CONSUS
REAL ESTATE AG

ANNUAL REPORT 2018

Contents

N° 1

Real estate developer in Germany

Our focus:
Development of residential properties in Germany's top nine economic cities.

c. € 10bn
until 2026
Gross Development Volume

64
development projects

€ 2.4bn
GAV

CONSUS project developments

CONSUS
REAL ESTATE AG
CG GRUPPE | SSN GROUP

Dortmund is included in Düsseldorf, Erfurt is included in Leipzig, Böblingen, Karlsruhe and Mannheim are included in Stuttgart, Bayreuth and Passau are included in Munich, Offenbach is included in Frankfurt am Main

Andreas Steyer
Chairman of the Management Board

Dear Shareholders

2018 was a successful year for the real estate sector and for CONSUS Real Estate AG (CONSUS) as demand for residential developments remained at a sustained high level in Germany's top 9 cities.

CONSUS achieved important milestones and recorded significant growth in the past fiscal year as a result of numerous strategic measures derived from its strategy of reducing complexity and streamlining business operations. Seven key events shaped the future of CONSUS in 2018 with the overarching strategic goal of focussing on the residential real estate development segment and delivering growth.

Focus on Residential Development

CONSUS divested commercial investment properties in two transactions. In May 2018, it divested eight commercial assets with a total gross asset value of € 148mio to an institutional investor, which resulted in a € 68.2mio cash inflow and a significant profit. In August 2018, CONSUS announced the divestment of its majority shareholding of approx. 58% of its non-core GxP German Properties AG investment, which was sold to Summit RE eight GmbH.

In August 2018, CONSUS signed an agreement to increase its stake in CG Gruppe AG (CG) from 59% to 75% on a fully diluted basis. With the stake increase and the consolidation of full control over CG, CONSUS delivered on its strategic commitment of further integrating its core CG business unit.

Furthermore, in July 2018, CONSUS raised € 131mio of gross proceeds through a capital increase by selling 18.2mio new shares, which in part funded the increase of the stake in CG.

Significant acquisition increases GDV to approx. € 10bn

The most significant milestone achieved by CONSUS was acquiring SSN Group AG (SSN) – one of the leading development platforms in Germany. This enabled CONSUS to significantly strengthen its development and growth activities in the fragmented property developer segment in Germany. With its complementary geographic distribution of development projects, the

SSN Group AG acquisition allowed CONSUS to expand its Germany-wide presence considerably and will lay the foundation for further operational achievements in 2019 and onwards. Following the acquisition, CONSUS became Germany's leading developer in the top 9 cities.

In order to advance the further integration of CG and to continue the broader consolidation of the Group, in November 2018, CONSUS entered into a domination and profit & loss transfer agreement with CG, effective as of January 1, 2019.

All these events were milestones in CONSUS' strategic plan to restructure the business and focus solely on the development sector.

Andreas Steyer and Benjamin Lee initiated an Extended Group Management Board in order to formally integrate the operational management of CG and SSN Group AG with CONSUS. This resulted in a stronger integration and collaboration of the divisions and business segments.

Shaping the future – building the present

By combining two integrated development platforms, CONSUS has created significant synergies: These include continuous revenue streams from additional projects and increased forward sale volumes. CONSUS will benefit from the complementary knowledge of SSN Group AG and CG Gruppe AG. Medium-term cost savings can be expected due to improved and more efficient refinancing, central planning, risk management, purchasing and digitalisation as well as lower administrative costs.

A key feature of CONSUS Real Estate is that as a real estate developer, we are industrialising the entire construction process and will use standardised components, where possible. In the long-term, the planned use of serial production facilities and prefabrication of building parts should enable CONSUS to develop properties approximately 20% faster while materially reducing construction and development costs across the entire group. While many providers in this country only cover the development stage of real estate projects, CONSUS' customers receive turnkey solutions tailored to their needs. CONSUS has built trusting partnerships through our many years of experience and our network, and the company is very well placed in the competition for space and buildings.

Risk-minimising forward sales

The volume of contracted forward sales plus Letter of Intents signed and in negotiation stands at approx. € 2.5bn as of March 2019, resulting in early cash flows and a significantly reduced risk profile for development projects. In 2018, CONSUS signed forward sale agreements with a total Gross Development Volume (GDV) of around € 450mio.

The following projects were successfully placed with institutional investors: A part of the COLOGNEO I Quartier development, one of CONSUS' largest development projects, was forward sold to a well-known institutional investor for an expected € 241mio with an additional upside of up to € 36mio if rents above current market rent are achieved. In Q4 2018, three additional forward sale agreements with institutional investors were signed for Carre Löbtau in Dresden with a GDV of € 37.5mio, for key segments of the large Kaiserlei development in Frankfurt/Offenbach for an expected € 60mio and for a project development in a prime Mannheim location for up to € 95mio, all of which underscore the strength of our development and sales pipeline.

In the first quarter of 2019, three additional forward sale agreements for developments at Ostplatz and Hamburger Str. in Leipzig and the Franklinhaus development in Berlin with a combined GDV of approx. € 170mio were notarised. Forward sale agreements have been signed with a number of major institutional investors, including BNP Paribas REIM, Heitman Germany, Swiss Life/Corpus Sireo, Nassauische Heimstätte, WealthCap and Talanx.

In 2018, CONSUS delivered revenue of € 615mio and an overall performance of € 468mio, the majority of which is attributable to the property development sector. Our key reporting metric, EBITDA pre-PPA pre-one-off costs, increased to € 204mio resulting in an EBITDA pre-PPA margin of 33%. The company reports its figures on a pre-purchase price allocation (PPA) and pre-one-off basis in order to remove the accounting impact of the acquisitions and highlight the underlying business performance.

The reported result of the past financial year does not reflect the earning power of the CONSUS Group, as our shareholding in the SSN Group AG was only fully consolidated in December 2018.

2019 objectives and outlook

In 2019, a key objective will be the reduction of costs associated with financing our development projects. The group-wide refinancing strategy, which leverages expertise and economies of scale across the CONSUS Group, will put major emphasis on lowering the average interest rate.

The positive development of the CONSUS share price is another key objective in the current financial year. In 2018, the CONSUS share price was largely driven by the structural transition at CONSUS, which naturally resulted in some turnover of shareholders and required some time to be sufficiently understood by the capital markets. However, this will change with our strategic realignment. We are confident that the continued strengthening of our capital market communications and deepening relationships will progress well, and we see this as one of the key objectives for 2019. We will do our utmost to enhance dialogue with international banks and investors through transparency and a clear strategy. The market capitalisation of more than € 1bn at the end of 2018 helps us to continue to strengthen our investor base. In 2019, the planned listing of CONSUS in the prime standard segment will be a further cornerstone of our strategy of continuously building understanding and winning the trust of investors with a unique, risk-minimised business model, excellent project acquisition and execution, and transparent communication.

CONSUS is now excellently positioned as the leading German property developer in the country's top 9 cities. We have a clear strategy on how to achieve our goals for 2019 and beyond, and are optimistic for the current financial year.

We sincerely thank you, our shareholders, for your confidence in us and hope that you will continue to stand by and support CONSUS as an investor.

To our business partners: You deserve our genuine thanks for your positive and collaborative work this past year.

We would like to thank the members of the Supervisory Board for their constructive and solution-oriented approach, which was of particular value for the development of the Group over the past year, a year of reorientation.

Last but not least, we would also like to thank our employees who, with their expertise and their daily commitment, are of decisive importance for the sustainable success of the CONSUS Group.

Andreas Steyer

Management

Board

Extended Management Board

Board

Andreas Steyer
CEO CONSUS

appointed January 1st, 2018

- Over 25 years operational and leadership experience in German real estate companies
- Former CEO of publicly listed DEMIRE, expansion of buy-to-hold assets >€ 1bn
- Previously Deka Immobilien and Partner at Ernst & Young Real Estate and Arthur Andersen Real Estate

Benjamin Lee
CFO CONSUS

appointed April 3rd, 2018

- Over 25 years of experience in the financial industry with 14 years at UBS Investment Banking
- Previously at Aggregate Holdings, the majority shareholder of CONSUS
- 5 years of experience as board member and CFO of a publicly listed company

Extended Management Board

Christoph Gröner
CEO CG Gruppe

- Christoph Gröner is the founder and CEO of CG Gruppe
- Leading innovation in the industrialisation and digitalisation of real estate development

Jürgen Kutz
COO CG Gruppe

- Mr Kutz has been Deputy-CEO and COO since 2011 and is responsible for project development, forward sales and the financing of CG Gruppe projects
- Previously Senior Real Estate Asset Manager with Lone Star Funds and CEO of Alpine Finanz Group

Michael Tockweiler
CEO SSN Group

- Mr Tockweiler is the CEO and founder of SSN Group AG
- He founded SSN Group AG in 2004 and has a development track record of € 7.5bn GDV since its foundation

Theo Gorens
CFO SSN Group

- Mr Gorens is the CFO of SSN
- Several years of experience in the financial sector in Amsterdam and Frankfurt
- Formerly at ABN Amro and Bethmann Bank
- Responsibilities at SSN Group include Finance, Business Development, Debt Advisory, Risk Management

KEY ACHIEVEMENTS IN 2018

Q1

Andreas Steyer appointed COO as of January 1, 2018
Andreas Steyer has more than 25 years of experience in the real estate industry. He previously established one of the leading listed commercial real estate companies in Germany and served as Managing Director of several major real estate companies and as Partner at Ernst & Young Real Estate and Arthur Andersen Real Estate.

Q2

Benjamin Lee appointed CFO of CONSUS Real Estate AG as of April 3, 2018
Benjamin Lee has a track record of over 25 years in the global finance industry, including 14 years at UBS Investment Banking in London and New York and joined CONSUS from Aggregate Holdings.

CONSUS expands development volume by € 750mio
In April 2018, the CONSUS subsidiary CG Gruppe AG secured five individual new projects in leading locations in Hamburg, Cologne, Stuttgart/Böblingen and Erfurt for a total expected sales volume of around € 750mio, increasing the current development volume by 16% to a total development volume of approx. € 5.4bn.

Divestment of commercial assets resulting in € 68.2mio cash inflow and significant profit
In May 2018, CONSUS divested 8 commercial assets with a total gross asset value (GAV) of € 148mio to an institutional investor.

CEO appointment
Andreas Steyer appointed as new Chief Executive Officer (CEO) as of May 31, 2018.

Q3

CONSUS generates gross proceeds of approx. € 131mio from its capital increase

In July 2018, CONSUS offered and sold approx. 18.2mio new shares at the subscription price of € 7.20 per share.

Building rights for urban quarter development Cologneo I secured

Over the next three years, CG Gruppe will build almost 500 apartments with approximately 34,000 sqm of living space. The Cologneo I Quartier will also boast approximately 60,000 sqm of commercial space for retail, office and culture in addition to a day care centre and a car park in existing and new buildings.

Frankfurt am Main prime location – Successful partial sale

In Frankfurt Westend, more than half of the 164 condominiums in the Grand Ouest residential development directly opposite of Frankfurt Messeturm have already been pre-sold. The GDV of Grand Ouest amounts to approx. € 92mio and the overall area comprises 9,108 sqm. The number of pre-sold apartments rose to 120 as of March 2019.

CONSUS sold its non-core majority stake of approx. 58% in GxP German Properties AG

to Summit RE eight GmbH. The divestment is in line with CONSUS' communicated strategy and results in a significant profit.

CG GRUPPE

CONSUS to increase stake in CG Gruppe AG to 75%

In August 2018, CONSUS announced the agreement to increase its stake in CG Gruppe AG from 59.1% to 75.0% on a fully diluted basis. The further integration of CG Gruppe accelerates CONSUS' sole focus on its core business residential real estate development

DIPLAN

CONSUS acquires a 75% stake in innovative PropTech company DIPLAN to further digitalise planning and construction processes

Diplan will concentrate on enhancing the digitalisation process of the company's core operations in development, including construction.

CONSUS receives building permit for

the second construction phase of the Westend ensemble opposite Frankfurt's iconic Messeturm to develop a mixed-use property comprising 243 apartments together with office and retail spaces with a gross development volume (GDV) of € 216mio.

Condominiums sales start for ÜBerlin – Steglitzer Kreisel

The sales campaign for 330 condominiums in the landmark Steglitzer Kreisel building started in August 2018. The project is already under construction and has a gross development volume (GDV) of approx. € 195mio and is scheduled for completion in 2021.

Q4

Successful-ground breaking at Berlin – Ernst-Reuter-Platz development

CONSUS successfully broke ground on the development of 141 apartments. The project has been forward sold to an institutional investor for approx. € 60mio. The completion of the building complex is scheduled for summer 2020.

SSN GROUP

CONSUS acquires SSN Group AG

CONSUS agreed to acquire 93.4% of the shares of SSN Group AG, one of the leading real estate developers in Germany, thereby combining two complementary integrated development platforms. With this transaction, CONSUS strengthened its position as Germany's largest property developer by significantly increasing its gross development volume (GDV) from € 6.2bn to € 9.7bn and the number of development projects from 53 to 65.

Successful forward sale in Cologne with additional margin upside

The forward sales agreement for one of CONSUS' largest development projects has successfully been signed. A well-known institutional investor has acquired the Cologneo I Quartier development for an expected € 241mio with an additional upside of up to € 36mio (+15%) if rents above current market rent are achieved. Construction works started recently and are slated for completion in 2022.

Successful ground-breaking for trend-setting quarter between Frankfurt am Main and Offenbach

The entire Kaiserlei Quartier and its various components represent a GDV of around € 409mio. A significant volume of the project was forward sold to a well-known German pension fund at the end of 2017 for € 218mio. In the course of this year, another major section was placed with an institutional investor for approximately € 60mio. The new quarter is scheduled for completion by 2022.

Topping-out Ceremony at Residenz am Waldplatz in Leipzig

CONSUS joined with all of the project's participants to celebrate completion of the building shell. The development has a GDV of € 20mio and has already been placed with an institutional investor as part of a forward sale.

EMC European Modular Constructions GmbH

CONSUS sets new construction standards

CONSUS, through its subsidiary CG, is the key business partner for European Modular Constructions GmbH (EMC). Together, they celebrated the ground-breaking of one of Europe's largest prefabrication factories for construction elements in Erfurt. After its production start in 2020, the plant will produce components for some 2,000 residential units per year.

CONSUS obtains building permit for Franklin House development in Berlin

In December 2018, CONSUS received the building permit for its Franklin House office project. With construction set to begin in February 2019, the development is expected to be completed by mid-2020 once a forward sale agreement is signed.

Realised cash inflow of € 220mio from VauVau forward sale

CONSUS has received purchase price pre-payments of around € 220mio from its € 670mio forward sale of five large VauVau (Vertical Village) projects to an institutional investor in December 2017, confirming the strong cash flow characteristics of the integrated forward sale model.

CONSUS Real Estate is the leading real estate development company in Germany's top 9 cities

A STRONG PORTFOLIO OF LARGE REAL ESTATE PROJECTS IN GERMANY'S TOP CITIES


The Wilhelm, Berlin


COLOGNEO I, Cologne


Quartier Hoym, Dresden


Grand Ouest, Frankfurt am Main


UpperNord Quarter, Dusseldorf


ÜBerlin, Berlin


Vitopia Kampus Kaiserlei, Frankfurt am Main


Westend Ensemble, Frankfurt am Main

64 PROJECTS

VAI
CAMPUS
STUTTGART

1400

residential units will be created

390 Student apartments

The Schleifenhaus at the edge of the campus offers living space for students and at the same time shields the quarter from ambient noise.

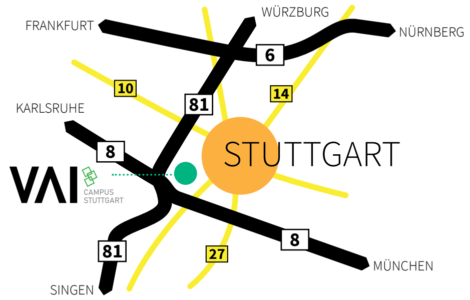
Healthy climate

A park with a forest lake conveys the feeling of being in the city and yet outdoors.

Sound insulation and conservatories

90

senior apartments will be built



City beach

Terrace for events and a beer garden
3 low buildings

E-Bike mobility hub

High rope course

Diving platform

Sound insulation and conservatories

4 Child day care facilities

With open spaces, the day centres offer space to play, learn and develop oneself.

3 listed buildings from iconic architect buildings

Egon Eiermann's listed low buildings become a business and technology centre. Start-ups will settle here and create space for creativity.

3 Quarters at the lake

3 complexes modelled on old town quarters become living space for all generations.

Smart City

A modern mobility concept guarantees safe roads for residents and visitors.

VAI has a total area of

20 ha

Cologneo at a glance

On the former company site of the Klöckner-Humbodt-Deutz AG in Cologne-Mülheim, a completely new city quarter is being developed on three plots adjacent to the Messe (trade fair) and the harbour. The planning comprises an urban mixture of living and working, business and creative trades, day nursery, retail, restaurants, hotel and hostel. The juxtaposition of old and new are the development's basis, together with the preservation of the historical building fabric.

A total of
approx.
1420
residential units
will be built

Cologneo II

approx. 600 apartments
approx. 35 units office, retail, hotel, restaurants
new building project/high-rise building
calculated sales volume:
approx. € 347mio

Lettable area
approx.
22,600 sqm

Cologneo I

approx. 480 apartments
approx. 160 commercial units
existing and new assets
calculated sales volume:
approx. € 383mio

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Cologneo III

approx. 340 apartments
approx. 5 commercial units
calculated sales volume:
approx. € 106mio

1 hotel
1 day nursery
1 hostel

Report of the Supervisory Board

Dear Shareholders,


Axel Harloff
Chairman of the Supervisory Board


Prof. Dr. Hermann Wagner
Member of the Supervisory Board


Dr. Friedrich Oelrich
Member of the Supervisory Board

The CONSUS Supervisory Board focused intensively on developments in the Company's position and prospects throughout fiscal 2018 and fulfilled its obligations under the law, the Company's Articles of Association and the Board's Rules of Procedure. The Management Board provided us with timely and comprehensive information on a regular basis. We were involved in major Company decisions, advised the Management Board and monitored the Company's management.

Furthermore, the Chairman of the Supervisory Board remained in regular contact with the Chairman and other members of the Management Board throughout the year. The Management Board constantly and promptly informed the Chairman of the Supervisory Board of major developments and upcoming decisions. This ensured that the Supervisory Board was always furnished with the latest information on the Company's corporate strategy, business development, planning, risk profile and compliance, along with all other fundamental matters relating to corporate development and management.

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

The Supervisory Board in fiscal 2018 was composed of Axel Harloff as Chairman, Dr. Karl Kauermann (until June 29, 2018), Prof. Dr. Hermann Anton Wagner (from June 30, 2018), who was also appointed as Deputy Chairman (from August 1, 2018), and Dr. Friedrich Oelrich. Dr. Karl Kauermann served as Deputy Chairman until his retirement.

By order of the District Court of Berlin (Charlottenburg) of June 28, 2018, Prof. Dr. Hermann Anton Wagner was appointed to the Supervisory Board as interim successor to Dr. Kauermann with effect from June 30, 2018 for the period leading up to the next Annual General Meeting. On August 23, 2018, the 2018 Annual General Meeting appointed Prof. Dr. Hermann Anton Wagner to the Company's Supervisory Board for the remainder of his predecessor's term of office, namely until the Annual General Meeting that votes to ratify the actions of the Supervisory Board for fiscal 2020.

CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

In fiscal 2018, the following changes in the composition of the Company's Management Board were implemented: Mr. Andreas Steyer was appointed to the Management Board with effect from January 1, 2018. He succeeded Stanley William Bronisz, who had stepped down from the Management Board at the turn of 2017/2018. To our great regret, Dr. Jürgen Büser passed away in February 2018. Mr Benjamin Lee was appointed as his successor, effective as of April 3, 2018. Norbert Kickum resigned from the Management Board effective May 31, 2018. Following Mr Kickum's resignation, the Management Board has consisted of Mr Andreas Steyer (Chairman of the Management Board) and Mr Benjamin Lee (Chief Financial Officer).

COMMITTEES

The Company's Supervisory Board consists of three members. As a result, the Supervisory Board had no reason to establish additional committees in fiscal 2018. The Supervisory Board remains convinced that the efficiency of the (full) Supervisory Board to fulfil its advisory and oversight duties does not require the transfer of competencies to separate committees.

SUPERVISORY BOARD MEETINGS AND RESOLUTIONS

A total of 20 Supervisory Board meetings were held in fiscal 2018, including twelve meetings which involved telephone conferences and/or voting by email. With the exception of the meeting on February 15, 2018, which one member of the Supervisory Board was unable to attend, all three members attended all of the Supervisory Board's meetings.

During its meetings in fiscal 2018, the Company's Supervisory Board primarily focussed on matters relating to strategy, the Company's property portfolio, business development and personnel. The Supervisory Board approved the reports and resolutions of the Management Board to the extent required by law, the Company's Articles of Association and the Board's own Rules of Procedure.

KEY RESOLUTIONS IN FISCAL 2018

In one key resolution, the Supervisory Board approved a capital increase to finance the Company's continued growth. The Supervisory Board also approved an increase in CONSUS Real Estate AG's shareholding in the project developer CG Gruppe AG from approx. 55% to 75%. Following detailed consultation, the Supervisory Board also approved the divestment of the Company's approx. 58% stake in GxP German Properties AG and the commercial properties held by the Company.

With the aim of increasing both the total development volume of CONSUS and the number of real estate projects developed by the Company, the Supervisory Board, after detailed examination and discussion, approved the acquisition of a majority shareholding of 93.4% in SSN Group AG, along with the capital measures required to finance the acquisition.

In addition, the Supervisory Board consulted extensively with the Management Board on matters relating to the Company's corporate structure and comprehensively addressed questions concerning organisational efficiency. The Supervisory Board approved the Management Board's resolution to appoint an expanded Management Board. The expanded Management Board shall support the Company in an advisory capacity as an additional body within the Company without an executive function. This supporting body will focus in particular on intensifying cooperation within the CONSUS Group and optimising group financing, strategic and operational decisions.

CORPORATE GOVERNANCE

The Supervisory Board supported the development of a compliance management system as an essential element of successful management. The Supervisory Board also approved the Code of Conduct and anti-corruption guidelines submitted by the Management Board and consulted on the implementation of further compliance measures.

ANNUAL FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS 2018

The Leipzig office of Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft audited the Company's annual financial statements, consolidated financial statements and Group Management Report for the fiscal year from January 1, 2018 to December 31, 2018, as prepared by the Management Board. In each case, the auditor issued an unqualified audit opinion. As a small corporation within the meaning of Section 267 (1) of the German Commercial Code (HGB), CONSUS submits its annual financial statements for audit on a voluntary basis. The consolidated financial statements and the Group Management Report were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315e (1) of the HGB. The Company's financial statements, including all supplementary materials, the audits of the financial statements and the consolidated financial statements were made available to all members of the Supervisory Board in good time for inspection and their own review. At its meeting on 16/04/2018, the Supervisory Board was joined by the members of the Company's Management Board to deliberate and review the annual financial statements, consolidated financial statements and Group Management Report, as prepared by the Management Board. The auditor also attended this Supervisory Board meeting to report on the audit's key findings. The auditor was also able to answer questions and provide supplementary information. On the basis of its own examination, the Supervisory Board concurred with the auditor's assessment of the annual financial statements and the consolidated financial statements. Following its own examination, the Supervisory Board raised no objections. By resolution of, the Supervisory Board approved the Management Board's individual and consolidated financial statements and Group Management Report. The annual financial statements are thus adopted.

The Supervisory Board examined the report on relations with affiliated companies prepared by the Management Board in accordance with Section 312 of the German Stock Corporation Act (AktG). Having completed its examination, the Supervisory Board raised no objections to the declarations made by the Management Board in the final section of its report pursuant to Section 312 of the German Stock Corporation Act.

The Supervisory Board would like to thank the members of the Management Board and all of the Company's employees for their commitment and active contribution to the successful development of the CONSUS Group in fiscal 2018.

Berlin, 16th April 2019

Axel Harloff

CONSUS Real Estate on the capital markets

The stock markets in 2018

2018 was a tough year for stock markets all over the world. The introduction of U.S. import tariffs on steel and aluminium, combined with concerns about a progressively less expansive global monetary policy, caused share prices to lose ground in the first quarter. In the second and third quarters, the stock markets calmed in response to the ECB's continued expansive monetary policy and robust economic data from the USA. In Q4 2018, however, negative factors finally gained the ascendancy. Repeated bad news highlighted stuttering economic growth in China and Europe, fears of a further escalation in the trade dispute between the USA and China, sustained doubts surrounding Brexit and profit warnings from large American and European companies, all combined in a perfect storm of uncertainty and caused share prices to fall materially. All major stock market indices worldwide closed 2018 with losses, most of them in the double-digit range. In Germany, the DAX lost considerable ground in the fourth quarter of the year in particular. 2018 ended with a loss of 18.3% compared with the end of 2017. The MDAX and SDAX performed just as badly, with 12-month losses of 17.6% and 20.0%, respectively.

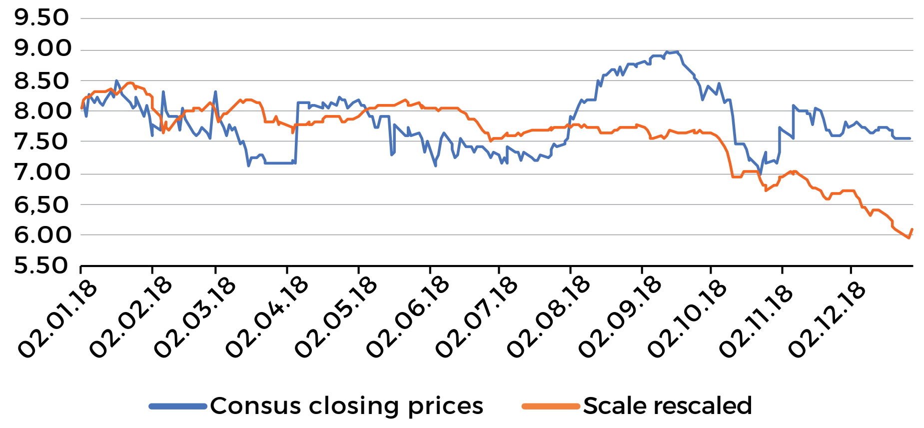
CONSUS Real Estate shares

Since the end of July 2018, the CONSUS share (ISIN DE000A2DA414) has been listed on the open stock exchange segment of the Frankfurt Stock Exchange, Scale. Prior to being listed in the Scale segment, the company's shares had been listed in the m:access segment of the Munich Stock Exchange since April 2017.

Scale has provided SMEs since 2017 with a stock market segment specifically tailored to their needs within the legally defined over-the-counter market, which enables them to raise capital under simplified inclusion conditions and provides access to national and international investors. Deutsche Börse is committed to market transparency and comparability, as can be seen, for example, in the research report commissioned by Deutsche Börse from the equity research firm, Edison.

The performance of all shares listed in Scale is reflected in the Scale All Share index. Like the DAX, MDAX and TecDAX indices, the Scale All Share is also available as a price index (ISIN DE000A2BLGX8) and – adjusted for dividend distributions – as a performance index (ISIN DE000A2BLGY6).

Prices CONSUS Real Estate AG /Scale All Share (rescaled)
02/01/2018–28/12/2018



The CONSUS share started 2018 trading at € 8.18. Following its listing in the Scale segment, increased investor focus on the company's business model and successful business growth caused the CONSUS share price to rise significantly in August and September 2018. The share price rose again in November 2018, when the company took a further important step in its development with the takeover of the SSN Group. At the end of 2018, the CONSUS share price closed at € 7.60, 7.1% lower than at the beginning of the year. The CONSUS share price significantly outperformed the development of the Scale All Share index, which lost a total of 26.0% in the course of 2018 up to the last trading day of the year, 28 December 2018.

Capital increase in July 2018

At the same time as it was listed in the Scale segment, CONSUS Real Estate AG completed a capital increase with subscription rights in July 2018 to finance further growth in the project development business. The gross proceeds from the capital increase amounted to approx. € 131mio and 18.2mio new shares were issued at a subscription price of € 7.20 per share. The newly issued shares have enjoyed full dividend rights since 1 January 2017. During the course of the capital increase, Andreas Steyer, CEO of CONSUS, acquired shares for approx. € 2mio.

Annual General Meeting

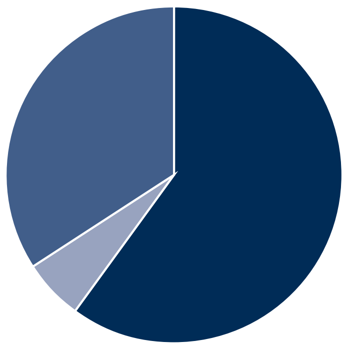
The CONSUS 2018 Annual General Meeting was held on Friday, 23 August 2018 at the Ludwig-Erhard-Haus in Berlin. Around 50% of the company's share capital was represented. The shareholders approved the proposals of the management almost unanimously in all agenda items. The actions of the Management Board and Supervisory Board for the 2017 financial year were also given almost unanimous support, as were the appointment of the auditor, the election to the Supervisory Board and the remuneration of the members of the Supervisory Board. With an exceptionally high level of approval, the General Meeting also approved the proposed increase in the authorised and conditional capital and the issue of convertible bonds and/or bonds with warrants, profit participation rights and/or profit participating bonds. The 2019 General Meeting of CONSUS will take place in Berlin on 26 June 2019.

Share coverage

With its inclusion in the growth index of the Frankfurt Stock Exchange, the Scale segment, CONSUS has significantly increased the number of analyst firms that track and evaluate the company. At the end of 2018, CONSUS was on the coverage list of the following five research companies: Hauck & Aufhäuser, UBS, Deutsche Bank, Baader Bank, Edison. There were two buy and two hold recommendations at the time, and the average target price for the share was € 11.30. Having been commissioned by Deutsche Börse, Edison made neither recommendations nor statements on the fair value of the share.

Shareholder structure

34% of CONSUS Real Estate shares are freely traded, i.e. assigned to the free float. Aggregate Deutschland S.A. holds approx. 60% of the company's share capital, while Christoph Gröner, the founder of the subsidiary CG Gruppe AG, holds 6%. Aggregate Holdings S.A., the parent company of Aggregate Deutschland S.A., is a real estate development company based in Luxembourg.



Capital market communication

CONSUS strives for a close dialogue with all capital market contacts. In 2018, the company appointed a dedicated capital market contact and, in the process, initial steps were taken to increase capital market awareness. For example, the company participated in several major capital market conferences, including the Baader Investment Conference in Munich and the Morgan Stanley Fixed Income Real Estate Conference, both in September 2018, as well as the German Equity Forum in Frankfurt am Main and the UBS Global Real Estate CEO/CFO Conference in November 2018. In December 2018, the company participated in the Scale Investor Targeting Conference.

In 2019, CONSUS will further enhance its IR activities. Additional analysts are to be appointed to provide regular reports on the company. The company also plans to increase availability for discussions with existing and potential investors at capital market conferences. In total, participation in nine prominent and influential events has already been confirmed.

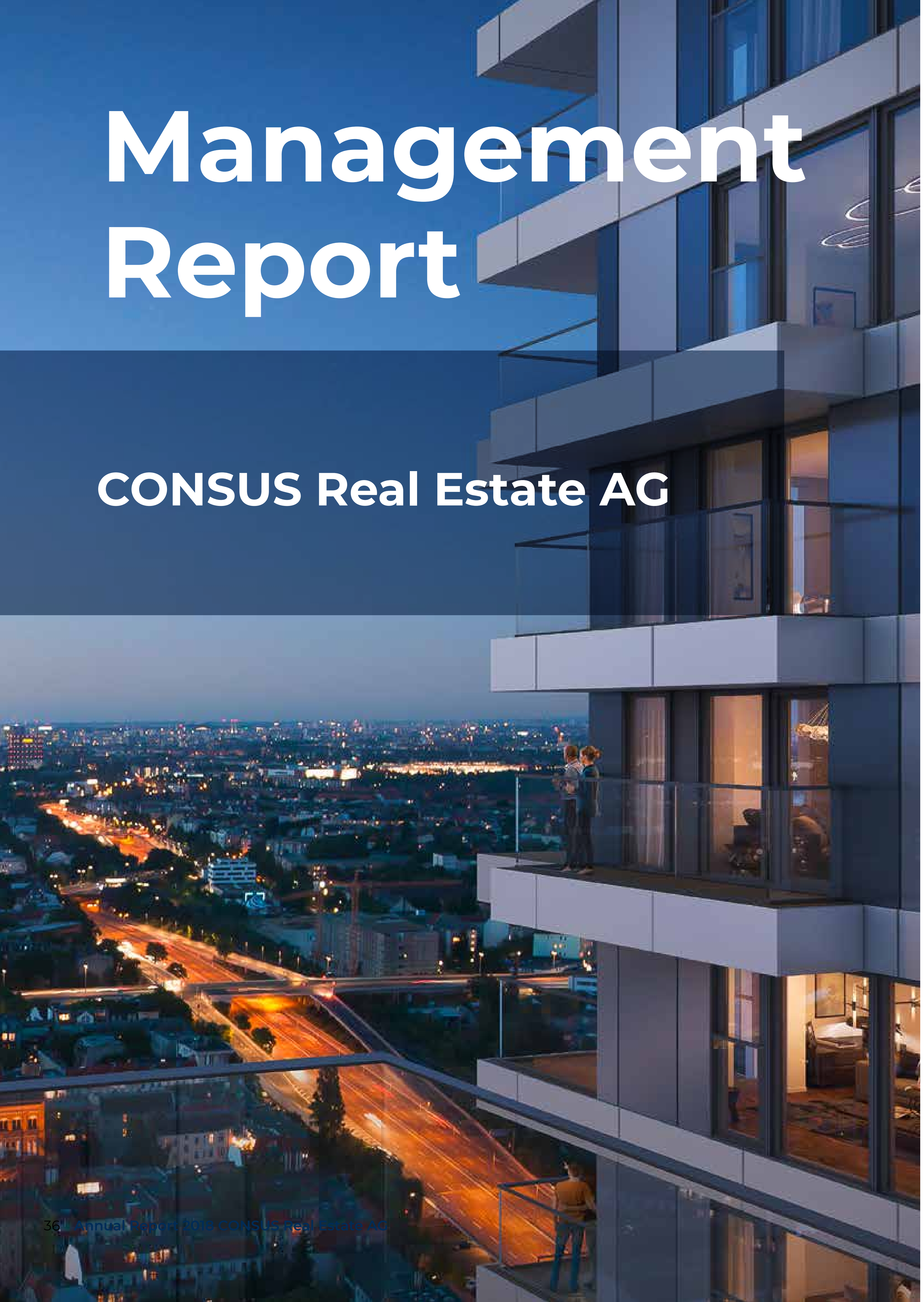
All capital market events involving CONSUS Real Estate AG can be viewed on the company's website at: https://www.consus.ag/finanzkalender-2019. You will also find important information about the company and the highlights of the financial year in the Investors section of our homepage: https://www.consus.ag/investment-highlights. If you have any questions, please do not hesitate to contact our Investor Relations team: investors@consus.ag, +49 30 965 357 90 260.

Profile CONSUS Real Estate shares

ISIN	DE000A2DA414
Abb.	CC1
Number of shares	134,040,051
Share price high/low 2018 in €	8.98/6.98
Closing price on last trading day 2018 in €	7.60
Market capitalisation closing price 2018 in €	1,019mio
Share capital on 31.12.2018 in €	134,040,051

Management Report

CONSUS Real Estate AG



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1. CORPORATE PROFILE

1.1. Business model and strategy

CONSUS Real Estate AG (CONSUS) is a fully integrated real estate developer and the market leader in Germany's top 9 cities. CONSUS' core business is the development of affordable, urban housing in the 9 largest German cities. The focus is on the development of large-volume projects with an increasing proportion being large urban quarters, each comprising more than 100 residential units with sizes mainly between 50 and 70 sqm. Approximately 20% of all developments, in particular in prime locations, are being offered as condominium developments to private buyers.

Forward sales to institutional investors

Forward sales are a core element of CONSUS' business model. Real estate projects are generally forward sold to institutional buyers prior to construction, who then make advance payments during the various construction phases. Forward sales significantly reduce the typical risk factors faced in the standard project developer's business model, such as financing risk and sale risk. Project developments are sold almost exclusively to institutional clients such as pension funds or insurance companies. The buyer's advance payments, within the framework of a forward sale agreement, finance the project development and thus typically release the initial funds invested by CONSUS at an earlier stage.

