Consus Real Estate AG

CONSOLIDATED FINANCIAL STATEMENTS

For the fiscal year ending December 31, 2017

Table of contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 3

CONSOLIDATED STATEMENT OF CASH FLOWS 4

Notes 5

1. The CONSUS Real Estate AG 5
2. The consolidated financial statements 7
3. Accounting policies 7
4. Fair value measurements 19
5. Changes in accounting policies 20
6. Use of estimates and judgements 21
7. Scope of consolidation 24
8. Notes to the consolidated statement of comprehensive income 28
9. Notes to the consolidated statement of financial position 34
10. Notes to the consolidated statement of cash flows 49
11. Segment Information 51
12. Capital management and financial instruments 53
13. Government grants 62
14. Related party transactions 62
15. Contingent liabilities and other financial obligations 67
16. Corporate Governance 68
17. Events after the balance sheet date 69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	**Notes**	**2017**	**2016**
Income from letting activities	8.1	9,710	-
Overall performance		**9,710**	**-**
Expenses from letting activities	8.1	-4,769	-
Net income from the remeasurement of investment properties	8.3	17,060	-
Other operating income	8.4	240	80
Personnel expenses	8.5	-1,033	-
Other operating expenses	8.6	-14,790	-76
EBITDA (Earnings before interest, taxes, depreciation and amortisation)		**6,417**	**4**
Depreciation and amortisation	8.7	-17	-
EBIT (Earnings before interest and taxes)		**6,400**	**4**
Financial income	8.8	691	-
Financial expenses	8.8	-8,329	-
Share of profit or loss of associates accounted for using the equity method	8.9	-1,198	-
EBT (Earnings before taxes)		**-2,437**	**4**
Income tax expenses	8.10	-5,509	-5
Net income (continued operations)		*-7,946*	*-1*
Net income (discontinued operations)	8.11	-	*-1*
Net income (Earnings after taxes)		**-7,946**	**-2**
Other comprehensive income		-	-
thereof non-recycling		-	-
thereof will be reclassified to profit or loss		-	-
Total comprehensive income		**-7,946**	**-2**
Of the consolidated net income for the period, the following is attributable to:			
Non-controlling interests		*566*	-
Shareholders of the parent company		*-8,513*	*-2*
Of the total comprehensive income for the year, the following is attributable to:			**-**
Non-controlling interests		*566*	-
Shareholders of the parent company		*-8,513*	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in TEUR	**Notes**	**31.12.2017**	**31.12.2016**
Non-current assets			
Investment property	9.1	527,350	-
Advance payments on investment property	9.2	10,532	5,747
Property, plant and equipment	9.2	4,940	-
Goodwill	9.3	700,076	-
Other intangible assets	9.2	2,886	-
Financial assets	9.4	5,000	-
Current assets			
Work-in-progress including acquired land and buildings	9.6	1,211,827	-
Trade and other receivables	9.7	56,017	-
Receivables from related parties	9.8	27,840	80
Tax receivables	9.9	275	-
Financial assets	9.4	2,584	-
Other assets	9.5	5,375	677
Cash and cash equivalents	9.10	71,340	17,632
Total Assets		**2,626,042**	**24,137**
Equity			
Subscribed capital	9.11 (a)	79,850	22,000
Capital reserves	9.11 (g)	574,714	-
Other reserves	9.11 (h)	-8,456	56
Non-controlling interests	9.11 (i)	169,901	-
Non-current liabilities			
Financing liabilities	9.12	1,013,617	-
Provisions	9.13	-	-
Other liabilities	9.14	8,386	-
Deferred tax liabilities	9.15	103,723	-
Current liabilities			
Financing liabilities	9.12	575,929	-
Provisions	9.13	3,370	-
Trade payables	9.16	46,244	366
Liabilities to related parties	9.17	5,953	1,710
Tax payables	9.18	17,441	5
Received prepayments	9.19	311	-
Other liabilities	9.14	35,058	-
Total Equity and Total Liabilities		**2,626,042**	**24,137**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

			Other reserves 9.11 (h)				
in TEUR	**Subscribed capital**	**Capital reserves**	**Retained earnings**	**OCI**	**Total**	**NCI**	**Total Equity**
Notes	9.11 (a)	9.11 (g)	9.11 (h)	9.11 (h)		9.11 (i)	
01.01.2016	**150**	**-**	**59**	**-**	**209**	**-**	**209**
Profit for the period	-	-	-2	-	-2	-	-2
Total comprehensive income for the period	**-**	**-**	**-2**	**-**	**-2**	**-**	**-2**
Transactions with owners in their capacity as owners:							
Issue of share capital	21,850	-	-	-	21,850	-	21,850
31.12.2016	**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
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**

CONSOLIDATED STATEMENT OF CASH FLOWS

in TEUR	**Notes**	**2017**	**2016**
Operating activities			
Net profit		-7,590	-1
Tax expense	8.10	5,509	5
Profit (loss) before tax		**-2,081**	4
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment		17	-
Valuation gains on investment property	8.3	-17,060	-
Financial income	8.8	-691	-
Financial expenses	8.8	8,329	-
Net foreign exchange differences		-	-
Other		-368	-
		-11,853	**4**
Working capital adjustments			
Decrease/ (increase) in rent and other receivables		146	-757
Decrease / (increase) prepayments and accrued income		-102	-
Decrease in inventory property		-	-
(Decrease) / increase in trade, other payables and accruals		7,960	366
Movements in tenant deposits		-	-
Income tax paid		-24	-
Net cash flow from operating activities		**-3,873**	**-392**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	7.2	-87,687	-
Transferable securities held as fixed assets	9.4	-381	-
Purchase of investment property	9.1	-138,882	-4,037
Other		20	-
Net cash flow from investing activities		**-226,929**	**-4,037**
Financing activities			
Proceeds from borrowings	9.12	264,912	-
Repayment of borrowings	9.12	-11,684	-
Proceeds from issue of share capital	9.11	32,998	21,850
Interest paid	9.12	-1,717	-
Net cash flow from financing activities		**284,509**	**21,850**
Cash effective change in cash and cash equivalents from discontinuing operations	10.2	-	-339
Net increase / (decrease) in cash and cash equivalents		53,707	17,425
Cash and cash equivalents at the beginning of the year		17,632	546
Cash and cash equivalents at the end of year	9.10	**71,340**	**17,632**

Notes

1. The CONSUS Real Estate AG

1.1. General information

CONSUS Real Estate AG ("the Company", or "the Parent Company", 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 stock corporation (Aktiengesellschaft, AG) with the shareholders' resolution of October 6, 2016. The change of 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 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 22 August 2017, Aggregate Deutschland S.A. (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 2 November 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

In 2016, the Company fundamentally reorganized its business following the restructuring described above. At that time, the Company decided to specialize in the acquisition, management, use and sale of real estate and land rights in Germany and abroad, as well as all types of investments. 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.

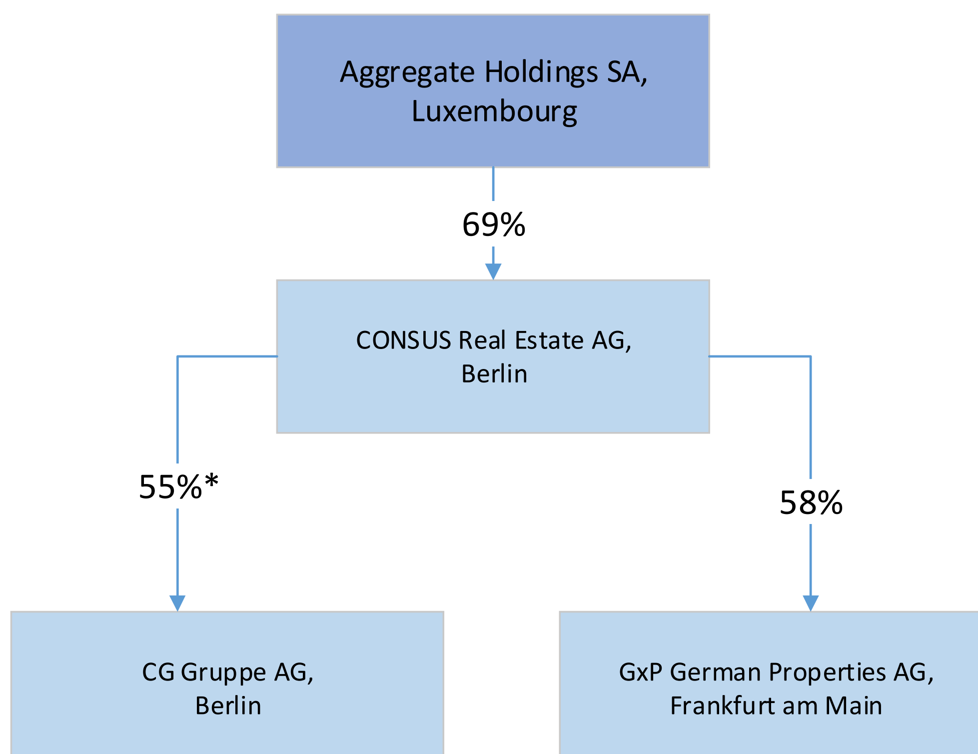
The Company has also established shareholdings to achieve the new business purpose. The (reorganized) Group focuses its business activities on the function of real estate development and real estate portfolio holder, in which it covers the entire value chain.

In the financial years 2015 and 2016, the Company was involved in sales organization and coordination for individual funds of publity Performance GmbH, Leipzig. The Company has generated sales exclusively from this activity. This activity ended at the beginning of 2016. The Company has been operating as a real estate company since November 2016 and at that time started building up its real estate portfolio.

