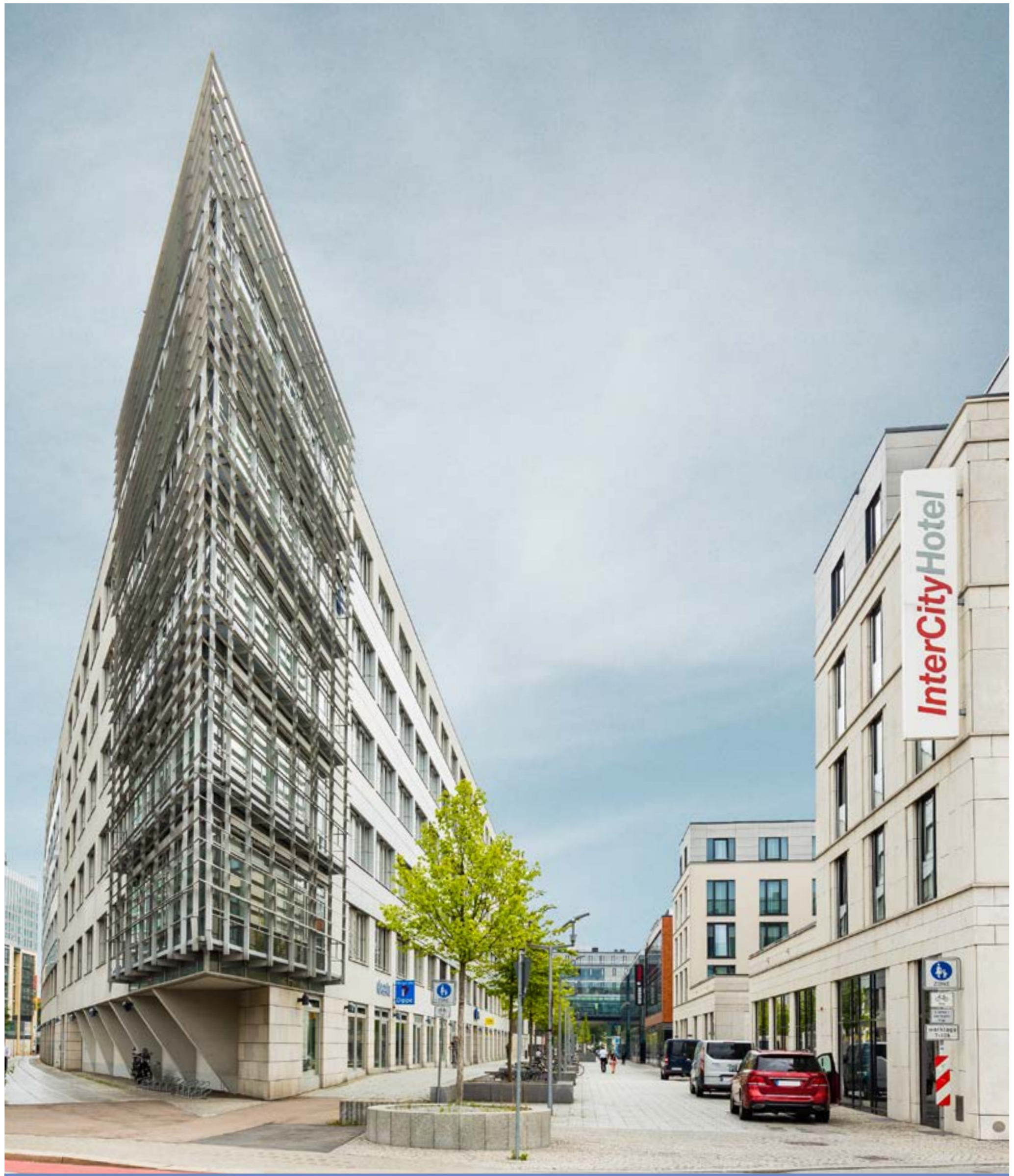
## EPRA NAV KPIs

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

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

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

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



Dresden

| | Mar 2021 | | | Dec 2020 | | |
|---|---|---|---|---|---|---|
| | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** | **EPRA NRV** | **EPRA NTA** | **EPRA NDV** |
| | in € millions | | | | | |
| **Equity attributable to the owners of the Company** | **10,588.1** | **10,588.1** | **10,588.1** | **10,424.8** | **10,424.8** | **10,424.8** |
| Deferred tax liabilities [1] | 1,899.4 | 1,530.2 | - | 1,853.2 | 1,494.5 | - |
| Fair value measurement of derivative financial instruments [2] | 31.5 | 31.5 | - | 55.8 | 55.8 | - |
| Goodwill in relation to TLG [3] | (822.0) | (822.0) | (822.0) | (822.0) | (822.0) | (822.0) |
| Goodwill as per the IFRS balance sheet (related to GCP surplus) [4] | - | (620.3) | (620.3) | - | (620.5) | (620.5) |
| Intangibles as per the IFRS balance sheet | - | (18.1) | - | - | (18.0) | - |
| Net fair value of debt | - | - | (547.2) | - | - | (627.4) |
| Real estate transfer tax [5] | 1,569.0 | 677.3 | - | 1,582.1 | 672.8 | - |
| **NAV** | **13,266.0** | **11,366.7** | **8,598.6** | **13,093.9** | **11,187.4** | **8,354.9** |
| Number of shares (in millions) [6] | | 1,186.4 | | | 1,176.7 | |
| **NAV per share (in €)** | **11.2** | **9.6** | **7.2** | **11.1** | **9.5** | **7.1** |

1) excluding the minority share in TLG's deferred tax liabilities (DTL). EPRA NRV additionally includes DTL of assets held for sale