Strong operational capabilities

The project development business focuses primarily on the development of residential real estate in the top 9 German cities. CONSUS operates an integrated project development platform, which includes the acquisition of development projects, concept development, land and property development, construction management and execution as well as the entire sales process. This extensive in-house real estate know-how creates significant competitive advantages in the selection, development and completion of real estate.

The acquisitions of larger development projects based on the group's experience, combined with forward selling and construction execution lie at the heart of our business model as a project developer with our own construction capabilities. CONSUS covers the entire value chain: Early forward sales prior to the start of construction work lead to early cash flows and a significantly reduced-risk profile for development projects. This provides a highly efficient project execution and long term shareholder value creation for CONSUS. As of December 31, 2018, the diversified development portfolio comprised of 64 residential projects with a Gross Development Value (GDV) of around € 9.6bn and net floor area currently under construction or in the planning phase of 2.1mio sqm. The group's business activities focus on selected locations in Berlin, Leipzig, Dresden, Stuttgart, Munich as well as Frankfurt, Cologne, Dusseldorf and Hambv300urg.

CONSUS is headquartered in Berlin with key functions including corporate strategy, capital market activities, corporate and real estate financing, legal, finance and controlling, compliance, investor relations and risk management. Financing is coordinated across the Group in order to achieve an optimal financial structure. The operational business is currently mainly handled by its subsidiaries, CG Gruppe AG and SSN Group AG. More than 760 employees ensure high quality standards and professional execution through acquisition, planning and construction. The regional offices in Dresden, Dusseldorf, Frankfurt am Main, Hamburg, Cologne, Leipzig, Munich and Stuttgart are responsible for managing the fully integrated process of project development in their locations.

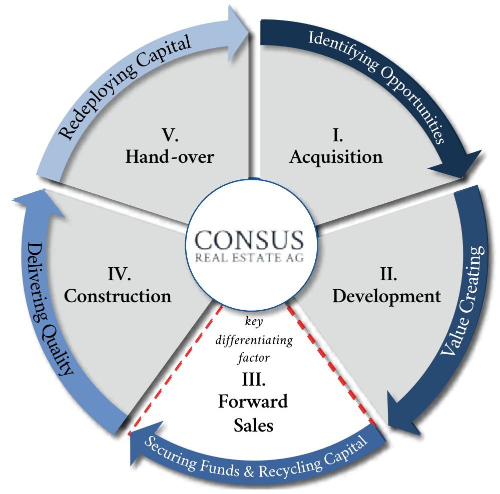
The Group including its subsidiaries has been designing and marketing residential and commercial properties for more than 20 years. Since 2000, CONSUS subsidiaries have implemented numerous projects in Germany with a total sales value of approx. € 1bn.

Competitive cost advantages through digitalisation and prefabrication

CONSUS focuses strongly on the digitalisation of development and construction processes especially for the residential segment with Building Information Modelling (BIM). The aim is to reduce construction costs and timeframes significantly but at the same time keep quality standards at the same level. Another step in the company's development will be the establishment of production capacities with the aid of which components for multi-story residential construction are prefabricated on an industrial scale. This serial prefabrication, which has long been standard in other industries such as automobile manufacturing, is also being built up with selected partners. CONSUS is partnering with European Modular Constructions GmbH to achieve the benefits of such prefabrication operations.

The ultimate goal of these parallel corporate projects – BIM and industrial prefabrication of components – is to create the basis for us to achieve cost leadership in the production of affordable living space in the medium and long term. CONSUS' comprehensive business model and its advantages can be explained as follows:

Acting along the property development cycle…



…with a risk -reduced strategy for each phase

I. Securing development projects in top 9 cities in Germany's top economic regions

II. Initiating overall project plan and obtaining (enhanced) building permits

III. Forward selling en-block to institutional investors to secure overall project financing and recycle initial capital expenditure

IV. Constructing digitally with construction processes and industrial fabrication of building parts

V. Finalising transaction and completing capital re-cycling into new projects

1.2. CONSUS' products and services

The CONSUS Group has aligned its real estate development with the interests of the two important customer groups. These are real estate project development for institutional clients and real estate development for retail clients.

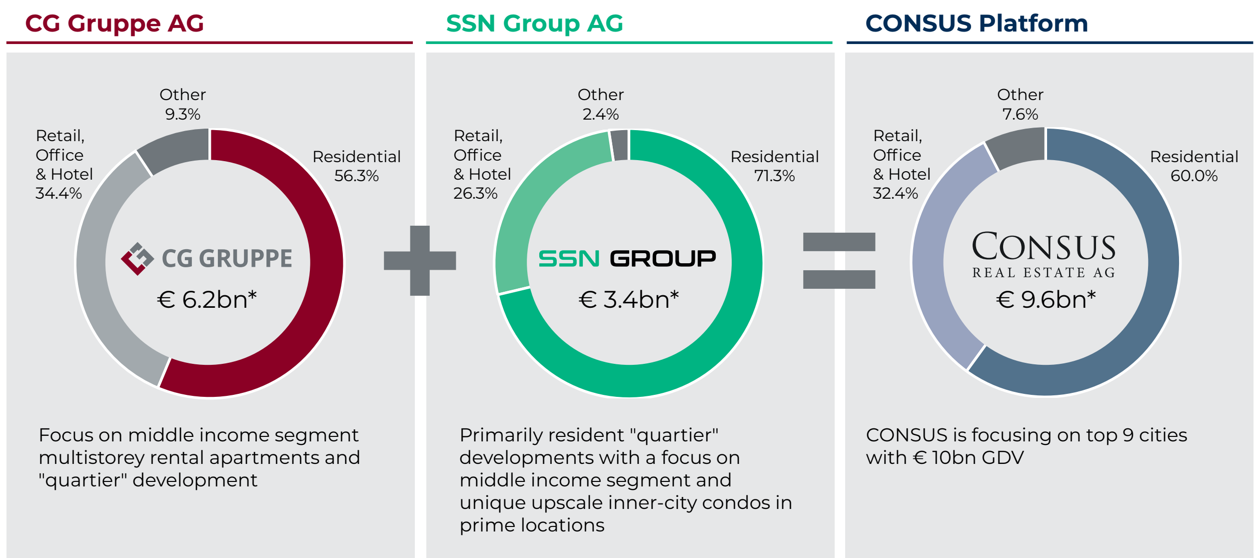
1.2.1. Real estate project development for institutional clients

CONSUS' core business is the turnkey production of residential apartment buildings on attractive plots in the top 9 German cities with forward sales to institutional investors, i.e. pension funds and insurance companies. In this field, the Group is the market leader in Germany. One of the core competencies is the development of large projects or quartiers, including redeveloping and renovating former office and commercial real estate into residential properties. Approximately 330 apartments plus commercial space and underground car parks were completed or handed over to institutional purchasers in 2018.

Long-term neighbourhood development projects in sustainable locations and innovative large-scale projects at key urban development sites represent a significant focus of the company. Upon reaching certain planning stages, the sites are divided into more manageable sections/construction phases and placed in full or in part to institutional investors. Projects of this kind are currently being developed in cities including Leipzig, Hamburg and Cologne. Through the acquisition of SSN, CONSUS added further large neighbourhood development projects, such as the Holsten Quartier in Hamburg and the Vaihingen Campus in Stuttgart with a combined GDV of € 1.9bn. Quartier developments account for a significant portion of CONSUS' GDV.

Under the name "Vertical Village" (VauVau), the renovation and conversion of centrally located office buildings and commercial areas into modern living and working spaces in select German cities meets the high demand for temporary and permanent housing in metropolitan areas with compact floor plans and intelligent fixture design. This includes, among other things, furnished living, an integrated fitness area, high-speed internet and digital rental processes. CONSUS has impressively demonstrated that there is a large investor market for this new type of property. At the end of 2017, CONSUS sold all the VauVau projects to an institutional buyer for € 670mio as part of a forward sale.

Based on this development and the integration of SSN, the CONSUS Group now shows a GDV of € 9.6bn which is structured as follows:



Leading property developer in Germany with a combined GDV through acquisition of SSN of € 10bn and a total net floor area of 2.1mio sqm

*on 100% ownership basis

1.2.2. Real estate development for retail clients

The development business "Condominiums" makes a substantial contribution to the business for the owner-occupier and retail investor target groups. These projects are either part of larger projects where there are significant buildings for which the sale direct to retail clients has significant benefits, or are individual projects where the company had an opportunity to develop an attractive project focussed on direct to retail sales. Typically, the direct to retail sales are at a higher price point than forward sales, reflecting the characteristics of particular projects or buildings. This naturally leads to retail sales, as forward sales are more focussed on the affordable living segment.

Construction work has already begun on the "Grand Ouest" project in Frankfurt's Westend, "Miner's" in Cologne's Neustadt area and "ÜBerlin" in the capital's Steglitzer Kreisel building. These are part of the premium-quality real estate developments. Further premium-quality real estate developments for retail clients are pushed forward by the Group besides the project business partly driven by the acquisition of the SSN Group AG.

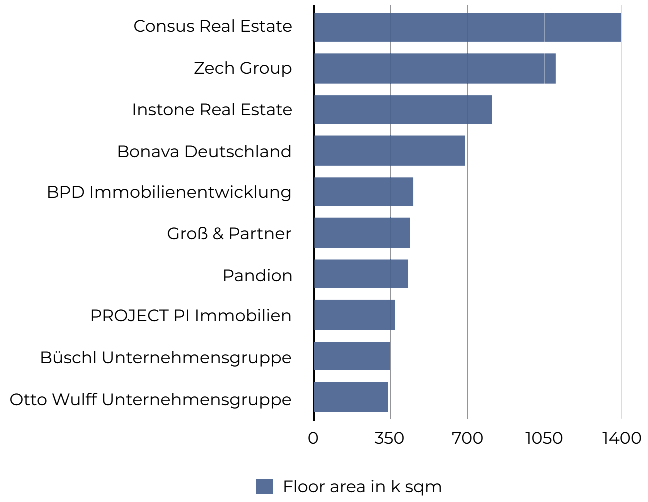
1.2.3. Development of yielding assets

The Group owns a modest number of yielding assets that generate solid cash flows from rental income which are often within or part of larger development projects within the Group. The key locations are in Leipzig and Berlin. The property in Leipzig's Plagwitz urban district is a commercial development on 18 ha of land that has continuously been developed since 2008. Through the renovation of historic older buildings and new buildings, retail parks, production facilities, office and administration buildings, and areas for leisure, accommodation and entertainment have been developed over time. Other yielding assets include the base of the Steglitzer Kreisel in Berlin's popular Schlossstrasse, where the Group is developing the tower, and a large parking facility in Hamburg previously developed by SSN.

1.3. Market positioning

1.3.1. CONSUS is the leading real estate developer in Germany's top 9 cities

The positioning of CONSUS in relation to the other real estate developers in Germany is shown:



Market survey conducted by bulwiengesa in March 2019: which underlines the leading position of the CONSUS Group in the top 9 cities (top 7 plus Leipzig & Dresden) in Germany.

CONSUS is the leading real estate developer in Germany's top 9 cities, according to a report of the European research house bulwiengesa. As of December 2018, CONSUS holds an overall real estate development portfolio with a GDV of € 9.6bn, comprising 2.1mio sqm of which over 90% are located in and around the top 9 German cities. The bulwiengesa study covered CONSUS' projects in Germany's top 9 cities with significant volumes in Hamburg, Leipzig, Berlin and Cologne, followed by Stuttgart, Dresden, Dusseldorf and Frankfurt am Main as well as Munich. CONSUS' portfolio is spread widely among the most attractive real estate cities in Germany.

The bulwiengesa study looked forward to 2023 but only incorporated 1.4mio sqm of the CONSUS portfolio. Large projects dating beyond 2023 such as Hamburg Holsten and Stuttgart Vaihingen were only partially considered.

1.3.2. CONSUS balances benefits for investors and tenants

The focus is on the production of high quality, but affordable residential real estate, which is particularly lacking in large cities. Tenant demand is therefore very high. This increases the attractiveness of CONSUS projects for institutional buyers. CONSUS designs residential real estate according to the requirements of institutional purchasers and primarily builds sustainable buildings with the lowest possible operating costs. In addition, development projects are designed to meet the preferences of the tenant market.

The Group has the goal to supply projects with sustainable and environmentally friendly energy, but also to optimise costs for tenants. There are a number of sustainable decentralised energy projects that are being implemented. The development of neighbourhoods in particular focuses on innovative and sustainable energy concepts. In addition, the Group is socially committed and, for example, supports projects that assist disadvantaged children.

With this portfolio structure and client focus, CONSUS will be able to successfully continue to benefit from the strong growth drivers in Germany's housing market.

1.3.3. Strong track record for real estate sales to institutional clients

Project developments are sold almost exclusively to institutional clients such as pension funds or insurance companies. The buyer's advance payments within the framework of a forward sale finance the construction and thus release the initial funds invested in the project at an earlier stage. The project pipeline is broadly diversified and concentrates on projects in the 9 largest German cities.

The volume of contracted forward sales and forward with a letter of intent signed or in negotiation and condominiums sold is c. € 2.5bn as of March 2019, providing for the potential for early cash flows and a significantly reduced-risk profile for development projects. In 2018, CONSUS signed forward sale agreements with a total Gross Development Volume (GDV) of € 446.6mio.

The following projects were successfully placed with institutional investors in 2018: The Cologneo I Quartier development, one of CONSUS' largest development projects was forward sold to a well-known institutional investor for an expected € 241mio with an additional upside of up to € 36mio, if rents above current market rent are achieved. Apart from the GDV already sold, the project includes additional space that is presently developed with further considerable sales planned. In Q4 2018, three additional forward sale agreements with institutional investors were signed for Carré Löbtau in Dresden with a GDV of € 37.5mio, for key segments of the large Kaiserlei development in Frankfurt/Offenbach for an expected € 69.7mio and for a project development in a prime Mannheim location for an expected GDV of up to € 94.8mio, which is underlining our strength in the execution of our development and sales pipeline.

In the first quarter of 2019, three additional forward sale agreements for the developments at Ostplatz and Hamburger Str. in Leipzig and the Franklinhaus development in Berlin with a combined GDV of approximately € 173.4mio were notarized. Forward sale agreements have been signed with, among others, the following institutional investors: BNP Paribas REIM, Heitman Germany, Swiss Life/Corpus Sireo, Nassauische Heimstätte, WealthCap and Talanx.

1.4. Experienced management team and committed shareholders

The leadership team of CONSUS is made up of the management board of CONSUS at the core and supported by the four senior representatives of the main subsidiaries in the extended management board. The extended management board has a very important advisory role in CONSUS Real Estate AG.

The management team has decades of collective relevant experience with strong knowledge and experience of project acquisitions, project development for residential and commercial real estate and corresponding sales, and all areas of capital markets, both for equity and debt products.

Members of the extended Management Board are – apart from Andreas Steyer and Benjamin Lee – Christoph Gröner, the founder of the CG Gruppe, Jürgen Kutz, COO of the CG Gruppe, Michael Tockweiler, CEO of the SSN Group AG and Theo Gorens, CFO at SSN.

This combination of knowledge and experience, on the one hand, and the long-term commitment of our strategic shareholder Aggregate Holdings SA which specialises in investments in the real estate sector and holds approximately 60% of the shares in CONSUS as of Dec. 31, 2018, create excellent conditions for the successful development and growth of CONSUS in the medium and long term.

CONSUS is committed to the interests of its employees at the Group level. Promoting and retaining employees is a long-term goal.

1.5. Group management with key performance indicators

The development of residential real estate has been at the heart of the Group strategy. The Gross Development Volume (GDV) of existing development projects is therefore a key performance indicator. It shows the possible sales volume of the real estate within the Group once these are fully developed.

The Gross Asset Value (GAV) is a central indicator in the area of real estate and is a measure to describe the book value of the CONSUS development portfolio on a 100% basis. The simplified calculation is based on the book values of all real estate according to IFRS and thus includes the balance sheet positions contractual assets, inventories and investment property.

The revenue of the Group (total performance according to IFRS) is an indicator for the performance of the Group and therefore a measurement category for the business activities of the Group of the respective business year.

Another important factor for the management is the operating cash flow. It shows the capacity of the Group to assure real estate developments that are neutral regarding the financing.

At Group level the adjusted EBITDA result is a key performance indicator. It is based on the EBITDA calculated on a costs basis and removing the impact of the inventory revaluations (PPA) which occurred following acquisitions as well as deducting one-off non-recurring expenses.

2. BUSINESS REPORT

2.1. Macroeconomic environment

According to the Federal Office of Statistics, the German economy grew by 1.5% in 2018 (2017: +2.2%). Continued growth is predicted for 2019. The construction industry is still growing strongly. Despite a slight decline in incoming orders, the order backlog is very high. Looking at private households, recorded incomes have risen and, subsequently, consumer demand has also risen. The increase in employment, by contrast, shows a decline in unemployment.[1]

In the Euro area, GDP increased by 2.74% in 2017[2], by 5.0% in the United States[3] and by 5.7% in Japan.[4] Among emerging economies, China and India continue to experience strong economic development. This led to the assumption that the global economy would grow in 2018; however, contrary to these expectations, it lost momentum. The industrial economy is developing less dynamically compared to the previous year, albeit more pronounced in the second half of 2018. Industrial production increased by 1.0% in 2018.[5] The positive development of new orders and the outstanding general mood underpin the positive expectations of the previous year. The sideways orientation in the Euro zone confirms the economic assumption from the previous year and indicates that

1 https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/Wirtschaftliche-Lage/2019/20190115-wirtschaftliche-lage-in-deutschland-des-letzten-jahres.html

2 https://de.statista.com/statistik/daten/studie/222901/umfrage/bruttoinlandsprodukt-bip-in-der-Europaeischen-union-eu/

3 https://de.statista.com/statistik/daten/studie/14418/umfrage/bruttoinlandsprodukt-in-den-usa/

4 https://de.statista.com/statistik/daten/studie/14403/umfrage/bruttoinlandsprodukt-in-japan/

5 https://ec.Europa.eu/€ostat/documents/2995521/9298857/4-12102018-AP-DE.pdf/b205f51a-b7c1-43e9-88b0-2e4692965213

capacity limits may have been reached. The fourth quarter of 2018 saw another rise in prices for German real estate: the vdp property price index climbed by 7.6 compared with the corresponding quarter one year earlier.[6]

2.1.1. Overall economic situation

Posting positive economic growth in 2018 for the ninth year in a row since 2009, Germany is considered one of the strongest economies in Europe as well as globally. Germany is Europe's largest economy with a GDP of € 3.3tn in 2017 and € 3.4tn in 2018, representing 29.1% of the EU's total GDP, respectively. Germany is also one of the leading economies in Europe in terms of GDP per capita with € 39.5k (2018). This compares with the EU average of € 30.9k, € 34.1k in France, € 25k in Spain and € 35k in the United Kingdom (all 2018).[7]

Inflation and interest rates

Low interest rates in recent years have maintained attractive financing conditions. The expectation is that interest rates will remain at a low level throughout 2019 in line with the previous year. Overall, consumer prices only increased by 1.7% over the full 2018 period.[8]

Strong performance on the letting markets is keeping demand high, especially for office, logistics and residential property.[9]

Unemployment and workforce

As of December 2018, Germany's unemployment rate amounted to 3.2% – the lowest rate since Germany's reunification in 1990[10]. With such high levels of employment, Germany follows the Czech Republic (1.9% unemployment) ahead of all the other European countries. The positive development on the job market has been largely driven by Germany's top 9 cities where the workforce is growing faster than the national rate.

Consumer spending and purchasing power

Low household debt combined with growing gross wages, which have consistently outpaced inflation, have resulted in a rising level of purchasing power in Germany over the recent past[11]. Average incomes rose by 3.3% in December 2018 compared to the same month of the previous year, while consumer prices increased by only 1.7%.[12]

Urban population and immigration trends

The ongoing increase in the German population has been driven by a positive birth rate, immigration, both labour market oriented and as a result of an influx of refugees, and has resulted in an accelerated increase of population density in Germany's key metropolitan regions, leading to an "urbanisation trend".[13]

Households and household sizes

The number of households in Germany has increased from 39.5mio in 2011 to 41.3mio in 2017 (2018 not available yet). The number of single households has been growing by 27.7% since the year 2000 and the number of two-person households by 8.9%.[14] Furthermore, the overall number of households in Germany is expected to reach 43.2mio by 2035. This increase is expected to be driven by a further reduction of household size.

2.1.2. Macroeconomic developments with regard to residential real estate

Certain general macroeconomic developments in Germany as well as demographic trends that have contributed to a structural undersupply of residential real estate have stimulated demand substantially.

CONSUS is convinced that Germany is one of the most attractive European markets for new residential real estate development and it can strongly benefit from favourable real estate

6 https://www.pfandbrief.de/site/dam/jcr:5840c2a7-d089-4106-9865 4c3add662aeb/vdp_Index Q42018_ bro_EN.pdf

7 Statista GmbH, Bruttoinlandsprodukt in Deutschland https://de.statista.com/statistik/daten/studie/188766/umfrage/bruttoinlandsprodukt-bip-pro-kopf-in-den-eu-laendern/

8 Statistisches Bundesamt, https://www.destatis.de/DE/Presse/Pressemitteilungen/2019/01/PD19_019_611.html

9 CBRE—Investment Outlook 2018

10 Eurostat, Arbeitslosendaten nach Geschlecht und Alter - monatliche Daten, http://appsso.€ostat.ec.Europa.eu

11 EIU—GDP Real Change, Deutsche Bundesbank—Monthly Report 11/2018

12 Statistisches Bundesamt, https://www.destatis.de/DE/Themen/Wirtschaft/Volkswirtschaftliche-Gesamtrechnungen-Inlandsprodukt/Publikationen/Downloads-Inlandsprodukt/inlandsprodukt-vorlaeufig-pdf-2180140.html

13 CBRE—Outlook 2018

14 Umwelt Bundesamt, Bevölkerungsentwicklung und Struktur privater Haushalte. https://www.umweltbundesamt.de/daten/private-haushalte-konsum/strukturdaten-privater-haushalte/bevoelkerungsentwicklung-struktur-privater#textpart-5

market conditions. Even in times of potential economic downturns, CONSUS' focus on affordable housing is expected to be recession resistant in the top 9 German cities as demand in this category is not expected to decline in the medium-term.

Overall supply constraints

The German real estate market is by its nature less cyclical than markets in other European countries. This is mainly due to its conservative financing practice which makes it fundamentally less susceptible to property bubbles, and due to the larger proportion of rental properties.[15]

It is not expected that this is going to change even if there would be a modest rise in interest rates or an expanded supply of development space. Investors in general continue to believe in the German property market which continues to lead to increases in market demand as well as investment quotas

House price affordability

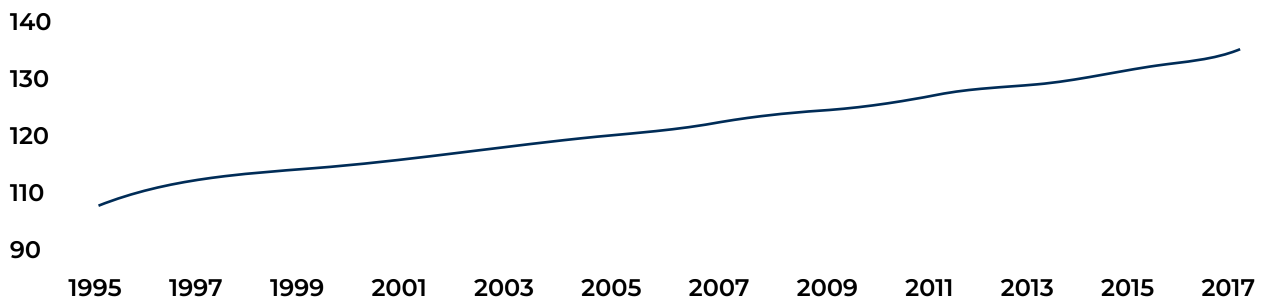
The fourth quarter of 2018 saw yet another rise in prices for German real estate: The vdp property price index climbed by 7.6% compared with the corresponding quarter one year earlier. Housing in Germany is still one of the most affordable within the EU. The price-to-salary multiple in Germany stands at 5.0x. For the United Kingdom the ratio is as high as 9.8x.[16] In Germany, the share of rent in disposable income was 20.6% as of 2017 and thereby is significantly lower than the EU average of 23.8% (2018 not available yet).

Steady rental growth

In the past 20 years, rental prices have been steadily and consistently rising in Germany. The chart below outlines the growing rents in Germany since 1995 until 2017. In 2018 the average rental prices increased further by 1.6%. [17]

The number of apartments traded rose by 0.4% year-on-year. In total, around 131,200 apartments were sold from January to the end of December 2018. Compared to 2017, average prices per apartment increased by 20% to about € 142k. That equates to a price of € 2,200 per sqm.[18] In both categories, average prices rose by around a third year-on-year.

> 20 years of strong and constant rental price growth No decline in rental pricing in over 20 years



(Source: Destatis—Residential rental price index)

15 Helaba Research—Report: Focus on German Housing Market

16 Deloitte—Property Index (July 2017)).

17 Statische Bundesamt: https://www.destatis.de/DE/Presse/Pressemitteilungen/2019/01/PD19_019_611.html

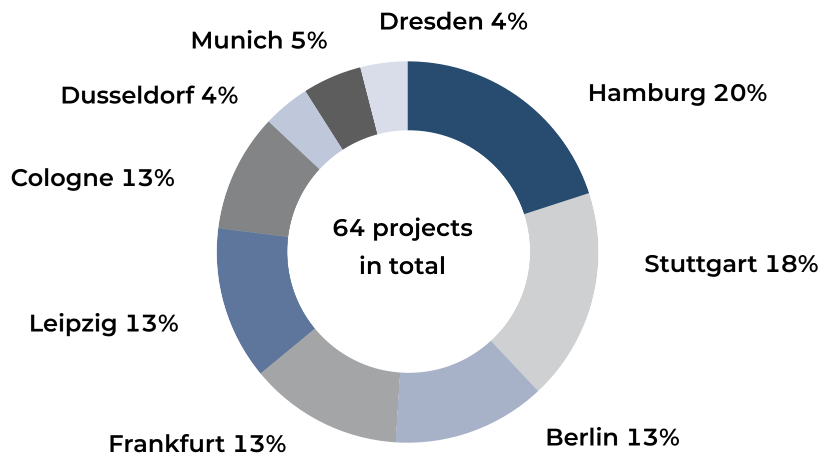
18 https://www.jll.de/content/dam/jll-com/documents/pdf/research/emea/germany/de/Investmentmarktueberblick-Germany-JLL.pdf

2.1.3. Market for residential real estate project development

The German market for residential real estate project developers is fragmented and decentralised. Only a few nationwide companies play an active role in the most important German cities. Regional developers dominate the local market. This fragmented and decentralised landscape in the residential real estate developer sector was identified by CONSUS in 2018 as a potential opportunity for developer consolidation. CONSUS successfully delivered on this target by acquiring a 93.4% stake in SSN Group AG and further integrating CG Gruppe AG.

Diversified across the top 9 cities in Germany

Breakdown of the development portfolio by city



Market survey conducted by bulwiengesa in March 2019: which underlines the leading position of the CONSUS Group in the top 9 cities (top 7 plus Leipzig & Dresden) in Germany.

2.2. Position of the Group

2.2.1. General statement

Following the restructure in 2017, CONSUS continued its strategy to focus on residential property development in 2018.

Non-core assets and investments were sold and the generated cash flow used to strengthen the project development capabilities of the Group.

With its experienced and now established management team, CONSUS has the size and the resources to succeed as a major player on the market for residential property development.

2.2.2. Course of the fiscal year

The year 2018 was an eventful and demanding year for CONSUS, in which essential foundations for the long-term success of the Group were laid.

2.2.2.1. Main developments

Equity investment in the CG Gruppe AG: Following on from its initial investment in 2017, CONSUS Real Estate AG has increased its stake in the CG Gruppe in 2018 continuously amounting to 64.74% in August 2018 with agreements to increase to 75% on a fully diluted basis. The CG Gruppe AG operates through its subsidiaries in project development, construction and refurbishment as well as services around real estate. CONSUS Real Estate AG's increase of its ownership of CG Gruppe AG has three elements. Firstly, though the equity contribution of € 50mio directly into CG Gruppe, to further accelerate growth of its development business as well as the strengthening of the equity in 2018 via a dilutive equity instrument. Secondly, the acquisition of a stake in CG Gruppe directly from Gröner Unternehmensbeteilgungen GmbH paid through a capital increase by issuing new shares of CONSUS in 2018 as well as the purchase of additional shares of Gröner Unternehmensgruppe GmbH, Gröner Unternehmensbeteiligungen GmbH and Gröner GbR for a total price of approximately € 67mio in instalments over three years out of which € 20mio have been paid so far. As of balance sheet date 8,333,334 CONSUS shares have been fully completed and are reflected within the financials with the three months average share price of € 7.51/share prior to the issue of the shares.

In addition, CONSUS Real Estate AG has acquired a 75% stake in DIPLAN, an innovative PropTech company which targets on enhancing the digitalisation process of the company's core operations in development, including construction. The transaction was closed on December 7, 2018.

Equity investment in the SSN Group AG: On December 7, 2018 CONSUS Real Estate AG acquired 93.4% of the shares in SSN Group AG (SSN Group AG, SSN). The purchase price was financed by cash on balance sheet and a € 250mio acquisition facility from J.P. Morgan. This transaction immediately increased its gross development volume (GDV) to approximately € 9.6bn as well as the overall number of projects from 53 to 64. The SSN portfolio mainly consists of development projects which are in different stages of development. As part of the transaction, CONSUS separately acquired 38.9% in SG Development GmbH, a 51% subsidiary of SSN Group AG, which holds nine out of twelve development projects, as well as a 85.9% stake in a SSN development subsidiary in the centre of Berlin from CONSUS' majority shareholder Aggregate Deutschland S.A, as contribution in kind against issuance of 26,785,000 new shares in CONSUS at a price of € 8.02 per share.

The strategic rationale for the acquisition of SSN was:

- Increase exposure in Germany's top 9 cities
- Potential for the SSN portfolio to utilise the forward sales approach
- Benefit from the additional of a very strong project base in to the Group
- Utilise the increased size of the Group to drive the benefits of economies of scale
- Strengthening the position as major player on the market for residential properties

Sale of ten CCP companies: CONSUS Real Estate AG followed its strategy of focusing on residential real estate development and divested on May 15, 2018 its shareholding of ten companies that held a total of eight commercial assets and two purchase obligations and were previously reported under the CONSUS segment.

Divestment of GxP German Properties AG: CONSUS Real Estate AG sold all of its majority stake of 58% in German Properties AG (GxP), whose shares are included in the Open Market of the Stock Exchange in Dusseldorf, Frankfurt, (Basic Board), Hamburg, Munich and Stuttgart, with closing as of August 3, 2018.

Capital increase in July 2018: CONSUS Real Estate AG successfully completed a capital increase with subscription rights in July 2018 to finance further growth in the project development business. The gross proceeds from the capital increase amounted to approx. € 131mio and 19mio new shares were issued. During the course of the capital increase, Andreas Steyer, CEO of CONSUS Real Estate AG, acquired new shares in the amount of approx. € 2mio.

2.2.2.2. Development of the key performance indicators

At the end of the year, the gross development volume (GDV) of 64 development projects amounted to approximately € 9.6bn which was a significant increase in line with the forecast for 2018.

Based on the (IFRS) EBITDA of € 107.9mio the adjusted EBITDA at the end of 2018 amounts to € 203.7mio.

The GAV amounted to € 2.348mio, significantly above last year and expectations. However, the main reason for the increase is the acquisition of the SSN Group AG.

Total income of the Group in 2018 amounted to € 467.6mio. Revenue was generated by the finalization of forward sales, progress in real estate developments and a significant sale. In total, revenue exceeds the expectations considerably.

The positive operating cash flow for 2018 has been achieved, and amounted to € 132.0mio.

The management board is satisfied with the development of the key performance indicators compared to last year. However, it needs to be pointed out that due to the change of the business model some of the key performance indicators are not comparable.

2.2.3. Results of operations

CONSUS' total income in fiscal year 2018 amounted to € 615.0mio, considerably above last year, and total revenue amounted to € 467.6mio. This is mainly due to the finalisation of forward sales and the progress of real estate projects. A total project development revenue of € 408.5mio was achieved with the finalisation of building permits for four major projects in 2018. A further one-off revenue (€ 144.9mio) resulted from the sale of a real estate project in Berlin. Declining rental income (on an annual basis) had a contrary effect. The main reason is the sale of the investment properties and the concentration on the development segment of the Group.

As the previous year's revenue were based solely on CONSUS' own management revenues (rental income) a direct comparison between the years is not possible.

The CG Gruppe contributed a total of € 445.1mio to the company's total operating performance, along with € 16.7mio of sales revenues from the SSN Group AG. Given the acquisition date of the SSN Group AG, only one month of sales revenues from SSN was included. For CONSUS Real Estate AG, total operating revenue amounted to € 7.9mio out of which € 2.06mio were eliminated through consolidation. The decrease from the previous year is due to the discontinuation of CCP activities.

A gain of € 25.6mio was achieved from the re-evaluation of the investment properties, with the gain reflecting the positive development of the German real estate market and the progress of real estate developments held as investment property.

The operating expenses in the year amounted to € 359.7mio resulting in earnings before interest, taxes, depreciation and amortization (EBITDA) of € 107.9mio.

The operating expenses are particularly driven by the cost of materials which amounted to € 285.6mio. The highest contributing category within the cost of materials are land acquisitions mainly in Cologne, the Stuttgart area as well as Erfurt, which amounted to € 110.5mio in 2018.

Personnel expenses in fiscal year 2018 totalled € 36.9mio. The personnel expenses at SSN were only recognised for the month of December with personnel expenses at CONSUS and CG level for the entire year.

Other operating expenses for 2018 totalled € 60.0mio. They include expenses for consulting and auditing of € 17.8mio which were mainly due to portfolio transactions, transition to IFRS and first time consolidation. Marketing expenses amounted to € 17.5mio. The divestment of eight commercial assets and two purchase obligations generated other operating income of € 2.9mio.

Scheduled depreciation of € 2.1mio led to earnings before interest and tax (EBIT) of € 105.7mio.

Financial income and expenses of CONSUS Real Estate AG and the CG Gruppe were recognised at the Group level for the entire year; for the SSN Group AG they were only included for December 2018. Financial income of € 4.6mio stood in relation to financial expenses of € 121.8mio.

Overall, the financial year 2018 ended with a small loss after taxes and financing costs of € (0.6)mio. This was mainly due to substantial financing costs totalling € 121.8mio. The positive tax result of € 11.2mio contributed positively to the consolidated result.

2.2.4. Cash flows

Cash and cash equivalents developed as follows during the financial year 2018:

As a result of changes to the Group's structure and the integration of the Group subsidiary, the cash flow result for 2018 was markedly different from the previous year:

Cash Flow from operations:

Cash flow from operations at € 132.0mio was significantly higher than last year's figure of € (4.6) mio. The clearly positive operating cash flow is due mainly to the development of the business in 2018. Advance payments received of € 356.3mio and the change of the outstanding liabilities of € 39.9mio continue to have a positive effect. At the same time, inventories increased by € 333.2mio. Overall the success of our forward sale model can be seen which leads to considerably earlier cash flows.

Rents and other operating income also led to an operating cash inflow. Outgoing payments of € 18.6mio and tax payments of € 7.5mio resulted from the reduction of receivables and advance and upfront payments.

Cash flow from investing activities:

Positive cash flow from investing activities amounted in total to € 25.2mio – the prior year's value amounted to € (222.1)mio due to investments and acquisitions. During the year 2018 the concentration on our core business of real estate developments and the related sale of the GxP shares and the operating CCP projects contributed significantly with € 94.9mio. Fixed Asset investments € (22.2)mio, capital expenditure on investment properties € (11.5)mio as well as reduction in financial assets € (20.1)mio, cash income from the initial consolidation of business units € (18.7) mio and interest income of € 2.0mio contributed as well to the positive result.

Cash Flow from financing activities:

Despite inflows from new financing of € 535.9mio and the capital increase of € 128.7mio, the groupwide repayment of financing € (722.8)mio resulted in an overall negative cash flow from financing activities of € (133.9)mio (previous year: € 281.8mio). Naturally, this includes the interest payments for current financing as well of € (75.7)mio. (prior year: € (1.2)mio negative). Overall, the Group could reduce its financing as planned thus having a profit from its forward sales strategy. In future this strategy should lead to a considerable reduction of interest payments.