As of December 31, 2017, CONSUS Real Estate AG directly holds two real estate investment companies as wholly owned subsidiaries (CCP 1 GmbH and CCP 2 GmbH) as well as another wholly owned subsidiary (CCP Objektholding GmbH), which in turn holds 100% of the various other real estate holding companies. Real estate is held by the real estate investment companies, respectively. Additionally, the Company directly holds 58% outstanding shares of GxP German Properties AG (GxP), Frankfurt am Main. Through its subsidiaries, GxP is invested in commercial real estate located across Germany, in cities such as Berlin, Dresden, Leipzig, Erfurt and Hanover.

The Company furthermore indirectly holds 55% outstanding shares of CG Gruppe AG (CG), Berlin, a German real estate developer with its own construction expertise. Operating nationwide, CG's core business is the construction of residential buildings for institutional investors. In this segment, the CG Gruppe AG is leading the market in Germany. Operations are focused on select locations in Berlin, Leipzig, Dresden, Frankfurt, Cologne, Düsseldorf and Hamburg. More than 370 staff members provide for acquisition, project planning and development to ensure the continuously high quality and sustainability of their real estate products.

The Group's principal subsidiaries at 31 December 2017 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.



* Additionally, the Company possesses convertible notes of CG that will be converted to shares of CG reflecting about 4.09% additional of the total shares in CG on a fully diluted basis.

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.

These consolidated financial statements were submitted to the Supervisory Board for review by the Executive Board on May, 22, 2018 and approved for publication

3. Accounting policies

3.1. Basis of preparation of the consolidated financial statement

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, 2017.

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 did carry out two significant business combinations in the financial year 2017. New subsidiaries were established by the Group in 2017 as well as 2016 that were consolidated for the first time in the consolidated financial statements of the respective years.

In 2017, the Group, through its fully consolidated subsidiary GxP German Properties AG, holds 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 has only 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.

In 2016, the subsidiaries of the Company are exclusively one-object real estate companies. The asset management of the individual properties is outsourced to the service provider publity AG.

The contractual agreements with publity AG are similar to those of a fund manager within the meaning of IFRS 10. The fund manager has extensive decision-making authority with regard to the management of the real estate. Publity AG has only limited exposure to variable returns.
In appreciation of Example 14 of IFRS 10 Appendix B, publity AG is thus considered to be an agent. This agent acts exclusively in the interest of the principal (the Group). The assets and liabilities are therefore consolidated exclusively at the Group.

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 last two months of the financial year 2017, CG Gruppe AG was included as an associate before becoming a subsidiary as of December 21, 2017.

As of the balance sheet date the Group has no interest in any other company in which it exercises joint control or in which it alone can exercise significant influence without having control. Accordingly, no joint operation, joint venture or associate is included in the consolidated financial statements.

3.3. Summary of significant accounting policies

(a) Revenue recognition

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.

The proceeds from the discontinued operation "Arrangement of Investments" were recognized at a point in time. Revenues were recognized when the mediated contract was concluded under civil law, the payment was made to the respective fund and the subscriber had received his share certificates, etc. (fulfillment of the contract).

Revenue regarding the sale of project development and construction contracts is 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.

(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 the discounted cash flow method or the German Income Approach (“Deutsches Ertragswertverfahren”).

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.

Market values under the German Income Approach are being determined following the Immobilienwertermittlungsverordnung (ImmoWertV). Applying this valuation method, values of the building and the land are determined separately. The value of the land is determined under application of the comparative value method. The value of the building is determined by identifying the corresponding sustainable net operating income per year (based on market rents and operating costs) and capitalizing it over the remaining useful life of the building (over- and under-rents, capex as well as vacancy costs and other specifics, if applicable, are taken into

account when determining the respective net present value). Both, the land value and the building value compose the market value.

Both valuation methods lead to the same market values.

The liquidation method has been applied for the valuation of properties with negative net cash flows. According to this method, the market value is determined as the sum of the land value less removal expenses and remaining net income.
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 and terminal values.

Fair values are calculated 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.

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 – usually a real estate) 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 preliminary goodwill of EUR 700,076 thousand resulting from the acquisition of CG (preliminary goodwill: EUR 698,490 thousand) and GxP (preliminary goodwill: EUR 1,586 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 units CG and GxP, whereby the cash-generating unit CG represents the business of real-estate development of CG Gruppe and the cash-generating unit GxP represents the buy and hold of real-estate property business, formerly conducted by the GxP group. The value in use was derived from estimated future cash flows. These are based on the cash-generating unit-specific five-year detailed planning phase of both cash-generating units 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 previous years and external forecasts regarding the development of the property market. The estimates regarding the cash-generating unit GxP are based on the business plan of the entity.

A sustainable annual EBIT increase of 1.0% - 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. Furthermore, the investments for the cash-generating unit GxP were adjusted at a sustainable level.

Cash-generating unit-specific weighted capital costs (after-tax WACC) of 6.52% for CG and 4.31% for GxP were used to determine the value in use. The after-tax interest rates equate to input tax rates of 8.86% for CG and 4.55% for GxP.
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 13.8% for the cash-generating unit CG and by 14.2% for the cash-generating unit GxP, respectively, 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 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 19% is assumed. If the long-term EBIT-Margin of the project development business decreases to 16.7%, the value in use will correspond to the net carrying amount.

- Long-term expenses for maintenance, investments and tenant improvements: Expenses for maintenance, investments and tenant improvements are a material valuation input parameter for the real estate rental business. For GxP these were assumed to be sustainable at 38.0 EUR/sqm. If the long-term expenses for maintenance and investments increase to 46.9 EUR/sqm, 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 7.12% for the cash-generating unit CG and 4.78% for the cash-generating unit GxP, respectively, 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 0.14% for the cash-generating unit CG and to 0.50% for the cash-generating unit GxP, respectively, the value in use will correspond to the net carrying amount.

(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 fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. 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.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are initially measured at amortized cost using the effective interest method. By applying the effective interest method, all directly attributable transaction costs, fees, premiums, discounts, rebates and other payments received or paid, which are an integral part of the effective interest rate, are discounted to the net carrying amount of the financial instrument. Gains and losses from interest on disposal and impairment are recognized in the consolidated statement of comprehensive income.

Financial assets measured at fair value through profit or loss are those that represent financial assets held for trading. IFRS classifications of financial assets that are either initially designated at fair value through profit or loss to eliminate mismatches in the balance sheet or those that result from a documented group valuation have not been made. Financial assets are classified as held for trading if they are acquired for the purpose of sale or repurchase in the near future. Changes in the fair value after initial recognition are recognized in the statement of comprehensive income in finance income or finance costs.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payment amounts and due dates if the Group has the intention and ability to hold these instruments to maturity. After initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment losses.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified as loans or receivables, held-to-maturity investments, or at fair value through profit or loss. Subsequently, available-for-sale financial assets are measured at fair value. Unrealized gains or losses are recognized directly in equity as a reserve of other comprehensive income. The cumulative gain or loss is reclassified to other income on disposal. If an asset is impaired, the cumulative loss is reclassified to financial expense through profit or loss and derecognized from the reserve for available-for-sale financial assets. Interest received on available-for-sale financial assets is recognized as interest income using the effective interest method.
The Group recognized participatory interests classified as available-for-sale financial assets which are not traded on an active and liquid market. Their valuation mainly depends on fair value appraisals by independent third party experts on the underlying real estate assets.

Non-derivative financial liabilities
Non-derivative financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method. Classifications of financial liabilities that are either initially designated at fair value through profit or loss to eliminate mismatches in the balance sheet or those that result from a documented group valuation have not been made.

Derivative financial instruments
Derivatives are initially measured at fair value; attributable transaction costs are recognized in profit or loss. Subsequently, derivatives are measured at fair value. Any resulting changes are recognized in profit or loss. Embedded derivatives are, under certain conditions, separated from the host contract and accounted for separately.
IAS 39.A29 specifies that cancellable financial instruments as well as financial instruments that embody a right of payment upon liquidation have to be treated as financial liabilities. This is the case for several participatory interests in business partnerships held by Group companies. After initial recognition, they are subsequently measured at fair value.

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.

(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, canceled 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 fulfill the obligation, if a reliable estimate of the amount of the obligation is possible. If the 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 discontinued the activity of "Arrangement of Investments" at the beginning of 2016. Significant long-term assets or related liabilities did not result from this business activity and thus could not be divested. The contribution to profit and the cash flow from this business activity were separately disclosed in the statement of comprehensive income and the cash flow statement.

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**	**Level2**	**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:

Amendment to IAS 7 "Disclosure Initiative"
The amendment to IAS 7 introduces certain disclosure requirements for changes in liabilities arising from financing activities. The Group presents the required disclosures in section 10.1.

Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"
The amendment clarifies certain issues related to the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes. These instruments give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The first time adoption of the standard as of January 1, 2017, did not have any effect on the consolidated financial statements of the Group.

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 9 "Financial Instruments" (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. The adoption of IFRS 9 is expected to have an immaterial effect on the Group's consolidated financial statements.

IFRS 15 "Revenue from Contracts with Customers" (on/after January 1, 2018)
In May 2014, the IASB issued the new standard IFRS 15 "Revenue from Contracts with Customers". The goal of the new standard on revenue recognition is to compile the currently existing guidance and interpretations into a uniform model of revenue recognition. IFRS 15 must be applied for reporting periods beginning on or after January 1, 2018. The Group expects the following impacts:

- Revenue regarding the sale of property development and construction contracts is currently 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 point in time when the property in its entirety is accepted by the customer. Those property development and construction contracts for which the criteria of IFRS 15.35 (b) and/or (c) are fulfilled will be subject to revenue recognition over time under IFRS 15.
- IFRS 15 requires a more thorough analysis of existing principal and agent relationships and could result in changes in 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 intends to adopt IFRS 15 using the modified retrospective 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. A material effect is not expected as the property development and construction contracts concerned are measured at fair value in relation with the business combination

IFRS 16 "Leases" (on/after January 1, 2019)
IFRS 16 "Leases" was published in January 2016 and applies in principle to all leases and involves recognizing a right of use and associated leasing liability on the lessee's balance sheet, as well as extensive disclosures in the notes. The impact on the Group's financial statements is currently examined. The Group expects the first-time application of IFRS 16 to load to a slight balance sheet extension as well as a minor change in EBIT. We expect no material changes for lease agreements in which the Group acts as the lessor.