2) excluding the minority share in TLG's derivatives

3) deducting the goodwill resulting from the business combination with TLG

4) deducting the surplus on investment in GCP Group

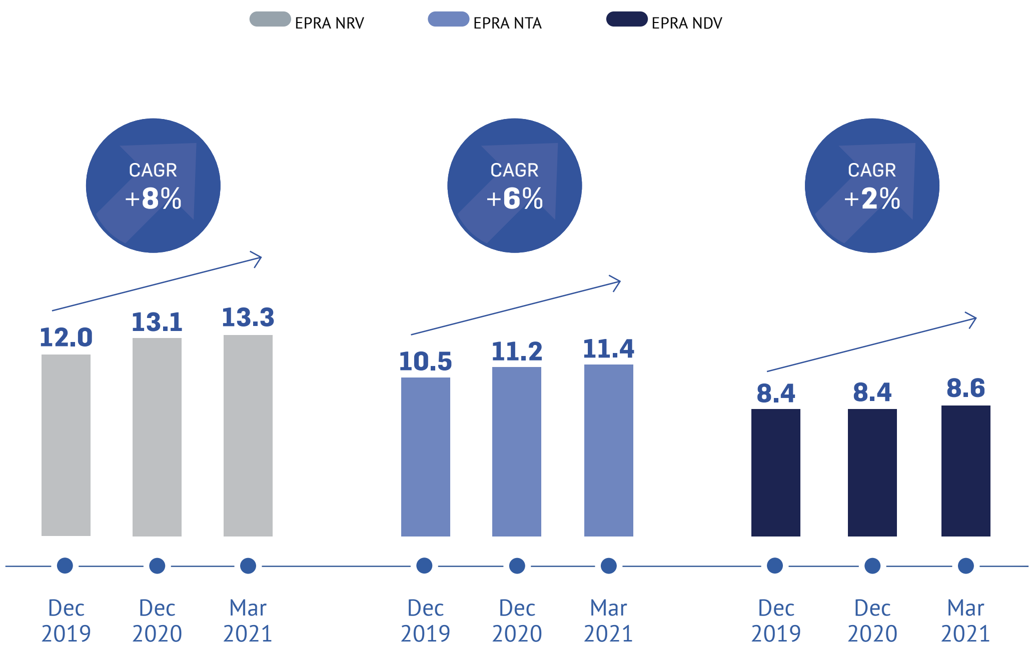
5) including the gross purchasers' costs of assets held for sale. EPRA NTA includes only the gross purchasers' costs of properties where RETT optimization at disposal can be achieved

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

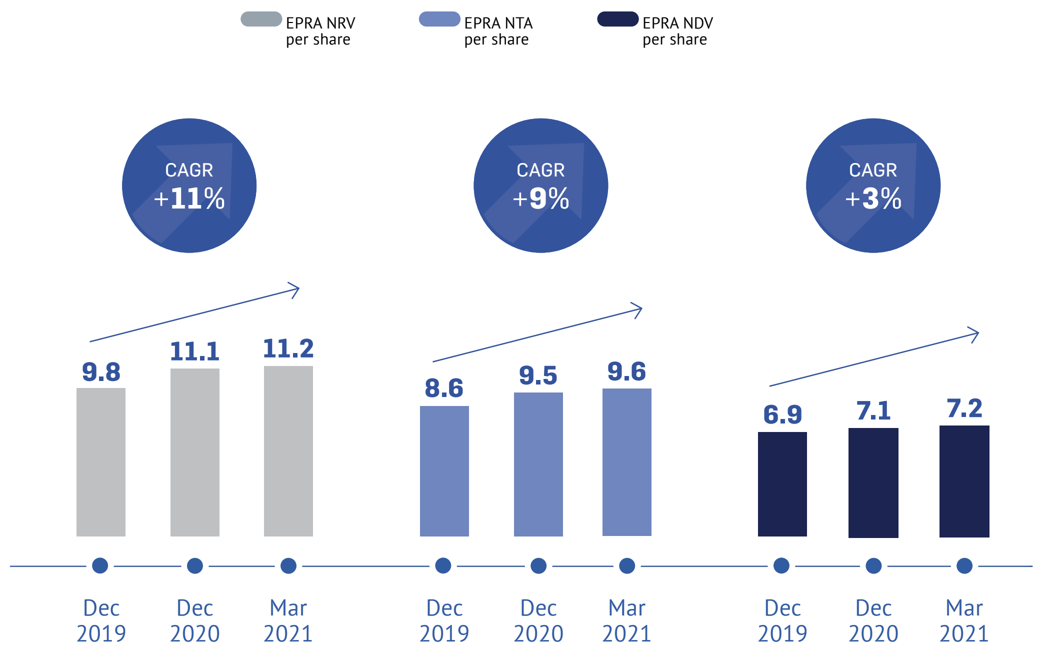
The EPRA NRV at the end of March 2021 amounted to €13.3 billion and €11.2 per share, reflecting 1% growth compared to year-end 2020. The EPRA NTA as of March 2021 amounted to €11.4 billion and €9.6 per share, increasing by 2% and 1% compared to €11.2 billion and €9.5 per share at year-end 2020, respectively. The slight increase in the number of shares is the result of the scrip dividends distributed out of the treasury share balance. At the end of Q1 2021, AT launched an additional share buyback program with a volume of up to €500 million. The buy-back of shares at a significant discount to NAV will create additional shareholder value in the following periods. The EPRA NDV as of March 2021 amounted to €8.6 billion and €7.2 per share, higher compared to €8.4 billion and €7.1 per share at year-end 2020 due to movements in the net fair value of debt.