Cash and cash equivalents amounted to € 91.6mio as of 31/12/2018. This represented a year-on-year increase of € 20.3mio that is mainly the result of the initial consolidation of the SNN Group.

The subscribed capital of CONSUS Real Estate AG rose in several steps during the course of the year 2018 to a total of € 134mio.

Financial liabilities at the Group level total € 2,195mio. The non-current financing volume amounts to € 1,049.2mio and current financing liabilities amount to € 1,146.3mio. The increase of the current financing liabilities is mainly due to the acquisition of the SSN Group AG and concerns the short-term financing within the CONSUS Real Estate AG and the short-term obligations regarding the SSN.

The non-current financial liabilities are in line with the prior year.

In order to finance and further develop our existing and future portfolio, the company uses a broad financing mix and products on the equity and debt side such as promissory note loans, mezzanine financing, mandatory convertible bonds and bank loans. Forward sales are an important instrument with which development projects are sold in advance to institutional investors. This reduces both the exit risk and the borrowing requirements.

2.2.5. Financial position

CONSUS' total assets amounted to € 3,745mio as of the balance sheet date and relate mainly to investments which have been generated by the CG Gruppe and SSN Group AG and are still being under development. A comparison with the total assets in the previous year is not possible due to the acquisitions and divestments made in 2018.

Investment properties have a fair value of € 328mio as of the balance sheet date, and related mainly to investments which have been generated by the CG Gruppe AG and are partly still being developed.

The assets of the business on the closing date include the goodwill for the CG Gruppe AG and the goodwill for the SSN Group AG, with the total goodwill being € 1,032.5mio. Other intangible assets such as brand names, software or licenses had a value of € 6.2mio.

Current assets include current real estate development projects (after the deduction of prepayments) with a book value of € 1,830.5mio. Apart from these real estate properties not yet sold there are properties that have been sold by forward sales contracts. These properties are booked in accordance with the regulations of IFRS 15 with their percentage of completion and have a book value of € 189.3mio after the deduction of pre-payments received. The comparatively low amount is a result of the pre-payments received for these projects underlining the CONSUS forward sales model. Overall, it concerns project developments for residential real estate of the CG Gruppe and SSN Group AG in the 9 largest cities in Germany.

Trade receivables amounted to € 53.9mio as of the reporting date. Of this amount, € 38.8mio resulted from the sale of real estate and € 3.7mio from outstanding rents and rental-related services. The remaining € 11.5mio resulted from other services.

2.2.6. Overall statement of the situation

CONSUS achieved major milestones in 2018 with regards to the orientation as a real estate developer with focus on affordable living space and has become one of the leading real estate groups in Germany. Overall, the management board is satisfied with the business year 2018.

3. OPPORTUNITIES AND RISK REPORT

3.1. Risk management

The CONSUS Group faces a variety of risks and opportunities in the course of its business activities – requiring assessments, strategies for risk minimisation and mitigation and actions with short, medium and long-term impact.

Solid, transparent and accountable governance safeguards the future of CONSUS. It enables the company to maintain its agility, entrepreneurial spirit and provides development opportunities for our people. The executive board is collectively responsible for the direction and oversight of the company.

The board believes in good governance and managing company risk and reporting effectively. The board defines the Group's risk policy and the procedures to mitigate exposure to risk, monitors the risks and reviews the effectiveness of the current risk management and internal control procedures.

During the past two years the company has grown and changed its strategic focus. Some of these changes were the result of the risk assessment and the agreed mitigating actions. But further risks and opportunities were added with the acquisition of SSN by the Group.

The executive management at both the CG Gruppe as well as the newly acquired SSN Group AG have procedures and processes in place to assess risks and opportunities down to the individual project level. The risk management processes are standardised and commence with appraisals of new sites, the planning and development of the properties, the construction and the sale at the end. The monitoring of the risks include pre-investment analysis of interest rate and price developments on the real estate markets, rent and vacancy modelling and particularly the continuous monitoring of construction cost and liquidity.

The supervisory board of the CG Gruppe and the board of directors of SSN have confirmed the effectiveness of the risk management in the current year.

The Executive Board of CONSUS then has the overall responsibility for the principal risks which could threaten the future of the business. The definition of those risks covers external factors which can only be mitigated by the board to a limited extent. An inventory of relevant risks was created with risk assessment and risk mitigation strategies. The principal risks are outlined in the risk report.

3.2. Risk report

The risks of the Group are regularly monitored and evaluated by the executive board. Quarterly reviews are chaired by the Chief Executive Officer. The outcome of the reviews leads to a formal sign off of the risk register.

The risk register is structured by risk categories and contains relevant information for the evaluation and assessment of risks and their appropriate mitigation.

The risk register gives a quick overview of the probability of a risk occurring and the impact it has on the group. The probability is assessed as a percentage of likelihood of the event occurring.

There are four levels defined:

Low:	Probability of	0% - 20%
Medium:	Probability of	11% - 50%
High:	Probability of	51% - 90%
Almost certain:	Probability of	>90%

The impact is evaluated as follows:

- Minor impact, easily handled by normal day-to-day processes
- Some disruption possible
- Significant time/resources required
- Operations severely damaged
- Business survival is at risk

The combination of probability and impact leads to the assessment of the risk as being

- Low (green)
- Medium (green/amber depending on impact)
- High (amber)
- Severe (red)

The risk matrix per end of December 2018 reflects the following assessments:

Risk Category	Entity	Q4/18 Probability	Impact	Rating
Strategic risks	all	low	low	green
Macroeconomic risks	all	low	medium	green
Political risks	all	medium	high	amber
Revenue risks	CG, SSN	low	low	green
Transfer risk (purchase to sale)	CG, SSN	low	medium	amber
Construction cost risks	CG, SSN	medium	medium	green
Contract risks	all	low	medium	green
Rental risks	CG, SSN	low	low	green
Impairment risk for IAS40 real estate	all	low	medium	amber
Interest rate risk and liquidity	all	low	high	amber
Uncontrolled CG Gruppe brand	CG	low	low	green
General business risk	all	medium	medium	green
Tax risks	CONSUS	low	medium	green
Financing risk	all	low	high	amber
Risks from significant goodwill	CONSUS	low	medium	green

3.2.1. Strategic risks

Strategic risks arise primarily from management decisions related to the company's business policy orientation, which can lead to unexpected losses, and from risks due to unanticipated changes in the macroeconomic environment. Furthermore, the integration of the respective business activities of the acquired companies could be more challenging than expected. Management decisions on business policy alignment can lead to unexpected losses. The creation of an extended management board at CONSUS level ensures the operative implementation of strategic objectives throughout the Group.

3.2.2. Macroeconomic risks

Global risks can slow down the national and international economy. The CONSUS Group is planning to deleverage significantly over the medium term to reduce finance and liquidity risks and increase financial stability significantly.

Economic risks could result from inflation that is too fast, which could push central banks to a much more aggressive exit from the zero interest rate policy. This could have a corresponding negative impact on economic development worldwide. A rise in interest rates can have a negative impact on the real estate market and subsequently on the valuation of CONSUS real estate. Raising equity or debt could also become considerably more difficult, which would have a negative impact on the growth of CONSUS. Asset and financial bubbles could also have a negative impact on general economic growth.

Global financial and economic crises and the sovereign debt crisis, particularly in the Eurozone, have previously caused negative economic effects.

The development of the real estate market depends to a large extent on macroeconomic development and the demand for properties. Economic instability and limited access to debt and equity financing can lead to possible defaults by business partners.

Factors that could lead to adverse developments are outside of CONSUS' sphere of influence, e.g.:

- Changes in disposable income, economic performance, interest rates or tax policies;
- Economic growth, unemployment rates or consumer confidence influencing local supply and demand for real estate.

CONSUS is planning to deleverage over time, providing increasing stability and increasing the ability to withstand negative conditions.

3.2.3. Political risks

Real estate development is dependent on the political environment. It is a heavily regulated sector, requiring the company to continually monitor compliance with the changing environment.

The other aspect of the political risks is the dependence on building permissions to commence the development of acquired sites. To address this, CONSUS maintains relationships at local and central government level to ensure our objectives are aligned. CONSUS is aware of its public responsibility particularly as it generates affordable livingspace in cities and values honesty and trust with political decision takers.

3.2.4. Revenue risks

Market prices, rents and occupancy rates may be adversely affected, which affects the value of a property and the income it generates. CONSUS focuses with their development projects on the top 9 cities and good locations, with a focus on projects with multi-story buildings for middle income.

Economic developments can reduce market prices, rents and occupancy rates, which has a negative impact on the value of a property. As part of the risk analysis, all relevant factors for residential and commercial real estate are observed and analysed.

CONSUS mitigates market risk by concentrating on defined core regions with local offices and its own local employees as well as through a systematic risk analysis within the core markets. Precise market knowledge, ongoing evaluation of the strategy, continuous monitoring of the portfolio and targeted portfolio management as part of strategic decisions (e.g. determination of exit strategies, medium-term planning for acquisition and sales) enable a timely reaction to economic and political events.

3.2.5. Transfer risk (purchase to sale)

CONSUS mitigates the sales risk inherent in property development through its institutional forward sales approach. In this way, entire buildings and developments or sections of developments are sold prior to construction starting. The advantage is an early recycling of capital resulting in the return of the invested capital so far. A price exposure remains until completion and handover for the rental income as stated in the forward sales contract. Based on completed projects and actual market situation, this risk can be rated as low. In addition there is a reduction of financing risks due to the purchase price instalments during the construction phase as agreed in the forward sale.

3.2.6. Construction cost risks or delays of construction periods

The construction activities face the risk of availability of contractors at the time required by our development activities and also the risk of rising construction prices in the current economic environment. CONSUS is addressing these risks in a number of ways. Firstly, through increasing its workforce to allow for the self-performance of contracts and reducing the dependence on external contractors. Secondly, costs as focused on through BIM and digitalisation to reduce input costs and increase efficiency. Finally, where possible fixed price contracts are used to reduce risks of future price rises.

Due to the high demand, a significant increase in construction costs of 3.2% was observed in 2018. According to the Federal Statistical Office, prices for the construction of new conventionally constructed residential buildings in Germany, for example, rose by 5.1% in 2018 as compared to the previous year (based on the 2015 Index as 100).[19] Since construction volume in Germany is expected to remain high, further increases in construction costs and thus risks for budget compliance and the overall success of the projects cannot be ruled out.

3.2.7. Contract risks

There are risks from contractual agreements, in particular with forward sales regarding the time to develop a project and potential guarantees of certain rental payments. To mitigate this, the Group negotiates realistic targets and manages closely the process. In addition, it maintains a close relationship with institutional purchasers to address any issues.

There are contract risks in the case of agreements that could subsequently reduce the agreed or received purchase prices if rents are achieved below the expected levels. If necessary, provisions would be made on the balance sheet for known income risks from sales made and a possible liquidity risk taken into account in the liquidity planning.

3.2.8. Rental risks

There is a risk of letting to the extent that new rentals in development properties cannot be carried out at the levels expected when the contracts were signed, which could occur if there was a decrease in expected rental revenue and rent development on the markets. Political developments such as the so-called cap on rents for example could aggravate the situation.

Within the limited rental income from investment properties, there is a rental risk to the extent that it is not possible to re-rent at reasonable prices or that rental payments cannot be made under existing contracts. This risk is countered by professional sales and receivables management. Defaults on payment or tenant insolvency can also lead to losses.

However, the probability of both risks occurring is considered low in the current environment. Due to the strategic focus of the Group on development with minimised rental activities, the impact is low.

19 BKI, https://www.bki.de/baupreisindex.html

3.2.9. Interest rate risk and liquidity

Interest rate risks are relevant due the company's financial liabilities. In order to mitigate the interest rate risks it is company policy for CONSUS Real Estate AG to ensure that it has a mix of fixed interest rate loans as well as variable rate loans. In addition, over time, the company will look to further increase the level of longer term fixed interest financing at the corporate level.

However, increasing interest rates for refinancing at central banks as well as a more expensive financing of properties could lead to a reduction of the request for properties or an increase in price for real estate purchases. Furthermore, an increase of interest rates would lead to a reduction of the market value of investment properties.

Furthermore, each real estate transaction bears in general the risk of required refinancings. The forward sale model reduces this risk considerably. However, in addition, the CONSUS Group has significant Group financings that will need to be refinanced over the short-term.

3.2.10. Risk from the uncontrolled CG Gruppe brand

CG Gruppe AG is a leading project developer for residential real estate with its own construction expertise. Christoph Gröner is the founder of the CG Gruppe and the company is named after him. The "CG Gruppe AG" brand is protected by trademark law. These trademark rights are held by Mr. Gröner and are therefore not included in the Group. There is no user agreement. As a result there is a risk that the Group will no longer be able to use the "CG Gruppe AG" brand.

3.2.11. General business risks

A weakness in the structural and process organisation of the CONSUS Group could lead to unexpected losses or be reflected in additional expenses. Potential risks include shortcomings in computer and other information systems, human error, the availability of sufficiently qualified staff and inadequate internal control procedures. Potential operating risks include incorrect processes and automated IT and information systems that do not take into account the type and scope of the business volume or are vulnerable to cybercrime. Potential human risk factors include a lack of understanding of Group strategy, a lack of internal risk controls, a concentration of decision-making powers at an individual level that can lead to unsupervised actions, or too many decision-making bodies that prevent a flexible response to market changes. Of significance would be a high labour turnover which could result in a loss of corporate knowledge.

CONSUS counters these risk factors through various measures:

- The process organisation (system/process integration) is continuously improved with regard to operational processes.
- The Group structure is regularly reviewed and as the organisation grows, personnel are increased to ensure not only sufficient staffing but also shadowing of tasks and responsibilities. The code of conduct and compliance training provide guidance and assurance for staff.

The companies within CONSUS are involved in legal disputes in the context of its ordinary business activity. They can involve disputes on both the plaintiff's and the defendant's side. There are currently no legal or arbitration proceedings pending or threatened where such involve existential risks.

3.2.12. Tax risks

The companies within CONSUS are generally subject to income taxes with regard to both rental income and capital gains and other income. The acquisition of SSN was executed in line with the tax advice regarding the company structures.

There are uncertainties with regard to the amount and timing of future income and the interpretation of complex tax regulations. In the event of uncertainties in the income tax treatment of business cases, an assessment is required as to whether or not the competent tax authority is likely to accept the interpretation of the tax treatment of the transaction. On the basis of this estimate, CONSUS recognises its tax obligations at the most probable amount in the event of uncertainty.

These uncertainties and complexities can result in future tax payments being significantly higher or lower than the liabilities currently estimated and recognised on the balance sheet. CONSUS prevents this risk by obtaining tax advice and takes all steps to comply with tax regulations.

3.2.13. Financing risks

CONSUS requires debt primarily to refinance existing loans and to fund project development and acquisitions. The market conditions for real estate financing are subject to continuous changes.

Financing and refinancing on the banking and capital markets is one of the most important measures for real estate companies.

The financing options available depends on a number of factors that cannot all be influenced by CONSUS, such as market interest rates, the amount of financing required, tax aspects and collateral required. This may significantly impair the Group's ability to increase the number of projects or to achieve the completion of certain projects in its development portfolio, to invest in appropriate acquisition projects or to meet its obligations under financing agreements. Financing risks are closely linked with the risks due to interest rate changes and liquidity. Please refer to the relevant section.

The financing risks are mitigated through using diversified sources of funding sources for projects. In addition, the Group is committed to reducing its leverage and also reducing the volume of mezzanine funds used.

Default risk exists for all classes of financial instruments, and in particular for trade receivables but the risk is very limited. The CONSUS Group is not exposed to significant default risk with regard to any individual party. The deposits with banks and financial institutions were made exclusively at well-known financial institutions with very high credit ratings. The credit ratings are monitored and assessed by the CONSUS Group on a regular basis.

The liquidity developments are regularly analysed and appropriately evaluated both at the CONSUS Group level as well at the subsidiary and project level. The liquidity plans are subject to various stress scenarios in order to be able to identify and counteract any liquidity risks that may arise.

3.2.14. Risks from significant goodwill

In the past, CONSUS acquired two major companies resulting in a significant goodwill balance sheet position on the Group level. In principle, there is always a risk that the goodwill needs to be amortized in the future when the expected cash and cash equivalent surpluses cannot be achieved. Furthermore, external factors such as the increase of capital costs could also lead to the amortization of goodwill.

3.3. Opportunity report

In view of the ongoing global megatrend toward urbanisation, the markets for residential real estate in conurbations continue to offer interesting growth opportunities. Over the past five years, the population of Germany's seven largest cities has risen by an average of 1.2% per year.

This has meant that supply in many large cities cannot keep pace with rising demand.

These trends open up opportunities for CONSUS as a real estate developer. As a result the Group expanded significantly in 2018 by acquiring the SSN Group AG and CONSUS is now the largest German project developer in the top 9 German cities.

The increased size of the Group will allow for opportunities across the business. There will be economies of scale allowing for cost reduction, with stronger buying power in particular in purchasing and in investing in new technologies such as BIM.

In addition, there will be internal cost savings from the synergies of combining CG and SSN over time. There are also expected to be opportunities to reduce financing costs and diversify financing sources through the increased size of the Group.

The increase scale provides the opportunity for the Group to continue to increase its focus on larger developments, where there is a reduced level of competition and the potential for savings within a project are greater.

The acquisition took place at the end of the year and the commercial opportunities are expected to continue to increase in the coming years as the market grows. The increased size of the Group will lead to a stronger presence in the market and will provide the opportunity to increase the growth rate, either through organic growth, but also potentially through acquisitions in a sector which has not yet consolidated.

3.4. Summary risks and opportunities

The executive board and the supervisory board of the CONSUS Group have been evaluating and discussing the risks and opportunities throughout the past year.

Prudence governed the assessment of risks and restrained optimism determined the perspective on opportunities. At this point the company assumes a positive risk prognosis in the current market conditions.

4. OUTLOOK

The forward-looking statements in the forecast report relate to future expectations. The development also depends on factors that the CONSUS Group cannot influence. The actual development of CONSUS Group may deviate from expectations both positively and negatively.

The economic success of CONSUS depends also on the development of the German residential real estate market. Development is influenced in particular by the macroeconomic environment as well as by the assessment of values and the performance of real estate in Germany. These metrics are dependent on numerous factors which partially influence each other and over which the Group has no influence. A negative change in one or more of these factors influencing the real estate market or negative interactions could have a negative impact on the activities of CONSUS.

As the leading developer of housing projects in Germany's top 9 cities, CONSUS realises projects throughout Germany.

Apart from continuing to invest in project developments in the top 9 city-locations, the Group does not currently plan to make any other long-term asset investments.

4.1. Macroeconomic environment and real estate markets

The German economy is expected to continue to perform strongly in 2019, according to the estimates, amongst others, of many economic research institutes. It is supported by a strong domestic economy. This particularly benefits industry, which is investing more heavily in machinery and equipment. In the service sector, companies benefit from dynamic consumption. Capacity bottlenecks in the construction industry could possibly slow growth. The German Institute for Economic Research (Deutsches Institut für Wirtschaftsforschung) is currently expecting growth of 2.4% (net) for 2019.[20] In view of the continuing economic upswing, the real estate market is also expected to continue to develop positively. In addition, the Federal Statistical Office estimates that ongoing immigration to large cities and a rise in birth rates will cause the population to increase to 82mio through 2020.[21] And since interest rates continue to remain low, real estate is still an attractive investment.

4.2. Anticipated course of business

The Management Board of CONSUS Real Estate AG assumes that the good conditions on the German real estate market will continue. It expects strong demand for housing, especially in the middle income bracket in the 9 largest German cities. The CONSUS Group will continue to focus on larger project developments in the residential real estate sector.

The Management Board intends to reduce existing debt and/or to refinance expiring loans at overall more favourable rates. The aim of this would be to reduce leverage overall, fund additional pipeline growth of its development business and to enhance strategic flexibility. The Management Board also assumes that the currently favourable conditions on the financial markets will continue at attractive interest rates with broad support for real estate financing.

Sales forecast for 2019

The Group revenue from real estate development activities is expected to increase significantly in 2019 in comparison to 2018. Firstly, SSN will be fully consolidated at the end of the financial year 2019 and secondly further forward sales are expected.

Expected development of operative cash flow in 2019

An important metric for management is the Group's operating cash flow as this is a clear driver of the deleveraging strategy. This is expected to be positive due to increase of payments from forward sales from property developments and other revenues.

Expected development of Gross Development Volume (GDV)

The focus for CONSUS in 2019 is the increase in activities in the development business. It will be driven forward by the development of existing projects and by organic growth and reinvestment. In addition, it will consider potential opportunities for inorganic growth. It is the aim to stabilize the current gross development volume during the financial year 2019 and increase slightly.

Expected development of Gross Asset Volume (GAV)

The development of gross asset value will be dependent on the increase in value due to development activities, any increase in value from market conditions for investment properties and the net impact of project progress and prepayments, and project acquisitions. Prepayments received from forward sales contracts in particular lead to a reduction of contractual assets and inventories. As a result the GAV is expected to decrease in the year 2019.

Adjusted EBITDA

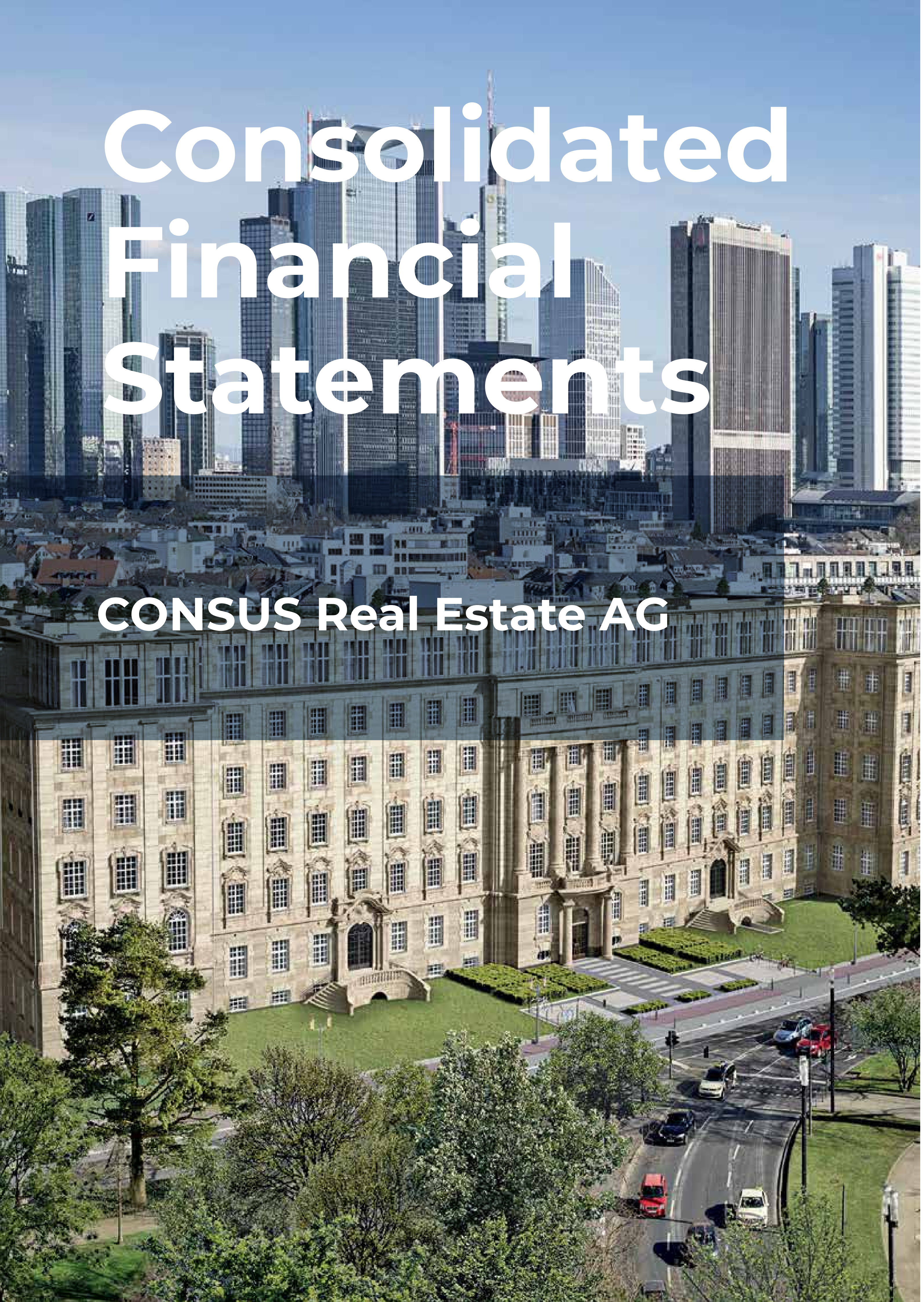
CONSUS will focus on the increase of activities in the real estate project market in 2019. The material revenues from the income from project development as recognised under the percentage of completion approach will lead to to a corresponding adjusted EBITDA. It is expected that the adjusted EBITDA will develop positively and will increase significantly in comparison to 2018.

Andreas Steyer
Chief Executive Officer (CEO)

Benjamin Lee
Chief Financial Officer (CFO)

20 https://www.diw.de/de/diw_01.c.574722.de/themen_nachrichten/prognose_des_bauvolumens_der_boom_im_wohnungsneubau_geht_zu_ende.html

21 Olga Pötzsch and Dr. Felix Rößger: Bevölkerung Deutschlands bis 2060. (Population in Germany through 2060) Federal Statistical Office, Wiesbaden, publication in 2015, page 14



Consolidated Financial Statements
For the fiscal year ending December 31, 2018

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Final Comprehensive Income Statment (Sum all entities)	Final Comprehensive Income Statment (Sum all entities)
in k€	**Notes**	**2018**	**2017**
Income from letting activities	8.1	32,796	7,691
Income from real estate inventory disposed of	8.2	163,515	–
Income from property development	8.4	408,461	–
Income from service, maintenance and management activities	8.1	10,199	
Total income		**614,971**	**7,691**
Change in project related inventory	8.3	–147,352	–
Overall performance		**467,619**	**7,691**
Expenses from letting activities	8.1	–16,083	–3,754
Cost of materials	8.6	–285,600	–
Net income from the remeasurement of investment properties	8.5	25,631	15,265
Other operating income	8.7	13,241	79
Personnel expenses	8.8	–36,911	–868
Other operating expenses	8.9	–59,997	–13,715
EBITDA (Earnings before interest, taxes, depreciation and amortization)		**107,901**	**4,697**
Depreciation and amortization	8.10	–2,175	–
EBIT* (Earnings before interest and taxes)		**105,726**	**4,697**
Financial income	8.11	4,620	445
Financial expenses	8.11	–121,834	–7,864
Share of profit or loss of associates accounted for using the equity method	8.12	–	–1,198
EBT (Earnings before taxes)		**–11,488**	**–3,920**
Income tax expenses	8.13	11,192	–5,214
Net income (Earnings after taxes) from continued operations		*–296*	*–9,134*
Net income (Earnings after taxes) from discontinued operations		*1,464*	*1,188*
Consolidated net income		**1,168**	**–7,946**
** including interest expenses that are capitalized in accordance with IAS 23*			
Other comprehensive income		–1,774	–
thereof non-recycling		–30	–
thereof will be reclassified to profit or loss		–1,744	–
Total comprehensive income		**–606**	**–7,946**

		Final Comprehensive Income Statment (Sum all entities)	Final Comprehensive Income Statment (Sum all entities)
in k€	**Notes**	**2018**	**2017**
Of the net income from continuing operations for the period, the following is attributable to:			
Non-controlling interests		*13,230*	*–*
Shareholders of the parent company		*–13,525*	*–9,134*
Of the total comprehensive income from continuing operations for the period, the following is attributable to:			
Non-controlling interests		*13,230*	*–*
Shareholders of the parent company		*–13,525*	*–9,134*
Total comprehensive income for the period attributable to shareholders of the parent company arises from:			
Continuing operations		*–15,299*	*–9,134*
Discontinued operations	*8.14*	*816*	*622*
Total comprehensive income for the period attributable to non-controlling arises from:			
Continuing operations		*13,230*	*–*
Discontinued operations	*8.14*	*648*	*566*

in k€	**before deferred taxes**	**deferred taxes**	**after deferred taxes**
Profit for the period	**1,168**	**–**	**1,168**
Other comprehensive income to be reclassified to profit or loss in subsequent periods	–1,779	5	–1,774
– Exchange differences on translation of foreign operations	–1,744	–	–1,744
– Actuarial gains/losses	–35	5	–30
– Others	–	–	–
Other comprehensive income not to be reclassified to profit or loss in subsequent periods	–	–	–
– Others	–	–	–
Total comprehensive income for the period	**–611**	**5**	**–606**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in k€	Notes	31/12/2018	31/12/2017
Non-current assets			
Investment property	9.1	328,027	527,350
Advance payments on investment property		–	10,532
Property, plant and equipment	9.2	8,771	4,940
Goodwill	9.3	1,032,480	700,076
Other intangible assets	9.2	6,158	2,886
Investments accounted for using the equity method		21,590	–
Financial assets	9.4	10,037	5,000
Contract assets	9.6	235,011	–
Total non-current assets		**1,642,073**	**1,250,785**
Current assets			
Work-in-progress including acquired land and buildings	9.7	1,830,487	1,211,827
Trade and other receivables	9.8	53,933	56,017
Receivables from related parties	13	62,853	27,840
Tax receivables	9.9	8,644	275
Financial assets	9.4	38,439	2,584
Other assets	9.5	15,499	5,375
Contract assets	9.6	190	–
Cash and cash equivalents	9.10	91,603	71,340
Assets held for sale		**1,329**	**–**
Total current assets		**2,102,977**	**1,375,256**
Total Assets		**3,745,050**	**2,626,042**
Equity			
Subscribed capital	9.11(a), (b)	134,040	79,850
Capital reserves	9.11(h)	904,233	574,714
Reserves	9.11(i)	–27,363	–8,456
Non-controlling interests	9.11(j)	151,629	169,901
Total Equity		**1,162,539**	**816,009**
Non-current liabilities			
Financing liabilities	9.12	1,049,150	1,013,617
Provisions	9.13	1,712	–
Other liabilities	9.14	15,017	8,386
Deferred tax liabilities	9.15	114,380	103,723
Total non-current liabilities		**1,180,259**	**1,125,726**

Consolidated Financial Statements | Consolidated statement of financial position

in k€	Notes	31/12/2018	31/12/2017
Current liabilities			
Financing liabilities	9.12	1,146,374	575,929
Provisions	9.13	4,735	3,370
Trade payables	9.16	41,913	46,244
Liabilities to related parties	9.17	43,196	5,953
Tax payables	9.18	44,389	17,441
Received prepayments	9.19	0	311
Other liabilities	9.14	75,771	35,058
Contract liabilities	9.6	45,872	–
Total current liabilities		**1,402,251**	**684,306**
Total Equity and Total Liabilities		**3,745,050**	**2,626,042**

Consolidated Financial Statements | Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in k€	Subscribed capital	Capital reserves	Retained earnings	Other reserves	OCI	Total	NCI	Total Equity
Notes	9.11 (b)	9.11 (h)	9.11 (i)	9.11 (i)	9.11 (i)		9.11 (j)	
01/01/2017	**22,000**	**–**	**56**	**–**	**–**	**22,056**	**–**	**22,056**
Profit for the period	–	–	–8,513	–	–	–8,513	566	–7,946
Total comprehensive income for the period	**–**	**–**	**–8,513**	**–**	**–**	**–8,513**	**566**	**–7,946**
Transactions with owners in their capacity as owners:								
Issue of share capital	57,850	574,714	–	–	–	632,564	–	632,564
Withdrawal from capital reserves	–	–	–	–	–	–	–	–
Acquisition of subsidiary with non-controlling interests	–	–	–	–	–	–	169,335	169,335
31/12/2017	**79,850**	**574,714**	**–8,456**	**–**	**–**	**646,108**	**169,901**	**816,009**
01/01/2018	**79,850**	**574,714**	**–8,456**	**–**	**–**	**646,108**	**169,901**	**816,009**
Effect from initial application of IFRS 15 (net of tax)	–	–	–	4,279	–	4,279	3,409	7,688
Change in accounting policy IFRS 9	–	–	–	–	–	–	–	–
Adjusted balance at 1 January 2018	**79,850**	**574,714**	**–8,456**	**4,279**	**–**	**650,387**	**173,310**	**823,698**
Profit for the period	–	–	–12,709	–	–	–12,709	13,878	1,168
Other comprehensive income	–	–	–	–	–1,828	–1,828	54	–1,774
Total comprehensive income for the period	**–**	**–**	**–12,709**	**–**	**–1,828**	**–14,537**	**13,931**	**–606**
Issue of share capital	45,119	299,260	–	–	–	344,379	–	344,379
Conversion Notice Convertible Loan	737	5,686	–	–	–	6,423	–	6,423
Transactions with minority shareholders without change of control	8,333	24,573	–	–8,649	–	–24,257	30,279	–6,022
Consolidation of entities with minority interest	–	–	–	–	–	–	–	–
Deconsolidation of entities with minority interest	–	–	–	–	–	–	26,861	26,861
First Time Consolidation	–	–	–	–	–	–	21,527	21,527
Effects from PPA finalization	–	–	–	–	–	–	–	–
Share transfer	–	–	–	–	–	–	–	–
Paid dividends	–	–	–	–	–	–	–	–
31/12/2018	**134,040**	**904,233**	**–21,165**	**–4,370**	**–1,828**	**1,010,910**	**151,629**	**1,162,539**

CONSOLIDATED STATEMENT OF CASH FLOWS

in k€	Notes	2018	2017
Operating activities			
Net profit		–296	–8.778
Tax expense	8.13	–11,192	5,214
Profit (loss) before tax		**–11.488**	**–3.564**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	9.2	1.698	–
Amortisation and impairment of intangible assets	9.2	477	–
Valuation gains on financial assets	12.2	–2,893	–
Valuation gains on investment property	9.1	–25,631	–15,265
Financial income	8.11	–4.620	–445
Financial expenses	8.11	121,834	7,864
Transition Adjustments IFRS 15	5.	–8,424	–
Other non-cash adjustments		2,230	–368
		73,182	**–11,778**
Working capital adjustments			
Decrease/ (increase) in rent and other receivables	9.8	21,909	–323
Decrease / (increase) prepayments, accrued income and other assets	9.5	–18,581	–102
Decrease/ (increase) in inventories and contractual assets	9.6	–333,149	–
(Decrease) / increase in prepayments on development projects		356,326	–
(Decrease) / increase in trade, other payables and accruals, contractual liabilities and other liablities		39,849	7,587
Income tax paid	8.13	–7,525	–
Net cash flow from operating activities		**132,013**	**–4,616**
Investing activities			
Acquisition of consolidated entities, net of cash acquired	7.	–18,653	–83,233
Prepayments on financial assets		–	381
Purchase of investment property	9.1	–	–138,882
Loans granted		380	–
Capital expenditure on investment property	9.1	–11,470	–
Proceeds from the sale of PPE & intangibles	9.2	305	–
Expenditure on other fixed assets		–22,234	–
Sale of subsidiary, net of cash	7.	94,944	–
Interest received	8.11	2,017	–
Change in financial assets	9.4	–20,093	–
Transferable securities held as fixed assets		–	–381
Net cash flow from investing activities		**25,195**	**–222,114**
Financing activities			
Proceeds from issue of share capital	9.11(b)	128,732	32,998
Proceeds from borrowings		535,920	261,347
Repayment of borrowings		–722,816	–11,364
Interest paid	8.11	–75,687	–1,200
Net cash flow from financing activities		**–133,851**	**281,780**
Cash effective change in cash and cash equivalents from discontinuing operations		3,086	–1,342
Net increase / (decrease) in cash and cash equivalents		23,358	55,050
Effect of exchange rate changes on cash and cash equivalents		–8	
Cash and cash equivalents at the beginning of the year	9.10	71,340	17,632
Cash and cash equivalents at 31 December 2018		**91,603**	**71,340**

NOTES

1. THE CONSUS REAL ESTATE AG

1.1. General information

Consus Real Estate AG (“the Company”, or “the Parent Company”, “CONSUS”, together with its subsidiaries “the Group”) is a public limited company incorporated under the laws of the Federal Republic of Germany.