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**	**Date of adoption***	**Planned adoption**
Endorsed			
Amendment IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	01.01.2018	01.01.2018
Amendment IAS 40	Transfers of Investment Property	01.01.2018	01.01.2018
Amendment IFRS 2	Classification and Measurement of Share-based Payment Transactions	01.01.2018	01.01.2018
IFRIC 22	Foreign Currency Transactions and Advanced Consideration	01.01.2018	01.01.2018
AIP 2014 - 2016	Annual Improvements to IFRS	01.01.2018	01.01.2018
Amendment IFRS 9	Prepayment Features with Negative Compensation	01.01.2019	01.01.2019
Endorsement pending			
Amendment IAS 28	Long-term Interests in Associates and Joint Ventures	01.01.2019	01.01.2019
Amendment IAS 19	Plan Amendment, Curtailment or Settlement	01.01.2019	01.01.2019
AIP 2015 - 2017	Annual Improvements to IFRS	01.01.2019	01.01.2019
IFRIC 23	Uncertainty Transactions and Advance Consideration	01.01.2019	01.01.2019
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 EUR 60 million (2016: EUR 2 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.

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

At-equity inclusion of CG Gruppe AG (CG)

The Group considers that it has significant influence over CG Gruppe AG for the period from October until 21 December 2017. Through its subsidiary Pebble Investment GmbH the Group achieved control over 50% of the voting rights of CG. The Company did not have control as defined by IFRS 10 over CG, since there was no power over the relevant activities of CG. At that point of time the Group would not have been able to dominate the shareholder meeting with 50% of the voting rights as all decisions in the shareholder meeting could have been blocked by one other shareholders. For the consideration applied during purchase price allocation under IFRS 3 the Group deems the acquisition-date fair value of the first transaction resulting in the at-equity inclusion of CG as decisive.

Business combinations with GxP German Property AG (GxP) and CG Gruppe 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.

Fund manager's assessment of significant influence

Through its subsidiaries the Group is active as an asset manager for single object property funds in which the Group holds minority participations of 5.1% of outstanding share capital of said funds. Under the asset management contracts, the Group receives far stretching rights in order to administer and develop the fund's property. After consideration of all facts and circumstances the Company considers it does neither have control under IFRS 10 nor significant influence under IAS 28. Accordingly the participations are presented as financial instruments under IAS 39 and have a carrying value of EUR 1,153 thousand as of December 31, 2017.

7. Scope of consolidation

7.1. Changes in the Group

During the presented financial years, the number of entities to be fully consolidated changed as follows:

Number of fully consolidated companies	2017	2016
As of 01.01.	**6**	**-**
Additions	103	6
Disposals	-	-
As of 31.12.	**109**	**6**

In the 2017 financial 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.
The additions to the scope of consolidation in 2016 result from foundations of companies by the Group, business combinations did not take place.

7.2. Business combinations

(a) CG Gruppe AG

On August 22, 2017 the Company signed a contract to acquire all share capital of Pebble Investment GmbH (Pebble), Berlin a holding company which at that time held 17,500,000 no-par value registered shares in CG Gruppe AG, Berlin (CG). The objective of the acquisition is to extend the business activities of the Company to the real estate development industry. The acquisition was financed through issuance of registered shares as well as the issuance of a bond of EUR 150,000 thousand. Closing of the transaction was achieved on November 2, 2017. Pebble itself does not constitute a business under IFRS 3 as its only purpose is to hold shares in CG. Accordingly the Company identified and recognized the individual identifiable assets acquired and liabilities assumed at their individual fair values at the date of purchase. Such a transaction does not give rise to goodwill, as the resulting difference has been allocated to the shares in associates. The Pebble shareholding was corresponding with a 50% stake in CG, resulting in a significant influence of the Group over CG through Pebble Investment GmbH. Pebble did not have control as defined by IFRS 10 over CG, since there was no power over the relevant activities of CG. Accordingly CG is accounted for under the equity method as an associate within the Group's consolidated financial statements.

As of November 1, 2017 CG issued up to 1,000 mandatorily convertible notes (Notes) with a principal amount of EUR 100,000 thousand in total with a maturity date as of 1 November 2022. The Notes will be converted into shares of CG reflecting about 4.09% of the total shares in CG on a fully diluted basis. The conversion period to exercise the conversion option starts at December 20, 2017. Most of the Notes were initially acquired by Aggregate Holdings S.A., Luxembourg ("Aggregate") against loan receivables in the amount of EUR 70,545 thousand and an additional cash payment of EUR 10,955 thousand. Aggregate later transferred the Notes on November 29, 2017 in return for convertible bonds in CONSUS Real Estate AG to the Company. Accordingly, the Company became 100% subscriber of the Notes. Beginning December 20, 2017 the Notes could be converted in shares of CG. Additionally the Company increased its shareholdings in CG through the acquisition of an additional 5% stake in a transaction linked with the subscription of the Notes on December 21, 2017. As of this date, the Company achieved control over CG. As of balance sheet date the fully diluted shareholding of the Company in CG does amount to 59.09% of the total outstanding share capital of CG. After acquisition of the majority of voting rights, all decisions that require a simple majority can be made by the Company without facing the risk that decisions are blocked from the other shareholder in the

general meeting. Among other, this allows the Company to appoint and exchange management giving the Company power of the investee. The Company has gained control as defined by IFRS 10 over CG. For accounting purposes December 31, 2017 is used as date of step-up from associate to subsidiary, i.e. for the purpose of initial consolidation of CG as subsidiary.
Since non-controlling interest are evaluated solely on the basis of existing ownership interest (present ownership) and non-controlling interest continue to have access to the economic benefits associated with the underlying ownership interests, the interest of 4.09% resulting from the conversion option are allocated to non-controlling interest.

The acquisition-date fair value of the equity interest held immediately before the acquisition was EUR 793,281 thousand. The gain (loss) recognized as a result of remeasuring the equity interest to fair value was EUR 0 thousand. For further information refer to chapter 6.

in TEUR	**Fair value after acquisition**
Intangible assets, property, plant and equipment	7,552
Investment property, including prepayments	213,680
Other financial assets	3,954
Work-in-progress	1,211,827
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	54,259
Trade payables and other payables	83,539
Deferred tax liability	92,703
Net assets	**317,807**
Consideration transferred	**872,609**
thereof cash consideration	12,500
thereof equity interest	860,109
Non-controlling interests	143,688
Goodwill	**698,490**

The 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 residual valuation method with exception of existing buildings where a discounted cash flow valuation was applied. Calculation of fair value adjustments for development projects that are not covered by external appraisals is based on step-ups from external appraisals. The fair value estimates are calculated based on a step-up factor amounting to 1.2, which is a proxy for the weighted average of step-ups for development properties, excluding outlying adjustments. 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.

Consus concludes that the trademark “CG” does not meet the identifiability criterion and therefore did not recognized CG as trademark.

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, 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.
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 values of EUR 54,202 thousand were acquired, of which EUR 183 thousand is probably uncollectible. The fair value of the trade receivables from third parties amounts to EUR 54,019 thousand.
As CG was first included as of December 31, 2017, CG did not make any contribution to group revenue nor to the loss of the financial year as a consolidated subsidiary. If the acquisition had taken place at the beginning of the financial year, CG would have contributed EUR 205,197 thousand to overall performance and EUR 17,817 thousand to the total comprehensive income of the Group.

(b) GxP German Properties AG

As of November 11, 2017 the Company acquired 6,091,571 shares in GxP German Properties AG, Frankfurt am Main (GxP) from a group of investors. The objective is to expand the Company’s commercial real estate portfolio in Germany and to enhance its asset management services. The acquired shareholdings are corresponding to 58% of the shares in GxP. The GxP shares acquired also represent voting rights. The purchase price of EUR 33,624 thousand was paid in cash on the date of the acquisition.

The acquisition costs of this business combination were allocated to the acquired assets and liabilities using the purchase price allocation as of the acquisition date as follows:

in TEUR	**Fair value after acquisition**
Intangible assets, property, plant and equipment	273
Investment property, including prepayments	147,491
Other financial assets	3,265
Trade and other receivables	1,881
Other assets	191
Cash and cash equivalents	6,239
Financing liabilities	90,732
Provisions and other non-financial liabilities	3,686
Trade payables	2,020
Deferred tax liability	5,539
Net assets	**57,362**
Consideration transferred	**33,624**
thereof cash consideration	33,624

Non-controlling interests	25,324
Goodwill	**1,586**

The Fair Value is measured by using the DCF method. Therefore, the future cash flows determined by the contractual conditions are discounted as per Valuation Date. For bank loans with a floating interest rate, the future interest rate cash flows are determined on the basis of forward rates, including the respective contractual fixed credit margin.

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 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.

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 EUR 353 thousand were acquired, of which EUR 88 thousand is probably uncollectible. The fair value of the trade receivables from third parties amounts to EUR 265 thousand.
Since the initial consolidation GxP contributed EUR 2,093 thousand to the overall performance and EUR 1,132 thousand to the total comprehensive income of the Group. If the acquisition had taken place at the beginning of the financial year, GxP would have contributed EUR 12,987 thousand to overall performance and EUR 15,509 thousand to the total comprehensive income of the Group.