Utrecht

## EPRA NAV KPIs (IN € BN)




## EPRA NAV PER SHARE KPIs (IN €)



Hamburg

# ALTERNATIVE PERFORMANCE MEASURES (APM)

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

## ADJUSTED EBITDA

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

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

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

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

## FUNDS FROM OPERATIONS (FFO I)

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

Funds from Operations I (FFO I) is an industry standard performance indicator for evaluating operational recurring profit of a real estate firm. AT calculates *FFO I* by deducting from the *Adjusted EBITDA Commercial Portfolio, Recurring Long-term,* the *Finance expenses, Current tax expenses, Contribution to minorities* and adds back *Adjustments related to assets held for sale. Adjustments related to assets held for sale* refers to finance expenses and current tax expenses related to assets held for sale. *Contribution to minorities* include among others the minority share in TLG's FFO I after perpetual notes attribution and contribution of AT, excluding the contribution from assets held for sale. AT additionally deducts the *Perpetual notes attribution* to reach at *FFO I commercial portfolio, recurring long-term*. Previously, this figure did not deduct the perpetual notes attribution.

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

AT created extraordinary expenses for uncollected rent due to the Covid pandemic in response to the impact of Coronavirus on the hotel industry. Therefore, AT's *FFO I* (previously defined as FFO I after perpteual, Covid adjusted) includes these expenses.

*FFO I per share before Covid adjustment* is calculated by dividing the *FFO I before Covid adjustment* by the *Weighted average basic shares* which excludes the shares held in treasury and includes the conversion impact of mandatory convertible notes. *FFO I per share* (previously defined as FFO I per share after perpetual, Covid adjusted) is calculated by dividing the *FFO I* by the *Weighted average basic shares* which excludes the shares held in treasury and includes the conversion impact of mandatory convertible notes.

| Funds From Operations I (FFO I) Calculation |
|---|
| Adjusted EBITDA commercial portfolio, recurring long-term |
| (-) Finance expenses |
| (-) Current tax expenses |
| (-) Contribution to minorities |
| (+) Adjustments related to assets held for sale |
| (-) Perpetual notes attribution |
| **(=) FFO I commercial portfolio, recurring long-term** |
| (+) Adjustment for GCP's and other investments' FFO I contribution [1] |
| **(=) FFO I before Covid adjustment** |
| (-) Extraordinary expenses for uncollected rent [2] |
| **(=) FFO I** |

1) the adjustment is to reflect AT's share in the FFO I of companies in which AT has significant influence
2) extraordinary expenses for uncollected rent due to the Covid pandemic

| FFO I Per Share Calculation |
|---|
| **(a) FFO I before Covid adjustment** |
| (-) Weighted average basic shares [1] |
| **(=) (a/b) FFO I per share before Covid adjustment** |
| |
| **(c) FFO I** |
| (d) Weighted average basic shares [1] |
| **(=) (c/d) FFO I per share** |

1) excluding the shares held in treasury and including the conversion impact of mandatory convertible notes base for share KPI calculations

## FUNDS FROM OPERATIONS II (FFO II)

Funds from Operations II (FFO II) is an additional measurement used in the real estate industry to evaluate operational recurring profits including the impact from disposal activities. To derive the *FFO II*, the *Results from disposal of properties* are added to the *FFO I* (reclassified to be based on this KPI, previously it was based on FFO I before perpetual). The results from disposals reflect the profit driven from the excess amount of the sale price, net of transaction costs, to cost price plus capex of the disposed properties.

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

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

## EPRA NET REINSTATEMENT VALUE (EPRA NRV)

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

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

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

## EPRA NET TANGIBLE ASSETS (EPRA NTA)

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

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

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

## EPRA NET DISPOSAL VALUE (EPRA NDV)

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

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

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

## LOAN-TO-VALUE (LTV)

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

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

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

## EQUITY RATIO

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

| Equity Ratio Calculation |
|---|
| (a) Total Equity |
| (b) Total Assets |
| **(=) (a/b) Equity Ratio** |

## UNENCUMBERED ASSETS RATIO

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

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

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

## INTEREST COVER RATIO (ICR)

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

| ICR Calculation |
|---|
| (a) Group Finance Expenses [1] |
| (b) Adjusted EBITDA [2] |
| **(=) (b/a) ICR** |

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

Frankfurt

## RESPONSIBILITY STATEMENT

To the best of our knowledge, the 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, May 27, 2021

**Frank Roseen**
Executive Director

**Jelena Afxentiou**
Executive Director

# INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | Three months ended March 31, | |
|---|---|---|---|
| | | **2021** | 2020 |
| | | Unaudited | |
| | Note | in € millions | |
| Revenue | 6 | 274.9 | 277.7 |
| | | | |
| Property revaluations and capital gains | | 56.8 | 318.4 |
| Share in profit from investment in equity-accounted investees | | 27.9 | 24.8 |
| Property operating expenses | | (108.5) | (70.4) |
| Administrative and other expenses | | (13.1) | (14.1) |
| **Operating profit** | | **238.0** | **536.4** |
| | | | |
| Finance expenses | | (42.4) | (45.5) |
| Other financial results | | (26.5) | (86.1) |
| | | | |
| **Profit before tax** | | **169.1** | **404.8** |
| | | | |
| Current tax expenses | | (20.8) | (24.4) |
| Deferred tax expenses | | (2.0) | (134.7) |
| **Profit for the period** | | **146.3** | **245.7** |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the Company | | 109.3 | 183.4 |
| Perpetual notes investors | | 23.0 | 20.2 |
| Non-controlling interests | | 14.0 | 42.1 |
| **Profit for the period** | | **146.3** | **245.7** |
| | | | |
| **Net earnings per share attributable to the owners of the Company (in €)** | | | |
| | | | |
| Basic earnings per share | | 0.09 | 0.14 |
| Diluted earnings per share | | 0.09 | 0.14 |

 The accompanying notes on pages 52 to 58 form an integral part of these interim consolidated financial statements

# INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| | Three months ended March 31, | |
|---|---|---|
| | **2021** | 2020 |
| | Unaudited | |
| | in € millions | |
| **Profit for the period** | **146.3** | **245.7** |
| | | |
| **Other comprehensive income (loss):** | | |
| *Items that are or may be reclassified subsequently to profit or loss* | | |
| Foreign operations – foreign currency translation difference, net of investment hedges of foreign operations, net of tax | 25.5 | (*) (7.9) |
| Cash flow hedges and cost of hedging, net of tax | 10.5 | (*) 43.1 |
| Equity-accounted investees – share of OCI | 8.8 | (9.8) |
| | | |
| **Total comprehensive income for the period** | **191.1** | **271.1** |
| | | |
| **Total comprehensive income attributable to:** | | |
| Owners of the Company | 154.1 | 208.8 |
| Perpetual notes investors | 23.0 | 20.2 |
| Non-controlling interests | 14.0 | 42.1 |
| **Total comprehensive income for the period** | **191.1** | **271.1** |

(*) reclassified

# INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at March 31, 2021 | As at December 31, 2020 |
|---|---|---|---|
| | | Unaudited | Audited |
| | | in € millions | |
| **ASSETS** | | | |
| Property, equipment and intangible assets | | 893.9 | 877.2 |
| Investment property | 7 | 20,774.0 | 21,172.4 |
| Advance payments and deposits | | 138.1 | 147.5 |
| Investment in equity-accounted investees | | 3,222.3 | 3,177.4 |
| Derivative financial assets | | 124.9 | 111.5 |
| Other non-current assets | | 694.3 | 564.0 |
| Deferred tax assets | | 205.3 | 190.5 |
| **Non-current assets** | | **26,052.8** | **26,240.5** |
| | | | |
| Cash and cash equivalents | | 2,483.9 | 2,692.1 |
| Short term deposits | | 181.4 | 140.8 |
| Financial assets at fair value through profit or loss | | 392.3 | 427.8 |
| Trade and other receivables | | 595.5 | 616.6 |
| Derivative financial assets | | 13.0 | 26.4 |
| Assets held for sale | 7 | 1,117.9 | 877.4 |
| **Current assets** | | **4,784.0** | **4,781.1** |
| | | | |
| **Total Assets** | | **30,836.8** | **31,021.6** |



The accompanying notes on pages 52 to 58 form an integral part of these interim consolidated financial statements

| | Note | As at March 31, 2021 | As at December 31, 2020 |
|---|---|---|---|
| | | Unaudited | Audited |
| | | in € millions | |
| **EQUITY** | | | |
| Share capital | | 15.4 | 15.4 |
| Treasury shares | 8.2 | (2,572.6) | (2,621.6) |
| Retained earnings and other reserves | | 13,145.3 | 13,031.0 |
| **Equity attributable to the owners of the Company** | | **10,588.1** | **10,424.8** |
| Equity attributable to perpetual notes investors | 8.3 | 3,476.6 | 3,132.9 |
| **Equity attributable to the owners of the Company and perpetual notes investors** | | **14,064.7** | **13,557.7** |
| Non-controlling interests | | 1,881.5 | 2,025.3 |
| **Total Equity** | | **15,946.2** | **15,583.0** |
| | | | |
| **LIABILITIES** | | | |
| Loans and borrowings | 9.2 | 908.0 | 1,293.6 |
| Straight bonds and schuldscheins | 9.1 | 10,499.1 | 10,386.4 |
| Derivative financial liabilities | | 375.2 | 409.3 |
| Other non-current liabilities | | 276.4 | 249.4 |
| Deferred tax liabilities | | 2,004.7 | 2,025.8 |
| **Non-current liabilities** | | **14,063.4** | **14,364.5** |
| | | | |
| Current portion of straight bonds, loans and borrowings and loan redemptions | | 69.1 | 180.9 |
| Dividend payable | 8.1 | - | 160.8 |
| Trade and other payables | | 432.0 | 434.8 |
| Tax payable | | 66.6 | 67.6 |
| Provisions for other liabilities and accrued expenses | | 150.8 | 176.8 |
| Derivative financial liabilities | | 15.8 | 12.6 |
| Liabilities held for sale | | 92.9 | 40.6 |
| **Current liabilities** | | **827.2** | **1,074.1** |
| | | | |
| **Total liabilities** | | **14,890.6** | **15,438.6** |
| | | | |
| **Total Equity and Liabilities** | | **30,836.8** | **31,021.6** |

The Board of Directors of Aroundtown SA authorized these interim consolidated financial statements for issuance on May 27, 2021

**Frank Roseen**
Executive Director

**Jelena Afxentiou**
Executive Director

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2021 (UNAUDITED)