Founder of the Company was at the time the sole shareholder of Consus Commercial Property GmbH (formerly: publity Vertriebs GmbH) Consus GmbH, Leipzig, which has decided to change the legal form to a stock corporation (Aktiengesellschaft, AG) with the shareholders’ resolution of October 6, 2016. The change of the legal form was registered on October 28, 2016 in the commercial register of the district court Leipzig under HRB 33038. With the shareholders’ resolution as of September 28, 2017 the legal name of the Company was changed from Consus Commercial Property AG to Consus Real Estate AG.

The Company was founded on October 17, 2008 as Palmengarten Vertriebs- und Marketing GmbH and entered in the commercial register of the local court in Leipzig under HRB 24576. In September 2011, publity AG acquired all shares of the Company. The Company was renamed publity Vertriebs GmbH and integrated into the publity financial group.

The shares of publity Vertriebs GmbH held by publity AG were acquired on September 26, 2016 by the founder Consus GmbH. The publity Vertriebs GmbH was then renamed to Consus Commercial Property GmbH. The profit and loss transfer agreement between publity Vertriebs GmbH as the controlled company and publity AG was terminated with effect from September 30, 2016.

Until the acquisition, publity AG was the parent company of the Company. After the transaction and until February 28, 2017, Consus GmbH was the parent company of the Company. Both Consus GmbH and publity AG have so far not prepared consolidated financial statements in which the Company was included.

On August 22, 2017, Aggregate Deutschland S.A. (hereafter 'Aggregate') and the Company agreed to contribute Pebble GmbH, a 100% subsidiary of Aggregate, to the Company and receive new shares and a bond as consideration for the contribution. The date of entry in the trade register of the capital raise was November 2, 2017. This was the last condition precedent included in the contract to be met. At that date the Company became a 69% subsidiary of Aggregate Holdings S.A., parent to Aggregate. Aggregate Holdings S.A. prepares consolidated financial statements under IFRS as adopted by the European Union.

The registered address of the Company was Leipzig. It was registered under the commercial register number HRB 33038 in the commercial register of the district court of Leipzig. With the shareholders' resolution as of September 28, 2017 the Company relocated its offices to Kurfürstendamm 188–189, 10707 Berlin. The Company is now registered under the commercial register number HRB 191887 in the commercial register of the district court of Berlin-Charlottenburg.

The company was established indefinitely. The financial year of the Company runs from January 1 to December 31.

1.2. Business activities

Beginning in 2017, the Company was able to invest in companies active in the field of construction, support, management, administration and sale of buildings of all legal forms and uses, including investments in real estate funds. As of today, the Company specializes in the acquisition, development, management, use and sale of real estate and land rights in Germany through a number of shareholdings.

Following its initial investment in 2017, Consus Real Estate AG has increased its stake in the CG Gruppe (hereafter 'CG') Berlin in 2018 amounting to 64.7% in August 2018 with commitments to increase to 75% on a fully diluted basis in the following periods. The CG Gruppe AG operates through its subsidiaries in project development, construction and refurbishment as well as services around real estate. Consus Real Estate AG will deliver the increase of its ownership of CG Gruppe AG firstly through an equity contribution of € 50 million directly into CG Gruppe, to further accelerate growth of its development business; with the equity injection to be conducted via a dilutive equity instrument. Secondly the acquisition by the Company of a stake in CG Gruppe directly from Christoph Gröner paid through the issuance to Christoph Gröner of 8,333,334 new no-par value ordinary bearer shares in Consus,

and a cash amount of ca. € 67 million payable in stages over the next three years. As of the balance sheet date only the 8,333,334 Consus shares have been delivered and reflected within the financials with the three months average share price of 7.51 €/share. Upon completion of all steps Consus will hold 75% of CG on a fully diluted basis.

On December 3, 2018 Consus Real Estate AG acquired 93.4% of the shares in SSN Group AG, Zug, Switzerland (herafter 'SSN Group', 'SSN') for a total consideration of € 245 million in cash. The purchase price was financed by cash on balance and a € 250 million acquisition facility from J.P. Morgan. The Company significantly increased its gross development volume (GDV) from approximately € 6.2 billion to approximately € 9.6 billion as well as the overall number of projects from 53 to 65. The Company simultaneously acquired 38.9% in SG Development GmbH, a 51% subsidiary of SSN Group, which holds nine out of twelve development projects, as well as a 85.9% stake in Wilhelmstraße I GmbH, which in turn holds 50% of an SSN landmark development in the centre of Berlin from Consus' majority shareholder Aggregate Deutschland S.A, as contribution in kind against issuance of 26,875,000 new shares in Consus reflected in the financials at a price of € 8.02 per share. The combined transactions resulted in the Consus group controlling all aspect of the SSN group and achieving maximum economic exposure.

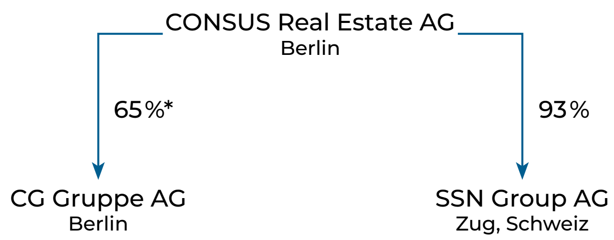
Additionally, Consus Real Estate AG has acquired a 75% stake in DIPLAN, an innovative PropTech company which concentrates on enhancing the digitalisation process of the company's core operations in development, including construction. The transaction was closed on December 30, 2018.

Furthermore Consus signed via its subsidiary CG Gruppe AG a share purchase agreement for 89.9% of the shares of GEM Ingenieur GmbH Projektmanagement. The business of the acquired company is mainly project development in the south west of Germany. As of the balance sheet date this transaction was not yet closed and therefore not shown in the financial statements. The fixed part of the purchase price liability is shown under Note 14.

Furthermore with closing as of August 3, 2018, Consus Real Estate AG sold its majority stake of approx. 58% in German Properties AG (GxP), headquartered in Berlin whose shares are included in the Open Market of the Stock Exchange in Düsseldorf, Frankfurt (Basic Board), Hamburg, Munich and Stuttgart. The parties agreed not to disclose the purchase price. The divestiture is in line with Consus' communicated strategy to exit the holding of non-core commercial properties and results in a significant profit and a reduction of the Company's net debt by € 140 million.

Following its strategy, the Company has also divested on May 15, 2018 its shareholding of ten companies that held a total of eight commercial assets and two purchase obligations and were previously reported under the Consus segment.

The Group's principal subsidiaries at December 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.



* Increase of stake in August, 2018. As communicated on August 2, 2018 the Company's Management and Supervisory Board resolved on increasing its stake in CG to 75% on a fully diluted basis after the reporting date.

2. THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Consus Real Estate AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted and issued by the International Accounting Standards Board (IASB), as adopted by the European Union. In addition, § 315e (3) in conjunction with (1) HGB was taken into account.

These consolidated financial statements were submitted to the Supervisory Board for review by the Executive Board on April 16, 2019 and approved for publication.

3. ACCOUNTING POLICIES

3.1. Basis of preparation of the consolidated financial statement

The assets and liabilities of the Company are reported individually in accordance with the going concern principle.

The Company assumes the going concern assumption regardless of the short-term maturity of material credit obligations at the time of preparation. In principle, the Company assumes that the credit line will be refinanced. If, contrary to expectations, refinancing is not possible, the Company assumes that the lender will be satisfied by the realisation of assets not required for operations, so that the Company's business activities can be continued as a whole. Foreseeable risks and losses were taken into account in the preparation of the balance sheet. The preparation of the annual financial statements was based on the assumption that the company's activities would be continued. The accounting and valuation methods applied to the previous annual financial statements were retained.

The Company's financial statements and those of its subsidiaries are prepared according to uniform accounting policies. In the process, the principles are consistently applied for all presented periods and reporting dates in the consolidated financial statements.

The Consolidated Financial Statements have been prepared in thousands of Euros (EUR/ €). Rounding differences may occur in respect of individual amounts or percentages. The Consolidated Financial Statements are comprised of the Consolidated Statements of Comprehensive Income, the Consolidated Statements of Financial Position, the Consolidated Statements of Changes in Equity and the Consolidated Statements of Cash Flows as of December 31, 2018.

The statement of comprehensive income is prepared according to the nature of expense method. The presentation of the consolidated statement of financial position distinguishes between current and non-current assets as well as current and non-current liabilities. Assets or liabilities due within one year are classified as current.

3.2. Basis of consolidation

The consolidated financial statements of the Group contain all the material subsidiaries the Group controls within the meaning of IFRS 10. Subsidiaries are consolidated from the date at which the Group first obtains control. Subsidiaries are deconsolidated as soon as the Group no longer controls them.

Consolidation ends as soon as control no longer exists. The financial statements of subsidiaries are prepared using uniform accounting policies and as at the end of the same reporting period as the Company's financial statements. All intragroup receivables and liabilities, income and expenses and gains and losses from intragroup transactions are eliminated.

Acquirees are recognized by applying the acquisition method. In application of the acquisition method, the cost of the acquired shares is allocated pro-rata on fair value of the acquired assets, liabilities and contingent liabilities of the subsidiary at the acquisition date. A positive difference arising from allocation is capitalized as derived goodwill. Negative differences that result from capital consolidation at the date of acquisition are immediately recognized in profit or loss.

Non-controlling interests constitute the share of profit or loss and net assets that is not attributed to the parent's shareholders and are recognized separately. They are measured at the acquisition date using the proportionate share of the acquiree's net identifiable assets. Changes in the parent's ownership interest in a subsidiary that do not result in losing control of the subsidiary are accounted for as equity transactions. The Company evaluates non-controlling interest based on the present ownership of the related participatory interest.

If the Group loses control of a subsidiary, the assets (including goodwill) and liabilities of the subsidiary as well as the carrying amount of all non-controlling interests in the former subsidiary are derecognized and any investment retained in the former subsidiary is recognized at its fair value.

Subsequently, profit surpluses and deficits are recognized in the statement of comprehensive income and the components of other comprehensive income attributable to the parent company are reclassified to the statement of comprehensive income or, if required, to retained earnings.

The Group carried out one significant business combination in the financial year 2018 (2017: two). New subsidiaries were established by the Group in 2018 as well as 2017 that were consolidated for the first time in the consolidated financial statements of the respective years.

Until the disposal of GxP German Properties AG in August 2018, the Group held minority interests of 5.1% of the voting rights in multiple single object real estate companies. As the Group concluded asset management agreements with these companies to provide services for the individual properties, a control assessment has been conducted in order to assess whether, besides its minority shareholding, the Group can exercise control over these companies. Throughout the assessment, the Group determined whether it cumulatively has the power of disposition to control the relevant activities of the subsidiary, is subject to variable return flows from the entity and has the ability to influence the variable return flows through its power of disposition. Since the Group only has a very limited exposure to variable returns from its involvement with the minority interests held, the Group did not consolidated them as of the balance sheet date.

The asset management of the individual properties of Consus CCP entities was outsourced to the service provider publity AG. The contractual agreements with publity AG were similar to those of a fund manager within the meaning of IFRS 10. The fund manager had extensive decision-making authority with regard to the management of the real estate. Publity AG had only limited exposure to variable returns.

In appreciation of Example 14 of IFRS 10 Appendix B, publity AG was thus considered to be an agent. This agent acted exclusively in the interest of the principal (the Group). The assets and liabilities are therefore consolidated exclusively at the Group. With the disposal if the CCP entities in 2018 all related assets and liabilities were deconsolidated.

Changes in the parent's ownership interest in a subsidiary that do not result in losing control of the subsidiary are accounted as equity transactions.

During the financial year 2018 CONSUS exercised through its subsidiary CG joint control over one joint venture which is accounted for at-equity as of year-end. As of the balance sheet date the Group has no other interest in any other company in which it exercises joint control or in which it alone can exercise significant influence without having control besides mentioned above. Accordingly, one joint venture, and no joint operation or associate is included in the consolidated financial statements.

3.3. Summary of significant accounting policies

(a) Revenue recognition

The Group generally distinguishes between:

a) For property development and construction contracts for which the criteria of IFRS 15.35 (b) and/or (c) are fulfilled revenue and costs are recognized over time in proportion to the stage of completion of the project using the stage of completion method. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. When the outcome of these contracts cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that is likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
b) For all other property development and construction contracts which do not fulfil the criteria of IFRS 15.35 revenue is recognized in accordance with the point in time method.

Until the application of IFRS 15 on January 1, 2018 revenue regarding the sale of project development and construction contracts was recognized when the risks and rewards of the developed and constructed property have been transferred and the Group does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the property sold. This is generally the date when the property in its entirety is accepted by the customer. Revenue relating to work to be performed after this date is only deferred when material, i.e. equal to or higher than one percent of the purchase price. Revenue is measured at the amount receivable under the contract. The amount receivable generally includes both a non-contingent consideration as well as a part that is contingent on future events. Regarding the contingent part revenue is recognized to the extent that the Group can determine that there is a probable inflow of economic benefits that can be reliably measured. When measuring the contingent part the Group considers historic trends, factors specific to the contract

and the uncertainties relating to the contingent consideration. Since in 2017 CG Gruppe AG and its subsidiaries affected the profit and loss statement only through the at-equity result, no revenue from sale of project development and construction contracts are presented during financial year 2017.

The Group recognizes revenue from letting activities where the property's rental agreement or lease is classified as an operating lease as a straight line over the term of the contract. If incentives of any kinds are provided to the tenants, the cost of the incentive is recognized over the lease term, on a straight-line basis, as a reduction of revenue from letting activities. For the purpose of accounting treatment, a deferred asset is recognized which is released later on over the duration of the base lease term including prolongation options of the Group. Service charges passed on to tenants are generally offset against the corresponding expense and are therefore not recognized as income, as the Group collects these charges on behalf of third parties.

(b) Taxes

The income tax expenses represent the total of the current tax expenses and the deferred taxes.

The Group recognizes receivables and liabilities for current taxes in the amount in which reimbursements are expected from the tax authority or payments to the tax authority. Current tax expenses are calculated on the basis of the taxable income for the respective year and the respective tax rates and tax laws in those countries where the Group generates taxable income, i.e. mainly Germany. Income taxes are recognized in profit or loss unless they relate to items that are recognized in other comprehensive income or recognized directly in equity. In this case, the corresponding current and deferred taxes are recognized in other comprehensive income or directly in equity.

The Group recognizes deferred tax assets and liabilities arising from temporary differences between the carrying amount of assets and liabilities and their tax value in the tax balance sheet and unused tax losses. Unused tax loss includes interest carried forward as well. Interest carried forward includes interest expenses that cannot be used to offset taxable income during the current fiscal year due to earnings stripping rules in the German tax law, where most Group companies reside. Under German tax law, tax losses carryover of acquired companies are frequently forfeit upon changes in shareholders above a 50% threshold, except if the companies proves sufficient reserves exist. The recoverability of these deferred tax assets, insofar as they exceed the amount of the deferred tax liabilities, depends on the future taxable income of the respective company. Accordingly, deferred tax assets are only recognized in the amount in which the realization of these claims is sufficiently assured on the basis of the consolidated corporate planning.

Deferred tax liabilities and deferred tax assets are calculated on the basis of the tax rates (and tax legislation) that are expected to be in force when the liability is settled or the asset is realized.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority and to the same taxable entity.

(c) Intangible assets and goodwill

Intangible assets acquired are measured at acquisition or manufacturing cost less accumulated amortization. If necessary, accumulated impairment losses are recognized. Such assets are amortized on a straight-line basis over the expected economic life of between 3 and 7 years from the date on which they are provided.

The amortization method and the estimated amortization period are reviewed at least annually at the end of each reporting period and adjusted if necessary.

Internally generated intangible assets of the Group can only be measured reliably after the asset has been put into operation successfully. Accordingly, during the development phase all internally generated development costs are expensed as incurred.

In the fiscal years presented neither research nor development activities were carried out.

Goodwill principally results from the acquisition of subsidiaries and corresponds to the sum of the transferred consideration, the amount of all non-controlling interests in the acquiree and the fair value of the previously held equity interests in the acquiree less the fair value of acquired net assets. Goodwill is subject to an annual impairment test in accordance with IAS 36 as well as in the case of an impairment indicator. For the purpose of impairment testing, goodwill is allocated to a cash-generating unit (CGU). The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

For further information on the impairment testing, please refer to section 3.3. (i) “Impairment of non-monetary assets”.

(d) Property, plant and equipment

Property, plant and equipment are measured at acquisition or manufacturing costs less accumulated depreciation. If necessary, accumulated impairment losses are recognized. All property, plant and equipment are depreciated over the useful lives. Buildings on third-party land are depreciated according to the term of the lease or a shorter useful life. The estimated useful lives of other fixtures and fittings, tools and equipment are between 4 and 13 years. The depreciation method and the estimated depreciation period are reviewed at least annually at the end of each reporting period and adjusted if necessary.

(e) Investment property

Properties which are held for the purpose of generating rental income or achieving value appreciation or both have been identified as investment property.

Mix-used properties, where a certain part is occupied by the owner and the remainder by third parties, are recognized separately in the balance sheet as investment property and property, plant and equipment as long as a legal means of dividing the property exists and neither the owner-occupied nor the rented portion is negligible.

As for properties that have not been acquired in the course of a business combination, investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. IFRS 13.9 defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Market values of investment properties are determined in accordance with either the discounted cash flow method or remaining value method (“Residualwert”).

Under the discounted cash flow method, the market value is the sum of discounted cash flows over a specified planning period of ten years and the terminal value at the end of the planning period for each the respective property.

Under the remaining value method the fair value is calculated starting with the sale price for a final constructed finished building and deducting all costs for the final construction at the actual stage of the building.

The valuation of investment properties is done according to Level 3 of the valuation hierarchy of IFRS 13 where valuation is achieved on the basis of significant unobservable input factors due to limited availability of valuation parameters directly observable on the market. These include future rental agreements, estimates on vacancy rates, discounted interest rates, capitalization rates, construction costs and terminal values.

Fair values are calculated mostly by independent third-party experts.

Costs in connection with the maintenance, extension and replacement of properties are capitalized if they are reliably measurable and if they constitute the replacement of parts of a unit in accordance with the component approach.

Prepayments for purpose of acquiring a property are separately disclosed as prepayments for investment property.

Investment property is derecognized either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. Investment property that is likely to be sold within a period of 12 month is recognized under current assets as an asset held for sale according to IFRS 5 and measured according to this accounting policy.

(f) Work-in-progress including acquired land and buildings

Work-in-progress is valued at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and sale. The cost of inventories includes expenses incurred in acquiring the inventories (i.e. land and buildings) and related purchase costs. The cost of inventories includes furthermore a reasonable share of the indirect overhead based on normal production capacity as well as attributable borrowing costs.

(g) Leasing

Assets carried as finance leases are measured at the beginning of the (lease) contract at the lower of the present value of the minimum lease payments and the fair value of the leased object, and in the following periods less accumulated depreciation and other accumulated impairment losses. Payment obligations resulting from future lease payments are discounted and disclosed under financing liabilities. Lease payments are divided into interest expenses and the principal portion of the residual liability, resulting in a constant interest rate on the remaining lease liability. Financing costs are recognized immediately in profit or loss. Capitalized leased assets are fully depreciated over the shorter of the two periods from the lease term or useful life. The basis for so-called rental purchases are the estimated useful life. Assets of the Group are derecognized when all material risks and rewards of ownership are transferred to a lessee.

All other leases are classified as operating leases. Lease payments for operating leases are recognized on a straight-line basis over the term of the lease as operating leases / expenses in the statement of comprehensive income.

(h) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Since CG Gruppe AG and its subsidiaries are included in the consolidated financial statements as of December 31, 2017 at fair value of its net assets only, no effect from borrowing costs was recorded during financial year 2017. No further effects were recorded in 2018.

Other borrowing costs are expensed in the period in which they are incurred.

(i) Impairment of non-monetary assets

The carrying amounts of property, plant and equipment (with the exception of investment properties) and intangible assets including goodwill are reviewed for indications of impairment at each reporting date (impairment test). If such indicators exist, the recoverable amount is calculated for the asset in question. If the recoverable amount cannot be determined for individual assets, the Group determines the recoverable amount on the level of the cash-generating unit (CGU) to which the respective asset is assigned.

For intangible assets with indefinite useful lives or those that cannot yet be put into operation, an impairment test is carried out at least once a year and if an impairment indicator exists (triggering event).

The recoverable amount corresponds to the higher of the fair value less costs of disposal or the value in use.

The value in use is determined by discounting the estimated future cash flows at a pre-tax interest rate. This takes into account both the current market assessment of the time value of money and the risks relating to the asset, unless these have already been taken into account in the estimation of the cash flows. The calculations are based on forecasts based on the 3 to 5 year financial plans approved by management, which are also used for internal purposes. The planning horizon reflects the assumptions for short to medium-term market developments. Cash flow forecasts beyond the detailed planning period are calculated on the basis of appropriate growth rates. The risk-adjusted discount rate is determined individually depending on the CGU.

The fair value less costs of disposal is determined using an appropriate valuation model (discounted cash flow method (DCF)). The model is based on observable valuation multiples, market prices of exchange-traded shares in subsidiaries or other available indicators of fair value. In addition, the determination of the fair value less costs of disposal takes into account key assumptions made by the management regarding sales development, customer acquisition and costs for the provision of services as well as discount rates. The basis of the cash flow calculation is backed by external sources of information.

If the recoverable amount of an asset or CGU is lower than its carrying amount, an impairment loss is recognized immediately in profit or loss except for assets carried at fair value where the impairment loss would reduce the revaluation reserve.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Goodwill is excluded from a reversal of an impairment loss.

For goodwill acquired through the acquisition of companies and businesses, the Group carries out an impairment test annually and whenever there are indicators of a potential impairment.

In the impairment test, the goodwill obtained from a merger is allocated to every individual cash-generating unit that is likely to profit from the synergies generated by the merger. If the carrying amount of the cash-generating unit including the goodwill allocated to it exceeds its recoverable amount, the difference must be deducted from the goodwill allocated to that cash-generating unit. The write-downs of the goodwill may not be reversed at a later date. If the impairment of the cash-generating unit exceeds the carrying amount of the goodwill allocated to it, the additional impairment must be recognized by proportionately impairing the carrying amounts of the assets allocated to the cash-generating unit. However, the carrying amount of an asset may not fall below its fair value less costs of disposal, its value in use or zero.

The goodwill of € 724,634 thousand resulting from the acquisition of CG (previous year: € 698.490 thousand) was tested for impairment in accordance with the regulations of IAS 36.

The impairment test was carried out on the basis of the value in use of the cash-generating unit CG, whereby the cash-generating unit CG represents the business of real-estate development of CG. The value in use was derived from estimated future free cash flows. These are based on the cash-generating unit-specific five-year detailed planning phase and a related accumulated value. In particular, the estimates regarding the cash-generating unit CG are exclusively based on development projects for which agreed upon contracts exist and include contractually fixed cash flows, experience from pre-

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vious years and management forecasts regarding the development of the property market.

A sustainable annual growth rate of 0.75% – which Consus Real Estate AG believes will not exceed the forecast average market growth rate – was assumed in order to estimate the accumulated value for the development of the net cash flows after five years.

Cash-generating unit-specific weighted capital costs (after-tax WACC) of 5.10% were used to determine the value in use.

The following assumptions on which the calculation of the value in use is based are inherently uncertain:

- Forecast of cash flows: The plan is based on contractually fixed cash flows, experience from previous years, the investments plans of the cash-generating units and external forecasts regarding the development of the property market, with consideration for the specific circumstances of each cash-generating unit. If the long-term net cash flows (free cash flows) decrease by 20.8% for the cash-generating unit CG the value in use will correspond to the net carrying amount.
- Long-term EBIT-Margin: The planning for the cash-generating unit CG includes income from development of projects, income from the disposal of real estate assets and rental income, whereby long-term rental income contributes less than 5% to the overall performance. For the project development business, a long-term EBIT-Margin of 16.5% is assumed. If the long-term EBIT-Margin of the project development business decreases to 13.5%, the value in use will correspond to the net carrying amount.
- Discount rate: The discount rate was calculated based on assumed weighted average capital costs that would be typical for the sector. If the discount rate after taxes increases to 5.10% for the cash-generating unit the value in use will correspond to the net carrying amount.
- Long-term growth rate: The estimate regarding the forecast long-term growth rate is based on external sector-specific market research. If the growth rate decreases to –0.17% for the cash-generating unit the value in use will correspond to the net carrying amount.

The goodwill of € 304,264 thousand resulting from the acquisition of SSN was not tested for impairment in 2018 in accordance with the regulations of IAS 36.

(j) Financial instruments

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

Non-derivative financial assets

The Group classifies non-derivative financial assets at initial recognition as financial assets at amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Reclassifications between these classifications, if permitted and required, will be made at the end of the reporting period.

Financial assets are initially measured at fair value. In the case of financial investments that are not classified as at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the assets are also taken into account. Generally, the Group accounts for financial assets on the trading day.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Offsetting of financial instruments

Financial assets and liabilities are only offset and the net amount recognized in the balance sheet if there is a legal right at the present time to offset the recognized amounts and if the intention is to settle on a net basis or to simultaneously realize the respective asset and replace the corresponding liability.

Fair value of financial instruments

The fair value of financial instruments traded on organized financial markets is determined by the market price (bid price) quoted on the balance sheet date. The fair value of financial instruments for which no active market exists is determined using valuation methods. Valuation methods include the use of recent transactions between knowledgeable, willing and independent counterparties, comparison with the current fair value of another substantially identical financial instrument, the use of discounted cash flow methods and other valuation models.

(k) Impairment of financial instruments

At each reporting date, the Group determines whether there are any objective indications of an impairment of a financial asset or a group of financial assets. A financial asset or a group of financial assets is considered impaired only if there are objective indications of impairment as a result of one or more events occurring after the initial recognition of the asset (a »triggering event«) and that event has an impact on the expected future cash flows of the financial asset or group of financial assets that can be reliably estimated. There may be evidence of impairment if there are indications that the debtor or a group of debtors are experiencing significant financial difficulties, default or delinquency of interest or principal payments, a high probability of bankruptcy or other reorganization, and observable data indicate a measurable reduction in expected future cash flows, such as changes in backlogs or economic conditions that correlate with failures.

If there are objective indications that an impairment has occurred, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the expected future cash flows (excluding expected future credit losses not yet incurred).

In the event of an impairment of loans or receivables, the carrying amount is reduced using an allowance account and the impairment loss is recognized in profit or loss. Interest income continues to be recognized on the reduced carrying amount based on the original effective interest rate of the asset. Receivables, including the related allowance, are derecognized if they are classified as uncollectible and all collateral has been utilized. If the amount of an estimated impairment loss increases or decreases in a subsequent reporting period due to an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the allowance account. If a derecognized receivable is subsequently reclassified as recoverable due to an event occurring after derecognition, the corresponding amount is recognized immediately in profit or loss.

With regard to the general credit risk for financial instruments, reference is made to the explanations under 12.3.

(l) Derecognition of financial instruments

A financial asset is derecognized if one of the following conditions is met:

- The contractual rights to receive cash flows from a financial asset have expired.
- The Group has transferred its contractual rights to receive cash flows from the financial asset to third parties or has assumed a contractual obligation to pay the cash flow immediately to a third part under an agreement that meets the conditions in IAS 39.19 (the “Transit Agreement”) and either (a) substantially all the risks and rewards of ownership of the financial asset or (b) substantially none of the risks and rewards of ownership of the financial asset are transferred or retained, but transferring the control over the asset.
- If the Group transfers its contractual rights to receive cash flows from an asset or enters into a transfer agreement, essentially not transferring or retaining any opportunities and risks associated with ownership of that asset but retaining control over the transferred asset, the Group recognizes an asset to the extent of its continuing involvement.
- In this case, the Group recognizes a liability. The transferred asset and the liability are measured by taking into account the rights and obligations that the Group retains.
- If the continuing involvement formally guarantees the transferred asset, then the extent of the continuing involvement is the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group may be required to repay.

No dividend or interest income is included in the calculation of the net gain or loss upon disposal of an asset.

A financial liability is derecognized if the underlying obligation is settled, cancelled or extinguished. If an existing financial liability is exchanged for another financial liability of the same lender with substantially different contractual terms, or if the terms of an existing liability are substantially changed, such exchange or modification is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized in profit or loss.

(m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits and liquid deposits with an original maturity of less than three months. The carrying amounts of the cash and cash equivalents essentially correspond to their fair values due to their short-term maturity.

(n) Provisions

A provision is a present (factual or legal) obligation arising from a past event that is uncertain as to its timing or amount. The amount of the recognized provision corresponds to the expected outflow of resources to fulfil the obligation, if a reliable estimate of the amount of the obligation is possible. If the

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Group at least partially expects a refund for a provision that has been recognized (such as in the case of an insurance contract), the reimbursement is recognized as a separate asset only if the reimbursement is virtually certain.

If the interest effect is material, provisions are discounted at a pre-tax interest rate that reflects the risks specific to the liability. If a provision is discounted, the increase in the provision due to the passage of time is recognized as interest expense. Provisions with a maturity of up to one year are considered current and provisions with a maturity of more than one year are considered non-current.

(o) Share-based payment

There is no employee share-based payment program in the Group.

(p) Discontinued operations

A disposal group is classified as a discontinued operation if it is part of an entity that has either already been disposed of, is inoperative or classified as held for sale, and

- constitutes a separate material business or geographical area of business,
- is part of a single agreed plan to dispose of a separate material business or geographical area; or
- which is a subsidiary acquired solely for the purpose of resale.

Discontinued operations are not included in results from continuing operations and are presented in the statement of comprehensive income in a separate item as profit after taxes from discontinued operations.

The Group sold its shares in the cash generating unit GxP in the year 2018. All assets and liabilities as per year end 2017 are reclassified in the financial statement 2018. The contribution to profit and loss and the cash flow from this business activity were separately disclosed in the statement of comprehensive income and the cash flow statement for the year 2018 as well as for the year 2017.

4. FAIR VALUE MEASUREMENTS

The application of some of the Group's accounting policies and accompanying notes requires determination of the fair value of financial assets and financial liabilities, as well as non-financial assets and liabilities.

The fair value is defined as the price that could be received when selling an asset or has to be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When determining the fair value of assets and liabilities, the Group uses directly observable market data. If no observable market data is available, fair values are determined using valuation techniques.

The fair value hierarchy categorizes the inputs used in valuation techniques into three levels, based on their proximity to the market:

Level 1: The (unadjusted) quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (i.e. the price) or indirectly (i.e. derived from the price)

Level 3: Measurement parameters based on unobservable inputs for the asset or liability

In case the inputs used to measure fair value are categorized into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

For information on the measurement of investment property, please refer to the comments in section 9.1.

The fair value hierarchy can be summarized as follows:

Fair value hierarchy	Level 1	Level 2	Level 3
Purchase price allocation in the context of business combinations			X
Investment properties			X
Financing liabilities		X	
Derivatives			X

5. CHANGES IN ACCOUNTING POLICIES

The following new and amended standards have been used for the first time in the reporting period:

IFRS 9 "Financial Instruments" (effective on/after January 1, 2018)

In July 2014, the final version of IFRS 9 'Financial Instruments' has been publicized by the IASB, replacing IAS 39. IFRS 9 contains revised requirements for the classification and measurement of financial assets and a new loss allowance model, also taking expected losses in the calculation of loss allowances into account. It contains the new hedge accounting regulations published in November 2013. The standard replaces all prior published versions of IFRS 9 and is effective for the first time for reporting periods beginning on or after January 1, 2018. It was endorsed by the EU in November 2016.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 had no significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or fair value through profit and loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

- Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVOCI: These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as at January 1, 2018.

in k€	**Notes**	**Measurement category (IAS 39)**	**Measurement category (IFRS 9)**	**Carrying amount under IAS 39**	**Carrying amount under IFRS 9**
Other non-current financial assets (investments)	a)	AfS	FVOCI – equity instrument	1,153	1,153
Other non-current financial assets	b)	LaR	Amortised cost	3,847	3,847
Trade receivables	b)	LaR	Amortised cost	56,017	56,017
Other current financial assets	b)	LaR	Amortised cost	2,584	2,584
Receivables from related entities	b)	LaR	Amortised cost	27,840	27,840
Cash and cash equivalents		LaR	Amortised cost	71,340	71,340
Total financial assets				**162,781**	**162,781**

a) These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

b) Financial assets that were classified as loans and receivables under IAS 39 are now classified at amortised cost. These financial assets do not include contractual asset that were recognised at January 1, 2018 on the adoption of IFRS 15 (see below, section 'IFRS 15 'Revenue from Contracts with Customers), for which an immaterial additional impairment amount was recognised.

IFRS 15 "Revenue from Contracts with Customers" (effective on/after January 1, 2018)

In May 2014, the IASB issued the new standard IFRS 15 'Revenue from Contracts with Customers'. The new standard IFRS 15 replaces IAS 18, Revenue, and IAS 11, Construction contracts and related interpretations, including IFRIC 15, Agreements for the construction of real estate. The goal of the new standard on revenue recognition is to compile currently existing guidance and interpretations into a uniform model of revenue recognition. IFRS 15 disclosures will include qualitative and quantitative information about the Group's contracts with customers, significant judgements made, changes in those judgements, and contract cost. The Group has applied IFRS 15 with a date of initial application of January 1, 2018.

The Group has applied IFRS 15 using the cumulative effect approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparatives will not be restated and continue to be reported as presented in the previous financial year. The details of the significant changes and quantitative impact of the changes are set out below.

The Group mainly generates income from the sale of property development and construction contracts and recognizes income from letting activities of real estate space.

Revenue regarding the sale of property development and construction contracts by the Group subsidiary CG was previously recognized when the risks and rewards of the developed and constructed property have been transferred and the group does not retain either continuing managerial involvement to the degree usually associated with ownership, or effective control over the property sold. This was generally the point in time when the property in its entirety is accepted by the customer.

Under IFRS 15 the Group distinguishes between:

a) For property development and construction contracts for which the criteria of IFRS 15.35 (b) and/or (c) are fulfilled revenue and costs are recognized over time in proportion to the stage of completion of the project using the stage of completion method. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. When the outcome of these contracts cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that is likely to be recoverable. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.
b) For all other property development and construction contracts which do not fulfil the criteria of IFRS 15.35 revenue is recognized in accordance with the point in time method.

The accounting of letting activities of real estate space is based on IAS 17 or, in the future, on IFRS 16 and is not subject to the requirements of IFRS 15.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

The following table summarizes the impact, net of tax, of transition to IFRS 15 on retained earnings and non-controlling interest at January 1, 2018.

in k€	**Impact of adopting IFRS 15 at 1 January 2018**
Other reserves	
Development projects: Forward sales	4,649
Development projects: Freehold flat	–370
Impact at 1 January 2018	**4,279**

in k€	**Impact of adopting IFRS 15 at 1 January 2018**
Non-controlling interests	
Development projects: Forward sales	3,757
Development projects: Freehold flat	–347
Impact at 1 January 2018	**3,409**

Impacts from the first time application of IFRS 15 on the Group's equity resulted from two different types of development project for which the criteria of IFRS 15.35 (b) and/or (c) are fulfilled. Instead of capitalization of expenses incurred in relation to the projects beginning from January 1, 2018 revenue and expenses are recognized over time in proportion to the stage of completion of the project using the stage of completion method. Those two groups of development projects are:

a) Forward Sales: An integral element of Consus' business and financial strategy with high quality institutional investors purchasing primarily rental apartment blocks from Consus as long-term counterparties and repeat clients. Advance payments are contractually agreed upon.
b) Freehold flats ("Eigentumswohnungen"): Housing units (condominiums) sold to individual buyers.

The impact on retained earnings reflects the difference between the book value of the inventory related to the projects before application of IFRS 15 and the progress of the project that is recognized in accordance with IFRS 15 in equity on the transition date. Progress of the project is measured using the relation of total expenses incurred as of balance sheet date compared to total projected expenses according to the most recent business plan, considering and including interest expenses. The consideration of capitalized interest within the percentage-of-completion calculation method will improve the accurate presentation of the economic reality and strengthen the reliability of relevant information on incurred expenses for the capitalization in accordance with IFRS 15.

This adjustment effects the project progress which is measured by using the relation of expenses incurred as of balance sheet date compared to total projected expenses according to the most recent business plan, now including interest expenses.

The change in non-controlling interest relates to the above described changes in net assets from the transition to IFRS 15 of the joint-stock company invested in the project that now falls under the scope of IFRS 15.

The following table presents a comprehensive overview of the transition adjustments related to IFRS 15 as of January 1, 2018. Line items not presented were not affected by the transition to IFRS 15.