7.3. Disclosures on 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.

	CG Gruppe AG	**GxP German Properties AG**
in TEUR	**31.12.2017**	**31.12.2017**
Current assets	1,333,413	7,130
Current liabilities	688,943	11,830
Current net assets	**644,469**	**-4,699**
Non-current assets	222,601	169,175
Non-current liabilities	549,263	105,603
Non-current net assets	**-326,662**	**63,572**
Net assets	**317,807**	**58,872**
Accumulated NCI	143,688	26,213

As of November 11, 2017, the Company acquired 58.0% of the shares in GxP German Properties AG. Before intercompany eliminations, the revenue of GxP Group amounted to EUR 2,018 thousand for the two months ended December 31, 2017. The Profit for the two months was EUR 1,188 thousand.

The cash flows from operating activities amounted to EUR 744 thousand. In the two months ended December 31, 2017, the cash flows from investing activities and the cash flows from financing activities totaled EUR -4,815 thousand and EUR 2,729 thousand. The overall cash flow led to a net decrease of EUR 1,343 thousand in cash and cash equivalents.

Due the initial consolidation of CG Gruppe AG as of December 31, 2017 CG did not yet contribute to comprehensive income nor cash flows of the Group.
The minority shareholders of CG Gruppe AG received 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 Group companies, rights to distribute dividends are restricted.

7.4. Disclosures on associates that are material to the Group

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 01, 2017, as CG Gruppe AG was fully consolidated as at December 21, 2017.

	CG Gruppe AG
in TEUR	**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

8. Notes to the consolidated statement of comprehensive income

8.1. Result from letting activities

In the 2017 financial year, the Group continuously built up its property portfolio, both by acquisition of real estate assets and by business combination. Rental income attributable to properties from the newly acquired subsidiary GxP German Properties AG, was only recognized for the two months period following its initial consolidation as at November 01, 2017. Please refer to section 7.2. for further information on the business combinations.

In the 2016 financial year, no income or expenses were generated as the entity did not hold any investments property.

in TEUR	**2017**	**2016**
Rental income	8,298	-
Income from recharged operating costs	1,360	-
Income from other goods and services	52	-
Income from letting activities	**9,710**	**-**
Expenses from operating costs	-2,456	-
Maintenance expenses	-1,372	-
Other services	-942	-
Expenses related to letting activities	**-4,769**	**-**
Net operating income from letting activities	**4,940**	**-**

8.2. Result from development activities

As the development activities of the Group are limited to the subsidiary CG Gruppe AG, which has only been fully consolidated as at December 31, 2017, no result from development activities is shown in the reporting period.

8.3. Net income from the remeasurement of investment property

Net income from the remeasurement of investment property amounted to EUR 17.060 thousand and mainly resulted from revaluations of CONSUS property. Further information such as input parameters can be found in chapter 9.1.

8.4. Other operating income

The total operating income for the financial year 2017 in an amount of EUR 240 thousand is mainly in connection to income from asset management contracts and income from the distribution of loans.

In 2016, other operating income solely includes an invoice in an amount of EUR 80 thousand to the shareholder Consus GmbH, Leipzig for expenses in connection with the preparation for the new business activity. This amount is presented as receivables from related parties as of December 31, 2016.

8.5. Personnel expenses

Personnel expenses were as follows in the 2017 and 2016 financial years. The Company did not have any employees in the 2016 financial year.

in TEUR	**2017**	**2016**
Wages and salaries	-1,011	-
Social contributions	-22	-
Total	**-1,033**	**-**

8.6. Other operating expenses

Other operating expenses break down as follows:

in TEUR	**2017**	**2016**
Write-offs and allowances on receivables	-70	-
Consulting and audit fees	-2,489	-64
Admin expenses	-7,709	-
Utility expenses for office space	-25	-
Car and travel expenses	-103	-
Other taxes	-331	-
Other expenses	-4,063	-12
Total	**-14,790**	**-76**

Other expenses mainly include expenses from a cancelled agreement to purchase real estate property in an amount of EUR 3,513 thousand. The amount corresponds to a given prepayment that was derecognized in the course of the cancellation of the deal.

8.7. Depreciation and amortization

in TEUR	2017	2016
Amortisation of intangible assets	-7	-
Depreciation on office equipment and other assets	-9	-
Total	**-17**	**-**

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.

Please also refer to the asset schedule.

8.8. Finance income and finance expenses

Financial result can be broken down as follows:

in TEUR	2017	2016
Interest income from bank deposits	5	-
Interest income from loans	686	-
Total financial income	**691**	**-**
Interest expense from interest derivatives	-1,710	-
Interest expense from loans	-6,620	-
Total financial expenses	**-8,329**	**-**
Financial result	**-7,639**	**-**

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

in TEUR	31.12.2017	31.12.2016
Loans and receivables (LaR)	691	-
Financial liabilities held for trading through P/L at fair value (FLHfT)	-1,710	-
Financial liabilities at cost (FLaC)	-6,619	-
Total	**-7,639**	**-**

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

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.

8.10. Income taxes

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

Income taxes

in TEUR	**2017**	**2016**
Current income taxes for the period	-12	-5
Deferred taxes	-5,498	-
Tax result	**-5,509**	**-5**

The tax expenses in the reporting year amount to EUR 5,509 thousand and mainly resulted from the deferred taxes on temporary differences that occurred during the period. The tax expenses in the financial year 2016 (EUR 5 thousand) relate exclusively to taxes from continuing operations and result from the tax assessment for 2016. 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% (2016: 31.925%), to the actual tax expense or income:

in TEUR	**2017**	**2016**
IFRS net consolidated income before taxes	**-2,437**	**4**
Consolidated tax rate in %	30,175%	31,925%
Expected income taxes	**-735**	**1**
Special regulations regarding commercial tax	-237	-
Effects from non-recognition of deferred tax assets on temporary differences	-61	-
First time capitalization or reversal of loss carryforwards	113	-
Effect from the non-recognition of deferred tax assets on tax loss carryforwards	6,061	-
Effects of at-equity accounted companies	362	-
Non-deductible expenses	-	2
Other tax effects	7	1
Effective taxes on income and earnings	**5,509**	**5**
Effective tax rate in %	-226%	123%

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, 2017.

8.11. Discontinued operation

As described in section 1.2, the Company ceased its former business activities as sales organizer and coordinator for individual funds of publity Performance GmbH as of the beginning of 2016.

In financial year 2016, the entire revenue of the Company was obtained exclusively from this activity. Due to the discontinuation, the business is classified as discontinued operation in the consolidated statement of comprehensive income.

The income and expenses of the discontinued operations were as follows:

in TEUR	**2017**	**2016**
Revenue	-	1,375
Operating Expenses	-	1,320
EBIT	-	56
Net interest result	-	-
Result from profit transfer obligations	-	-57
EBT	-	-1
Taxes	-	-
Net income (discontinued operations)	-	-1
Other comprehensive income	-	-
Total comprehensive income	-	-1

8.12. 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.

in TEUR	**2017**	**2016**
Consolidated net income/loss for the period from continuing operations	-7,946	-1
Income/loss from continuing operations attributable to non-controlling interests	566	-
Income/loss from continuing operations attributable to shareholders	**-8,513**	**-1**
Weighted average number of shares issued, in thousands	32,647	4,879
Basic earnings per share from continuing operations in EUR	**-0.26**	**-0.00**
Number of dilutive potential shares, in thousands	-	-
Diluted earnings per share from continuing operations in EUR	**-0.26**	**-0.00**

Consolidated net income/loss for the period from continuing and discontinued operations attributable to shareholders	-8,513	-1
Weighted average number of shares issued, in thousands	32,647	4,879
Basic earnings per share from continuing and discontinued operations in EUR	**-0.26**	**-0.00**
Number of dilutive potential shares, in thousands	-	-
Diluted earnings per share from continuing and discontinued operations in EUR	**-0.26**	**-0.00**

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

in TEUR	**31.12.2017**	**31.12.2016**
Convertible bond	21,766	-
Total number of potential ordinary shares	**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 TEUR	**2017**	**2016**
Carrying value as of 01.01.	**-**	**-**
Acquisitions	149,730	-
Additions from business combinations	267,310	-
Fair value adjustments	17,060	-
Carrying value as of 31.12.	**434,100**	**-**

The carrying amounts of assets under construction developed as follows:

IAS 40 Investment Property (under construction)		
in TEUR	**2017**	**2016**
Carrying value as of 01.01.	**-**	**-**
Additions from business combinations	93,250	-
Carrying value as of 31.12.	**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 has increased its investment property portfolio significantly. As of December 31, 2016, only order contracts for three properties were closed. As, by then, the contracts have not yet been executed, there was no civil ownership of the real estate. Thus, only advance payments related to investment property is presented for 2016. The costs already incurred at this point in time are shown as prepayments. Rental income

had not yet been earned as of December 31, 2016, and direct operating expenses in relation to letting activities had not yet been incurred.

As of December 31, 2017, 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.