| | Attributable to the owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium and other reserves | Cash flow hedge and cost of hedge reserves | Treasury shares | Retained earnings | Total | Equity attributable to perpetual notes investors | Equity attributable to the owners of the Company and perpetual notes investors | Non-controlling interests | Total equity |
| | in € millions | | | | | | | | | |
| **Balance as at January 1, 2021** | **15.4** | **5,752.4** | **(37.2)** | **(2,621.6)** | **7,315.8** | **10,424.8** | **3,132.9** | **13,557.7** | **2,025.3** | **15,583.0** |
| Profit for the period | - | - | - | - | 109.3 | 109.3 | 23.0 | 132.3 | 14.0 | 146.3 |
| Other comprehensive income for the period, net of tax | - | 34.3 | 10.5 | - | - | 44.8 | - | 44.8 | - | 44.8 |
| **Total comprehensive income for the period** | **-** | **34.3** | **10.5** | **-** | **109.3** | **154.1** | **23.0** | **177.1** | **14.0** | **191.1** |
| | | | | | | | | | | |
| **Transactions with owners of the Company** | | | | | | | | | | |
| **Contributions and distributions** | | | | | | | | | | |
| Share buy-back program | - | - | - | (7.4) | - | (7.4) | - | (7.4) | - | (7.4) |
| Equity settled share-based payment | - | (2.4) | - | 0.1 | - | (2.3) | - | (2.3) | - | (2.3) |
| Dividend distribution | - | 2.1 | - | 56.3 | - | 58.4 | - | 58.4 | - | 58.4 |
| **Total contributions and distributions** | **-** | **(0.3)** | **-** | **49.0** | **-** | **48.7** | **-** | **48.7** | **-** | **48.7** |
| | | | | | | | | | | |
| **Changes in ownership interests** | | | | | | | | | | |
| Share buy-back in a subsidiary | - | - | - | - | (1.0) | (1.0) | - | (1.0) | (154.3) | (155.3) |
| Transactions with non-controlling interests | - | - | - | - | (14.7) | (14.7) | - | (14.7) | (3.5) | (18.2) |
| **Total changes in ownership interests** | **-** | **-** | **-** | **-** | **(15.7)** | **(15.7)** | **-** | **(15.7)** | **(157.8)** | **(173.5)** |
| | | | | | | | | | | |
| **Transactions with perpetual notes investors** | | | | | | | | | | |
| Issuance of perpetual notes net of perpetual notes buy-back | - | (23.8) | - | - | - | (23.8) | 366.1 | 342.3 | - | 342.3 |
| Payment to perpetual notes investors | - | - | - | - | - | - | (45.4) | (45.4) | - | (45.4) |
| **Total transactions with perpetual notes investors** | **-** | **(23.8)** | **-** | **-** | **-** | **(23.8)** | **320.7** | **296.9** | **-** | **296.9** |
| | | | | | | | | | | |
| **Balance as at March 31, 2021** | **15.4** | **5,762.6** | **(26.7)** | **(2,572.6)** | **7,409.4** | **10,588.1** | **3,476.6** | **14,064.7** | **1,881.5** | **15,946.2** |



The accompanying notes on pages 52 to 58 form an integral part of these interim consolidated financial statements

## FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020 (UNAUDITED)

| | Attributable to the owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium and other reserves | Cash flow hedge and cost of hedge reserves | Treasury shares | Retained earnings | Total | Equity attributable to perpetual notes investors | Equity attributable to the owners of the Company and perpetual notes investors | Non-controlling interests | Total equity |
| | in € millions | | | | | | | | | |
| **Balance as at January 1, 2020** | **12.2** | **3,008.0** | **2.2** | **-** | **6,563.1** | **9,585.5** | **2,484.0** | **12,069.5** | **1,309.4** | **13,378.9** |
| | | | | | | | | | | |
| Profit for the period | - | - | - | - | 183.4 | 183.4 | 20.2 | 203.6 | 42.1 | 245.7 |
| Other comprehensive income (loss) for the period, net of tax | - | (17.7) | 43.1 | - | - | 25.4 | - | 25.4 | - | 25.4 |
| **Total comprehensive income (loss) for the period** | **-** | **(17.7)** | **43.1** | **-** | **183.4** | **208.8** | **20.2** | **229.0** | **42.1** | **271.1** |
| | | | | | | | | | | |
| **Transactions with owners of the Company** | | | | | | | | | | |
| **Contributions and distributions** | | | | | | | | | | |
| Issuance of mandatory convertible notes | - | 223.1 | - | - | - | 223.1 | - | 223.1 | - | 223.1 |
| Equity settled share-based payment | (*) 0.0 | 0.3 | - | - | - | 0.3 | - | 0.3 | - | 0.3 |
| **Total contributions and distributions** | **0.0** | **223.4** | **-** | **-** | **-** | **223.4** | **-** | **223.4** | **-** | **223.4** |
| | | | | | | | | | | |
| **Changes in ownership interests** | | | | | | | | | | |
| Transactions with non-controlling interests | - | - | - | - | 1.2 | 1.2 | - | 1.2 | (5.6) | (4.4) |
| Business combination | 3.2 | 2,746.1 | - | (1,620.8) | - | 1,128.5 | 643.1 | 1,771.6 | 645.6 | 2,417.2 |
| **Total changes in ownership interests** | **3.2** | **2,746.1** | **-** | **(1,620.8)** | **1.2** | **1,129.7** | **643.1** | **1,772.8** | **640.0** | **2,412.8** |
| | | | | | | | | | | |
| **Transactions with perpetual notes investors** | | | | | | | | | | |
| Payment to perpetual notes investors | - | - | - | - | - | - | (38.2) | (38.2) | - | (38.2) |
| **Total transactions with perpetual notes investors** | **-** | **-** | **-** | **-** | **-** | **-** | **(38.2)** | **(38.2)** | **-** | **(38.2)** |
| | | | | | | | | | | |
| **Balance as at March 31, 2020** | **15.4** | **5,959.8** | **45.3** | **(1,620.8)** | **6,747.7** | **11,147.4** | **3,109.1** | **14,256.5** | **1,991.5** | **16,248.0** |

(*) less than €0.1 million

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| | Three months ended March 31, | |
|---|---|---|
| | **2021** | 2020 |
| | Unaudited | |
| | in € millions | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| | | |
| Profit for the period | 146.3 | 245.7 |
| | | |
| **Adjustments for the profit:** | | |
| Depreciation and amortization | 1.5 | 1.0 |
| Property revaluations and capital gains | (56.8) | (318.4) |
| Share in profit from investment in equity-accounted investees | (27.9) | (24.8) |
| Finance expenses and other financial results | 68.9 | 131.6 |
| Current and deferred tax expenses | 22.8 | 159.1 |
| Share-based payment | 1.5 | 1.0 |
| Change in working capital | (17.2) | (13.9) |
| Dividend received | 7.3 | 14.4 |
| Tax paid | (19.7) | (22.7) |
| **Net cash provided by operating activities** | **126.7** | **173.0** |
| | | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisitions of equipment and intangible assets, net | (5.9) | (3.5) |
| Proceeds from disposals of investment property, fixed asset and investees | 403.2 | (*) 51.8 |
| Acquisitions of investment property and investees, investment in capex and advances paid | (112.9) | (*) (191.2) |
| Investments in traded securities and other financial assets, net | (65.5) | (58.7) |
| **Net cash provided by (used in) investing activities** | **218.9** | **(201.6)** |