*in k€*Assets	Notes	As originally presented 01/01/2018	IFRS 15	Restated 01/01/2018
Non-current assets		**1,250,785**	**119,421**	**1,370,206**
Investment property	9.1	527,350	–	527,350
Advance payments on investment property	9.1	10,532	–	10,532
Property, plant and equipment	9.2	4,940	–	4,940
Goodwill	9.3	700,076	–	700,076
Other intangible assets	9.2	2,886	–	2,886
Financial assets	9.4	5,000	–	5,000
Contract assets	9.6	–	116,866	116,866
Deferred tax assets	9.15	–	2,555	2,555
Current assets		**1,375,256**	**–105,119**	**1,270,137**
Work-in-progress including acquired land and buildings	9.7	1,211,827	–120,145	1,091,681
Trade and other receivables	9.8	56,017	–	56,017
Receivables from related parties	13	27,840	–	27,840
Tax receivables	9.9	275	–	275
Financial assets	9.4	2,584	–	2,584
Other assets	9.5	5,375	166	5,541
Contract assets	9.6	–	14,860	14,860
Cash and cash equivalents	9.10	71,340	–	71,340
Total Assets		**2,626,042**	**14,301**	**2,640,343**
Total Equity		**816,009**	**7,688**	**823,698**
Subscribed capital	9.11(a)	79,850	–	79,850
Capital reserves	9.11(h)	574,714	–	574,714
Other reserves	9.11(i)	–8,456	4,279	–4,177
Non-controlling interests	9.11(j)	169,901	3,409	173,310
Non-current liabilities		**1,125,726**	**6,100**	**1,131,826**
Financing liabilities	9.12	1,013,617	–	1,013,617
Other liabilities	9.14	8,386	–	8,386
Deferred tax liabilities	9.6	103,723	6,100	109,823

*in k€*Assets	Notes	As originally presented 01/01/2018	IFRS 15	Restated 01/01/2018
Current liabilities		**684,306**	**513**	**684,819**
Financing liabilities	9.12	575,929	–	575,929
Provisions	9.13	3,370	–	3,370
Trade payables	9.16	46,244	–	46,244
Liabilities to related parties	9.17	5,953	–	5,953
Tax payables	9.18	17,441	–	17,441
Received prepayments	9.19	311	–	311
Other liabilities	9.14	35,058	513	35,571
Total liabilities		**1,810,032**	**6,613**	**1,816,646**
Total equity and liabilities		**2,626,042**	**14,301**	**2,640,343**

As of January 1, 2018 inventory of projects that now fall under the scope of IFRS 15 are derecognized and reclassified as contract assets. As such they are recognized according to the project progress and presented net of prepayments received. The step-up resulting from the purchase price allocation of CG Gruppe AG last year, which related to future project progress, was derecognized as part of the inventories and recognized under other assets and is amortized over the development period in accordance with the project progress. The decrease in other liabilities, a result of the reduction of net assets, is explained in the table above. Since the group treats participatory interests in business partnerships ("Kommanditgesellschaften") as financial liabilities, the reduction of net assets as a result from the transition to IFRS 15 results in a decreased liability towards these minority shareholders.

The following table demonstrates the impact of IFRS 15 on the net income of the Group for the twelve months ending 2018:

in k€	31/12/2018 excl. IFRS 15	IFRS 15 Adjustment	31/12/2018 incl. IFRS 15
Income from letting activities	32,796	–	32,796
Income from real estate inventory disposed of	163,515		163,515
Income from property development	85,651	322,810	408,461
Income from service, maintenance and management activities	10,199	–	10,199
Total income	**292,161**	**322,810**	**614,971**
Change in project related inventory	150,813	–298,165	–147,352
Overall performance	**442,974**	**24,644**	**467,619**
Expenses from letting activities	–16,083	–	–16,083
Cost of materials	–285,600	–	–285,600
Net income from the remeasurement of investment property	25,631	–	25,631
Net result from the disposal of investment property	–	–	–
Other operating income	13,241	–	13,241
Personnel expenses	–36,911	–	–36,911
Other operating expenses	–66,644	6,647	–59,997
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	**76,610**	**31,291**	**107,901**
Depreciation and amortization	– 1,972	–202	– 2,175
EBIT (Earnings before interest and taxes)	**74,637**	**31,089**	**105,726**
Financial income	4,620	–	4,620
Financial expenses	– 121,834	–	–121,834
EBT (Earnings before taxes)	**–42,577**	**–**	**–11,488**
Income tax expenses	11,192	–	11,192
Net income (Earnings after taxes) from continued operations	– 31,385	31,089	–296
Net income (Earnings after taxes) from discontinued operations	1,464	–	1,464
Consolidated net income	**– 29,920**	**31,089**	**1,168**

Revenue under IFRS 15 is recognized over-time based on the project progress of the development. This resulted in the recognition of revenue based on the project progress when receiving the building permit and with the planned development margin. Expenses incurred in relation with the development of the project are recognized when occurred during the period.

Further non-cash expenses result from the amortization of the future part of the step-up resulting from the CG purchase price allocation.

Other standards

Furthermore the following IFRSs and IFRICs were obligatory applicable as of January 1, 2018 and did not lead to significant changes:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IAS 40: Transfers of Investment Property
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014–2016 Cycle

The IASB has published the following IFRSs and IFRICs that were endorsed by the EU but are not yet effective, and that will be relevant for the Group:

IFRS 16 “Leases” (effective on/after January 1, 2019)

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of ’low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less), these are applied by the group. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group applies the method described in IFRS 16.C5 (b) for first-time adoption, whereby the lease liability is recognised at the present value of the remaining lease payments and a right-of-use asset in the same amount, less any deferred lease payments, is capitalised.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today’s accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

(i) Leases in which Consus is a lessee

Consus will recognise new assets and liabilities for its operating leases of office space, vehicles, office and other equipment. The nature of expenses related to those leases will now change because Consus will recognise a depreciation charge for right-of-use assets and interest expenses on lease liabilities.

Previously, Consus recognised operating lease expenses on straight-line basis over the lease term, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected to the Group's finance leases.

Based on the information currently available, Consus estimates that it will recognise additional lease liabilities of € 11,130 thousand as at January 1, 2019. Due to the fact that the business combination with SSN was closed only one month before the balance sheet date and SSN started IFRS accounting from December 2018 onwards, the IFRS 16 transition project has not yet been concluded.

(ii) Leases in which Consus is a lessor

Consus expects no material changes for lease agreements in which the Group acts as the lessor.

Consus plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of other reserves at January 1, 2019, with no restatement of comparative information.

Consus plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

The IASB has also revised, amended or issued the following standards and interpretations that must be applied in future periods. However, these will either have no material effect on the Group's consolidated financial statements or the assessment of potential impacts is still on-going.

Standard	Title	Effective date*	Planned adoption
Endorsed			
IFRS 16	Leases	01/01/2019	01/01/2019
IFRIC 23	Uncertainty over Income Tax Treatments	01/01/2019	01/01/2019
AIP 2015–2017	Annual Improvements to IFRS Standards 2015–2017 Cycle	01/01/2019	01/01/2019
Amendment to IFRS 9	Prepayment Features with Negative Compensation	01/01/2019	01/01/2019
Amendment IAS 19	Plan Amendment, Curtailment or Settlement	01/01/2019	01/01/2019
Amendment to IAS 28	Long-term Interests in Associates and Joint Ventures	01/01/2019	01/01/2019
Endorsement pending			
Conceptual Framework	Amendments to References to the Conceptual Framework in IFRS Standards	01/01/2020	01/01/2020
Amendment to IFRS 3	Business Combinations	01/01/2020	01/01/2020
Amendment to IAS 1 and IAS 8	Definition of Material	01/01/2020	01/01/2020
IFRS 17	Insurance Contracts	01/01/2021	01/01/2021

* adjusted by EU endorsement, if applicable

6. USE OF ESTIMATES AND JUDGEMENTS

The preparation of IFRS consolidated financial statements requires assumptions and estimates affecting the carrying amounts of the assets and liabilities recognized, income and expenses and the disclosure of contingent liabilities. The assumptions and estimates are based on parameters that existed at the time the consolidated financial statements were prepared. Judgements, estimates and assumptions for future periods and actual future results may differ from those anticipated in the consolidated financial statements and have effects that will be reflected in future consolidated financial statements.

Further comments on the assumptions and estimates made are presented in the notes for individual financial statement items in the disclosures.

Use of estimates and judgement applies to the following issues in particular:

Measurement of investment property

The input factors applied in the valuation models to determine the market values of investment property, such as expected cash flows, presumed development of rents, presumed vacancy rates, the discount rates and the capitalization rate represent significant measurement parameters. These input factors are based on assumptions about the future. The input factors are determined by external valuation experts, based on publicly available market information, as well as the insights of the Company.

Please refer to section 9.1. for a sensitivity analysis, quantifying the impact of a deviation in the main input factors for the valuation on the fair value of investment property.

Deferred tax assets

The assessment of whether or not deferred tax assets can be recognized is based on the likelihood that future tax advantages can be realized. However, the actual amount of taxable income in future periods and the actual usefulness of deferred tax assets might deviate from expectations as at the date on which the deferred taxes were capitalized. Therefore, outcomes within the next financial years that are different from the assumptions made as at reporting date, could require a material adjustment to the carrying amount of the deferred tax assets. The Group has € 88 million (2017: € 60 million) of estimated tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognize deferred tax assets on the tax losses carried forward.

Provisions

There is uncertainty regarding future increases, the amount, date and the probability of provisions as at the date of recognition and measurement.

It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions could require a material adjustment to the total carrying amount of provisions, which is presented in the consolidated statement of financial position.

Measurement of financial liabilities

In measuring financial liabilities, estimates of future cash flows and any changes in terms and conditions are of particular significance. Furthermore, estimates are made for entity-specific risk premiums derived from the respective financing.

Please refer to section 12.3 for a sensitivity analysis, quantifying the impact of a deviation in market interest rates on the carrying value of financial liabilities.

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Goodwill impairment testing

The determination of the recoverable amount requires assumptions and estimates, especially on the future development of profits and sustainable growth rates.

Business combinations with CG Gruppe AG and SSN Group AG

Business combinations under IFRS 3 require recognition of all assets and liabilities at their fair value as of the closing date. In order to derive the fair value of the assets and liabilities, specific inputs underlie each valuation. For the valuation of real estate inventory for example future expenses as well as the future selling price are key inputs. Deriving the fair value of financial liabilities heavily depends on inputs such as the applied market interest rates.

Revenue recognition

Both, income from real estate inventory disposed of as well as income from property development underlie significant estimates and management judgements. Income from property development strongly relies on the business plan in order to measure project progress as well as projected revenues. The business plan is subject to management estimates and assumptions.

The company uses the cost to cost method to determine the project development at each balance sheet date. Therefore the accrued costs (including fair value adjustments due to business combinations and accrued interests) are compared with the total project costs concerning the actual business plan. The business plan is set up on a project by project basis. Therefore the company uses the same business plan as for the impairment test done by the year end. The margin of each project is calculated also on a project by project basis taking the agreed forward selling price for each real estate inventory into consideration. The forward selling price is subject to some future uncertainties like the total leasable space after construction and the rental rate the company could achieve after completion of the building. The cost to cost method provide the most faithful depiction of the construction progress because it mostly presents the risk of future cash outflows in the development. The used method for revenue recognition implicated in the most cases an earlier revenue recognition compared to the agreed payment terms. In most cases the contracts with costumers determine the payment terms on the basis of completion of sub-works ("baurechtliche Gewerke") and therefore payments are mostly done when a sub-work is completed.

Similarly, income from real estate inventory disposed of underlies management estimates and assumptions. For example the revenue is measured at the transaction price agreed under the contract and might involve management estimates, e.g. amount and timing of contingents consideration. From time to time sales prices can include industry specific features such as variable components. In such case management is required to make estimates regarding the amount of the purchase price. Furthermore, also the point in time of revenue recognition is partly subject to uncertainties in estimation. In certain cases a right to rescind in case specified building permits are not issued after a time frame might be agreed upon. In these cases, the company assures that sales will not be recognized until all prerequisites according to IFRS 15 have been met. For this purpose, management assesses the respective probabilities of occurrence of the possible scenarios at each balance sheet date.

7. SCOPE OF CONSOLIDATION

7.1. Changes in the Group

During the presented financial years, the number of entities that are fully consolidated changed as follows:

Numbers of fully consolidated companies	2018	2017
as at 01/01	**109**	**6**
Additions – business combination IFRS 3	105	103
Additions – asset acquisition not IFRS 3	5	
Additions – foundation	14	
Disposals – sale	44	
Disposals – merger	2	
Disposals – liquidation	–	
as at 31/12	**187**	**109**

In the 2018 financial year as in the previous year, material additions were made as part of acquisitions, which are presented in detail in the section below in accordance with the requirements of IFRS 3. Entities related with the buy and hold portfolio such as GxP and CCPs were divested during financial year 2018.

Furthermore during the financial year 2018 one newly set-up development project of CG was classified as a joint venture in accordance with IFRS 11.

7.2. Business combinations

(a) SSN Group AG

On December 3, 2018 Consus Real Estate AG acquired 93.4% of the shares in SSN Group AG ('SSN Group', 'SSN') as well as two loan receivables against SSN Group with a total consideration of € 245 million in cash. An earn-out provision of € 10 million was agreed upon to be paid seven years after closing in case certain trading profit thresholds are met. Management assumes the probability that the threshold will be met to be close to 0%, accordingly the fair value of the contingent consideration is € 0 million. The purchase price was financed by a € 250 million acquisition facility from J.P. Morgan and cash on balance. The Company significantly increased its gross development volume (GDV) from approx. € 6.2 billion to approx. € 9.6 billion as well as the overall number of development projects from 53 to 65. The Company simultaneously acquired 38.9% in SG Development GmbH, a 51% subsidiary of SSN Group, which holds nine out of twelve development projects, as well as a 85.9% stake in Wilhelmstr. I GmbH, which owns a 50% stake in an SSN landmark development in the centre of Berlin from Consus' majority shareholder Aggregate Deutschland S.A. These assets were contributed in kind against issuance of 26,875,000 new shares in Consus reflected in the financials at a price of € 8.02 per share, resulting in a consideration of € 215,647 thousand. The execution of the SSN transaction as a whole depended on both steps being completed together, therefore both steps are considered to be a linked transaction for accounting purposes. The combined transactions resulted in the Consus group controlling all aspects of the SSN group and achieving maximum economic exposure.

The rationale behind the acquisition was as follows:

- Acquire a project developer of residential properties to ensure supply of high-quality properties for the Company
- Complement the income basis of the Company with further project development
- Benefit from the positive perception of SSN Group in the market.

in k€	Fair Value after Aquisition
Intangible assets, property, plant and equipment	4,621
Investment Property, including prepayments	28,689
Contract Asstes	11,525
Other financial Assets	1,642
Work-in-Progress	908,300
Trade and other receivables	10,645
Cash and cash equivalents	37,491
Receivables from related parties	20,493
Tax receivables	4,125
Other assets	28
Financial Assets	31,511
Assets held for sale	1,329
Financial Liabilities	–749,193
Provisions and other non-financial liabilities	–47,397
Trade payables and other payables	–9,249
Liabilities to related parties	– 59,205
Tax payables	– 1,545
Deferred tax liability	–62,648
Net Assets	**131,161**
Consideration transferred	**413,897**
thereof Cash Consideration	198,250
thereof equity interest	215,647
Non Controlling Interests	**21,527**
Goodwill	**304,264**

The SSN portfolio mainly consists of development projects which are in different stages of development (still leased, development/planning phase or construction/redevelopment phase). Valuations covered by independent third party assessors were based on a risk adjusted residual valuation method with exception of existing buildings where a discounted cash flow valuation was applied. In order to determine the fair value adjustments on financing liabilities, the following assumptions have been applied:

- The valuation is based on future cash flows projected from the acquirer's point of view.
- Loan redemptions and interest payments are projected according to the loan agreements between the respective parties.
- Applied discount rates depend on the respective financing type of the loan and have been calculated using discount rates of 3 to 15 percent.

On account of the complexity of acquisitions, the Group retains the option of making a retroactive adjustment. Open key issues include reviewing how the fair values of investment properties, of property development projects, contractual assets, of the financing liabilities, of the consideration, non-controlling interest and resulting deferred taxes are measured. Therefore, the disclosures are provisional in terms of IFRS 3.45.

The transaction costs attributable to the acquisition of SSN amounted to € 1,549 thousand recognized in other operating expenses during the financial year 2018.

Goodwill, which represents mainly non-separately identifiable assets such as the positive business outlook and employee expertise, is non tax-deductible. The Group employed the partial goodwill method, measuring the non-controlling interest at its share of identifiable net assets not including any goodwill. Acquired intangible assets are not subject to an indefinite useful life. Trade receivables with a gross value of € 10,759 thousand were acquired, of which € 163 thousand is probably uncollectible. The fair value of the trade receivables from third parties amounts to € 54,019 thousand.

Since initial consolidated SSN on December 3, 2018, SSN did contribute € 61,591 thousand to group revenue and € –1,706 thousand to the total comprehensive income of the Group. If the acquisition had taken place at the beginning of the financial year, SSN would have contributed € 108,158 thousand to group revenue and € –5,764 thousand to the total comprehensive income of the Group.

(b) DIPLAN Gesellschaft für Digitales Planen und Bauen GmbH

As of December 07, 2018 the Company acquired 75,100 shares in DIPLAN Gesellschaft für Digitales Planen und Bauen GmbH, Köln (DIPLAN) from a group of investors. DIPLAN is an innovative PropTech company which plans to concentrate on enhancing the digitalisation process of the Company's core operations in development, including construction. The project-oriented construction system planned to be developed by DIPLAN enables efficient and software-supported design- and planning processes, thus enabling the full potential of industrial prefabrication of construction components. The acquired shareholdings are corresponding to 75% of the shares in DIPLAN. The DIPLAN shares acquired also represent voting rights. The purchase price of € 3,745 thousand was paid in cash in 2018.

The are no major acquisition costs of this business combination. The purchase price of the was allocated to the acquired assets and liabilities using the purchase price allocation as of the acquisition date as follows:

in k€	**Fair value after acquisition**
Intangible assets, property, plant and equipment	79
Trade and other receivables	395
Other assets	2
Cash and cash equivalents	47
Provisions and other non-financial liabilities	189
Trade payables	41
Net assets	**293**
Consideration transferred	**3,745**
thereof cash consideration	3,745
Non-controlling interests	73
Goodwill	**3,525**

On account of the complexity of acquisitions, the Group retains the option of making a retrospective adjustment. Open key issues include reviewing how the fair values of tangible and intangible assets, of the financing liabilities, of the consideration, non-controlling interest and resulting deferred taxes are measured. Therefore, the disclosures are provisional in terms of IFRS 3.45.

The transaction costs attributable to the acquisition of DIPLAN amounted to € 19 thousand recognized in other operating expenses during the financial year 2018.

Goodwill, which represents mainly non-separately identifiable assets such as the positive business outlook and employee expertise, is non tax-deductible. The Group employed the partial goodwill method, measuring the non-controlling interest at its share of identifiable net assets not including any goodwill. Acquired intangible assets are not subject to an indefinite useful life. Due to the fact that DIPLAN is currently providing services exclusively to CG no trade receivables from third parties are accounted for.

DIPLAN did not contribute to the overall performance nor to the total comprehensive income of the Group since the initial consolidation took place as of December 31, 2018. If the acquisition had taken place at the beginning of the financial year, DIPLAN would not have contributed to overall performance due to the fact that DIPLAN was providing services exclusively to CG. The total comprehensive income of the Group would have been impacted negatively by € 175 thousand.

(c) Finalization CG Gruppe AG and GxP purchase price allocation

The Group gained control over CG as defined by IFRS 10 on December 21, 2017. For accounting purposes December 31, 2017 was used for initial consolidation of CG as subsidiary.

On account of the complexity of acquisitions, the Group retained the option of making a retroactive adjustment. Open key issues included reviewing how the fair values of investment properties, of property development projects, of the financing liabilities, of the consideration, non-controlling interest and resulting deferred taxes were measured. Therefore, the disclosures with regard to the purchase price allocation in the consolidated financial statements for the fiscal year ending December 31, 2017 were provisional in terms of IFRS 3.45.

The purchase price allocation was finalized within the second quarter of the financial year 2018. After the final valuation report the total fair value of work-in-progress decreased by € 40,848 thousand. Thereof arising material reductions in deferred tax liabilities of € 12,254 thousand and in liabilities of € 2,194 thousand. Non-controlling interests changed by € 256 thousand. Please refer to the following table for detailed information on fair values after the final purchase price allocation:

in k€	**Fair Value after final PPA**
Intangible assets, property, plant and equipment	7,552
Investment property, including prepayments	213,680
Other financial assets	3,954
Work-in-progress	1,170,979
Trade and other receivables	81,715
Other assets	4,255
Cash and cash equivalents	33,032
Financing liabilities	1,007,706
Provisions and other non-financial liabilities	52,065
Trade payables and other payables	83,539
Deferred tax liability	80,449
Net assets	**291,407**
Consideration transferred	**872,609**
thereof cash consideration	12,500
thereof equity interest	860,109
Non-controlling interests	143,432
Goodwill	**724,634**

The purchase price allocation for the second business combination in 2017 (GxP) was finalized in the second quarter 2018, as well. It did not result in any material change to the financial statements.

7.3. Other additions to scope of consolidation (“asset acquisition”)

During the financial year 2018 the Company acquired through its subsidiary CG Gruppe AG five property companies in transactions structured as share deals. The acquired companies do not constitute a business operation within the meaning of IFRS 3 and have been presented as a direct real estate acquisition. The costs of acquiring the properties have been allocated to the individual identifiable assets and liabilities based on their fair values. There could be a small further payment from a variable component. Currently the Company assumes, that there will be no material effect and therefore did not recognize any variable purchase price.

7.4. Disposals in scope of consolidation

On May 15, 2018 the Company divested its shareholding of ten companies that held a total of eight commercial assets and two purchase obligations and were previously reported under the Consus segment. The commercial assets were included in separate legal entities and the transaction was structured as a share deal and closed in June 2018.

The deconsolidation of the entities resulted in a gain of € 2,893 thousand reported under other operating income. This gain includes a total of € 5,051 thousand receivables. The purchaser is entitled to audit the closing financial statements. Subsequently the outstanding payment might be subject to change. The Company expects that the outstanding amount will be paid by the beginning of 2019.

With closing as of August 3, 2018 the Company divested its shareholding in GxP.

The deconsolidation of the GxP resulted in a gain of € 20 thousand recognized within the result from discontinued operations.

7.5. Disclosures about subsidiaries with significant non-controlling interests

The financial information on significant non-controlling interests in subsidiaries is summarized below. The amounts disclosed are before intercompany eliminations.

in k€	**CG Gruppe AG 31/12/2018**	**SSN Group 31/12/2018**
Current assets	1,086,662	976,578
Current liabilities	–598,221	–643,830
Current net assets	**488,441**	**332,748**
Non-current assets	507,881	397,910
Non-current liabilities	–668,637	–296,563
Non-current net assets	**–160,756**	**101,347**
Net assets	**327,685**	**434,095**

As of December 3, 2018, the Company acquired 93.4% of the shares in SSN Group AG. Before intercompany eliminations, the revenue of SSN amounted to € 16,671 thousand for the one month ended December 31, 2018. The Loss for the one month was € 1,706 thousand.

The cash flows from operating activities amounted to € –3,270 thousand. In the one month ended December 31, 2018, the cash flows from investing activities and the cash flows from financing activities totalled € –231 thousand and € 3,409 thousand. The overall cash flow led to a net decrease of € 92 thousand in cash and cash equivalents.

On December 21, 2017 the Company acquired 55.0% of the shares in CG Gruppe AG, additionally increasing the stake in 2018 to 64.7%.

Furthermore the Company has, as part of the agreement to acquire 75% on a fully diluted basis, paid an amount of € 20,000 thousand to a CG minority shareholder as part payment for the further shares , with these shares to be delivered after the balance sheet date following further payments. Therefore they are being presented under receivables from related parties and the non-controlling interest related to these shares is still presented.

Before intercompany eliminations, the revenue of CG amounted to € 445,106 thousand for the twelve months ended December 31, 2018. The profit for the twelve months was € 30,527 thousand.

The cash flows from operating activities amounted to € 163,526 thousand. In the twelve months ended December 31, 2018, the cash flows from investing activities and the cash flows from financing activities totalled € –82,551 thousand and € –62,493 thousand. The overall cash flow led to a net increase of € 18,482 thousand in cash and cash equivalents.

The minority shareholders of CG Gruppe AG have certain protective rights under the shareholders agreement. These rights pertain to certain defined topics that are not within operative day to day business decisions. Although protective in nature, they limit the Groups access to assets and liabilities of CG in a way that for example a sale or transfer of virtually all assets or essential parts to another entity are only possible with explicit agreement of the minority shareholders.

Under several loan agreements that were initiated by CG and SSN group companies, rights to distribute dividends are restricted.

7.6. Disclosures about associates that are material to the Group and Joint Ventures

During the financial year 2018 the Company consolidated MAP as Joint Venture which is considered to be material to the Group.

CONSUS holds a 75% share in MAP Liegenschaften GmbH. Due to the structure of the shareholders' agreement dated December 27, 2018, MAP Liegenschaften GmbH is not controlled by CONSUS in accordance with IFRS 10, but is accounted for using the equity method in accordance with IFRS 11.

in k€	**MAP (CG) 31/12/2018**
Current Assets	39,064
Current Liabilities	(278)
Current net assets	**38,786**
Non-current Assets	21,340
Non-current Liabilities	(31,359)
Non-current net assets	**(10,019)**
Overall performance	
EBITDA (Earnings before interest, taxes, depreciation and amortization)	137
EBIT (Earnings before interest and taxes)	150
EAT (Earnings after taxes)	139
Total comprehensive income	**139**
Of the total comprehensive income for the year, the following is attributable to:	–
Non-controlling interests	35
in k€	
Net cash flow from operating activities	–
Net cash flow from investing activities	–
Net cash flow from financing activities	–
Net increase / (decrease) in cash and cash equivalents	419
Cash and cash equivalents at the beginning of the year	–
Cash and cash equivalents at 31 December	**419**
Net assets at 01/01	**28,629**
Profit/Loss of the period	139
Net assets at 31/12	**28,768**
Group's share in %	75
Carrying amount at 31/12	**21,576**

Before initial full consolidation of CG Gruppe AG as at December 31, 2017 and after the acquisition of a 50% stake in the Group as at November 2, 2017, the shareholding in CG Gruppe AG was recognized as an investment accounted for using the equity method. For further information, please refer to section 7.2.

The investment in an associate accounted for using the equity method only affects the statement of comprehensive income for the two months period beginning November 1, 2017, as CG Gruppe AG was fully consolidated as at December 31, 2017.

in k€	**CG Gruppe AG 01/11–31/12/2017**
Revenue	65,609
Depreciation	–205
Interest income	–
Interest expense	–15,203
Income taxes	1,027
Net profit from continued operations	**–2,396**
Net profit from discontinued operations	–
Other comprehensive income	–
Total comprehensive income	–2,396

7.7. Discontinued operations

The Group announced on August 3, 2018 that it had signed a contract to divest its non-core stake in GxP German Properties AG. This divestment is in line with the Company's communicated strategy to exit the holding of non-core commercial properties. Until the sale, GxP continued to be operated independently by Consus.

GxP represented a material operating segment within the group and has been reported as a separate reportable segment. The sale therefore fell under the definition of a discontinued operation according to IFRS 5.32. In accordance with IFRS 5.15, the discontinued operation was measured at carrying amount as this is lower than the fair value less cost of disposal. The gains and losses arising from the discontinued operation are reported separately on the face of the condensed interim consolidated statement of comprehensive income under net profit or loss for the period from discontinued operations. The prior-year statement of comprehensive income is adjusted accordingly.

Due to the loss of control over GxP in the third quarter of 2018, the values for the financial year 2018 presented herein are based on preliminary management accounts.

The profit or loss from discontinued operations are as follows:

in k€	**01/01–31/12/2018**	**01/10–31/12/2017**
Income from letting activities	6,543	2,018
Other operating income	288	1,957
Operating Expenses	–4,538	–2,255
EBITDA	**2,293**	**1,720**
Depreciation and amortisation	–25	–17
EBIT	**2,269**	**1,703**
Net interest result	–355	–219
EBT	**1,914**	**1,484**
Taxes	–449	–296
EAT (discontinued operations)	**1,464**	**1,188**
Other comprehensive income	–	–
Total comprehensive income	**1,464**	**1,188**

Earnings/(loss) of discontinued operations per share *in EUR*	**2018**	**2017**
Basic, profit/(loss) for the year from discontinued operations	0.02	0.04
Diluted, profit/(loss) for the year from discontinued operations	0.02	0.04

in k€	2018	2017
Investment property	166,852	-
Advance payments on investment property	-	-
Property, plant and equipment	73	-
Goodwill	1,586	-
Other intangible assets	194	-
Investments accounted for using the equity method	-	-
Receivables from related parties	-	-
Financial assets	3,605	-
Other assets	-	-
Contract assets	-	-
Work-in-progress including acquired land and buildings		-
Trade and other receivables	1,359	-
Receivables from related parties	-	-
Tax receivables	195	-
Financial assets	-	-
Other assets	545	-
Contract assets	-	-
Cash and cash equivalents	1,810	-
Assets held for sale	**176,220**	**-**
Financing liabilities	97,668	-
Provisions	-	-
Other liabilities	-	-
Contract liabilities	-	
Deferred tax liabilities	6,096	-
Financing liabilities	5,352	-
Provisions	-	-
Trade payables	1,722	-
Liabilities to related parties	-	-
Tax payables	131	-
Received prepayments	339	-
Other liabilities	3,010	-
Liabilities held for sale	**114,318**	**-**

in k€	2018	2017
Cash flow from operating activities	1,395	744
Cash flow from investing activities	–1,561	–4,815
Cash flow from financing activities	–2,920	2,729
Cash flow from discontinued operations	**–3,086**	**–1,342**

8. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

8.1. Result from letting activities

During the 2017 financial year, the Group continuously built up its property portfolio, both by acquisition of real estate assets and by business combination. A significant part of the portfolio was divested during financial year 2018.

in k€	2018	2017
Rental income	32,088	6,770
Income from recharged operating costs	690	870
Income from other goods and services	18	52
Income from letting activities	**32,796**	**7,691**
Expenses from operating costs	–14,510	–1,820
Maintenance expenses	–432	–992
Other services	–1,141	–942
Expenses related to letting activities	**–16,083**	**–3,754**
Net operating income from letting activities	**16,713**	**3,937**

8.2. Income from real estate inventory disposed of

Income from real estate inventory disposed of includes the sale of properties, buildings and projects that are not recognized using the over-time recognition under IFRS 15.

The income from real estate disposed of at CG Group for the financial year 2018 mainly results from the sale of the following properties:

- Naunhofer Straße, Leipzig
- Schloßstraße, Bergisch Gladbach,
- Feuerlandhöfe, Berlin
- Partial sale of the property of Innenstadt Residenz Dresden GmbH & Co. KG, Dresden
- Hallesches-Ufer (HAU)

As the development activities of the Group during financial year 2017 were limited to the subsidiary CG Gruppe AG, which has only been fully consolidated as at December 31, 2017, no income is shown in the comparable reporting period.

8.3. Change in project related inventory

Change in project related inventory comprises the changes from sale of projects and beginning of over-time realization as well as the increase through capitalization of building and construction costs.

As the development activities of the Group during financial year 2017 were limited to the subsidiary CG Gruppe AG, which has only been fully consolidated as at December 31, 2017, no income is shown in the comparable reporting period.

8.4. Income from property development

During financial year 2018 income from property development was materially affected by the building permits received for several material projects, which initiated the over-time revenue recognition upon the later of the close of a contract with customer and receipt of a building permit (“Baugenehmigung”).

During the first half of 2018 building permits were granted for the following development projects and contributed significantly to income from property development:

- Artists Living Leipzig GmbH & Co. KG (€ 28,604 thousand income from property development for the current financial year),
- Artists Living Dresden PP GmbH & Co. KG(€ 21,263 thousand),
- Artists Living Köln StG GmbH & Co.KG (€ 63,561 thousand) and
- Innenstadt Residenz Dresden GmbH & Co. KG (€ 66,085 thousand).

Artist Living Berlin/Steglitz GmbH & Co. KG has started sale of freehold flats in Q3.2018, having received the building permit already in 2017.

During Q4 2018 the following projects were included in the over-time recognition treatment:

- Artists Living Frankfurt Dev GmbH & Co. KG (€ 11,033 thousand),
- Cologneo I GmbH & Co. KG (€ 36,380 thousand) and
- CG Löbtauer Str. GmbH & Co. KG (€ 26,709 thousand).

As the development activities of the Group during financial year 2017 were limited to the subsidiary CG Gruppe AG, which has only been fully consolidated as at December 31, 2017, no income is shown in the comparable reporting period.

Income from property development breaks down as follows:

in k€	**2018**	**2017**
Income from property development	408,461	–
– thereof income forward sales	360,970	
– thereof income from sale ofr freehold flats	47,490	

Concerning the revenue from property development the company has significant outstanding performance obligation not yet fulfilled. The fulfilment of the remaining obligations is typically recognized with the development progress of the underlying real estate assets. This development progress is measured with significant management assumptions as descried under Note 6 “Revenue Recognition”. The contracts with customers determine the payment terms on the basis of completion of sub-works (“baurechtliche Gewerke”). The completion of this sub-works is normally confirmed by external experts or the customers itself. The outstanding performance obligations mostly belong to the completion of the construction of the buildings and normally do not include any obligations of the company concerning returns or similar obligations and only includes the statutory warranties.

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8.5. Net income from the remeasurement of investment property

For the financial year 2018 net income from the remeasurement of investment property amounted to € 25,631 thousand and mainly resulted from revaluations of CG property, such as Plagwitzer Höfe (Leipzig), Steglitzer Kreisel (Berlin), von Sauer Straße (Hamburg) and Mariannenpark/ Alter Postbahnhof (Leipzig). Three of these projects were classified as investment property at the year end 2017 as well. The project von Sauer Straße was reclassified to investment property due to the fact that the company decided to use this building to generate rental incomes in future and the company does not intend to sell the property anymore.

For the financial year 2017 net income from the remeasurement of investment property amounted to € 17,060 thousand and mainly resulted from revaluations of Consus property. Further information such as input parameters can be found in chapter 9.1.

8.6. Cost of materials

Cost of materials result from developing activities, which started in 2018. They mainly consist of expenses for the acquisition of land, for construction and ancillary building costs.

During the financial year 2017 no cost of materials was recorded, since project developer CG started being consolidated as of December 31, 2017 and therefore did not contribute to profit/loss.

in k€	**2018**	**2017**
Expenses for land acquisition	–110,538	
Expenses for Preparation & Development	–9,751	
Expenses for Building - Building construction	–59,711	
Expenses for Building - Technical equipment	–3,317	
Expenses for outside facilities	–3,128	
Expenses for inside facilities	–1,933	
Ancillary building costs	–64,887	
Expenses for other construction services	–5,642	
Brokerage costs	–1,066	
Administrative costs	–17,301	
Auxiliary cost	–6,371	
Other expenses for raw materials, consumables and supplies and for purchased goods	3,048	
Other services	–3,818	
Expense on disposal of current assets	–1,185	
Received discounts, rebates, bonuses, rebates	–	
Total	**–285,600**	**–**

8.7. Other operating income

The other operating income comprises as follows:

in k€	2018	2017
Insurance indemnifications	984	–
Gains from the disposal of consolidated entities	2,893	–
Income from prior years	1,327	2
Derecognition of liabilities	1,201	–
Other income	6,837	238
Total	**13,241**	**240**

8.8. Personnel expenses

The Company started building up its proprietary employee base towards the end of financial year 2017 and continued to do so during financial year 2018. Financial year 2018 was materially impacted by the first time inclusion of expenses of CG as well as SSN, which were included for one month in 2018.