Supplementary to the calculation of the market values, sensitivity analyses were carried out. The analysis for investment properties valued under application of the German Income Approach ("Deutsches Ertragswertverfahren") shows how market values would have fluctuated, if the two main input factors market rent and capitalization rate would have been increased or decreased by a certain percentage as of December 31, 2017. If the market rent and capitalization rates on which the measurement of the properties was based on had increased or decreased by 10 and 0.25 percent, respectively, the values for the properties held by CONSUS Real Estate AG and GxP German Properties AG, as at December 31, 2017, would have been the following:

As at 31/12/2017 – CONSUS	**Market rent**			**Capitalisation rate (Liegenschaftszinssatz)**		
Values in TEUR	-10%	0%	+10%	-0.25%	0%	+0.25%
Investment property	**136,100**	**148,400**	**160,300**	**153,800**	**148,400**	**143,100**

As at 31/12/2017 – GxP	**Market rent**			**Capitalisation rate (Liegenschaftszinssatz)**		
Values in TEUR	-10%	0%	+10%	-0.25%	0%	+0.25%
Investment property	**150,470**	**165,270**	**180,090**	**171,480**	**165,270**	**159,430**

The analysis for investment properties valued under application of the Discounted Cash Flow Method shows how market values would have fluctuated, if the two main input factors discount rate and capitalization rate would have been increased or decreased by a certain percentage as of December 31, 2017. If the discount rate and capitalization rates on which the measurement of the properties was based on had increased or decreased by 10 and 0.5 percent the values as at December 31, 2017 would have been the following:

As at 31/12/2017 – CG	**Market rent**			**Capitalisation rate**		
Values in TEUR	-10%	0%	+10%	-0.5%	0%	+0.5%
Investment property	**108,030**	**120,430**	**132,400**	**129,840**	**120,430**	**112,860**

The analysis for investment properties under construction valued under application of the Discounted Cash Flow Method shows how market values of investment property would have fluctuated, if the two main input factors discount rate and capitalization rate would have been increased or decreased by a certain percentage as of December 31, 2017. If the net sales price and development rates on which the measurement of the properties was based on had increased or decreased by 10 percent the values as at December 31, 2017 would have been the following:

As at 31/12/2017 – CG	**Net sales price**			**Development costs**		
Values in TEUR	-10%	0%	+10%	-10%	0%	-10%

Investment Property under construction	76,960	93,250	109,640	103,330	93,250	82,990

The material valuation parameters for the investment properties (level 3) are as follows as of December 31, 2017 for properties valued under application of the German Income Approach ("Deutsches Ertragswertverfahren"):

Valuation parameters Level 3 – CONSUS	**31/12/2017**
Total rental space (in sqm)	96,642
Vacancy rate, weighted average (in %)	6.98
Market rent, weighted average (EUR per sqm p.a.)	112.90
WALT, weighted average (years)	5.65
CAPEX, weighted average (EUR per sqm)	28.10
Gross multiplier on market rent, weighted average	13.61
Land value of total market value, weighted average (in %)	13.04
Capitalisation rate, weighted average (in %)	5.17

Valuation parameters Level 3 – GxP	**31/12/2017**
Total rental space (in sqm)	106,700
Vacancy rate, weighted average (in %)	13.15
Market rent, weighted average (EUR per sqm p.a.)	113.43
WALT, weighted average (years)	3.62
CAPEX, weighted average (EUR per sqm)	45.59
Gross multiplier on market rent, weighted average	13.66
Land value of total market value, weighted average (in %)	10.18
Capitalisation rate, weighted average (in %)	5.29

The material valuation parameters for the investment properties (level 3) are as follows as of December 31, 2017 for properties valued under application of the Discounted Cash Flow Method:

Valuation parameters Level 3 – CG	**31/12/2017**
Total rental space (in sqm)	146,232
Vacancy rate, weighted average (in %)	9.31
Market rent, weighted average (EUR per sqm p.a.)	66.19
WALT, weighted average (years)	4.41
CAPEX, weighted average (EUR per sqm)	50.26
Gross multiplier on market rent, weighted average	20.40
Land value of total market value, weighted average (in %)	n/a
Capitalisation rate, weighted average (in %)	6.25

The material valuation parameters for the investment properties under construction (level 3) are as follows as of December 31, 2017 for properties valued under application of the Discounted Cash Flow Method:

Valuation parameters Level 3 – CG	**31/12/2017**
Net sales price (in TEUR)	232,680
Project development costs (in TEUR)	130,878
Capitalisation rate, weighted average (in %)	6.13
Discount rate, weighted average (in %)	7.00

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.

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

in TEUR	**31/12/2017**
up to one year	29,611
1-5 years	74,757
over 5 years	33,935
Total	**138,303**

During the financial year, conditional lease payments of EUR 1,093 thousand (previous year: 0) 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 – 2017

in TEUR	**Technical Equipment and Machinery**	**Office and Operating Equipment**	**Prepayments on Investment Property**	**Other Intangible 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
Reclassification IAS 40	-	-	-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 through business combinations	16	1,203	-	319	-	1,538
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**

Fixed assets movement schedule – 2016

in TEUR	**Technical Equipment and Machinery**	**Office and Operating Equipment**	**Prepayments on Investment Property**	**Other Intangible Assets**	**Goodwill**	**Total**
Acquisition costs						
as at 01.01.2016	**-**	**21**	**-**	**-**	**-**	**21**
Additions	-	-	5,747	-	-	5,747
Additions through business combinations	-	-	-	-	-	-
Reclassification IAS 40	-	-	-	-	-	-
as at 31.12.2016	**-**	**-**	**5,747**	**-**	**-**	**5,747**
Accumulated depreciation						
as at 01.01.2016	**-**	**19**	**-**	**-**	**-**	**19**
Additions through business combinations	-	-	-	-	-	-
as at 31.12.2016	**-**	**-**	**-**	**-**	**-**	**-**
Net Book Value as of 01.01.2016	**-**	**2**	**-**	**-**	**-**	**2**
Net Book Value as of 31.12.2016	**-**	**-**	**5,747**	**-**	**-**	**5,747**

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, 2017 amounts to EUR 700,076 thousand (December 31, 2016 EUR 0 thousand). Goodwill in the amount of EUR 698,490 thousand is attributable to CG and goodwill in the amount of EUR 1,586 thousand is attributable to GxP.

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 1 %. The weighted average discount rate before tax used to discount the estimated cash flows was 8.86 % for the cash-generating unit CG and 4.55% for the cash-generating unit GxP, respectively. 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 and cash-generating unit GxP 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 TEUR	**31.12.2017**	**31.12.2016**
Other loans	2,477	-
Deposits	1,370	-
Other financial assets	2,584	-
Shares in non-consolidated companies	1,153	-
Total	**7,584**	**-**

9.5. Other assets

Other assets can be broken down as follows:

in TEUR	**31.12.2017**	**31.12.2016**
Accruals	1,307	-
Receivables from other taxes	873	-
Prepayments made	3,163	-
Other assets	31	677
Total	**5,375**	**677**

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

Work-in-progress was acquired during the financial year as part of the business combination with the real estate developer CG:

in TEUR	**31.12.2017**	**31.12.2016**
Carrying amount of inventories	**1,211,827**	**-**
- thereof Real Estate "Institutional"	948,735	-
- thereof Real Estate "Parking"	26,700	-
- thereof Real Estate "IAS 40"	5,618	-
- thereof Real Estate "Apartments for sale"	315,324	-
- thereof Real Estate "Other construction work"	27,388	-
- net off: received prepayments for Real Estate construction	-111,938	-

The following carrying amount of inventory is expected to be realized within the next 12 months:

in TEUR	**31.12.2017**	**31.12.2016**
Carrying amount of inventories (expected to be realized within the next 12 months)	**32,755**	**-**
- thereof Real Estate "Institutional"	77,925	-
- thereof Real Estate "IAS 40"	5,618	-
- thereof Real Estate "Parking"		-
- thereof Real Estate "Apartments for sale"	-	-
- thereof Real Estate "Other construction work"	10,705	-
- net off: received prepayments for Real Estate construction	-61,494	-

A significant part of the inventory was pledge as underlying security provided for loan agreements. The values presented exclude the received prepayments:

in TEUR	**31.12.2017**	**31.12.2016**
Other disclosures for IAS 2		
Carrying amount of inventories pledged as security for liabilities	1,323,765	-

In financial year 2017 as in the previous year no borrowing costs were capitalized under costs of production shown under inventories.

9.7. Trade and other receivables

Trade and other receivables in financial year 2017 mainly relate to disposal of real estate that took place shortly before the balance sheet date.
During 2016, no trade receivables and other receivables were recorded.

in TEUR	**31.12.2017**	**31.12.2016**
Trade and other receivables, gross	56,200	-
Allowances on trade and other receivables	-183	-
Total trade and other receivables	**56,017**	**-**
- thereof from rent and rent related services	1,276	-
- thereof from the disposal of real estate	50,937	-
- thereof others	3,804	-

9.8. Receivables from related parties

Receivables from related parties include EUR 27,696 thousand trade as well as loan receivables from key management personnel and companies controlled by key management personnel. Furthermore, receivables from related parties include EUR 144 thousand receivables from Aggregate Group. For further information, please refer to chapter 14.

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 TEUR	**31.12.2017**	**31.12.2016**
Bank deposits	71,336	17,632
Cash at hand	3	-
Cash and cash equivalents	**71,340**	**17,632**
- thereof restricted	32,951	-

Cash and cash equivalents as of December 31, 2017 and 2016 are not subject to any significant restrictions. As of December 31, 2017 cash and cash equivalents of EUR 3,185 thousand are subject to transfer controls i.e. said funds must be held by certain Group companies as in the respective loan agreement. Further EUR 29,766 thousand are subject to restrictions mainly regarding the usage for the financed objects only as well as minimum in order to secure future interest payment.

9.11. Equity

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

(a) Subscribed capital 2016

The share capital of the Company amounts to EUR 79,850,383 and is divided into 79,850,383 registered shares. All shares are no-par-value shares. All shares are in accordance with German law and fully paid up. All shares are represented in a global certificate deposited with Clearstream Banking AG.

Each share of the Company entitles to one vote in the general meeting of the Company. There are no restrictions on voting rights.

The shareholders' meeting of the Company on October 6, 2016 resolved to increase the share capital by EUR 21,850,000.00 to EUR 22,000,000.00.

The share capital of former Consus Commercial Property GmbH became share capital of the Company, applying a ratio of 1:1. The capital stock amounted to EUR 22,000,000.00 (in words: twenty-two million euros) and was divided into 22,000,000 (in words: twenty-two million) registered shares.