(*) reclassified


The accompanying notes on pages 52 to 58 form an integral part of these interim consolidated financial statements

| | Note | Three months ended March 31, 2021 | 2020 |
|---|---|---|---|
| | | Unaudited | |
| | | in € millions | |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Share buy-back program | 8.2 | (7.4) | - |
| Share buy-back in a subsidiary | 8.4 | (155.3) | - |
| (Payments) to mandatory convertible notes investors and proceeds from issuance, net | | (5.2) | 224.4 |
| Proceeds (payments) from (to) perpetual notes investors, net of buy-back | | 296.9 | (38.2) |
| Buy-back of straight bonds | 9.1 | (129.7) | (276.5) |
| Proceeds (repayments) from (of) loans from financial institutions and others, net | | (374.6) | 139.6 |
| Amortizations of loans from financial institutions and others | | (4.4) | (10.2) |
| Transactions with non-controlling interests | | (12.6) | 75.3 |
| Dividend distribution | 8.1 | (102.4) | - |
| Interest and other financial expenses paid, net | | (60.5) | (66.1) |
| **Net cash (used in) provided by financing activities** | | **(555.2)** | **48.3** |
| | | | |
| **Net change in cash and cash equivalents** | | **(209.6)** | **19.7** |
| | | | |
| Cash and cash equivalents as at January 1 | | 2,692.1 | 2,191.7 |
| Assets held for sale – change in cash | | (8.5) | (1.2) |
| Cash and cash equivalents from business combination | | - | 510.5 |
| Effect of movements in exchange rates on cash held | | 9.9 | (1.8) |
| **Cash and cash equivalents as at March 31** | | **2,483.9** | **2,718.9** |

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

Aroundtown SA ("the Company" or "Aroundtown"), a public limited liability company (Société Anonyme), incorporated under the laws of the Grand Duchy of Luxembourg, having its registered office at 40, Rue du Curé, L-1368, Luxembourg. Aroundtown's shares are listed on the Prime Standard of the Frankfurt Stock Exchange and included in the MDAX index of the Deutsche Börse (symbol: AT1).

Aroundtown is a real estate company with a focus on income generating quality properties with value-add potential in central locations in top tier European cities, primarily in Germany and the Netherlands. Aroundtown invests in commercial and indirectly in residential real estate which benefits from strong fundamentals and growth prospects. The commercial properties are held by Aroundtown and the residential investments are held through its holding in Grand City Properties S.A. ("GCP S.A."), a publicly traded real estate company (symbol: GYC) that focuses on investing in value-add opportunities predominantly in the German residential real estate market. As at March 31, 2021, Aroundtown holds 41.76% (42.80% excluding suspended voting rights) in GCP S.A. (December 31, 2020: 41.12%) and presents it as an equity-accounted investee in these financial statements.

These interim consolidated financial statements for the three-month period ended March 31, 2021 consist of the financial statements of the Company and its investees ("the Group").

## 2. SIGNIFICANT CHANGES IN THE REPORTING PERIOD

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

1. Disposals of real estate assets in a total value of above €420 million of which €379.5 million were investment property (see note 7.2).
2. Issuance of perpetual notes carrying 1.625% annual coupon and buy-back of perpetual notes carrying 3.75% annual coupon (see note 8.3).
3. Share buy-back tender offer in TLG Immobilien AG ("TLG") (see note 8.4).
4. Buy-back of the Company's straight bonds and repayment of bank loans (see note 9).
5. 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 interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting and are in compliance with the International Financial Reporting Standards (IFRSs) as adopted by the European Commission for use within the EU. These interim consolidated financial statements include a condensed version of financial statements and should be read in conjunction with the consolidated financial statements as at and for the year ended December 31, 2020. Selected explanatory notes are included to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the last consolidated financial statements.

The accounting policies adopted in the preparation of these 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 consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards, amendments to standards and interpretations as described in note 4.

These interim consolidated financial statements have not been reviewed by an auditor, unless otherwise indicated.

**Functional and presentation currency**

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

As at March 31, 2021, the Group's main foreign exchange rates versus the euro were as follows:

| | EUR/GBP ("British Pound") | EUR/USD ("US Dollar") |
|---|---|---|
| **March 31, 2021** | **0.852** | **1.173** |
| March 31, 2020 | 0.886 | 1.096 |
| December 31, 2020 | 0.899 | 1.227 |
| Average rate 01-03/2021 | 0.874 | 1.205 |
| **Changes (%) during the period:** | | |
| Three months ended March 31, 2021 | (5.2%) | (4.4%) |
| Three months ended March 31, 2020 | 4.2% | (2.5%) |
| Year ended December 31, 2020 | 5.6% | 9.3% |

## 4. CHANGES IN ACCOUNTING POLICIES

The following amendments were adopted for the first time in these interim consolidated financial statements, with effective date of January 1, 2021:

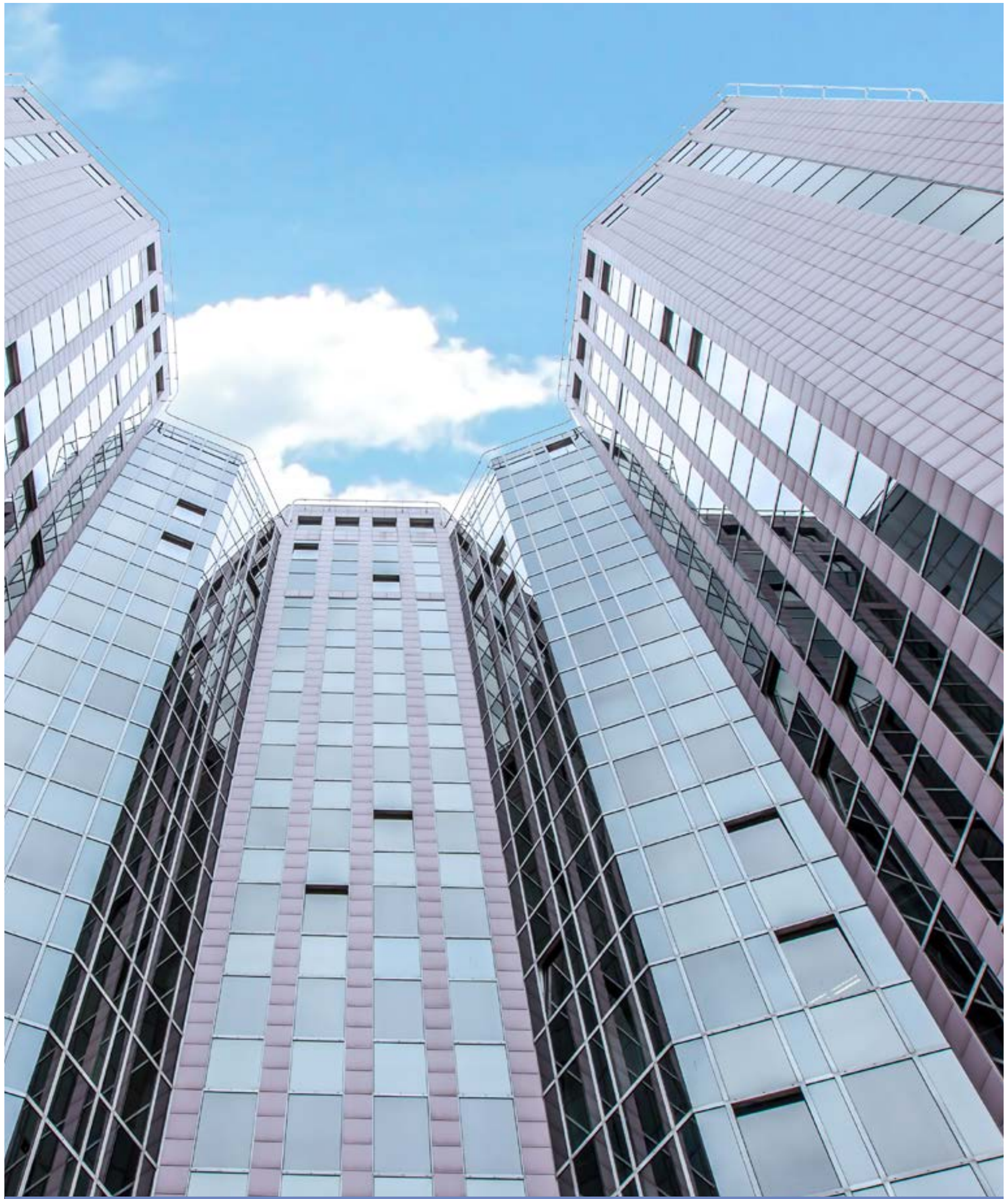
**Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR").

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim consolidated financial statements of the Group.



Essen

## 5. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

### Fair value hierarchy

The following tables present the Group's financial assets and liabilities measured and presented at fair value as at March 31, 2021 and December 31, 2020 on a recurring basis and for those measured and presented at amortized cost which their carrying amount significantly differs from the fair value:

| | As at March 31, 2021 | | | | As at December 31, 2020 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair value measurement using | | | | Fair value measurement using | | |
| | Carrying amount | Total fair value | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Carrying amount | Total fair value | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) |
| | in € millions | | | | | | | |
| **FINANCIAL ASSETS** | | | | | | | | |
| Financial assets at fair value through profit or loss | 392.3 | 392.3 | 392.3 | - | 427.8 | 427.8 | 427.8 | - |
| Derivative financial assets | 137.9 | 137.9 | - | 137.9 | 137.9 | 137.9 | - | 137.9 |
| **Total financial assets** | **530.2** | **530.2** | **392.3** | **139.9** | **565.7** | **565.7** | **427.8** | **137.9** |
| | | | | | | | | |
| **FINANCIAL LIABILITIES** | | | | | | | | |
| Straight bonds and schuldscheins | 10,499.1 | 11,201.1 | 10,810.0 | 391.1 | 10,456.8 | 11,387.7 | 10,995.0 | 392.7 |
| Derivative financial liabilities | 391.0 | 391.0 | - | 391.0 | 421.9 | 421.9 | - | 421.9 |
| **Total financial liabilities** | **10,890.1** | **11,592.1** | **10,810.0** | **782.1** | **10,878.7** | **11.809.6** | **10,995.0** | **814.6** |

Berlin

**Level 1:** the fair value of financial instruments traded in active markets (such as debt and equity securities) is based on quoted market prices at the end of the reporting period.

**Level 2:** the fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant input required to fair value of financial instrument are observable, the instrument is included in level 2.