Personnel expenses were as follows in the 2018 and 2017 financial years

in k€	2018	2017
Wages and salaries	–31,850	–863
Social contributions	–5,061	–5
Total	**–36,911**	**–868**

8.9. Other operating expenses

Other operating expenses break down as follows:

in k€	2018	2017
Write-offs and allowances on receivables	–1,987	–
Consulting and audit fees	–17,832	–1,760
Admin expenses	–913	–7,671
Utility expenses for office space	–4,237	–2
Marketing expenses	–17,485	–
Car and travel expenses	–4,890	–80
Other taxes	–2,551	–331
Other expenses	–4,468	–3,871
Expenses arising from the change in estimation	-5,634	–
Total	**–59,997**	**–13,715**

During the reporting period 2018 other operating expenses included significant consulting and audit fees which are mainly due to portfolio transactions, transition to IFRS, first time consolidation and other project related work of which some is unique in its nature.

The expenses arising from the change in estimation reflects i. the impact on the book values of contract assets and ii. provisions resulting from the update of the CG business plan.

Other operating expenses during the reporting period 2017 mainly related to the preparation of the initial public offering of Consus, which took place on March 30, 2017. The item other expenses for the financial year 2017 mainly include expenses from a cancelled agreement to purchase real estate property in an amount of € 3,513 thousand. The amount corresponds to a given prepayment that was derecognized in the course of the cancellation of the deal.

8.10. Depreciation and amortization

Corresponds to scheduled amortization of intangible assets and depreciation of equipment and other assets. No impairment loss was recorded in the reporting period or previous years.

in k€	2018	2017
Amortization of intangible assets	-477	–
Depreciation on technical equipment and other assets	-12	–
Depreciation on office equipment and other assets	-1,686	–
Total	**-2,175**	**–**

Please also refer to the asset schedule.

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8.11. Financial income and financial expenses

Financial result can be broken down as follows:

in k€	2018	2017
Interest income from bank deposits	44	5
Income from fair value changes of derivatives	2,070	–
Income from derecognition of derivatives	–	–
Interest income from late payments	–	–
Interest income from loans	1,151	440
Other financial income	1,356	–
Total financial income	**4,620**	**445**
Expense from fair value measurement of interest derivatives	–1,048	–1,710
Interest expense from interest derivatives	–1,224	–
Interest expense from loans	–118,544	–6,154
Interest expense from pension provisions	–	–
Interest expense from finance leases	–	–
Other interest expenses	–1,018	–
Total financial expenses	**–121,834**	**–7,864**
Financial result	**–117,214**	**–7,419**

Financial result can be allocated to the categories according to IFRS 9 / IAS 39 as follows:

in k€	2018
Net results from financial assets:	**311**
FVPL valued	–2,272
at amortized cost	2,583
equity instruments valued as FVOCI in other comprehensive income	–
debt instruments measured as FVOCI in other comprehensive income	–
OCI-effective changes in value during the reporting period	–
reclassified from OCI to income statement during the reporting period	–
Net results from financial liabilities:	**–117,525**
FVPL due to exercise of FV option	–
OCI-effective changes in value during the reporting period	–
Changes in value recognised in the income statement during the reporting period	–
FVPL valued	2,070
at amortized cost	–119,595
Total net results	**–117,214**

The income from fair value changes during the reporting period 2018 result from the derivative financial instrument embedded in the € 200 million bond issued in 2017 and was mainly driven by the development of the Consus Real Estate AG share price.

The financial expenses during the reporting period 2017 are related to property financing.

Borrowing costs capitalised during the reporting period amount to € 61,891 thousand. Accordingly the Group's EBITDA recorded a positive impact from capitalization of borrowing costs in the same amount.

8.12. Share of profit or loss of associates accounted for using the equity method

During the previous year the loss of associates accounted for using the equity method results from the two months at-equity inclusion of CG Gruppe AG during November to December 2017.

8.13. Income taxes

Income tax expense and income is broken down by origin as follows:

in k€	2018	2017
Current income taxes for the period	–20,107	–2
Aperiodical income taxes	–8	–
Deferred taxes	31,307	–5,212
Aperiodical deferred taxes	–	–
Tax result	**11,192**	**–5,214**

The tax income in the reporting year amounted to € 11,192 thousand and mainly resulted from the deferred taxes on temporary differences that occurred during the period.

The tax expenses in the prior year amount to € 5,214 thousand and mainly resulted from the deferred taxes on temporary differences that occurred during the period. For further information please refer to chapter 9.15.

The following table shows a reconciliation of the tax expenses expected in the respective period, which is calculated using the effective tax rate of 30.175% (2017: 30.175%), to the actual tax expense or income:

in k€	2018	2017
IFRS net consolidated income before taxes	**–11,488**	**–3,920**
Consolidated tax rate in %	30.175%	30.175%
Expected income taxes	**3,466**	**1,183**
Special regulations regarding commercial tax	7,972	–
First time capitalization or reversal of loss carryforwards	3,152	–
Effect from the non-recognition of deferred tax assets on tax loss carryforwards	–9,571	–6,061
Effects of at-equity accounted companies	–	–362
Other tax effects	6,174	25
Effective taxes on income and earnings	**11,192**	**–5,214**
Effective tax rate in %	–97%	–133%

Taxation of the Company

The income tax expenses and income mainly consisted of German corporation tax (plus solidarity surcharge) and trade tax. The applicable average effective tax rate for the German Group companies is 30.175% and consists of corporation tax of 15% plus a solidarity surcharge of 5.5% and a location-based trade tax. Depending on the tax rate of the municipality in which the company has a permanent establishment, this amounts to a percentage of the trade income as of December 31, 2018.

8.14. Earnings per share

Basic earnings per share from continuing operations is calculated by dividing the income/loss from continuing operations attributable to the shareholders of the parent company by the weighted average number of undiluted shares in the respective financial year.

Basic earnings per share from continuing and discontinued operations is calculated by dividing the consolidated income/loss for the period attributable to shareholders of the parent company by the undiluted weighted average number of shares in the respective financial year.

The weighted average number of ordinary shares is calculated from the number of shares in circulation at the beginning of the period adjusted by the number of shares issued during the period and multiplied by a time-weighting factor. The time-weighting factor reflects the ratio of the number of days on which shares were issued and the total number of days in the period.

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in k€	2018	2017
Consolidated net income/loss for the period from continuing operations	–296	–9,134
Income/loss from continuing operations attributable to non-controlling interests	13,230	–
Income/loss from continuing operations attributable to shareholders	**–13,525**	**–9,134**
Weighted average number of shares issued, in thousands	85,514	32,647
Basic earnings per share from continuing operations in EUR	**–0,16**	**–0,28**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from continuing operations in EUR	**–0,16**	**–0,28**
Consolidated net income/loss for the period from continuing and discontinued operations attributable to shareholders	–12,729	–9,134
Weighted average number of shares issued, in thousands	85,514	32,647
Basic earnings per share from continuing and discontinued operations in EUR	**–0,15**	**–0,28**
Number of dilutive potential shares, in thousands	–	–
Diluted earnings per share from continuing and discontinued operations in EUR	**–0,15**	**–0,28**

The following equity instruments were not taken into account in determining the diluted earnings per share as they would display dilution protection.

in k€	31/12/2018	31/12/2017
Convertible bond	21,754	21,766
Total number of potential ordinary shares	**21,754**	**21,766**

9. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

9.1. Investment property

The carrying amounts of investment property developed as follows:

in k€	31/12/2018	31/12/2017
Carrying value as of 01/01	**434,100**	**–**
Acquisitions	–	149,730
Additions from business combinations	28,689	267,310
Capitalisation from construction activities and modernisation cost	11,942	–
Reclassification to held-for-sale properties	–	–
Reclassification to property, plant and equipment	–	–
Reclassification from property, plant and equipment	–	–
Fair value adjustments	13,123	17,060
Disposals	– 316,530	–
Carrying value as of 31/12	**171,324**	**434,100**

The carrying amounts of assets under construction developed as follows:

in k€	31/12/2018	31/12/2017
Carrying value as of 01/01	**93,250**	**–**
Acquisitions	–	–
Additions from business combinations	–	93,250
Capitalisation from construction activities and modernisation cost	8,039	–
Reclassification to held-for-sale properties	–	–
Reclassification to property, plant and equipment	–	
Reclassification from property, plant and equipment	42,905	
Fair value adjustments	12,508	
Disposals	–	–
Carrying value as of 31/12	**156,702**	**93,250**

The Consus Group's portfolio predominantly consists of commercial property (offices and retail) and to a smaller proportion of residential property.

With the acquisition of GxP and CG in 2017, the Company had increased its investment property portfolio significantly. The divestiture of GxP and the CCP real estate properties in 2018 reduced the investment property accordingly. During financial year 2018 CG did reclassify one of its properties (von Sauer Straße, Hamburg) from inventories to investment property with a value of € 42,905 thousand. With the initial consolidation of SSN during the financial year 2018 another investment property (Parkplatz Hamburg) with a value of € 28,689 thousand was added by way of business combination.

As in the prior year as of December 31, 2018, the investment property held by the Company was valued by independent third-party experts. The net income from the remeasurement of investment property is presented in the consolidated statement of comprehensive income.

The analysis for investment property shows the potential fluctuation in the fair value of investment property as the three main input factors increase or decrease by a certain percentage as of 31 December 2018:

in k€ - **Sensitivity**	**Market rent**			**Capitalization rate** *(Liegenschaftszinssatz)*			**Vacancy rate**		
as at 31/12/2018	–10%	0%	10%	–0.25%	0%	+0.25%	–10%	0%	+10%
Investment property	**153,124**	**171,324**	**187,144**	**177,639**	**171,324**	**165,021**	**176,239**	**171,324**	**165,640**

in k€ - **Sensitivity**	**Market rent**			**Capitalization rate** *(Liegenschaftszinssatz)*			**Calculated building costs**		
as at 31/12/2018	–10%	0%	10%	–0.25%	0%	+0.25%	–10%	0%	+10%
Investment property - under construction	122,225	156,702	172,628	175,915	156,702	140,981	181,136	156,702	133,140

The material valuation parameters for material investment properties (level 3) are as follows as of December 31, 2018:

Valuation parameters Level 3 for investment properties	**31/12/2018**
Total rental space (in sqm)	94,541
Vacancy rate, weighted average (in %)	12,82
Market rent, weighted average (EUR per sqm p.a.)	6,94
Gross multiplier on market rent, weighted average	14,72

The material valuation parameters for the investment properties under construction (level 3) are as follows as of December 31, 2018:

Valuation parameters Level 3 for investment properties under construction	**31/12/2018**
Net Sales Price (in k€)	92,307
Project development costs (in k€)	53,135
Capitalization rate, weighted average (in %)	4.32

Investment property is generally encumbered with collateral for the loans. There are no restrictions for the Company to dispose the properties. Financed properties are generally secured by liens on property and are subject of assignments of rights and claims arising from sales contracts. When a property is sold, the finance is settled by means of an unscheduled repayment if necessary. For further information on assets pledged as guarantees please refer to chapter 12.

The following minimum lease payments are expected based on contracts existing as of reporting date:

in k€	31/12/2018	31/12/2017*
up to one year	9,855	8,848
1–5 years	22,326	14,755
over 5 years	5,136	6,683
Total expected minimum lease payments	**37,317**	**30,286**

*Adjusted for properties sold

During the financial year, no conditional lease payments (previous year: € 0 thousand) have been recognized.

9.2. Property, plant and equipment & other intangible assets

The development of property, plant and equipment, advance payments on investment property as well as other intangible assets is shown in the consolidated statement of changes in assets.

Fixed assets movement schedule – 2018

in k€	Owner-occupied Real Estate	Technical Equipment and Machinery	Office and Operating Equipment	Prepay-ments	Intan-gible Assets	Goodwill	Total
Acquisition costs							
as at 01.01.2018	–	**351**	**5,809**	**10,532**	**3,205**	**700,076**	**719,973**
Additions	–	2,219	2,118	–	162	24,126	**28,625**
Additions through business combinations	–	280	956	–	3,592	308,277	**313,106**
Disposals	–	–	–270	–10,532	–	–	**–10,802**
as at 31/12/2018	**–**	**2,850**	**8,613**	**–**	**6,959**	**1,032,480**	**1,050,875**
Accumulated depreciation							
as at 01/01/2018	–	**16**	**1,203**	**–**	**319**	**–**	**1,538**
Additions	–	132	1,268	–	466	–	**1,866**
Additions through business combinations	–	8	49	–	17	–	**100**
Disposals	–	–	–10	–	–	–	**–10**
as at 31/12/2018	–	**156**	**2,536**	**–**	**801**	**–**	**3,494**
Net Book Value as of 01/01/2018	–	**335**	**4,606**	**10,532**	**2,886**	**700,076**	**718,436**
Net Book Value as of 31/12/2018	–	**2,694**	**6,076**	**–**	**6,158**	**1,032,480**	**1,047,408**

Fixed assets movement schedule – 2017

in k€	Owner-occupied Real Estate	Technical Equipment and Machinery	Office and Operating Equipment	Prepay-ments	Intan-gible Assets	Goodwill	Total
Acquisition costs							
as at 01/01/2017	–	**–**	**–**	**5,747**	**–**	**–**	**5,747**
Additions	–	–	–	10,532	–	–	**10,532**
Additions through business combinations	–	351	5,809	–	3,205	700,076	**709,441**
Disposals	–	–	–	–5,747	–	–	**–5,747**
as at 31/12/2017	–	**351**	**5,809**	**10,532**	**3,205**	**700,076**	**719,973**
Accumulated depreciation							
as at 01/01/2017	–	**–**	**–**	**–**	**–**	**–**	**–**
Additions	–	–	–	–	–	–	**–**
Additions through business combinations	–	16	1,203	–	319	–	**1,538**
Disposals	–	–	–	–	–	–	**–**
as at 31/12/2017	–	**16**	**1,203**	**–**	**319**	**–**	**1,538**
Net Book Value as of 01/01/2017	–	**–**	**–**	**5,747**	**–**	**–**	**5,747**
Net Book Value as of 31/12/2017	–	**335**	**4,606**	**10,532**	**2,886**	**700,076**	**718,436**

Property, plant and equipment and intangible assets of the Group are not pledged as security. There are no contractual obligations to acquire property, plant and equipment or intangible assets.

9.3. Goodwill

Goodwill as of December 31, 2018 amounts to € 1,032,480 thousand (December 31, 2017: € 700,076 thousand). For the financial year 2018 (2017), goodwill is attributable as follows:

in k€	31/12/2018	31/12/2017
CG	724,634	698,490
GxP	–	1,586
SSN	304,264	–
DIPLAN	3,582	–

Goodwill is allocated to the cash-generating units of the Group that are profiting from the synergy effects of the business combination. The cash-generating units correspond to the respective legal units. The recoverable amounts of the cash-generating units were determined using cash flow projections based on the calculation of the value in use. The estimated future cash flows used for impairment testing are based on the financial planning, with a planning horizon of 5 years. Cash flows outside the planning period are extrapolated using individual growth rates, taking relevant market information into account. The growth rate outside the planning horizon was 0.75 %. The weighted average discount rate before tax used to discount the estimated cash flows was 5.10 % for the cash-generating unit CG. Based on the inputs to the valuation techniques used, the fair value measurement was classified as a Level 3 fair value in accordance with IFRS 13.

The impairment tests performed on the goodwill allocated to cash-generating unit CG did not reveal any evidence of impairment. The Group assumes that the recoverable amounts, in case of slight changes in the parameters, still exceed the carrying amount of the goodwill.

Internally generated intangible assets were not recognized in the years presented in these consolidated financial statements.

9.4. Financial assets

Other financial assets can be broken down as follows:

in k€	31/12/2018	31/12/2017
Other loans	21,495	2,477
Restricted cash	–	–
Deposits	75	1,370
Derivative financial instruments	2,677	–
Other financial assets	23,904	2,584
Shares in non-consolidated companies	324	1,153
Receivables from damage reimbursment claims	–	–
Total	**48,475**	**7,584**

9.5. Other assets

Furthermore accrued cost for obtaining a contract were recognized as other asset as of year-end in an amount of € 10.1 million, due to provision payments made by CG for obtaining several forward sale agreement. The asset is amortised on a straight-line basis over the term of the specific contract it relates to. Corresponding expenses recognised as cost of material during the period amounted to € 4.4 million.

Other assets can be broken down as follows:

in k€	31/12/2018	31/12/2017
Accruals	2,339	1,307
Receivables from other taxes	1,784	873
Prepayments made	326	3,163
Assets recognized from costs to obtain or fulfill a contract	10,143	–
Other assets	908	31
Total	**15,499**	**5,375**

9.6. Contract balances

The timing of revenue recognition, invoicing and cash collections results in billed accounts receivables, unbilled receivables (contract assets) and customer advances and deposits (contract liabilities) on the Statement of Financial Position. In the Group's development activities, amounts are billed as work progresses in accordance with agreed-upon contractual term, either at periodic intervals or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition resulting in contract assets. However, the Group sometimes receives advances or deposits from its customers before revenue is recognized, resulting in contract liabilities. These assets and liabilities are reported on the Consolidated Statement of Financial Position on a contract-by-contract basis at the end of each reporting period. Changes in the contract asset and liability balances during the financial year 2018 were not materially impacted by other factors besides as laid out below.

The following table provides information about contract assets and contract liabilities from contracts with customers:

	Book value as of:		**Details of changes during the accounting period:**	**Gross amount due from customers for contract work**	
in k€	**31/12/2018**	**01/01/2018***	**Impairment loss on contract assets recognized**	**31/12/2018**	**01/01/2018***
Gross contract assets - non-current	677,795	107,079	–2,234	761,655	814,879
Gross contract assets - current	10,080	115,868	–492	98,177	98,668
Prepayments received on non-current contract balances	–488,657	–17,984	–	–502,348	–506,641
Prepayments received on current contract balances	–9,890	–73,237	–	–83,126	–83,126
Net contract assets (liabilities)	**189,329**	**131,725**	–2,726	**274,357**	**323,780**

*The Group recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance at 1 January 2018.

The initial consolidation of the SSN Group increased the contract assets by € 11,524 thousand.

The impairment disclosed above refers to a change in estimation (see Note 8.9) and does not refer to a credit risk linked impairment.

The remaining amount of the estimated transaction price for forward sale agreements within the scope of IFRS 15 comprise as follows:

Timing of revenue recognition	2018
Products transferred at a point in time	174,422
Products and services transferred over time	293,197

The judgement regarding the project progress of projects in scope of IFRS 15 over-time revenue recognition significantly changed with the adoption of a new business plan for the CG subgroup through the supervisory board in December 2018. The adopted CG business plan 2018 mainly resulted for the projects in scope in increased projected expenses which in turn lead to a lower project progress when compared to previous quarters under the previous business plan. In total the adoption of the CG business plan 2018 had an negative effect on net earnings of € 13.7 million.

No impairments for credit risks in accordance with IFRS 9 were made in respect of contract assets in the financial year. This is due to the circumstances that the credit default risk of the contractual partners is relatively low. Furthermore, the value-at-risk can be regarded as relatively low due to the hedging of the development projects.

9.7. Work-in-progress including acquired land and buildings

In 2017 work-in-progress was acquired during the financial year as part of the business combination with the real estate developer CG. The year 2018 does include working-in-progress acquired as part of the business combination with SSN as well.

At January 1, 2018, the Group recognised the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance after deduction of inventories previously accounted under IAS 2. See section 5 for further information on the application of IFRS 15.

in k€	31/12/2018	31/12/2017
Carrying amount of inventories	**1,830,487**	1,211,827
– thereof Real Estate “Institutional”	914,662	948,735
– thereof Real Estate “Parking”	14,610	5,618
– thereof Real Estate “Apartments for sale”	869,169	315,324
– thereof Real Estate “Other construction work”	90,675	54,088
– net off: received prepayments for Real Estate construction	–58,629	–111,938

A significant part of the inventory is pledged as underlying security provided for loan agreements. Further information can be found in chapter 12.1.

9.8. Trade and other receivables

Trade and other receivables in financial year 2018 as well as 2017 mainly relate to disposal of real estate that took place shortly before the balance sheet date.

The amount of the reported receivables is partly subject to estimation uncertainties, which implicitly result from the estimation of the underlying sales revenues. This includes a receivable from the sale of a property, for which a partial amount of € 8 million was agreed as a variable purchase price payment. The variable purchase price payment depends on the specific project development due from the buyer and the rentable space after completion. Based on the design of the building and its assessment of market conditions, management has come to the conclusion that the total variable purchase price can be achieved and has therefore capitalised the entire amount.

in k€	31/12/2018	31/12/2017
Trade and other receivables, gross	56,083	56,200
Allowances on trade and other receivables	–2,150	–183
Total trade and other receivables	**53,933**	**56,017**
– thereof from rent and rent related services	3,674	1,276
– thereof from the disposal of real estate	38,808	50,937
– thereof others	11,451	3,804

9.9. Tax receivables

Tax receivables mainly include prepayments on trade tax.

9.10. Cash and cash equivalents

Cash and cash equivalents consist exclusively of balances with banks. The cash and cash equivalents are always available and represent the financial resources of the Company.

in k€	31/12/2018	31/12/2017
Bank deposits	91,598	71,336
Cash at hand	5	3
Cash and cash equivalents	**91,603**	**71,340**
– thereof restricted	54,206	32,951

Restricted cash and cash equivalents are subject to restrictions, particularly with regard to their use for the financed properties and as a minimum to secure future interest payments. A smaller proportion is subject to transfer controls, i.e. these funds must be held by certain group companies accordance with the respective loan agreement.

9.11. Equity

The change in equity components is shown in the consolidated statement of changes in equity.

(a) Subscribed Capital 2017

By exercising the authorized capital, the Company decided on February 12, 2017 to increase the share capital of the Company from € 22,000,000.00 by € 2,200,000.00 to € 24,200,000.00 in return for contributions in cash by issuing 2,200,000 bearer shares with a pro rata amount of the share capital of € 1.00 per share. The new shares were issued at a price of € 15.00 per no-par value share to be issued and are fully entitled to dividend rights from January 1, 2016. For subscription to and acquisition of the new shares, the existing shareholders were granted a subscription right. The subscription right could be exercised up to and including March 1, 2017. In the event of the non-exercise of the subscription right by the old shareholders, the Consus GmbH and the FTV Ltd., Isle of Man, had already approved a subscription to the capital increase and deposited the corresponding amount as collateral.

The shareholders assembly of the Company decided on September 28, 2017 to increase subscribed capital by € 55,650,383.00 to a total of € 79,850,383.00. The increase was registered at the commercial register on November 2, 2017. This increase related to the acquisition of Pebble GmbH.

(b) Subscribed Capital 2018

By exercising the authorized capital, the Company decided on July 24, 2018 to increase the share capital of the Company from € 79,850,383.00 by € 18.244.401.00 to € 98,094,784.00 in return for contributions in cash as part of a public offer by issuing 18,244,401 bearer shares with a pro rata amount of the share capital of € 1.00 per share.

By exercising the authorized capital, the Company decided on August 1, 2018 to increase the share capital of the Company by € 62,459.00 to € 98,157,243.00 by issuing 62,459 bearer shares with a pro rata amount of the share capital of € 1.00 per share. Holders of the € 200 million convertible exercised their option rights in order to convert their bonds into new shares.

By exercising the authorized capital, the Company decided on August 17, 2018 to increase the share capital of the Company by € 8,333,334.00 to € 106,490,577.00 in return for contribution in kind as part of a deal with a CG minority shareholder by issuing 8,333,334 bearer shares with a pro rata amount of the share capital of € 1.00 per share.

By exercising the authorized capital, the Company decided on September 19, 2018 to increase the share capital of the Company by € 674,474.00 to € 107,165,051.00 by issuing 674,474 bearer shares with a pro rata amount of the share capital of € 1.00 per share. Holders of the € 200 million convertible exercised their option rights in order to convert their bonds into new shares.

By exercising the authorized capital, the Company increased the share capital of the Company by € 26,875,000.00 to € 134,040,051.00 in return for contribution in kind as part of the SSN acquisition by issuing 26,875,000 bearer shares with a pro rata amount of the share capital of € 1.00 per share. For further information on this acquisition please refer to chapter 7.2.

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(c) Authorized Capital 2017

The articles of association of the Company as of September 28, 2017, authorized the management board to increase the Company's registered capital until September 27, 2022 contingent on approval of the supervisory board once or repeatedly by up to a total of € 39,925,191.00 through the issuance of new ordinary shares with no par value against contribution in cash or in kind (Authorized Capital 2017). In principle, the existing shareholders are to be offered subscription rights.

The management board is authorized to exclude subscription rights of existing shareholders with the consent of the supervisory board for one or more capital increases in the context of the Authorized Capital 2017. This may happen in the event of a capital increase against contributions in kind or mixed contributions kind *(gemischte Sacheinlage)* in order to be able to grant holders of convertible bonds profit participation rights issued by the Company or its subordinated group companies that carry option rights to new ordinary registered shares with no par value *(Stückaktien)* or subscription rights to new shares in the amount to which they would be entitled to in the event of a capital increase against cash contributions, given that the requirements and thresholds of the German Securities Trading Act *(Wertpapierhandelsgesetz)* and the open market *(Freiverkehr)* are fulfilled.

The management is authorized to determine any further details of a capital increase and its implementation, which is subject to the consent of the supervisory board. The supervisory board is authorized to adjust the articles of association accordingly after utilization of the authorized capital 2017 or upon expiry of the period during which the authorized capital 2017 can be utilized.

(d) Authorized Capital 2018

By decision of the general shareholders' meeting on August 23, 2018 the Authorized Capital 2017 as decided on September 28, 2017 was revoked.

Furthermore it was decided that the management board is authorized to increase the share capital of the Company until August 22, 2023 by a total of € 49,078,621.00 (Authorized Capital 2018/I). The authorized capital 2018 / I has been partially exercised, as of balance sheet date € 22,203,621 are still outstanding.

(e) Conditional Capital 2017

On September 28, 2017, the general shareholders' meeting of the Company resolved on a conditional capital increase in accordance with the German Stock Corporation Act *(Aktiengesetz)*.

Upon registration and in accordance with the Articles of Association, the Company's share capital has been conditionally increased by up to € 12,100,000.00 (Conditional Capital 2017). The conditional capital increase will only be implemented to the extent holders or creditors of these bonds make use of their conversion rights. In case holders exercise their option rights in order to convert their bonds into new shares, new shares are equipped with a profit participation right. Depending on whether the option is exercised before or after the general shareholders' meeting, the right to participate in profits starts either from the beginning of the prior financial year or from the beginning of the financial year in which they are issued.

The Management Board is authorized, with the approval of the Supervisory Board, to determine any further details of the implementation of the Conditional Capital 2017.

By decision of the general shareholders' meeting on August 23, 2018 the Conditional Capital 2017 as decided on September 28, 2017 was revoked.

(f) Conditional Capital 2018

By decision of the general shareholders' meeting on August 23, 2018 the Company's share capital has been conditionally increased by up to € 59,887,787 (Conditional Capital 2018). The Conditional Capital 2018 remains unchanged as of balance sheet date.

(g) Authorization to issue convertible bonds

Upon registration and based on a resolution of the Company's general shareholders' meeting held on September 28, 2017, the management board is authorized, with the approval of the supervisory board, to issue, once or repeatedly, until September 27, 2022, bonds, i.e., convertible bonds, warrant bonds, profit participation rights and/or income bonds having an aggregate principal amount of up to € 500,000,000.00 and to grant the holders or creditors option or conversion rights to shares of the Company with a maximum proportion of share capital of up to € 40,000,000.00 in accordance with the terms and conditions with the bonds.

The conversion or option rights and conversion or option obligations carried by the bonds may be serviced from the conditional capital 2017 or any conditional capital resolved in a future general shareholders' meeting or from the authorized capital 2017 or any future authorized capital.

Pursuant to the terms and conditions of the bonds, bondholders have the right to offer to the Company to participate in a capital increase by way of contribution in kind *(Sacheinlage)* by offering bonds held by it as contribution in kind. It is in the discretion of the Company whether it accepts such offer. If the Company accepts such offer, the new shares would be derived from the Company's authorized or conditional capital.

In November 2017, the Company issued a senior unsecured convertible bond due in 2022. The bond has a total nominal value of € 200,000,000.00 with a denomination of € 100,000.00. The convertible bond is listed on the open market *(Freiverkehr)* segment of the Frankfurt Stock Exchange.

(h) Capital reserves

On March 17, 2017, the share capital was increased against cash contributions that were fully paid in. The amount of paid in capital per share that exceeds the par value was allocated to the capital reserve. Therefore an increase of € 30,798 thousand in the capital reserve was reported in 2017. The capital increase was registered with the commercial register of the local court of Leipzig, Germany, on March 22, 2017.

In September 2017, another capital increase was carried out against contribution in kind. Therefore an additional increase of € 543,916 thousand was reported in 2017, of which transaction costs in the amount of € 526 thousand were recognized in directly in equity. The transaction costs include deferred tax consequences of € 121 thousand. This capital increase was registered with the commercial register of the local court of Leipzig, Germany, on November 2, 2017.

The premium paid on the public issuance of 18,244,401 shares on July 24, 2018 was allocated to capital reserve, resulting in an increase of € 110,488 thousand.

The transaction with minority shareholders on August 17, 2018 resulting in an increased capital reserve of € 25,573 thousand.

On December 3, 2018, another capital increase was carried out against contribution in kind, resulting in an increase in capital reserve of € 188,772 thousand. For further information on the SSN transaction please refer to chapter 7.2.

Conversion notices of the € 200 million convertible bond received during financial year 2018 for a total nominal amount of € 6 million increased capital reserve by a total of € 5,686 thousand.

(i) Reserves

The other reserves include the results of the Companies included in the consolidated financial statements, retained by the shareholders' meeting, insofar as they were not distributed. The cumulative results in accordance with IFRS have arisen from the accumulated results of the consolidated financial statements in accordance with German-GAAP and the one-off adjustments recognized directly in equity as part of the first-time adoption of IFRS.

The item also contains the legal reserve required of stock corporations. As of December 31, 2018, the legal reserve amounts to € 0 thousand (previous year: € 0 thousand).

The adoption of IFRS 15 and IFRS 9 had a cumulative effect on other reserves of € 4,279 thousand after deduction of deferred taxes of € 3,544 thousand.

Furthermore transaction costs from the capital increase on July 24, 2018 of € 8,649 thousand net of tax consequences of € 758 thousand have been recognized in other reserves.

(j) Non-controlling interests

The non-controlling interest acquired during the financial year 2018 mainly result from business combinations with SSN € 21,527 thousand as well as the transaction with CG minority shareholder (€ 30,279 thousand), whereas the non-controlling interests acquired during the previous year mainly resulted from the business combinations with GxP and CG. For further information please refer to section 7.2.

9.12. Financing liabilities

Financing liabilities increased during 2018 to a total of € 2,195,525 thousand. Financing liabilities of € 749,193 thousand resulted from the acquisition of subsidiaries during 2018, the majority of which is project related.

Furthermore the following significant financing liabilities were issued during the financial year 2017 and are still outstanding as of balance sheet date :

(a) Liabilities from issued notes

On November 8, 2017, the company issued 150,000 notes payable to the bearer and ranking pari passu among themselves. The aggregate principal amount of up to € 150,000,000.00 bears interest at a rate of 4.75% per annum. To be redeemed on November 8, 2024, the notes will be represented by a global bearer note without interest coupons attached.

During the financial year 2018 the Company repurchased a total of € 128,321 thousand nominal and € 4,212 thousand accumulated interest of the issued notes.

(b) Liabilities from convertible bonds

A convertible bond with a total nominal value of € 200,000,000.00 was issued by the Group on November 29, 2017. The convertible bond has a maturity as of November 29, 2022, and was issued at a price of 100 percent of the principal amount in a denomination of € 100,000 each. The convertible bonds bear interest at a rate of 4.0 percent per annum, payable semi-annually in arrears. In accordance with the convertible bond conditions, bondholders have the right to offer to the Company to participate in a capital increase by way of contribution in kind (Sacheinlage) by offering bonds held by it as contribution in kind. It is in the discretion of the Company whether it accepts such offer. If the Company accepts such offer, the new shares would be derived from the Company's authorized or conditional capital. The exercise of the included termination right leads to a 100% repayment plus accrued interest.

Until balance sheet date bondholders representing a total nominal value of € 6,000 thousand have send a conversion notice to the Company, requesting their bonds to be converted into equity. This resulting in an increase in the subscribed capital of € 737 thousand and of capital reserve of the Company of € 5,686 thousand.

The conversion right and the redemption rights represent an embedded derivative. As the derivative is exposed to the risks of an equity instrument and the host debt contract to interest rate risks, it is a separable embedded derivative. As of December 31, 2018 the fair value of the instrument is recognized at € 14,062 thousand (previous year: € 16,590 thousand).

9.13. Provisions

The personnel related provision, which was added in the course of the business combination results mainly from change of control clauses in management contracts of the acquired company.

Other provisions related to risks resulting from the purchase of a property currently under negotiation of € 2,650 thousand were reversed during financial year 2018 as the entity was sold. Accordingly the income from the release became part of the deconsolidation profit from the sale of the entity.

in k€	**as at 01/01/2018**	**Additions**	**Additions through business combinations**	**Consumption**	**Reversal**	**Other changes**	**As at 31/12/2018**	*thereof current*	*thereof non-current*
Pensions	–	–	660	–	–	–	660	660	–
Personnel related provisions	220	–	1,760	220	–	–	1,760	1,100	660
Legal provisions	500	1,579	440	–63	–400	–	2,057	2,057	–
Other provisions	2,650	770	1,201	–	–2,650	–	1,971	918	1,052
Total	**3,150**	**2,349**	**4,061**	**–63**	**–3,050**	**–**	**6,447**	**4,735**	**1,712**

in k€	**as at 01/01/2017**	**Additions**	**Additions through business combinations**	**Consumption**	**Reversal**	**Other changes**	**As at 31/12/2017**
Pensions	–	–	–	–	–	–	–
Personnel related provisions	–	–	220	–	–	–	220
Legal provisions	–	500	–	–	–	–	500
Other provisions	–	2,650	–	–	–	–	2,650
Total	**–**	**3,150**	**220**	**–**	**–**	**–**	**3,370**

9.14. Other liabilities

Other liabilities for the two reporting dates presented are as follows:

in k€	31/12/2018	31/12/2017
Trade payables	**41,913**	**46,244**
Liabilities to employees	5,048	2,021
Received prepayments	2,969	47
Other taxes	5,792	2,293
Liabilities to minorities (NCIs)	7,716	9,218
Other financial accruals	37,049	21,122
Other liabilities	12,307	4,804
Other financial liabilities	19,907	3,940
Total other liabilities	**90,788**	**43,444**
– thereof remaining term up to one year	75,771	35,058
– thereof remaining term between one to five years	15,017	8,386
– thereof remaining term more than five years	–	–

The other financial accruals as of December 31, 2018 mainly relate to outstanding invoices for project development under general contractor obligations.

9.15. Deferred income taxes

Deferred tax assets and liabilities for the two reporting dates presented are as follows:

in k€	31/12/2018	
	Deferred tax assets	Deferred tax liabilities
IAS 40 and owner-occupied real estate	–	23,502
Other assets	–	120,718
Pension provisions	198	–
Financing liabilities	10,429	757
Other financial liabilities	–	–
Other liabilities	–	5
Deferred taxes on temporary differences	10,627	144,982
Losses carried forward	19,975	–
Outside basis differences	–	–
Total deferred taxes	30,602	144,982
Netting	30,602	30,602
Carrying amount deferred taxes 31/12/2018	**–**	**114,380**

The deferred taxes from non-current assets and non-current liabilities are expected to reverse after more than twelve months after the end of the reporting period. The expected reversal of deferred taxes is broken down as follows:

in k€	31/12/2018	31/12/2017
Deferred tax assets		
– to be realized after more than 12 months	30,466	14,014
– to be realized within 12 months	136	99
Total deferred tax assets	**30,602**	14,113

in k€	31/12/2018	31/12/2017
Deferred tax liabilities		
– to be realized after more than 12 months	144,845	117,836
– to be realized within 12 months	136	–
Total deferred tax liabilities	**144,982**	117,836

in k€	31/12/2018	31/12/2017
Carrying Value of Deferred Tax Assets as of 01.01.	–	–
– Changes recognized through profit and loss	–	–
– Changes recognized in equity	–	–
– changes due to consolidation scope	–	–
Carrying Value of Deferred Tax Assets as of 31.12.	–	–
Carrying Value of Deferred Tax Liabilities as of 01.01.	**160,696**	–
– Changes recognized through profit and loss	–31,680	5,503
– Changes recognized in equity	–9,327	121
– changes due to consolidation scope	–5,309	98,099
Carrying Value of Deferred Tax Liabilities as of 31.12.	**114,380**	103,723

Tax losses

Tax losses not offset in an assessment period may, under certain conditions, be carried back and / or carried forward to other assessment periods. A tax loss carry-back is only possible up to the amount of € 1 million and only for corporate tax purposes in the immediately preceding assessment period. Non-compensated tax losses that have not been carried-back can only be used to fully offset a positive corporate tax total of income or trade income in the following assessment or collection periods up to an amount of € 1 million (loss carried forward). Merely 60% of the income and trade income exceeding this amount can be offset with losses carried-forward and are therefore subject to 40% taxation at the applicable tax rate (so-called minimum taxation).