(b) Subscribed capital 2017

By exercising the authorized capital, the Company decided on February 12, 2017 to increase the share capital of the Company from EUR 22,000,000.00 by EUR 2,200,000.00 to EUR 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 EUR 1.00 per share. The new shares were issued at a price of EUR 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 has 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 EUR 55,650,383.00 to a total of EUR 79,850,383.00. The increase has been registered at the commercial register on November 2, 2017. This increase relates to the acquisition of Pebble GmbH, which is outlined in chapter 7.2 as part of the CG acquisition.

(c) Authorized capital 2016

Authorized capital was provided for in the statutes of incorporation of the Company, as determined by a decision of October 6, 2016. The authorized capital 2016 was entered in the Commercial Register on October 26, 2016. The Management Board was authorized to increase the share capital with the approval of the Supervisory Board until October 5, 2021 against cash and / or non-cash contributions once or several times, but no more than by EUR 10,000,000.00.

Following the partial exercise of the authorized capital on February 12, 2017, the Management Board is now authorized, with the approval of the Supervisory Board, to redeem the share capital once or several times, but no more than EUR 7,800,000.00 by October 5, 2021 against cash and / or non-cash contributions ("maximum amount "), whereby the subscription right of the shareholders can be excluded.

The Authorized Capital 2016/I as of October 6, 2016 has been rescinded by decision of the shareholders assembly on September 28, 2017.

(d) 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 EUR 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.

(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 EUR 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.

(f) 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 EUR 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 EUR 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 EUR 200,000,000.00 with a denomination of EUR 100,000.00. The convertible bond is listed on the open market *(Freiverkehr)* segment of the Frankfurt Stock Exchange, please refer to chapter 9.12 for further details.

(g) 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 EUR 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 EUR 543,916 thousand was reported in 2017, of which transaction costs in the amount of EUR 526 thousand were recognized in directly in equity. The transaction costs include deferred tax consequences of EUR 121 thousand. This capital increase was registered with the commercial register of the local court of Leipzig, Germany, on November 2, 2017.

(h) Other 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, 2017, the legal reserve amounts to EUR 0 thousand (previous year: EUR 0 thousand).

(i) Non-controlling interests

The non-controlling interest acquired during the financial year 2017 mainly result from business combinations with GxP and CG. For further information please refer to section 7.2.

9.12. Financing liabilities

Financing liabilities increased during 2017 to a total of EUR 1,589,546 thousand. Financing liabilities of EUR 1,146,597 thousand resulted from the acquisition of subsidiaries during 2017, most of which is project related.
Furthermore the following significant financing liabilities were issued during the financial year 2017:

(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 EUR 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.

(b) Liabilities from convertible bonds

A convertible bond with a total nominal value of EUR 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 EUR 100,000 each. The convertible bonds bear interest at a rate of 4.0 percent per annum, payable semiannually 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.
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, 2017 the fair value of the instrument is recognized at EUR 16,590 thousand.

9.13. Provisions

The additions to personnel related provisions during financial year 2017 result from a pending lawsuit by a former member of the management board of the Company, which was active from April to October 2017. The Company estimates that the dispute will be settled within the next financial year.
The additions to other provisions during financial year 2017 relate to risks resulting from the purchase of a property currently under negotiation. The Company estimates that the dispute will be settled within the next financial year.
The personnel related provision that was added by way of business combination results from change of control clauses in management contracts of the acquiree. The Company estimates that the potential outflow will resolve until early next financial year and estimates the probability of a cash outflow as low.

in TEUR	**as at 01.01.2017**	**Additions**	**Additions through business combinations**	**As at 31.12.2017**
Personnel related provisions	-	-	220	220
Other provisions	-	3,150	-	3,150
Total	**-**	**3,150**	**220**	**3,370**

9.14. Other liabilities

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

in TEUR	**31.12.2017**	**31.12.2016**
Liabilities to employees	2,021	-
Received prepayments	47	-

Other taxes	2,293	-
Liabilities to minorities (NCIs)	9,218	-
Other financial accruals	21,122	-
Other liabilities	4,804	-
Other financial liabilities	3,940	-
Total other liabilities	**43,444**	**-**
- thereof remaining term up to one year	35,058	-
- thereof remaining term between one to five years	8,386	-

The other financial accruals as of December 31, 2017 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 TEUR	**Deferred tax assets**	**Deferred tax liabilities**
IAS 40 and owner-occupied real estate	-	29,400
Intangibles	-	64
Inventories	-	86,192
Other non-current financial assets	-	-
Other assets	-	16
Other provisions	66	-
Payables/loans to financial institutions	4,882	1,846
Other financial liabilities	421	-
Other liabilities	32	318
Deferred taxes on temporary differences	**5,402**	**117,836**
Losses carried forward	8,710	-
Total deferred taxes	**14,113**	**117,836**
Netting	14,113	14,113
Carrying amount deferred taxes 31.12.2017	**-**	**103,723**

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 TEUR	**31.12.2017**	**31.12.2016**
Deferred tax assets		
- to be realized after more than 12 months	14,014	-
- to be realized within 12 months	99	-
Total deferred tax assets	**14,113**	**-**

in TEUR	**31.12.2017**	**31.12.2016**
Deferred tax liabilities		
- to be realized after more than 12 months	117,836	-

- to be realized within 12 months	-	-
Total deferred tax liabilities	**117,836**	**-**

in TEUR	2017	2016
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.	**-**	**-**

in TEUR	2017	2016
Carrying value of deferred tax liabilities as of 01.01.	**-**	**-**
changes recognized through profit and loss	5,503	-
changes recognized in equity	121	-
changes due to consolidation scope	98,099	-
Carrying value of deferred tax liabilities as of 31.12.	**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 EUR 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 EUR 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, insofar as it exceeds the amount of the interest income by less than EUR 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, 2017, tax loss carryforwards are estimated to amount to EUR 60 million (December 31, 2016 EUR 2 million). These were not capitalized. 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. In previous years, trade payables mainly resulted from purchase of real estate and related transaction costs. Trade payable have been classified as current for all periods under review.

9.17. Payables to related parties

Payables to related parties include an accrual of EUR 1,404 thousand that become due to a related party company in case of a sale of real estate property. Further payables to related parties of EUR 4,549 thousand are mainly loans payables to Aggregate Group. For further information please refer to chapter 14.

9.18. Tax payables

In 2017 tax payables result from income taxes such as trade and corporate taxes due to national tax authorities. All liabilities result from subsidiaries acquired during 2017.
Tax liabilities in 2016 exist only to a minor extent and relate exclusively to the tax assessment of the parent company.

9.19. Received prepayments

Includes prepayments received by a subsidiary of the Group.

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 2017 particularly include the acquisition of Pebble GmbH as well as CG Gruppe AG and the related financing of the transaction (investing and financing cash flow), please refer to chapter 7.2.

Significant non-cash transactions in 2016 include EUR 1,710 thousand in unpaid transaction costs for property purchases (investing cash flow). In addition, contracts were signed for the purchase of real estate, which are still unfulfilled by both sides (pending commitments). Regarding the obligations of these, reference is made to section 15.

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 TEUR	31/12/2017	31/12/2016
Cash and cash equivalents	71,340	17,632
Finance liabilities – repayable within one year (including overdraft)	-575,929	-
Finance liabilities – repayable after one year	-1,013,617	-
Net debt	**-1,518,206**	**17,632**
Cash and liquid investments	71,340	17,632
Gross debt fixed interest rates	-1,355,328	-
Gross debt – variable interest rates	-234,218	-
Net debt	**-1,518,206**	**17,632**

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.

	Liabilities from financing activities			
in TEUR	Cash and cash equivalents	Financing liabilities – repayable within one year	Financing liablilities – repayable after one year	Total
Net Debt as at 01/01/2016	**546**	**-**	**-**	**546**
Cash Flows	17,087	-	-	17,087
Other non-cash movements	-	-	-	-
Net Debt as at 31/12/2016	**17,632**	**-**	**-**	**17,632**
(Including discontinued operations)				
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**	**-1,013,617**	**-1,518,206**

Other non-cash movements during financial year 2017 mainly resulted from the acquisition of subsidiaries during 2017 which increased financing liabilities by EUR 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 EUR 150,000 thousand contributed to the other non-cash movements.

10.2. Discontinued operations

The Company has discontinued its former business activities as sales manager and coordinator for individual funds of publity Performance GmbH at the beginning of the 2016 financial year. All cash flows generated by the Company to date have been exclusively derived from this activity. Due to the discontinuation, the classification of this business area 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 2017 and 2016 were as follows:

in TEUR	2017	2016
Cash flow from operating activities	-	-340
Cash flow from investing activities	-	2
Cash flow from financing activities	-	-
Cash flow from discontinued operations	**-**	**-339**

Significant non-cash transactions in discontinued operations of EUR 0 thousand (EUR 295 thousand in 2016) relate to the offsetting of profit transfer agreement obligations with publity AG (financing cash flow).
There were no other significant non-cash transactions.

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.
- GxP: Principal business activities include the renting of real estate, mainly for commercial use.
- 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.