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

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

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

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

**Valuation techniques used to determine fair values**

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

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

Dortmund

## 6. REVENUE

| | Three months ended March 31, | |
|---|---|---|
| | **2021** | 2020 |
| | in € millions | |
| Net rental income | 233.3 | 235.7 |
| Operating and other income | 41.6 | 42.0 |
| | **274.9** | **277.7** |


Amsterdam

## 7. INVESTMENT PROPERTY

### 7.1 Reconciliation of investment property

| | 2021 | 2020 |
|---|---|---|
| | (*) Level 3 | (*) Level 3 |
| | Unaudited | Audited |
| | in € millions | |
| **As at January 1** | **21,172.4** | **18,127.0** |
| Plus: investment property classified as held for sale | 830.2 | 202.4 |
| **Total investment property** | **22,002.6** | **18,329.4** |
| Acquisitions of investment property and investment in capex during the period / year | 99.5 | 5,366.9 |
| Disposal of investment property during the period / year | (357.8) | (2,324.3) |
| Effect of foreign currency exchange differences | 77.3 | (81.0) |
| Fair value adjustments | 31.5 | 711.6 |
| **Total investment property** | **21,853.1** | **22,002.6** |
| Less: investment property classified as held for sale | (1,079.1) | (830.2) |
| **As at March 31 / December 31** | **20,774.0** | **21,172.4** |

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

### 7.2 Disposals of investment property

During the reporting period, the Group disposed of investment property in the value of €379.5 million. The sales were done above book value and resulted in profit of €21.7 million presented as part of the property revaluations and capital gains in the interim consolidated statement of profit or loss.

As at March 31, 2021, an amount of €1,117.9 million is presented as disposal group held for sale, of which €1,079.1 million comprised of investment property. This is in line with the strategic decision to strengthen the Group's core real estate portfolio. Approximately 50% of the deals comprising investment property held for sale have been signed, and the Company expects to complete the plan to sell the rest within the next twelve months.

# 8. EQUITY

## 8.1 Settlement of dividend announced in December 2020

On December 15, 2020, the shareholders' OGM resolved upon the distribution of a dividend in the amount of €0.14 per share from the share premium in accordance with the proposal of the Company's Board of Directors. The Company provided the shareholders with the option to receive up to 85% of their dividend in the form of the Company's shares ("Scrip Dividend"). In January 2021, the Company announced the results of this Scrip Dividend, whereby shareholders of approximately 491 million shares opted to receive their dividend in the form of shares of the Company. Accordingly, 11,257,157 shares were delivered to the shareholders from the Company's treasury shares. The remainder amounting to €102.4 million was paid in cash.

## 8.2 Treasury shares

**Share buy-back program**

During the year 2020, the Group bought back 204,693,362 of the Company's own shares by way of share buy-back offer and share buy-back program.

Following the shareholder authorization received by the OGM in May 2020, on March 25, 2021, the Company's Board of Directors resolved on a new share buy-back program ("the Program") with the volume of up to €500 million and a limit of 100 million own shares. The Program started on March 26, 2021 and is expected to be finalized by December 31, 2021 at the latest. As part of the Program, by March 31, 2021, the Company acquired 1,221,609 of its own shares for a total amount of €7.4 million.

## 8.3 Perpetual notes

On January 15, 2021, the Company issued €600 million nominal value of perpetual notes with a first reset date in July 15, 2026 ("First Reset Date"). The notes carry 1.625% coupon p.a. from and including interest commencement date up to but excluding the First Reset Date. The notes will carry the relevant 6-month fix-for-floating EURIBOR plus a margin of 2.419 per cent from the First Reset Date ending on but excluding July 15, 2031. A margin of 2.669 per cent for each reset period which falls in the period commencing on and including July 15, 2031 and ending on (but excluding) July 15, 2046, and a margin of 3.419 per cent for each reset period which falls on or after July 15, 2046.

In January 2021, the Company launched a buy-back tender offer ("the Offer") for its wholly owned subsidiary's 3.75% €600 million perpetual notes. As a result of the Offer, a nominal value of €231.1 million was bought-back for a total amount of €243.6 million.

## 8.4 Non-controlling interests

During the reporting period, TLG has conducted two tender offers to buy-back its own shares ("the TLG Tender Offers"). Both TLG Tender Offers were announced in December 2020 and February 2021, concluded in January 2021 and in March 2021, and resulted in buying-back 6.4 million of TLG shares for a total amount of €155.3 million.

The impact on the Company's interim consolidated financial statements was reduction of non-controlling interests in the amount of €154.3 million.

# 9. LOANS, BORROWINGS AND BONDS

## 9.1 Straight bonds

During the reporting period, the Company completed the buy-back of the rest outstanding series D and series 35 having total nominal value of €128.4 million for their nominal value together with accrued and unpaid interest.

## 9.2 Bank loans

During the reporting period, the Group repaid bank loans in an amount of approximately €390 million to maintain the optimization of the debt maturity and cost of debt. Consequently, the value of encumbered investment property reduced to €4.9 billion (December 31, 2020: €5.6 billion).

# 10. COMMITMENTS

As at March 31, 2021, the Group had commitments for future capital expenditures on the real estate properties and others of approximately €0.3 billion. Furthermore, the Group had signed several deals to sell real estate in a volume of above €0.5 billion which were not yet completed and are subject to several conditions precedent. The Company estimates the completion of the transactions to take place within the next twelve months.

# 11. CONTINGENT ASSETS AND LIBILITIES

The Group had no significant contingent assets and liabilities as at March 31, 2021.

## 12. SIGNIFICANT SUBSEQUENT EVENTS

1. After the reporting period, the Group bought-back an additional amount of above 18 million of its own shares as part of the ongoing share buy-back program.
2. In April 2021, the Company together with CPI Property Group SA (together the "Consortium"), announced their firm intention to launch a joint cash offer for Globalworth Real Estate Investments Limited ("Globalworth") shareholders to acquire their shares at a price of €7.0 in cash for each tendered Globalworth share that the Consortium does not already own. As of the date of this report, the offer process is still ongoing.

## 13. AUTHORISATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements were authorized for issuance by the Company's board of directors on May 27, 2021.

Hannover


SIEMENS