Non-deductible interest expenses
Interest expenses may only be deductible in accordance with the regulations of the so-called interest barrier (Zinsschranke). Accordingly, the net interest expense (i.e. interest expense less interest income) is deductible in the financial year only in the amount of 30% of EBITDA (separate calculation for tax purposes). In particular, the amount of the interest expenses, as they exceed the amount of the interest income by less than € 3 million is fully deductible (so-called "small business clause"). Non-deductible interest expense may, under certain conditions, be carried forward to subsequent financial years and deducted thereon in accordance with the interest barrier. Unused EBITDA volume can generally be carried forward to the following five financial years.

Deferred tax assets from unused tax losses are recognized up to the amount of deferred tax liabilities from temporary differences. Deferred tax assets from unused tax losses in excess of this amount are recognized to the extent that it is probable that the company will generate taxable income. As of December 31, 2018, tax loss carryforwards are estimated to amount to € 88 million (December 31, 2017: € 60 million). A tax loss carryforward (or the resulting future tax relief) may only be capitalized if the discharge is sufficiently certain. Due to historical losses at many Group companies as well as lack of sufficient tax planning this was not the case.

No deferred taxes are recognized on temporary differences in connection with investments in subsidiaries or branches (differences between the net assets of the subsidiaries and the respective tax value of the shares in the subsidiaries) at any reporting date because their reversal can be controlled by dividends. Therefore, no significant tax effects are expected.

9.16. Trade payables

Trade payables include liabilities from the development as well as letting of real estate and related transaction costs as of the reporting date. Trade payable have been classified as current for all periods under review.

9.17. Payables to related parties

Payables to related parties include € 21.563 thousand and are mainly loans from Aggregate Group. For further information please refer to chapter 13.

9.18. Tax payables

In 2018 tax payables result from income taxes such as trade and corporate taxes due to national tax authorities from subsidiaries, thereof € 41,320 thousand from CG and € 3,069 thousand from SSN.
In 2017 tax payables resulted from income taxes such as trade and corporate taxes due to national tax authorities. All liabilities resulted from subsidiaries acquired during 2017.

9.19. Received prepayments

Includes prepayments received by subsidiaries of the Group. Received prepayments are netted against respective asset or liability balances in accordance with IFRS. For further information see chapter 9.6 and 12.1.

10. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents are solely in Euro and consist of daily deposits with domestic banks. No credit lines exist.

10.1. Continued operations

Significant non-cash transactions in 2018 particularly include the acquisition of Diplan GmbH as well as SSN Group AG and the related financing of the transaction (investing and financing cash flow), please refer to chapter 7.2.

Net debt reconciliation arising from financing activities
The following section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

in k€	**31/12/2018**	**31/12/2017**
Cash and cash equivalents	91,603	71,340
Finance liabilities – repayable within one year (including overdraft)	–1,146,374	–575,929
Finance liabilities – repayable after one year	–1,049,150	–1,013,617
Net debt	**–2,103,922**	**–1,518,206**
Cash and liquid investments	91,603	71,340
Gross debt – fixed interest rates	–1,793,841	–1,355,328
Gross debt – variable interest rates	–401,683	–234,218
Net debt	**–2,103,922**	**–1,518,206**

Other non-cash movements in the financing liabilities result to a significant portion from additions to the scope of consolidation as well as non-cash contributions.

in k€	Cash and cash equivalents	Financing liabilities – repayable within one year	Financing liablilities – repayable after one year	Total
	Liabilities from financing activities			
Net Debt as at 01/01/2017	**17,632**	–	–	**17,632**
Cash Flows	53,707	–	–251,511	–197,804
Other non-cash movements	–	575,929	762,105	1,338,034
Net Debt as at 31/12/2017	**71,340**	–575,929	–1,013,616	**–1,518,205**
(Including discontinued operations)				
Net Debt as at 01/01/2018	**71,340**	–575,929	–1,013,616	**–1,518,205**
Cash flows	20,263	65,192	126,753	212,216
Changes in the scope of consolidation	–	–468,637	–280,557	–749,193
Other non-cash movements	–	–167,001	118,269	–48,731
Net debt as at 31/12/2018*	**91,603**	**–1,146,375**	**–1,049,151**	**–2,103,914**

Other non-cash movements during financial year 2017 mainly resulted from the acquisition of subsidiaries during 2017 which increased financing liabilities by € 1,146,597 thousand. Furthermore the non-cash vendor loan issued to Aggregate Deutschland S.A as part of the financing of the CG transaction with a nominal of € 150,000 thousand contributed to the other non-cash movements.

10.2. Discontinued operations

The Company has discontinued its former segment GxP on June 2018 financial year. All cash flows generated by the Company to date have been exclusively derived from the letting of real estate. Due to the discontinuation, the classification of this segment as a discontinued operation is made for the consolidated statement of cash flows.

The net cash flows were determined using the indirect method (operating activity) or the direct method (investment and financing activities).

The cash flows of the discontinued operations in 2018 and 2017 were as follows:

in k€	2018	2017
Cash flow from operating activities	1,395	744
Cash flow from investing activities	–1,561	–4,815
Cash flow from financing activities	–2,920	2,729
Cash flow from discontinued operations	**–3,086**	**–1,342**

11. SEGMENT INFORMATION

11.1. Operating segments

For management purposes, the Group is organized into business units based on its organizational structure and has three reportable segments, as follows:

- Consus: Principal business activities include the renting of real estate, mainly for commercial use until June 2018, and is now focussed on supporting the subsidiaries through head office functions.
- CG: Principal business activities include the development of real estate for residential use as well as commercial use. Furthermore CG is engaged in the renting of commercial and residential real estate as well as complementary services.
- SSN: Principal business activities include the development of real estate for residential use as well as commercial use. Furthermore SSN is engaged in planning, construction and building services as well as the renting of commercial and residential real estate.

Since GxP has been classified as discontinued operations, management does not consider GxP to be a reportable segment as of December 31, 2018. The chief operating decision makers monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, Net Loan to Value (Net-LTV) as well as Net Asset Values (NAV) and is measured consistently with values reported in the IFRS consolidated financial statements of the Group.

The Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Revenue 2018

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
Income from letting activities	5,842	26,706	248	–	32,796
Income from real estate inventory disposed of	–	163,515	–	–	163,515
Change in project related inventory	–	–102,431	–44,920	–	–147,352
Income from property development	–	357,316	51,144	–	408,461
Income from Service, maintenance and management activities	2,058	–	10,199	–2,058	10,199

Revenue 2017

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
Income from letting activities	7,691				7,691

Net Loan to Value (Net LTV) 31/12/2018

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
Investment property (IAS 40)	–	299,337	28,689	–	328,027
Prepayments on investment property (IAS 40)	–	–	–	–	–
Owner occupied real estate (IAS 16)	–	–	–	–	–
Non-current assets held-for-sale (IFRS 5)	–	–	1,329	–	1,329
Inventory (IAS 2) – Property under construction	–	960,070	870,417	–	1,830,487
Contract assets	–	176,979	58,222	–	235,201
Real Estate assets	**–**	**1,436,386**	**958,657**	**–**	**2,395,043**
Liabilities to financial institutions	459,429	947,990	754,713	33,393	2,195,525
Cash and cash equivalents	2,672	51,514	37,399	17	91,603
Net debt	**456,757**	**896,476**	**717,314**	**33,375**	**2,103,922**
Net loan to Value (Net LTV) in %	**0%**	**62%**	**75%**	**0 %**	**88%**

Net Loan to Value (Net LTV) 31/12/2017

in k€	Consus	GxP	CG	Other/ Eliminations	Total
Investment property (IAS 40)	148,400	165,270	213,680	–	527,350
Prepayments on investment property (IAS 40)	10,532	–	–	–	10,532
Owner occupied real estate (IAS 16)	–	–	–	–	–
Non-current assets held-for-sale (IFRS 5)	–	–	–	–	–
Inventory (IAS 2) – Property under construction	–	–	1,211,827	–	1,211,827
Real Estate assets	**158,932**	**165,270**	**1,425,507**	–	**1,749,709**
Liabilities to financial institutions	437,542	104,978	1,007,706	39,319	1,589,546
Cash and cash equivalents	33,396	4,896	33,032	15	71,340
Net debt	**404,146**	**100,082**	**974,674**	**39,304**	**1,518,206**
Net loan to Value (Net LTV)	**254%**	**61%**	**68%**	**n/a**	**87%**

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Net Asset Values (NAV) 31/12/2018

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
Equity	979,584	327,685	434,095	–578,825	1,162,539
Value adjustments on other fixed assets (IAS 16)	–	–	–	–	–
Value adjustments on real estate (IAS 2)	–	–	–	–	–
Fair value of derivative financial instruments	–	–	–	–	–
Deferred tax assets	–	–	–	–	–
Deferred tax liabilities	–	51,246	63,134	–	114,380
Goodwill	3,582	724,634	304,264	–	1,032,480
Net Asset Value (NAV)	**983,166**	**1,103,565**	**801,493**	**–578,825**	**2,309,399**

Net Asset Values (NAV) 31/12/2017

in k€	Consus	GxP	CG	Other/ Eliminations	Total
Equity	574,714	58,872	317,807	–135,384	816,009
Value adjustments on other fixed assets (IAS 16)	–	–	–	–	–
Value adjustments on real estate (IAS 2)	–	–	–	–	–
Fair value of derivative financial instruments	9,888	–	–	–	9,888
Deferred tax assets	–	–	–	–	–
Deferred tax liabilities	5,344	5,676	92,703	–	103,723
Goodwill	–	–1,586	–698,490	–	–700,076
Net Asset Value (NAV)	**589,946**	**62,963**	**–287,981**	**–135,384**	**229,544**

11.2. Adjusted EBIT and EBITDA calculation

The following adjusted EBITDA is not calculated in accordance with IFRS and is therefore a non-GAAP measure. This information is provided for the first time for the reporting period. The reduction in changes in inventories reflects all positive and negative effects resulting from the measurement of inventories and contract assets and liabilities in connection with past business combinations. Adjusted EBITDA accordingly adjusts the fair value step-up and reduces the carrying amount while maintaining the actual costs incurred, ie it adjusts for the impact of the Purchase Price Allocation (“pre-PPA”). The strict minimum value principle at acquisition date is not applied.

One-off expenses are expenses that are not capitalized and are not incurred in the ordinary course of business. Accordingly, one-off expenses are exceptional in nature or amount. The adjusted one-off expenses in the fiscal year include, among other things, consulting and advisory costs in connection with financing transactions and the acquisition or sale of group companies.

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
unadjusted EBITDA FY 2018 YTD	**–10,950**	**110,268**	**8,583**	**–**	**107,901**
Reduction of changes in inventory (PPA)	–	78,694	3,568	–	82,262
One-offs	10,506	–	2,987	–	13,493
adjusted EBITDA FY 2018 YTD	**–444**	**188,962**	**15,138**	**–**	**203,656**

The following adjusted EBIT follows the derivation of adjusted EBITDA with the addition of the elimination of the amortization of the PPA residual:

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
unadjusted EBIT FY 2018 YTD	**–10,955**	**108,186**	**8,494**	**–**	**105,726**
Reduction of changes in inventory (PPA)	–	78,694	3,568	–	82,262
Elimination of Step Up amortisation	–	202	–	–	202
One-offs	10,506	–	2,987	–	13,493
adjusted EBIT FY 2018 YTD	**–449**	**187,083**	**15,050**	**–**	**201,684**

11.3. Geographical information

Revenue from external customers of € 614,971 thousand (previous year: € 8,492 thousand) resulting from Group companies located in Germany. During financial year 2018, no revenue resulted from Group companies based in Luxembourg (previous year: € 1,218 thousand). During financial year 2018, revenue of € –86 thousand resulted from Group companies based in Switzerland (previous year: € 0 thousand). The revenue information above is based on the locations of the Group entities.

The complete amount of non-current assets of € 1,642,073 thousand (previous year: € 1,245,786 thousand) is located physically in Germany.

11.4. Disaggregation of revenue

In the following tables, revenue is disaggregated by primary geographical market and timing of revenue recognition, including a reconciliation of the disaggregated revenue with the Group's reportable segments.

Materially all revenue for financial year 2018 and previous financial year were generated in Germany.

Due to the Group's business model, which is mainly based on the sale of larger development projects, the number of customers is limited. There is therefore a certain dependence on individual larger customers.

in k€	Consus	CG Group	SSN	Other/ Eliminations	Total
Products transferred at a point in time	708	163,515	10,199	–	174,422
Products and services transferred over time	5,134	281,591	6,472	–	293,197

12. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

12.1. Capital management

The aim of the Group's capital management is to secure the continued existence of the company as a going concern while generating income for its shareholders and providing all other stakeholders with benefits to which they are entitled. In addition, the overall aim is to ensure the Group's creditworthiness in order to foster the further growth of the Group.

Net LTV describes the ratio of net debt to the fair value of investment property and inventories. Net debt is calculated by deducting cash and cash equivalents from financial liabilities.

The Group's goal is to maintain an appropriate level of leverage in order to ensure continued access to debt financing in the long term at economically appropriate costs. Net-LTV as at December 31, 2018 and December 31, 2017 is calculated as follows:

in k€	31/12/2018	31/12/2017
Real Estate held as Investment property (IAS 40)	**328,027**	**527,350**
Advance payments for investment property (IAS 40)	**–**	**10,532**
Owner-occupied real estate (IAS 16)	**–**	**–**
Non-current assets classified as held-for-sale (IFRS 5)	**1,329**	**–**
Inventories (IAS 2)	**1,830,487**	**1,211,827**
Contract Assets	**235,201**	**–**
Total Real Estate Assets	**2,395,043**	**1,749,709**
Financing liabilities	**2,195,525**	**1,589,546**
Cash and cash equivalents	**91,603**	**71,340**
Net debt	**2,103,922**	**1,518,206**
Net Loan to Value (Net – LTV)	**88%**	**87%**

Prepayments received by the Group on either contract assets/liabilities (development projects under the scope of IFRS 15) or on inventory (development projects under the scope of IAS 2) are included in the balances of the respective asset or liability balance. Since these prepayments constitute an important source of liquidity for the Group the following table provides a comprehensive overview.

in k€	**31/12/2018**	**31/12/2017**
Prepayments included in contract assets/liabilities	**498,546**	–
Prepayments included in inventory	**58,629**	**111,938**
Total	**557,175**	**111,938**

Under various contracts such as loan agreements the Group pledged assets. Project related financing is usually secured via pledge on the corresponding property. Furthermore Consus Real Estate AG pledge shares in its affiliated companies such as CG Gruppe AG and SSN Group AG and receivables under intercompany loans. The following table provides an overview of assets pledged for the current and previous financial year. The values presented below exclude prepayments received, e.g. on inventories.

Assets in k€	**31/12/2018**	**31/12/2017**
Pledged non-current asset	**299,337**	–
Investment property	299,337	–
Pledged current assets	**1,059,874**	**1,323,765**
stock	960,070	1,323,765
Trade and other receivables	37,812	–
Financial assets	6,831	–
cash and cash equivalents	55,161	–
Total pledged assets	**1,359,212**	**1,323,765**

12.2. Classification of financial instruments

In 2018 the Company repurchased €128,321 thousand nominal and €4,212 thousand accumulated interest of the €150 million notes payable.

In financial year 2017 the company issued a €200 million convertible bond for which it received during the financial year of 2018 Conversion Notices requesting a conversion of a total of €6,000 thousand nominal into equity. The related increase in equity of €6,423 thousand was accounted for as of December 31, 2018.

Debentures entered into by CG during the financial year 2018 carry embedded derivatives that need to be separated from its host contract and accounted for separately at fair value through profit or loss. The embedded derivatives are prepayment options that can be exercised by CG Gruppe AG. The market value of the prepayment options are calculated with a binomial interest rate tree model based on current market conditions.

The following abbreviations are used for the measurement categories:

- HfT: Held for Trading
- LaR: Loans and Receivables
- AfS: Available for Sale
- FVTPL: Financial assets at FVTPL
- AC: Financial assets at amortised cost
- Debt FVOCI: Debt investments at FVOCI
- Equity FVOCI: Equity investments at FVOCI
- FLaC: Financial Liability at Cost
- FAHfT: Financial Assets Held for Trading
- FLHfT: Financial Liabilities Held for Trading

Financial assets and liabilities by measurement category and class are shown in the following table.

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Valuation categories acc. to IFRS 39 – 2018

in k€	Category acc. to IFRS 9	Carrying value as of 31/12/2018	Nominal value	Amortised costs	Fair value through P/L	Fair value through equity	Fair value as of 31/12/2018	Fair value hierarchy level
Non-current financial assets: Investments	FVOCI – equity instrument	324	–	–	–	324	324	**3**
Non-current financial assets: Other	Amortised cost	9,713	–	9,713	–	–	9,713	**2**
Trade and other receivables	Amortised cost	53,933	–	53,933	–	–	53,933	**2**
Current financial assets: Other	Amortised cost	35,762	–	35,762	–	–	35,762	**2**
Other current financial assets	FVTPL	2,677	–	–	2,677	–	2,677	**3**
Receivables from related entities	Amortised cost	62,853	–	62,853	–	–	62,853	**2**
Cash and cash equivalents	Amortised cost	91,603	91,603	–	–	–	91,603	**1**
Total financial assets	–	**256,865**	**91,603**	**162,260**	**2,677**	**324**	**256,865**	
Financing liabilities	Amortised cost	2,181,462	–	2,181,462	–	–	2,183,989	**2**
Trade payables	Amortised cost	41,913	–	41,913	–	–	41,913	**2**
Liabilities to related entities	Amortised cost	43,196	–	43,196	–	–	43,196	**2**
Financing liabilities: Derivatives	FVTPL	14,062	–	–	14,062	–	14,062	**3**
Other financial liabilities	Amortised cost	66,866	–	66,866	–	–	66,866	**2**
Total financial liabilities	–	**2,347,500**	**–**	**2,333,438**	**14,062**	**–**	**2,350,027**	
Financial asset measured at fair value through OCI - debt instrument	FVOCI – debt instrument	–	–	–	–	–	–	
Financial asset measured at fair value through OCI - equity instrument	FVOCI – equity instrument	324	–	–	–	324	324	
Financial asset measured at fair value through profit and loss	FVTPL	5,354	–	–	5,354	–	5,354	
Financial asset measured at amortised cost	Amortised cost	253,863	91,603	162,260	–	–	253,863	
Financial liabilities at cost	Amortised cost	2,333,227	–	2,333,227	–	–	2,335,753	
Financial liabilities held for trading	FVTPL	14,062	–	–	14,062	–	14,062	

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Valuation categories acc. to IAS 39 – 2017

in k€	Measurement category (IAS 39)	Carrying value as of 31/12/2017	Nominal value	Amortised costs	Fair value through P/L	Fair value through equity	Fair value as of 31/12/2017	Fair value hier-archy level
Securities	AfS	–	–	–	–	–	–	
Non-current financial assets: Investments	AfS	1,153	–	–	–	1,153	1,153	3
Non-current financial assets: Other	LaR	3,847	1,370	2,477	–	–	3,883	2
Other non-current financial assets (derivatives)	HfT	–	–	–	–	–	–	
Trade and other receivables	LaR	56,017	54,020	1,997	–	–	56,017	2
Current financial assets: Other	LaR	2,584	2,584	–	–	–	2,584	2
Receivables from related entities	LaR	27,840	27,840	–	–	–	27,840	2
Derivatives	FAHfT	–	–	–	–	–	–	
Cash and cash equivalents	LaR	71,340	71,340	–	–	–	71,340	1
Total financial assets		**162,780**	**157,153**	**4,474**	**–**	**1,153**	**162,816**	
Financing liabilities	FLaC	1,572,956	–	1,578,289	–	–	1,577,788	2
Trade payables	FLaC	46,244	41,177	5,067	–	–	46,244	2
Liabilities to related parties	FLaC	5,953	–	5,956	–	–	5,956	2
Financing liabilities: Derivatives	FLHfT	16,590	–	–	16,590	–	16,590	3
Other liabilities	FLaC	34,279	–	25,975	8,305	–	342,794	2
Total financial liabilities		**1,676,022**	**41,177**	**1,615,287**	**24,894**	**–**	**1,989,373**	
Held for trading	HfT	–	–	–	–	–	–	
Loans and receivables	LaR	161,627	157,153	4,474	–	–	161,664	
Financial liabilities at cost	FLaC	1,659,432	41,177	1,615,287	8,305	–	1,664,268	
Financial liabilities held for trading	FLHfT	16,590	–	–	16,590	–	16,590	
Available for sale	AfS	1,153	–	–	–	1,153	1,153	

The following table presents the changes in level 3 instruments for the reporting period:

	2018		2017	
in k€	Assets	Liabilities	Assets	Liabilities
as of 01/01/2018	**1,153**	**–16,590**	**–**	**–**
Additions due to acquisitions or issuance	4,948	–	1,153	–14,880
Profit/Losses recognized in consolidated net income	–2,500	–2,527	–	–1,710
Recognized in OCI for the period	–	–	–	–
Disposals	–1,224	–	–	–
as of 31/12/2018	**2,378**	**–19,117**	**1,153**	**–16,590**

The gains recognized in consolidated income from level 3 instruments during financial year 2018 mainly results from the derivative financial instrument embedded in the €200 million convertible bond issued in 2017 and was mainly driven by the development of the Consus Real Estate AG share price.

12.3. Objectives and methods of financial risk management

Financial assets mainly consist of trade and other receivables, receivables from related parties, other financial assets as well as cash and cash equivalents or short-term deposits that result directly from business activities. Beginning in financial year 2017 the Company employed debt financing as well as equity financing for project and well as general purpose financing.

Credit risk

Credit risk is the risk that business partners – primarily the tenants of the properties held by the Consus Group – will be unable to meet their contractual payment obligations and will result in a loss. In order to prevent and control default risk to the greatest possible extent, new tenants are subject to credit checks.

Default risk exists for all classes of financial instruments, and in particular for trade receivables. The Consus Group is not exposed to significant default risk with regard to any individual party. To date, the concentration of default risk is limited due to the Group's heterogeneous tenant base. Trade receivables from sales of real estate properties are against institutional investors with low default risk.

Deposits with banks and financial institutions were made exclusively at well-known financial institutions with very high credit ratings. The credit ratings are monitored and assessed by the Consus Group on a regular basis. In the event of substantial deterioration in the credit rating, the Consus Group takes efforts to ensure that its existing exposure is reduced as quickly as possible and that new exposures are no longer entered into with the respective counterparty.

The group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables
- contract assets, and
- debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

As shown in the table below, the carrying amounts of recognized financial assets less any write-downs represent the highest default risk. The carrying amount of the financial assets corresponds to the maximum default risk to which the Group is exposed at the end of the reporting period. The impairment recognized on financial assets, trade and other receivables as well as receivables from related parties as of balance sheet date are presented in the following table.

in k€	Carrying value before impairment	Impairment	Residual carrying value
Trade and other receivables	56,083	2,150	53,933
Receivables from related parties	62,853	–	62,853
Other financial assets	48,475	–	48,475
Total – 31/12/2018	**167,412**	**2,150**	**165,262**

in k€	Carrying value before impairment	Impairment	Residual carrying value
Trade receivables	56,270	**–253**	56,017
Receivables from related parties	27,840	–	27,840
Other financial assets	7,584	–	7,584
Total – 31/12/2017	**91,693**	–253	**91,440**

The table below shows the financial assets determined to be impaired and the maturity structure of financial assets past due but not impaired as at the end of the reporting period:

31/12/2018 *in k€* **Expected loss rate**	**Current**	**not overdue**	**< 30 days**	**30 to 90 days overdue**	**91 to 180 days overdue**	**> 180 days**	**Total**
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount – trade receivables	56,082	46,068	196	152	3	1,606	1,762
Impairment provision	–	–	–	–	–	–	**1,762**

01/01/2018 *in k€* **– Expected loss rate**	**Current**		**< 30 days**	**30 to 90 days overdue**	**91 to 180 days overdue**	**> 180 days**	**Total**
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount – trade receivables	65,286	61,331	128	94	3	3	101
Impairment provision	–	–	–	–	–	–	**101**

Regarding the receivables neither past due nor impaired, there were no indications as at the end of the reporting period that the debtors will fail to meet their payments obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks in the Consus Group that may arise from currency risks do not exist at the balance sheet date. However, market risks that arise from interest rate risks, such as floating-rate loans from banks, can have a significant impact on the Group's business activities.

In accordance with IFRS 7, interest rate risk is presented using sensitivity analysis to determine the impact that a change in market interest rates would have on the interest income and expenses, trading gains and losses and the equity of the Group as at the end of the reporting period.

The effects on the Consus Group's statement of comprehensive income are analysed using a +/– 50 bp parallel shift in the euro yield curve in the sensitivity analysis. The cash flow effects from the shift in the yield curve relate solely to interest expense and income for the next reporting period.

Based on the financial instruments held or issued by the Consus Group as at the end of the reporting period, a hypothetical change in the applicable interest rates for the respective instruments using sensitivity analysis would have had the following effects (before taxes) as at the end of the reporting period:

in k€	**Carrying value as at 31/12/2018**	**+ 50 bp**	**–50 bp**
Financing liabilities	847,051	1,408	–1,037
Liabilities to related parties	21,561	–	–
Derivatives (Liabilities)	14,062	–	–
Derivatives (Assets)	2,677	–241	243
Total	**885,351**	**1,167**	**–794**

in k€	**Carrying value as at 31/12/2017**	**+ 50 bp**	**–50 bp**
Financing liabilities	234,218	751	–724
Liabilities to related parties	–	–	–
Derivatives (Liability)	–	–	–
Derivatives (Assets)	–	–	–
Total	**234,218**	**751**	**–724**

As of 2018, the Company recognized derivative financial assets in connection with certain financing instruments that provide favourable termination options to the Company.

The Group recognizes participatory interests classified as available-for-sale financial assets which are not traded on an active and liquid market. The valuation of such assets is mainly dependent on fair value appraisals by independent third party experts on the underlying real estate assets.

As of December 31, 2017 the Group held 5.1% minority interests in multiple single object real estate companies, through its fully consolidated subsidiary GxP Properties AG, are measured at fair value. Unrealized gains or losses are recognized in equity as reserve of other comprehensive income. The cumulative gain or loss is reclassified to other income or expense on disposal. A 10% decrease/increase in the cumulated market value of these interests would have led to a decrease/increase of € 115 thousand, respectively, in equity and total comprehensive income. As of December 31, 2018 due to the deconsolidation of GxP no such assets existed.

The Group recognizes a derivative financial instrument resulting from the € 200 million convertible bond issued in 2017. Valuation of the derivative particularly depends on inputs such as share price and volatility. A 5% increase of the share price would lead to a loss of € 2,387 thousand (previous year: € 2,085 thousand), whereas a 5% decrease of the share price would lead to a gain of € 514 thousand (previous year: € 2,118 thousand). Independently a 5% increase in volatility would have resulted in a loss of € 2,555 thousand (previous year: € 1,148 thousand), whereas a 5% decrease in volatility would have resulted in a gain of € 542 thousand (previous year: € 2,000 thousand).

Liquidity risk

Liquidity risk is the risk that a company will be unable to meet its payment obligations on a contractually agreed date.

Liabilities to financial institutions to finance the acquisition and development of real estate properties are usually taken out on the level of property subsidiaries and are secured with the respective properties.

A decrease or default in income from letting activities, the premature termination of long-term lease contracts, a failure to materialize expected extensions of long-term lease contracts, a failure to find new tenants and the insolvency of one or multiple tenants, as well as non-scheduled maintenance expenses could lead to a significant decrease in cash flow from operating activities, which in turn could result in risks for the timely repayment of loans.

The loan agreements as of the balance sheet date contain various covenants that are market standard for these agreements, for example a maximum Loan-to-Value (LTV) ratio and/or a Debt Service Cover Ratio (DSCR). In the event of non-compliance with the terms of a loan agreement, the Company can resolve such non-compliance by, among others, providing additional funds. However, if a non-compliance is not rectified within a certain period, a bank may have the right to terminate the loan agreement with immediate effect. Additionally, some loan agreements stipulate that the bank may require additional security in the event of increased dependencies from key tenants. Such dependencies can arise from lease agreements with a short WALT and significant maintenance backlogs.

The Company monitors compliance with its loan agreements on an ongoing basis. Any non-compliance during the reporting period was resolved with the lender and did not lead to any loans becoming due prematurely.

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in k€	Carrying value as of 31/12/2018	< 1 year	1–5 years	> 5 years
				Maturities
Liabilities to financial institutions	2,181,462	1,168,777	1,173,781	28,343
Derivatives	14,062	–	–	–
Trade payables	41,913	41,912	1	–
Liabilities to related parties	43,196	43,196	–	–
Other financial liabilities	66,866	51,650	15,216	–
Total	**2,347,500**	**1,305,536**	**1,188,998**	**28,343**

in k€	Carrying value as of 31/12/2017	< 1 year	1–5 years	> 5 years
				Maturities
Financing liabilities	1,572,956	570,142	982,106	190,440
Derivatives	16,590	–	–	–
Trade payables	46,244	46,244	–	–
Liabilities to related parties	5,953	4,825	–	–
Other financial liabilities	34,279	25,888	8,386	–
Total	**1,676,022**	**647,100**	**990,492**	**190,440**

13. RELATED PARTY TRANSACTIONS

As part of its normal business activities, the Group also exchanges services with related parties and persons.

Related parties include the members of the Supervisory Board and the Executive Board of the Company, including their close family members, as well as those companies over which Board members or their close relatives can exercise significant influence or in which they hold a significant share of the voting rights. In addition, related parties include those companies with which the Company forms a group or in which it holds an investment, which gives the Company significant influence over the business policy of the investee and the principal shareholders of the Company, including affiliated companies. The main shareholder of the Company until February, 28 2017 was ultimately Mr. Thomas Olek, Leipzig (at the same time management board member and managing director of the parent company until April 3, 2017). Through continuous significant influence of Mr Olek thereafter, he continued being a related party after the acquisition of a majority stake in Consus Real Estate AG by Aggregate Deutschland S.A., Luxembourg on September 28, 2017. Furthermore Mr. Olek continued to be a major shareholder and CEO of publity AG. In turn, publity AG holds various investments. Moreover, publity AG acts as a fund manager for CCP companies and other companies. The related party disclosures include publity AG and all of its managed funds due to the close personal ties with publity AG Group and its activities as fund manager. Mr. Thomas Olek and all publity entities ceased being a related party in 2018. Aggregate Deutschland S.A. is a fully owned subsidiary of Aggregate Holdings S.A., Luxembourg being ultimately owned by Mr. Günter Walcher.

(a) Transactions with Aggregate Group

In the financial year 2017, the Company acquired all limited liability shares in Pebble Investment GmbH, Berlin a holding company which at that time held 50% of the outstanding no-par value registered shares in CG Gruppe AG, Berlin and was a 100% subsidiary of Aggregate Deutschland S.A., Luxembourg. Due to its major shareholding in Consus Real Estate AG, Aggregate Deutschland S.A. is a related party of the Company. The acquisition was financed through the issuance of registered shares of € 55,650,383 as well as the partial debenture to be granted to Aggregate Deutschland S.A with a nominal amount totalling € 150,000,000. Through this transaction, the Company acquired a 50% shareholding in CG Gruppe AG. Subsequently, CG Gruppe AG issued mandatorily convertible notes, which could be converted to shares of CG Gruppe AG reflecting about 4.09% of its shares. Notes of € 81,500,000 were subscribed for Aggregate Deutschland S.A. and were subsequently transferred via a contribution-in-kind to the Company.

Furthermore, the Company acquired 58.0% of the shares in GxP German Properties AG, Frankfurt am Main. The acquisition was financed through a bridge loan provided by Aggregate.

On November 29, 2017, the Company issued a convertible bond, bearing interest of 4.0% p.a., in the amount of € 200,000,000. Aggregate subscribed for notes in the amount of the bridge financing for the GxP AG acquisition of € 33,600,000, which was thereby replaced as well as a further amount of € 23,600,000 against contribution of a convertible loan issued by CG Gruppe AG. Simultaneously, Aggregate Holdings S.A. contributed the remaining part of the convertible loan issued by CG Gruppe AG of € 57,900,000 against a cash payment. For further information regarding the acquisition of CG Gruppe AG please refer to chapter 7.2.

Additionally Pebble GmbH received a loan from a subsidiary of Aggregate Holdings S.A., parent of Aggregate Deutschland S.A. taken out previous its acquisition by Consus.

On February 14, 2018 the Company issued an interest-bearing short-term loan with a nominal amount of € 5,050 thousand to a company affiliated with Aggregate Holding S.A., on which a total interest income of € 485 thousand for the financial year 2018 was recognized.

As of June 30, 2018 it came to the Company's attention that Aggregate Deutschland S.A. no longer held title to the € 150 million bonds and that furthermore Aggregate Group held title only to € 17.8 million nominal of the € 200 million convertible bond. Furthermore Consus purchased all outstanding receivables against CG from the Aggregate group with a value of € 10,354 thousand. As at September 30, 2018 Aggregate Group held no title to the € 200 million convertible bond any more. Interest expenses to Aggregate until the cut-off date is presented below. Expenses related to both loan are presented below until notification of change. As the majority shareholder of Consus, Aggregate participated in the public offering of Consus shares in April 2018 at a price of € 7.2 per share.

With closing as of December 3, 2018 Aggregate Deutschland S.A. contributed 38.9% in SG Development GmbH, a 51% subsidiary of SSN Group, which holds nine out of twelve development projects, as well as a 85.9% in Wilhelmstraße I GmbH, which owns a 50% stake in an SSN landmark development in the centre of Berlin. These assets were in a contributed in kind against issuance of 26,785,000 new shares in Consus reflected in the financials at a price of € 8.02 per share, resulting in a consideration of € 215,647thousand.

During the financial year 2018 short-term interest bearing loans were provided by Aggregate for general financing purposes. As of December 31, 2018 a total of € 21,561 thousand loan liabilities towards Aggregate are presented under liabilities to related parties and interest expenses of € 111 thousand have been recognized during financial year 2018 related to these loans.

In the 2018 reporting year, a total of EUR 128 million of bonds issued in 2017 were repurchased on the capital market at the respective market value. The bond was fully subscribed by Aggregate Deutschland S.A. when it was issued in November 2017.

During the financial year 2018 under a management agreement one subsidiary of Aggregate Group provides certain services such as office space, cleaning, utilities, IT etc. Furthermore an agreement with another subsidiary of Aggregate Group providing financing services was closed during financial year 2018 composed of a monthly base fee (€ 54 thousand for 2019) as well as a transaction related success fee (€ 500 thousand for 2018 with the remaining € 2,000 thousand being recognized on balance sheet as transaction cost and distributed linearly).

Transactions with Aggregate Group

in k€	**31/12/2018**	**31/12/2017**
Interest income	848	5
Interest expenses		–583
Financing receivables	20,510	144
Financing liabilities, including derivatives	21,561	–246,535

(b) Transactions with Mr. Christoph Gröner (CEO of CG Gruppe AG)

Mr. Christoph Gröner, as CEO of CG Gruppe AG, in which the Company holds 65% of the outstanding shares as of the balance sheet date, is a related party to the Company. In 2017, the Company increased its shareholdings in CG Gruppe AG through the acquisition of further 5.0% of the shares from Mr. Christoph Gröner against a consideration of € 12,500 thousand in a transaction linked with the issuance of € 100 million convertible bonds by CG. Mr. Gröner is the founder of CG and is member of the management board as well as managing director of CG Gruppe AG, and a major shareholder in CG Gruppe. During the second half of financial year 2018 the Company concluded an agreement with Mr. Gröner under which the Company exchanged 3,407,729 CG shares against 8.333.334 Consus shares, which lead to an increase of capital reserve of € 30,279 thousand. This led to an increase of the Consus stake in CG from 55.0% to 64.7%. Furthermore under this agreement an amount of € 20,000 thousand has been paid to Mr. Gröner in partial payments. Since the related CG shares have not been exchanged as of balance sheet date this amount is presented under receivables from related parties and non-controlling interests have not been adjusted.