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 2017

in TEUR	Consus	GxP	CG	Other/ Eliminations	Total
Income from letting activities	7,691	2,018	-	-	9,710

Revenue 2016

in TEUR	Consus	GxP	CG	Other/ Eliminations	Total
Income from letting activities	-	-	-	-	-

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

in TEUR	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
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%**

Net Loan to Value (Net LTV)
31/12/2016

in TEUR	Consus	GxP	CG	Other/ Eliminations	Total
Investment property (IAS 40)	-	-	-	-	-
Prepayments on investment property (IAS 40)	5,747	-	-	-	5,747
Inventory (IAS 2) - Property under construction	-	-	-	-	-
Real Estate assets	**5,747**	**-**	**-**	**-**	**5,747**
Liabilities to financial institutions	-	-	-	-	-
Cash and cash equivalents	17,632	-	-	-	17,632
Net debt	**-17,632**	**-**	**-**	**-**	**-17,632**
Net loan to Value (Net LTV)	**-307%**	**n/a**	**n/a**	**n/a**	**-307%**

Net Asset Values (NAV)
31/12/2017

in TEUR	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**

Net Asset Values (NAV)
31/12/2016

in TEUR	**Consus**	**GxP**	**CG**	**Other/ Eliminations**	**Total**
Equity	22,056	-	- -		22,056
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	-	-	-	-	-
Goodwill	-	-	-	-	-
Net Asset Value (NAV)	**22,056**	**-**	**-**	**-**	**22,056**

11.2. Geographical information

Revenue from external customers of EUR 8,492 thousand (previous year: EUR 0) resulting from Group companies located in Germany. Further revenue of EUR 1,218 thousand resulted from Group companies based in Luxembourg. The revenue information above is based on the locations of the Group entities.
The complete amount of non-current assets of EUR 1,245,786 thousand (previous year: EUR 5,747 thousand) is located physically in Germany. Non-current assets for this purpose consist of investment properties including prepayments, property, plant and equipment and intangible assets including goodwill.

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.

As a common practice for the industry, the Consus Group monitors capital on the basis of net loan-to-value (Net-LTV). 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, 2017 and December 31, 2016 is calculated as follows:

in TEUR	**31.12.2017**	**31.12.2016**
Real Estate held as Investment property (IAS 40)	527,350	-
Advance payments for investment property (IAS 40)	10,532	5,747
Inventories (IAS 2)	1,211,827	-

Total Real Estate Assets	1,749,709	5,747
Financing liabilities	1,589,546	-
Cash and cash equivalents	71,340	17,632
Net debt	**1,518,206**	**-17,632**
Net Loan to Value (Net - LTV)	**87%**	**-307%**

12.2. Classification of financial instruments

The following abbreviations are used for the measurement categories:

- HfT: Held for Trading
- LaR: Loans and Receivables
- AfS: Available for Sale
- 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.

Valuation categories acc. to IAS 39 – 2017

in TEUR	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 hierarchy level
Other non-current financial assets (investments)	AfS	1,153	-	-	-	1,153	1,153	3
Other non-current financial assets (other lendings)	LaR	3,847	1,370	2,477	-	-	3,883	2
Trade receivables	LaR	56,017	54,020	1,997	-	-	56,017	2
Other current financial assets	LaR	2,584	2,584	-	-	-	2,584	2
Receivables from related entities	LaR	27,840	27,840	-	-	-	27,840	2
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
Derivatives	FLHfT	16,590	-	-	16,590	-	16,590	3
Other financial liabilities	FLaC	34,279	-	25,975	8,305	-	34,279	2
Total financial liabilities		**1,676,022**	**41,177**	**1,615,287**	**24,894**	**-**	**1,680,858**	
						-		
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	

Valuation categories acc. to IAS 39 – 2016

in TEUR	Measurement category (IAS 39)	Carrying value as of 31.12.2016	Nominal value	Amortised costs	Fair value through P/L	Fair value through equity	Fair value as of 31.12.2016	Fair value hierarchy level
Other non-current financial assets (investments)	AfS	-	-	-	-	-	-	
Other non-current financial assets (other lendings)	LaR	-	-	-	-	-	-	
Trade receivables	LaR	-	-	-	-	-	-	
Other current financial assets	LaR	-	-	-	-	-	-	
Receivables from related entities	LaR	-	-	-	-	-	-	
Cash and cash equivalents	LaR	17,632	17,632	-	-	-	17,632	1
Total financial assets		**17,632**	**17,632**	**-**	**-**	**-**	**17,632**	
Liabilities to financial institutions	FLaC	-	-	-	-	-	-	
Trade payables	FLaC	366	366	-	-	-	366	2
Liabilities to shareholders	FLaC	1,710	1,710	-	-	-	1,710	2
Derivatives	FLHfT	-	-	-	-	-	-	
Other financial liabilities	FLaC	-	-	-	-	-	-	
Total financial liabilities		**2,076**	**2,076**	**-**	**-**	**-**	**2,076**	
Loans and receivables	LaR	17,632	17,632	-	-	-	17,632	
Financial liabilities at cost	FLaC	2,076	2,076	-	-	-	2,076	
Financial liabilities held for trading	FLHfT	-	-	-	-	-	-	-
Available for sale	AfS	-	-	-	-	-	-	

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

	2017		2016	
in TEUR	**Assets**	**Liabilities**	**Assets**	**Liabilities**
as of 01.01.	**-**	**-**	**-**	**-**
Additions due to acquisitions or issuance	1,153	-14,880	-	-
Losses recognized in consolidated net income	-	-1,710	-	-
as of 31.12.	**1,153**	**-16,590**	**-**	**-**

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. Whereas in 2016 the Group financed itself during the start-up phase exclusively from equity in 2017 debt financing as well as equity financing was used for object 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.

While in 2016 the Group has only been exposed to default risks regarding its financing activities, including deposits with banks and financial institutions as well as receivables from related party. Since begin of continuing operations during 2017 default risks also extend to trade and other receivables as well as receivables from related parties.

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.

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 TEUR	**Carrying value before impairment**	**Impairment**	**Residual carrying value**
Trade and other 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**

in TEUR	**Carrying value before impairment**	**Impairment**	**Residual carrying value**
Trade receivables	-	-	-

Receivables from related parties	80	-	80
Other financial assets	-	-	-
Total - 31.12.2016	**80**	**-**	**80**

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:

	Carrying value	**Gross value**	**Allowances/ Impairments**	**Neither impaired nor overdue**	***Overdue but NOT impaired***		
in TEUR					**< 90 days**	**90 - 180 days**	**> 180 days**
Trade receivables	56,017	56,270	112	55,545	303	-	70
Receivables from related parties	27,840	27,840	-	27,840	-	-	-
Other financial assets	7,584	7,584	-	7,584	-	-	-
Total as of 31.12.2017	**91,440**	**91,694**	**112**	**90,968**	**303**	**-**	**70**

	Carrying value	**Gross value**	**Allowances/ Impairments**	**Neither impaired nor overdue**	***Overdue but NOT impaired***		
in TEUR					**< 90 days**	**90 - 180 days**	**> 180 days**
Trade receivables	-	-	-	-	-	-	-
Receivables from related parties	80	80	-	-	-	-	-
Other financial assets	-	-	-	-	-	-	-
Total as of 31.12.2016	**80**	**80**	**-**	**-**	**-**	**-**	**-**

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 TEUR	**Carrying value as at 31.12.2017**	**+ 50 bp**	**- 50 bp**
Financing liabilities	234,218	751	-724

in TEUR	**Carrying value as at 31.12.2016**	**+ 50 bp**	**- 50 bp**
Financing liabilities	-	-	-

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.
5.1% minority interests in multiple single object real estate companies, held 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 TEUR 115, respectively, in equity and total comprehensive income.
Furthermore the Group recognizes participatory interests in business partnerships which are presented as financial liabilities and held through the CG subsidiaries. Said partnerships are not traded on an active and liquid market. After initial recognition, they are subsequently measured at fair value through profit and loss. A 10% decrease/increase in the liability resulting of these interests would have led to an increase/ decrease of EUR 928 thousand, respectively, in consolidated net income.
The Group recognizes a derivative financial instrument resulting from the EUR 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 EUR 2,085 thousand, whereas a 5% decrease of the share price would lead to a gain of EUR 2,118 thousand. Independently a 5% increase in volatility would have resulted in a loss of EUR 1,148 thousand, whereas a 5% decrease in volatility would have resulted in a gain of EUR 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 Debt Service Cover Ratio (DSCR) and a maximum Loan-to-Value (LTV) ratio. 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.

	Carrying value as of 31.12.2017	***Maturities***		
in TEUR		**< 1 year**	**1 - 5 years**	**> 5 years**
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**

	Carrying value as of 31.12.2016	***Maturities***		
in TEUR		**< 1 year**	**1 - 5 years**	**> 5 years**
Financing liabilities	-	-	-	-
Derivatives	-	-	-	-
Trade payables	366	366	-	-
Liabilities to related parties	1,710	1,710	-	-

Other financial liabilities	-	-		
Total	**2,076**	**2,076**		

13. Government grants

The Company did not receive any government grants during the reporting period.

14. 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 continues 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 continues 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. 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 EUR 55,650,383 as well as the partial debenture to be granted to Aggregate Deutschland S.A with a nominal amount totaling EUR 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 EUR 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 EUR 200,000,000. Aggregate subscribed for notes in the amount of the bridge financing for the GxP AG acquisition of EUR 33,600,000, which was thereby replaced as well as a further amount of EUR 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 EUR 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.

Transactions with Aggregate Group		
In TEUR	**31/12/2017**	**21/12/2016**
Interest income	5	-
Interest expenses	-583	-
Financing receivables	144	-
Financing liabilities, including derivatives	-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 55% 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 EUR 12,500 thousand in a transaction linked with the issuance of EUR 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.

Transactions with Christoph Gröner		
In TEUR	**31/12/2017**	**21/12/2016**
Financing receivables	15,780	-
Trade receivables	11,916	-

(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. The transactions 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 EUR 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 has a fixed term of 10 years and is subsequently extended by one year each, unless terminated by either party with a notice period of three calendar months. The right to extraordinary termination remains unaffected.

The task of the publity AG under the asset management contract is 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 prepares the purchase, coordinates and monitors the required due diligence checks and ultimately (after a positive purchase decision) coordinates the acquisition process with the professional consultants and contracting parties. After completing the acquisition process, publity AG will take over the comprehensive asset management for the property.

Publity AG receives 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. the basis of assessment plus VAT, whereby the respective net purchase price of the object serves 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 shall be adjusted if and to the extent that the value appraisals to be prepared annually result in a change in the market value compared to the net purchase price. The amended assessment basis applies 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 receives a fee of EUR 2,500.00 per SPV and month plus VAT as well as a fee of EUR 500 per SPV and month plus VAT for the preparation of the VAT return.