75.1% of DIPLAN, which was acquired as of December 1, 2018 was partly previously owned by Mr. Gröner, who sold parts of his 50% shareholding in DIPLAN to CG for a purchase price of € 2,500 thousand to Consus. Mr. Gröner continues to hold a minority shareholding of 25.1% in DIPLAN as of balance sheet date.

Furthermore Mr. Gröner provided services either directly or through companies which are significantly influenced by him to the Group which lead to expenses of € 3.9 million within the financial year 2018. This services mainly consist of financial guarantees for third party loans to the Group and rent for office space. The Group provided mainly construction services to companies which are significantly influenced by Mr. Gröner for which revenues of € 10.7 million has been recognized in the current reporting period. In addition the Group recognized interest income of € 2.5 million for outstanding receivables either against Mr. Gröner personally or against companies which are significantly influenced by him. Furthermore, limited partnership shares for subsidiaries were acquired at a total purchase price of approx. € 5.4 million in the financial year, resulting in interest expenses of € 2.1 million. As of balance sheet date the Groups netted receivables towards Mr. Gröner and companies which are significantly influenced by him amount to € 16,4 million.

(c) Transactions with the publity financial group

The company had its real estate portfolio partly managed by third party asset managers, in particular the publity financial group. As of January 1, 2018 publity ceased being a related party. The transactions until January 1, 2018 are described in more detail below.

Asset Management Contract

The Group concluded an Asset Management Agreement with publity AG in 2016. The Asset Management Agreement included both publity AG's services in the search for, identification and observation of potential acquisition opportunities for the Group (individual real estate or portfolios), which corresponded to the property or building characteristics defined by the Group, as well as the ongoing real estate asset management directly or indirectly acquired real estate of the Company, i.e. all common portfolio and asset management, development, restructuring, leasing, acquisition, sourcing, sales, marketing and engineering services. In addition, the Group could also rely on the asset manager as part of the sales process.

As part of asset management, the Group did not enjoy exclusivity with regard to the services of publity AG; rather, the Group was aware that in addition to this contract, publity AG is also subject to obligations under other, comparable contracts (third-party mandates). Nevertheless, the parties have agreed that in the course of the acquisition process, publity AG will propose to the Group only objects with a minimum investment (announced net purchase price) of € 10 million, but in respect of which the Company would enjoy an object-related, 4-week exclusivity in each case that publity AG could not offer the object to any third party during this time.

The contract had a fixed term of 10 years and could be subsequently extended by one year each, unless terminated by either party with a notice period of three calendar months. The right to extraordinary termination remained unaffected. The Asset Management Contract was terminated in 2018.

The task of the publity AG under the asset management contract was the identification of suitable investment objects and the corresponding preparation of the potential investment measure, including the preparation of business plans, in order to provide the Company with a decision basis for initiating the actual purchase process. In the event of a positive decision, publity AG prepared the purchase, coordinates and monitored the required due diligence checks and ultimately (after a positive purchase decision) coordinated the acquisition process with the professional consultants and contracting parties. After completing the acquisition process, publity AG would take over the comprehensive asset management for the property.

Publity AG received a one-time acquisition fee of 1.0% of the net purchase price plus VAT for the provision of the services as part of the acquisition process as well as an annual management fee as a basic fee of 0.5% p.a. of the basis of assessment plus VAT, whereby the respective net purchase price of the object served as the basis of assessment for the period of one year from the date of the respective purchase contract. Following this, the basis of assessment should be adjusted if and to the extent that the value appraisals to be prepared annually resulted in a change in the market value compared to the net purchase price. The amended assessment basis applied from the first of the month following the expert opinion. For the liquidity and risk management to be provided for the property companies (»SPV«), publity AG received a fee of € 2,500.00 per SPV and month plus VAT as well as a fee of € 500 per SPV and month plus VAT for the preparation of the VAT return.

Upon sale of an object, publity AG received a bonus amounting to 10% of the amount by which the »object return« includes the »object capital« plus 8% p.a. for the period between investment and divestment, where the »object capital« means the equity used for a specific object and the »object return« that amount, which is the gross sales price after deduction of debt, interest, capex and property taxes, as well as plus the rental income during the term remains.

Amongst other things, the conditions shown are based on the fact that in the asset management contract all forms of co-investments of publity AG have been excluded and corresponding economic contributions therefore do not have to be compensated economically.

The following table shows the scope of all income, expenses, receivables and liabilities from the above mentioned transactions in 2017, or as of December 31, 2017. As of January 1, 2018, publity AG ceased being a related party and accordingly no values are presented.

Income and expenses with related parties – Asset management contract with publity AG

in k€	**31/12/2018**	**31/12/2017**
Interest expenses	n/a	17
Other Expenses	n/a	2,348
Acquisition-related costs capitalized as transaction costs	n/a	1,638
Liabilities	n/a	1,414

(d) Other transactions with related parties

On November 1, 2017, the Company entered into a convertible loan agreement with CG Gruppe AG, at that time an associate of the Group. For the time period until the business combination with CG Gruppe AG occurred interest income is recognized. The proportionate share of the associate's interest expenses is recognized within the at-equity result of the associate attributed to the Group. As of December 31, 2017 outstanding balances resulting from the convertible loan are eliminated in accordance with IFRS 10.

Transactions with associates

in k€	**31/12/2018**	**31/12/2017**
Interest Income	75	436
Other services	150	

Since its relocation from Leipzig to Berlin Consus Real Estate AG resides in the offices of Aggregate Management GmbH, located at Kurfürstendamm 188–189, 10707 Berlin. Since during the financial year 2017 no permanent workplaces were assigned to Consus, no rent expenses were recognized during the financial year 2017.

Furthermore one group entity has outstanding receivables of € 100 thousand towards an entity affiliated with Aggregate and Mr. Gröner amongst others from a sale of intellectual property.

(e) Transactions with members of the Supervisory Board and Management Board

The members of Group's Supervisory Board and Management Board are the management of the Group in key positions within the meaning of IAS 24.9.

Remuneration of the Supervisory Board

According to § 11 of the Articles of Association, each member of the Supervisory Board receives a fixed compensation of € 15,000 p.a. for each full financial year of his membership of the Supervisory Board in addition to the reimbursement of proven expenses. The Chairman of the Supervisory Board receives double the amount. The general assembly on August 23 2018 decided to change the remuneration to € 40,000 p.a. for each member of the supervisory board, with the deputy chairman receiving € 60,000 and the chairman receiving € 80,000. The remuneration is payable at the end of a financial year. Members who have not been members of the Supervisory Board for a full financial year or who have not chaired the full financial year receive the compensation pro rata temporis. Value added tax will be reimbursed by the Company to the extent that the members of the Supervisory Board are entitled to separately invoice the Group for VAT and exercise this right.

There are no pension provisions at the Company or its other subsidiaries. Currently no pension commitments exist.

With the exception of compensation for the non-competition of the members of the Management Board, there are no service contracts that provide for benefits upon termination of the service.

For its activities in the financial year, the Supervisory Board received total remuneration in the amount of € 181 thousand (2017 € 69 thousand). The remuneration consists exclusively of fixed agreed short-term benefits in the amount of € 181 thousand (2017 € 69 thousand). Members of the Supervisory Board do not receive share-based payments.

Remuneration of the Management Board

The total remuneration of the Management Board totals € 1,287 thousand (€ 1,068 thousand in 2017). They consist of fixed, short-term benefits (salaries) in the amount of € 887 thousand (€ 618 thousand in 2017), variable, short-term benefits (bonus) in the amount of € 400 thousand (€ 150 thousand in 2017), and severance pay of € 0 thousand (€ 300 thousand in 2017). Members of the Management Board did not receive share-based payments.

The following tables provide an overview of both, remuneration of Management as well as Supervisory Board.

2018

in k€	Accounted	Paid out
Management Board	**1,334**	**1,176**
Short-term benefits	1,334	1,009
Benefits after termination of the work contract	–	167
Other long-term benefits	–	–
Severance pay	–	–
Share-based payments (IFRS 2)	–	–
Supervisory Board	**181**	**12**
short-term benefits	181	12
Benefits after termination of the work contract	–	–
Other long-term benefits	–	–
Severance pay	–	–
Share-based payments (IFRS 2)	–	–

2017

in k€	Accounted	Paid out
Management Board	**1,068**	**543**
Short-term benefits	768	543
Benefits after termination of the work contract	–	–
Other long-term benefits	–	–
Severance pay	300	–
Share-based payments (IFRS 2)	–	–
Supervisory Board	**69**	**69**
Short-term benefits	69	69
Benefits after termination of the work contract	–	–
Other long-term benefits	–	–

Other transactions with members of the Supervisory Board and Management Board

During the financial year 2018 a vehicle was leased from a company controlled by a member of the management board. Total expenses during the financial year 2018 amounted the € 30 thousand, outstanding trade payables as of December 31, 2018 were € 8 thousand.

Furthermore, Andreas Steyer acquired shares worth € 2 Mio. in the year under review as part of the cash capital increase.

With the exception of the transactions described above, there were no transactions with the Supervisory Board and the Management Board.

14. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Future cumulative minimum lease payments from operating lease agreements, with the respective remaining terms, are presented in the following table:

in k€	31/12/2018	31/12/2017
up to one year	3,707	2,722
1–5 years	11,726	6,368
over 5 years	2,261	934
Total expected minimum lease payments	**17,694**	**10,025**

These operating lease contracts include renting of office space as well as office equipment. These agreements confer an advantage on continuing business operations as investing measures and the associated cash outflows are not immediately required. There are no evident risks arising from these agreements. The Group does not have significant renewal or purchase options resulting from operate lease contracts.

Obligations to acquire long-term assets
As of December 31, 2018, there are no significant obligations to acquire tangible assets (December 31, 2017: no significant obligations). The obligations described relate exclusively to the obligations existing as of December 31, 2018 (December 31, 2017). As of December 31, 2018 there are no significant obligations to acquire investment property (31/12/2017: € 31,500 thousand).

Other financial obligations
Other financial obligations as of December 31, 2018 include future obligations from outstanding share purchase agreements amounting to € 84,070 thousand (previous year: € 74,400 thousand).

As of December 31, 2018, there were no future cumulative obligations from other contracts (previous year: € 2,940 thousand). The other contracts mainly relate to the provision of insurance services and other obligations.:

in k€	<1 year	2–5 years	>5 years	Total
Financial obligations as of 31/12/2018	**90,497**	**10,193**	**3,032**	**103,722**

in k€	<1 year	2–5 years	>5 years	Total
Financial obligations as of 31/12/2017	**77,138**	**1,231**	**–**	**78,370**

To the Group's knowledge, further litigations have not been pending, commenced or threatened, nor have any such actions been commenced that could materially affect the Group's financial condition. To the Group's knowledge, no further contingent assets and liabilities exist as of balance sheet date.

15. CORPORATE GOVERNANCE

Supervisory Board
The Supervisory Board is composed as follows:
- Mr. Axel Harloff, Hamburg
  (Member of the Supervisory Board beginning September 28, 2017)
- Mr. Dr. Karl Kauermann, Berlin
  (Member of the Supervisory Board beginning September 28, 2017 until June 29, 2018)
- Mr. Dr. Friedrich Oelrich, Erding
  (Member of the Supervisory Board beginning September 28, 2017)
- Mr. Prof. Dr. Hermann Wagner, Frankfurt am Main
  (Member of the Supervisory Board beginning June 30, 2018)

Prof. Dr. Hermann Wagner was appointed by the District Court Berlin Charlottenburg as member of the Supervisory Board after the resignation of Dr. Karl Kauermann. Subsequently, Prof. Dr. Hermann Wagner was appointed to the Supervisory Board by the annual general meeting 2018 of the Company.

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Management Board
Member of the Company's Management Board in the financial year are
- Mr. Stanley William Bronisz, Tutzing
  (beginning August 8, 2017 until January 17, 2018)
- Mr. Mr Norbert Kickum, Berg
  (beginning October 17, 2017 until July 17, 2018)
- Mr. Dr. Jürgen Büser, Berlin
  (beginning November 1, 2017 until February 19, 2018)
- Mr. Prof. Andreas Steyer, Ginsheim-Gustavsburg
  (beginning January 17, 2018) - in line with entry in commercial register
- Mr. Benjamin Lee, Gloucester, Great Britain
  (beginning June 26, 2018) - in line with entry in commercial register

16. ADDITIONAL INFORMATION ACCORDING TO HGB

The consolidated financial statements are prepared in euros, the functional and reporting currency of the parent company and its operating subsidiaries.

As of December 31, 2018, pursuant to § 291 HGB, the Company is included in the consolidated financial statements of Aggregate Holdings S.A., Luxembourg (RCS Luxembourg No. B 194538), which prepares its consolidated financial reports in accordance with International Financial Reporting Standards as adopted by the EU. Consus Real Estate AG prepares the consolidated financial statements for the smallest group of Group companies, Aggregate Holdings S.A., and the consolidated financial statements for the largest group of group companies. The consolidated financial statements of Aggregate Holdings S.A., under Luxembourg law, are not disclosed in electronic form in the Luxembourg Commercial Register (registre de commerce et des sociétés - RCSL) and are made available at the company's registered office, 10 rue Antoine Jans, L-1820 Luxembourg. The consolidated financial statements and the management report of Consus Real Estate AG are submitted to and published in the electronic Federal Gazette (Bundesanzeiger).

List of shareholdings of Consus Real Estate AG in accordance with §313 of the German Commercial Code (HGB)

		Share Consus			
in k€	Headquarter	direct	indirect	Equity	Profit
CCP 1 GmbH	Leipzig	100%			
CCP 2 GmbH	Leipzig	100%			
CCP Objektholding GmbH	Leipzig	100%			
CCP 4 GmbH	Leipzig		100%		
CCP 5 GmbH	Leipzig		100%		
CCP 6 GmbH	Leipzig		100%		
CCP 7 GmbH	Leipzig		100%		
CCP 8 GmbH	Leipzig		100%		
CCP 9 GmbH	Leipzig		100%		
CCP 10 GmbH	Leipzig		100%		
CCP 11 GmbH	Leipzig		100%		
CCP 12 GmbH	Leipzig		100%		
CCP 13 GmbH	Leipzig		100%		
CCP 14 GmbH	Leipzig		100%		
CCP 15 GmbH	Leipzig		100%		
CCP 16 GmbH	Berlin		100%		
Pebble Investment GmbH	Berlin	100%		–8,315	–7,459
CG Gruppe AG	Berlin	65%		122,553	36,118
Artists Living Verwaltungs GmbH	Berlin		65%	140	26
Steglitzer Kreisel Sockel GbR	Berlin		61%	11,485	1,123
Artists Living Berlin - ST GmbH & Co. KG**	Berlin		61%	10	31
Artists Commercial Berlin - ST GmbH & Co. KG**	Berlin		61%	98	–9
Artists Parking Berlin - ST GmbH & Co. KG**	Berlin		61%	38	–11
Artists Living Berlin - PB GmbH & Co. KG**	Berlin		61%	0	–13,622
Artists Living Berlin Xberg Tower GmbH & Co. KG**	Berlin		61%	0	–54
Steglitzer Kreisel Turm GbR	Berlin		61%	814	–749
Steglitzer Kreisel Parkhaus GbR	Berlin		61%	–58	–43
Artists Living Leipzig GmbH & Co. KG**	Leipzig		65%	–2,278	–1,810
Ostplatz Leipzig Work & Life GmbH & Co. KG**	Leipzig		61%	–175	–136
Ostplatz Leipzig Mensa GmbH & Co. KG**	Leipzig		61%	7	–33
Artists Living Dresden PP GmbH & Co. KG**	Leipzig		65%	–1,589	–1,678
Artists Living Frankfurt SSc GmbH & Co. KG**	Offenbach		65%	–5,100	–5,062
Artists Living Frankfurt Dev GmbH & Co. KG**	Offenbach		61%	16	–159
Artists Living Frankfurt Com GmbH & Co. KG**	Offenbach		61%	1,339	78
UpperNord Tower GmbH & Co. KG**	Düsseldorf		61%	6,366	–4,047
UpperNord Hotel GmbH & Co. KG**	Düsseldorf		65%	74	–13

		Share Consus			
in k€	Headquarter	direct	indirect	Equity	Profit
UpperNord Quarter GmbH & Co. KG**	Düsseldorf		65%	13,244	–1,758
Artists Living Köln StG GmbH & Co. KG**	Köln		65%	2,433	–2,989
CG Löbtauer Str. GmbH & Co. KG**	Berlin		56%	–376	–378
Grundstücksgesellschaft TCR 1 mbH & Co. KG**	Berlin		65%	448	–74
Grundstücksgesellschaft TCR 2 mbH & Co. KG**	Berlin		65%	20,328	–47
MAP Liegenschaften GmbH*	Berlin		49%	0	0
CG Graphisches Viertel GmbH & Co. KG**	Berlin		65%	–28	–48
CG Billwerder Neuer Deich GmbH & Co. KG**	Hamburg		65%	–199	–272
CG Estate & Hostel GmbH & Co. KG**	Berlin		65%	53	–45
CG Böblinger CityQuartier GmbH & Co. KG**	Stuttgart		65%	–220	–238
Plagwitzer Projektentwicklungsgesellschaft mbH & Co. KG**	Leipzig		61%	21,260	0
Arnulf Projektgesellschaft mbH & Co. KG (ehem. CG Salzufer GmbH & Co. KG)	Berlin		65%	–15	–6
Plagwitzer Immobiliengesellschaft mbH	Leipzig		61%	10,779	9,967
CG City Leipzig West GmbH & Co. KG**	Leipzig		65%	–54	–73
CG City Leipzig Nord GmbH & Co. KG**	Leipzig		65%	–561	–97
Alter Leipziger Postbahnhof Nord Gmbh & Co. KG**	Leipzig		59%	14	–4
Alter Leipziger Postbahnhof Süd GmbH & Co. KG (ehem. Mariannenpark GmbH & Co. KG)	Leipzig		59%	1,092	–183
Innenstadt Residenz Dresden GmbH & Co. KG**	Dresden		61%	119	904
E.-Reuter-Platz Residenz GmbH & Co. KG**	Berlin		61%	–366	–159
Residenz Dresden an der Elbe GmbH & Co. KG**	Dresden		65%	–7	–4
Mariannenpark II GmbH & Co. KG**	Berlin		65%	6	–9
CG Vierte SHELF GmbH & Co. KG**	Berlin		65%	–1	–1
CG Frankfurt Ostend GmbH & Co. KG**	Frankfurt		65%	10,740	8,578
Glück-Auf-Haus GmbH & Co. KG**	Köln		59%	–903	–809
Lebens(t)raum Gesellschaft für modernen Wohnen mbH	Köln		59%	–1,464	–945
CG Neuländer Quarree GmbH & Co. KG**	Hamburg		65%	–351	–236
LEA Grundstücksverwaltung GmbH	Frankfurt		61%	2,436	–3,692
Cologneo II GmbH & Co. KG (ehem. Euroforum West GmbH & Co. KG)	Köln		62%	38,018	–165
Cologneo Estate GmbH & Co. KG**	Köln		65%	–5	–4
Cologneo I GmbH & Co. KG**	Köln		62%	26,904	–989
Cologneo III GmbH & Co. KG**	Köln		65%	18	–7
Cologneo IV GmbH & Co. KG (ehem. Euroforum Mitte GmbH & Co. KG)	Köln		62%	–81	–9
CG Erste Delitzscher Straße GmbH & Co. KG**	Berlin		65%	–3	–3

		Share Consus			
in k€	Headquarter	direct	indirect	Equity	Profit
CG Zweite Delitzscher Straße GmbH & Co. KG**	Berlin		65%	–3	–3
CG Dritte Delitzscher Straße GmbH & Co. KG**	Berlin		65%	–3	–3
CG Vierte Delitzscher Straße GmbH & Co. KG**	Berlin		65%	–3	–3
CG Fünfte Delitzscher Straße GmbH & Co. KG**	Berlin		65%	–3	–3
CG Sechste Delitzscher Straße GmbH & Co. KG**	Berlin		65%	–3	–3
SLT 107 Schwabenland Tower GmbH & Co. KG**	Stuttgart		65%	–45	–46
CG Innovationszentrum Leipzig GmbH & Co. KG**	Leipzig		65%	–3	–3
CG Dritte SHELF GmbH & Co. KG**	Berlin		65%	–1	–1
DGI Deutsche Grundstücks- und Immobiliengesellschaft mbH	Berlin		59%	–5,069	–6,352
CG Deutsche Wohnen GmbH	Berlin		61%	–2,585	–3,843
CG Bauprojekte GmbH	Leipzig		65%	–45	2,298
Günther Fischer Gesellschaft für Projektentwicklung mbH	Köln		52%	–319	–373
CG Immobilien GmbH	Leipzig		65%	–6	–131
RVG Real Estate Vertriebs GmbH	Berlin		33%	351	562
City-Hausverwaltung GmbH	Leipzig		65%	1,285	252
BCC BauCompetenzCenter GmbH (ehem. 244 Raimar Carré Verw.)	Berlin		65%	13	–10
CG Gruppe IT-Service GmbH	Berlin		33%	166	156
APARTes Gestalten GmbH	Leipizig		65%	48	22
CREATIVes Bauen GmbH	Leipizig		65%	–133	–25
Plagwitzer Entwicklungs GmbH (ehem. 249 CG & KW FLH Verw.)	Leipizig		65%	7	–26
Holz ART CG-Innovationen GmbH (ehem. 236 OSA II Verw.)	Leipzig		65%	22	–5
CG Denkmalimmobilien GmbH	Leipzig		61%	–2,600	–2,173
CG Netz-Werk GmbH*	Berlin		49%	0	0
CG Real Estate GmbH	Berlin		65%	205	80
SSN Group AG	Zug	93.4%		114,123	–5,670
SSN Services AG	Zug		93.40%	2,894	291
Knecht Ludwigsburg GmbH	Ludwigsburg		93.40%	758	171
SSN Facility Services GmbH	Düsseldorf		93.40%	–8,678	–853
SSN CUBE GmbH	Ludwigsburg		93.40%	23	–1
CSW Beteiligungs GmbH	Düsseldorf		93.40%	28	–13
CSW Verwaltungs GmbH	Düsseldorf		93.40%	29	0
CSW GmbH & Co. KG**	Düsseldorf		93.40%	–1,516	–288
SSN Gebäudetechnik GmbH	Wolfsburg		79.39%	346	236
DM Projektmanagement GmbH & Co. KG**	Düsseldorf		79.39%	–198	61
DM Projektmanagement GmbH	Düsseldorf		79.39%	19	–2

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		Share Consus			
in k€	Headquarter	direct	indirect	Equity	Profit
SSN Capital AG	Zug		93.40%	490	34
SG Holding GmbH	Düsseldorf		93.40%	–10,094	3,899
SG Development GmbH	Düsseldorf	38.9%	86.53%	163,923	–2,956
SG Stuttgart Vaihingen IBM Campus Holding GmbH	Düsseldorf		86.53%	166,411	–180
SG IBM-Campus 1 UG	Düsseldorf		86.53%	–2,258	–1,341
SG IBM-Campus 2 UG	Düsseldorf		86.53%	–3	–1
SG IBM-Campus 3 UG	Düsseldorf		86.53%	–2	–1
SG IBM-Campus 4 UG	Düsseldorf		86.53%	–5	–2
SG IBM-Campus 5 UG	Düsseldorf		86.53%	0	–0
SG IBM-Campus 6 UG	Düsseldorf		86.53%	–3	–1
SG IBM-Campus 7 UG	Düsseldorf		86.53%	2	0
SG IBM-Campus 8 UG	Düsseldorf		86.53%	–4	–2
SG IBM-Campus 9 UG	Düsseldorf		86.53%	–4	–1
SG IBM-Campus 10 UG	Düsseldorf		86.53%	–3	–1
SG IBM-Campus 11 UG	Düsseldorf		86.53%	–3	–1
SG IBM-Campus 12 UG	Düsseldorf		86.53%	66	17
SG IBM-Campus 13 UG	Düsseldorf		86.53%	–5	–1
SG IBM-Campus 14 UG	Düsseldorf		86.53%	40	6
SG IBM-Campus 15 UG	Düsseldorf		86.53%	–1	–0
SG IBM-Campus 16 UG	Düsseldorf		86.53%	33	5
SG IBM-Campus 17 UG	Düsseldorf		86.53%	8	1
SG Einkaufs-GbR Garden Campus Vaihingen	Düsseldorf		86.53%	–	–
SG Stuttgart Wohnen an der Villa Berg UG	Düsseldorf		86.53%	–391	–387
SG Stuttgart Park an der Villa Berg GmbH	Düsseldorf		81.34%	7	–2
SG Stuttgart Villa Berg Parkhaus GmbH	Düsseldorf		81.34%	–53	–1
SG Stuttgart Villa Berg historisch GmbH	Düsseldorf		81.34%	91	–3
SG Peschl Areal 1 UG	Düsseldorf		86.53%	–818	–93
SG Peschl Areal 2 UG	Düsseldorf		86.53%	55	21
SG Peschl Areal 3 UG	Düsseldorf		86.53%	–13	–2
SG Peschl Areal 4 UG	Düsseldorf		86.53%	–24	–5
SG Peschl Areal 5 UG	Düsseldorf		86.53%	–16	–3
SG Peschl Areal 6 UG	Düsseldorf		86.53%	–12	2
SG Einkaufs-GbR Peschl-Areal	Düsseldorf		86.53%	–	–
SG Glockengut 1 UG	Düsseldorf		86.53%	–748	–3
SG Glockengut 2 UG	Düsseldorf		86.53%	–68	–4
SG Glockengut 3 UG	Düsseldorf		86.53%	–46	–3
SG Glockengut 4 UG	Düsseldorf		86.53%	–45	–3
SG Glockengut 5 UG	Düsseldorf		86.53%	–41	–2

		Share Consus			
in k€	Headquarter	direct	indirect	Equity	Profit
SG Glockengut 6 UG	Düsseldorf		86.53%	–66	0
SG Glockengut 7 UG	Düsseldorf		86.53%	–10	–1
SG Einkaufs-GbR Glockengut	Düsseldorf		86.53%	–	–
SG Frankfurt Mainzer Landstrasse Investitions UG	Düsseldorf		86.53%	–6,215	–199
SG Frankfurt Mainzer Landstrasse GmbH	Düsseldorf		81.34%	–3,680	–47
SG München Schwabing Investitionsgesellschaft UG	Düsseldorf		86.53%	–14,265	–6,168
SG München Schwabing Verwaltungs GmbH	Düsseldorf		86.53%	22	1
SG München Schwabing GmbH & Co. KG**	Düsseldorf		51.92%	–2,774	–
SG Mannheim Glücksteinquartier Investitions UG	Düsseldorf		86.53%	–1,377	148
SG Mannheim Glücksteinquartier Verwaltungs GmbH	Düsseldorf		86.53%	23	1
SG Mannheim Glücksteinquartier GmbH & Co. KG**	Düsseldorf		81.34%	–1,492	–
SG Hamburg Holsten Quartiere 1 UG	Düsseldorf		86.53%	–306	–210
SG Hamburg Holsten Quartiere 2 UG	Düsseldorf		86.53%	–207	3
SG Hamburg Holsten Quartiere 3 UG	Düsseldorf		86.53%	–212	3
SG Hamburg Holsten Quartiere 4 UG	Düsseldorf		86.53%	–124	2
SG Hamburg Holsten Quartiere 5 UG	Düsseldorf		86.53%	–128	2
SG Hamburg Holsten Quartiere 6 UG	Düsseldorf		86.53%	–121	2
SG Hamburg Holsten Quartiere 7 UG	Düsseldorf		86.53%	–89	1
SG Hamburg Holsten Quartiere 8 UG	Düsseldorf		86.53%	–41	1
SG Hamburg Holsten Quartiere 9 UG	Düsseldorf		86.53%	–18	0
SG Hamburg Holsten Quartiere 10 UG	Düsseldorf		86.53%	–198	3
SG Hamburg Holsten Quartiere 11 UG	Düsseldorf		86.53%	–174	3
SG Hamburg Holsten Quartiere 12 UG	Düsseldorf		86.53%	–86	1
SG Hamburg Holsten Quartiere 13 UG	Düsseldorf		86.53%	–191	3
SG Hamburg Holsten Quartiere 14 UG	Düsseldorf		86.53%	–223	3
SG Hamburg Holsten Quartiere 15 UG	Düsseldorf		86.53%	–165	3
SG Hamburg Holsten Quartiere 16 UG	Düsseldorf		86.53%	–126	2
SG Hamburg Holsten Quartiere 17 UG	Düsseldorf		86.53%	–43	1
SG Hamburg Holsten Quartiere 18 UG	Düsseldorf		86.53%	–44	1
SG Hamburg Holsten Quartiere 19 UG	Düsseldorf		86.53%	247	119
SG Hamburg Holsten Quartiere 20 UG	Düsseldorf		86.53%	–25	6
SG Einkaufs-GbR Holsten Quartier	Düsseldorf		86.53%	–	–
SG Neues Korallusviertel 1 UG	Düsseldorf		86.53%	–5,922	–2.322
SG Neues Korallusviertel 2 UG	Düsseldorf		86.53%	1	–
SG Neues Korallusviertel 3 UG	Düsseldorf		86.53%	1	–
SG Neues Korallusviertel 4 UG	Düsseldorf		86.53%	1	–

		Share Consus			
in k€	Headquarter	direct	indirect	Equity	Profit
SG Neues Korallusviertel 5 UG	Düsseldorf		86.53%	1	–
SG Neues Korallusviertel 6 UG	Düsseldorf		86.53%	1	–
SG Neues Korallusviertel 7 UG	Düsseldorf		86.53%	1	–
SG Neues Korallusviertel 8 UG	Düsseldorf		86.53%	1	–
SG Einkaufs-GbR Korallusviertel	Düsseldorf		86.53%	–0	–
SSN Alboingärten Berlin GmbH	Düsseldorf		93.40%	–4,881	–3,071
SSN Franklinstrasse Berlin GmbH	Düsseldorf		93.40%	–1,588	2,463
Franklinstrasse 26a Verwaltungs GmbH	Düsseldorf		87.80%	494	532
SSN Wilhelmstrasse Berlin GmbH	Düsseldorf		93.40%	–550	390
Wilhelmstrasse 56–59 Immobilienentwicklungs GmbH	Düsseldorf		89.65%	–14,569	–1,575
SSN (Schweiz) AG	Zug		93.40%	–1,932	86
SSN Ginvest 1 GmbH	Zug		93.40%	168	–67
SSN Invest AG	Zug		93.40%	61	–11
SSN Deutschland GmbH	Düsseldorf		87.80%	44,234	–739
SSN Real GmbH	Düsseldorf		88.13%	701	130
SSN Development Verwaltungs GmbH	Düsseldorf		87.8%	3	–3
SSN Development GmbH & Co. KG**	Düsseldorf		87.8%	2,767	3,762
Parken & Immobilien Invest GmbH Hamburg	Düsseldorf		87.8%	365	–997
Parken & Immobilien Betriebs GmbH Hamburg	Düsseldorf		87.8%	–874	–205
SSN Investment Bundesallee Berlin GmbH	Düsseldorf		87.8%	9,985	349
Wilhelmstrasse I GmbH	Leipzig	85.9%		–239	–196

* Assoziierte Unternehmen
** Konzerngesellschaften sind unbeschränkt haftende Gesellschafter

Exemptions

The companies CCP 1 GmbH, CCP 2 GmbH, CCP Objektholding GmbH, CCP 4 GmbH, CCP 5 GmbH, CCP 7 GmbH, CCP 8 GmbH, CCP 9 GmbH, CCP 11 GmbH, CCP 12 GmbH and CCP 13 GmbH intend to apply the exemption provisions of Section 264 (3) HGB extensively.

Auditor's fees and services

The fees of the auditor of the consolidated financial statements, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Leipzig, are broken down as follows:

Further information according to § 314 Abs. 1 Nr. 9 HGB	31/12/2018	31/12/2017
Total remuneration fee for the fiscal year of auditor	401	173
– thereof financial statements auditing	159	173
– thereof other assurance services	242	–
– thereof tax advisory services	–	–
– thereof other services	–	–

Number of employees

The number of employees in the 2017 financial year corresponds to the reporting date figures due to the formation of the Group in the fourth quarter of 2017. The employees of Consus are shown in the following table:

Employees	31/12/2018	31/12/2017
Number of employees	782	362
Average number of employees employed during the fiscal year (acc. to § 285 No. 7 HGB)	539	–

17. EVENTS AFTER THE BALANCE SHEET DATE

On January 8, 2019 Consus Real Estate AG announced the closing of a forward sale by its subsidiary SSN of the office and hotel development 'No. 1' in Mannheim at a sales price of approx. € 100 million to institutional investors.

In the CG segment, the "Delitzscher Strasse" property in Leipzig was sold without a building obligation by notarised land purchase agreement dated February 1, 2019. The estimated resulting total sales volume amounts to approximately € 220 million.

In the SSN segment, a forward sale for the "Project Franklin Strasse" with an estimated sales volume of approx. € 68.3 million was signed on February 8, 2019. In addition, the logistics property reported under non-current assets held for sale in this segment was transferred to the buyer at the beginning of the second quarter of 2019.

There were no other significant events after the balance sheet date.

Berlin, April 16 2019

Consus Real Estate AG
Andreas Steyer
Benjamin Lee
Members of the Management Board

IMPRINT

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authorized to represent: Andreas Steyer

registered in the commercial register kept at the Local Court (Amtsgericht)
Charlottenburg under HRB 191887 B

VAT number: DE263817317

Legal Entity Identifier (LEI) 9676007H44QN6VYEBV03

Management Board:
Andreas Steyer (Chairman)
Benjamin Lee

Supervisory Board:
Axel Harloff (Chairman)
Prof. Dr. Hermann Wagner
Dr. Friedrich Oelrich

p. 4 Vitopia Kampus Kaiserlei, Frankfurt am Main: Eike Becker_Architekten / p. 4-5 Grand Ouest, Frankfurt am Main: Pure rendering / p. 15 Neuländer Quarree Hamburg: Büro SMP Störmer Murphy and Partners / p. 16 COLOGNEO I, Köln: kadawittfeldarchitektur gmbh / p. 17 Senatsverwaltung für Stadtentwicklung und Wohnen Berlin, Abt. II / p. 18 Vitopia Kampus Kaiserlei, Frankfurt am Main: Eike Becker_Architekten / p. 20 Grand Ouest, Frankfurt am Main: Pure rendering / p. 20 The Wilhelm, Berlin: SSN Group AG / Patschke & Partner Architekten / p. 20 COLOGNO I, Köln: kadawittfeldarchitektur gmbh / p. 20 Quartier Hoym, Dresden: Dähne Architekten + Pfau Architekten / p. 21 Vitopia Kampus Kaiserlei, Frankfurt am Main: Eike Becker_Architekten / p. 21 Westend Ensemble, Frankfurt am Main: MOW Architekten / p. 21 ÜBerlin, Berlin: bloomimages / p. 21 UpperNord Quarter, Düsseldorf: ARGE ASTOC-PSP-motiv Studio / p. 22 -23 VAI Campus Stuttgart: SSN Group AG / steidle architekten GmbH angeben / p. 34 ÜBERLIN: bloomimages / p. 56 Grand Ouest, Frankfurt am Main: Pure rendering / p. 170-171 ÜBERLIN: bloomimage

Independent Auditor's Report

To Consus Real Estate AG, Berlin*

Audit Opinions

We have audited the consolidated financial statements of Consus Real Estate AG, Berlin, and its subsidiary companies (the Group) – which comprising consolidated statement of financial position as at December 31, 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from from 1 January to 31 December 2018 and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition we have audit the Group Management Report for Consus Real Estate AG, Berlin for the financial year from 1 January to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2018 and its result of operations for the financial year from 1 January to 31 December 2018, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to section 322 paragraph 3 sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

* Note: This is a convenience translation of the German original. Solely the original text in German language is authoritative

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The Group's legal representatives are responsible for any other information provided. Other information consists of all sections of Annual Report (Geschäftsbericht) except of the consolidated financial statements and Group Management Report and our audit report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibility of the legal representative and the supervisory board for the Consolidated Financial Statements and Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e paragraph 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

Berlin, April 16th, 2019
Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft
(Auditing and Accounting Firm)

signed Kathleen Hennig
Wirtschaftsprüferin
(German public auditor)

signed Sebastian Koch
Wirtschaftsprüfer
(German public auditor)

CONSUS
REAL ESTATE AG