Upon sale of an object, publity AG receives 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 and 2016, or as of December 31, 2017 and 2016:

Income and expenses with related parties – Asset management contract with publity AG		
In TEUR	**31/12/2017**	**31/12/2016**
Interest expenses	17	-
Other Expenses	2,348	-
Acquisition-related costs capitalized as transaction costs	1,638	1,437

Liabilities	1,414	1,710

Discontinued operations
Prior to the change of legal form, publity Vertriebs GmbH was involved in the distribution and coordination of individual funds of publity Performance GmbH, another 100% subsidiary of publity AG. The tasks of publity Vertriebs GmbH consisted mainly of the sales organization and coordination. For this activity, publity Vertriebs GmbH received a performance-based commission for the limited partner's capital it acquired and a fee in the amount of the premium to be paid by the investors of 5% of the respective subscription amounts.

All income and almost all expenses of its discontinued operations (see Section 10.2) have been made with the publity Financial Group.

The following table shows the scope of all income, expenses, receivables and liabilities from the above mentioned transactions in 2017 and 2016, or as of December 31, 2017 and 2016:

Income and expenses with related parties – Other transactions with publity AG		
In TEUR	**2017**	**2016**
Expenses from profit and loss transfer agreements	-	57

*all items are related to discontinuing operations

Income and expenses with related parties – Transactions with mutual funds managed by publity AG		
In TEUR	**2017**	**2016**
Revenue from arrangement of investments for publity Performance Fonds Nr. 7 GmbH & Co. KG	-	1,375

*all items are related to discontinuing operations

(d) Other transactions with the publity financial group

The Group had no employees during the financial year 2016. Both the management and the activities related to the discontinued operations ("Arranging of Investments") as well as the general administration of the Group for the period from January 1, 2016 to December 31, 2016 by employees of the publity AG and in rooms as well as with resources of publity AG. The Group was not charged for the services received. During the financial year 2017 the Group increasingly relied on proprietary management in order to accommodate the growing continued operations.

(e) 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 TEUR	**31.12.2017**	**31.12.2016**
Interest income	436	-

In financial year 2016, the sole shareholder Consus GmbH, Leipzig, agreed to compensate the Company for expenses in preparation for the new business activity. This amount was offset by the Company in the amount of EUR 80 thousand and recognized as other income. The receivable is shown as a receivable from related parties as of December 31, 2016 and was settled during financial year 2017.

Receivables and liabilities between the Group and the publity financial group as well as the Consus GmbH are payable in the ordinary course of business.

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 no permanent workplaces are assigned to CONSUS, no rent expenses were recognized during the financial year.

(f) 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 EUR 15,000.00 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 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 EUR 69 thousand (2016 EUR 15 thousand). The remuneration consists exclusively of fixed agreed short-term benefits in the amount of EUR 69 thousand (2016 EUR 15 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 EUR 1,068 thousand (EUR 0 thousand in 2016). They consist of fixed, short-term benefits (salaries) in the amount of EUR 618 thousand (EUR 0 thousand in 2016), variable, short-term benefits (bonus) in the amount of EUR 150 thousand (EUR 0 thousand in 2016), and severance pay of EUR 300 thousand (EUR 0 thousand in 2016). 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.

Board remuneration - 2017

in TEUR	**Accounted**	**Paid out**
Management board	**1,068**	**543**
Short-term benefits	768	543
Severance pay	300	-
Supervisory Board	**69**	**69**
Short-term benefits	69	69

in TEUR	**Accounted**	**Paid out**
Management board	**-**	**-**
Short-term benefits	-	-
Severance pay	-	-
Supervisory Board	**-**	**-**
Short-term benefits	15	15

Other transactions with members of the Supervisory Board and Management Board
With the exception of the transactions described above, there were no transactions with the Supervisory Board and the Management Board.

15. 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 TEUR	**31.12.2017**	**31.12.2016**
up to one year	2,722	-
1-5 years	6,368	-
over 5 years	934	-
Total	**10,025**	**-**

These operate 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.

The expenses for minimum lease payments during the current financial year amount to EUR 38 thousand (31.12.2016: EUR 0).

Obligations to acquire long-term assets
As of December 31, 2017, there are no significant obligations to acquire tangible assets (December 31, 2016: EUR 49,738 thousand). Obligations to acquire intangible assets did not exist as of December 31, 2017 (December 31, 2016: EUR 0 thousand). The obligations described relate exclusively to the obligations existing as of December 31, 2017. As of December 31, 2017 the Group is obliged to acquire investment property of EUR 31,500 thousand.

Other financial obligations

Other financial obligations -2017				
in TEUR	**<1 year**	**2-5 years**	**>5 years**	**Total**
Financial obligations as of 31.12.	**77,138**	**1,231**	**-**	**78,370**
Other financial obligations - 2016				
in TEUR	**<1 year**	**2-5 years**	**>5 years**	**Total**
Financial obligations as of 31.12.	**-**	**-**	**-**	**-**

Other financial obligations include future obligations from pending share purchase agreements in an amount of EUR 74,400 thousand as of December 31, 2017 (previous year: EUR 0).
Future cumulative obligations from other agreements amount to EUR 2,940 thousand as of December 31, 2017 (previous year: EUR 0). The other agreements primarily relate to the provision of insurance services and other obligations.

Litigation
A contingent liability towards a real estate agent of EUR 1 million exist as of balance sheet date. The Company expects a probability of an outflow of resources of between 50% and 10% resulting from this contingent liability.
Furthermore, a lawsuit by (former) shareholders against CONSUS Real Estate AG from the discontinued activities is pending. Currently the Company estimates the contingent liability to be EUR 0.3 million, however not taking into account further potential claimants.
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.

16. Corporate Governance

Supervisory Board

The Supervisory Board is composed as follows:

Dr. Hans-Jürgen Ahlhoff, Berlin
(Chairman of the Supervisory Board until January 26, 2017)

Mr. Robert Sargent, London, United Kingdom
(Chairman of the Supervisory Board beginning January 30, 2017 until August 15, 2017)

Mr. Matthias Girnth, Bad Soden
(Deputy Chairman of the Supervisory Board until August 15, 2017)

Dr. Andreas Beyer, Munich
(Member of the Supervisory Board until August 15, 2017)

Mr. Thomas Olek, Leipzig
(Member of the Supervisory Board beginning August 16, 2017 until September 28, 2017)

Prof. Dr. Andreas Steyer, Berlin
(Member of the Supervisory Board August 16, 2017 until September 28, 2017)

Mr. Axel Harloff, Hamburg
(Member of the Supervisory Board beginning September 28, 2017)

Dr. Karl Kauermann, Berlin
(Member of the Supervisory Board beginning September 28, 2017)

Dr. Friedrich Oelrich, Erding
(Member of the Supervisory Board beginning September 28, 2017)

Dr. Andreas Beyer and Mr. Matthias Girnth, members of the supervisory board, have vacated their mandate to the supervisory board with immediate effect as of August, 15 2017. By resolution of the district court of Leipzig as of August 16, 2017 and upon proposal by the Management Board in accordance with § 104 (1) AktG, Prof. Dr. Andreas Steyer and Mr. Thomas Olek have been appointed members of the supervisory board until the termination of the next shareholders assembly. One further member of the Supervisory Board Mr. Robert Sargent has after resignation by the former member of the supervisory board, Dr. Hans-Jürgen Ahlhoff, already been accepted as member of the Supervisory Board by resolution of the district court of Leipzig as of February 9, 2017 until rectification of the deficiency in accordance with § 104 (6) AktG.

Management Board

Chairmen of the Company’s Management Board in the financial year are

Mr. Thomas Olek, Leipzig (CEO) (until April 3, 2017)

Mr. Boris Hardi, Munich (beginning April 3, 2017 until October 25, 2017)

Mr. Jochen Barthelmäs, Hamburg (beginning April 3, 2017 until October 25, 2017)

Mr. Stanley William Bronisz, Tutzing (beginning August 8, 2017 until January 17, 2018)

Mr Norbert Kickum, Berg (beginning October 17, 2017)

Dr. Jürgen Büser, Berlin (beginning November 1, 2017 until February 19, 2018)

17. Events after the balance sheet date

Andreas Steyer has been appointed as member of the Executive Board and c (COO) as of January 1, 2018 with responsibilities for the Group’s property management, asset management and real estate strategy.

On January 11, 2018, CONSUS Real Estate AG has forward sold, via its subsidiary company CG Gruppe in its core business unit "Development and Production of residential properties", EUR 670 million to the Bayerische Versorgungskammer (BVK). Consus will develop over the next 3 to

4 years a total of more than 1,700 apartments with a residential area and commercial space including parking spaces to be built under the VauVau brand. The transaction has been structured as an asset deal with an overall volume of around EUR 670 million (individual project volumes of EUR 60-200 million). The total forward sales backlog for Consus current stands at more than EUR 1.6 billion.

As announced on February 18, 2018. Mr Jürgen Büser, member of the Management Board and CFO, passed away.

As announced on April 3, 2018. Mr. Benjamin Lee, was appointed member of the Management Board by the supervisory board of CONSUS Real Estate AG and will act as CFO of CONSUS.

On April 23, 2018 CONSUS communicated the cash inflow of around EUR 131 million received from the first purchase price payment from recent VauVau forward sale dating back to December 2017.

On May 15, 2018 CONSUS announced the divestiture of 8 commercial assets with a gross asset value of EUR 148 million to an institutional investor. The proceeds generated by the divestment will be used for general corporate purposes including reinvestment in the expansion of the development business.

There were no other significant events after the balance sheet date.

Berlin, 22. May 2018

CONSUS Real Estate AG
Norbert Kickum
Andreas Steyer
Benjamin Lee
Members of the Management Board